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BUS SYSTEMS ACQUISITION BY WMATA

GOVERNMENT
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19 1972 JOINT HEARINGS

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BEFORE THE

COMMITTEE ON
THE DISTRICT OF COLUMBIA

OF THE

UNITED STATES SENATE

AND THE

SUBCOMMITTEE ON BUSINESS,
COMMERCE, AND FISCAL AFFAIRS

OF THE

COMMITTEE ON
THE DISTRICT OF COLUMBIA
HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

H.R. 16119

TO PROVIDE FOR ACQUISITION BY THE WASHINGTON
METROPOLITAN AREA TRANSIT AUTHORITY OF THE MASS
TRANSIT BUS SYSTEMS ENGAGED IN SCHEDULED REGU-
LAR ROUTE OPERATIONS IN THE NATIONAL CAPITAL
AREA, AND FOR OTHER PURPOSES

AUGUST 14, 15, AND 16, 1972

Printed for the use of the Committee on the District of Columbia



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WASHINGTON : 1972



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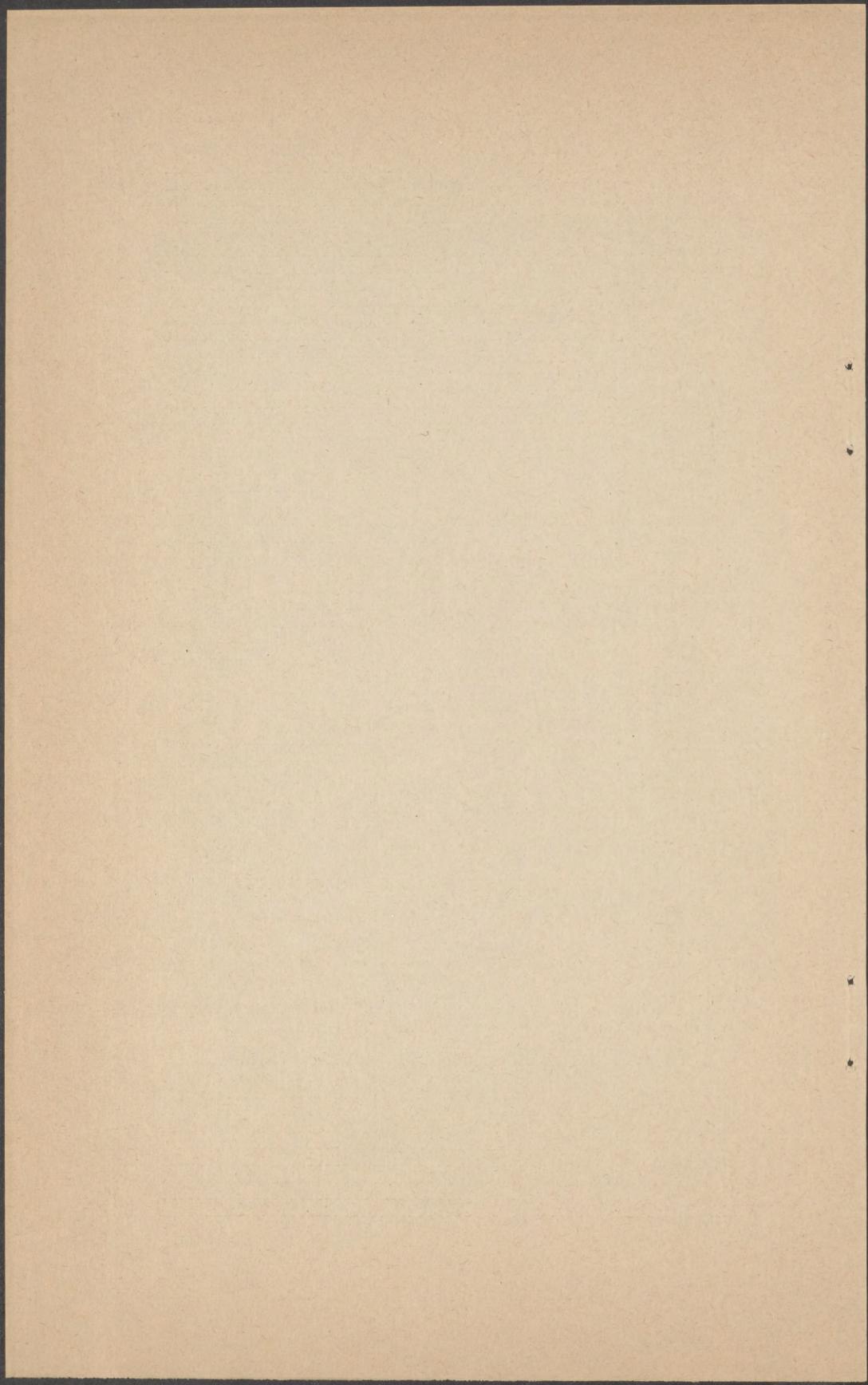
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BUS SYSTEMS ACQUISITION BY WMATA

MONDAY, AUGUST 14, 1972

UNITED STATES SENATE,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BUSINESS,
COMMERCE, AND FISCAL AFFAIRS,
OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The Joint Hearing met, pursuant to notice, at 10:05 a.m., in Room 1310, Longworth House Office Building, the Honorable Earle Cabell, presiding.

Present: Senator Thomas F. Eagleton (Chairman of the Senate District Committee); and Senator Charles McC. Mathias, Jr.

Representatives Cabell (presiding), Abernethy, Mikva, Green, Rees, Adams, Nelsen, Broyhill, Gude, Smith, and Delegate Fauntroy.

Also present: James T. Clark, Clerk; Hayden S. Garber, Counsel; John Hogan, Minority Clerk; Leonard O. Hilder, Legislative Assistant, House D.C. Committee; and

Robert Harris, Staff Director; Gene E. Godley, General Counsel; and Sidney H. Hurlburt, Minority Staff Director, Senate D.C. Committee.

Representative CABELL. The hearing will please come to order.

We will begin our hearings on the bill, H.R. 16119, and related bills providing for the acquisition and operation of the Metropolitan area transit lines by the Washington Metropolitan Area Transit Authority.

(The bill H.R. 16119 and staff memorandum thereon follows:)

[H.R. 16119, 92d Cong., 2d Sess., by Mr. Cabell (by request) on August 1, 1972]

A BILL To provide for acquisition by the Washington Metropolitan Area Transit Authority of the mass transit bus system engaged in scheduled regular route operations in the National Capital area, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as "National Capital Area Transit Act of 1972".

STATEMENT OF FINDINGS AND PURPOSES

SEC. 2. The Congress finds that (1) an adequate and economically sound transportation system or systems, including bus and rail rapid transit, serving the Washington metropolitan area is essential to commerce among the several States, and among such States and the District of Columbia, and to the health,

welfare, and safety of the public; (2) economies and improvement of service will result from the unification of bus transit and rail transit operations as well as from integration of bus transit facilities within the Washington metropolitan area; (3) the Washington Metropolitan Area Transit Authority is a body corporate and politic organized pursuant to interstate compact among the States of Maryland and Virginia, and the District of Columbia, with the consent of Congress, to plan, develop, finance, and operate improved transit facilities in the Washington metropolitan area transit zone; (4) an appropriate solution to the current bus transportation problem is public ownership and operation of bus transit facilities within the Washington metropolitan area; (5) the cost of such public ownership should be shared by the Federal and local governments in the Washington metropolitan area in accordance with the matching formula authorized by the Urban Mass Transportation Act of 1964, as amended (Public Law 88-365); and (6) to these ends it is necessary to enact the provisions hereinafter set forth.

TITLE I

CONSENT TO COMPACT AMENDMENT

SEC. 101. (a) The Congress hereby consents to amendments to articles XII and XVI of title III of the Washington Metropolitan Area Transit Regulation Compact (D.C. Code, sec. 1-1431 note) substantially as follows:

(1) Section 56 of article XII is amended by adding the following new paragraph:

“(e) The Authority may acquire the capital stock or transit facilities of any private transit company and may perform transit service, including service by bus or similar motor vehicle, with transit facilities so acquired, or with transit facilities acquired pursuant to article VII, section 20. Upon acquisition of the capital stock or the transit facilities of any private transit company, the Authority shall undertake the acquisition as soon as possible of the capital stock or the transit facilities of each of the other private transit companies within the zone requesting such acquisition. Lack of such request, however, shall not be construed to preclude the Authority from acquiring the capital stock or the transit facilities of any such company pursuant to section 82 of article XVI.”

Subsection (a) of section 82 of article XVI is amended by deleting “or by a private transit company” at the end of such subsection and by inserting in lieu thereof the following: “whenever such property cannot be acquired by negotiated purchase at a price satisfactory to the Authority.”

(b) The Commissioner of the District of Columbia is authorized and directed to enter into and execute on behalf of the District of Columbia amendments, substantially as set forth above, to title III of the Washington Metropolitan Area Transit Regulation Compact with the States of Virginia and Maryland.

ACQUISITION OF PRIVATE BUS COMPANIES OPERATING WITHIN THE WASHINGTON METROPOLITAN AREA

SEC. 102. (a) Based on the findings set forth in section 2 of this Act, it is the sense of the Congress that the Washington Metropolitan Area Transit Authority (hereafter referred to as “Transit Authority”) should initiate negotiations as soon as possible with the ownership of D.C. Transit System, Incorporated, its subsidiary, the Washington, Virginia, and Maryland Coach Company, the Alexandria, Barcroft, and Washington Transit Company, and the WMA Transit Company for acquisition by the Transit Authority of capital stock or facilities, plant, equipment, real and personal property of such bus companies of whatever nature, whether owned directly or indirectly, used or useful for mass transportation by bus of passengers within the Washington metropolitan area. It is further the sense of the Congress that representatives of the Washington Metropolitan Area Transit Authority should participate in any labor contract negotiations undertaken prior to acquisition by the Transit Authority should participate in any labor contract negotiations undertaken prior to acquisition by the Transit Authority of such bus companies.

(b) Pursuant to section 2(b) of the Act of July 24, 1956 (70 Stat. 598), the franchise to operate a system of mass transportation of passengers for hire

granted to D.C. Transit System, Incorporated, by such Act is hereby canceled, effective upon the date immediately preceding the date on which the Transit Authority acquires the transit facilities of D.C. Transit System, Incorporated.

TITLE II

DISTRICT OF COLUMBIA AUTHORIZATION

SEC. 201. (a) The Commissioner of the District of Columbia is authorized to contract with the Transit Authority for payment to it of the District's share of the cost to the Transit Authority of acquiring the private bus companies designated in this Act and/or the purchase of rolling stock, real estate, or other capital resources required for the operation of bus service in the District of Columbia either at the time of acquisition or at some future time. To carry out the purpose of this section, capital appropriations out of the general fund of the District of Columbia are hereby authorized pursuant to the provisions of the Act of June 6, 1958 (72 Stat. 183), as amended.

(b) The Commissioner of the District of Columbia is authorized, within the limit of funds appropriated therefor, to contract with the Transit Authority for reduced transit fares pursuant to Public Law 92-349, approved July 13, 1972.

TITLE III

FINANCING

SEC. 301. The acquisition of the mass transit bus system or systems by the Transit Authority, as contemplated by this Act, together with such improvements or replacement of acquired equipment and facilities as may be found necessary or desirable by the Secretary of Transportation (hereafter referred to as the "Secretary") in conjunction with such acquisition and within a reasonable time thereafter, not to exceed six months, is eligible for capital grant assistance pursuant to section 3 of the Urban Mass Transportation Act of 1964, as amended. For this purpose, the Transit Authority shall be considered a "local public body" within the meaning of that section and, accordingly, the Secretary may authorize and approve capital grant assistance to the Transit Authority in the maximum amount provided for in the Urban Mass Transportation Act of 1964, as amended, toward the cost of acquisition of such bus system or systems, including the cost of improvements to or replacement of acquired equipment and facilities approved by the Secretary in conjunction with such acquisition. Such assistance shall be provided from funds available to the Urban Mass Transportation Administration of the Department of Transportation.

SEC. 302. (a) If the Secretary should determine that immediate action is urgently required to protect the public interest in the National Capital Area, he may waive any or all provisions of the Urban Mass Transportation Act of 1964, as amended (except section 13(c) thereof), and immediately grant to the Transit Authority from funds available to the Urban Mass Transportation Administration of the Department of Transportation such sums as are contemplated under section 301.

(b) The Secretary, after determining that immediate action is necessary in the public interest in accordance with subsection (a) of this section, may, in accordance with subsection (c) of this section, advance from funds available to the Urban Mass Transportation Administration of the Department of Transportation such funds as he determines to be necessary for payment to the Transit Authority to provide temporary financing for that portion of the cost of acquisition of the mass transit bus system or systems contemplated by this Act, together with associated improvements to or replacement of acquired equipment and facilities, which are not provided for by the Secretary pursuant to section 301 of this Act. For this purpose, such advance shall not be construed as a loan made under section 3 of the Urban Mass Transportation Act of 1964, as amended. Funds advanced pursuant to this section shall be considered as "other than Federal funds" within the meaning of section 4(a) of the Urban Mass Transportation Act of 1964, as amended.

(c) The Secretary shall not advance funds under this section until he has determined that the Transit Authority has the capacity and ability to arrange for repayment of such advance in accordance with section 303 of this Act.

SEC. 303. The advance authorized under section 302(b) shall be repaid by the Transit Authority to the Urban Mass Transportation Administration of the Department of Transportation from contributions by the District of Columbia and other local government jurisdictions or from other non-Federal sources as may be available to the Transit Authority and which were not estimated to be available for financing the mass transit rail rapid system authorized by the National Capital Transportation Act of 1939. Repayment of such advance may be deferred by the Secretary of Transportation, at the request of the Transit Authority, but not beyond the end of the fiscal year following the fiscal year in which the advance was made. Repayment shall be made with interest at a rate to be determined by the Secretary of the Treasury calculated in accordance with the formula set forth in section 3(c) of the Urban Mass Transportation Act of 1964, as amended. Principal and interest repaid pursuant to this section shall be credited to the Urban Mass Transportation Fund and shall be considered a restoration of obligational authority available to the Secretary under section 4(c) of the Urban Mass Transportation Act of 1964, as amended.

TITLE IV

CONDEMNATION PROCEDURE

SEC. 401. (a) Proceedings for the condemnation of property, wherever situated, of D.C. Transit System, Incorporated, and its subsidiary, the Washington, Virginia, and Maryland Coach Company, the Alexandria, Barcroft, and Washington Transit Company, and the WMA Transit Company, shall be instituted and maintained in the United States District Court for the District of Columbia pursuant to the Act of December 23, 1963 (77 Stat. 577; sections 16-1351 to 1368 of the District of Columbia Code, as amended), except as modified hereunder. The court shall have complete and exclusive jurisdiction over the subject matter of such condemnation proceedings.

(b) Whenever the words "real property", "realty", "land", "easement", "right-of-way", or words of similar meaning are used in any applicable Federal or State law relating to procedure, jurisdiction, and venue, they shall be deemed, for purposes of this title, to include any personal property authorized to be acquired hereunder.

SEC. 402. (a) In any proceeding in condemnation pursuant to this title, the issue of just compensation shall be tried before and determined by a specially constituted three-judge panel appointed by the chief judge of the United States District Court for the District of Columbia.

(b) Proceedings in condemnation pursuant to this title shall be commenced by the Attorney General of the United States, upon the request of the Transit Authority, by filing with the court a complaint and declaration of taking containing a description of the land and other assets to be taken, together with a sum of money deposited with the registrar of the court in accordance with the applicable laws set forth in section 401 of this title.

(c) Upon such filing and deposit, title to the possession of the assets described in any such complaint and declaration of taking shall pass to the Transit Authority and the value of the assets so acquired shall be determined as of that date.

(d) The trial of any proceedings instituted pursuant to this title shall be a preferred cause and shall be commenced at the earliest date convenient to the court.

TITLE V

AUDIT AND REVIEW

SEC. 501. The Comptroller General of the United States shall have access to all books, records, and papers of the Transit Authority and any company receiving any funds authorized by this Act. Furthermore, the Comptroller General is authorized to inspect any facility or real or personal property of the Transit Authority or the companies.

STAFF MEMORANDUM

H.R. 16119—NATIONAL CAPITAL AREA TRANSIT ACT OF 1972

PURPOSE OF LEGISLATION

The proposed legislation is designed to accomplish the following:

- Provide for regional acquisition and operation of the bus companies serving the National Capital area by the Washington Metropolitan Area Transit Authority.
- Allow the consolidation of the routes served by those companies into a single regional system.
- Make it possible to effectively and efficiently integrate bus service with METRO service.
- Avoid further deterioration of bus service and declining ridership.

PRIMARY PROVISIONS OF LEGISLATION

- Authorizes the Transit Authority to acquire the four companies now serving the metropolitan area.
- Provides for the funding of two-thirds of the cost of acquisition from funds currently appropriated to the Department of Transportation in accordance with the provisions of the Urban Mass Transportation Act of 1964.
- Provides that one-third of the cost of acquisition shall be paid by the local governments of the region.
- Allows the Secretary of Transportation to make grants for the upgrading of the bus fleet.
- Allows the Secretary of Transportation, if immediate acquisition is determined necessary to protect the public interest in the National Capital area, to waive certain provisions of the Urban Mass Transportation Act and to advance a loan of the one-third local share.
- Requires the local governments to repay with interest the advance of the local share within one year following the fiscal year in which advanced.
- Provides for acquisition through condemnation if satisfactory negotiation terms cannot be reached.
- Authorizes the appropriation of the District of Columbia share of acquisition cost.
- Provides for access by the Comptroller General to books of the Transit Authority and of any company receiving funds pursuant to the Act.

NEED FOR LEGISLATION

The bus companies now attempting to serve the Washington metropolitan area are unable to operate within a reasonable fare structure. A series of fare increases have served to decrease ridership with a resultant further upward cost spiral. Further deterioration of unsatisfactory levels of service is threatened. Several companies already have requested authorization to curtail existing service. Action has been initiated by the Northern Virginia Transportation Commission to acquire, on an interim basis, one of the two companies serving Northern Virginia.

As initial METRO operations approach (late in 1974), it becomes more essential that the Transit Authority have the ability to integrate bus and rail service and to adjust routes and schedules as necessary. The consolidation of the services now rendered by four independently operated companies is basic to this objective.

ECONOMIC ADVANTAGES OF REGIONAL OWNERSHIP

The consolidation of routes, improved coordination of schedules, elimination of duplication of maintenance, economies of consolidated purchasing and contracting, elimination of certain taxes, profits and duplicatory management costs would serve to reduce costs of operation. Services more responsive to the needs of riders would reverse the trend of diminishing use. All of these factors would serve to maximize revenues and further protect the Federal commitment to the METRO system.

ABILITY OF LOCAL GOVERNMENTS TO SHARE COST OF ACQUISITION

The local governments, while heavily obligated to meet the cost of METRO, fully recognize the need for regional ownership of a supporting bus network. In Virginia, one company is now being acquired. Both Maryland and Virginia have taken steps to provide state-aid which can be utilized to assist the jurisdictions participating in the Washington Metropolitan Area Transit Authority. Funding is not so much a matter of capacity as it is one of obtaining sufficient lead time to consummate cost sharing arrangements.

PROTECTION OF FEDERAL INTEREST IN ACQUISITION COSTS

The use of the Urban Mass Transportation Act procedures provides for close coordination with the Department of Transportation. Federal outlays must be justified under the same terms as those applicable to other cities. Condemnation is provided for if a suitable negotiated price cannot be reached. All transactions are subject to audit by the Comptroller General.

PROTECTION OF LABOR'S INTEREST

Under the terms included in recently approved Compact amendments, the rights of labor are fully protected. Determinations of the Secretary of Labor, as required by Section 13(c) of the Urban Mass Transportation Act of 1964, also govern.

Mr. CABELL. I have the great pleasure at this time to welcome over to this side of the Capitol the Honorable Thomas F. Eagleton, United States Senator from Missouri, and Chairman of the Senate Committee on the District of Columbia.

Senator EAGLETON. Thank you, Congressman Cabell. I have a short prepared statement, and I will ask unanimous consent that it be made a part of the record.

We have a very distinguished list of witnesses, and I do not want to hold them up in their presentation.

Representative CABELL. Without objection, it shall be admitted.
(The information follows:)

STATEMENT BY THE HONORABLE THOMAS F. EAGLETON

Senator EAGLETON. The Senate District Committee is delighted to join the House Committee in these hearings on the proposed public acquisition of the bus companies in this area.

The public acquisition and ownership of the bus company in the District of Columbia is a subject which has concerned me since I first began serving on this committee, and on April 15, 1970, by a vote of 48 to 34, the Senate passed a bus acquisition bill.

Since the passage of that bill the planned METRO has come much closer to reality and the need to rationalize the transportation system of the area has become more pressing. I understand, in addition, that the opposition to public ownership by certain segments of the community has diminished and I look forward to these hearings with interest and hope that both houses can join together in finally solving the transportation problems of the area.

Representative CABELL. The first witness whom we will call on this morning, and we are certainly honored with his presence, and I want to thank him ahead of time for the great amount of interest and the great amount of effort and energy he has expended on behalf of our

Washington area transit problems, and of his willingness to put the fair resources of his office toward the solution of some of these problems, and I would like to present at this time the Honorable Secretary of the Department of Transportation, Secretary Volpe.

STATEMENT OF THE HONORABLE JOHN A. VOLPE, SECRETARY OF THE DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY MR. JOHN W. BARNUM, GENERAL COUNSEL; MR. JEFFREY N. SHANE, SPECIAL ASSISTANT TO THE GENERAL COUNSEL; AND MR. CARLOS C. VILLARREAL, ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION

Secretary VOLPE. Thank you very much, Mr. Chairman, Chairman Egleton and members of the committee.

May I first present my colleagues, my General Counsel John Barnum on my right; and to his right, his assistant Jeff Shane.

It, indeed, gives me great pleasure to be here today and to have this opportunity to speak in favor of H.R. 16119, the National Capital Area Transit Act of 1972.

The bill would enable the Washington Metropolitan Area Transit Authority to acquire and operate all mass transit bus facilities in the Washington metropolitan region. It is clear that a stable and efficient mass transit system in the National Capital Area is vital both to the smooth functioning of the Federal Government and to the general well-being of the city and its surrounding communities. After careful consideration, it is the view of this Administration, and my personal conviction, that regional ownership of mass transit bus facilities in the National Capital Area is essential to the development of the coordinated, flexible transportation network which this area must have. The bill would accomplish that objective, and would thereby solve a problem that has detracted from the quality of life in the Nation's Capital for far too long.

PRESENT TRANSIT SITUATION

I would like to speak for a minute or two about the present transit situation in the Washington area. At the present time, transit service is being provided by four privately-owned companies. D.C. Transit System, Inc., is the largest of these carriers and serves the District of Columbia, as well as Montgomery County and part of Prince Georges County in Maryland. AB&W is the next largest carrier and provides service to the District from Alexandria and Southern Arlington in Virginia. WV&M is a subsidiary of D.C. Transit System, Inc., and serves the Northern Virginia area. WMA is the smallest of the four companies and serves Anacostia and the area of Prince Georges County to the east and south of Kenilworth Avenue.

In recent years, transit services in the National Capital area have steadily deteriorated while fares have steadily increased. The companies are at the moment caught up in a vicious circle in which deterioration of service and fare increases compelled by economic necessity

eat away at existing levels of ridership, thereby reducing revenues and forcing further service deterioration and additional fare hikes. Since 1965, transit fares in this region have increased by approximately 100 percent. At the moment, they are close to being the highest in the Nation. At the same time, patronage has fallen off by about 30 percent. The financial situation of each company has declined to the point where, with the exception of AB&W, none of the companies made any money in 1971. AB&W's slightly better performance is primarily attributable to the Department of Transportation's Shirley Bus Demonstration Project, but that program will end in 1973 or 1974. Even with its demonstration grant, AB&W is expected to file for a fare increase by next December.

We have just been joined by my Urban Mass Transit Administrator, Mr. Carlos Villarreal. He came up here on a bus, and that is why he is a little late.

The impact of this situation on the community is very serious. Riders lost to the bus system are either diverted to already over-burdened highways or, worse, end up with no transportation at all. For reasons which are obvious, the deterioration of transit service has its most serious impact on the poor, the elderly, and the handicapped—those without alternative forms of transportation.

Paradoxically, these developments have occurred at a time when the public has acknowledged with a new understanding the need for enhanced mass transportation in all of our cities. This Administration, with invaluable bipartisan congressional support, has responded to this need by making substantially increased amounts of Federal assistance available to localities throughout the country for the improvement of mass transportation systems. Locally, the conflict between an increased commitment of resources to mass transportation in the public sector and a continued and apparently irreversible deterioration of the economic situation in the private sector has demonstrated beyond a doubt that the time for regional ownership of transit facilities in the National Capital Area has come.

BENEFITS OF PUBLIC OWNERSHIP

Public ownership would carry with it two important advantages. First, a new public owner would enjoy substantially reduced operating expenses through a consolidation of facilities, and by not being subject to certain taxes and interest charges which the area's private bus companies must now pay.

Second, ownership by the Washington Metropolitan Area Transit Authority—which will also be responsible for the Metro rapid rail system presently under construction—will facilitate complete coordination between the bus and rail modes. Needless to say, a well planned, responsive bus feeder service is essential if the Metro is to be of value to a maximum number of area riders. Common ownership of both services—rail and bus—by a single public body will assure their complete compatibility. Flexibility of bus service will be an added dividend. Because the WMATA Compact provides that all transit operations controlled by WMATA are to be self-regulated, WMATA would be equipped to respond quickly and efficiently to the changing needs of its riders.

Under existing legislation, WMATA's function is effectively limited to that of providing rapid rail transportation. H.R. 16119 would give congressional consent to amendments of the Washington Metropolitan Area Transit Regulation Compact enabling WMATA to acquire, by condemnation or otherwise, and to operate bus transportation facilities. The compact amendments set forth in the bill have already been ratified by the legislatures of Maryland and Virginia, so that congressional action is the last step in the amendment process. The bill would thereby set up the conditions which are required if the essential objective of public ownership of bus transit in the National Capital Area is to be achieved in the foreseeable future.

PROVISIONS OF BILL

The bill is quite simple in its structure. First, it proposes a congressional finding that bus and rail transit operations in the Washington region must be coordinated, and that an appropriate solution to the bus transportation problem in this region is public ownership and operation. Second, the bill would provide congressional consent to the compact amendments I have just described. Third, it would cancel, as of the date D.C. Transit's facilities are acquired by WMATA, the franchise which Congress granted to the company in 1956. Fourth, it would provide for Federal and local sharing of the cost of WMATA's acquisition of the four bus companies in the Washington area. Finally, the bill would create a special court procedure to facilitate WMATA's acquisition of privately owned bus facilities by condemnation in a fair and equitable manner.

FINANCING

I would like to discuss the bill's financing provisions in some detail. Basically, the acquisition would be financed by the Federal and local governments in accordance with the Federal-to-local matching ratio applicable to all federally-assisted mass transportation projects. At the moment, the matching ratio prescribed in the Urban Mass Transportation Act of 1964 is two-thirds Federal to one-third local. As you know, this ratio also governs the financing of WMATA's rapid rail transit undertaking. As in the case of the Metro, the local share would be furnished by the District of Columbia Government together with the other governmental jurisdictions in the Washington Metropolitan Area Transit Zone defined in the WMATA Compact. The other jurisdictions are the cities of Alexandria, Falls Church, and Fairfax, and Arlington and Fairfax Counties in Virginia; and Montgomery and Prince Georges Counties in Maryland. Section 201(a) of the bill would authorize appropriations out of the general fund of the District of Columbia to provide the District's portion of this local matching share.

The Federal share of the acquisition costs would be furnished by the Urban Mass Transportation Administration of the Department of Transportation out of funds already appropriated for mass transit purposes. Because these funds are already appropriated and available, this financing plan is consistent with the President's goal of restricting

Federal expenditures to a non-inflationary level. As project sponsor, of course, WMATA will have to comply with all of the requirements of applicable Federal law prior to its receipt of Federal funds.

The bill contains one provision which, if implemented, would distinguish this project in some ways from other projects funded by the Urban Mass Transportation Administration. Because of the enormous adverse impact that a serious deterioration of bus transportation in the National Capital area would have on the operation of the Federal Government, it is our view that there should be some provision for immediate action in the event that such action is necessary to protect the public interest in the region. In order to accommodate this concern, section 302 of the bill would authorize the Secretary of Transportation, in such circumstances, to waive any or all provisions of the Urban Mass Transportation Act of 1964, except provisions requiring protective arrangements for labor. Were the Secretary to make such a finding, he would then be authorized to make the Federal matching share available to WMATA immediately.

In that situation, the bill would also authorize the Department of Transportation to make an immediate advance to WMATA of the local matching share of the acquisition costs. These funds also would come from the Urban Mass Transportation Administration, and would have to be repaid by the end of the following fiscal year. Such an advance could not be made, under the terms of the bill, until the Secretary has determined that WMATA has the capacity and the ability to arrange for repayment with interest in a timely fashion.

One additional feature of the legislation makes it possible for WMATA to apply for an urban mass transportation grant covering, in addition to the cost of acquiring the four bus companies, the cost of acquiring new buses as well. The bill authorizes the Secretary of Transportation to treat the acquisition of the companies and of the new buses as two parts of the same "project." If funds for new buses are in fact requested by WMATA, the merits of the proposal will have to be examined at that time. The bill simply leaves open the option of including new buses in the project, however, and we recommend that it be enacted in that form.

To sum up, this is a very important piece of legislation. The availability of attractive and efficient mass transit bus services in the Washington metropolitan area may very well depend upon its enactment. Because we are dealing with the seat of the Federal Government, furthermore, it can be said that, in a very real sense, citizens throughout the land have a special stake in the stability of our mass transit system. Regional ownership would assure that stability. Regional ownership would also improve the quality of service by reducing operating expenses, by enhancing service flexibility, and by promoting the complete coordination of mass transit in the area. The National Capital Area Transit Act of 1972 would make regional ownership possible, and would do so essentially within the framework presently provided for Federal assistance to worthy public transportation undertakings.

Thank you very much.

This concludes my remarks, Mr. Chairman, and members of the committee. We would be delighted to answer any of your questions at this time.

Representative CABELL. Thank you very much, Mr. Secretary. Senator Eagleton?

Senator EAGLETON. I have several questions, Mr. Secretary. If you prefer to have these answered by your associates, who are more familiar with the detailed background, that would be fine with me.

SHIRLEY HIGHWAY PROJECT

You mentioned that AB&W was the only of the four carriers in the metropolitan area that made a profit, and you attribute that profit to the Shirley Highway Bus Demonstration Project. I would like to know what profit they did make, and are you certain that the special bus lane is the only reason that they were in the black ink rather than in the red ink?

Secretary VOLPE. We will have to supply the actual profit they made, Senator Eagleton.

Senator EAGLETON. All right.

(The information requested follows:)

Actual profit of Alexandria, Barcroft, & Washington Transit Co., Calendar Year 1971¹

	<i>Amount</i>
Gross operating revenues:	
Regular operations-----	\$8, 131, 282
Shirley bus demonstration project-----	670, 895
Total -----	<u>8, 802, 177</u>
Profit before interest and taxes:	
Regular operations-----	161, 387
Shirley bus demonstration project-----	177, 471
Total -----	<u>338, 858</u>
Profit after interest and taxes:	
Regular operations-----	30, 259
Shirley bus demonstration project-----	96, 011
Total -----	<u>126, 270</u>

¹ SOURCE: Washington Metropolitan Area Transit Commission.

Secretary VOLPE. I would say that the demonstration project was a part of the reason why they were in black ink. I would say that the other part of the answer is that it probably is the best of the four companies insofar as its management is concerned.

Senator EAGLETON. My question then on AB&W is that if the Shirley Highway Bus Demonstration Project is a part of the success of AB&W, and I know that there is great construction being done on Shirley Highway—as one of the newspaper articles said, there is always some construction going on on Shirley Highway—why would this terminate, then, in 1973 or 1974, whichever you state, if it has been a successful project, and why are we executing it in 1973 or 1974?

Secretary VOLPE. Senator Eagleton, this is a demonstration project

to prove whether or not people will use public transportation if given good, clean, efficient, courteous service in new buses, with antipollution kits on them, air conditioned, and in every way certainly an acceptable, and even more than acceptable, means of transportation.

It is our hope that under those circumstances, when the project demonstration has been completed, that the local jurisdiction—in this case if this bill is passed it would be WMATA—would continue that service, and that it would be able to pay its own way.

Senator EAGLETON. Do you have one of your counsel with you at the head table?

Secretary VOLPE. I do have my general counsel.

Senator EAGLETON. Would you identify him by name?

Secretary VOLPE. John Barnum.

SPECIAL COURT PROCEDURE

Senator EAGLETON. On the fifth page of the Secretary's prepared statement, page 5 of the mimeographed sheet it reads as follows:

The bill would create a special court procedure to facilitate WMATA's acquisition of privately-owned bus facilities by condemnation in a fair and equitable manner.

I take it in preparing this bill, H.R. 16119, you took into account the bill which passed the Senate a couple of years ago, S. 1814, in the 91st Congress.

In that bill we called for condemnation by the normal and routine method of which would mean a jury trial. Therefore, I am asking you why do you recommend this special three-judge Federal Court procedure rather than the method adopted by the Senate in its bill two or three years ago?

Mr. BARNUM. It was the opinion of those who collaborated in preparing this bill, Mr. Chairman, that this would be the fairest forum for determination of the value of the properties if condemnation becomes necessary.

Senator EAGLETON. Do you think it would be a fairer forum than a jury trial?

Mr. BARNUM. I think in the District of Columbia today it might very well be. Passions run rather high on this question, and it was our view that this would be better left to a three-judge panel.

Senator EAGLETON. There are other differences between the instant bill, H.R. 16119, and the previously Senate-passed bill. I will not go into those at this time, but what I would like to have your department do is to make a comparative analysis of the present bill with the previously existing Senate-passed bill, and then pointing up what those differences are, and why you prefer the present bill, as contrasted with the old one.

And you can supply that for the record.

Mr. BARNUM. We would be pleased to do so.

(The information, subsequently submitted, follows:)

COMPARATIVE ANALYSIS OF MAJOR DIFFERENCES BETWEEN NATIONAL CAPITAL AREA TRANSIT ACT OF 1972¹ AND DISTRICT OF COLUMBIA METROPOLITAN AREA TRANSIT ACT OF 1969²

DESCRIPTION OF MAJOR DIFFERENCES

1969 bill

Would have provided congressional consent to amending section 1(g) of Washington Metropolitan Area Transit Regulation Compact (D.C. Code, section 1-1431 note) to include sightseeing and charter service in the definition of "transit services" (section 102(a)(1)).

Would have granted the consent to Congress to an amendment of section 5 of the Compact authorizing a District of Columbia alternate member of WMATA's board of directors to act in behalf of any absent District of Columbia director (section 102(a)(2)).

Would have provided congressional consent to an amendment of section 51 of the Compact authorizing WMATA to operate facilities owned or controlled by it (section 102(a)(3)).

Would have granted the consent of Congress to an amendment of section 79 of the Compact authorizing local governments to enter into agreements with WMATA to make payments in support of lower bus fares for any class or category of riders (section 102(a)(5)).

1972 bill

No similar provision.

No similar provision.

No similar provision.

No similar provision.

REASON FOR DIFFERENCE

Section 301(a)(1) of the National Capital Act of 1972, P.L. 92-349, granted congressional consent to an amendment of section 1(g) of the Compact to include charter service, but not individual-ticket-sales sightseeing, in the definition of "transit services."

Section 301(a)(2) of the National Capital Transportation Act of 1972 granted consent of Congress to a similar amendment.

Similar amendment consented to in section 301(a)(6) of the National Capital Transportation Act of 1972, P.L. 92-349.

Similar amendment consented to in section 301(a)(8) of the National Capital Transportation Act of 1972, P.L. 92-349.

¹ H.R. 16119, 92d Cong., 2d sess.
² S. 1814, 91st Cong., 1st sess.

COMPARATIVE ANALYSIS OF MAJOR DIFFERENCES BETWEEN NATIONAL CAPITAL AREA TRANSIT ACT OF 1972¹ AND DISTRICT OF COLUMBIA METROPOLITAN AREA TRANSIT ACT OF 1969²—Continued

DESCRIPTION OF MAJOR DIFFERENCES

1969 bill

Would have required that eminent domain proceedings be held in accordance with the D. C. Code, or with applicable Federal or State law, as determined in accordance with the location of the property in question (section 207).

Would have created a public corporation ("District of Columbia Transit Agency") with the power to acquire, by condemnation or otherwise, the capital stock or transit facilities of the private bus transit companies in the Washington metropolitan area on an interim basis pending final acquisition by WMATA (sections 201-206). The corporation would have been authorized to accept Federal, State, or local grants in aid of the acquisition, ownership, operation, or maintenance of any mass transit bus system (section 402). The Secretary of the Treasury would have been authorized to advance to the Commissioner of the District of Columbia on a reimbursable basis any sums necessary to finance the bus company acquisition contemplated in the legislation (section 403).

Would have established a detailed labor policy (sections 301-305).

1972 bill

Would require that eminent domain proceedings in respect of bus company property located anywhere be maintained in a special three-judge district court for the District of Columbia (sections 401-402).

Would authorize WMATA to acquire, by condemnation or otherwise, the capital stock or transit facilities of the private bus transit companies in the Washington metropolitan area. Financing for such acquisition would be by means of contributions to WMATA by the local jurisdictions in the Washington Metropolitan Area Transit Zone defined in the WMATA Compact, matched by a capital grant from the Urban Mass Transportation Administration (UMTA). The Secretary of Transportation, upon WMATA's request, would be authorized to include the purchase of new buses in the "project" for which the grant is made. The Secretary would also be authorized to waive certain requirements and advance local share from UMTA funds where necessary to protect public interest. The advance would have to be repaid with interest by the end of the following fiscal year (sections 102, 301-303).

No similar provision.

REASON FOR DIFFERENCE

Procedure established by 1972 bill would be less burdensome as a matter of judicial administration, and would assure fair, consistent, and informed treatment of private ownership.

The 1972 bill would facilitate direct acquisition of the bus transit companies by WMATA, without the need for an interim corporation. (The interim corporation was proposed in 1969 as a means of responding to a transit crisis immediately pending ratification by the Maryland legislature of the necessary Compact amendments. Those amendments have now been ratified by both Maryland and Virginia.) Financing would be from already appropriated funds which, with the approval of the Secretary of Transportation, could be used to acquire new buses at the same time. Provision is made for immediate action where necessary to protect the public interest.

Similar provision enacted as section 301 (a) (7) of the National Capital Transportation Act of 1972, P.L. 92-349.

Would have temporarily authorized the Commissioner of the District of Columbia to make financial assistance (including operating subsidies) available to D.C. Transit System, Inc., or any successor agency in order to maintain reasonable fares. The Commissioner would have been authorized to participate in UMTA programs for this purpose. These authorizations would have expired on June 30, 1972 (section 401).

No similar provision.

Under the 1972 bill, WMATA would be able to acquire the bus companies immediately, and would be eligible for direct capital grant assistance from UMTA. No interim assistance provision is deemed necessary.

Senator EAGLETON. That is all I have, Mr. Chairman.

Representative CABELL. Mr. Secretary, I think it is a foregone conclusion, and I think we can take it as self-evident that you are an exponent and are heartily in favor of private enterprise rendering those services that for the most part our economy requires.

PRIVATE ENTERPRISE OR PUBLIC OPERATION

In your studied opinion, after the many studies that you and your department have made, do you feel that the peculiar circumstances surrounding a mass transit, public transit system, that private enterprise can do the job at a cost to the rider, and bearing in mind that most of the riders are lower- or middle-income people, can they do the job and provide the service at a reasonable rate and still make a profit and stay in business?

Secretary VOLPE. There are extremely few cases, Mr. Chairman, throughout the country where I think you will find that that is the situation. And that is why, for instance, some 60 cities now have bus companies that would not be there assisted them, and through public authorities they are now able to continue public transportation. By and large we have found that except in unusual cases, the fact is that public ownership has been the answer, and the statistics alone will indicate what the picture is.

The average number of employees, just to give you one statistic, of publicly-owned transit systems throughout the Nation represent 85 percent of the total transit employees, which means that only 15 percent are employed by private companies, as contrasted to 85 percent by public authorities.

And so, I would say to you, although as a free enterpriser, myself, who came up from scratch in the free enterprise system, that were it possible to do so, I would prefer to see private enterprise continue to operate, whether it be the transit systems, or any other systems.

I am satisfied in this case, after more than three and a half years on this assignment, that try as hard as they might, and in some cases they have not tried as hard as they might, the private operators just have not done the job. The result has been a reduction in the amount of service, in the calibre of service rendered in too many cases, and an increase in the fare, which has had an effect just opposite to what you and I want, I think, and that is to increase the ridership, to increase the patronage in public transportation so that we might reduce the heavy traffic on our highways.

Because every time we found, whether it was in the Boston area where I served as Governor or anywhere else every time we raised the fare a nickel or a dime we lost patrons.

And so, in essence, we were defeating the purpose of public transportation, which was to give an opportunity, as you said to the lower- and middle-income group, to ride that service and have it available to them if they do not have a car. And, approximately, 23 percent of the people in this Nation do not own cars.

So for those who do own cars it has been proved, through this Shirley Highway experiment, that the people will use public transit if given clean, fast, and in this case express service that gets them into town in

30 minutes or more less than they would spend if they came in their private automobiles.

COST OF PROPOSED OPERATIONS

Representative CABELL. Do you feel that with the economies that can be effected, that you mentioned in your direct testimony, such as savings in certain actions, economies of operation through the consolidated effort, that the operating costs can be borne by the fare payer, maintained at a reasonable level, without the total operation becoming a liability and an obligation of the general taxpayer in order to provide free transit service?

Secretary VOLPE. I would say, Mr. Chairman, that there is no question in my mind that there will be operating efficiencies resulting from this consolidation. Single ownership of the four bus companies together, with the one organization that would be running the rail system as well will definitely produce economies whether or not there will be a breakeven point, or whether they can make a dollar on the consolidated service, I think it would be very difficult for anyone to say at this time.

I would hope that if they give the kind of service, and particularly if they purchase some new buses, and arrange for other express bus service similar to the Shirley Highway project may be different in context, but similar in other areas throughout Washington, D.C. coming in from the east, and west, and north, and so forth, that they could achieve possibly a breakeven point.

If there were a deficit, it would be very small, and I would hope that the rail rapid transit would carry its own weight which has usually been the case, and I know in Boston the rail rapid transit usually almost supports itself. It is the bus feeder systems that really brought the total picture down into a real deficit operation.

Representative CABELL. Well, with that feeling, I assume then, and correct me if I am wrong, that the reason that there has been built in, in both this Act and the Metro Bond Act a safeguard against arbitrary reductions in fares, but rather that the obligations be met as nearly as possible from the fare buyers?

Secretary VOLPE. That is correct. It would be our hope, as a matter of fact, that as a result of better service and better equipment, and so forth, that you would have an increase in patronage. That increase in patronage, after all, whether it is on an airline or railroad or bus system, is generally the difference between being able to break even or make a profit, and having a deficit.

Representative CABELL. So, this is not a gesture on your part or any of those associated with you just to lead into a situation where the general taxpayer is just going to have to pay the full cost?

Secretary VOLPE. It is not, sir.

Representative CABELL. Of their citizens riding the mass transit system?

Secretary VOLPE. It is not, sir.

Representative CABELL. Thank you very much.

Mr. Nelsen.

Mr. NELSEN. Thank you.

Thank you, Mr. Secretary.

We found the Post Office Department, to be in economic disrepair, so we set up a different mode of operation on the premise that if it were sort of independently operated, it will be operated more efficiently.

Is it possible that we put this legislation together, under a private-management type. Is this possible under the terms of this bill?

Secretary VOLPE. Whether a private—

Representative NELSEN. Private manager?

A private manager to operate, could be given a lease to operate it?

Secretary VOLPE. Yes, as in the case of rail, I believe they could contract out, if they desired to do so, the operation of the service.

DISTRICT'S TAX LOSSES

Representative NELSEN. Now, I noticed on page 4 of your statement that you refer to the fact that they could operate to an advantage because certain taxes and interest charges would not be levied against the operation.

Of course, this will mean that the District of Columbia will lose the revenue from taxes, would it not? Is there any estimate as to how much they would lose by virtue of the fact that this will not be taxed?

Secretary VOLPE. Very little. D.C. Transit, for example, paid the three jurisdictions a total of about \$1.5 million in 1971. Of that sum, the District would lose only between \$60,000 to \$70,000 as a result of WMATA's acquisition of the company's bus operation.

Representative NELSEN. I see, and they would have to make that up some other way?

Secretary VOLPE. That is right, Congressman Nelsen.

SPECIAL COURT PROCEDURE

Representative NELSEN. Now, on the WMATA contract where you are suggesting that some changes be made, now, can we legislate a change in a compact here to do what you suggest on page 5, provide for a Federal-local sharing of costs of WMATA? Now, in setting up the special court procedure, is that in the compact, is that tied together so you can do this?

Secretary VOLPE. Well, the States of Virginia and Maryland, if I understand it correctly, and my counsel will correct me if I am wrong, have already agreed upon the change in the compact. It will take Congressional action before it becomes operative.

Representative NELSEN. I see, and you again refer to that on page 6. You refer to as defined in the compact.

I have no further questions, Mr. Chairman, at this time.

Representative CABELL. Mr. Abernethy.

Representative ABERNETHY. Thank you, Mr. Chairman.

Mr. Secretary, off the record a minute.

(Discussion off the record.)

Representative ABERNETHY. Back on the record.

I would like to ask you if there is any intention or design set forth in this legislation which would authorize the subsidizing of fares either by the District Government or the area government or the Federal Government?

Secretary VOLPE. There is not, sir.

Representative ABERNETHY. There is none, and such is not contemplated?

Secretary VOLPE. No, sir.

Representative ABERNETHY. The only subsidy, then, would be such grants as are available for other transit facilities from the Federal Treasury?

Secretary VOLPE. That is correct.

Representative ABERNETHY. And loans?

Secretary VOLPE. Yes.

Representative ABERNETHY. Thank you.

Representative CABELL. Would the gentleman yield at this point?

Representative ABERNETHY. Yes.

Representative CABELL. If the Chair may refer to the provisions of the WMATA bill, that it very specifically states that there will not be reductions or subsidies in fares borne by METRO as such, but that if any jurisdiction wishes to utilize the WMATA facilities, we will say for school work, that that jurisdiction, itself, must make up the difference between the published rate and whatever the agreement reached is.

Now, if Arlington County, for instance, would want to give their senior citizens a reduced rate, they would have to dig up the money.

Representative ABERNETHY. And the same would apply to the District.

Representative CABELL. The same would apply to the District, yes, sir.

Senator EAGLETON. Would the Chairman yield at this point?

Representative CABELL. Yes.

Senator EAGLETON. I think the record should be clear that nothing, either in the bond bill, as already passed, or the instant bill before us would prevent future Congresses two years, four years, six years from now, if in their wisdom they wanted to pump general revenue into the fare box, as it were, that they would not be precluded either constitutionally or statutorily from doing so.

Now, I am not saying that a future Congress would, but it is possible by future legislation, whatever the contingencies of the time then might be, that Congress might see fit to do so, but nothing authorizes it in the instant legislation. Is that correct, Mr. Secretary?

Secretary VOLPE. That is correct, Senator Eagleton, and the Congress, two, four, or six years from now can add or subtract from this in any way.

PROPOSED ACQUISITIONS

Representative ABERNETHY. Now, may I ask another question: Mr. Secretary, is it the intention of this legislation; that is, those that drafted it, to authorize the Authority to acquire the capital stock of these transit systems, or only the assets which are used in the operation of the facilities?

Secretary VOLPE. It could be either or both, Congressman.

Representative ABERNETHY. You mean capital stock could be acquired?

Secretary VOLPE. It could be under the terms of the legislation. It gives us an option here to take whatever is the best method by which the public taxpayer, and the Congress and the Governments involved would best be served.

Representative CABELL. Will the gentleman yield at this point?

Representative ABERNETHY. Yes.

Representative CABELL. Would you say it would have to be in the interest of the compact, but can you foresee at this time any necessity or any requirements or desirability of just taking over the capital stock as such? Are we not thinking primarily of the operating portion of the companies? Can you see any advantage to the taxpayer, to the general public, of owning the capital stock, as such?

Secretary VOLPE. I could foresee that, Mr. Chairman, only if economically it was going to be cheaper for us. Not otherwise.

Representative CABELL. But that would have to be clearly determined?

Secretary VOLPE. Absolutely.

Representative CABELL. Before any such discretion could be used?

Secretary VOLPE. Because we would have two appraisals for instance, of each of the four firms involved, and then we would determine what the economical way to acquire only those properties that we needed to operate the system was, and if the purchase of the buses or whatever else we needed was the cheapest way out, that would be the way we would go.

Representative CABELL. Well, does WMATA in its charter have the right, the legal right, to operate such subsidiary corporation?

Secretary VOLPE. Under the terms of this, only as if and when this bill is passed, would it have that authority, I believe.

Right, Mr. Counsel?

Mr. BARNUM. I think that is right. You would not have to continue to operate it as a subsidiary, Mr. Chairman. It may be that the acquisition of the stock would be the most appropriate vehicle for acquiring the operating assets. The reason that provision is in the bill now is in order to give the Authority the maximum flexibility in the way in which it proceeds, either to negotiate or by condemnation or otherwise to acquire control over the transit company.

Representative CABELL. Well, actually the intent is purely to acquire the operating assets that are necessary to the operation of the transit company?

Secretary VOLPE. That is correct, Mr. Chairman.

Representative CABELL. It is a little difficult in the absence of a specific instance of where it would be to the advantage of the taxpayer to own the capital stock as such.

Secretary VOLPE. Only if the price were lower.

Representative CABELL. Sir?

Secretary VOLPE. Only if the price were lower.

Representative CABELL. It is a little hard to conceive of how that could have any effect, and if you can cite an instance, a hypothetical

situation where that might be operable, then I would appreciate very much your preparing that and supplying it for the record.

Secretary VOLPE. We would be happy to do so, sir.

Representative CABELL. And merely figure up, if you can, a hypothetical situation where it would be necessary, and would be to the interest of WMATA, the survivor company, the operating company, to where it could be to their very definite financial advantage.

Secretary VOLPE. We will be glad to do so, sir.

Representative CABELL. To acquire the capital stock or the corporate entity, so to speak, instead of just the operating assets required.

Secretary VOLPE. We will be glad to do so.

Representative CABELL. For the operation.

(The material, subsequently submitted, follows:)

HYPOTHETICAL SITUATION IN WHICH WMATA'S AUTHORITY TO ACQUIRE TRANSIT COMPANY STOCK WOULD RESULT IN A LOWER PURCHASE PRICE

Assume that a transit company has one million shares of stock authorized and outstanding, and that the stock is trading in the market at \$2, giving the company a stock market value of \$2 million. Assume that the book value of the stock is \$6 a share, or a total of \$6 million. (The stock market value might well be less than the book value if the company has not had earnings and/or has not been paying dividends.) Assume finally that the company's management will not sell the transit facilities alone for less than \$10 million (not including assets which are not "used or useful" for transit purposes), and that a court would award \$5 million for the transit facilities alone in a condemnation proceeding.

Under those circumstances it might well be possible to acquire all of the stock for less than it would cost to acquire the assets useful for transit purposes either by negotiation or condemnation. For example, a stockholder might well be prepared to sell his holdings for \$3 or \$4 a share, rather than wait three or four years until a condemnation award became final, during which time he would be running the risk that his share of the condemnation award would be less favorable—or even that the condemnation would not ever take place. There is always a value to the bird in the hand. A trustee or other fiduciary holding stock might also prefer to sell at \$3 or \$4 a share and reinvest in income producing securities.

If 60 percent of the stock could be acquired by means of a tender offer at \$4 and the appraisal value of the transit assets was later determined to be \$5 per share, WMATA would have acquired 600,000 shares for \$1 less, or a saving of \$600,000. If the stock could be acquired for \$3 a share, a 50 percent premium over the market price, the saving would be \$1.2 million. In addition, WMATA would have the residual value of the stock, reflecting the non-transit assets, which would not be condemned. This stock would then be sold to reduce further the net cost of the transit assets.

If WMATA, through its tender offer, acquired only 40 percent of the stock (at \$3 or \$4 per share) and thereafter had to condemn the transit assets (at \$5 per share), WMATA would still save \$2 or \$1 per share on 400,000 shares plus the residual value of those shares attributable to the non-transit assets.

Acquisition of a large enough percentage of the stock to assume control or to liquidate could lead to a negotiated sale to WMATA of the transit assets or even the entire company at a more reasonable figure than the \$10 million the former management had been demanding for the transit assets. If WMATA acquired the entire company the non-transit assets could be sold for book value (assumed here to be \$1 million), thereby resulting in a lower net cost of the transit facilities than the likely condemnation award. The original stockholders would always be protected because they would have appraisal rights.

Even if WMATA determined not to purchase stock or to make a tender offer, having the authority to do so would give WMATA an advantage in any negotiations with the management of the company to be acquired because its ability to acquire stock might well encourage management to be more reasonable in its

negotiations. Sale of the transit assets at a negotiated price supported by appropriate appraisals is preferable to the cost in time and expense of condemnation proceedings—for the courts as well as the parties.

On the other side of the coin, if WMATA does not have authority to acquire stock, speculators are likely to start buying up the stock and reap the benefit which otherwise could accrue to WMATA.

Senator EAGLETON. May I ask a question on that?

Representative CABELL. Yes.

D.C. TRANSIT

Senator EAGLETON. To your knowledge, does the D.C. Transit operate under the umbrella of that corporation, any non-transportation subsidiaries, or any non-District of Columbia metropolitan area transportation items?

Mr. BARNUM. It is my understanding that D.C. Transit System, Inc., a D.C. corporation, does have some real estate properties in addition to its transit facilities.

Senator EAGLETON. Real estate properties unrelated to the operation of the transit company?

Mr. BARNUM. That is my understanding, Mr. Chairman.

Senator EAGLETON. So, really what you would want to acquire, as cheaply as possible, are the things related to transportation. If they own an amusement park, or other real estate, you would not want particularly to acquire that via the capital stock?

Mr. BARNUM. That is certainly true. On the other hand, I am sure you can envision a situation where you are negotiating its sale, and it may be to your advantage to acquire the entire entity and then dispose of those parts of the entity which are not of use to your purpose, which is exactly as the Chairman has stated, essentially is to end up with the transit assets.

But, there may very well be vehicles for achieving that goal which would contemplate acquisition of stock on the way.

Representative CABELL. But by the same token, the values of those non-operating properties would have to be taken into consideration by the condemnation court, and they would have to be somewhat close to a fair market value.

Mr. BARNUM. Entirely correct. What we are talking about is what way we could net out the transit assets at the end of the entire transition.

Representative CABELL. Well, if you will prepare that hypothetical case for me, I would appreciate it very much.

Mr. Broyhill.

Representative BROYHILL. Mr. Chairman, first of all I should like to submit the following prepared statement for the record.

(The statement of Mr. Broyhill follows:)

STATEMENT OF HON. JOEL T. BROYHILL

Representative BROYHILL. Mr. Chairman, I am delighted that this hearing has been scheduled for this morning, affording an opportunity for the consideration of this vitally important legislation.

Basically, this bill will authorize the Washington Metropolitan Area Transit Authority to acquire the facilities, equipment, and property of the local bus companies . . . that is, the D.C. Transit System, Inc., its subsidiary the Washington, Virginia, and Maryland Coach Company, the Alexandria, Barcroft, and Washington Transit Company, and the WMA Transit Company, and to operate these facilities, together with the rapid rail transit system presently under construction, as a unified, adequate, and economically sound transportation system for the entire Washington metropolitan area.

I wish to state that I am heartily in favor of this concept, in view of the fact that each of the four local, privately-owned bus companies is presently in financial distress from which, in my opinion, they cannot possibly recover; and this fact is detrimental to the interests of the riding public in the area. Further, I am wholly in agreement that the Washington Metropolitan Area Transit Authority, a body which was organized pursuant to an interstate compact among the states of Virginia and Maryland, and the District of Columbia, with the consent of Congress, is the logical and appropriate body to plan, develop, finance, and operate this area-wide system of transit facilities.

In order to implement this public ownership and operation of the bus companies, H.R. 16119 provides for appropriate amendments to articles XII and XVI of title III of the Washington Metropolitan Area Transit Regulation Compact, which will authorize the District of Columbia to participate in the procedure. These amendments to the Compact have already been enacted by the legislatures of Virginia and Maryland, and thus the legislative authorization will be complete with the enactment of this bill.

It is estimated that the cost of this acquisition will be approximately \$50 million, and the bill provides that this cost shall be shared by the Federal and local governments in the metropolitan area in accordance with the matching formula authorized by the Urban Mass Transportation Act of 1964, as amended. At present, this formula is two-thirds Federal funds and one-third local.

The bill contains two specific authorizations to the Commissioner of the District of Columbia: First, the Commissioner is empowered to contract with the Transit Authority for payment of the District's share of the cost of the purchase of the bus companies, for which purpose capital appropriations out of the D.C. general fund are authorized. And secondly, the Commissioner may contract with the Transit Authority for reduced transit fares, pursuant to Public Law 92-349. The Act referred to is the Metro Bond Guarantee legislation which was approved on July 13 of this year, and the restriction in that law applicable to actions of local governments in the matter of reduced fares is that such jurisdictional governments must pay to the Transit Authority the difference between any such reduced fares and the amount of the full fares charged. In other words, if the government of any of the jurisdictions in the area elects to reduce the transit fares for any citizen groups in that jurisdiction, then the cost of such reduction in fares must be born by that jurisdiction, and not passed on to the citizens of the other parts of the area.

In this connection, I note with interest that the Northern Virginia Transit Commission has very recently decided that basic fares for elderly riders on the WV and M Coach Company will be lowered to 20 cents after that bus line comes under public ownership, the process of which is presently underway. The lowest present fare between Arlington and the District of Columbia on this line is 55 cents, and the basic local fare within Virginia is 45 cents. Since the NVTC contemplates acquiring the WV and M company and then subsequently turning it over to the Transit Authority for ownership and operation when the Authority acquires all the companies under the aegis of this proposed legislation, it follows that when this occurs, if Arlington for example wishes to extend this basic fare of 20 cents to its citizens more than 65 years of age, then Arlington will have to pay the Transit Authority the difference between that fare and the regular basic fare.

Title III of H.R. 16119 pertains to financing. The first section thereof authorizes the payment of the Federal share of the cost of the acquisition of the bus systems, together with any improvements to or replacement of equipment as may be necessary, which as I have stated above will be two-thirds of the total cost under the present formula. In the matter of replacement of equipment acquired, I understand that the Transit Authority plans to purchase up to 600 new buses immediately upon acquiring these bus lines, as that number of present buses in these systems are 14 years old or older.

The second section of Title III provides that the Secretary of Transportation, if he determines that immediate action is necessary in the public interest, may advance such funds as he may deem necessary as a loan to the Transit Authority, to provide temporary financing for that portion of the cost of acquisition which is the share of the local government jurisdictions. Such loans may not be made until the Secretary has determined that the Transit Authority is able to effect their repayment not later than the end of the fiscal year following the year in which the loans are made. The loans shall be repaid by the Transit Authority to the Urban Mass Transportation Administration of the Department of Transportation, with interest thereon at a rate to be determined by the Secretary of the Treasury, from the contributions by the District of Columbia and the other local government jurisdictions as called for in the formula.

This authorization for advances or loans from UMTA is included in the bill in recognition of the fact that some of the jurisdictional local governments may not be able to contribute their shares of the costs of this project promptly enough to assure the prompt and orderly acquisition of the four local bus lines and their assimilation into the area-wide system, as must be done in the public interest. However, since the local government jurisdictions will be required to contribute not only their proportionate share of the acquisition costs but also the interest thereon in the matter of the loans authorized, it may be assumed that these jurisdictions will arrange to contribute their shares as early as possible.

Title IV of the bill provides for condemnation procedures which may be used in connection with the acquisition of the properties. These proceedings shall be commenced by the U.S. Attorney General upon

the request of the Transit Authority, and shall be instituted in the United States District Court for the District of Columbia. It is further provided that the trial of any such proceedings shall be a preferred cause, and shall be commenced at the earliest date convenient to the court.

The final provision of H.R. 16119 is the very proper authorization for the U.S. Comptroller General to have access to all books and records of the Transit Authority, and for him to inspect any facility or property of the Authority.

Mr. Chairman, there is not the slightest question of the urgency or the necessity for the early enactment of this proposed legislation. Rising costs of operation of urban transportation systems, together with the limitations beyond high fares simply cannot be raised to meet such inflationary costs, have brought about a situation wherein the private ownership and operation of such urban transportation facilities has become impossible. Today, the Washington metropolitan area remains as the only large urban center in the United States in which private ownership of the transit facilities is still being attempted; and the end of this situation is inevitable, as public ownership becomes more and more the obvious and only solution. Therefore the time has come when we in the Congress must face up to this situation, and through the enactment of its legislation must assure the Washington metropolitan area a truly adequate and fiscally sound transportation system, including both bus and rapid rail transit, in an integrated, balanced, area-wide system.

NEED FOR LEGISLATION

Mr. BROYHILL. We have found that the Congress is not willing to provide a subsidy, and the regulatory agency is not willing to provide a rate increase. Passengers are not willing to pay its increased fares, and yet the operating costs are going up. So something has to be done in order to consolidate these operations, to assure that we will not wake up one morning and find that we do not have bus transportation.

And, Mr. Secretary, I commend you for your supporting this legislation, and for the excellent statement that you have made here this morning. I recall that during the hearings on the bonding legislation, I asked the question and suggested the possibility of merging the acquisition amendment in with the bonding amendment, and you suggested that that might be loading the bill down too much. You said then that you would come back with a proposal to handle this problems.

So, I commend you for following through with your commitment, and for coming forth as early as you did in trying to do something about this problem.

Secretary VOLPE. Thank you, sir.

COMPACT AMENDMENTS

Representative BROYHILL. Now, the two legislatures, the Maryland and Virginia Legislatures, have already ratified this amendment to the compact?

Secretary VOLPE. That is right.

Representative BROYHILL. This legislation is a slight change from what Senator Eagleton referred to that has already been passed by the Senate. I believe that was identical to the amendment to the compact which has been ratified by the States of Maryland and Virginia. Would this present measure require any further action on the part of the State legislatures, even though we made a few changes in it?

Secretary VOLPE. The compact amendments, per se, Congressman Broyhill, have not been changed, so there would not be a requirement, and maybe we can question our good friends at WMATA with regard to this, but I am almost positive that there has been no change that would require going back to the legislatures of Maryland or Virginia in order to have this completely ratified.

Representative BROYHILL. Well, that is good, because I imagine you may have to start negotiations before it is too late, and the two State legislatures will not be in session.

Secretary VOLPE. Having dealt with State legislatures, Congressman Broyhill, if you can avoid legislatures you are always better off.

FINANCING

Representative BROYHILL. Second, you referred to the national legislation which provided for two-thirds Federal payment and one-third local payment. Is this legislation consistent with that?

Secretary VOLPE. Yes.

Representative BROYHILL. You are aware of the fact that there is legislation pending and in fact it has passed the Senate, that would provide for a 90 percent Federal contribution for capital improvements, and an 80 percent contribution for maintenance and operation. Also there is a bill pending in the House, before the Banking and Currency Committee, which is in a parliamentary predicament at the moment, but which provides for an 80 percent Federal contribution for construction and capital expenditures, and 80 percent for maintenance.

Now, I do not want to cloud this bill in any way, but I am just wondering if both bills get through this Congress—and I surely hope this one will do so, as it simply must be approved in this Congress—and if the other bill also is enacted, would the effect be that there would be an 80 or 90 percent Federal contribution for this project, or would we have to come back and amend either this legislation or the other legislation?

Secretary VOLPE. My General Counsel tells me no, and I will have him tell you why.

Mr. BARNUM. Because this has been drafted with the recognition that the formula for UMTA financing may change by virtue of legislation before the Congress now. So, it is specifically contemplated that the prevailing matching ratio set forth in UMTA's authorizing legislation would obtain in this case, whatever that ratio is at the time of the acquisition.

Representative BROYHILL. Automatically provide for this in the legislation?

Mr. BARNUM. That is correct.

Representative BROYHILL. Thank you.

SPECIAL COURT PROCEDURE

And finally, back again to another comment by Senator Eagleton, on page 5, about the special courts designated for the condemnation proceedings—would that special court necessarily be within the District of Columbia, or could it be in the States of Maryland and Virginia?

Does the legislation require it to be in the District of Columbia?

Mr. BARNUM. As drafted, it does.

Representative BROYHILL. Would it be objectionable, or would it be possible to permit that to be a Federal Court in either one of the three jurisdictions? It may be possible that a court in the District of Columbia, because of all of the publicity that has been given to this, may be prejudiced either for or against the company which is being acquired. I am wondering whether it may be helpful to all parties if they could have a special court in one of the other jurisdictions.

Mr. BARNUM. I think this is primarily a question of Court administration and convenience, and preferably in the view of the Administration to have but one court tied up with this kind of condemnation proceeding, if necessary, rather than three different courts in the three different jurisdictions.

Representative BROYHILL. You feel it should be restricted then, to the District of Columbia?

Mr. BARNUM. I think that is the preferable result, Mr. Broyhill.

PROPOSED ACQUISITION

Representative BROYHILL. I do have one more question, Mr. Chairman, on this matter that you and Mr. Abernethy talked about a little bit, and that is the acquisition of the capital assets or the stock.

I am thinking now of two examples right here that are involved in this acquisition. One is that the AB&W, which is a separate bus company, had been operating as a transportation company exclusively for years. I think it would be unfair, unrealistic, and unreasonable to move in there and start picking away at various parts of the transportation facilities that may result in leaving some of its real estate structures which tie into transportation that WMATA may not desire. I understand that in the bill you have an option of acquiring stock or transportation facilities, but I would think that in the case of AB&W these options should both be exercised through the acquisition of the stock as well as the operational facilities.

But, in the case of D.C. Transit, I would think, Mr. Chairman, that we might write into the bill that you could acquire only the facilities and not the capital stock, because you may get into a real cobweb of various avenues that you do not want to.

Secretary VOLPE. I would hope, Congressman Broyhill, that you would have enough confidence in both the Department of Transportation and WMATA to recognize the only reason that we would take the option is because we could save \$5 million.

Representative BROYHILL. At least.

Secretary VOLPE. At least.

Representative BROYHILL. That is all I have, Mr. Chairman. I am all for that.

ADMINISTRATION ENDORSEMENT

Representative CABELL. The Chair has another question that I would like to ask for the record. It is the understanding of the Chair that the bill, as proposed—of course, you have already stated that it has the approval, because it is the baby, so to speak, of DOT, but does this bill, as drafted, have the approval also, or can you speak to this, of the Treasury Department, who would have a pretty good hunk in it, or the White House and the Administration?

Secretary VOLPE. Yes. I can speak favorably in this respect, Mr. Chairman, representing the Administration.

Representative CABELL. And the Office of Management and Budget?

Secretary VOLPE. That is correct, sir.

CONDEMNATION PROCEDURE

Representative CABELL. One further question: It is my understanding that there will be some testimony given, and possibly an amendment offered, to call for the court action or condemnation in court that might be taken, that for those operators domiciled in Virginia that would be in a Virginia court, and for those that might be domiciled in Maryland, that that be done in a Maryland court. Would you care to comment on that, pro or con?

Secretary VOLPE. I would ask my General Counsel, this being a legal matter entirely, what he would say to that question.

Mr. BARNUM. It is my understanding, Mr. Chairman, that it is the view of the Department of Justice, that as a matter of judicial administration it would be more convenient and more time saving if the condemnation proceedings were left in a single court.

This is substantially the question that Congressman Broyhill asked. It was their view, and in which we concurred, that that would be the preferable way to go about it.

Senator EAGLETON. May I comment there, Mr. Chairman?

It is my initial impression, and I am never wedded to anything in Congress, and my recent life history proves this, and times change, but it is my personal belief at this time that it would be unwise to open this up to a whole multitude of courts, and split this case up, as it were, into the Virginia case, a D.C. case, and a Maryland case. I think it would confuse and compound the situation rather than to have it heard at one time, in one forum, with one result. The court that would be convened, as I read the bill here, in the District of Columbia, would be comprised of the Court of Appeals, would it not, the Federal U.S. Court of Appeals, three judges?

Representative CABELL. Three-judge court.

SPECIAL COURT PROCEDURE

Senator EAGLETON. A special three-judge court. I have great confidence, personally, in the bipartisan and nonpartisan wisdom of the Federal Judiciary. I personally think that, as a first impression, it would be a mistake to split it up parcel by parcel, but we will have to take further testimony.

Mr. BARNUM. Now, may I just comment on that, Mr. Chairman? We are entirely in agreement with your observation. It does contemplate a special three-judge district court, and I should have checked this, and we will supply it for the record. I would assume any appeal taken from that might well have to go to the court of appeals.

Senator EAGLETON. Check out the appeal process, would you?
(The information requested follows:)

Any appeal from a condemnation judgment rendered by the special three-judge district court contemplated by section 402(a) of H.R. 16119 would have to be taken to the U.S. Court of Appeals for the District of Columbia Circuit.

Mr. BARNUM. We would not want to find ourselves in three separate Courts of Appeals. That would be the consequence of authorizing three different District Courts do try one or another of the condemnation actions.

Senator EAGLETON. In the normal three-judge special court in Missouri, it operates this way: We would take one judge from the Eighth Circuit Court, and two Federal Judges, and the appeal then is to the Eighth Circuit, or the U.S. Supreme Court.

Mr. BARNUM. It is a normal district Court, not a three-judge court testing the constitutionality of a statute, appeals from which would go directly to the Supreme Court.

Representative CABELL. Well, never having been to law school, on the legal question—

Representative MIKVA. May you say that for the record?

Representative CABELL. I may as well. It is a known fact. Would a District Court in the District of Columbia have jurisdiction over any condemnation procedures outside of its own internal jurisdiction?

Secretary VOLPE. If the Congress so enacted in the legislation.

Representative CABELL. I see. Well, normally the jurisdiction is where the property lies.

Secretary VOLPE. That would normally be the case, sir.

Representative CABELL. Mr. Mikva.

Representative MIKVA. Could we pursue this special court business: I think everyone here knows—I am very much in sympathy with your efforts—

Representative ABERNETHY. Did you go to law school?

Representative MIKVA. I am afraid I have been to law school, and that might disqualify me for this question. But, I am in sympathy with trying to do it in one court with one law suit rather than three separate lawsuits and three separate appeals. I would question whether the provision in the bill achieves that end, and if so, whether there is not a better way of doing it. As Counsel points out, since this is just a special court, not hearing constitutional issues, with three results there could be appeal to the various courts of appeals affected here, which would mean you would end up with a really hybrid operation; with a single case but three separate appeals.

Although I do not see any reason to tie down three judges for what may be a very protracted litigation on value. It seems to me you

accomplish the results you want by putting in a consolidation section here that says that all of the matters involved with WMATA can be tried in a single District Court, and then having only one court with jurisdiction over the whole matter, only one appeal going up from that court, and only one judge, instead of tying down three judges at these crucial times in what may be a very protracted case. Would your Counsel care to comment on that alternative?

Mr. BARNUM. I think your observation is entirely accurate. I, too, have faith in one single judge being able to render an appropriate decision. We are confronted here with attempting to create a structure that would give the maximum fairness and the maximum representation from all points available on a matter of considerable moment to the District. And for that reason I thought it preferable to have a three-judge court.

Representative MIKVA. I would not care. I have enough faith in the judicial system and I do not care whether it is tried in the Federal District Court, in Virginia or Maryland or the D.C., and as long as there is an appellate procedure available, I think that justice will be done for the public and the transit system.

But, I am more concerned that you not end up with a real monster at the end of the case, with three separate appeals at the end of the case.

Representative ABERNETHY. Would the gentleman yield?

Representative MIKVA. Yes.

APPEALS

Representative ABERNETHY. Could that not be corrected by simply writing in the legislation that the appeal from the three-judge court shall be to a Circuit Court of Appeals?

Representative MIKVA. I think my colleague's observations are correct. I think you would have to do that to make sure that they are not separate appeals.

Mr. BARNUM. That would solve half of the problem, and it is a very good suggestion, I suggest we supply for the record, and for the committee a memorandum describing the trial and appellate process contemplated by the present legislation, with some of the variations which might reflect on some of your observations.

(The information requested follows:)

CONDEMNATION PROCEEDINGS UNDER TITLE IV OF H.R. 16119

As currently drafted, sections 401 and 402 of H.R. 16119 would require that actions for the condemnation of property presently owned by any of the four bus companies in the Washington metropolitan area be brought in the U.S. District Court for the District of Columbia, whether or not the property in question is physically located in the District of Columbia. Because the bill does not address the question of appeals directly, any appeal from a judgment of this panel would have to be taken to the U.S. Court of Appeals for the District of Columbia Circuit.¹ Any further appeal would be by filing in the Supreme Court a petition for a writ of certiorari.

¹ Orders of three-judge courts may be appealed directly to the Supreme Court only when they grant or deny, after notice and hearing, an interlocutory or permanent injunction, 28 U.S.C. § 1253, or where such appeal is authorized by statute (e.g., 15 U.S.C. § 28-29, 49 U.S.C. § 44-45).

There are three clear alternatives to this approach. One would be a provision requiring that any condemnation proceeding instituted in connection with WMATA's acquisition of the area bus companies be maintained in accordance with applicable local law. This would call for three separate jury trials (one in each of the three jurisdictions), with the likelihood that each court would adopt its own valuation principles, and the possibility of three separate appeals. Such an arrangement would result in substantially increased attorneys' fees and would impose an added burden on the courts. Because of the technical complexity of the issues at stake and the emotional atmosphere in which the litigation would take place, furthermore, a jury trial would be less likely to produce a just award than a non-jury trial.

The second option would be a provision calling for three separate non-jury condemnation proceedings in the Federal district courts which would normally have *in rem* jurisdiction over the assets in question. This would avoid some of the uncertainty and inconsistency that might flow from three jury trials. Whether or not special three-judge panels were called for in the bill, however, such a procedure would impose an excessive burden on the Federal judiciary. It would also require three separate appeals, each in a different court.

Finally, the bill might provide that the entire condemnation process shall be presided over by a single district court judge rather than a three-judge panel. There are no compelling reasons to favor a three-judge panel over a single judge. On one hand, the importance and difficulty of these proceedings and the need for sound, fully considered awards suggest the desirability of a three-judge panel; on the other hand, considerations of judicial economy weigh in favor of a single judge. The present bill favors the former option.

Representative ABERNETHY. Would the gentleman yield further? Was it contemplated that the appeal, if taken, from the special three-judge court, would be to the Circuit Court of Appeals?

Mr. BARNUM. For the District of Columbia.

Representative ABERNETHY. Why for the District of Columbia?

Mr. BARNUM. Because the suit is maintained in the District Court for the District of Columbia, appeals from which lie in the Court of Appeals for the D.C. Circuit except in certain constitutional cases.

Representative MIKVA. Mr. Chairman, let me first assure the Secretary how pleased I am with his stance here on this bill. I come from the town of Evanston, Illinois, which, as you know, is in deep trouble with its bus company. It has applied for permission to terminate its service which would leave the town completely transportationless within the town.

I think that this is only the first of many situations that the department is going to have to face up to where transportation systems in the urban areas of our country are threatened. And I am pleased at your quick response. I hope here will be similar quick responses in the other crises areas.

SUBSIDY FOR OPERATING

Having said that, I have a couple of questions about what lies down the road. Very specifically, is anyone in the department able to show that a consolidated system here, run by WMATA, can effect meaningful changes in the operating picture?

What I am driving at, Mr. Secretary, is do you see any way of this system continuing to run without some kind of operating subsidy?

Secretary VOLPE. Well, as a matter of fact, you do not even have to look at these four bus systems, Congressman Mikva. I think what we have to do is just look at four operations, all operating within a more or less similar area. Any time you can combine those so that

you do not have overlapping, so that you can change around the routing of the buses, so that you can have a centralized control, so that you can have in many cases automated control, and so forth, I think that you are bound to have efficiencies and deliver better service.

And it is our opinion that if you are to achieve a breakeven point at all, the best way to achieve it is in the manner in which we have testified this morning. It certainly is not going to be reached if you continue the split operation you now have. As to whether or not a year, or two years or five years from now you will have a breakeven or perhaps a black ink figure to show would require more than what I can give to you. Yes, we have thought about it. We have given a great deal of time and attention to it, as a matter of fact, not only here in the Washington, D.C. area but, of course, throughout the country where you and I both know of the great problems that exist.

But, based on the facts that we have before us, we believe that this is certainly a great step in the right direction and we are very, very hopeful that combined with the total public transportation concept here in the Greater Washington, D.C. area, that we will solve our problems.

Representative MIKVA. Frankly, Mr. Secretary, I am trying to enlist your support to one of the proposals here, either the one now pending in the Senate, or the one that is pending in the House which would specifically recognize the need for some kind of operating help to provide to transportation systems throughout the country, including this one.

I do not think it is an unfair question to ask, because I am sure when this bill gets to the floor of the House someone is going to be asked, or, well, someone is going to have to respond as to why the Federal contribution here is justified when, in fact, the combined system they have is similar, if not the same similar deficits that may have a subsidy. Obviously, there are some deficiencies of combination to be achieved, but looking at the mass transit throughout the country, and the Secretary has looked at many more of them than I have, I think you would agree that the history has been one of just an impossibility of maintaining an effective public transportation system without some kind of operating subsidy. We raise the fares and you lose customers. That has been a syndrome we have been going through throughout the country, so I hope we can get your help.

D.C. TRANSIT FRANCHISE

One last question, Mr. Secretary: Is there anything in the bill that makes it clear that we are not paying value; that is, we do not intend to pay value in measuring the condemnation award for the value of the franchise as separate from the value of the equipment?

In other words, we gave the bus company that franchise. They did not pay for it. I would like not to have to see the Government pay to get it back.

Secretary VOLPE. Well, answering not for the Government now, but just as a private citizen, I would hope that we would not have to pay something for nothing.

Representative ABERNETHY. Would the gentleman yield? Is that not for the court to decide?

Secretary VOLPE. It is for the court to decide.

Representative ABERNETHY. We may have given it to them, but it may have some value.

Representative MIKVA. Well, it may have.

Representative ABERNETHY. Certainly we are not Indian givers, are we?

Representative MIKVA. At the same time, I do not want the franchise to be valued in light of what the Secretary suggests. This has occurred over and over again where the franchise is not paying to the operators but the award contains a substantial sum of recovery for that pain in the neck.

Secretary VOLPE. There is a limited life in the franchise anyway, and I think, Congressman Abernethy has hit it right on the head. That is for the court to decide.

Representative MIKVA. Well, Counsel, if I could ask, as long as you are doing some other research on the matter of appeals, would you see what the constitutional problems might be, and what other problems there might be if a specific provision were written in that would say that the franchise shall not be taken into account in valuation?

Mr. BARNUM. The franchise, of course, is one of the present assets of some of the companies involved, and I do not think that you could constitutionally take that away from them without compensating for it, if they have a right, and you gave them, I believe, a franchise for twenty years. And it expires in 1975. And if you are going to condemn the property, that franchise, in the eyes of some courts has some value.

Representative MIKVA. Suppose they are in violation of the franchise? That would affect its value.

Mr. BARNUM. That argument has been made and—

Representative MIKVA. I do not want to be punitive. I just do not want to see us be Uncle Sucker.

Mr. BARNUM. That argument is available to us, and there are some arguments on the other side as to why the franchise may have been violated.

So, it is, indeed, something that the court would have to decide.

Representative MIKVA. Like Mr. Spassky, on that I would settle for a draw.

Representative CABELL. Mr. Gude.

Representative GUDE. Thank you, Mr. Chairman, and thank you for holding this hearing in your interest. As a sponsor of similar legislation, I appreciate your continuing concern, and I want to thank you, Mr. Secretary, for your statement on behalf of this legislation.

More and more frequently I get complaints about bus service, breakdowns in service, the bus that does not arrive at all, or it was just very late, and sometimes this affects senior citizens.

D.C. TAX LOSS

I would like to ask several questions in regard to the D.C. tax loss. What would that be annually?

Secretary VOLPE. I beg your pardon?

Representative GUDE. Would the D.C. tax loss under this bill be annual?

Secretary VOLPE. Yes, that would be an annual loss.

Mr. BARNUM. That is, what they paid in taxes in 1970.

Representative GUDE. What about the tax loss in Virginia and in Maryland?

Secretary VOLPE. We will have to furnish that for the record.

(The information requested follows:)

Projected tax loss to District of Columbia, Maryland, and Virginia attributable to public ownership of transit companies in Washington Metropolitan Area¹

	² Tax loss
District of Columbia :	
D.C. Transit System, Inc.....	\$63,554
A.B. & W Transit Co.....	49,356
W.V. & M. Coach Co.....	39,016
W.M.A. Transit Co.....	37,260
Total	<u>189,186</u>
Maryland :	
D.C. Transit System, Inc.....	78,230
A.B. & W. Transit Co.....	785
W.V. & M. Coach Co.....	88,352
W.M.A. Transit Co.....	³ 88,352
Total	<u>167,367</u>
Virginia :	
D.C. Transit System, Inc.....	5,126
A.B. & W. Transit Co.....	⁴ 211,899
W.V. & M. Coach Co.....	92,275
W.M.A. Transit Co.....	3,374
Total	<u>312,674</u>

¹ SOURCE : Washington Metropolitan Area Transit Commission.

² Based on 1971 tax returns.

³ Includes \$28,980 in taxes attributable to real property in Prince Georges County, assumed for this presentation to have been acquired for operating purposes by WMATA and therefore tax-exempt. Any other alternative would be a matter of WMATA policy and would alter the figures accordingly.

⁴ Includes \$40,965 in taxes attributable to real property in Alexandria, assumed for this presentation to have been acquired for operating purposes by WMATA and therefore tax-exempt. See footnote 3, above.

D.C. TRANSIT

Representative GUDE. One other question, Mr. Secretary. In reference to the acquisition of D.C. Transit, and some discussion of rolling stock as opposed to the actual stock of the company, itself, and all of its assets, does not a very careful examination have to be made of the operation of the company, and the extent to which some of the facilities or land which it owns, which is directly a part of the transit system, but actually, has actually been purchased or enhanced through money which has been spun off from the transit operation? Would this not be a consideration that would have to be made before it could be acquired?

Secretary VOLPE. That is why we would desire the maximum flexibility in our operation to acquire it, because of the fact, as you mention, sir.

Representative GUDE. Would it be appropriate to put language into this legislation that all the facilities which are owned by the company would have to be examined as to the extent to which they were enhanced by subsidies which the Government has put into D.C. Transit in the past?

Secretary VOLPE. It may not be necessary, Congressman, but it certainly could do no harm.

Representative GUDE. Thank you very much.

Thank you, Mr. Chairman.

Representative Mr. Fauntroy.

Delegate FAUNTROY. Mr. Chairman, I want to thank you for your leadership in bringing this legislation to hearing, and for the leadership I am confident you are going to give in achieving passage of this.

As a sponsor of similar legislation, I know that people of this city longed for this day and for what you are doing.

I want to commend also the Secretary for the outstanding job that he is doing in dealing with the problems of mass transportation nationally and for his support particularly of our efforts to resolve our problems in the District of Columbia.

Secretary VOLPE. Thank you.

Delegate FAUNTROY. I would like for the record, Mr. Chairman, to submit a statement at this point.

Representative CABELL. Without objection, it shall be entered.

STATEMENT OF DELEGATE WALTER E. FAUNTROY

Delegate FAUNTROY. Mr. Chairman, I would like to restate what I consider to be the urgent need for passage of legislation for the public acquisition of area bus lines. This city has suffered for too long without the kind of service from its bus system that it needs. Public ownership is an important first step towards achieving for the nation's capital an efficiently run, economical and well-organized transit system. Experience has unfortunately shown that the current operational arrangement is untenable. It is unprofitable for the owner—and under the free enterprise system, lack of profit means inadequate provision of service. My office received numerous complaints from residents of this city which illustrate the inadequacy of service. They tell me of the problems of overcrowding, the lateness and infrequency of runs, particularly to the more distant neighborhoods from downtown.

Public ownership is a public investment in a vital service—a service as vital and as appropriate for public control as street and highway construction. It is, in addition, becoming increasingly clear that public ownership is the one way to provide sufficient revenues to permit continuation of public transit service at reasonable fare rates.

Attached are some figures on the financial situation of the transit system:

TABLE I.—FINANCIAL CONDITION OF THE TRANSIT SYSTEM, WASHINGTON METROPOLITAN AREA

	Net operating income ¹	Net other income ²	Net total income
1968:			
D.C. Transit System, Inc.....	³ (\$292, 700)	(\$1, 418, 100)	(\$1, 710, 800)
A.B. & W. Transit Co.....	166, 100	(36, 300)	129, 800
W.V. & M. Coach Co.....	(404, 200)	(146, 200)	(550, 400)
W.M.A. Transit Co.....	31, 800	(278, 000)	(246, 200)
Total.....	(499, 000)	(1, 878, 600)	(2, 377, 600)
1969:			
D.C. Transit.....	1, 080, 800	(1, 478, 300)	(397, 500)
A.B. & W.....	47, 700	(53, 400)	(5, 700)
W.V. & M.....	(325, 700)	(181, 400)	(507, 100)
W.M.A.....	(4, 400)	(287, 200)	(291, 600)
Total.....	798, 400	(2, 000, 200)	(1, 201, 900)
1970:			
D.C. Transit.....	1, 176, 800	(1, 481, 500)	(304, 700)
A.B. & W.....	(149, 900)	(32, 600)	(182, 500)
W.V. & M.....	(126, 600)	(250, 600)	(377, 200)
W.M.A.....	25, 300	(264, 100)	(238, 800)
Total.....	925, 600	(2, 028, 800)	(1, 103, 200)

¹ Net operating income includes only the costs and revenues resulting from operating transit services.

² Net other income consists mostly of interest charges.

³ Losses are shown in parentheses.

Source: App. I, W.M.A.T.C. annual reports.

TABLE II.—NONPAYROLL OPERATING TAXES PAID BY CARRIERS IN 1970

	D.C. Transit System, Inc.	A.B. & W. Transit Co.	W.V. & M. Coach Co.	W.M.A. Transit Co.
Fuel:				
Federal.....	\$187, 600	\$42, 600	\$30, 600	\$41, 300
State.....	123, 800	90, 800	72, 300	51, 700
Licenses.....	107, 000	34, 000	25, 000	29, 200
Mileage taxes.....	0	23, 000	8, 900	23, 000
Real estate.....	9, 600	40, 300	0	0
Personal or operating property.....	0	32, 300	28, 700	49, 200
Miscellaneous.....	21, 500	38, 200	31, 100	4, 800
Total.....	449, 500	301, 200	196, 600	199, 200

Source: Appendix Q, 11th Annual Report, WMATC.

TABLE III.—DEPRECIATION EXPENSES AND INTEREST CHARGES, 1970

	Depreciation expense	Interest charge	Total
D.C. Transit.....	\$2, 287, 200	\$1, 365, 900	\$3, 653, 100
A.B. & W.....	454, 600	44, 100	498, 700
W.V. & M.....	388, 400	186, 800	575, 200
W.M.A.....	351, 700	189, 500	541, 200
Total.....	3, 481, 700	1, 786, 300	5, 268, 200

Source: Appendix I, 11th Annual Report, W.M.A.T.C.

CONDEMNATION PROCEDURE

Delegate FAUNTROY. I just have one question that has not been dealt with while I was in the room, Mr. Secretary, and that is on the question of the condemnation procedures, and the just compensation handled by the courts.

Would you care to repeat what I understand you have already indicated to be your judgment on the question of whether it should be handled by a jury trial or by a three-judge court here in the District?

Secretary VOLPE. Would you mind if I had my General Counsel, Congressman Fauntroy, respond to that?

Delegate FAUNTROY. Yes.

Mr. BARNUM. The comments I made, I believe before you came into the room, was to the effect that in our view the fairest way of settling upon a value for these properties would be to submit the matter to a three-judge district court, that this is a situation unlike the normal condemnation situation because virtually any juror has a personal interest, and perhaps a personal animus in the condemnee, this fact might make it difficult to get a dispassionate juror to sit on the matter. It is also a complicated matter requiring an assessment of the franchise, the rolling stock and other assets of the company. We thought under these circumstances it would be more appropriate to submit it to the special court.

Delegate FAUNTROY. Thank you, Mr. Chairman.

Representative CABELL. If the Chair may, he would like to respond or maybe elaborate a little bit on Mr. Gude's question.

The Chair feels that it is logical to assume that in negotiations, the Department of Transportation and WMATA would exercise every facility at their command to do justice to the taxpayer, and they would be the claimants in this case; by the same token, I have not lost my confidence in our judiciary, and I believe that the fairest verdict would be, a much fairer verdict would be rendered by a three-judge court, being restrained by the law, and with the law in mind rather than in any emotional situation that might evolve around a jury.

So, I have confidence, if I may so state, both in the Department of Transportation at one level to make the very best deal possible, and within the limitations of justice and the law.

Secretary VOLPE. Well, Mr. Chairman, it certainly would be to our interest to see that that is done, both from our obligation, statutory obligation, as well as our moral obligation. Secondly, to the degree that we are able to save some dollars here, we will have additional dollars for helping other communities who are in dire need of mass transit systems as well.

TAX REVENUE LOSS

Representative CABELL. The question was raised also about the loss of tax revenue to the jurisdictions involved. I think that in other cases, and there is ample precedent, that the taxing jurisdictions involved are glad—not glad—to submit to that loss on behalf of their riders and their citizens who are seeking to have better transportation.

So, I think that it should not be necessary for us to provide reimbursement to those jurisdictions for any loss in revenue which they might sustain, because this is their portion, and call it a subsidy if you wish, and that is what it is, a subsidy on the part of other taxpayers by their waiving those taxes in order to get better and more dependable transit service.

Representative GUDE. Would the gentleman yield?

Representative CABELL. Yes.

Representative GUDE. Of course, I think the beauty of an interstate compact unit is the fact that the state legislatures of the respective states did ratify the compact and have provided for this, so there is grass roots contact with the taxpaying public.

Representative CABELL. And on top of that, those jurisdictions certainly paid cash grants to WMATA to help them in their capital investment where the reduction of rates would not be a burden toward its repayment, and liquidation that private concerns would have to handle.

Mrs. Green.

Representative GREEN. No questions, Mr. Chairman, except to express my appreciation for your scheduling these joint hearings. And I would join those who hope that this legislation can become law before we adjourn for the year.

Representative CABELL. Thank you very much, Mrs. Green.

FARES

Representative NELSEN. One more question.

We have what is known as the Washington Metropolitan Area Transit Commission. They set fares and all of the details relative to a system of transportation. Now, under the terms of WMATA, they will be setting the fares and doing what the Commission formerly did.

Will it be necessary to continue the expense of the Commission that I mention, or will it be possible to set that aside and then move in with the new provisions that are provided for in WMATA?

W.M.A.T.C.

Secretary VOLPE. The sole item which I believe the Commission would still be responsible for would be the regulation of taxicabs.

Representative NELSEN. That is all that would be left?

Secretary VOLPE. As far as I can determine. This is the information I have, sir. That is a role that they or someone would still have to perform.

Representative CABELL. Does sightseeing come under their jurisdiction?

Secretary VOLPE. Does what?

Representative CABELL. Sightseeing, the operation of sightseeing come under their jurisdiction? I saw someone nodding his head. Would you care to respond to that?

Representative CABELL. I saw someone nodding his head. Would you care to respond to that?

Secretary VOLPE. Yes. Sightseeing buses do come under their jurisdiction.

Representative CABELL. For the record, the Chair has had a conversation with certain members of the Commission, and I think they are somewhat reconciled to have their workload materially decreased, if almost not completely.

Thank you very much, Mr. Secretary, and your staff, for your contribution, and for the efforts that you have put forth in seeking to allow a solution to what is a very difficult problem.

Secretary VOLPE. Thank you very much, sir. It has been a pleasure to be with you and the committee.

Representative CABELL. The Chair would recognize at this time the Honorable Walter Washington, Commissioner of the District of Columbia, and the Honorable John Nevius, Chairman of the District City Council.

STATEMENT OF THE HONORABLE WALTER WASHINGTON, D.C. COMMISSIONER, AND THE HONORABLE JOHN A. NEVIUS, CHAIRMAN, CITY COUNCIL

Commissioner WASHINGTON. Thank you, Mr. Chairman.

Representative CABELL. Mr. Commissioner, would you prefer to read your entire statement, or would you prefer to put it in the record and summarize it?

Commissioner WASHINGTON. Well, I think it might—

Representative CABELL. It is your discretion.

Commissioner WASHINGTON. It is relatively short, Mr. Chairman. I will try to do it briefly. I realize you are faced with time running out, and I think if I may I will submit it for the record but try to skim through it because there are some points, and since the District has probably the largest component of the four systems, I suggest that I might just proceed.

Representative CABELL. At your discretion, as you see fit. (The complete statement follows.)

PREPARED STATEMENT BY COMMISSIONER WALTER E. WASHINGTON

Thank you for the opportunity to testify on behalf of the ownership and operation of the four area bus companies by the Washington Metropolitan Area Transit Authority. This measure which the District of Columbia strongly supports would provide for the creation of a truly regional public bus transportation system to meet a current need that cannot wait for Metro's completion.

Without question, the solution to public mass transportation for Washington proper as well as for the Washington region is a combined rapid rail and bus system.

There is general agreement on that point. The rail position of the system is now being built and will be ready for partial operation in late 1974. Completion of the entire 98 mile rail system by the end of the decade is virtually assured as a result of Congressional approval of the measure to guarantee the sale of Metro bonds.

I had the privilege last week to participate in the ceremonial signing of amendments to the interstate compact permitting WMATA to operate the four area bus companies once the legislation being considered today is adopted. It is my hope that this legislation will be passed this session so that the bus companies may be purchased as soon as possible.

It is no great revelation to report that bus transportation in the Washington area is in sad shape. Service is unreliable and unpredictable. Much of the rolling stock is in disrepair. Sufficient manpower is often lacking to meet scheduled runs. As a result, the riding public is seriously inconvenienced and imposed upon.

What benefits will the city and the area get from bus acquisition?

First and foremost, we will be able to salvage the present faltering bus system?

Second, resources will become available to buy a substantial number of new buses to replace insufficient vehicles that are more than 14 years old. Their replacement will be an economy for the combined bus system since they will require less maintenance and will not be subject to frequent breakdowns. We hope they will help us increase the viability of public transportation by inducing potential passengers to return to the buses and leave their cars at home.

Third, schedules will be modified and routes will be adjusted to provide a genuine metropolitan service that will respond to the needs of all our citizens.

Existing routes are badly out of date and satisfactory interline service is rarely provided.

Fourth, there will be many economies of joint operation. Savings are expected from coordinated management, from the joint use of equipment and from the elimination of duplicate maintenance facilities. It is now expected that these economies will help us avoid a round of fare increases that otherwise might be necessary at this time.

These continual rounds of fare increases have contributed to the deterioration of bus service in this area. Ridership of D.C. Transit alone has halved in the past twenty years. As each fare increase was put into effect, additional thousands of riders abandoned the buses for private motor cars, adding to traffic congestion. The congestion itself also damaged the service by adding many minutes to trip times. And the idling of many motors undoubtedly added materially to the pollution of our atmosphere.

I have listed some of the immediate benefits of public acquisition and operation of the buses. Timely acquisition will provide another important plus.

We will get a head start in providing coordination between Metro and the buses. The success of Metro depends in part on our success in meshing bus and subway operations. The buses must provide feeder and supplemental service for Metro. Schedules must be adjusted to keep pace with the expansion of Metro as the rails reach out from the central city to the suburbs. This can be done effectively and efficiently by only one agency—WMATA—which has the task of building and operating Metro.

The ultimate bus-rail system is one that has been planned since 1959 as part of the area's transportation program and includes highway links that will be available to the buses and will help to speed bus service in areas not served by Metro-rail. The experience with express buses on Shirley Highway demonstrates dramatically that a speedy, comfortable and dependable service will attract riders away from their autos.

The combined bus-rail plan has been tested in the political crucible of the Washington area. It carries with it the support not only of the city of Washington, but of the surrounding jurisdictions as well. And it is backed by the states of Maryland and Virginia and the Federal government in a rather remarkable and unanimous recognition of the needs of this still fast-growing metropolitan area.

An efficient bus system is the missing piece in our effort to achieve a modern and integrated transportation system for the Metropolitan area.

H.R. 16119, by providing for regional operation of the bus system, recognizes the interrelatedness of the city and suburban transportation needs. Just as hundreds of thousands of commuters come every day into the city, more and more we are seeing the need for transportation for city residents to jobs in the suburbs. If this region is to function as a viable economic whole, it must have a transportation system which is structured on a regional basis.

Let me turn just for a moment to financing. This bill provides for purchase of the area bus systems by the Washington Metropolitan Area Transit Authority with the District Government paying its appropriate share of these costs. The Authority will use the urban mass transit capital grant program that is available to all local regions throughout the nation. Through this program, the Federal government provides a two-thirds capital grant from already appropriated funds. The local one-third share will come from Maryland, Virginia, and the District of Columbia. The District's share of this cost will be financed from local funds through the capital budget just as we finance other major long-term capital improvements. Authorization for the District to make such expenditures is included in the bill.

The soon-to-be-released study of Washington bus service by the London Transport Executive underscores the importance to this city to this region and to the Federal government that is headquartered here of a unified bus transportation system.

Currently, the bus service in the District of Columbia and the metropolitan region is not sound, and I have referred to it earlier as sad. Private ownership has not served the public interest. Although no one should expect regional ownership to solve all of the many problems of our bus transit systems, it is an essential step to improvement. Further, responsibility for the operation of the public's transportation system must be in the hands of a regional agency to assure a coordinated rapid rail and bus system.

I view this proposal as one of utmost importance for the city, the region and the Federal government whose employees will use the system.

I hope that prompt and favorable action will be provided.

NEED FOR LEGISLATION

Commissioner WASHINGTON. I want to thank you, Mr. Chairman, and the entire Joint Committee for holding this hearing. We believe that it is in the interest of the city and the entire metropolitan region.

All citizens, from my standpoint, are mighty appreciative of this effort. Without question, we believe the solution to public mass transportation for Washington proper, as well as for the Washington Region is a combined rapid rail and bus system.

There is general agreement on that point. The rail portion of the system is now being built and will be ready for partial operation in late 1974. Completion of the entire 98 mile rail system by the end of the decade is virtually assured as a result of Congressional approval of the measure to guarantee the sale of Metro bonds.

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Further, responsibility for the operation of the public's transportation system must be in the hands of a regional agency to assure a coordinated rapid rail and bus system.

Mr. Chairman, I would like at this point, if I may, to ask that the Chairman of our City Council, who also supports this bill, be able to make a few remarks as a part of my presentation.

Representative CABELL. Mr. Nevius, we will be very happy to hear from you at this time.

COUNCIL SUPPORT

Mr. NEVIUS. Thank you, Mr. Chairman. The D. C. Council enthusiastically endorses the remarks of the Mayor this morning and we also very much appreciate your support and your committee's support for this very important piece of legislation.

We feel that the important thing to keep in mind here is the urgency of the situation. Three out of four of the bus companies that operate in our metropolitan area are out of gas. I mean economically at this point in time, literally that is the case.

And come winter, when the summer extra revenues are gone, they will literally be out of gas and out of tires and out of everything else. That is the prediction, based upon a careful analysis.

So, we really have an urgent situation here, and that is the first point we would ask you to consider.

Secondly, in terms of the economics of the thing, I am told that the City of Atlanta has confronted the same problem, has worked out the same kind of solution except that they are a couple of steps ahead of us. They have acquired their metropolitan bus system and combined it into one operation, and they were able to reduce the fares to 15 cents a rider, and the ridership has just zoomed in Atlanta since they have done it, and they have gotten this all done even before they put the first spade in the ground for their subway system.

It can be done, and it can be a very feasible thing economically, based upon what Atlanta has demonstrated so far.

Finally, I would like to mention that the Maryland and Virginia Legislatures have acted on this matter. The administration in the D.C. Government is solidly behind it, and everyone I have ever met in town is behind it, as well. I hope very much that the Congress will be for it also, as soon as possible, and I must just add one thing.

One point came up earlier. The bill does indeed conform to the statutes that have been enacted by the Legislatures of both Virginia and Maryland, and so there is no more action necessary on that score.

Congressman Broyhill raised the question.

Thank you very much, Mr. Chairman.

Representative ABERNETHY (presiding). Thank you very much, Mr. Nevius. Are there questions from any members of the panel?

Representative NELSEN. None, Mr. Chairman, except to express my appreciation to the gentleman before us, Mr. Washington and Mr. Nevius, for appearing here at this hearing. We thank them for their testimony. Thank you.

Commissioner WASHINGTON. Thank you.

Representative BROYHILL. Mr. Chairman, permit me to associate myself with the remarks of the gentleman from Minnesota to the Mayor and the Chairman of the D.C. City Council.

FARES

You mentioned something about a 15 cent fare a moment ago, Mr. Nevius. Do you or the Council contemplate any subsidy for the riders of the District of Columbia, or any free fares for District riders? This has been proposed, and you may recall that in the bond guarantee bill we stipulated that any such reduced fare will have to be subsidized by the community which grants any such fare reductions.

Now, do you know of any consideration at all in the D.C. Government for any additional subsidy being requested for free rides or reduced fares in the District of Columbia?

Commissioner WASHINGTON. Well, I do not know of any consideration for any free rides, Congressman Broyhill. We do, as you know, have provision now for school children at reduced rates, and there have been some proposals, which we have not seriously considered at this point, only because of the matters before us, for certain senior citizens.

But, beyond that, I know of no consideration.

Representative BROYHILL. Thank you.

Representative ABERNETHY. Are there other questions?

Representative NELSEN. No questions.

Representative CABELL (presiding). Gentlemen, you apparently have done an exceedingly good job to get by this group without a few questions.

Commissioner WASHINGTON. We always feel that when we get through, Mr. Chairman.

Representative BROYHILL. On Monday mornings, we are slow starting.

Representative CABELL. No, we appreciate very much your attendance and your testimony.

Representative ABERNETHY. Off the record, Mr. Chairman.

(Discussion off the record.)

Representative CABELL. Thank you very much.

Mr. Joseph L. Fisher, Chairman of the Washington Metropolitan Area Transit Authority. Will you come forward, Mr. Fisher, and such members of your staff as might testify.

STATEMENT OF HON. JOSEPH L. FISHER, CHAIRMAN, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY; ACCOMPANIED BY JACKSON GRAHAM, GENERAL MANAGER; SCHUYLER LOWE, EXECUTIVE OFFICER AND COMPTROLLER; AND JOHN KENNEDY, GENERAL COUNSEL

Mr. FISHER. Thank you, Mr. Chairman.

With me are Jackson Graham, the General Manager of the Transit Authority; Schuyler Lowe, the Executive Officer and Comptroller; and John Kennedy, General Counsel.

Mr. Chairman, we strongly endorse this bill, very strongly endorse this bill because we are convinced that only through regional ownership will the public be assured of the efficient mass transit system so important to the National Capital region and so essential to the conduct of the affairs of the Nation's Capital.

We endorse this bill, not out of any sense of aggrandizement, but because we realize that if we are to achieve these objectives and to follow the course which the Congress has charted, the time has come to acquire these systems. We urge enactment of this legislation because the region is facing a potential disruption of service. As of today, the Northern Virginia Transportation Commission, as an interim measure, is moving to acquire the Washington, Virginia and Maryland Coach Company in order to prevent a further fare increase and to avoid the threat of service curtailment. In the District of Columbia the situation has become increasingly serious. A series of fare increases has brought about declining ridership and further increases are now being sought.

We do recognize that nowhere in the country has it been an easy enjoyable task for a public body to take on the job of rescuing financially shaky bus operations and reversing the trend of declining ridership. It is a task, however, that we must assume if we are to have a viable supporting bus operation at the time METRO begins operations. That time, Mr. Chairman, thanks to the sustained interest of the Congress, is fast approaching. We expect to operate the first METRO trains in late 1974.

METRO OPERATIONS

With initial METRO operations to begin in 1974 and with some 24 miles and 28 stations scheduled for service in 1976, we must be able to move toward a smooth integration of bus and rail service as the METRO system continues to develop. At the same time, we would be less than prudent if we stood idly by while existing mass transit facilities deteriorated further and the number of riders continue to fall. Ridership, once lost, is difficult to reclaim.

The goal of the Congress and the charge of the Washington Metropolitan Area Transit Authority, Mr. Chairman, is to move in the other direction—to break the downward spiral of poorer service and higher fares. We are fully aware that our basic responsibility, as set forth by the Congress in the National Capital Transportation Act of 1965, is to develop improved transit facilities and to utilize all available modes in creating a unified regional transit system to serve the Nation's Capital and its environs. It is doubly important that we attain these purposes, for an increasing ridership will serve to maximize revenues and further protect the heavy investment which the Congress and the local governments have made in METRO.

BACKGROUND

When the Transit Authority was created, it was not anticipated that it would need to acquire the private bus companies because at that time they were in a relatively healthy financial condition and offered adequate service to the public at reasonable fares. All of our

original financial and ridership studies assumed a cooperative relationship with the private-owned bus companies.

Within the past few years, however, conditions have changed drastically. The financial outlook for all of the area bus companies is dismal. In each case, a fare increase, a further curtailment of service, or both, is either imminent or foreseeable. Such actions inevitably would have an adverse impact upon ridership and lead to ever-worsening transportation crises.

The METRO system is heavily dependent on an adequate bus network. We project that almost three out of four METRO riders will wish to use a bus either to arrive at or depart from a METRO station. In order to realize these projections, there must be an efficient and coordinated bus operation. Continuation of the present decline of bus service will seriously jeopardize the realization of METRO's full potential.

NEED FOR LEGISLATION

Regional acquisition of the bus companies, the consolidation of the four companies into a single unified operation, and the integration of the bus operation with METRO will have substantial and significant implications. Perhaps the most important will be the establishment of a direct line of responsibility between the public and those officials charged with the operation of the bus network. A regional transportation organization with a board of directors made up of local public officials unquestionably will have a more direct and more responsive relationship with the riding public and with people generally than can a privately-owned organization operating for a profit.

Public confidence and public support, which are lacking today, can become valuable assets under regional ownership. Obviously, it will be up to the Authority to earn and retain such confidence and support.

Another important consequence of regional acquisition and consolidation of the privately-owned bus companies will be the improved service which can be provided to the public. Today, each of the four bus companies is restricted to an operating sphere defined in its certificate of public convenience and necessity. As a result of these restrictions, an effective and economical routing pattern is almost impossible to achieve, additional transfers are often required, separate fares are charged for transfers between companies, and potential riders are denied the use of certain buses because of the franchise restrictions. Consolidation of the four companies into a single unified operation would provide riders with more direct and more frequent service, would eliminate the need for many transfers, and in many instances would preclude the payment of two separate fares. The Federal Government as the principal employer in the Washington metropolitan area obviously would benefit significantly through improvement of transit services. In addition, with more effective service, space now required for parking purposes could be put to more productive use.

Further, consolidation of the companies under one regional authority would result in substantial operating economies. Duplication of routes would be eliminated thus allowing savings in operating costs or provision of added service. Maintenance and storage facilities could

be consolidated which would result in labor and equipment economies. Substantial financial savings would also be realized through elimination of duplicative management personnel and other items of overhead cost. Also economies can be realized by route consolidation, better utilization of buses and integration of maintenance facilities.

Finally, early regional acquisition will provide the necessary lead-time for an orderly and planned integration of bus operations with METRO. It is at the time when METRO and the bus systems are fully coordinated that the greatest improvements in operating efficiencies and service to the public will be realized.

In summary, we believe that the legislation under consideration provides the tools with which the Nation's Capital can achieve a viable, integrated and responsive regional transportation system.

Since the introduction of legislation which would authorize the Transit Authority to acquire the four privately-owned bus companies in the Washington metropolitan area, we have been contacted by representatives of the D. C. Transit System, Inc. Preliminary discussions have been undertaken with them with a view toward establishing a procedure and a timetable to effect an orderly transition from private to public ownership and operation.

The condemnation provisions in the bill clearly protect the public interest and, if a satisfactory price cannot be determined through negotiation, the provisions insure that a just and reasonable value of the assets of the companies will be determined by the courts.

The financial provisions of the bill are consistent with the principles of the Urban Mass Transit Administration program which requires two-thirds Federal financing and one-third local financing. Although the local governments have already assumed heavy financial obligations in support of METRO, recognizing the critical nature of the transportation crisis, I am confident that the additional financial commitments required by this legislation will be met.

In conclusion, Mr. Chairman, we are here today to seek the means of furthering the objective which the Congress has sought for over two decades—an objective so well enunciated in the statement of policy in the 1960 Transportation Agency Act:

The Congress finds that an improved transportation system for the National Capital region is essential for the continued performance of the functions of the Government of the United States, for the welfare of the District of Columbia, for the orderly growth of the National Capital region, and for the preservation and dignity of the Nation's Capital.

Thank you very much, Mr. Chairman. We are ready for questions.

Representative CABELL. Thank you. Do any of your staff members care to add anything to your testimony?

Mr. FISHER. I think not, but they would be glad to join me in responding to questions.

FACILITIES TO BE ACQUIRED

Representative CABELL. Under the bill, as I see it, the operating facilities, operations would include charter service, and sightseeing, or the combination of the company, is that correct?

Mr. FISHER. Yes. If I may, it is the charter service that is of greater importance to METRO, because it is that charter service that can be fit in with the off-peak hours of commuting and make much better use of the equipment, and thereby achieve considerable economies.

Representative CABELL. So you do feel that that is an essential part of the operations of the transit company?

Mr. FISHER. Yes.

Representative CABELL. And would normally not be handled by a separate operator, but if it were operated there it would be ta a definite handicap?

Mr. FISHER. That is correct.

Representative CABELL. To the transit system?

Mr. FISHER. That is correct.

Representative CABELL. Mr. Abernethy.

Representative ABERNETHY. Yes.

I want to thank you for your statement, Mr. Chairman. Has your authority made some preliminary studies in anticipation of enactment of this legislation, of what you intend to acquire when and if the legislation is passed?

Mr. FISHER. Yes, we have thought about that, Mr. Abernethy.

Representative ABERNETHY. Well, do you intend to acquire only the operating assets of these utilities?

Mr. FISHER. That would be our intention, to acquire what they call the used and usable assets, the busses, the maintenance and repair facilities, the garages, the storage areas and the like.

Representative ABERNETHY. Well, can you tell me, then, why the legislation did not stop at that point? I do not know who drafted it.

Mr. FISHER. It is my understanding, and I will ask my colleagues to help me here—

Representative ABERNETHY. Before you answer that, buying any other assets would cost more money, and certainly could not be very useful in the operation of the transit system, could it?

Mr. FISHER. That is correct. We are interested in acquiring the—

Representative ABERNETHY. Now, we go back to the other question, now, why did we not stop right there? I am not saying we should or should not have. I am trying to find out why we did not.

Mr. FISHER. It is my understanding that this language appeared in the compact as ratified in the states, in Virginia, anyway, and that this has to do with the desire of the AB&W, which operates out toward Alexandria and beyond, that such language be there.

And the bill, I believe, did not wish to use language that was significantly different from that already considered by the state legislatures.

Representative ABERNETHY. But, it is your intention, then, the authority's intention to acquire only the operating assets and not the capital stock, and not the non-operating assets?

Mr. FISHER. That is correct.

Mr. KENNEDY. I might say, Mr. Abernethy—my name is John Kennedy, General Counsel—about WMATA that the Chairman is correct as to the reason why the capital stock feature was put in, but our intention, particularly with respect to D.C. Transit would be to acquire only the operating properties and assets used and useful for promoting transit service.

However, it may be desirable with regard to one or more of the smaller companies, to acquire the capital stock. For that the option is left open.

SUBSIDY

Representative ABERNETHY. Have you come to any conclusion; that is, has the authority, as to whether or not a subsidy would be necessary to successfully operate this facility?

Mr. FISHER. It is our intention to operate the busses and integrate them with METRO as METRO comes in without subsidy.

Representative ABERNETHY. Incidentally, when you consolidate them, then who is going to fix the fares?

Mr. FISHER. We would fix the fares. The Authority, WMATA.

Representative ABERNETHY. Have you had an estimate—and I do not care whether you express it, or not—as to what the assets of these facilities are going to cost?

ESTIMATED ACQUISITION COST

Mr. GRAHAM. Sir, we have estimated that for the four companies together, the assets will run about \$45 to \$55 million.

Representative ABERNETHY. Well, you know we had an estimate the subway would cost \$2 billion, and it is already up to \$3 billion, and I do not know who made that. You did not make that estimate, did you—or did you?

Mr. GRAHAM. Yes, sir, the initial estimate was \$2.5 billion, and in 1970, as a result of unexpected and unprecedented inflation in wages we went through that earlier estimate and raised it to \$3 billion, largely because we allowed in the new estimate for a 7 percent escalation per year rather than the 5 percent per year allowed in the earlier estimate.

To this date, after committing over \$1 billion and obligating over \$800 million to the system, we are within 1 percent of our costs in the \$3 billion estimate.

Representative ABERNETHY. Do you think your estimate of the acquisition cost will remain pretty accurate?

Mr. GRAHAM. This, of course, sir, is up to this court that we have talked about this morning. But, we had two years ago made an appraisal by a contractor of D. C. Transit, and we believe that the figures, the range that I have given here of \$45 to \$55 million is in the ball park of what it would cost. We do not see any reason—

Representative ABERNETHY. But in the final analysis that is something the court will determine, anyhow, is it now?

Mr. FISHER. That is correct.

Mr. GRAHAM. Absolutely.

Mr. FISHER. These include, of course, the four companies.

FARES

Representative CABELL. Is it correct that since you are a public agency, and so constituted by statute, that it automatically falls on your shoulders to fix the rates even for your operations?

In other words, that is, are there—

Mr. FISHER. That is the part of the compact, I believe, Mr. Chairman.

Representative CABELL. Since you are a public agency, the setting of the fares would normally be a responsibility of yours?

Mr. FISHER. Yes.

ACQUISITIONS COVERED

Representative CABELL. And those other companies which you mentioned, was it the W.V. & M., I believe, where you said it might be advisable to acquire their capital stock, and do you know of any assets which those other companies have that are nonoperating assets?

Mr. FISHER. We do not know of any, Mr. Chairman.

Representative CABELL. Well, then—

Representative ABERNETHY. Would the Chairman yield? Are you speaking of the busses other than D.C. Transit? Is that what you are talking about?

Representative CABELL. Yes.

Mr. FISHER. That is correct.

Representative CABELL. You know of no assets?

Mr. FISHER. We know of none.

Representative CABELL. Do you know of any liabilities that you would have to assume if you take over the corporate entity there?

Mr. FISHER. We do not know of any liabilities, either, that we would have to assume, should we take them over.

Mr. LOWE. Of course, Mr. Chairman, before we bought the capital stock of any company, we would have to go into their liability situation very, very carefully, to be certain that we knew the liabilities that we were taking on.

Representative CABELL. And I would assume that the same would be true of D.C. Transit, that you would investigate, and probe very thoroughly to see that you would not be saddled with some liabilities that would not be a part of their actual operating?

Mr. LOWE. Of course, we would acquire the liabilities only if we acquire the capital stock, and it is definitely not our intention to acquire the capital stock of D.C. Transit because of these other assets that they have which are not operating properties.

Representative CABELL. Well, I am sure that it is always logical to assume that in taking over their assets, payment would not be made until you had very clear title.

Mr. LOWE. Correct.

Representative ABERNETHY. Mr. Chairman, may I pursue this some more?

Representative CABELL. You sure can.

Representative ABERNETHY. Now, in view of the fact that you seem to have excluded the capital stock and the properties of D.C. Transit, and you say that it is your intention to acquire only its operating assets, now but you may acquire the capital stock of some of the other companies, is that what you are saying?

Mr. LOWE. That is correct. Specifically, it was the AB&W Bus Company in Virginia that brought this matter up, and it still is strictly a matter of individual judgment.

Representative ABERNETHY. This relates only to AB&W, then?

Mr. LOWE. That is right.

Representative ABERNETHY. Well, now, suppose after we enact the legislation, and you then go into the court to proceed with your acquisition, although you have made a clear record here now that you have no intention of acquiring anything of D.C. Transit other than its operating assets, that you decide, well, I believe we will take those assets?

Mr. LOWE. Well, Mr. Abernethy, if I may interrupt you, our compact, itself, precludes us taking anything other than the operating properties.

Representative ABERNETHY. But, this legislation does not.

Mr. LOWE. The legislation does not, but the compact is overriding in this.

Representative ABERNETHY. I would not think so.

Mr. LOWE. Well, there is no doubt about it so far as this is concerned.

Representative ABERNETHY. If there is no doubt about it, why not make it clear in the bill?

Mr. LOWE. Mainly because these two states have already enacted this compact amendment in those terms, and for us to change the terms of that item—

Representative ABERNETHY. Could that not simply be done by simply putting that amendment, authorizing the capital stock of AB&W and transit facilities of the other utilities?

Mr. LOWE. I cannot really comment on that because it is more of a legal matter. But, it is a compact with—

Representative ABERNETHY. It can be done that way?

Mr. LOWE. I do not think so.

Mr. KENNEDY. The provision that is presently in the bill, Mr. Abernethy, is a compact amendment the way it is presently worded in H.R. 16119, so that if we change that particular provision in the bill it would differ from the compact amendment as it has already been acted upon in Maryland and Virginia.

Representative ABERNETHY. That might be true, but here you are just asking for the authority to do something, and the fact that you have done it in the three areas, have entered into a compact, does not bind us to necessarily follow the compact.

Mr. LOWE. Mr. Chairman, I might suggest that matter be handled in the legislative report, particularly in the committee report where you could bring these points out very graphically, and fix a clear hearing record.

Representative ABERNETHY. You mean you would be willing to have written into the report what your intentions are?

Mr. LOWE. Yes. You see—

Representative ABERNETHY. And then say to the effect that that is as far as you are going?

Mr. LOWE. Right, That gives us no problem.

OPERATING FACILITIES

Mr. FISHER. Yes. We would like to emphasize our intention is very strong to acquire only the operating facilities, the operating assets.

Representative ABERNETHY. Well, the only reason I raise the question is I just wanted to know how far we are going. I cannot see any

sense in just—we are already burdened enough with this problem, and taking on something that you have no need for—we live in the days of empire building, you know, and I just do not see any point in acquiring something that would not be contributing to the moving of the people about this area.

Nothing further, Mr. Chairman, and I am sorry.

Representative CABELL. That is all right. We are awfully happy to be able to introduce to you gentlemen who are here testifying, our good friend from the other side of the Capitol, the Honorable Charles Mathias, Senator from Maryland.

Mr. Mathias, would you care to ask any questions or make a statement?

Senator MATHIAS. Yes. I have a brief statement which I will hold until after these gentlemen have finished. But, I do have some questions for them.

RAILROAD COMMUTING SERVICE

One of the things which occurs to me, if we are going to have that which I think we are hoping to have, which is the coordinated metropolitan transit system, without overlap and duplication and yet with a place to go when you get to the end of the line, so to speak, is whether or not the railroad commuter service ought to ultimately come within the orbit of your operation.

Mr. FISHER. Let me start and then call on the others, if that is necessary. It comes within the orbit of our possible activities to operate on conventional railroad tracks, with that kind of equipment. We do not contemplate that at this time, certainly.

Mr. KENNEDY. I think, Senator, if I may, the rationale I think behind what Mr. Fisher just stated is that although we are authorized to operate, or would be authorized to operate our railroad commuter services, and at some future time it may be appropriate, it may very well be appropriate, but until there is a downtown distributor actually in being, the likelihood of a substantial use of such a facility is not great.

Senator MATHIAS. Well, I understand that point. But, we are now in a long-range planning posture. We are building a subway, which we hope is going to last a good many years, and we are talking now about a bill which is to widen the usefulness of that subway system by feeding in from various suburban areas. We used to think of the City of Washington as well within the District lines. We now think of the National Capital area as far beyond the District lines. We are now extending that concept even further, and people commute in from 50, 60 miles every day, in order to hold jobs in either Government or private business within the District area.

With this in mind, and the proliferation of the entire problem, I am just wondering if you are thinking about what would have to be done by the railroads when the time comes that rail service will be a part of the total balance, coordinated rapid transit system.

Mr. FISHER. General Graham.

Mr. GRAHAM. We have considered for several years how the commuter railroad would be employed, and some three years ago we did

produce a study which would call for the commuter service to be improved from places like Quantico, Manassas, Brunswick and Baltimore, to feed into the completed portions of the METRO system at places like the King Street station in Alexandria, and at Silver Spring.

Now, that is a long-range plan, and I believe that the Authority will be into this at the appropriate time. However, there are short-range improvements, as the Senator well knows, which have been proposed by the Senator and by the State of Maryland, the new Department of Transportation, which would improve the present system from Baltimore right into Union Station in Washington, and improved services from Rockville, and Gaithersburg, and Brunswick, and points out in that direction down to Union Station.

We see nothing wrong with going ahead with these interim improvements.

Senator MATHIAS. Well, I understand that you do not want to bite off more than you can chew. I am sympathetic with that point of view, but you talk about the appropriate time. I will leave to Congressman Broyhill any discussion of the various services south of the Potomac, but north of the Potomac you have the B & O commuter trains where there is standing room only now, and totally inadequate service, and you have got the Penn Central which is bankrupt, and nobody knows whether they are going to be running next week or not.

And so, when you talk about appropriate time, I would not think that you ought to postpone your definition of appropriate too far in the future.

Mr. GRAHAM. Yes, sir. The problems on the two sides of the river are quite different, of course, for several reasons, and there are good reasons for making temporary improvements to operate into Union Station now.

There are real problems in bringing Virginia commuter service through to the Potomac Yards and directly into Union Station, so your long-range improvement would have the commuter service to the outlying Metro stations rather than trying to bring commuter trains into the downtown area.

Senator MATHIAS. Well, I think you should give it a high priority consideration because time will run out on you.

Mr. FISHER. I might add this, that we would try our best to work with the commuter railroad people, and achieve such coordination of schedules as we can between the rail and the METRO bus system. And I think we could make considerable gains just in that.

Senator MATHIAS. And it occurred to me if you also had the control of the bus system that you coordinate and maybe new bus lines with maybe new rail commuter lines, and over-all people would have a better deal.

Mr. FISHER. Very good. I think our first effort would be to do it dealing with the railroad companies, to coordinate with them thoroughly. Thank you.

Senator MATHIAS. Thank you, Mr. Chairman.

Representative CABELL. Mr. Nelsen?

Representative NELSEN. Only briefly to point out that I think many of us who did lend a hand in bringing this legislation into being, were

very disappointed in the delay, over which you had no control, when we got into this controversy as to highways and transit systems.

Now, isn't it true that the costs have gone up because of the delay? When did you start your construction? I have forgotten the time.

Mr. GRAHAM. We broke ground December 9th of 1969, and serious construction started a little over two years ago.

Representative NELSEN. Yes, and the delay, of course, with inflationary costs, has added to the cost of the system materially, is that not true?

Mr. FISHER. That is true.

Representative NELSEN. Yes. I want to also compliment our Chairman, and Mr. Abernethy, for the observation they make, that certainly if we are going to acquire properties that deal with other than transportation, we are getting into some areas of controversy, as well as maybe in areas we should not be in, so I am glad for the clarification that has been suggested, which will be in the record, so we know where we are going.

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

One final question: I mentioned a moment ago the Washington Metropolitan Area Transit Commission. How much responsibility would you have left after this goes over to WMATA, as to rates, and everything else? Excuse me, yes, I meant to say, yes, how much do we need the so-called Washington Metropolitan Area Transit Commission?

Mr. FISHER. The Transit Commission, the regulatory body, not us, would still have jurisdiction over the fares and other aspects of interstate taxicabs, and of the essentially sightseeing busses.

Representative NELSEN. But, your Authority will regulate fares, will it not?

Mr. FISHER. That is correct.

Mr. KENNEDY. For all of the facilities the Authority controls, yes.

Representative NELSEN. Is there any estimate of cost of running the Washington Metropolitan Area Transit Commission? Do we know the annual cost?

Mr. GRAHAM. It is a few hundred thousand dollars, sir. They have a staff now of about 13 or 14 on the regulatory commission.

Representative NELSEN. Okay. No more questions.

Representative CABELL. Mr. Broyhill.

Representative BROYHILL. Mr. Chairman, I do not want to try to read the gentleman's mind, but I am wondering whether maybe you are getting at the point of whether we should abolish the regulatory commission entirely. And, since this is an interstate compact, a tri-state operation, whether or not the WMATA could assume the additional problem of regulating the taxicabs and the sightseeing operations?

WMATA

Mr. GRAHAM. Sir, we have looked at that question over the years. But, I do not believe that Congress should try to make a judgment on that at this time, within the context of this hearing.

Now, we have looked at individual personnel over there, and when we get into a full regulation of trains and buses, many of those people can be useful in this role. Already a few people have been hired by us from the regulatory commission for certain planning purposes, and scheduling and so forth.

Whether the residual role can best be handled within the regulatory commission, or some other body, is a judgment the Congress would have to make, but we would expect that most of that present limited staff we will offer positions to in the transit authority.

Representative BROYHILL. Now, in the matter of developing a balanced transportation system that all of us are in accord with, and in reference to Mr. Nelsen's point about this conflict between highways and rapid rail, it is true that in the past we have had problems in getting our funding because of that conflict.

INTERSTATE ROUTE 66

At the present time, General Graham, do you foresee any delay in the construction of the rail system as a result of the case pending in court on the construction of Route 66? The question may be asked by our colleagues when this bill gets to the floor, of whether we are going to have to delay rapid rail development because of the delay in the construction of this highway.

Mr. GRAHAM. I sense no undercurrent on the Hill or anywhere else, Mr. Broyhill, that would delay us any further. It would appear to us that we are out of our financial problems here. If appropriations should be a little late in any given year, we can advance the sale of the revenue bonds that have been authorized under the Bond Guarantee bill.

On actual construction, it is still our goal to bring the first phase of operations in late in 1974, and to complete the entire 98-mile system late in 1979.

Representative BROYHILL. Well, I am not suggesting any amendment that would delay this bill. I am in accord with Mr. Lowe, that we do not want this thing to have to go back to the legislatures for ratification.

But, do you foresee in the future the possibility or the necessity of additional legislation to permit you to go ahead with the rights-of-way of Route 66 if the Court of Appeals approves the completion of Route 66?

Mr. GRAHAM. That is a possibility, Mr. Broyhill. We are now in final design on virtually all of our routes within the beltway, and about six miles of our route does lie in the median of 66.

Now, we have talked a number of times to the Virginia Department of Highways about the possibility of going ahead with construction of METRO, even though they may not be clear of the legislative, legal and other challenges. And we think this can be addressed in the next six to twelve months, and we are hopeful that it can be worked out with the Virginia Department of Highways.

Representative BROYHILL. So, you are proceeding as if Route 66 is going to be built?

Mr. GRAHAM. We are proceeding as if it may or may not be built. In other words, sir, our design is such that it neither provides for nor precludes the construction of I-66.

Representative BROYHILL. You have an alternate plan, apparently?

Mr. GRAHAM. Yes, sir.

Representative BROYHILL. And this will not delay the construction of the METRO system?

Mr. GRAHAM. That is correct, sir. The only question is whether the Virginia Department of Highways feels that they can let us go ahead in that median if they are not immediately to go ahead with their highway construction.

Representative BROYHILL. And that may require legislation?

Mr. GRAHAM. That possibly may require legislation. That would be in Virginia, Virginia legislation.

PERSONNEL

Representative BROYHILL. Finally, Mr. Chairman, you mentioned the personnel, utilizing the personnel of the regulatory agency. It is provided in the bill that the union employees be transferred over.

What about the non-union employees, the white collar employees, so to speak? Are they protected, or do you object to some protection there, or do you intend to utilize their services?

Mr. FISHER. We would expect to hire, to employ virtually all of the employees of the four bus companies, union, non-union, middle management, whatever.

The only exceptions we can see would be perhaps half a dozen at the very top.

Representative BROYHILL. You mean you do not have any intention of hiring Mr. Chalk?

Mr. FISHER. We do not expect to hire Mr. Chalk, that is correct.

Representative BROYHILL. Now, here again, Mr. Lowe, I would not suggest at all any delay by amendments to this legislation, but would you object to something in the report which would give some assurance to the rank and file of employees in these companies that they would not be picked over and fired indiscriminately as you take over the system? Would this be a burden to you, at all?

Mr. FISHER. No, Mr. Broyhill. We would have no objection to that. We would welcome it, and as I say, we would anticipate hiring or offering jobs to all of those. There are some 3,700 employees of these four companies, and we would expect to offer positions, union, non-union, whatever, to all of them with the exception of perhaps half a dozen of the very top policy people, including Mr. Chalk.

Representative BROYHILL. That is all.

Thank you.

Representative CABELL. Well, I want to thank you gentlemen for being with us, and for your fine testimony.

This hearing will now adjourn until 10:30 tomorrow morning in this same room.

(Thereupon, at 12:10 p.m. the hearing was adjourned, to reconvene tomorrow, Tuesday, August 15, 1972, at 10:30 a.m.)

BUS SYSTEMS ACQUISITION BY WMATA

TUESDAY, AUGUST 15, 1972

U.S. SENATE,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BUSINESS,
COMMERCE, AND FISCAL AFFAIRS
OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The Joint Hearing met, pursuant to notice, at 10:30 a.m., in Room 1310, Longworth House Office Building, the Honorable Earle Cabell, presiding.

Present: Senator Charles McC. Mathias, Jr.

Representatives Cabell (presiding), Abernethy, Mikva, Broyhill and Gude.

Also present: James T. Clark, Clerk; Hayden S. Garber, Counsel; Leonard O. Hilder, Legislative Clerk, of the House D.C. Committee; and Robert Harris, Staff Director; and Sidney H. Hurlburt, Minority Staff Director; Senate D.C. Committee.

Representative CABELL. The hearing will please come to order.

This is a continuation of the hearing involving H.R. 16119 and related bills that have been introduced with reference to certain acquisition of bus properties in the Metropolitan Area.

The first witness we have this morning is Mr. O. Roy Chalk, President of the D.C. Transit System, Incorporated. Mr. Chalk, we are glad to have you with us, and would you care for the record to introduce any members of your staff.

STATEMENT OF O. ROY CHALK, PRESIDENT, D.C. TRANSIT SYSTEM, INC., ACCOMPANIED BY DONALD S. DAWSON, ATTORNEY

Mr. CHALK. Mr. Chairman and distinguished Members of the Committee, I thank you on behalf of the more than 10,000 stockholders of D.C. Transit System, Inc. and myself for this opportunity to appear before you and present our views.

Exactly 16 years ago today, on August 16, 1956, D.C. Transit acquired the transit system in Washington, D.C., sort of an anniversary.

After these 16 years of faithful and productive efforts to convert Washington's transit system from a run-down inefficient conglomeration of outmoded trolley and bus vehicles in a strike-torn city which we inherited from our predecessor, the Capital Transit Company, it is today one of the most modern, well-run, all-bus transit systems in the world. We believe we have earned the right to seek your help so that

we may be accorded fair treatment in the current legislation now pending before Congress. House of Representatives Bill No. 16119, if amended with due consideration for the rights of private enterprise, could assure this. That is all we ask.

BACKGROUND

You will recall that throughout the 16 years we have performed in good faith all the major obligations contained in the franchise.

First, our company converted to an all-bus system in five years instead of seven years, as required by Section 7 of the Act (and incidentally in the process sacrificed a \$40 million smooth running, air pollution free trolley car system).

Second, our company provided the Washington Metropolitan Area with a good transportation system—acknowledged universally to have the best and largest fleet of new air-conditioned buses in the world, and as a matter of fact, we were the first in the entire country to introduce air-conditioned buses, and operating these buses at the lowest possible fares consistent with rising labor costs.

Third, our company eradicated the turbulent labor conditions and economic strife which existed prior to 1956. Under six successive labor contracts, the people of Washington were assured against economic disturbance for sixteen years (August 15, 1956 to October 31, 1972), the date when our present Union contract expires. The cost to the Company of these labor increases and fringe benefits resulted in a rise in the operators' wage rate from \$2.06 to \$4.935 per hour, an increase of more than 140 percent. And, in addition, fringe benefits increased in excess of 400 percent during this period. Contrast this with an increase of 100 percent in the fare rate—from 20 cents to 40 cents over the past 16 years. This is definitely a lower rate of cost increase than most services and commodities throughout the Nation.

Fourth, our Company, having paid initially \$13,540,000 to the Capital Transit Company under its purchase agreement voluntarily invested an additional cost in excess of \$45 million in new equipment, new real estate, and new construction of the largest and finest maintenance base in the United States. Our total cost over the past 16 years aggregated almost \$60 million.

D.C. Transit has observed and fulfilled all the commitments of its franchise and contract with Congress. It has received in return almost universally hostile treatment by the City, the Transit Commission, the press, the public and the business community. It has faith, however, at this end of its career as a public servant that the Congress of the United States will honor its pledge to maintain a continuing interest in the welfare of the Company's investors as set forth and pledged in Public Law 767, and recognize that D.C. Transit has built a good transit system for the community.

We believe in the underlying foundation of fairness in the thinking of the present Congress to effectuate the original intent and commitments of the past in relation to the present and the future.

The 2,474 men and women of our Company have dedicated their lifetimes to the problems of transportation in this area. Their accomplishments have been outstanding.

In short summation, we have worked hard to provide the Washington Metropolitan Area with the finest transit system in the world. This, I believe, we have successfully accomplished.

However, if it be the will of the Congress of the United States to authorize public ownership of D.C. Transit's facilities, then we are prepared to abide by its determination, trusting that the Congress will write into the Bill the necessary amendments which will adequately protect the interests of the employees, the investors and the public.

AMENDMENTS PROPOSED

In view thereof we respectfully suggest a series of amendments as follows:

FINDINGS

The first amendment is a matter of minor semantics. In Section 2(4), Page 2, Line 14, we suggest striking the words "bus transportation" and after the word "problem" insert the words "of spiraling costs and increasing fares".

Section 2(4) thereof would read, as amended:

an appropriate solution to the current problem of spiraling costs and increasing fares is public ownership and operation of bus transit facilities within the Washington metropolitan area;

COMPACT

Second, we are also requesting the Committee to amend Title I, Section 101(e) on Page 3 of the Bill by striking the word "or" in the fifth line and inserting after the word "stock" the words "of Alexandria, Barcroft, and Washington Transit Company and the transit facilities used and useful in mass transit operations of any other" and in line 6 there of strike the words "transit facilities of any". The complete sentence would then read:

The Authority may acquire the capital stock of Alexandria, Barcroft, and Washington Transit Company and the transit facilities used and useful in mass transit operations of any other private transit company and may perform transit service, including service by bus or similar motor vehicles, with transit facilities so acquired, or with transit facilities acquired pursuant to article VIII, section 20.

The reason for the foregoing suggested change is the fact that we understand Alexandria, Barcroft, and Washington Transit Company prefers the acquisition of their capital stock while other companies, including D.C. Transit, do not. Certainly it is not the desire or intent of the Authority, and they have so advised us, to acquire the capital stock of the D.C. Transit System since it would carry with it ownership of assets which are not used or useful in transit operations.

BUS ACQUISITIONS

Similarly, referring to Title I, Section 102(a), Line 17 on page 4 of the Bill under consideration, strike the word "or" after the word

"stock" and insert the words "of Alexandria Barcroft, and Washington Transit Company and of". I trust I am not presumptuous in having said this concerning another bus company, but I believe this to be the fact. Of course, they can speak for themselves. And one Line 18 after the word "such" insert the word "other" so that the clause commencing on Line 16 would read:

for acquisition by the Transit Authority of capital stock of Alexandria, Barcroft and Washington Transit Company and of facilities, plant, equipment, real and personal property of such other bus companies of whatever nature.

The following amendment is suggested on Page 4, Title I, Section 102(a), Line 11. After the word "Authority)" the words or the Department of Transportation on an interim basis should be inserted.

We believe this amendment is necessary in order to grant the Secretary of Transportation the power that would be required by him in the event that an interim take-over was found to be necessary due to the fact that the Transit Authority might not be ready to take over on October 31, 1972, for temporary financial or legal reasons. An amendment relating to this October 31, 1972, date is described in the last paragraph on Page 7 of this Statement with a suggested amendment on Page 5, Section 102 of H.R. 16119.

On Page 4, Title I, Section 102(a), Line 25 after the words "of such bus companies." insert: And this I consider a most important amendment.

It is further the sense of the Congress that the acquisition of the facilities of the transit systems shall include on the part of the Transit Authority the obligation to employ all Union employees, all non-Union employees, all supervisory management personnel, all attorneys and all managing officers. The Authority's obligation shall likewise include the normal provisions for termination pay, of those not employed.

The foregoing amendment is intended to broaden the protective employee clauses contained in Public Law 92-349, Section 66 of said law wherein reference is also made for the protection of employees employed by the Authority. The present law is silent on the subject of employees.

We also respectfully request an amendment as follows: On Page 5, Title 1, Section 102(b), Line 4 after the word "Act," strike the word "is" and substitute "are," and after the word "Incorporated," insert "its rights and obligations thereunder, other than sightseeing, incidental charter, special operations [race track and sports events authority] and contract authority to points outside the Metro District."

The Congress of the United States, in granting its franchise to D.C. Transit System, Inc., in 1956 (70 Stat. 598), in addition to authorizing Transit to operate a mass transit system, gave it the additional authority to operate incidental charter, contract and sightseeing services. In view of the fact that the WMATA does not contemplate and I could be wrong on this, the operation of sightseeing services originating in the Metropolitan District, incidental charter, special operations [race track and sports events authority] and contract services to

points outside the Metro District, D.C. Transit requests that it be authorized to continue the rendering of the said services in the event this Bill is adopted into Law. To the extent that the Authority does not contemplate operations of certain services, we wish to retain that privilege. Should they, of course, desire to operate outside of the District or as far as they want, that would be a different story.

An extremely important amendment to be inserted on Page 5, Section 102, to be known as Subsection (c), is the following:

It is further the sense of this Congress that acquisition of D.C. Transit System should be consummated prior to October 31, 1972, the expiration date of the Union contract, or as soon thereafter as is practically possible, and that the other three transit companies shall likewise be acquired at or about the same time.

The basic reason for that is the morale factor of the employees whose future is now in doubt is causing most disturbing unrest, worry and nervousness. This is a dangerous condition from an operational point of view and could well scatter our employees, destroying 100 years of specialized management and operational experience. Such damage could be irreparable.

FINANCING

On Page 6, Title III, Section 301, Line 4, after the word "Authority" insert "or by the Department of Transportation on an interim basis." This is a repetition of the necessary authority referred to hereinbefore, appearing in Section 102(a), Line 11 on Page 4.

On Page 7, Title III, Section 302, Line 4, after the word "immediately" insert "use on an interim basis or." This likewise is intended to implement the concept referred to in Section 102(a), Line 11 on Page 4.

On Page 9, Title IV, Section 401(a), Line 5 after the word "condemnation" insert "as a going concern." This amendment obviously is necessary in view of the fact the Company is a viable functioning organization.

CONDEMNATION—FAIR AND JUST COMPENSATION

Another amendment of great importance is the one that would assure fair and just compensation within the proper venue of the companies involved in the event condemnation proceedings are instituted. There are four private companies involved under this Bill—two in Virginia, one in Maryland and one in all areas. It is recommended that the owners of the private facilities being acquired by the condemning authority shall have the right to a designation of venue to an appropriate United States District Court sitting in the District of Columbia, or at Baltimore in the State of Maryland, or Alexandria in the Commonwealth of Virginia and it is, therefore, suggested that the entire Section 401(a) of Title IV be amended to read as follows:

Proceedings for the condemnation as a going concern of property, wherever situated, of D.C. Transit System incorporated, and its subsidiary, the Washington, Virginia and Maryland Coach Company, the Alexandria, Barcroft, and Washington Transit

Company, and the WMA Transit Company, shall be instituted and maintained in a United States District Court for either the District of Columbia, the Commonwealth of Virginia sitting at Alexandria, Virginia, or the State of Maryland, sitting at Baltimore, Maryland, pursuant to the Act of December 23, 1963 (77 Stat. 577; Section 16-1351 to 1368 of the District of Columbia Code, as amended), except as modified hereunder. Should any of the companies object to the venue of the United States District Court designated, then the said company or companies shall have the right to a change of venue upon request, to either the United States District Court in the District of Columbia, the United States District Court for the Commonwealth of Virginia sitting at Alexandria, Virginia, or the United States District Court for the State of Maryland sitting at Baltimore, Maryland. The designated Court shall have complete and exclusive jurisdiction over the subject matter of such condemnation proceedings.

On Page 10, Title IV, Section 402 (a), Line 2 after the word "Court" strike "for the District of Columbia" and insert instead "having jurisdiction". The foregoing is necessary to be consistent with Section 401 (a).

Likewise, on Page 10, Line 5 after the word "Authority" insert "or the Department of Transportation on an interim basis". The foregoing statement is necessary to be consistent with prior amendments relating to the Department of Transportation.

On Page 10, Line 7, after the word "assets" insert "used or useful for mass transit operations". This likewise is necessary in order to be consistent with similar concepts heretofore expressed.

On Page 10, Title IV, Section 402, Line 18, insert new Subsection (e) as follows:

D.C. Transit System, Inc., a corporation of the District of Columbia, shall continue to exist as a corporation, and D.C. Transit System, Inc. may amend its charter in any manner provided under the laws of the District of Columbia and may avail itself of the provisions of the District of Columbia Business Corporations Act in respect to a change of its name and may become incorporated or reincorporated thereunder in any manner as therein provided. Nothing referred to in this title, or the sale and vesting of the assets of D.C. Transit System, Inc., referred to therein, shall cause or require the corporate dissolution of D.C. Transit System, Inc.

The purpose of the foregoing amendment is to protect the continuance of the corporate structure of the D.C. Transit System, Inc. as a corporate entity under a changed name without the implication that it is necessary to dissolve its corporate structure.

ADDITIONAL REVIEW BY GENERAL ACCOUNTING OFFICE

The last amendment suggested for Page 10 relates to audit and review by the Comptroller General of the United States. Referring specifically to Title V, Section 501 of the Bill, it is to be noted that the proposed legislation provides that the Comptroller General of the United States shall have access to all books, records and papers of the

Transit Authority and of any company receiving any funds authorized by this Act. We wish to cooperate with any governmental agency or agencies in disclosing any books, records and papers that pertain to matters involved in any acquisition proceedings whether it be by purchase or by condemnation. We do not believe that the books, records and papers of any company being acquired that have no relationship to the property being taken over should be made public. You will note that D.C. Transit System, Inc., as an example, contemplates continuing in business and to cause it to disclose and make available to others its books, records and papers which have no relationship whatsoever to a transit take-over would be an undue invasion of private and not in keeping with standard business practices.

We, therefore, recommend that Section 501 on Page 10 of the Bill be amended by striking the words "and any company receiving any funds authorized by this Act" on Lines 22 and 23, and inserting after the word "Authority," on Line 22, the following:

and to the books, records and papers of the transit companies whose transit properties have been acquired limited, however, solely to examination of the records of the transaction involving such acquisitions.

PENDING NEGOTIATIONS

Before concluding my statement I would like to mention that in recent weeks we have been in discussions with the Authority relating to the possibility of arriving at a mutual understanding. These discussions are continuing.

I trust that you will forgive the length of my presentation but its vital importance to thousands of employees, thousands of stockholders and myself, we believe, justifies the same.

I thank you for your indulgence.

(H.R. 16119, with proposed amendments, follows:)

[H.R. 16119, 92d Cong., second sess.]

A BILL To provide for acquisition by the Washington Metropolitan Area Transit Authority of the mass transit bus systems engaged in scheduled regular route operations in the National Capital area, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as "National Capital Area Transit Act of 1972".

STATEMENT OF FINDINGS AND PURPOSES

SEC. 2. The Congress finds that (1) an adequate and economically sound transportation system or systems, including bus and rail rapid transit, serving the Washington metropolitan area is essential to commerce among the several States, and among such States and the District of Columbia, and to the health, welfare, and safety of the public; (2) economies and improvement of service will result from the unification of bus transit and rail transit operations as well as from integration of bus transit facilities within the Washington metropolitan area; (3) the Washington Metropolitan Area Transit Authority is a body corporate and politic organized pursuant to interstate compact among the States of Maryland and Virginia, and the District of Columbia, with the consent of Congress, to plan, develop, finance, and operate improved transit facilities in the Washington metropolitan area transit zone; (4) an appropriate solution to the current

problem of spiraling costs and increasing fares is public ownership and operation of bus transit facilities within the Washington metropolitan area; (5) the cost of such public ownership should be shared by the Federal and local governments in the Washington metropolitan area in accordance with the matching formula authorized by the Urban Mass Transportation Act of 1964, as amended (Public Law 88-365); and (6) to these ends it is necessary to enact the provisions hereinafter set forth.

TITLE I

CONSENT TO COMPACT AMENDMENT

SEC. 101. (a) The Congress hereby consents to amendments to articles XII and XVI of title III of the Washington Metropolitan Area Transit Regulation Compact (D.C. Code, sec. 1-1431 note) substantially as follows:

(1) Section 56 of article XII is amended by adding the following new paragraph:

"(e) The Authority may acquire the capital stock of Alexandria, Barcroft and Washington Transit Company and the transit facilities used and useful in mass transit operations of any other private transit company and may perform transit service, including service by bus or similar motor vehicle, with transit facilities so acquired, or with transit facilities acquired pursuant to article VII, section 20. Upon acquisition of the capital stock or the transit facilities of any private transit company, the Authority shall undertake the acquisition as soon as possible of the capital stock or the transit facilities of each of the other private transit companies within the zone requesting such acquisition. Lack of such request, however, shall not be construed to preclude the Authority from acquiring the capital stock or the transit facilities of any such company pursuant to section 82 of article XVI."

(2) Subsection (a) of section 82 of article XVI is amended by deleting "or by a private transit company" at the end of such subsection and by inserting in lieu thereof the following: "whenever such property cannot be acquired by negotiated purchase at a price satisfactory to the Authority."

(b) The Commissioner of the District of Columbia is authorized and directed to enter into and execute on behalf of the District of Columbia amendments, substantially as set forth above, to title III of the Washington Metropolitan Area Transit Regulation Compact with the States of Virginia and Maryland.

ACQUISITION OF PRIVATE BUS COMPANIES OPERATING WITHIN THE WASHINGTON METROPOLITAN AREA

SEC. 102. (a) Based on the findings set forth in section 2 of this Act, it is the sense of the Congress that the Washington Metropolitan Area Transit Authority (hereafter referred to as "Transit Authority") or the Department of Transportation on an interim basis should initiate negotiations as soon as possible with the ownership of D.C. Transit System, Incorporated, its subsidiary, the Washington, Virginia, and Maryland Coach Company, the Alexandria, Barcroft, and Washington Transit Company, and the WMA Transit Company for acquisition by the Transit Authority of capital stock of Alexandria, Barcroft and Washington Transit Company and of facilities, plant, equipment, real and personal property of such other bus companies of whatever nature, whether owned directly or indirectly, used or useful for mass transportation by bus of passengers within the Washington metropolitan area. It is further the sense of the Congress that representatives of the Washington Metropolitan Area Transit Authority should participate in any labor contract negotiations undertaken prior to acquisition by the Transit Authority of such bus companies. It is further the sense of the Congress that the acquisition of the facilities of the transit systems shall include on the part of the Transit Authority the obligation to employ all Union employees, all non-Union employees, all supervisory management personnel, all attorneys and all managing officers. The Authority's obligation shall likewise include the normal provisions for termination pay.

(b) Pursuant to section 2(b) of the Act of July 24, 1956 (70 Stat. 598), the franchise to operate a system of mass transportation of passengers for hire granted to D.C. Transit System, Incorporated, its rights and obligations thereunder, other than sightseeing, incidental charter, special operations [race track and sports events authority] and contract authority to points outside the Metro District.

Under Title 1, Section 102, new Subsection (c) insert:

(c) It is further the sense of this Congress that acquisition of D.C. Transit System should be consummated prior to October 31, 1972, the expiration date of the union contract, or as soon thereafter as is practically possible, and that the other three transit companies shall likewise be acquired at or about the same time.

TITLE II

DISTRICT OF COLUMBIA AUTHORIZATIONS

Sec. 201. (a) The Commissioner of the District of Columbia is authorized to contract with the Transit Authority for payment to it of the District's share of the cost to the Transit Authority of acquiring the private bus companies designated in this Act and/or the purchase of rolling stock, real estate, or other capital resources required for the operation of bus service in the District of Columbia either at the time of acquisition or at some future time. To carry out the purpose of this section, capital appropriations out of the general fund of the District of Columbia are hereby authorized pursuant to the provisions of the Act of June 6, 1958 (72 Stat. 183), as amended.

(b) The Commissioner of the District of Columbia is authorized, within the limit of funds appropriated therefor, to contract with the Transit Authority for reduced transit fares pursuant to Public Law 92-349, approved July 13, 1972.

TITLE III

FINANCING

Sec. 301. The acquisition of the mass transit bus system or systems by the Transit Authority or by the Department of Transportation on an interim basis, as contemplated by this Act, together with such improvements or replacement of acquired equipment and facilities as may be found necessary or desirable by the Secretary of Transportation (hereafter referred to as the "Secretary") in conjunction with such acquisition and within a reasonable time thereafter, not to exceed six months, is eligible for capital grant assistance pursuant to section 3 of the Urban Mass Transportation Act of 1964, as amended. For this purpose, the Transit Authority shall be considered a "local public body" within the meaning of that section and, accordingly, the Secretary may authorize and approve capital grant assistance to the Transit Authority in the maximum amount provided for in the Urban Mass Transportation Act of 1964, as amended, toward the cost of acquisition of such bus system or systems, including the cost of improvements to or replacement of acquired equipment and facilities approved by the Secretary in conjunction with such acquisition. Such assistance shall be provided from funds available to the Urban Mass Transportation Administration of the Department of Transportation.

Sec. 302. (a) If the Secretary should determine that immediate action is urgently required to protect the public interest in the National Capital Area, he may waive any or all provisions of the Urban Mass Transportation Act of 1964, as amended (except section 13(c) thereof), and immediately used on an interim basis or grant to the Transit Authority from funds available to the Urban Mass Transportation Administration of the Department of Transportation such sums as are contemplated under section 301.

(b) The Secretary, after determining that immediate action is necessary in the public interest in accordance with subsection (a) of this section, may, in accordance with subsection (c) of this section, advance from funds available to the Urban Mass Transportation Administration of the Department of Transportation such funds as he determines to be necessary for payment to the Transit Authority to provide temporary financing for that portion of the cost of acquisition of the mass transit bus system or systems contemplated by this Act, together with associated improvements to or replacement of acquired equipment and facilities, which are not provided for by the Secretary pursuant to section 301 of this Act. For this purpose, such advance shall not be construed as a loan made under section 3 of the Urban Mass Transportation Act of 1964, as amended. Funds advanced pursuant to this section shall be considered as "other than Federal funds" within the meaning of section 4(a) of the Urban Mass Transportation Act of 1964, as amended.

(c) The Secretary shall not advance funds under this section until he has determined that the Transit Authority has the capacity and ability to arrange for repayment of such advance in accordance with section 303 of this Act.

SEC. 303. The advance authorized under section 302(b) shall be repaid by the Transit Authority to the Urban Mass Transportation Administration of the Department of Transportation from contributions by the District of Columbia and other local government jurisdictions or from other non-Federal sources as may be available to the Transit Authority and which were not estimated to be available for financing the mass transit rail rapid system authorized by the National Capital Transportation Act of 1969. Repayment of such advance may be deferred by the Secretary of Transportation, at the request of the Transit Authority, but not beyond the end of the fiscal year following the fiscal year in which the advance was made. Repayment shall be made with interest at a rate to be determined by the Secretary of the Treasury calculated in accordance with the formula set forth in section 3(c) of the Urban Mass Transportation Act of 1964, as amended. Principal and interest repaid pursuant to this section shall be credited to the Urban Mass Transportation Fund and shall be considered a restoration of obligational authority available to the Secretary under section 4(c) of the Urban Mass Transportation Act of 1964, as amended.

TITLE IV

CONDEMNATION PROCEDURE

SEC. 401. (a) Proceedings for the condemnation as a going concern of property, wherever situated, of D.C. Transit System, Incorporated, and its subsidiary, the Washington, Virginia and Maryland Coach Company, the Alexandria, Barcroft and Washington Transit Company, and the WMA Transit Company, shall be instituted and maintained in a United States District Court for either the District of Columbia, the Commonwealth of Virginia sitting at Alexandria, Virginia, or the State of Maryland, sitting at Baltimore, Maryland, pursuant to the Act of December 23, 1963 (77 Stat. 577; Section 16-1351 to 1368 of the District of Columbia Code, as amended), except as modified hereunder. Should any of the companies object to the venue of the United States District Court designated, then the said company or companies shall have the right to a change of venue upon request, to either the United States District Court in the District of Columbia, the United States District Court for the Commonwealth of Virginia sitting at Alexandria, Virginia, or the United States District Court for the State of Maryland sitting at Baltimore, Maryland. The designated Court shall have complete and exclusive jurisdiction over the subject matter of such condemnation proceedings.

(b) Whenever the words "real property", "realty", "land", "easement", "right-of-way", or words of similar meaning are used in any applicable Federal or State law relating to procedure, jurisdiction, and venue, they shall be deemed, for purposes of this title, to include any personal property authorized to be acquired hereunder.

SEC. 402. (a) In any proceeding in condemnation pursuant to this title, the issue of just compensation shall be tried before and determined by a specially constituted three-judge panel appointed by the chief judge of the United States District Court having jurisdiction.

(b) Proceedings in condemnation pursuant to this title shall be commenced by the Attorney General of the United States, upon the request of the Transit Authority of the Department of Transportation on an interim basis, by filing with the court a complaint and declaration of taking containing a description of the land and other assets used or useful for mass transit operations to be taken, together with a sum of money deposited with the registrar of the court in accordance with the applicable laws set forth in section 401 of this title.

(c) Upon such filing and deposit, title to the possession of the assets described in any such complaint and declaration of taking shall pass to the Transit Authority or the Department of Transportation on an interim basis and the value of the assets so acquired shall be determined as of that date.

(d) The trial of any proceedings instituted pursuant to this title shall be a preferred cause and shall be commenced at the earliest date convenient to the court.

(e) D.C. Transit System, Inc., a corporation of the District of Columbia, shall continue to exist as a corporation, and D.C. Transit System, Inc. may amend its charter in any manner provided under the laws of the District of Columbia and may avail itself of the provisions of the District of Columbia Business Corporations Act in respect to a change of its name and may become incorporated or reincorporated thereunder in any manner as therein provided. Nothing referred to in this title, or the sale and vesting of the assets of D.C. Transit System, Inc., referred to therein, shall cause or require the corporate dissolution of D.C. Transit System, Inc.

TITLE V

AUDIT AND REVIEW

SEC. 501. The Comptroller General of the United States shall have access to all books, records, and papers of the Transit Authority and to the books, records and papers of the transit companies whose transit properties have been acquired limited, however, solely to examination of the records of the transaction involving such acquisitions. Furthermore, the Comptroller General is authorized to inspect any facility or real or personal property of the Transit Authority or the companies.

Representative CABELL. Thank you very much, Mr. Chalk. I might say that the Chair is familiar with the fact that you have been conducting summary negotiations with the Authority and it is appreciated. I want to put into the record that that has been the case.

CHARTER SERVICE

In your proposed amendment, you make reference to Charter services to games, sports events, etc. Are you referring to or are you implying that charter service should be exempted from any acquisition? Would you care to clarify a little bit just what exemptions of those services that you are requesting?

Mr. CHALK. It is my understanding that the Authority is desirous of operating charter service within the city which is a very excellent means of utilizing the off-peak hour services of employees and vehicles, and I certainly think that is proper for them. In the event, however, that there are rights which we have, sightseeing, for example, on an individually sold basis, which they do not wish to operate, we merely ask that those be retained by the D.C. Transit System. This also, if I may continue, refers to what is known as incidental charter. Incidental charters are certain grandfathered rights which the D.C. Transit System has to operate charters from the District and the Metro Area from any point in the United States or Canada. If it is the intention and the desire of the Authority to operate that and not abandon it, then, of course, we would not wish to lay claim to that. But, if it is their intention not to operate it, then we would like to retain that privilege. The same is true of special services which are race track services that we operate to Laurel and other points and sporting events services. If it is their intention to go in the race track business, that is all right, then, and I withdraw the request of D.C. Transit to operate. But, if they intend to abandon it, I would like to retain it.

Representative CABELL. Well, you would like to have an option more or less?

Mr. CHALK. Yes.

Representative CABELL. But, you were not referring to the normal charter operations within the Metro Area?

Mr. CHALK. No, sir.

Representative CABELL. With particular reference, so that would be a matter for negotiation, would it not, as to whether or not they optioned taking over those things? It might be a little difficult to write that in as a provision, that they will automatically be excluded from those operations if they are truly an integral part of a Metropolitan bus or transit system. I do not think that the contemplated legislation will permit them to get into the race track business to which you refer, meaning, of course, transportation to and from. But, have no fear about them getting into the race track business, per se. I think there would be much opposition to that.

PERSONNEL

In your suggested amendment, with reference to your total personnel, certainly it is commendable that you want to protect those people that have been faithful employees, and have been efficient employees. But, of necessity, there would have to be some means of discretion on the part of the operator, or we would find ourselves in the case of Penn-Central and the Illinois Central, the Pennsylvania Railroad and those others, where consolidation intended to affect certain economies would be completely stymied by the fact that all operating personnel of all of the interested companies had been retained and, therefore, it was impossible to designate the proper lines of authority and with the result that it created chaos within the organization rather than the operating efficiencies that were desired. I think that it is commendable but there might be some question as to just making it an ad infinitum situation.

Mr. CHALK. With your permission, may I comment on that?

Representative CABELL. Yes, you may.

Mr. CHALK. I am concerned about two instances. I know it is the intention of the Authority, assuming that the takeover is consummated, to offer employment to practically all of our employees. I have been so told and that is commendable on their part.

However, I am concerned about the few, or the many, who after a short interval of time might be terminated and to the extent that any employee has been terminated, I would like to make sure that he is properly compensated by termination pay. And I am not referring to myself. I am talking about others. I feel that a man who may have been with the company 10, 15 or 20 years, that he just cannot be terminated and let go. There should be some formula, some proper procedure which is common in the transportation industry. I know recently in an aviation merger that I was involved in, termination pay was agreed upon by the Civil Aeronautics Board in which they set up the rule that any employee who has a minimum number of years with the company was to receive a minimum of 1 year's termination pay based upon a month for a year, and if he were with the company 15 years, he would be entitled to 15 months of pay and so on, some reasonable rules so that, No. 1, he would not be thrown in the

street without a job; and, No. 2, that he would be protected insofar as his pension is concerned.

There are a number of instances that I know of where there are employees with 17 and 18 years of service who would be eligible in another two or three years for their pension. I think some safeguards should be put in the Bill that would safeguard these people so that they would have the right or some protection to at the proper time obtain the benefits of the pension that they would have attained had it not been for a takeover.

Representative CABELL. Well, do you not feel that that actually resolves itself into a matter for negotiation, recognizing the impossibility of setting forth all of the terms in the legislation under consideration? Do you not feel that that actually is a matter for negotiation rather than trying to nail it down specifically?

Mr. CHALK. If I may suggest that the legislative history might indicate, without specifically saying so, an intent to protect such employees by termination pay or by pension requirements, I think it would be helpful to the piece of mind for a lot of people.

Representative CABELL. Well, of course, that is the reason for this colloquy, to establish some legislative history along those lines.

PROPERTY TO BE ACQUIRED

Coming back to your reference to consideration being given to an on-going concern, would you care to amplify that? Now, just what do you mean by giving credence or giving value as a going concern?

Mr. CHALK. Our company is operating today as a going, viable concern. It is continuing in business, and were it not for the projected legislation, there would be no question about its continuance in business. And, as such, it should be viewed in the same fashion as similar transit systems throughout the United States, where similar takeover proceedings have been had, such as in New York in the *Fifth Avenue Coach* Case, except that our case is even a better example of regard for the public. There it was taken over under a strike procedure, and they were paid on the basis of a going concern value; whereas, in our case we have never had a strike in the history of the company. This has been a very costly and expensive way of life but it has been good for the city not to be interrupted by strikes. But, we are not interrupted by strikes, we are continuing as a viable organization. We may have some financial problems here and there on cash flow but we are managing, and we would normally continue to manage were it not for the projected legislation.

Representative CABELL. There, again, do you not think that is a matter of negotiation rather than trying to nail that down by specific language within the legislation?

Mr. CHALK. That is correct, sir.

Representative CABELL. It would not be a case where if it did not—if the negotiations were unsatisfactory under the terms of the Act, then it would be a matter of adjudication by the courts. And there it would be assumed then that the courts would have the ability of reaching some fairness in determining what value there might be to the term of going concern.

Mr. CHALK. The only difference between our case and other cases is the fact that we are, in a sense, created by Act of Congress and, therefore, a reference to it as a going concern, which it is, would be, we believe, assurance of fair treatment.

Representative CABELL. Do you not think we might be approaching that—I do not know whether it is a Biblical statement or whether it is attributed to someone but “the Lord Giveth and the Lord Taketh Away.”

Mr. CHALK. You are right. And I accept that observation.

Representative CABELL. With reference to the continuation of the corporate entity, that, again, I think would be a matter that must be left to some extent to the negotiations involved, the course and the trend of those determinations with due consideration being given to both parties with reference to certain tax problems that might be involved pertaining to the dissolution or liquidation of the corporation as such. But, do you not feel that in any case, assuming that the corporate entity should be maintained, that it would be necessary, and not only necessary, but essential that a corporate name change be effected, in order that there would be absolutely no chance of any misunderstanding or misinterpretation or conflict?

Mr. CHALK. I agree with that, sir.

Representative CABELL. With reference to the operator of the mass transit system?

Mr. CHALK. I agree with you, sir.

COST ESTIMATE

Representative CABELL. One other question that I would like to ask, and would ask you to put into the record, is that under the rules of the House, whenever a Bill is brought out or onto the Floor, the report must show the anticipated or estimated cost of such legislation. I would like to have you put into the record, if you will, an estimate of cost involved insofar as your property is concerned, but with the express understanding that such an estimate would not be binding on the part of the negotiators or the courts but merely to comply with the requirements of the House Rules pertaining to being able to publish an estimated cost?

Representative ABERNETHY. Mr. Chairman, would you yield?

Representative CABELL. Yes, sir.

Representative ABERNETHY. Do you not think now, Mr. Chalk, and others, and I am assuming you would make this proposal to the other Systems, that that would depend upon whatever some appraiser might appraise it at? I assume there will be appraisals; is that right?

Mr. CHALK. That is correct, sir.

Representative ABERNETHY. And would you not think it would be more accurate for them to put in what an appraiser, whether it is theirs or someone else's, appraises the property?

Representative CABELL. I think the gentleman has a good point there, and I think that we are not asking for just a wild pie in the sky estimate but one that could have some basis.

Representative ABERNETHY. Well, I would assume that he, like all people, would want to put the price as high as he could.

Representative CABELL. Well, no question about that, and that, of course, is anticipated. I rather doubt that he would put in an estimate so low that it would be detrimental to his best interests.

Mr. CHALK. May I respond, sir?

Representative CABELL. Yes, sir, you may.

APPRAISAL OF D.C. TRANSIT

Mr. CHALK. Not giving my own personal opinion as to value, we have had several appraisals made by some of the leading appraisers in the United States, two in particular, who are considered the appraisers who have done most of the transit systems throughout the United States in similar situations. And these appraisals were made several years ago, from two to four years ago. The two appraisals were made then and the indication at that time was a value, not counting the value of the real estate, the operating real estate, at somewhere from \$40 million to \$50 million. Costs since the past four years, in the last two years, have increased very substantially. To what extent they would change their appraisal figure in light of increased costs for duplicating such a system, I do not know but we have already suggested that these appraisers get to work and update their last appraisal. The \$40 million to \$50 million relates solely to the transit system, exclusive of the real estate. The real estate similarly was appraised about two years ago last, and similarly values have increased in the last two years by about 10 to 15 percent in real estate within the District.

One particular example I might give you so that you know I am not talking off the top of my head, we have one large garage on Wisconsin Avenue, for example, that a few years ago we had been offered from \$4 to \$5 million to sell it. We are now offered close to \$6 million to sell it. This is one of the pieces of property that is included in the operating real estate. It is a garage that is situated right next to Sachs Fifth Avenue, and the Niemann Marcus are contemplating a department store and so on. These are valuable pieces of property which have gone up in recent years. The last appraisal that we had from one of the outstanding real estate appraising firms in the United States, indicated approximately a \$23 million valuation for the real estate in the operation. I have since requested this appraiser to likewise bring his appraisal up to date, and I was recently advised that it would be in excess of \$25 million under today's values of real estate in the District. This is the constant spiral of increasing costs that has harmed us and may, at the same time, be of benefit to the company.

Representative CABELL. Well, all of those—

Mr. CHALK. So I would aggregate the total in a rough figure of approximately \$75 million for both the operation and the real estate related to the operations.

Representative CABELL. Well, of course, so long as that is your source of such estimates and is identified. But, the Chair wishes to reiterate that those figures are not binding upon either party insofar as negotiations in good faith are concerned.

Senator Mathias?

Senator MATHIAS. Thank you, Mr. Chairman.

Mr. Chairman, I have a statement I would like to insert in the record. Representative CABELL. Without objection, it will be entered. (The statement of Senator Mathias follows:)

**STATEMENT OF HON. CHARLES McC. MATHIAS, MEMBER OF THE
U.S. SENATE FROM MARYLAND**

Mr. Chairman, there can be little question but that this community, our nation's capital, faces a major transportation crisis. The daily influx of automobiles into downtown Washington clogs the streets and broad avenues with bumper-to-bumper traffic and befouls the air with what experts tell us is the worst traffic-produced pollution in the nation. And the four privately owned companies offering bus transportation here are all faltering financially despite repeated fare increases in recent years.

Since 1967, we have seen the annual passenger volume of these four bus companies decline by roughly one-fourth, from 169 million to 130 million. In the same period, the four companies have received a total of 15 fare increases and are currently asking for even more. If the much-needed Metro system, now due to begin operation in two years, is to be effective, we must maintain bus service in the interim. And, we must be prepared to have bus, rail and other forms of transit ready to mesh smoothly with the Metro when it does start operating.

I was pleased to join the distinguished chairman of the Senate Committee on the District of Columbia when he and I were junior members of the committee in the last Congress in obtaining Senate passage of a bill to authorize, if necessary, a public takeover of local bus service.

Two years have passed, and the evidence supporting the necessity of such a move has continued to accumulate. I wish to commend my former colleagues, the distinguished chairman of the House Committee on the District of Columbia and the chairman of the Subcommittee on Business, Commerce and Fiscal Affairs for moving to schedule these hearings. I want also to commend the Secretary of Transportation and his department, and the Washington Metropolitan Area Transit Authority, for their work in developing the legislative proposal we have before us for examination. As ranking minority member of the Senate District Committee and as one who has long been deeply concerned over the maintenance and development of mass transit for the three million residents of Metropolitan Washington, I pledge myself to do all in my power to help bring about speedy and equitable legislative action.

STATEMENT OF O. ROY CHALK—Resumed

URGENCY OF LEGISLATION

Senator MATHIAS. Without arguing the merits of the various amendments that you propose, Mr. Chalk, what effect would the attempt to amend this legislation have on the time frame within which we are working? I know, as you have pointed out in your statement,

you are concerned about inordinate delay, when substantive amendments would obviously require a great deal of time if we have to go back to the Maryland and Virginia Legislatures which are not currently in session.

Mr. CHALK. I do not believe it would be necessary to go back to the Maryland or Virginia Legislatures because this is substantially within the framework of the existing Bill, at least I have been so informed by Counsel. The time factor is workable, providing, of course, disposition of the present hearings and a conclusion and a recommendation were made to the Committee as a whole with the contemplated recess, through, which I would imagine that most of these things could be ironed out in time for the opening of Congress, which I understand will follow September 4.

Senator MATHIAS. Suppose, however, that we are advised that it would require a return to Annapolis and Richmond. We get ourselves into a somewhat difficult situation in considering amendments at this time.

Mr. CHALK. To the extent that it would require referral to Maryland and Virginia, I would withdraw my request for any specific amendment that would require that.

Representative BROYHILL. Would the gentleman yield?

Senator MATHIAS. Certainly.

Representative BROYHILL. When we discussed this yesterday, as the gentleman may recall, it was suggested that if there is any question as to this necessitating a further ratification on the part of the Legislatures of Virginia and Maryland, we could accomplish the same objective by spelling out the intent of the Committee and of the Congress in the legislative report.

Mr. CHALK. It would be satisfactory, sir.

Senator MATHIAS. I think it is useful to get on the table exactly where we are in this.

Mr. CHALK. May I make one more comment?

The reason that I suggested the possible amendment to include specifically the Department of Transportation on an interim basis as a means of takeover, was for the purpose, if it should develop that there were some hangups in Virginia or Maryland, or for some technical reason, financial or legal, it would be possible for DOT to step right in and avoid any delay.

Senator MATHIAS. Moving from that point, I think you have made it clear that you would waive any of these requests if it did involve return to the States.

Let me ask you what may be a somewhat philosophical question. You point out in your statement that you stand on not only the desirability but the need to reduce traffic on the streets. We are in an air pollution alert today, which is primarily generated by automobile traffic. You talk about the improvements that have been made in your company under your management and the investment made—I think the figure you used was \$45 million in improvements.

Mr. CHALK. That is correct.

PASSENGER DECLINE

Senator MATHIAS. And yet, from 1967 to the present time, the passengers have dropped from 169 million to 130 million, which is nearly 25 percent of your total number of riders. Why is this happening?

Mr. CHALK. Well, there is no simple answer to that question. There are a number of very important contributing factors. I would say the failure on the part of the municipal authorities to enforce laws and control traffic is probably one of the most glaring omissions and one of the most contributing causes of the downtown congestion problem.

I have for years requested such improvements as all bus lanes, or center lanes for buses only, as you have in many of the major cities throughout Europe and throughout the world where bus traffic really moves at the rate of 30 to 40 miles an hour through the center of town. This is impossible in Washington under the manner in which the Police Department controls the traffic, and maybe it is not the Police Department, it is a combination of all municipal authorities who do not give the right of way to the bus transit operator. He is a second-class citizen next to the automobile, which gets the highest priority on the open roadway, and there is nothing we can do about it. If the automobile were not there, the buses would move.

Senator MATHIAS. Of course, the figures I cite are combined figures for all of the operating companies in the area, but, let me ask you further: In the light of your experience, is it going to be necessary for public management to ultimately get this kind of operating arrangement with the municipal authorities, not only in the District but outlining areas?

Mr. CHALK. I would say that is a good possibility that the pleas of a municipal or rather a government agency would be listened to by municipal authorities quicker than from private enterprise.

Senator MATHIAS. But what I am asking you is, is this going to be the price of public acceptance in the long run? Is this going to be the way we can establish the kind of efficient bus service that the public will come back to?

Mr. CHALK. I do not know. I do not think I could predict. It all depends on the manner in which it is operated. It is possible that the subway might reduce the traffic on the top surface. I am not sure one way or the other.

Senator MATHIAS. Thank you.

Mr. CHALK. The issue is in doubt, in other words.

Representative CABELL. Mr. Abernethy?

Mr. ABERNETHY. Thank you, Mr. Chairman.

Mr. Chalk, I think your statement contains some views and recommendations and, no doubt, some amendments which certainly are worthy of consideration by this Committee. I want to commend you on the statement and particularly for your suggestion that as to your employees who have a stock in this situation, and their interests should be protected. And I thoroughly agree with and commend you for calling such to the attention of the Committee. I can see that there are going to be some complications in effecting the integration of the Systems.

PUBLIC OWNERSHIP

As is well known, I am not one who generally favors the operation of utilities by the general public, by municipalities or by government, I think I am going to go along with this because it seems that that is the direction in which all of the dominoes are falling, and that is what everyone seems to want. But frankly, I do not like it. I am a private enterprise man, was reared with in that philosophy. The idea of a Latin-like expropriation of property does not appeal to me at all, and that is what, in my judgment, this amounts to. I think all three of these utilities are more or less being placed under the gun by some disgruntled riders. The Press and others, and you have no choice but to accept. While you need not comment, I think maybe that is your feeling about it; that you have no choice other than to just sell out, just like your predecessor did when he was wrongfully run out of this city.

I think you have done a pretty good job with a tough situation here. There are no traffic lanes in the City. One cannot drive an automobile through this town, much less a bus, at a reasonable speed. I would not dare drive down through the business section of Washington enroute to the Northwest area where I live, because I would be about an hour late getting home. And I know there has been a reduction in riders and that may be attributable to the fact that there are probably twice as many automobiles on the streets of this City today as there were ten years ago. Next year there will be less riders on the buses because the traffic will further slow down the buses.

This is not said in defense of you, it is just simply said in what I think to be a statement of the facts.

AMENDING THE LEGISLATION

I am not impressed with the idea that was expressed yesterday, although I think they were all very sincere, that we cannot amend this legislation. I take the position that any amendment that is within the compact we can do. That which is beyond the compact, we can do but it would require that the compact be amended, and that, I think, should be avoided. I do not know that you were here yesterday. It was suggested that we could not limit the acquisition clause as related to D.C. Transit; that is, to the operating facilities, the buses and so on, and omit the capital stock and real estate. I think we can. I do not think such would make a bit of difference in the world, because that is within the compact and certainly not outside. That is less than the compact authorizes and anything that is less than the compact authorizes I think can be done in a sound, legalistic manner. In fact, that is what you propose in one of the amendments in the earlier part of your statement here, and I agree with you.

One thing that I think is very ambitious and hardly attainable is the consummation of this matter by October 31. Here we are approaching the middle of August, and October 31st is just two and one-half months away. I know something about the Hill, and so do you. You do not really entertain any opinion that this may be done by that time, do you?

Mr. CHALK. I think it could, yes.

TIMETABLE

Representative ABERNETHY. Well, then, am I to understand that there are negotiations going on now between these transit companies and the Commission at a level that it is possible to do this by the 31st of October?

Mr. CHALK. Speaking for D.C. Transit, I would say those negotiations are proceeding along those lines with the target date on or about October 31st or as soon after that as is practicable.

Representative ABERNETHY. Well, that is just what I was talking about; as soon after as is practical. I hope it can be done. That is a desirable goal, and I hope it can be done.

CONDEMNATION PROCEDURE

I do not exactly understand the recommendation that you made beginning on page 8 and concluding on page 9, the amendment with regard to the courts and legal proceedings. Would you just in plain language explain to me what you intend by this? This is contrary, as I understand it, to the three-judge court?

Mr. CHALK. No.

Representative ABERNETHY. It is not?

Mr. CHALK. No.

Representative ABERNETHY. What is this, then?

Mr. CHALK. It is merely that the venue—you have four companies involving two in Virginia, one in Maryland and one in all, and if any of these companies feel that their interests would be better protected in their own State, then they should have the right to object to a venue in another.

Representative ABERNETHY. But with the same judge—

Mr. CHALK. With the U.S. District Court Judges in their State.

Representative ABERNETHY. But the same judges, Tom, Dick and Harry, the Honorable Tom, Dick and Harry?

Mr. CHALK. Yes, sir.

Representative ABERNETHY. Would hear all four, three or four, cases?

Mr. CHALK. The Judges of the District Court in Northern Virginia are one set of judges; there would be either three judges in the Northern Virginia Area, three Judges from the Maryland Area at Baltimore or three Judges from the District.

Representative ABERNETHY. Well, then, you do suggest a very marked departure which I envision could create a considerable, might create some problems. You know, we lawyers do not agree often and when you have three Judges sitting in the District, and three sitting in Virginia and three other Judges sitting in Maryland, it just appears to me that is going to be a rather complicated situation.

Mr. CHALK. We are not suggesting that nine Judges sit on this. Just an election as to venue be made and then three Judges in that particular area in the United States District Court will sit, not nine, just three.

Representative ABERNETHY. Well, you mean there would not be three Judges—you mean the three Judges would just sit in different places, is that it?

Mr. CHALK. There would be three Judges say, in Alexandria, Virginia, and—

Representative ABERNETHY. Would they not be the same three Judges here in your case here in the District of Columbia?

Mr. CHALK. I am sorry?

Representative ABERNETHY. Would those be the same three judges that would hear the matter within the District of Columbia?

Mr. CHALK. Well, no. I suggest that it could be heard in Virginia or Maryland or the District, but once the venue has been established, the three judges in that particular district would be designated by the chief judge of that district and they would hold court to hear the case of one company.

Representative ABERNETHY. Well, we would possibly then have nine judges, the three courts consisting of three judges each?

Mr. CHALK. Well, if one company wanted it in Maryland, there could be three judges from Maryland; if another company wanted it in Virginia, there could be the three judges sitting in Virginia; and if another wanted it in the District, there could be three in the District. But, there would be only three on any one case.

Representative ABERNETHY. I understand. Well, I think I understood you the first time. This bothers me a little bit. I can see the merit in it, though. I do not like to be tried by a foreign judge. When I am to be tried I want to be tried by one of my own judges, and a jury of my peers in my own area.

Mr. CHALK. That is exactly it.

Representative ABERNETHY. I am a little bit afraid that it would create an unusual delay. I do not know.

Thank you very much, Mr. Chairman.

Mr. CHALK. Thank you, sir.

Representative CABELL. Mr. Broyhill?

EMPLOYEE PENSION FUND

Representative BROYHILL. Mr. Chalk, you mentioned the pension rights of some of your older, non-union employees. Is there a pension fund in your company for these employees?

Mr. CHALK. There is. The Union Fund is about \$20 million and the salaried employees is about \$5 million, I suppose.

Representative BROYHILL. So, in this negotiation on the sale of the transit facilities, you wouldn't be negotiating that. That pension fund would go with it, would it not?

Mr. CHALK. Yes, the pension fund would remain with the union, and management whoever they will be at that time.

Representative BROYHILL. The spokesmen for Metro said yesterday that they intend to employ the management personnel other than the top people; but in the unlikely event that they did not take these people, or all of the people for whom pensions are provided in the pension fund, what would happen with those pension funds? Would that go directly to those employees?

Mr. CHALK. Well, the employees would then be entitled to whatever their vested interest would be to receive the amount that they put in there. I would like that clarified so that not only would they receive

the amount that they put in there, but also the amount that the company put in there to protect them.

Representative BROYHILL. So, there is a pension fund that the employees themselves, as well as the company, have paid into?

Mr. CHALK. That is correct. I would also them to have the option of going on pension if they did not want to take their money.

Representative BROYHILL. Are those funds available?

Mr. CHALK. Here in a bank in Washington.

TROLLEY SYSTEM

Representative BROYHILL. You also made reference to the conversion of the trolley system to an all-bus system. In fact, on page 2 of your statement, you say that in the process you sacrificed a \$30 million smooth-running, air pollution-free trolley car system.

I recall that when that was being advocated, no one was pollution conscious, so far as air pollution is concerned. Do you feel, Mr. Chalk, that it was a wise decision to make this conversion?

Mr. CHALK. No, I do not. I feel that the city would have benefited by continuing that trolley car system. First, it was a transit line, and when that trolley went through the center of town it moved fast and everybody got out of the way, and it was pollution-free as developed. So, had we retained it, I think we would have had a big plus for the city. But, that is past history.

Representative BROYHILL. Well, in light of the consciousness of the pollution problem at this time, if it was deemed desirable to go back to that system, could any of these original tracks be salvaged now? I know you removed some of them, but you covered over some of them also. Would there be anything that might be salvageable?

Mr. CHALK. That would be thoroughly unpracticable to consider that.

Representative BROYHILL. Unpractical?

Mr. CHALK. Some cities are talking now about putting in trolley car systems. I think I read recently up in Canada where they are considering the possibility of putting in trolley car systems as a means of solving their pollution problems.

Representative CABELL. Will the gentleman yield? Are you referring to the trackless trolley or trolleys on tracks?

Mr. CHALK. The track trolley.

Representative CABELL. Going back to tracks?

Mr. CHALK. Yes.

Representative CABELL. Excuse me.

PERSONNEL

Representative BROYHILL. Your name was bandied around yesterday. We talked about the white collar personnel and management personnel being transferred over, and the Metro people said they were not talking about the top people, so apparently they were not considering drafting you for the management of this company, if it is taken over by Metro.

Mr. CHALK. No. I believe I will be terminated.

Representative BROYHILL. Would you be available at some price?

Mr. CHALK. I might be available for nothing. It is not the price at this point. If I can be of any service to the City and the Authority, I have told them it is not a question of money. I will be delighted and I think in the transition from private to public I could be very helpful. Some of my advice is pretty good if they would listen to it.

Representative BROYHILL. That is all I have, Mr. Chairman.

FARES

Representative ABERNETHY. Mr. Chairman, I would just like to go back to one thing. I think the public, not that it is being done intentionally by anyone, is being led to believe that we are going to have lower rates. Personally, I do not think so. I mentioned a moment ago that I favor private industry and I do. I just do not think government can run a utility better than a group of individuals who have a profit motive. And, after all, this government is being run on a deficit, a tremendous deficit of \$25 to \$35 billion a year, which is an example of government operation of business. And I do not look forward to public-owned utilities in the District, and this change-over bothers me. I have some doubt that it is going to be good for this City. I think the integration of the System will be good. I am happy to see that come about. Such may be the price that we will have to pay in order to get an integrated system.

Thank you again, Mr. Chairman.

Representative BROYHILL. Would the gentleman yield?

Representative ABERNETHY. Yes.

Representative BROYHILL. I share the concern expressed by the gentleman from Mississippi, and it is with a great deal of reluctance that I have resigned myself to the fact that public ownership is inevitable. But, I think the law of diminishing returns has set in in the urban transportation business, and that we have learned that throughout the country, local public transportation systems cannot be operated on a profitable basis without a public subsidy. So, I think the only decision here is whether we shall have public ownership or a subsidy. Now, I notice in the Friday morning edition of the Washington Post that the Northern Virginia Transportation Commission has voted for a subsidy for the elderly riders if and when the take-over occurs out there. But this fare reduction would be subsidized by the local government.

Representative ABERNETHY. Off the record.

(Off the record discussion).

Representative BROYHILL. But if there are any other further subsidies provided, the cost thereof would have to be provided by the local community. As the Delegate from the District of Columbia has suggested, he wants to have free rides for the citizens of the District of Columbia, but I think he has the idea that the cost would be provided by additional separate Federal payments rather than in this particular program. That is something he will be advocating later.

Representative ABERNETHY. You mean the rest of the country is going to have to pick up these fares?

Representative BROTHILL. Well, the Delegate from the District of Columbia is not here this morning but I am sure he is very much concerned with what is happening in these hearings because it does affect his people. But, he is not here this morning, but that does not mean that he is not interested in the subject, I am sure.

Representative CABELL. Mr. Gude, any questions?

Representative GUDE. Thank you, Mr. Chairman.

You know, I would just like to say that the law of diminishing returns has set in and reluctantly we have to move to public ownership; in part, it is necessitated by the completion of METRO and the necessity to tie, our best system together very closely with our mass transit system.

Thank you, Mr. Chairman.

Representative CABELL. Before calling the next witness, the Chair would like to take this opportunity of supplementing somewhat the very sage remarks of the gentleman from Mississippi. I think the general public ought to realize that the acquisition that is contemplated will not in any sense result in materially reduced fares or free fares. The most that can be anticipated, in the humble opinion of the Chair, is that there could be provided better service throughout the integration of the various lines involved and that could result, and should result, in more modern equipment, more comfortable equipment, and in materially increased service by greater miles traveled for the same fare. But, it is highly questionable, unless somebody wants to vote a subsidy within their own jurisdiction that there could be any materially reduced fares to be contemplated by the action that we are considering at this time.

We thank you very much, Mr. Chalk, for your very fine statement and for your interest and your excellent cooperation.

Mr. CHALK. Thank you, sir.

Representative CABELL. We have enjoyed it.

(Subsequently the following comments were submitted for the record:)

WMATA COMMENTS ON AMENDMENTS TO H.R. 16119 PROPOSED BY D.C. TRANSIT SYSTEM, INC.

1. The suggested amendment to Section 2, "Statement of Findings and Purposes" on page 2, line 14, appears to be of little consequence and accordingly we would not object to this change.

2. We would object to the amendment proposed to Section 101(a) appearing on lines 5 and 6, page 3. This is a Compact Amendment which has been enacted by the legislatures of Maryland and Virginia in the same form as it appears in H.R. 16119. The amendment as proposed by D.C. Transit would be substantially different than the language indicated by Maryland and Virginia, and would require a reenactment in those jurisdictions. The apparent purpose of the amendment proposed by D.C. Transit is to preclude the Authority from acquiring the capital stock of D.C. Transit System, Inc. The Authority's position in this regard is that it does not intend to acquire the capital stock of the company, but only the assets of that company used or useful for the mass transportation of persons by bus. A statement to this effect could appear in the legislative history and, I believe, satisfy the ownership of D.C. Transit with respect to WMATA's intention.

3. The amendment suggested by D.C. Transit to Section 102(a), page 4, line 11, would enable the Department of Transportation to acquire the privately owned bus transit companies on an interim basis. We believe that this is unnecessary if

the bill is enacted as originally proposed. Further, we believe that the Department of Transportation would probably oppose an amendment of this kind since its function is basically to assist urban mass transit systems throughout the country but not to engage in actual operation of transit facilities.

4. We would object to the language proposed by D.C. Transit appearing at the bottom of page 4 and at the top of page 5, to the effect that acquisition of the transit systems must include the obligation to employ "all union employees, all non-union employees, all supervisory managing personnel, all attorneys and all managing officers under contract." The labor standards enacted in the Bond Guarantee Legislation require that "when the Authority acquires an existing transportation system, all employees who are necessary for the operation thereof by the Authority shall be transferred to and appointed as employees of the Authority, subject to all the rights and benefits of this title." We believe that this provision is sufficient to accomplish the purposes apparently intended by the suggested amendment. We will state for the record, however, that it is the intention of the Authority upon acquisition of the bus companies to offer employment to all the then existing employees, other than Mr. Chalk, himself and perhaps a half dozen others.

5. The amendment suggested on page 5, lines 4 and 5, appears largely innocuous except for the apparent intent to retain the right to operate sightseeing and charter services. These are important elements of any bus transit system and are necessary for the economic operation of such a system. One of the amendments to the Compact indicated by the Bond Guarantee Bill permits the Authority to engage in charter and sight-seeing operations "originating within the Zone" but excludes "individual-ticket-sale sight-seeing operations."

6. The new subparagraph (c) to Section 102 appearing on page 5, line 8, would express the sense of Congress of that acquisition of D.C. Transit being consummated prior to October 31, 1972. Since, as expressed, this suggested amendment would not be mandatory, we would not be disposed to opposing it. However, the date for acquisition appears to be somewhat unrealistic.

7. The suggested amendments appearing on page 6, line 4, and page 7, line 4, are consistent with the amendment proposed with regard to authorizing the Department of Transportation to acquire the companies on an interim basis. Our comments on these suggestions are therefore the same.

8. The amendment proposed to the condemnation procedure, page 9, lines 10-14, and page 10, lines 1 and 2, would provide an option for any of the companies being acquired to select any of three United States District Courts in Maryland, Virginia, or the District of Columbia for trial of a condemnation action. If the Congress determines that it wishes to grant the companies this right, the Authority would have no objection. Our proposal to consolidate all actions within the United States District Court for the District of Columbia was designed for convenience purposes and to limit the number of judges who would be required to expend their time in hearing these cases.

9. The suggested amendment to Title V is a matter for the Congress to determine with respect to the authority it wishes to confer on the Comptroller General of the United States.

Is Mr. Donald M. Haddock in the room? Counsel for the A.B. & W. Transit Company? Do you want to come forward with such members of your staff as you have with you, sir?

STATEMENT OF DONALD M. HADDOCK, COUNSEL, A.B. & W. TRANSIT CO., ACCOMPANIED BY RICHARD LAWSON, GENERAL MANAGER

Mr. HADDOCK. Mr. Chairman and Members of the Committee, I am Donald M. Haddock and I represent the A.B. & W. Transit Company, and I have with me Mr. Richard Lawson, who is the General Manager of the Company.

Both A.B. & W. and I appreciate the opportunity to appear before this Committee and to comment on H.R. 16119, which is before you.

PRESENT OPERATIONS

We are not here to speak against the Bill in its entirety. At the present time A.B. & W. revenues are providing a slight profit, however, we have a labor contract to be negotiated in November of this year and fully expect that a request for an increase in fares will be necessary immediately thereafter. An increase in fares invariably results in some loss of ridership. It is our belief, however, that A.B. & W. has not reached the point of no return relative to fare increases, and we believe with a reasonable fare increase we can thereafter continue to operate and have sufficient revenues to continue the calibre of service we have been operating over the past fifty years.

Notwithstanding the foregoing, it is apparent to us at this point in time that the general public is of the opinion that there is a clear need for a unified Washington-Metropolitan area transit system encompassing the four transit companies which are the subject of H.R. 16119. We do not feel at this stage of its development that we could be very effective in reversing this trend of thinking. We therefore do not oppose H.R. 16119 in its entirety for we feel such opposition at this time would be futile.

CONDEMNATION PROCEDURE

We do, however, oppose one portion of the Bill in its present form, that being "Title IV—Condemnation Procedure." Title IV, insofar as we object to it, provides in the event of condemnation by the Transit Authority, the condemnation proceedings would be held in the U.S. District Court or the District of Columbia. In the event H.R. 16119 is enacted into law and in the further event the Transit Authority proceeds to acquire A.B. & W., we are hopeful and optimistic that through negotiations an amicable settlement can be reached to provide for the orderly transition of our company into a public instrumentality. We are aware, however, that an agreement might not be reached and condemnation proceedings are a possibility.

A.B. & W. is a Virginia corporation with its principal place of business in Alexandria, Virginia. It owns no property, real or personal, in the District of Columbia or elsewhere outside of Virginia and operates no intrastate routes within the District of Columbia. It does transport riders into the District of Columbia, but here again, these riders are principally Virginia residents. We are a Virginia company and feel that in the totality of things we have very little contact with the District of Columbia. We feel if the unhappy event should occur and we must be condemned after fifty years of serving Northern Virginia, the proper place for such proceedings is in Virginia. We are advised that the officials of WMA Transit Company, the Maryland line, feel similarly in regard to having any proceedings which must take place in Maryland.

AMENDMENT PROPOSED

In line with this feeling we are presenting a proposed revision to Title IV of H.R. 16119 which we urge this Committee to incorporate into the Bill prior to reporting it out (a copy of the revision is at-

tached hereto). We have discussed this revision with Mr. John R. Kennedy, General Counsel to the Transit Authority, and he informs us the Authority has no objection to it. In fact, the proposed revision is identical to one of the earlier drafts of this Bill prepared by the Transit Authority with the approval of the Department of Justice. In essence, the revision provides that condemnation proceedings, if necessary, against A. B. & W. would be by the U.S. District Court for the Eastern District of Virginia and against WMA by the U.S. District Court for the District of Maryland.

We would like to point out that the changes set forth in the proposed revision are wholly consistent with 40 U.S.C. 257 and 28 U.S.C. 1358, 1403 which would govern the condemnation in the absence of this Bill and are also wholly consistent with the present provisions of the Metropolitan Area Transit Regulation Compact. We do not feel any delay in the condemnation proceedings would be affected by the proposed revision—in fact, the revision could well facilitate the proceedings.

(The proposed amendment attached to Mr. Haddock's statement follows:)

PROPOSED REVISION OF TITLE IV, CONDEMNATION PROCEDURE

SEC. 401. (a) Proceedings for the condemnation of property, wherever situated, of D.C. Transit System, Inc. and its subsidiary, the Washington, Virginia and Maryland Coach Company, shall be instituted and maintained in the United States District Court for the District of Columbia pursuant to the Act of December 23, 1963 (77 Stat. 577; Section 16-1351 to 1368 of the District of Columbia Code, as amended), except as modified hereunder. The Court shall have complete and exclusive jurisdiction over the subject matter of such condemnation proceedings.

(b) Proceedings for the condemnation of property, wherever situated, of the Alexandria, Barcroft and Washington Transit Company shall be instituted and maintained in the United States District Court for the Eastern District of Virginia. Proceedings for the condemnation of property wherever situated, of the WMA Transit Company shall be instituted and maintained in the United States District Court for the District of Maryland. The respective Courts shall have complete and exclusive jurisdiction over the subject matter of such condemnation proceedings which shall be instituted and maintained pursuant to the provisions of the Act of August 1, 1888, as amended (25 Stat. 357; 40 U.S.C. 257) and the Act of June 25, 1948 (62 Stat. 935 and 937; 28 U.S.C. 1358 and 1403), except as modified hereunder, or any other applicable Act

(c) Whenever the words "real property", "realty", "land", "easement", "right-of-way", or words of similar meaning are used in any applicable federal or state law relating to procedure, jurisdiction and venue, they shall be deemed, for purposes of this Title, to include any personal property authorized to be acquired hereunder.

SEC. 402. (a) In any proceeding in condemnation pursuant to this Title, the issue of just compensation shall be tried before and determined by a specially constituted three-judge panel appointed by the Chief Judge of the United States District Court in which such proceeding is instituted.

(b) Proceedings in condemnation pursuant to this Title shall be commenced by the Attorney General of the United States, upon the request of Transit Authority, by filing with the Court a complaint and Declaration of Taking containing a description of the land and other assets to be taken, together with a sum of money deposited with the Registrar of the Court in accordance with the applicable laws set forth in Section 401 of this Title.

(c) Upon such filing and deposit, title to and possession of the assets described in any such complaint and Declaration of Taking shall pass to the Transit Authority and the value of the assets so acquired shall be determined as of that date.

(d) The trial of any proceedings instituted pursuant to this Title shall be a

preferred cause and shall be commenced at the earliest date convenient to the Court.

Mr. HADDOCK. Mr. Chairman and Members of the Committee, that concludes the written statement I have, but having sat here for two days I have a couple of other observations that I would like to make to the Committee.

CONDEMNATION PROCEDURE

As you all are well aware, condemnation is probably the most powerful force or power that the Federal and State governments have, and it is one that has always been construed very strictly and, in effect, it takes private property away from a private individual for private purposes. Historically, the condemnation proceedings have been held wherever the property was located. In the case of A.B. & W. obviously that would be Virginia, and under present Federal law, which already provides for condemnation by the United States Government of property needed for public purposes, the present law, as set forth in 28 U.S.C. 1403 provides that any condemnation of real estate shall be in the District Court for the district in which the real estate is located.

It has been pointed out in questions that have been asked by the Committee that the procedure which I have asked as a revision would require perhaps nine judges. In my proposed revision, we do provide for a three-judge panel. We are not, however, wed to the three-judge panel. That was provided because it is our information that WMATA thought that would be an extremely fair way to do the thing, but it is not necessary that nine judges be involved. Only three, one in each jurisdiction would necessarily have to be involved, if the Committee saw fit to revise the proposed legislation in that way.

Furthermore, on the question of delay in the proceedings which have been raised by the Committee, frankly, I do not think any delay would be occasioned by having the three separate jurisdictions. And, in fact, it might even be quicker for this reason: I think it was assumed, at least in some of the discussions that I heard yesterday that if you condemned all of the companies in the District Court for the District of Columbia, that you would have a mass proceeding in which there was one condemnation proceeding against all companies. Well, I do not think that is the case and I do not think it is possible. I think that even if the proceedings are held in the District of Columbia that they are going to be seriatem; they are going to have to hear one case and then the next case, and then the next case. So, actually, by putting it in three jurisdictions you could conceivably have the condemnation proceedings going on concurrently in the District, in Maryland and in Virginia which could not possibly, I do not think, be the case if all three of them were before the District Court for the District of Columbia at the same time.

Mr. Lawson and I will answer any questions that we can.

Representative CABELL. A.B. & W. is a wholly-owned subsidiary of—

Mr. HADDOCK. No, sir. That is the WV&M which is the wholly-owned subsidiary of D.C. Transit. We have absolutely no connection with D.C. Transit.

Representative CABELL. I wanted to clarify that in my own mind and I am sure the record will show that.

In your reference to change of venue, do you not feel that you would get a fair hearing in the Federal District Court for the District of Columbia? Now—

Mr. HADDOCK. Congressman Cabell—

Representative CABELL. Now, I will withdraw that question. I had not realized that that would put you on the spot.

A. B. & W. COMPANY

Mr. HADDOCK. I would like to respond to this question in that way, and appreciate your withdrawing that portion of it. A.B. & W. is a family-owned operation. It has been in business in Northern Virginia for over 50 years now. We feel that we have got an extremely good reputation in Virginia. Obviously, some buses do not get there when they are supposed to, some break down but, overall, we feel like we have got a real good image in Northern Virginia. And we feel like the judges in the Eastern District of Virginia are probably familiar with that image and, therefore, we feel that we would get a very fair treatment for any panel of judges chosen from the District Court in Virginia.

Representative CABELL. Well, I will not pursue that matter any further.

Mr. Broyhill?

Representative BROYHILL. Mr. Chairman, I should like to verify, as well as amplify, what Mr. Haddock has said regarding the A.B. & W. Company. It is a family-owned and operated company and has been in operation for approximately 50 years. It is a part of the community. Its officers and directors are part of the community. They belong to the service clubs, the business associations, the churches, and the civic associations of the community, and they have maintained excellent public relations over a period of years. There is no question in my mind that if the A.B. & W. management were operating a consolidated system within the District of Columbia, you would not have had such a hue and cry about running this company out of town. I commend them for their excellent service to their community over a period of many years, and it is very difficult to maintain a good public relations atmosphere when you have so many people inevitably complaining about service regardless of how well you operate that service.

RIDERSHIP LOSS

Now, you mentioned, Mr. Haddock, the loss of riders which occurs every time you have a fare increase. If your company is not acquired, and if you have to provide for a wage increase, and therefore must request a fare increase, will this result in a loss in the total number of riders?

Mr. HADDOCK. Historically, that is fair to say, at least, immediately after the fare increase. But, of course, with the area growing as it does over a period of time, you pick up new riders, and not necessarily the ones that may have ceased to ride after the fare increase. But, the total

ridership I think reasonably comes back up, and above and continues to expand.

Representative BROYHILL. Well, then, we face the problem that with the obvious increase in the cost of operation, both in equipment and wages, and a population growth in the community, your riders are not increasing in proportion to your expenses and the growth of the community?

Mr. LAWSON. That is a fair statement; yes, sir.

Representative BROYHILL. So, as time goes on, this is going to mean that a smaller percentage of the people in the community or in the area will be riding public transportation.

Mr. HADDOCK. I would say, yes, sir; proportionately.

ACQUISITION PROPOSED

Representative BROYHILL. And, finally, Mr. Chairman, we have been discussing quite a bit the question of acquisition of stock versus facilities, and I recall that in discussions with this company when the previous legislation was drafted, the one that had been ratified by the State Legislatures, that the A. B. & W. Company was concerned about the acquisition of its stock as well as its facilities. Would you care to explain to the Committee, Mr. Haddock, why you feel that the stock of A. B. & W. should be acquired?

Mr. HADDOCK. Yes, sir. I think that really frankly, complete acquisition of the stock would really facilitate the transfer much more so than the acquisition of the individual buses, real estate and so forth. The difference between our company and, for instance, D.C. Transit, is that we do not do anything but operate a bus company. We do not have any individual interests, any properties, any equipment, that is not devoted to the operation of the bus company which we have been operating. For that reason, to take over the stock; when you took over the stock, if you did, you would take over the entire operating union. You would get no surplus. I mean, there would not be a piece of property that is devoted to a park, or an automobile or something that is not an integral part of the bus service. We feel that it would facilitate the take-over at such time that it would occur and that it would possibly and probably be in the financial interest of both the government and ourselves.

PERSONNEL

Representative BROYHILL. How about personnel, management personnel? Do you have any salaried personnel at the top level who are not full-time productive employees of the company?

Mr. HADDOCK. That is not—no, sir; I do not believe we do. We obviously have a Chairman of the Board who receives a very minor stipend for his duties who is available for his advice when needed. But, so far as any salaried employees at the top of the ladder, who are not putting in a full 40-hour week or better; no, sir; I do not think so.

Representative BROYHILL. Are you advocating that your full-time salaried employees also be transferred?

Mr. HADDOCK. It would be our hope that every employee we presently have who chooses to remain would be retained in the service of the company; yes, sir.

Representative BROYHILL. That is all, Mr. Chairman.

Representative CABELL. Mr. Haddock, in taking over the stock of your concern, do you have within your corporate setup any long-term contracts of employment other than your normal Union contracts for drivers and others and so forth?

Mr. HADDOCK. No, sir, we do not.

Representative CABELL. The reason I asked that question is because obviously if you take over the companies, you would take over all assets as well as liabilities, and a contract outstanding would certainly be one binding thing on the new ownership.

Mr. HADDOCK. That is correct. And that is certainly not our purpose, to lock anybody into employment contracts. We, obviously, do have a labor contract but so far as the actual management is concerned, we have no long-term employment contracts which anybody would be buying by virtue of buying our capital stock.

RETIREMENT FUNDS

Representative CABELL. Do you also have retirement funds?

Mr. HADDOCK. Yes, sir, we do. And it is my understanding that at the present time it is 100 percent fully funded, such that there would be no problem in that regard.

Representative CABELL. The Chair would make the same request of you that he did of Mr. Chalk. Will you provide for the record an appraisal of the values involved?

Mr. HADDOCK. Yes, sir, I have the same problem—

Representative CABELL. Again, with the express understanding that by so doing and by our making that a part of the record, that is not binding upon the negotiators or the courts, but is to comply with the rules of the House with reference to such legislation.

COST OF ACQUISITION

Mr. HADDOCK. Mr. Chairman, as I say, I have the same problem as Mr. Chalk has. We have had appraisals of property. They are not current. We are in the process of beginning to obtain current appraisals. The best information that I could give you, which is purely a round figure, ball park type of figure, would be approximately \$12 million for all facilities that we operate in the bus business. And we have no others, so—

Representative CABELL. Well, if you will identify that as such, when you provide it for the record. Well, we have done that in the colloquy as far as that goes here.

Mr. HADDOCK. Yes, sir.

Representative CABELL. That is fine.

Well, thank you very much, gentlemen, for being with us this morning and thank you for your testimony.

Mr. HADDOCK. Thank you.

Representative CABELL. Without objection, we will include in the record at this point statement of Congressman Hogan of Maryland.

**STATEMENT OF HON. LAWRENCE J. HOGAN, MEMBER OF CONGRESS
FROM THE STATE OF MARYLAND**

Mr. HOGAN. Mr. Chairman, I have always been dedicated to free enterprise. However, recognition of the public interest and an impossible fiscal situation for local bus transportation companies has forced me now to support and even encourage public ownership for companies such as the WMA Transit Co. Today I urge the early passage of H.R. 16119 with one amendment.

Let me cite a little history of WMA which provides public bus transportation for much of my district as well as the transportation in and out of the District of Columbia.

Up until the time of the riots in Washington in 1967, the WMA Transit Co. was a profitable company regulated as to rates. From 1968 on, it has lost \$300,000 annually. The WMA Transit Co. has been a good corporate citizen and rendered good service. It is run by local people. It does not have the resources of the D.C. Transit. It cannot continue to run at a deficit which, this year, may be as much as a half million dollars. Yet, the traffic problem for the area becomes greater every day for those who ride over the District line.

WMA Transit Co., through an expansion program between 1961 and 1967, provided new service to 250,000 residents of Prince George's County who had previously not been provided with bus service by WMA, most of whom commute to Washington. Passengers rose from 2,167,264 to 6,553,690, an increase of 4,386,426 or 202.39 percent; at the same time, mileage operated rose from 810,141 miles to 3,861,139, an increase of 3,050,998 miles or 376.60 percent. Ridership for this increased service averaged only 1.44 passengers per mile, which lowered the service efficiency—measured in passengers per mile—by 47.2 percent from its peak in 1963.

If WMA Transit Co. had not expanded its area of operations, but had instead concentrated its entire effort in its original service area—as D.C. Transit has—service efficiency would have been stabilized or improved. The increase in service efficiency between 1961 and 1963 was completely within the original service area.

If WMA had concentrated on its original service area instead of expanding its service area, 250,000 Prince George's County residents who now have service would be without any bus service.

The WMA Transit Co. has overextended itself in an effort to provide service to as much of Prince George's County as possible. The cost of providing this service to these 250,000 residents has been borne by the company itself.

Other area transit companies have received many fare increases from 1961 through 1971. WMA requested and received a fare increase in 1963. After a 40-day strike in December 1968—January 1969 WMA had three fare increases. At the time of the last fare increase the Transit Commission projected a 7-percent loss in passengers. Actual passenger loss for 1971 was 12½ percent and the first 3 months of that period were at the lower fares.

In November 1971, WMA Transit Co. requested certain curtailments and changes in scheduled service from the Transit Commission in lieu of a fare increase. WMA was granted only 50 percent of the request due to expectation of relief from some governmental agency. Washington Metropolitan Area Transit Commission Order No. 1197 has been held open for further action. This order says:

We (Washington Metropolitan Area Transit Commission) will hold this docket open against the possibility that we may be required to take further action if timely public assistance is not forthcoming.

If assistance is not forthcoming, what would be the answer? Certainly not higher rates with further loss of passengers. Service curtailment merely aggravates the problem in the Nation's fastest growing county—Prince George's. And bankruptcy of the WMA Transit would benefit no one. Prompt action by public acquisition is the only answer!

Part of WMA's problem involves taxes and D.C. Transit payments. WMA pays personal property, fuel and license taxes in Maryland without regard to earnings. It pays mileage, fuel and license taxes to the District, also without regard to income. It pays road, revenue, and license taxes to Virginia. Even this year the District's tax on motor fuels was *increased* from seven to eight cents per gallon. I protested to Mayor Washington, particularly since D.C. Transit paid no fuel tax at all. The reply was "I believe it would be best to continue all our efforts . . . through a comprehensive program". In short—no relief.

I then sponsored with my colleague from Virginia, Congressman Broyhill, H.R. 15994, a bill to exempt bus companies in the District area from payment of the motor vehicle fuel tax. That bill is still pending before this Committee. So we continue to penalize WMA.

We tend to forget that WMA is not the same company as D.C. Transit. We paint WMA with the same broad brush we use on D.C. Transit.

Year by year in the last decade, the D.C. Transit has lost passengers. The D.C. Transit has a poor financial record and a poor record of service. It pays no real estate, fuel or mileage taxes unless its profit exceeds 6.5 percent. It has a history of corporate controversy.

The WMA Transit Co., which serves most of my district, has doubled its passengers in the last decade, but mileage has increased four times while D.C. Transit's mileage has remained constant. WMA even pays the D.C. Transit 3.4 cents per mile on duplicated routes for providing service in the District.

In providing public transportation, the most perplexing difficulty is the peak load problem and the accompanying problem of scheduling drivers and equipment. This means overtime payments. Action on H.R. 7130, Fair Labor Standards Amendments of 1972, now awaiting conference, may create an insurmountable problem. The Senate by a vote of 47 to 46, in effect, voted to eliminate the overtime exemption of transit companies. Elimination, if enacted, would cost WMA an estimated million dollars annually.

From a financial situation already disastrous, WMA is now trending toward hopelessness.

AMENDMENT PROPOSED

I urge prompt action on H.R. 16119 but I recommend one amendment to the proposed legislation. In Title IV, Section 401, the condemnation procedures for the respective bus companies should be under the local jurisdiction. Proceedings of condemnation of WMA property should be instituted in the State of Maryland.

I hope the Committee and the Congress will move most rapidly to enact this legislation. Delay would result in virtual collapse of public transportation at a time when it should be expanding.

Representative CABELL. Is Mr. Miller, of the W.M.A. Transit Company here? Would you come forward, Mr. Miller? Yes, sir, and introduce yourself and your staff.

STATEMENT OF WOODROW MILLER, PRESIDENT, W.M.A. TRANSIT CO., ACCOMPANIED BY STANLEY H. KAMEROW, COUNSEL

Mr. MILLER. I am Woodrow W. Miller, President of the W.M.A. Transit Company, and this is Mr. Stanley H. Kamerow, our General Counsel.

I certainly do appreciate the opportunity to come before you gentlemen this morning. I spoke here before and I want to make this very brief. I think it has been covered fairly well. I think WMATA did an excellent job yesterday in presenting their case and most of us go along with that.

This Committee is well aware of the financial problems facing the mass transit industry in the Washington Metropolitan Area.

In my opinion, early passage of H.R. 16119 is absolutely essential to preserve the surface transportation system in the Washington Metropolitan Area.

This company has made every effort to acquire some type of relief, either through subsidy or by a takeover under existing laws, which we had hoped would give us relief until the completion of the subway system. However, despite the cooperation of the Department of Transportation, the Washington Metropolitan Area Transit Commission, and I might add there that their Executive Director, Doug Snyder, has tried to do a lot along this line in the past, and also is still working on it. I understand, and the Department of Transportation of Maryland and Congressman Larry Hogan has been trying to help us, we have been unable to get the help we need to assure our continued operation, and time is running out. It is problematical as to how long this company can continue to serve the citizens of Prince Georges County, Maryland, and the District of Columbia while sustaining a loss of approximately \$1,000 per day.

AMENDMENT PROPOSED RE CONDEMNATION PROCEDURE

We do, however, request one change in the pending bill.

And this change I am going to ad lib because all of the other companies have brought this out, and we feel that we should have jurisdiction in the State where we are domiciled.

Subject only to the foregoing, this company strongly endorses the pending legislation and urges its immediate passage. If you have any questions from myself or Mr. Kamerow, on our feelings on the change of venue, we would be glad to give them.

Representative CABELL. You have no further comments with reference to that other than this same amendment which has been requested by others who were domiciled outside of the District of Columbia?

Mr. MILLER. That is correct.

Representative CABELL. Thank you very much, Mr. Miller. Do you have another comment?

COST OF ACQUISITION

Mr. KAMEROW. It occurred to me, Mr. Cabell, that you might want to get on the record from Mr. Miller his evaluation.

Representative CABELL. Oh, thank you for reminding me of that, and so the Chair would make that same request to you.

Mr. MILLER. Mr. Chairman, we have not had our company appraised, as Mr. Haddock said, and probably a ball park figure, I would say, is about \$6 million.

Representative CABELL. That will be entered in the record as a horseback estimate.

Mr. MILLER. Yes.

Representative BROYHILL. That is net equity?

Mr. MILLER. Yes.

Mr. KAMEROW. No.

Representative BROYHILL. Net equity or—

Mr. KAMEROW. That is close.

Mr. MILLER. And we are like A. B. & W. What we have we use in the transportation business.

Representative CABELL. Thank you very much, gentlemen.

(Mr. Miller's prepared statement follows:)

PREPARED STATEMENT OF WOODROW W. MILLER, PRESIDENT, W.M.A. TRANSIT COMPANY

I am Woodrow W. Miller, President of W.M.A. Transit Company.

This Committee is well aware of the financial problems facing the mass transit industry in the Washington Metropolitan Area.

In my opinion, early passage of H.R. 13119 is absolutely essential to preserve the surface transportation system in the Washington Metropolitan Area.

This company has made every effort to acquire some type of relief, either through subsidy or by a takeover under existing laws, which we had hoped would give us relief until the completion of the subway system. However, despite the cooperation of the Department of Transportation, the Washington Metropolitan Area Transit Commission and the Department of Transportation of Maryland, we have been unable to get the help we need to assure our continued operation, and time is running out. It is problematical as to how long this company can continue to serve the citizens of Prince George's County, Maryland and the District of Columbia while sustaining a loss of approximately \$1,000.00 per day.

PROPOSED AMENDMENT

We do however, request one change in the pending bill.

This is a Maryland based company and we feel that Title IV Section 401(a) should provide for condemnation proceedings in our case to be subject to

removal to the U.S. District Court for the District of Maryland and that proceedings against the Virginia companies should be subject to removal to the U.S. District Court for the Eastern District of Virginia. A precedent for our position can be found in the Judicial Review Section of the Washington Metropolitan Area Transit Regulation Compact (Article XII-Section 17(a) which gives the companies the option of appealing decisions of the Washington Metropolitan Area Transit Commission to the United States Court of Appeals for the Fourth Circuit or the U.S. Court of Appeals for the District of Columbia.

Subject only to the foregoing, this company strongly endorses the pending legislation and urges its immediate passage.

Mr. MILLER. You are welcome.

Representative CABELL. Are Mr. Bierwagen, Director of Public Affairs for the Greater Washington Central Labor Council, and Mr. Apperson, the President of that Council, here? Would you care to come forward?

STATEMENT OF GEORGE W. APPERSON, PRESIDENT, GREATER WASHINGTON CENTRAL LABOR COUNCIL, AFL-CIO, AND AMALGAMATED TRANSIT UNION, LOCAL 689; AND WALTER BIERWAGEN, PUBLIC AFFAIRS

Mr. APPERSON. Mr. Chairman, my name is George W. Apperson, President of the Greater Washington Central Labor Council, and also Local Division 689 of the Amalgamated Transit Union. I have with me Mr. Walter Bierwagen, the Executive Officer of the Amalgamated Transit Union.

Representative CABELL. Be seated, gentlemen. You may lead with whoever you like. Now, if you would prefer to summarize your statement, that would be agreeable to the Chair, and we would be happy to insert it in the record, your full statement, if you choose.

Mr. APPERSON. All right. I would appreciate that. That would be perfectly all right.

I will try to summarize by reading certain portions of the statement. (The full statement of Mr. Apperson follows:)

PREPARED STATEMENT OF GREATER WASHINGTON CENTRAL LABOR COUNCIL, AFL-CIO, GEORGE W. APPERSON, PRESIDENT

I am George W. Apperson, President of the Greater Washington Central Labor Council, AFL-CIO. The Council represents approximately 175,000 members of organized labor in the Washington metropolitan area, the area to be served by the integrated transit system contemplated by H.R. 16119. The Council supports this bill. The employees represented on the Council and their families constitute a significant segment of the community which is served by the present bus system, and will be better served by the bus and rail system.

I am also President and Business Agent of National Capital Local Division 689, Amalgamated Transit Union, AFL-CIO. Division 688 represents, for bargaining, the 3,000 operating and maintenance employees of D.C. Transit System, Inc. (D.C.) and its wholly owned Virginia subsidiary, the WV&M Coach Co., Inc. Division 689 was chartered in 1916 and has been representing the employees of the major Washington area metropolitan transit systems since that time. Local Division 689 supports this bill. I want, at the outset, to express my appreciation for the opportunity afforded me to appear in support of this legislation.

The Maryland and Virginia legislatures have already recognized the need for integrating the bus and rail systems which are to serve this area and have enacted the Compact Amendments which will enable the WMATA to acquire the area's several bus systems. Those systems are now deteriorating rapidly under their

present ownership. It is essential that the rapidly accelerating pace of that deterioration be stopped immediately if the tremendous investment in the rail system now being built is to bear fruit. Without the bus feeder system, the rail system cannot properly serve the community. Unless the Congress acts now to add its consent to the legislation already enacted by the Virginia and Maryland legislatures, a tremendous additional investment will become necessary to revitalize the bus system.

From the beginning of its development in the Nation's Capital, we in the labor movement have recognized the importance of a viable, integrated and well-operated mass transit system to the well-being of our Capital City, and given it our unqualified support. I would be less than candid, however, not to admit that we have come only recently to the conclusion that public must be substituted for private ownership. But the critical situation here now, paralleling the crises in other great cities, has left us no other practical alternative. Those who work and those who live in the city, as well as the many millions of visitors who come here to visit and contribute so much to our economic wellbeing, need and deserve such a system. It is well recognized, but yet worth repeating, that a very large portion of our working men and women, particularly those in the low income groups, are almost entirely dependent on the mass transit system for transportation to and from their work. Access to schools, to stores, and recreational facilities for the old and the young, for the disadvantaged and the disabled, and the poor, can only come from a well conceived, well maintained and efficiently operated mass transit system. The present owners of the area's bus systems cannot maintain the present bus systems at an efficient operating level. Indeed, among the great cities and great metropolitan areas of our country, we are almost the very last to have to face that fact. I believe it is to our credit that we lasted so long with privately owned and operated systems. I am convinced that we must now face the fact that we have come to the end of the line. We need to move quickly, now, to preserve our bus system for the time, soon, when it will make viable the well-planned rail system in serving the community. Neither system can do the job by itself.

That we stand in immediate danger of the total deterioration of our bus system is most apparent from what is objectively observable as to the operation of D.C. Transit, the area's largest and most important carrier by bus. The Washington Metropolitan Area Transit Commission, the agency which is most familiar and which has the greatest amount of information about the local mass transit systems, pointed its finger directly at the problem in its recent decision on D.C. Transit System's application for increased fares. That Agency has said, and its order has already withstood challenge in the U.S. District Court for the District of Columbia, and in the U.S. Court of Appeals for the District of Columbia Circuit:

"We believe that the ratepayer and the Company have a reciprocal obligation. We believe that obligation requires that the Company give evidence that it can perform the services expected of it so that the ratepayer, in return for his contribution, will receive full value in the form of full services . . . The record here shows that the present capital structure and debt structure of [D.C.] Transit do not reflect economic and efficient management. Non-operating assets have not been employed as advantageously to the parent operating company as prudent management practice would dictate. Under its current capital and debt structures, Transit is unable to provide and replenish the basic tools of its trade, its rolling stock. Its chronic cash-short condition results in too few drivers, too few mechanics, too few bus cleaners, and too high an incidence of failure to provide basic service. We consider that less than efficient management. The unnecessarily high debt service requirement is uneconomic. Operating on the brink of insolvency is surely not efficient and economic."

The accuracy of the conclusions of the WMATC as to the efficiency of the service performed is unfortunately readily apparent. In addition to the many cuts in service which are officially approved as ridership falls off (in a seemingly endless circle), there are significant losses of service every day. These losses occur because the Company simply does not hire enough people to replace those who leave. Thus, in the month just past, July, 1972, as many as 90 or 93 blocks were dropped daily; the service was simply not provided even though required under the authorized schedules—because there were not enough men to do the work. The official record shows the following:

Number of blocks reported to WMATC as dropped each day by D.C. Transit for lack of manpower, July 1972

Date	Number of blocks dropped	Date	Number of blocks dropped
July 1 (Stat) -----	40	July 17 -----	48
2 (Sun) -----	53	18 -----	34
3 -----	(¹)	19 -----	58
4 -----	25	20 -----	42
5 -----	93	21 -----	73
6 -----	59	22 (Sat) -----	7
7 -----	77	23 (Sun) -----	9
8 (Sat) -----	20	24 -----	52
9 (Sun) -----	32	25 -----	14
10 -----	72	26 -----	27
11 -----	71	27 -----	15
12 -----	70	28 -----	41
13 -----	76	29 (Sat) -----	4
14 -----	90	30 (Sun) -----	4
15 (Sat) -----	13	31 -----	21
16 (Sun) -----	10		

¹ Service adjusted this day.

A missed block means not only that the passenger waits twice as long as he should for his bus, but also that when the next bus comes along it is overcrowded. The bus is therefore further delayed in arriving at its destination. People on the bus are late for work, for school, for meetings, etc. Obviously, in a large system, a few such occurrences are to be expected and tolerated. But when at least 70 blocks are missed on each work day of the week (July 10-14) the traffic problems created are significant. At the very least, more riders look for alternative means of transportation, or for changes in the place of work. Opportunities for learning, for training are lost. There is a discernible effect on the utilization of our area's resources. The community as a whole loses significantly. For some individual members of our community, the opportunities thus lost may never be recovered. At the very least, more riders are lost, more service cuts follow, more increases in fare are essential, and more jobs are lost.

This is a community concern. We must bring the process to a halt. Our only possible opportunity now is to stop this process by having the community provide the service.

Permit me for a moment to wear, more obviously, my hat as the President and Business Agent of the Union which represents the D.C. Transit employees. I know you are generally familiar with the problems the employees of D.C. Transit have experienced with the constantly recurring delays in making payments to the Pension Plan which the Company has inflicted on them. These stories are now public property. This city knows well the situation which has existed over the last 5 or 6 years during which the Company has arbitrarily withheld sums exceeding two million dollars from the Pension Fund. Many times, the amounts withheld included the employees' own money, contributed to the Pension Fund from their pay. As the WMATC has already pointed out, these operations are on the brink of insolvency; the Company is unable or unwilling to provide the operating capital needed to run the business. As of Friday, D.C. Transit owed approximately \$1 million of pension money (including approximately \$270,000 for employees nominally on the payroll of the Virginia subsidiary) and approximately \$260,000 of Health and Welfare money.

Most recently the public has been made aware of the continued failure of the Company to make necessary payments to the Health and Welfare Fund, as a result of which Group Health Association has asserted a significant loss of funds. It is unfortunately a fact that Group Health Association wrote a Senior Vice President of D.C. Transit on March 31, 1972 of the Association's desire to negotiate changes in the contract for providing service. At the end of July, Group Health asserted, and I believe that statement is accurate, that no reply had been received to the March 31 notice. The medical, surgical and hospitalization benefits are furnished employees on literally a hand-to-mouth basis, and are at this moment in serious danger of being cut off.

A failure to reply to urgent needs of the community and the employees is unfortunately typical of the Company at the present time. The present bargaining agreement between D.C. Transit and the representative of its employees is, by its terms, effective until October 31, 1972. I can say as I face you here today that the officials of the Company charged with the obligation to negotiate with the Union have given every indication that they have no intention of participating in any bonafide negotiations on the contract. Our every effort to get a meeting of the Pension Allowance Committee, meetings which are required by the contract, are disregarded. Most often Company members of the Committee will agree to come to a meeting, and then call it off by phone on one pretext or another. When at long last, after many months, I recently succeeded in meeting face to face with Company representatives on the Pension Allowance Committee, they brought none of their papers with them. Although we met face to face as members of the Committee, we were unable to have any meaningful discussion of important pension problems. The Company Committee members have refused to participate in getting for the Committee an actuarial study of the Pension Plan so that we can assess its actuarial soundness. I could continue with a long list of problems. The details are not really pertinent here. The important thing is to bring to you the sense of urgency we feel. The Company is not interested, by all the signs we see, in even halting the downward spiral of the service it is performing in the community. It certainly shows no evidence of any willingness to restore the tremendous losses already incurred.

The employees have been patient. They recognize these actions by the Company could make life so unbearable for them that a work stoppage would ensue. They recognize also that it would appear to the community that responsibility for the emergency was created by the workers. The employees and the community would both suffer. It is unfortunate that the community is not aware of the forbearance of the employees have themselves exercised. I cannot honestly say to you today that the employees will continue this way indefinitely. There is a basic, immediate need for operation of the system to be taken over to prevent further deterioration, Enactment of H.R. 16119, and its immediate implementation halt the rapid deterioration.

We would call to your attention that Section 102(a) of the Bill before you provides that it is the sense of the Congress that representatives of the WMATA should "participate" in any labor contract negotiations undertaken prior to acquisition by the Transit Authority of the bus companies. Ordinarily, "participation" by one not a party tends to have a chilling effect on labor negotiations. Such "participation" inhibits that free exchange which is essential if there is to be bargaining which is free and productive. In our view such participation is wrong, and should not be mandated.

There is no likelihood of real negotiations prior to acquisition. To legislate a "sense of Congress" provision which has no real likelihood of being meaningful is a mistake; especially is this so when, as here, the mandate is of doubtful utility. We urge that the provision be stricken. The legislation should address itself to the urgent need for takeover immediately, without even suggesting the possibility of a period of continuing ownership and control by the present management.

We would urge also that you give consideration in your deliberations on H.R. 16119 to providing an opportunity here in the Nation's Capital to give the "fare free" concept a fair try. The International President of our Union, John M. Elliott, addressing the Fourth International Conference on Urban Transportation, put it this way:

"Our historical attitude of looking upon mass transit as just another business which, although regulated as a monopoly, is entitled to increase its rates and reduce its service regardless of the consequences to the travelling public, has contributed perhaps as much as the private automobile to this decline. The usual results of this loss of patronage upon any public or private transit system required to operate out of its fare box have been higher fares, service cuts, inadequate maintenance, deterioration of capital plant and equipment, the layoff of employees and the payment of sub-standard wages. All of these conditions seriously impair the viability of that transit system as a public service.

"We, in the labor movement, are committed to the proposition that a sound public transportation system must have as its purpose to give service to all who

need it and not merely to those who can make it profitable. We are firm in our conviction that the revitalization of our industry should not be predicated upon inadequate wages paid to transit workers, but on the basis of equitable cost sharing by all those who benefit from mass transit.

"In addition to those who use the system, others who should be expected to provide their share of support in the form of tax supplements provided at the federal, state and local governmental levels, include property holders who benefit from the appreciation values of mass transit, as well as commuters by automobile, householders, and others who share in the benefits of reduced traffic congestion, noise, and air pollution.

"Certainly we will never provide improved modern mass transportation to the millions of people who need it until we get away from the outmoded concept that increasing cost must inevitably bring increases in fares, continued reductions in passengers and corollary reductions in service.

"The revolutionary demands of our urban society may yet be such, and the social problems so intense, that fares will some day have to be eliminated altogether. If public transportation is seen to be an instrument for economic and social equality vital to the ghetto dweller, the poor, the elderly, the handicapped, the young, and other members of our non-motorized population, then it may be that free transit service *should* be so provided. Certainly, the free transportation concept is worthy of a fair try. The loss of fare box revenues could properly be made up in taxes spread on a per capita basis among the metropolitan area population served by the transit system, which, in most instances, would probably not exceed from \$2 to \$4 a month. Measured in terms of the true benefits that such free transportation might provide, this additional tax burden might well be worth the price. The National Advisory Commission on Civil Disorders concluded that civil disorders have, in part, reflected the failure of all levels of government to provide the transportation services vital to the ghetto dweller in seeking out employment opportunities, health care and other essential services."

I would respectfully call your attention to the recent experience in the great city of Atlanta when the community took over the transit system and dropped the fare from 40¢ to 15¢. In preparation for taking that step, experts were called in to determine what increase in patronage would likely result. The fare was reduced in the light of those expert estimates. Actually, the increase in ridership was 150% of the highest estimates—half again as much as the best expectations!

One final point. Public ownership of transit is by no means a far-out, untried concept, foreign to the American way. The most authoritative fact compilation in the transit industry is the Transit Fact Book, published by the American Transit Association. The most recent edition, published in May of this year, records that in the year 1971, 85% of all transit employees in the United States were employed by publicly owned systems.

It is time for our community to get these benefits.

Thanks again for affording me an opportunity to be heard. If there is any factual material at all which we can get for you, or if there is any other way we can help, please call on us.

Mr. APPERSON. I am George W. Apperson, President of the Greater Washington Central Labor Council, AFL-CIO. The Council represents approximately 175,000 members of organized labor in the Washington area to be served by the integrated transit system contemplated by H. R. 16119. The Council supports this bill.

I am also President and Business Agent of National Capital Local Division 689, Amalgamated Transit Union, AFL-CIO. Division 689 represents, for bargaining, the 3,000 operating and maintenance employees of D. C. Transit System, Inc. (D.C.) and its wholly owned Virginia subsidiary, the WV&M Coach Co., Inc. Division 689 was chartered in 1916 and has been representing the employees of the major Washington area metropolitan transit systems since that time. Local Division 689 supports this bill. I want, at the outset, to express my appreciation for the opportunity afforded me to appear in support of this legislation.

URGENCY OF LEGISLATION

The Maryland and Virginia legislation have already recognized the need for integrating the bus and rail systems which are to serve this area and have enacted the Compact Amendments which will enable the WMATA to acquire the area's several bus systems. Those systems are now deteriorating rapidly under their present ownership. It is essential that the rapidly accelerating pace of that deterioration be stopped immediately if the tremendous investment in the rail system now being built is to bear fruit. Without the bus feeder system, the rail system cannot properly serve the community. Unless the Congress acts now to add its consent to the legislation already enacted by the Virginia and Maryland legislatures, a tremendous additional investment will become necessary to revitalize the bus system.

PUBLIC OWNERSHIP

We have come only recently to the conclusion that public ownership must be substituted for private ownership. But the critical situation here now, paralleling the crisis in other great cities, has left us no other practical alternative.

Among the great cities and great metropolitan areas of our country, we are almost the very last to have to face that fact. I believe it is to our credit that we lasted so long with privately owned and operated systems. I am convinced that we must now face the fact that we have come to the end of the line. We need to move quickly, now, to preserve our bus system for the time, soon, when it will make viable the well-planned rail system in serving the community. Neither system can do the job by itself.

That we stand in immediate danger of the total deterioration of our bus system is most apparent from what is objectively observable as to the operation of D.C. Transit, the area's largest and most important carrier by bus. The Washington Metropolitan Area Transit Commission, the agency which is most familiar and which has the greatest amount of information about the local mass transit systems, pointed its finger directly at the problem in its recent decision on D.C. Transit System's application for increased fares. That Agency has said, and its order has already withstood challenge in the U.S. District Court for the District of Columbia, and in the U.S. Court of Appeals for the District of Columbia Circuit :

... Its chronic cash-short condition results in too few drivers, too few mechanics, too few bus cleaners, and too high an incidence of failure to provide basic service. We consider that less than efficient management. The unnecessarily high debt services requirement is uneconomic. Operating on the brink of insolvency is surely not efficient and economic.

In addition to the many cuts in service which are officially approved as ridership falls off (in a seemingly endless circle), there are significant losses of service every day. These losses occur because the Company simply does not hire enough people to replace those who leave. Thus, in the month just past, July 1972, as many as 90 or 93 blocks were dropped daily; the service was simply not provided even though required under the authorized schedules—because there were

not enough men to do the work. The official record shows the following and that is on that page.

A missed block means not only that the passenger waits twice as long as he should for his bus, but also that when the next bus came along it is overcrowded. The bus is therefore further delayed in arriving at its destination. People on the bus are late for work, for school, for meetings etc. Obviously, in a large system, a few such occurrences are to be expected and tolerated. But when at least 70 blocks are missed on each work day of the week, take, for instance, July 10-14, the traffic problems created are significant.

EMPLOYEE FUNDS

I know you are generally familiar with the problems the employees of D. C. Transit have experienced with the constantly recurring delays in making payments to the Pension Plan which the Company has inflicted on them. These stories are now public property. As of Friday, D. C. Transit owed approximately \$1 million of pension money (including approximately \$270,000 for employees nominally on the payroll of the Virginia subsidiary) and approximately \$260,000 of Health and Welfare money.

Most recently the public has been made aware of the continued failure of the Company to make necessary payments to the Health and Welfare Fund, as a result of which Group Health Association has asserted a significant loss of funds. The medical, surgical and hospitalization benefits are furnished employees on literally a hand-to-mouth basis, and are at this moment in serious danger of being cut off.

CONTRACT NEGOTIATIONS

A failure to reply to urgent needs of the community and the employees is unfortunately typical of the Company at the present time. The present bargaining agreement between D.C. Transit and the representative of its employees is, by its terms, effective until October 31, 1972. I can say as I face you here today the officials of the Company charged with the obligation to negotiate with the Union have given every indication that they have no intention of participating in any bonafide negotiations on the contract. Our every effort to get a meeting of the Pension Allowance Committee, meetings which are required by the contract, are disregarded. Most often Company members of the Committee will agree to come to a meeting, and then call it off by phone on one pretext or another. When at long last, after many months, I recently succeeded in meeting face to face with Company representatives on the Pension Allowance Committee, they brought none of their papers with them. The Company Committee members have refused to participate in getting for the Committee an actuarial study of the Pension Plan so that we can assess its actuarial soundness. I could continue with a long list of problems. The details are not really pertinent here. The important thing is to bring to you the sense of urgency we feel. The Company is not interested, by all the signs we see, in even halting the downward spiral of the service it is performing in the

community. It certainly shows no evidence of any willingness to restore the tremendous losses already incurred.

We would call to your attention that Section 102(a) of the Bill before you provides that it is the sense of the Congress that representatives of the WMATA should "participate" in any labor contract negotiations undertaken prior to acquisition by the Transit Authority of the bus companies. Ordinarily, "participation" by one not a party tends to have a chilling effect on labor negotiations. Such "participation" inhibits that free exchange which is essential if there is to be bargaining which is free and productive. In our view such participation is wrong, and should not be mandated.

We urge that the provision be stricken. The legislation should address itself to the urgent need for takeover immediately, without even suggesting the possibility of a period of continuing ownership and control by the present management.

FARES

We would urge also that you give consideration in your deliberations on H.R. 16119 to providing an opportunity here in the Nation's Capital to give the "fare free" concept a fair try.

I have after this what was written by the Union Vice President, Mr. Elliott, which I will pass over.

I would respectfully call your attention to the recent experience in the great city of Atlanta when the community took over the transit system and dropped the fare from 40 cents to 15 cents. In preparation for taking that step, experts were called in to determine what increase in patronage would likely result. The fare was reduced in the light of those expert estimates. Actually, the increase in ridership was 150 percent of the highest estimates—half again as much as the best expectations.

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One final point. Public ownership of transit is by no means a far-out, untried concept, foreign to the American way. The most authoritative fact compilation in the transit industry is the Transit Fact Book, published by the American Transit Association. The most recent edition, published in May of this year, records that in the 1971, 85 percent of all transit employees in the United States were employed by publicly owned systems.

Thanks again for affording me an opportunity to be heard. If there is any factual material at all which we can get for you, or if there is any other way we can help, please call on us.

Thank you.

Representative CABELL. Thank you, Mr. Apperson. Do you represent the Unions of all four companies under consideration?

Mr. APPERSON. No, I do not, Mr. Chairman. I am the Amalgamated Transit Union, and Mr. Bierwagen, the Executive Officer, is of all but one.

Representative CABELL. I see, and which was that?

Mr. BIERWAGEN. W.M.A.

CONTRACT NEGOTIATIONS—TIME TABLE

Representative CABELL. Now, with reference to contract negotiations, which are due to take place by the time your present contract expires, October 31, would you be willing, so long as these proceedings are going on in good faith and moving along as rapidly as is possible, under the circumstance, and, of course, you know that governmental processes are somewhat cumbersome at best, would you be willing to let you operate without a contract for reasonable length of time, so long as where the final negotiations will have to be done then by WMATA, but where such contracts negotiated would be retroactive to November 1?

Mr. APPERSON. It is a possibility; go ahead.

Mr. BIERWAGEN. Mr. Chairman, that sort of circumstance would not be unusual in the kind of happenstance that is occurring here. I think that matter should be better disposed of by discussions with the Transit Authority, and with D.C. Transit because there may be issues that need to be provided for in the interim. But, with the basic understanding that all provisions are retroactive, that is a very—that would be a very helpful condition to reaching that sort of arrangement. But, I cannot just say that such a thing will happen, because we are merely administrative officers. Our members have the final say.

Representative CABELL. I recognize that, but I am assuming that since you do represent the leadership there, that your ideas and your recommendations would carry some weight. And I know that you could not bind yourself to that.

Mr. APPERSON. Very definitely.

Representative CABELL. The assumption is that where things are progressing in good faith, that your members would be willing to listen to your recommendations.

It is my understanding that there are some variations in the contracts and I expect that Mr. Bierwagen would be the one to reply on that. There are some variations among the contracts as among the four companies involved. Obviously, WMATA, as the surviving company, is going to be faced with the problem of working these things out. If they do not do it, it would be difficult to have four classes of employees, of the same employer, doing really the same job. And that is going to compound their problem when it comes to arriving at a workable contract with all of the members involved. So, I bring this out to try to make a legislative record here that some of those things undoubtedly cannot be worked out over-night. And I still stipulate that where negotiations are continuing in good faith by both parties involved.

There is the matter of the combining of the pension plans to where nobody would get hurt, but would receive the full benefits to which he was entitled. Those circumstances, of course, have to be approved and by IRS where there is any transfer from private fund to the operating agency, even though it be a public agency. But, I did want to bring those things out and get your thinking as to whether or not it would be possible to consummate this even though it were not possible to get all of this ball of wax wrapped up by October 31.

Mr. BIERWAGEN. Mr. Chairman, in the likelihood that this legislation would pass before October 31, I think the community and the Congress should rest assured, as they have been assured over the years of our participation in community life in this City, that we do not sit down to negotiate a crisis. We would sit down to negotiate a resolution of the problems between us. We think that the legislation that has already been enacted, with the assistance of the Chairman and the Committee, that any crisis would be avoided just simply because provision has been made in the recent Act passed by the Committee and by the Congress providing for arbitration. Our own Constitution provides for arbitration and we do not sit down to negotiate an arbitration. We only reach that point when we find that there are differences, good faith differences between us which are so great that some third party has to step in. And we use that third party as an arbitrator. So, I think that the kind of history that is being developed here, it is a strong possibility that arrangements can be made. But, I underscore two things. Number 1, that the Act must be passed before the contract expires. We cannot anticipate when October 31 comes along; we cannot honestly anticipate that the Congress will pass the legislation, and operate in a vacuum. But, we do believe that once the Act has been passed we can reach some accommodation to reach the conclusion, reach the goals of the Congress and the community.

Mr. APPERSON. And, Mr. Chairman, if I might, Local 689 has for six or seven years now been in a position that if they wanted to create a crisis within the community, and not feel obligated that the community does have to be protected—we do not like the stigma of being pointed out as a Union that is irresponsible of its obligations to the community of Washington. If we had not done that, let alone, there would have been a work stoppage here numerous times in the last five or six years because of the total disregard on the part of the company on numerous occasions, not to come through with strictly the obligations of the contract, and we bent on those contracts and we are still bending even as late as last night, when we bent on certain portions of that agreement so they could get the runs out on the street to accommodate the general public. So, to say or to infer that we could or would not do all we can to work out some of the problems we have in negotiating, all we ask is a fair approach to our problems, and I am sure we will do everything we can to accommodate you.

Representative CABELL. Mr. Apperson, the Chair is glad to subscribe to what you have said because certainly it is our knowledge that there has never been any indication that your Union was anything but a responsible one, and to the best of my knowledge, also, it has taken into consideration the well-being of the people who, after all, have been the ones paying your salaries. So, I have no quarrel, and all I can do is say "Amen" to the statement you have made there.

Mr. APPERSON. Thank you.

Representative CABELL. The Chair would like to make one further comment, however.

We are going to have to conclude this very soon because there is a quorum call in process. With reference to the provisions written into the bills before us, concerning a representative of WMATA being able

to sit in on negotiations, bear in mind that due to the fact that there are several Unions involved, bearing in mind that there are certain discrepancies between them, it is highly necessary, in my opinion, it is essential that these processes of bargaining that will be taking place be done in the manner that we can achieve, I say, we can achieve, and I mean WMATA can achieve uniformity. With reference to the working conditions, wages, fringe benefits and so forth, rather than what might be involved in any one Union, and I would like the record to reflect thinking with reference to the provision of WMATA sitting in on some of those negotiations.

Now, I do not think that you will find them disruptive, but to the contrary, I think it could lead toward achieving this uniformity, of which I spoke.

Mr. BIERWAGEN. Mr. Chairman?

Representative CABELL. Yes?

Mr. BIERWAGEN. Mr. Chairman, in Mr. Apperson's statement he alludes to that very point, and we take dim view of that, as a mandate to go forward with. I cannot at this point say that we would voluntarily agree under certain circumstances that there should be such participation. But, I strongly, and all of us strongly object to the notion that WMATA be mandated to sit at the bargaining table. That is not what they are there for. They can accomplish what they want by becoming the owners of the Transit System right now, and they can sit there in full force and effect if they are, in fact, going to be the owners. They can sit there and—

Representative CABELL. Well, we do have a time element that has to be taken into consideration, unfortunately.

Mr. Broyhill?

Representative BROYHILL. Yes, just two quick questions, Mr. Chairman.

EMPLOYEE FUNDS

Mr. Bierwagen, does the legislation give you sufficient assurance that in the transfer of these assets and facilities, these pension funds and health and welfare funds will be brought up to date and properly funded?

Mr. BIERWAGEN. I am not certain that that is the way it states. There will be a transfer of the existing funds but I would imagine that if there are any deficits and there are deficits they would have to be worked out between WMATA and the operating companies, principally, D.C. Transit, for that to be reflected in the price. We will expect whoever is our employer to make up the deficit, whether it is WMATA or D.C. Transit.

Representative BROYHILL. Of course, this is the time to decide this matter, as to any deficit that exists when the transfers are made, but here again we would not want to amend the Bill if this would require going back to the two state legislatures. But, we could put something in the report as to the intent of the Committee and Congress that these funds be brought up to date at the time of purchase.

Mr. BIERWAGEN. I think that would be an appropriate place, or even in the legislature, where it could be pointed out that any effort that

would be made, any assets that WMATA may have, or D. C. Transit may have, will first to go to meeting their deficits within these two funds or several funds.

UNION CONSOLIDATION

Representative BROYHILL. All right. Finally, you have two or three separate Unions or locals involved in the operation. How many are there?

Mr. BIERWAGEN. There is Division 689 which represents W. B. & M. And D. C. Transit and there is Division 31 which represents the A.B. & W.

Representative BROYHILL. Do you propose to consolidate those into one Union?

Mr. BIERWAGEN. Under the ordinary course of events, Mr. Congressman, that is what would happen. Just like it happened in Pittsburgh and in St. Louis.

Representative BROYHILL. How about W.M.A.?

Mr. BIERWAGEN. We would suppose that would also come in. It would have to be worked out that way. By the way of the force of just sheer association, the employer, WMATA, could not tolerate a difference in the wage rates. They would have to—

Representative BROYHILL. How about seniority between these various Unions when they merge? Would that be taken from the employees of A.B. & W., for example?

Mr. BIERWAGEN. They would be recognized under the Acts of Congress already adopted and every employee would have his seniority dove-tailed into the master list as they were acquired by WMATA. They would fit into their proper niche wherever that might be.

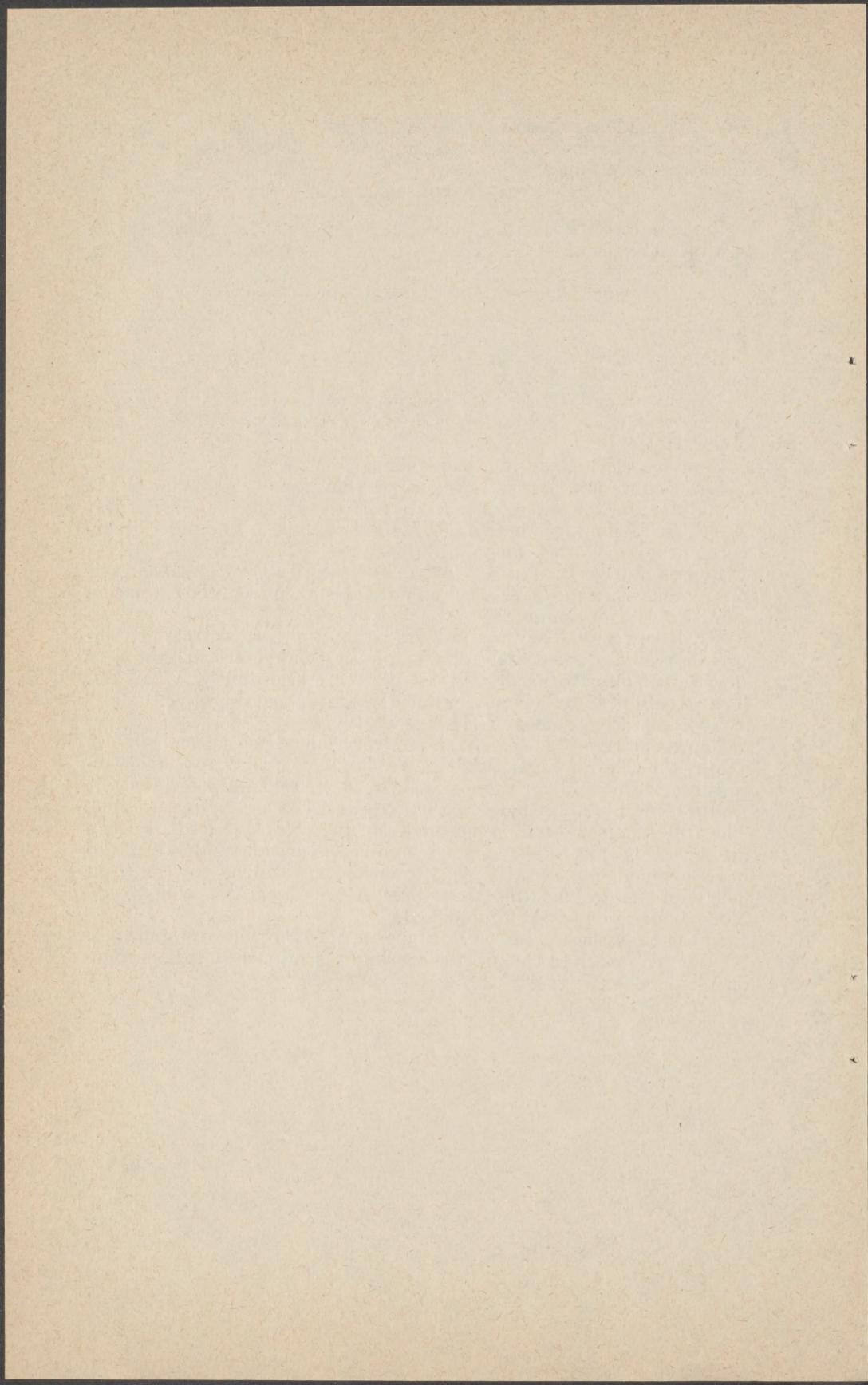
Representative BROYHILL. That is all I have.

Representative CABELL. Thank you very much, gentlemen.

May the Chair announce that we are hoping to wind up these hearings tomorrow, and for those present who are scheduled to testify it would be deeply appreciated if their testimony is as brief as possible. The full statements will be entered into the record and where there are several people, like from a community association or the like, who have common interests, they could choose one witness to testify on behalf of the group rather than three or four from the same group. Your cooperation will be appreciated.

At this time, the hearing will adjourn until 10:30 tomorrow morning.

(Whereupon, at 12:25 p.m., the hearing was adjourned, to reconvene on Wednesday, August 16, 1972, at 10:30 a.m.).



BUS SYSTEMS ACQUISITION BY WMATA

WEDNESDAY, AUGUST 16, 1972

U.S. SENATE,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BUSINESS, COMMERCE, AND FISCAL
AFFAIRS OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The Joint Hearing met, pursuant to notice, at 10:30 a.m., in Room 1310, Longworth House Office Building, the Honorable Earle Cabell, presiding.

Present: Representatives Cabell (presiding), Abernethy, Green, Nelsen, Broyhill and Gude.

Also present: James T. Clark, Clerk; Hayden S. Garber, Counsel; John Hogan, Minority Clerk; Leonard O. Hilder, Legislative Clerk, of the House D.C. Committee; Robert Harris, Staff Director; and Sidney H. Hurlburt, Minority Staff Director, Senate D.C. Committee.

Representative CABELL. The hearing will come to order.

This is the continuation of the hearing on H.R. 16119 and related bills which have been introduced concerning the acquisition by WMATA of the bus companies operating within the National Capital Area. We hope sincerely to conclude these hearings with this morning's session and for that reason the Chair would appreciate very much if testimony could be kept as short as possible, and avoid as much duplication as possible. Of course, we want the witnesses to state their position. But, if it is repetitious, they can join with the testimony given by their predecessor, and the record will be held open so that supplementary information, as requested by the Committee, or supplemental information that some of the previous witnesses might wish to augment their previous testimony can be put into the record. So, the record will be held open for not less than one week from the closing of the hearings today.

The Chair at this time calls Mayor Charles Beatley, of Alexandria, President of the Metropolitan Washington Council of Governments.

Mr. Mayor, we are glad to have you with us.

STATEMENT OF MAYOR CHARLES BEATLEY, PRESIDENT, COUNCIL OF GOVERNMENTS, ACCOMPANIED BY JOHN T. BOSLEY, GENERAL COUNSEL

MAYOR BEATLEY. It is our pleasure gentlemen. We are very happy to be here, and I guess, as you know, I am representing not only the City

of Alexandria but also the Metropolitan Council of Governments and, I am here in support of your Bill, which is H.R. 16119. With me is Mr. John Bosley, our general counsel, who has been following these proceedings closely.

COG BACKGROUND

The Council of Governments, as I am sure you are aware, is our regional organization of our 15 local governments and we joined with the Maryland and State of Virginia Legislatures and they each have representatives on our Board of Directors. We were organized in 1957 as the mechanism to provide for action in concert to attempt to solve our intergovernmental problems, and certainly in transportation the problem today very much crosses the governmental lines.

In order to develop adequate policy framework for coping with these problems, the Council has been designed by the Metropolitan Area's official planning agency. We are also a coordinator of the cooperative transit development program being carried out by several major local agencies with funding from the Department of Transportation. Also, the Council has incorporated in its planning program the balanced transportation process that is required as a condition precedent to certain Federal highway funding. We are involved with the Transportation Planning Board, and so forth. These planning activities also make the region eligible for Federal grants under the Urban Transportation Act of 1954.

NEED FOR LEGISLATION

We have all been very concerned and could not help but observe the deteriorating public transit situation in our area and we have just been wringing our hands over what we can do, as I guess you have been doing the same thing.

The potential consequences of the recent applications by the Area's privately owned bus transit systems for fare increases or reduction in services has been considered by our Counsel, Board of Directors, at its regular meeting last January 1972, and we sensed then that the situation was reaching crisis proportions and hence we created a Special Committee on Transit Problems. This Committee was charged with the responsibility of assessing the situation and recommending definitive proposals for governmental action. We have made very intensive studies and have deliberated over this period of time, and have concluded that the continuing pattern of increases in fares and concomitant loss of ridership could and must be abated. We really do not see any future in the way things are going. Also, we then accordingly adopted a report and recommendation to our Board of Directors at its regular monthly meeting of February 14, this year, and we proposed in that, that the Council and the participating local governments take the initiative and support the immediate public acquisition of the Area's four privately owned bus companies by the Washington Metropolitan Area Transit Authority.

As an interim measure, a non-profit corporation was recommended by which COG would purchase the bus companies if for some reason

the Authority was unable to do so.* We felt we had to offer every possible backup here because the condition was so serious.

It has been the Committee's views that the continued pressures for fare increases would not only be contrary to maintaining adequate public transit in the Area, but also would further exacerbate the regions' serious air pollution problems by causing more transit riders to use their automobiles. And I think this has been proved to be true, that as each schedule goes off more cars come on.

The Board of Directors unanimously adopted the Committee's report and plan for governmental action and we have attached to our petition these two Resolutions. Since we have adopted these Resolutions, COG has received a technical study's grant from the Urban Mass Transportation Administration from the DOT to coordinate the preparation of a unified comprehensive short-range transit development program for the entire Washington Metropolitan Area. The program is being developed in a cooperative basis with WMATA and the other area agencies responsible for transit planning and implementation, and this includes the coordination of land development and access improvements to METRO station sites.

Also, a key element to the program, the Transit Authority has already begun the major technical studies needed for consolidation and integration of the Area bus systems with the METRO System on a phased priority basis. COG's role in the program is to coordinate all project activities to ensure compatibility and avoid duplication of effort, and to further ensure that resultant proposals are consistent with long-range comprehensive plans and programs for the region.

SUPPORT OF LEGISLATION

Gentlemen, the local governments of the Washington-Metropolitan Area are united on the question of this legislation. The necessary planning to fully integrate these bus transit companies into the Metro System is already underway. That is one of our principal topics of conversation at our Council meetings.

Action programs to immediately improve the existing systems, pending the completion of Metro, are proceeding. We believe that this is the best possible time for public acquisition of these private bus companies and the proposed legislation which is the subject of the hearing of these Committees would accomplish this result. Therefore, the Council of Governments strongly supports the proposed Bill which will allow WMATA to acquire these transit companies and provide for the financing of such acquisitions. We strongly urge your Committees to endorse these bills and to report them to the House and Senate for immediate action.

PUBLIC OWNERSHIP

I should also say that I have had an overview on a more national picture. I have observed on the Steering Committee of the National League of Cities a Standing Committee on Transportation. I Chaired

*Metropolitan Washington Bus Transit Agency established May 10, 1972.

this Committee at the last Convention in Honolulu and we took what was a rather forward step, an unprecedented step, in discussing the very thing we are talking about, the disappearance of the public transportation system and how we can keep them in being. And we definitely feel that you just have to move Heaven and Earth to do this.

I think the feeling at this Convention was, and this is our local feeling, too, is that transportation, public transportation, is very much like the other public services that are provided at the local level, which are fire, police, schools; they have very much in common. And along with them, they are virtually just as essential, and in this case, we do not feel that we could afford—the Areas could afford—any kind of a cessation of the transportation services any more than they could afford a cessation of the other services I have mentioned.

Well, we appreciate your allowing us to appear. We would be happy to answer any questions that you might have that we might be able to forward some sort of a reply to.

Representative CABELL. Thank you very much, Mr. Mayor. I am familiar with the responsibilities and the fine work that is being accomplished over the country through these COG Organizations. I have had the pleasure of being a part of those who got legislation, enabling legislation, for these COG through the Texas Legislature and more or less started the first such in the Dallas-Ft. Worth Metropolitan Area. So, I am familiar with the fine work that is being done.

COG ACQUISITIONS

Now, when you sponsored some several months ago, the idea of COG taking over or acquiring some of these buses, I assume that was done as an interim in the event that there was any question about the financing of WMATA. But, now you are definitely of the opinion that WMATA is the agency for the putting together of this entire both rail and highway system?

MAYOR BEATLEY. Yes, we very strongly feel that WMATA is the agency, and we were only providing kind of a spare tire backup in the event that something went wrong.

Representative CABELL. That was my impression but I did want to confirm that for the record.

MAYOR BEATLEY. That is correct. Many of our people you will find in COG have served and worked and come up through representative positions in the transportation picture. I have served for many years on the Northern Virginia Transportation Commission, as well as on the Board of Directors of WMATA. And many of us in COG have come up one way or another, or we have had this dual experience, and so we are well aware that WMATA is the agency that should have those and, as a matter of fact, through the years, some of us have felt we had to build a fire to get things going because I think that WMATA wanted to get their project underway and I think we have had to move them a little faster than perhaps they wanted to, and in this case it is terribly urgent that we keep these organizations alive, these bus companies alive, because once they die, they just would not come back in the same way in which we left them.

Representative CABELL. Well, I think that your action at this point was well taken and I think that also it was instrumental in getting a number of us off of dead-center in facing up to this problem. I want to commend you for the service you have put in. I have spent several years myself on the Transportation Committee of what was then AMA, and so I know there is a lot of hard work and a lot of hours that go into that kind of work and, certainly, I want to commend you for that.

Your full testimony will be entered into the record, including copies of the Resolutions which are a part of your testimony and I want to thank you again for your testimony.

(The complete statement of Mayor Charles Beatley follows:)

PREPARED STATEMENT BY CHARLES E. BEATLEY, JR., PRESIDENT, METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Mr. Chairman and Members of the Senate and House District of Columbia Committees, I am Charles E. Beatley, Jr., the Mayor of the City of Alexandria and the President of the Metropolitan Washington Council of Governments. I am here today in support of H.R. 16119. With me today is John J. Bosley, our General Counsel.

The Council of Governments is the regional organization of the Washington Metropolitan Area's fifteen major local governments and their governing officials, together with the area members of the Maryland and Virginia legislatures and the members of the United States Congress representing the Washington Metropolitan Area.

The Council was organized in 1957 as the mechanism through which these local governments could act in concert to attempt to solve the region's intergovernmental problems. To develop an adequate policy framework for coping with such problems, the Council has been designated the metropolitan area's official planning agency. We are also the coordinator of the cooperative transit development program being carried out by several major local agencies with funding from the Department of Transportation. Moreover, the Council has incorporated in its planning program the balanced transportation planning process required as a condition precedent to certain federal highway funding. These planning activities also make the region eligible for federal grants under the Urban Mass Transportation Act of 1964 as amended.

The deteriorating public transit situation in the metropolitan area has naturally been of continuous concern to the Council. The potential consequences of the several recent applications by the area's privately owned bus transit systems for fare increases or reduction in services were considered by the Council's Board of Directors at its regular monthly meeting on January 10, 1972. Sensing that the situation was reaching crisis proportions, the Board created a Special Committee on Transit Problems. This Committee was charged with the responsibility of assessing the situation and recommending definitive proposals for governmental action. After intense study and deliberations, the Special Committee concluded that the continuing pattern of increases in fares and concomitant loss of ridership could and must be abated. Accordingly, its report and recommendations to the Council's Board of Directors at its regular monthly meeting on February 14, 1972, proposed that the Council and its participating local governments take the initiative, and support the immediate public acquisition of the area's four privately-owned bus companies by the Washington Metropolitan Area Transit Authority. As an interim measure a nonprofit corporation was recommended, by which COG would purchase the bus companies, if for some reason the Authority was unable to do so.¹

It was the Committee's view that continued pressure for fare increases would not only be contrary to maintaining adequate public transit in the area, but would also exacerbate the region's serious air pollution problem by causing more transit riders to use their automobiles. The Board of Directors unanimously

¹ Metropolitan Washington Bus Transit Agency established May 10, 1972.

adopted the Committee's report and plan for governmental action; copies of the two resolutions are attached to my statement.

Since the adoption of those resolutions, COG has received a technical studies grant from the Urban Mass Transportation Administration of the Department of Transportation to coordinate the preparation of a Unified Comprehensive Short-Range Transit Development Program for the entire Washington Metropolitan Area.

The program is being developed cooperatively with WMATA, the Washington Metropolitan Area Transit Commission, and other area agencies responsible for transit planning and implementation, and includes coordination of land development and access improvements at METRO station sites. Also, as a key element of the program, the Transit Authority has already begun the major technical studies needed for the consolidation and integration of the area's bus systems with the METRO system on a phased priority basis. COG's role in the program is to coordinate all project activities to insure compatibility and avoid duplication of effort, and to further insure that resulting proposals are consistent with long-range comprehensive plans and programs for the region.

Gentlemen, the local governments of the Washington Metropolitan Area are united on the question of this legislation. The necessary planning to fully integrate these bus transit companies into the METRO system is already underway. Action programs to immediately improve the existing bus systems pending the completion of METRO are proceeding. We believe that this is the best possible time for public acquisition of these private bus companies, and the proposed legislation which is the subject of the hearing of these Committees would accomplish this result. Therefore, the Council of Governments strongly supports the proposed bill which will allow WMATA to acquire these transit companies and provide for the financing of such acquisitions. We strongly urge your Committees to endorse these bills and to report them to the House and Senate for immediate action.

Thank you for the privilege of appearing here today.

RESOLUTION CONCERNING TRANSIT PROBLEMS IN THE WASHINGTON METROPOLITAN AREA

Whereas, the availability of convenient and economical transportation is essential to the social and economic well being of the residents of the Washington Metropolitan Area; and

Whereas, the proposed actions of several transit operating companies in the area will result in either reduced service or increased fares, or both, for the residents of the area; and these actions will unquestionably lead to a loss in ridership on the transit systems; and

Whereas, decreased usage of the transit system will result in increased congestion on the highway systems, environmental deterioration, and riders lost to the transit system that probably cannot be induced to ride public transportation at a later date, even when the METRO system is operating; and

Whereas, the improvement or maintenance of present ridership levels and the stabilization or reduction of fares is a principal objective of the local governments in the metropolitan area; and

Whereas, the Special Committee on Transit Problems of the Metropolitan Washington Council of Governments (hereinafter called "Council"), which includes the Chairman of the Washington Suburban Transit Commission, the Chairman of the Northern Virginia Transportation Commission, the Chairman of the D.C. City Council, and members of the Board of Directors of the Washington Metropolitan Area Transit Authority, after due deliberation determined and recommended to the Council's Board of Directors certain immediate governmental action needed to correct the current bus transit crisis: Now, therefore, be it

Resolved by the Board of Directors of the Metropolitan Washington Council of Governments, That:

(1) Immediate public acquisition of all bus transit systems in the Washington Metropolitan Area and integration of such systems with the METRO system is hereby urged.

(2) Upon public acquisition, continuing funding assistance to stabilize public transportation fares and to maintain and improve existing levels of transit operations should be provided by all governmental bodies in the area.

(3) The Washington Metropolitan Area Transit Commission (WMATC) is urged to deny any increases in fares or reductions in services provided by the transit operating companies in the metropolitan area pending public ownership.

(4) To assist in carrying out this request, it is suggested that the Washington Metropolitan Area Transit Commission (WMATC) rescind its Order No. 1052, that required D.C. Transit System, Inc. to acquire new buses, and permit the use of these funds now held in reserve account to support existing operations at existing fares, and to seek other company reserves that could be allocated to maintain existing services and fares.

(5) To provide for the contingency that public ownership will not be obtained in the near future, procedures and mechanisms should be developed immediately to provide local, state, or Federal financial assistance to support publicly approved operating cost expenses of the existing carrier, so as to assure a continuation of public transportation in the Washington Metropolitan Area.

(6) Upon acquisition of the bus transit system by an appropriate public agency, public funding assistance should provide for consideration of improved service and reduced fares.

(7) Proposed legislative efforts to be introduced in the General Assemblies of Maryland and Virginia to provide funds that could be used to acquire and support the operation of the area bus systems are supported in principle and urged to be enacted.

RESOLUTION OFFERING TO ACQUIRE THE ROLLING STOCK OF D.C. TRANSIT

Whereas, the Metropolitan Washington Council of Governments (hereafter called "Council") supports and is actively seeking necessary legislation to authorize the Washington Metropolitan Area Transit Authority (hereafter called "WMATA") to acquire all of the private bus transit systems in the Washington Metropolitan Area; and

Whereas, pending the securing of such legislation, the Council recognizes that certain interim measures by governments may be necessary to avoid bus transit fare increases and/or curtailment of bus transit services; and

Whereas, the D.C. Transit System, Inc., the largest bus transit operation in the Metropolitan Area, is seeking a 25% fare increase which, if granted, would result in undue hardship on the transit riding public and cause substantial loss of bus ridership with the accompanying increase in traffic congestion and pollution; and

Whereas, the acquisition by a public agency with grant assistance from the Department of Transportation, of all or a substantial part of the D.C. Transit rolling stock would be a step toward public ownership and would assist in avoiding any increase in bus fares and/or curtailment of services; and

Whereas, pursuant to the prior policy, a separate nonprofit subsidiary holding corporation of the Council would be the preferred vehicle for use in the acquisition and management of such bus transit rolling stock and equipment; Now, therefore, be it

Resolved by the Board of Directors of the Metropolitan Washington Council of Governments, as follows:

(1) The Executive Director is hereby authorized to have filed appropriate Articles of Incorporation to create a subsidiary corporation of the Council under the District of Columbia Non-Profit Corporation Act, to be called the Metropolitan Washington Bus Transit Agency, for the purpose of acquiring and holding the rolling stock of the D.C. Transit Systems, Inc. and other bus companies in the Washington Metropolitan Area on an interim basis pending public ownership of the metropolitan area's bus transit companies by the WMATA.

(2) The Special Committee on Bus Transit and the Executive Director are hereby authorized to investigate and initiate negotiations with the Department of Transportation and other appropriate regional and sub-regional transportation agencies in the Washington Metropolitan Area for the purpose of exploring the feasibility of acquiring all or a part of the rolling stock of D.C. Transit Systems, Inc. and other bus companies in the Washington Metropolitan Area.

(3) The Special Committee on Bus Transit shall report to the Board of Directors at the earliest practical date on its findings and recommendations on the feasibility of such acquisition, including recommendation on the financing and

other conditions to the acquisition of such bus equipment and ultimate transfer of said bus equipment to the Washington Metropolitan Area Transit Authority.

Mayor BEATLEY. Thank you, Mr. Chairman, and we appreciate it. It was our privilege.

Representative CABELL. Mr. Lee M. Rhoads, Vice Chairman of the Northern Virginia Transportation Commission. Would you please come forward and introduce yourself, Mr. Rhoads?

STATEMENT OF LEE M. RHOADS, VICE CHAIRMAN, NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Mr. RHOADS. Mr. Chairman, I am Lee Rhoads, the Vice Mayor of the City of Falls Church and I am here representing the Northern Virginia Transportation Commission as its Vice Chairman.

The Northern Virginia Transportation Commission is an agency of the State of Virginia. It was established by the General Assembly in 1964. It represents nearly 900,000 residents of Fairfax and Arlington Counties and the Cities of Alexandria, Falls Church and Fairfax City in the transportation matters of those jurisdictions.

We are here in the interest of preserving mass bus transit and to support the development of unified economically sound bus and rail transit operations for the region.

We know a unified consolidated bus system fully coordinated with the Metro rapid rail operation is essential to a viable overall regional mass transit system. In turn, this system becomes an important factor in stimulating economic development, and the means for implementation of other sound regional goals with respect to land use, quality of the environment and area-wide mobility.

We are here also seeking to halt and reverse the steady deterioration of bus service throughout the region and to support the means whereby those who depend on bus transit can be better served now.

SUPPORT OF LEGISLATION

These important transit objectives can be accomplished with the enactment of H.R. 16119. We therefore fully support passage of this legislation—convinced that public regional ownership of the four bus companies consolidated under one managership, the WMATA, is a major step vital to meeting regional mass transit needs. Further, we believe the enactment of H.R. 16119 is in the best interest of the United States Government as well as the citizens of our region.

Other witnesses, particularly Mayor Washington of the District of Columbia and Mr. Fisher of the Area Transit Authority, have capably provided information covering the full spectrum of the merits and benefits accruing to the public with the enactment of this legislation, so I will be brief and focus attention on the urgent need for its quick passage.

W. V. & M.

On Monday, Mr. Fisher, a member of our Commission who is serving as Chairman of the WMATA, informed this Committee that

the Northern Virginia Transit Commission as an interim measure, is moving to acquire the Washington, Virginia and Maryland Coach Company (WV&M) in order to prevent a further fare increase and to avoid the threat of service curtailment.

This action became necessary and was initiated when the WV&M Coach Company indicated it was experiencing deep financial trouble which could result in the complete cessation of operations. The company said it would eliminate, or drastically reduce, nighttime and weekend service. This was a very bad situation and we, as well as I know Congressman Broyhill, were flooded with letters from people who need these buses in order to get to work and they could not stand to have this thing cut off.

The second thing is that without getting approval of the regulatory agencies or without any public notice, it did actually discontinue many of their regular daytime trips, leaving people stranded at bus stops waiting for a bus that never came.

On July 17, 1972, the Washington Metropolitan Area Transit Commission (WMATA) reluctantly allowed an emergency five-cent fare increase to go into effect in return for restoration of the discontinued services.

Now, we have been informed that WV&M claims another fare increase of ten cents is mandatory to prevent collapse of all service within the next 50 days.

NVTC ACQUISITION PROGRAM

To meet this crisis NVTC has been forced to develop an acquisition program with input from local, state and the Federal Government. It has been a costly and time consuming effort. We have, however, reached the final stages where bids have been solicited for a management contract to operate the WV&M Coach Company. During the first two weeks of September we will make a decision on this matter predicated upon our acquisition of the WV&M Coach Company, to prevent stopping its complete operation.

Mr. Chairman, earlier it was stated that our actions to acquire the WV&M Coach Company is an interim measure. We want to stress this fact because it points up the urgent need for the immediate enactment of H.R. 16119 to avoid the necessity for this action by us and similar actions by other members of the METRO Compact facing almost identical situations.

We also want to reiterate our conviction that public regional ownership of the four bus companies consolidated under one managership, the WMATA, is a major step vital to meeting regional mass transit needs. In fact, we believe it is the only logical course of action to take if we are going to solve the regions transportation dilemma.

I thank you very much.

Representative CABELL. Well, thank you very much, Mr. Rhoads.

As I take it, I certainly want to commend your organization for taking steps to avert the catastrophe and, fortunately, you are in a position to act a little bit more quickly, I believe than we are with putting an entire package together. You do not foresee any difficulty in

the event that you take over the merging this into WMATA as the overall operating agency?

Mr. RHOADS. No. That is our intent and we are just working to stop a cessation of bus service in Northern Virginia where this particular bus line operates. And we are working very closely with WMATA, and we are working out an agreement for the immediate transfer because we do not want to be in the bus business, but we are doing it because we have to keep the buses running. We cannot afford to let them stop. Once they stop running, the ridership disappears and they establish other means of getting to town. And it just does not build up again quickly.

Representative CABELL. Well, I think your actions there are extremely exemplary, and if you can make the transition more successful than if we do allow one of these things to stop entirely and then have to build again from scratch.

Mr. RHOADS. Fine. Well, that is what we want to avoid, the cessation.

Representative CABELL. The Chair feels very strongly that with the fine spirit of cooperation and the cohesive organization of this compact that we can produce a landmark type of operation, and I think this will be fine for other areas faced with the same problems in metropolitan areas. And this is not just a parochial move, and could be not just a landmark but, as I say, could be a landmark for other stressed areas having the same problem. I would commend you and your associates and the other members of the compact for working so very hard to make this work. We appreciate very much your coming.

Mr. RHOADS. Thank you very much.

Representative CABELL. We have a visitor in the audience whom the Chair would like to recognize at this time. That is Mr. Walter McCarter who is the former head of the National Capital Transportation Agency and one of the architects of WMATA. The Chair wanted to recognize you for the fine work that you have done.

Mr. McCARTER. Thank you very much. I am an old-time bus operator.

Representative CABELL. Mr. Charles Webb, National Association of Motor Bus Owners. Would you come forward, please, Mr. Webb?

STATEMENT OF CHARLES WEBB, NATIONAL ASSOCIATION OF MOTORBUS OWNERS

Mr. WEBB. Good morning, Mr. Chairman, members of the House and Senate District Committees.

I deeply appreciate this opportunity to express the views of the intercity bus industry and those of intercity bus operators in the Washington, D.C., Metropolitan area with respect to the acquisition of four transit bus companies by the Washington Metropolitan Area Transit Authority (WMATA) as proposed in H.R. 16119.

The National Association of Motor Bus Owners commonly called NAMBO is the national trade association for the intercity bus industry. Our headquarters offices are located at 1025 Connecticut Avenue, N.W., Washington, D.C., 20036. Collectively, our 450 members provide more than 90 percent of the intercity motor bus transportation in the United States.

RECOMMENDATION

Our association has not considered whether acquisition of the four local bus companies (D.C. Transit, WV&M, AB&W and WMA) by WMATA should be authorized. NAMBO's position is that any such acquisition would not be consistent with the public interest unless WMATA were prohibited from engaging in charter and special operations outside the Washington metropolitan area. In addition, we do not believe WMATA should be permitted to operate sightseeing buses in competition with privately owned companies. And it is my understanding that under the most recent amendment to the compact that WMATA is not now authorized to provide that sightseeing service.

CHARTER SERVICES

D.C. Transit, WVAM, AB&W and WMA hold extensive charter authority. They are authorized to transport chartered parties between points within the territory served by their regular routes in Virginia, Maryland, or the District of Columbia and all points and places in the United States (49 CFR 1054.4). Their charter and gross operating revenues in 1971, as follows as set forth in my statement. I will not read them but as you will note, the percentage of charter revenue to gross operating revenues ranges from 5.1 percent in the case of D.C. Transit, to 31.5 percent in the case of WMA.

All operator members of NAMBO are privately owned. These privately owned bus lines cannot provide economical and efficient service over their regular routes in the absence of revenue from charter operations. For some of the smaller bus operators, charter revenues account for more than 50 percent of gross operating revenue. For the intercity bus industry as a whole, revenue derived from charter bus operations continue approximately 19.5 percent of total operating revenues.

For obvious reasons, privately owned intercity bus operators cannot compete effectively with public transportation authorities which pay no taxes and which receive Federal and State financial assistance for the purchase of equipment. All property of the four local bus companies acquired by WMATA would be exempt from all State, municipal and local taxation. Subsequent to the acquisition of these companies, WMATA undoubtedly would apply for and receive Federal grants under the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. Sec. 1601 et seq.) for the purchase of new buses. Such buses, even though constructed primarily for transit service, could be used satisfactorily for sightseeing and in charter service outside the Washington metropolitan area. In addition, pending legislation already passed by the Senate would authorize payment of operating subsidies to publicly owned bus lines.

By reason of tax exemption and other governmental assistance, public transportation authorities can provide charter service at rates far below those of private owned passenger carriers. As shown in the appendix to my statement, our industry has faced such destructive competition in other parts of the country. We hope it is not permitted to develop here.

Fundamentally, we believe it is unfair for a publicly-owned and publicly-subsidized enterprise to provide transportation at rates which sharply undercut those of its privately owned competitors. The lower rates would be attributable to the avoidance of costs assumed by the taxpaying public, including privately owned bus lines.

AMENDMENT PROPOSED

In our opinion the term, "transit services," in H.R. 16119 should be defined in the manner set forth in my statement. I will not read the proposed definition.

Under the limitation proposed, WMATA would be authorized to continue the charter service within the Washington metropolitan area presently provided by the four local area bus lines. Intercity bus operators are not seeking to deny local charter bus service to local residents. For example, WMATA could continue to provide chartered buses for the Washington Redskins football games but under the limitations we suggest could not provide race track services to Charles Town or Pimlico.

NAMBO would not object if the Congress authorized D.C. Transit, WV&M, AB&W, and WMA to retain their existing charter and special operations authority following transfer of their regular-route authority to WMATA. We do not seek to curtail fair competition. Our members, however, cannot compete successfully against tax-free, subsidized enterprises.

For the reasons I have explained, NAMBO believes the Washington Metropolitan Area Transit Authority should not be authorized to operate a mass transit bus system unless it is prohibited from engaging in charter bus operations outside the Washington metropolitan area.

Thank you.

Representative CABELL. Thank you very much, sir. Your full statement, including the charts attached to that statement, will be entered into the record.

(The complete statement, and attachments, of Mr. Webb follows:)

STATEMENT OF CHARLES A. WEBB, PRESIDENT, NATIONAL ASSOCIATION
OF MOTOR BUS OWNERS

Mr. Chairman and Members of the House and Senate District Committees, I deeply appreciate this opportunity to express the views of the intercity bus industry and those of intercity bus operators in the Washington, D.C. Metropolitan area with respect to the acquisition of four transit bus companies by the Washington Metropolitan Area Transit Authority (WMATA) as proposed in H.R. 16119.

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Our Association has not considered whether acquisition of the four local bus companies (D.C. Transit, WV&M, AB&W, and WMA) by WMATA should be authorized. NAMBO's position is that any such acquisition would not be consistent with the public interest unless WMATA were prohibited from engaging in charter and special operations outside the Washington metropolitan area. In addition, we do not believe WMATA should be permitted to operate sightseeing buses in competition with privately owned companies.

D.C. Transit, WV&M, AB&W, and WMA hold extensive charter authority. They are authorized to transport chartered parties between points within the territory served by their regular routes in Virginia, Maryland, or the District of Columbia and all points and places in the United States (49 CFR 1054.4). Their charter and gross operating revenues in 1971.

Company	Charter revenue	Gross operating revenue	Percent of charter to total
D.C. Transit.....	\$2,306,403	\$44,879,457	5.1
W.V. & M.....	885,510	5,626,829	15.7
A.B. & W.....	616,987	8,802,177	7.0
W.M.A.....	1,186,101	3,769,858	31.5

All operator members of NAMBO are privately owned. These privately owned bus lines cannot provide economical and efficient service over their regular routes in the absence of revenue from charter operations. For some of the smaller bus operators, charter revenues account for more than 50 percent of gross operating revenue. For the intercity bus industry as a whole, revenues derived from charter bus operations constitute approximately 19.5 percent of total operating revenues.

For obvious reasons, privately owned intercity bus operators cannot compete effectively with public transportation authorities which pay no taxes and which receive Federal and State financial assistance for the purchase of equipment. All property of the four local bus companies acquired by WMATA would be exempt from all State, municipal and local taxation. Subsequent to the acquisition of these companies, WMATA undoubtedly would apply for and receive Federal grants under the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. Sec. 1601 et seq.) for the purchase of new buses. Such buses, even though constructed primarily for transit service, could be used satisfactorily for sightseeing and in charter service outside the Washington metropolitan area. In addition, pending legislation already passed by the Senate would authorize payment of operating subsidies to publicly owned bus lines.

By reason of tax exemption and other governmental assistance, public transportation authorities can provide charter service at rates far below those of privately owned passenger carriers. As shown in the appendix to my statement, our industry has faced such destructive competition in other parts of the country. We hope it is not permitted to develop here.

Fundamentally, we believe it is unfair for a publicly owned and publicly subsidized enterprise to provide transportation at rates which sharply undercut those of its privately owned competitors. The lower rates would be attributable to the avoidance of costs assumed by the taxpaying public, including privately owned bus lines.

AMENDMENT PROPOSED

In our opinion, the term, "transit services," in H.R. 16119 should be defined as follows:

"Transit services" means the transportation of persons and their packages and baggage by means of transit facilities between points within the Washington Metropolitan Area including the transportation of newspapers, express and mail between such points, and charter service within the Washington Metropolitan Area but does not include charter or special operations outside the Washington Metropolitan Area, taxicab service, or individual-ticket-sales sightseeing operations.

Under the limitation proposed, WMATA would be authorized to continue the charter service within the Washington metropolitan area presently provided by the four local area bus lines. Intercity bus operators are not seeking to deny local charter bus service to local residents. For example, WMATA could continue to provide chartered buses for the Washington Redskins football games but under the limitation we suggest could not provide race track service to Charles Town or Pimlico.

NAMBO would not object if the Congress authorized D.C. Transit, WV&M, AB&W, and WMA to retain their existing charter and special operations au-

thority following transfer of their regular-route authority to WMATA. We do not seek to curtail fair competition. Our members, however, cannot compete successfully against tax-free, subsidized enterprises.

For the reasons I have explained, NAMBO believes the Washington Metropolitan Area Transit Authority should not be authorized to operate a mass transit bus system unless it is prohibited from engaging in charter bus operations outside the Washington metropolitan area.

Thank you.
Attachment.

AMPLE INSTANCES OF SUBSIDIZED OPERATION IN CHARTER SERVICES OF TRANSIT SYSTEMS AS AFFECTING INTERCITY BUS COMPANIES

Name	Transit system		Sample competition		Transit system	
	Subsidized by government at following level	Charter or special service operated	Bus Company	Between		Bus company
Mobile, Ala., City Department of transportation.	State, local	Intrastate	Gulf Transport Co., Mobile Ala.	Mobile and Bellingrath Gardens, Ala. (25 miles).	\$84 for 5 hours (\$12.60 per additional hour).	\$40 for 4 hours (\$8 per additional hour).
City of Fresno, Calif.	Federal, local	do	Orange Belt Stages, Visalia, Calif.	Fresno and points in State.	75 cents per mile, buses with rest room; 45 cents per mile, other buses.	64 cents per mile, buses with rest room; 40 cents per mile, other buses.
Sacramento Transit Authority, Sacramento, Calif.	do	do	Amador Stage Lines, Sacramento, Calif.	Sacramento and points in State.	\$70 for 5 hours.	\$37.50 for 2½ hours.
San Diego Transit Corp., San Diego, Calif.	do	do	Greyhound Lines, Inc.	San Diego and points in State.	78 cents per mile; \$78 for 5 hours plus \$8.15 per hour over 5.	60 cents per mile; \$12 per hour.
Atlanta Transit System, Atlanta, Ga.	do	do	do	Atlanta and Cullaway Gardens, Ga. (85 miles)	\$135	\$114.80.
Columbus Transportation System, Columbus, Ga.	Federal, State, local	do	Capital Trailways, Montgomery, Ala.	Columbus and Atlanta, Ga.	\$168 to \$199.50	\$125.1
Champaign-Urbana Mass Transit district, Illinois.	Federal local	do	Continental Trailways, Greyhound Lines, Inc., Ill.-Swallow Lines, Inc., Champaign, Ill.	Columbus, Ga., and Montgomery, Ala. Points within 50 mile radius ²	\$135 to \$172.20	\$108.1
Fort Wayne Public Transportation Corp., Fort Wayne, Ind.	do	do	A.B.C. Coach Lines, Inc., Fort Wayne, Ind.	Fort Wayne and Indianapolis, Ind. (about 115 miles).	\$14.25 per hour (\$85 minimum for 5 hours), 95 cents per mile.	\$10 per hour (2 hour minimum); 70 cents per mile.
South Bend Public Transportation Corp., South Bend, Ind.	do	do	Indiana Motor Bus Co., South Bend, Ind.	South Bend and Indianapolis, Ind.	92 cents per mile for 45 passenger bus; 82 cents for 38 passenger bus.	68 cents per mile for 45 passenger bus; 79 cents for 38 passenger bus.
Department of Street Railways, Detroit, Mich.	Federal, local	do	Greyhound Lines, Inc.	Detroit and Ann Arbor, Mich. (35 miles).	\$136.50	\$147.50.
Metropolitan Transit Commission, St. Paul, Minn.	do	do	St. Paul and Suburban Bus Co., St. Paul, Minn.	St. Paul and points in State ⁴	60 cents per mile.	45 cents per mile.
Duluth Transit Authority, Duluth, Minn.	do	do	{ Northern Transportation Co., Inc., Virginia, Minn. Greyhound Lines, Inc.	Duluth and points in State.	69 cents per mile.	60 cents per mile.
				Duluth and Minneapolis, Minn. (round trip about 320 miles).	\$218.95	\$175.

AMPLE INSTANCES OF SUBSIDIZED OPERATION IN CHARTER SERVICES OF TRANSIT SYSTEMS AS AFFECTING INTERCITY BUS COMPANIES—Continued

Transit system		Sample competition	
Name	Subsidized by government at following level	Charter or special service operated	Rate for charter bus
		Bus company	Transit system
Merger County Improvement Authority, Trenton, N.J.	do	Trenton-Lambertville Bus Line, Inc., Trenton, N.J.; Starr Transit Co., Trenton, N.J.; Safeway Trails, Inc., Washington, D.C.; Greyhound Lines, Inc.	\$168.40 for 12 hours, 60 miles; 98 cents per mile. \$174.70 for 12 hours, 60 miles; 75 cents per mile.
Utica Transit Commission, Utica, N.Y.	Federal, State	Greyhound Lines, Inc.	78 cents per mile
Akron Metropolitan Regional Transit Authority, Akron, Ohio	do	do	\$94.30 (82 cents per mile)
Toledo Area Regional Transit Authority, Toledo, Ohio	do	Short Way Lines, Inc., Toledo, Ohio.	\$386.80 or \$422.10 (depending on company).
Southeastern Pennsylvania Transportation Authority, Philadelphia, Pa.	do	Auch Inter-Borough Transit Co. (Merz Highway Tours Del-Penn), Philadelphia, Pa.; Del-Penn Coachways, Gloucester City, N.J.; Greyhound Lines, Inc.; Philboro Coach Co., Pitman, N.J.; Safeway Trails, Inc., Washington, D.C.	\$440.40.
Port Authority Allegheny County, Pittsburgh, Pa.	Federal, State, local	Greyhound Lines, Inc.; Beaver Valley Motor Coach Co., New Brighton, Pa.; Lincoln Coach Lines, Irwin, Pa.	\$134.50 (\$210.70 for 12 hours, 46 passengers).
City of Knoxville Transit Lines, Knoxville, Tenn. (operated by subsidiary of Am. Transit Corp.)	Local	Tennessee Trailways, Inc. (Continental Trailways), Knoxville, Tenn.	\$1 per mile (47 passengers)
City Transit System, Corpus Christi, Tex.	Federal, State, local	Union Bus Lines, Inc. (Continental Trailways), Brownsville, Tex.	84 cents per mile
Dallas Public Transit Board, Dallas, Tex.	Federal, local	Continental Trailways, Inc., Dallas, Tex.	Transit system reportedly charges about 6 cents less per bus mile, then the bus company for buses of comparable seating capacity; \$35 minimum (2½ hours); \$9 per hour thereafter.
Kanawha Valley Transit Authority, Charleston, W. Va.	Federal, ¹ State	Greyhound Lines, Inc., Continental Trailways.	76 cents per mile; \$11.40 per hr.
City of Madison, Wis., (Madison Metro)	Federal	Badger Bus Lines, Inc., Madison, Wis.	86 cents per mile; \$86 minimum for 5 hours and \$9 per hour thereafter.

¹ Transit system reported to have no fixed charter tariff; comparable bus company trips reported here varied in duration, etc.
² Charters limited voluntarily at this time to radius of 50 miles but District's board of directors would like to increase radius.
³ Transit system has no charter tariff or rates on file; price is quoted for each trip.

⁴ Competes through subsidization of marginal transit operators in area.
⁵ Interstate operations handled by wholly-owned subsidiary, Trenton-Philadelphia Coach Co.
⁶ Transit system has no established charter tariff or rates.
⁷ Subsidy for driver wages under Federal Employment Act of 1971.

Representative CABELL. Do you have any questions, Mr. Broyhill?
 Representative BROYHILL. Just one brief one.

CHARTER SERVICES

Do the present operators now charter buses outside of the Washington Metropolitan Area?

Mr. WEBB. Yes, Congressman Broyhill. All of them, I believe, have charter operations outside of the Washington Metropolitan Area.

Representative BROYHILL. Why do you seek to deny the Transit Authority that same privilege?

Mr. WEBB. For the reason that we are now—our members are now—competing on even terms with other privately owned companies. Once these companies are acquired by WMATA, the public transportation authority, the competition would become impossible to meet because the transportation authority would be exempt from taxation, would receive substantial assistance in the acquisition of bus equipment and other facilities. For that reason, the Authority could provide charter service to points outside of the District at rates far below those that our members could provide that service for.

Representative BROYHILL. I was not referring to the case of chartering a bus from Richmond, Virginia, to North Carolina, but the same type of services that our local operators now charter by the use of their idle equipment in the off-peak hours. I am just wondering if this would be a costly restriction to place on the Transit Authority, that they cannot do the same thing that the present operators can do.

Mr. WEBB. I am not certain how costly it would be to the Transit Authority because as I have indicated, we do not seek to prohibit the Authority from conducting charter operations within the District, within the Washington Metropolitan Area.

Representative BROYHILL. You mean outside the Metropolitan Area; that is, points of origin and destination, both outside of the Area?

Mr. WEBB. The limitation we suggest would be that the WMATA would not be authorized to originate charter parties within the Washington Metropolitan Area to points outside of the Washington Metropolitan Area.

Representative BROYHILL. But the present companies can do that now?

Mr. WEBB. They can do that now, yes, sir.

Representative CABELL. I appreciate the comments of Mr. Broyhill. It looks to me like you are proposing to put a halter on the successor company by denying them the right to handle traffic that is presently served by the outgoing companies. That is obviously a profitable operation, and I think that that would put an undue restriction on the operations of WMATA to tell them that they have to take over and purchase that part of the present service which is a losing proposition, but deny them the right to engage in services on which they can set a price that can be profitable. I think that that is very restrictive. In the case of these companies that are presently performing those services—

Mr. WEBB. I can well understand, Mr. Chairman, that that would be precisely the view of the managers of the Transportation Author-

ity. From our point of view, private enterprise simply cannot compete against a publicly subsidized, tax-free enterprise. Now, of course, if the Authority were to provide the charter service at rates comparable to those of our members we would have no objection.

Representative CABELL. Well, of course, it would be improper and illegal to even suggest any kind of an agreement could be reached concerning those prices, but it would be my guess that if the management of WMATA are as smart as they ought to be to operate the WMATA System that they would not have any hesitation in charging a price that would yield a profit to that operation.

Mr. WEBB. That may well be true, Mr. Chairman. But, the fact is that being the beneficiary of substantial public assistance and enjoying tax-exemption, their costs are lower for that reason.

Representative CABELL. Well, I cannot conceive of a situation where they would not take advantage of all that the traffic would stand in order to help their operating costs on those scheduled routes that, of necessity, have to be kept on a pretty thin scale.

Mr. WEBB. Yes. I think you are right. I think that they would bend every effort to obtain all available charter business originating in the District of Columbia. And in my opinion, they would be successful in capturing that business because they would be enjoying the benefits of tax-exemption and governmental financial assistance.

Representative CABELL. Well, I am sure that they would; they would milk the operation for all it could stand, and they would be very poor operators if they did not.

Mr. WEBB. I am quite sure that they would, Mr. Chairman, and they could do it at rates which our private enterprise could not meet.

Representative CABELL. Well, I think that your points are well taken and certainly worthy of consideration, and will be given consideration in the final markup of the Bill. But, I do appreciate your testimony, and you are certainly entitled to protect that industry, that part of the industry which you represent. I hope that whatever is worked out, that it will be done in such a way that there will not be an unfair type of competition offered to private operators.

Mr. WEBB. Yes. That is our concern. Thank you, Mr. Chairman.

Representative CABELL. Thank you very much. Mr. Gude.

Representative GUDE. I appreciate your line of reasoning and, of course, it is true that if we did give up D.C. Transit or WMATA the opportunity to carry on charter services to points out of the Metropolitan Area, and also carry on sightseeing operations, why then this would help bring their costs of operation down. But, at the same time, to the extent that WMATA is competing with private enterprise, then we are reducing the tax take that we are getting from private enterprise. So, I wonder really if we are not talking about which pocket we are going to take the money out of, because if we are going to impede private enterprise, we are going to reduce the taxes we collect; is that not true?

Mr. WEBB. Yes. That is our concern and as the appendix to my statement shows, Congressman Gude, we are facing this problem all over the country as more and more private transit companies are being acquired

by public transportation authority. And we are faced with what we think is a very serious situation.

Representative CABELL. Well, I think we are at one of those points where you are trying to find out which came first, the hen or the egg, because if WMATA is allowed to operate services that pay a nice profit, then that helps them fulfill their obligation to meet their service costs out of the fare box, and if they do not do that, then they have to raise the fares and so who pays for it? The people of the Metropolitan Area.

But, nevertheless, you have raised a very cogent point and, as I said a while ago, it certainly will be given profound consideration in whatever the final markup is.

Mr. WEBB. Thank you.

Representative CABELL. Thank you.

Representative GUDE. And you might carry this to its logical conclusion. WMATA might want to go into the restaurant business in correlation with some of the bus stops and so on, and say they can embrace their profit in this area, too. And, so—

Representative CABELL. Well, I think that would be adjudicated as ultra vires to the charter of the compact.

Mr. Abernethy?

Thanks again, Mr. Webb.

Mr. WEBB. Yes. Thank you, sir.

Representative CABELL. Mr. George McGhee, President of the Federal City Council. And I am going to exercise the prerogative of the Chair here and welcome Mr. McGhee as a long-time friend, and a former constituent and a man who has rendered conspicuous to his Nation in many capacities and whose sweet mother is still one of my constituents, I think, and I believe is engendering votes for me, so you are doubly welcome, Mr. McGhee.

STATEMENT OF GEORGE MCGHEE, PRESIDENT, FEDERAL CITY COUNCIL

Mr. MCGHEE. Thank you, Mr. Chairman. It is a particular pleasure to be before your Committee for the reasons you have stated. I started out in life as a citizen of Dallas, where you served so ably as Mayor, and rendered such a distinguished service. I am now President of the Federal City Council, a private non-profit business and professional organization working for community development in Washington.

I have a brief statement which I will file, and with your permission, Mr. Chairman, I will merely summarize this statement.

Representative CABELL. It will be appreciated, and your complete statement will be entered into the record.

(The full statement of Mr. McGhee follows:)

PREPARED STATEMENT OF FEDERAL CITY COUNCIL

Mr. Chairman, my name is George C. McGhee. I am President of the Federal City Council, a private non-profit business and professional organization working for community development in the Nation's Capital. A list of our membership is attached for the record.

We have long supported a balanced transportation system. Certainly an efficient and viable bus system is an integral part of such a system. Thus, I am here today to urge both the House and Senate District Committees to approve HR 16119

as soon as possible so that the Washington Metropolitan Area Transit Authority can begin acquiring our four area bus systems.

I need not reiterate the figures as to the declining ridership and the worsening financial plight of all four bus systems. This has been amply done by the public officials and representatives of the bus companies themselves, who have appeared earlier in these hearings.

Nor do we claim to be experts in the very complex problems of takeover proceedings and compensation. We have every confidence that the public officials and members of this Committee will deal with the technicalities in an appropriate manner. I know, for example, that Chairman Cabell had first hand experience with a very similar situation when he was Mayor of Dallas. The decision taken there is the same we now recommend for Washington.

One point I would like to stress is that the sooner we prevent the decline of our existing transit systems, make them more efficient and reduce their operating costs, and preserve a reasonable fare structure, the sooner will we begin to insure potential METRO riders—riders who will be paying into that METRO fare box. As the saying goes, a rider once lost to public transit, bus or rail, never returns—or at best does so very reluctantly. Even an air pollution alert does not necessarily increase public transit ridership, despite the urging of public officials, as we can recall from those very difficult 10 days last month here in Washington.

Just last week METRO signed the final documents allowing the sale of METRO bonds. Close to a billion dollars worth of federal and local funds have already been invested in the construction of METRO. We must protect that investment by making sure that we have an adequate number of riders when it begins operation, and that the two systems mesh in their operating schedules.

FINANCING

I should like to make a point regarding the means of financing the acquisition. For once, we are not coming to the Congress asking for a new program or special funds to solve a local problem. This bill would authorize funds from the Urban Mass Transit Administration for the two-thirds share. These funds have already been authorized for a nationwide program which has benefited many other cities.

And furthermore we are more fortunate here in the Washington area than we realize. While we are not alone with our transit problems, we are among the few areas which have the framework of the interjurisdictional compact within which to solve our problems—and to serve as a funding conduit for the Urban Mass Transit grant. And certainly from what I have observed—the representatives from the jurisdictions belonging to the compact have demonstrated an exemplary spirit of cooperation in getting METRO on its way.

We have every reason to believe that this same cooperation will be manifest in achieving public ownership of our bus lines. Also, we have every confidence that WMATA can and will acquire and operate the bus systems in an efficient manner as indeed we are counting on them for the much larger task of operating the METRO.

Mr. Chairman, legislation authorizing public takeover has already passed the legislatures of Maryland and Virginia. A similar bill passed the Senate two years ago. We have every hope that this legislation will be approved.

Thank you, Mr. Chairman.

Mr. McGHEE. Thank you very much.

The Federal City Council has long advocated a balanced transportation system and certainly an efficient bus system is an integral part of such balanced transportation system. I will not go into the question of declining ridership and worsening financial plight of our bus systems. This has been done.

We do not pretend to be experts either in the question of compensation, and I am sure this will be taken care of, and I would like only to point out that we do not consider the issue here to be a test of the general question of private enterprise versus public ownership. Unfortunately, evidence bears out the fact that private ownership of

metropolitan area buses, even with the best of management has not succeeded. This has been true in 55 major cities across the area. You, Mr. Chairman, were Mayor of Dallas when this decision was faced there. Dallas is not a city predisposed toward public ownership, and yet the decision there is that which we recommend and which is generally accepted, I believe, here.

I would like to make the point that it is very important if we are to preserve riders from mass transit systems, which will be riders of METRO that we act quickly to make our bus system more efficient at a reasonable cost to preserve riders. It is an axiom that a rider once lost to a mass transit system is probably lost forever and recently when we had this plight where there was the pollution alert here, despite appeals by authorities there was no great increase in the usership of the mass transport system.

This last week we have started selling our METRO bonds and if these bonds are to be successful we must have riders for the METRO. Fortunately, too, we are not asking for special appropriations of money to take care of the local needs. Two-thirds of the cost will come from the Urban Mass Transport Administration, which has already been authorized funds for this purpose.

We are very fortunate, too, that we have already in being an inter-jurisdictional compact which will not only help us solve our problems, but will provide a conduit for urban mass transport grants. Many areas are not favored with such a compact.

We have every confidence that the WMATA, which we have entrusted with the much larger task of operating the METRO, can operate our buses in an efficient way.

Mr. Chairman, legislation authorizing public takeover has already passed the legislatures of Maryland and Virginia, and a similar bill passed the Senate two years ago. We have every hope that this legislation will be approved.

Thank you very much.

Representative CABELL. Thank you, Mr. McGhee.

Mr. Abernethy?

Representative ABERNETHY. No questions.

Representative CABELL. Mr. Broyhill?

Representative BROYHILL. No.

Representative CABELL. Mrs. Green?

Representative GREEN. No questions, Mr. Chairman.

Representative CABELL. Mr. Gude?

Representative GUDE. No.

Representative CABELL. Well, you certainly have answered all our questions on your first presentation. Thank you again.

Mr. Walter S. McArdle, First Vice President of the Metropolitan Washington Board of Trade. Will you come forward, sir?

**STATEMENT OF WALTER F. McARDLE, FIRST VICE PRESIDENT,
METROPOLITAN WASHINGTON BOARD OF TRADE, ACCOMPANIED
BY THOMAS DONALDSON, VICE PRESIDENT, FERRIS & CO.**

Mr. McARDLE. Thank you, Mr. Chairman. I am Walter McArdle, First Vice President of the Metropolitan Washington Board of Trade,

the President of McArdle Printing Company. I have with me today Mr. Thomas Donaldson, who is Chairman of our transportation of the Board of Trade, and Senior Vice President of Ferris and Company.

I think most of you are aware that the Board of Trade is the oldest and largest association of business and professional leaders in Metropolitan Washington. Today I want to convey to this Committee the views of the Board of Trade on the subject of a public take-over of the area's two companies.

PUBLIC VS. PRIVATE OWNERSHIP

With regard to public versus private ownership, it may seem unusual that an organization such as ours, one which is based upon and endorses the private enterprise system, should come today and ask that this concept be violated through acquisition of four private firms by a public body; or in short, the subverting of private initiative and ownership to that of management and financing from the public sector. Too often we as a business organization are viewed as purely concerned with monetary motivations affecting our membership. On the contrary, the Board of Trade does and will continue to have as its concern the welfare of the people of this community.

You have before you today a very serious and complicated piece of legislation in H.R. 16119—legislation that does certainly influence the public welfare as well as economic growth of our metropolitan area. The ability to move people, the availability of efficient and inexpensive transportation are concepts affecting more than a transportation network. A bus system is an integral part of this transportation network. Businessmen must consider the method by which employees and customers get to the premises. Many employees must consider frequency, scheduling and cost of bus transportation. Planners are well aware of the impact that a bus system can have on the economics of a whole area or of a particular project.

THE FOUR AREA COMPANIES

With regard to the four area companies, involved in this legislation affected over 128 million people during the most recent twelve months ending March 31, 1972. 128 million is actually a decline in the ridership, a decline which appears to be a national trend for bus transportation. Although locally the number of passengers declined, the metropolitan area has seen its working population move from 734,000 in 1960 to over 1.1 million as of 1972, or a 49.8 percent increase. Personally, as a businessman, if I saw my potential market increase and my portion of the market decrease, I would need to take drastic action or get out of business.

BUS TRANSPORTATION TOMORROW

With regard to bus transportation: tomorrow—transportation experts as well as some of the principals of these four firms are forecasting drastic consequences if these conditions continue. Decreasing ridership, increasing costs, higher fares, and the lack of public confidence

are all problems, with no end in sight. Add to this the mammoth subway system now being constructed in the area, so that when people for whatever reason decide to rely totally on this form of transportation then we can only see the bus system in a state of collapse.

SUPPORT OF H.R. 16119

The Board of Trade has recognized this transportation collapse for several years. In fact, in 1969 we testified before the Fiscal Affairs Subcommittee of the Senate Committee on the District of Columbia opposing legislation to subsidize the D.C. Transit System but endorsed Senate Bill 1814, authorizing the Washington Metro Area Transit Authority to acquire the D.C. Transit System. We are here today to support H.R. 16119.

In view of the backdrop of current failures with little chance of future success, this legislation is the only bold way to meet demands and needs. Such an approach, while urgently needed, should be taken only after thorough study and analysis.

Experience in some other cities have shown that public ownership is not the panacea for this problem. We hope that the transit authority uses its adept analyzing skills to thoroughly review the reasons why current management failed, as well as considering the pitfalls in other publicly owned and operated systems. Let us not lose sight that there are probably some inherent difficulties in these circumstances that cannot be alleviated merely through property acquisition, rescheduling, and revised fares.

We strongly support Title Five, Section 501, of the Bill, giving the Comptroller General of the United States access to all books, records, and files of the Authority. This is imperative to insure the funds taken in through fare boxes will be utilized to the benefit of the riding public.

SPECIAL FARES

We hope the Authority and Congress doesn't lose sight of the fact that there are some special riders of our area buses. Senior citizens and school-age children, for example, regularly require bus transportation. Through whatever the appropriate techniques, we hope these groups are complemented within the system.

Finally, the business community is ever grateful to the Members of this Committee for your recognition of the urgency of the problem by holding these joint hearings. We are certain that through your wisdom and your expeditious handling of H.R. 16119 the transit crisis in Metropolitan Washington will be alleviated and the foundation laid for efficient and economical transportation.

Thank you, Mr. Chairman.

Representative CABELL. Thank you very much, Mr. McArdle. We certainly appreciate your in-depth statement on this. I am glad to see that you, as a representative of the people who are vitally concerned in this problem are favorable to that which we are trying to accomplish.

Mr. Abernethy?

Representative ABERNETHY. Mr. Chairman, I do not have any questions. I just want to welcome Mr. McArdle to the Committee. He is a very modest fellow. He did not really identify himself. He is one of

this town's most popular citizens and a fine businessman. He takes considerable interest in this city and his community, and he is a dedicated Irishman and practices it religiously.

Mr. McARDLE. Thank you.

Representative CABELL. No compliment paid to a man could be any greater than to have the gentleman from Mississippi commend him.

Representative ABERNETHY. Well, now, you spoil it.

Representative CABELL. Mr. Broyhill?

Representative BROYHILL. No questions. I just want to say that the gentleman from Mississippi did not exaggerate as far as Mr. McArdle is concerned.

Representative CABELL. Mrs. Green?

Representative GREEN. No, I have no questions.

Representative CABELL. Mr. Gude?

Representative GUDE. In addition to what the gentleman said, Mr. McArdle is a great constituent of mine, and has one of the finest printing facilities in the whole Metropolitan Area.

CHARTER SERVICE

I would like to ask you, Mr. McArdle, if in representing the business community of this city, if you had any comments on the testimony by Mr. Webb, the President of the National Association of Motor Bus Owners, as far as the charter bus service, the intercity points, and also the sightseeing service?

Mr. McARDLE. Well, it would seem to me that the stand that he took with regard to the limiting of the operations of the bus within the areas covered, so that the bus could not be operating outside of those areas, was a very logical one.

Representative GUDE. And you would feel though there might be some, that possibly WMATA might enhance its fiscal position being able to operate sightseeing or interstate charter services, and you feel that the private enterprise system of the charter bus operator should be protected in that they do pay taxes?

Mr. McARDLE. I think the latter; yes, I do.

Representative GUDE. Thank you, Mr. Chairman.

Representative CABELL. Mr. McArdle, thank you again for your testimony.

Mr. McARDLE. Thank you so much, Mr. Chairman.

Representative CABELL. Richard E. Steen, Chairman, Transportation and Services Committee of Downtown Progress. Mr. Steen, would you come forward, please, sir?

STATEMENT OF RICHARD E. STEEN, CHAIRMAN, TRANSPORTATION AND SERVICES COMMITTEE, DOWNTOWN PROGRESS, ACCOMPANIED BY KNOX BANNER, EXECUTIVE DIRECTOR, AND ROBERT N. GRAY, PLANNING DIRECTOR

Mr. STEEN. I have a short statement to submit for the record.

My name is Richard E. Steen. I am the Chairman of the Transportation and Services Committee and also an Executive Committee Member of the National Capital Downtown Committee, Inc.—DOWN-

TOWN PROGRESS—a non-profit corporation formed and supported by Washington business and civic leaders to develop and to help carry out a program for the revitalization of Downtown Washington between the White House and the Capitol.

Accompanying me today are Knox Banner of Downtown Progress, its Executive Director, and Mr. Robert Gray, the Planning Director.

SUPPORT OF LEGISLATION

Mr. Chairman, Members of the Joint Committee, we appreciate very much your invitation to testify and this opportunity to express our support for H.R. 16119, a bill which would provide for public purchase of area bus companies by the Washington Metropolitan Area Transit Authority—METRO—for the purpose of consolidating, coordinating, and improving our public transit service in the Washington area.

Since Downtown Progress began operations in 1960, much of its effort has been devoted to increasing community understanding of the need for a complete transportation system to serve the Nation's Capital and the entire metropolitan area. Also, as a member of the Joint Committee on Transportation, and with other groups and organizations, Downtown Progress has worked in the public interest to help create METRO, a basic system of freeways, and other elements of a complete transportation system. Major arterials, a basic freeway system, delivery and service system improvements, a limited public parking system, more pedestrian areas, and METRO with a supporting bus system are all vital parts of the complete transportation system essential to the economic, social, and physical health of the District of Columbia and of the Washington area.

"The Action Plan for Downtown," published by Downtown Progress in 1962, identified the need for this full range of transportation improvements and outlined how such a system might be accomplished. Downtown Progress then worked with the District of Columbia Government and others to develop the F Street Plaza and Minibus Demonstration Programs. Downtown Progress is now assisting the District Government in the development of a Demonstration Program for the successor to the Minibus—to be known as the Midi-bus. This special bus will feature a "clean-air" engine and will serve a much larger area.

A copy of our most recent annual report which more fully describes our organization, its activities, and its accomplishments is offered here for the record. Also offered for the record is a copy of "Recent Downtown Progress Research and Educational Public Service Activities," describing ten recent program activities of our organization. On the specific subject of this hearing, there is offered for the record a copy of the Downtown Progress' "Resolution in Support of Public Purchase of Area Bus Companies" adopted by our Executive Committee on July 20, 1972.

NEED FOR LEGISLATION

Again, Downtown Progress believes that the vitality of the District of Columbia, and specifically the vitality of Downtown as an employ-

ment, retail, and multi-purpose center, depends upon a complete transportation system which must include adequate public transit by buses. A completed METRO system is the major and essential part of an adequate public transit system. For METRO to achieve its full potential, it must be served by and coordinated with improved area-wide bus operations. With or without public ownership, present bus service would need to be modified considerably to achieve full METRO ridership and to boost the use of public transportation generally.

The privately-owned bus companies now operating in Washington, like their counterparts in nearly all major cities, are increasingly unable to provide satisfactory service at a cost acceptable to the public. Recent publications of the Transportation Planning Board of the Metropolitan Washington Council of Governments describe and document the general malaise of private bus operations and the unwholesome results this has had on the functioning of the cities involved, including Washington. Inflation, added operating costs, and increasing capital costs are factors which have adversely affected the ability of private owner/operators to meet the needs of public transit users. To continue even existing service and to be assured a reasonable return on their investment, private firms have continued to seek fare increases from their public regulatory bodies. When granted, such fare increases produce only temporary relief. In addition to causing public animosity and further undermining the image of public transit, such fare increases have invariably reduced ridership and set the stage for another round of financial hardships and fare increase requests. This is the infamous but very real downward transit spiral. This downward spiral must be halted and turned upward, particularly in Washington, because of the concentration of Federal employees and because of the volume of visitors—20 million annually now and some 35 million expected in 1976.

As a matter of principle, Downtown Progress would prefer private ownership as the means to providing vitally needed bus service. However, it is now clear that private entrepreneurs are unable to meet service needs adequately and earn a fair return. If the Washington area is to have an adequate bus system—and it must—public ownership now is required. Downtown Progress supports the designation in H.R. 16119 of the Washington Metropolitan Area Transit Authority as the public body to assume ownership. METRO is area-wide, representative, and has a primary interest in the ultimate success of the METRO system. For these reasons, public ownership vested in METRO should assure the public commitment to have the buses operate at a level of service and at acceptable and appropriate fares, consistent with the overall public interest to be served.

FINANCING

Downtown Progress supports the provisions in H.R. 16119 which permit replacement of existing bus equipment through Federal Capital Grant assistance. Upgrading the general quality of the rolling stock is necessary to provide reliable, comfortable, and convenient service—essentials to a successful public transit service.

AMENDMENT PROPOSED

However, in accordance with our adopted policy, Downtown Progress urges the employment of a qualified private firm specializing in bus transportation management. Such a firm could develop from previous successful experience improved routine and scheduling in advance of public take-over and then promote transit use and also manage the bus service once public purchase and consolidation have been accomplished. Public ownership and private management have proven to be an effective means of reversing the downward transit spiral in some other major cities. It is our strong belief that imaginative private merchandising and efficient private management under enlightened public ownership is the surest means of achieving the quality of service necessary and appropriate to making bus transit a successful part of a complete transportation system.

The "National Capital Area Transit Act of 1972," H.R. 16119, is necessary, timely, and appropriate. We respectfully request your positive action on this Bill.

Thank you.

Representative CABELL. Thank you very much, Mr. Steen. Do any of your staff or those with you have any statement they would like to add to this?

Mr. STEEN. No, sir.

(The attachments to Mr. Steen's statement follow:)

THE WHITE HOUSE,
Washington, February 16, 1972.

Mr. ROBERT C. BAKER,
Chairman of the Board, Downtown Progress, National Capital Downtown Committee, Inc., Washington, D.C.

DEAR BOB: The contribution made over the past twelve years by the members of Downtown Progress has been invaluable.

By seeking to preserve Washington's downtown as a source of greater strength both economically and socially, Downtown Progress has done much to revitalize and improve the quality of life in our Nation's Capital. The support it has given to Mayor Washington in his efforts to deal with citywide problems is particularly to be commended.

There is no doubt that if we are to deal effectively with the problems of urbanization, it is imperative that an informed and enlightened private enterprise sector participate fully in meeting the challenges we face. Downtown Progress is a model of such participation.

My best wishes to all who attend your 1972 meeting. May it be productive and rewarding for each of you personally and for the City you continue to serve so well.

Sincerely,

RICHARD NIXON.

RESOLUTION IN SUPPORT OF PUBLIC PURCHASE OF AREA BUS COMPANIES

Whereas, public transit is vital to the economic, physical, and social well being of the District of Columbia and of the entire Washington Metropolitan Area; and,

Whereas, public transit is highly significant to Downtown as a major employment and multipurpose center; and,

Whereas, public transit improvement—the METRO—is dependent, in part, for its full success on the continuation and improvement of existing bus operations; and,

Whereas, the existing privately-owned bus companies serving the District of Columbia and the Washington area, like their counterparts in other major cities, are for a number of reasons increasingly unable to provide satisfactory service at acceptable fares; *now therefore be it*

Resolved, That Downtown Progress supports and encourages the public purchase of the mass transit bus companies serving the District of Columbia and the Washington area, urging their continued operation by private enterprise with maximum efficiency and extensive and imaginative merchandising as part of a unified and coordinated public transit system.

Representative CABELL. Mrs. Green?

Representative GREEN. No. I have no questions, Mr. Chairman.

Representative CABELL. Mr. Nelsen?

Representative NELSEN. Thank you, Mr. Chairman.

PRIVATE MANAGEMENT

Relative to the last paragraph in your statement, as to private management, I did ask the question of other witnesses relative to this type of an approach. I mentioned the fact of our Post Office Department; we seem to have adopted the notion that the Government is the most efficient administrator, and, hopefully, then moved toward a different structure in the Post Office Department.

I found that when we were negotiating the Government's underwriting of the Metro bond issue, a reference to public ownership was unacceptable as far as the Bill was concerned. I think this was due to fearing the Administration later on might move in a manner unacceptable, and I have consistently asked the question: Can this thing be put together, and then a private management be moved in to do what we tried to do now in the Post Office Department?

I am pleased that the door is left open, and I think legislation should leave the door open so that we can go in either direction. But, I am pleased with this statement and I think it is very good.

Thank you.

Mr. STEEN. Thank you very much, sir.

Representative CABELL. Mr. Broyhill?

Representative BROYHILL. No.

Representative CABELL. Mr. Gude?

Representative GUDE. No.

Representative CABELL. Thank you very much, gentlemen.

Mr. STEEN. Thank you very much, Mr. Chairman.

Representative CABELL. Mr. Richard K. Lyon, Chairman of the Legislative Committee of VOICE. Is Mr. Lyon present?

(No response).

Is Mr. George Frain, Vice President of the Kalorama Citizens Association present?

Would you come around, sir?

STATEMENT OF GEORGE FRAIN, VICE PRESIDENT, KALORAMA
CITIZENS ASSOCIATION

Mr. FRAIN. Mr. Chairman, I am George Frain. I speak today for the Kalorama Citizens Association and the Washington Metropolitan Area Citizens Transportation Coalition, which is dedicated to reducing the emphasis on the private automobile into achieving a transportation system which is environmentally sound, fully integrated, socially just, safe and convenient; with much greater emphasis on the use of buses, the existing rail lines, the subway, bicycles, and just plain feet.

Now, at the back of my statement—I would like to have my statement, if you would, sir, with my attachments included in the record.

Representative CABELL. Without objection, that is so ordered.

(The complete statement of Mr. Frain follows:)

STATEMENT IN SUPPORT OF PUBLIC TAKE-OVER OF FOUR BUS COMPANIES BY METRO—
AUGUST 16, 1972

I speak today for both the Kalorama Citizens Association, and the Washington Metropolitan Area Citizens Transportation Coalition which is dedicated to reducing the emphasis upon the private automobile and to achieving a transportation system which is environmentally sound, fully integrated, socially just, safe, and convenient; with much greater emphasis on the use of buses, the existing rail lines, the subway, bicycles, and just plain feet. I also speak for BASYAP, INC.—a city-wide small business group dedicated to helping small business and the District of Columbia. Attached to my statement is a list of the organizational members of the Citizens Transportation Coalition which includes groups from D.C.-Maryland, and Virginia.

The bus-take-over bill is a well-thought out bill which reflects the new thinking about mass transit and its growing importance in reducing traffic congestion in our cities, and in our close-in suburbs. One of the newspapers described the Capital Beltway as the longest parking-lot in the world, and one of the most dangerous.

We have long thought that if buses, and commuter trains, and bicycles, and subways are used in European countries with living standards as high as our own—they must be sound, viable solutions to traffic jams, which we should provide in the Nation's Capital.

Another thing European cities use are low-cost fares. We have provided first 5-cent fares, and now, 10-cent fares on downtown F Street in the District of Columbia. This program is now 9 years old and has just been given a 3-year extension even though it has lost money. These 5- and 10-cent fares have been made possible by Federal subsidies, and the subsidies over the 12-year period will be \$2,170,000 (approximately).

It is unfair to provide such fares to the affluent shoppers on downtown F Street, and deny similar 5-cent, and 10-cent fares in the burned-out areas, and in such inner-city areas as 18th and Columbia Road, NW, to welfare families, and low-income Black and Spanish families, and the elderly. Public ownership will correct this injustice. *I ask that my statement and its attachments be included in the printed Hearings.* 68 cities provide reduced fares for the elderly, Senator Frank Church pointed out in the *Congressional Record* of August 2, 1972 (page S 12541). Atlanta, Ga. has reduced bus fares to 25 cents a ride, 50 cents buy 2 rides a day—this is an effort to attract more bus riders. *A Senate study says 108 urban transit systems are subsidized today.*

THE 3-JUDGE PANEL REPRESENTS A NEW AND SIGNIFICANT APPROACH

The *Washington Post* (Aug. 15) reported that the bus take-over bill provides, if bus company officials and METRO officials cannot agree upon a price, it would set up a three-judge panel of the U.S. District Court in Washington, D.C. The

Post reported that this proposal was described by John W. Barnum, General Counsel of the Department of Transportation, as necessary because "passions run rather high" about D.C. Transit. He said that "Virtually any (prospective) juror has a personal interest and possibly a personal animus" toward D.C. Transit which would not exist among the judges.

We feel this same situation, this same passion, personal interest, and animus exists toward the Chinese who are fighting to preserve their homes and businesses from displacement by the convention center, the businessmen at the subway stops at 12th and G, and 7th and G and the businessmen in the 40-acre Pennsylvania Avenue Plan and West End areas.

Attached is a letter from Chairman John L. McMillan of April 27, 1970 in which he says the House District Committee studied the downtown redevelopment program and "reported that it would displace about twenty-five hundred businesses most of which would be forced to close their doors permanently and those that survived would undoubtedly be forced to relocate in other areas"—that is, in areas other than the mile-square downtown urban renewal project area located between Pennsylvania Ave. on the South, M Street on the North, 15th Street on the West, and North Capitol St. on the East. The Senate and House District Committees have not protected the small and weak, but must. HUD Secretary George Romney (see the attached *Wall Street Journal* editorial) said urban renewal hurt the poor and small businesses, and that urban renewal and other Federal bull-dozer programs, such as freeways, sparked the riot in Detroit. Many people feel the SW urban renewal displacement program, which kicked out 23,500 people, 70% of them low-income Blacks, and freeways, were the cause of, or helped spark, the riots and burnings in the Nation's Capital in 1968, in line with Sec. Romney's views.

It is only now, in the case of these four bus companies, and their public takeover, that the Administration has come up with a proposal for a 3-Judge Panel to see that fair prices are paid. As we provide this for the four powerful bus companies, then, in justice and equity, if should be provided for all takings of private property by Federally-subsidized programs, from residents and businessmen, in D.C.-Md.-Va. Mr. Chalk has suggested some amendments which, from reports, seem well thought out and sound. We are pleased to see that Senator George McGovern has said that "renewal of our cities should draw to the fullest extent possible on what is already there." These, plus the 3-Judge Panel, would mean new opportunities for small business, and for minorities, since it is only in small business that minorities, the Blacks, the Chinese, and the Spanish of our city, will have opportunities for business ownership. Such a 3-Judge Panel would also prevent the kind of miscarriages of justice, the denial of due process, the Workable Program, and Sec. 307—Rehabilitation in the 2nd and 3rd Year Action Program that the downtown subway stops.

[From the Washington Post, Jan. 9, 1972]

MINIBUSES MAKE EXIT; MIDIBUSES WAIT IN THE WINGS

(By Jack Eisen and Penny Mickelbury, Washington Post Staff Writers)

Downtown minibus service, which provided Washington's last public transportation bargain at 10 cents a ride, expired yesterday after proving itself a practical success and a financial failure.

Within the next six months, however, the service will be revived and expanded, using a fleet of new and somewhat larger vehicles that already have been nicknamed midibuses.

"We've known for a while that the service would be discontinued," said one passenger yesterday, noting that signs were posted in the buses to that effect.

"I know they wanted to raise the fare, and they should have, instead of cutting it out altogether," said another.

Another passenger, Doris Miller, predicted that most shoppers will now walk between the downtown stores, rather than pay the regular 40-cent bus fare.

Minibus drivers will be transferred to regular buses, a fact that pleases one minibus driver. "I prefer the larger buses. However, this was a good service for the money and I think it should be continued," the driver said.

Neither the passengers nor the driver was aware of the proposed midibus service.

10-BLOCK RUN

The squat, pixie-ish minibuses adorned with candy-striped roofs had shuttled the 10 blocks along F Street NW between terminals outside Garfinckel's and Kann's stores every business day since the spring of 1963.

They were hailed at the start as innovative and convenient, not only because of their low fare but also because of their low floors that made it easy to get on and off, in contrast with the bigger buses.

The original fare of 5 cents was subsidized by the federal government as a test of how the service could help downtown stores. The D.C. Transit System was happy running the minibuses with that subsidy. The store managers and the customers said they were happy, too.

But the subsidy ran out. D.C. Transit absorbed the losses until its citywide bus network began to lose money a few years ago and maintenance problems began to cripple the fleet of 16 minibuses. Only nine were operating at the end yesterday.

Two business organizations, Downtown Progress and Downtown Park and Shop, had donated several hundred dollars worth of spare parts to keep them going.

FARE RISE DENIED

D.C. Transit raised the fare to 10 cents, but later was refused higher rates. It stretched out the time between buses from two to three minutes and then to four. The schedule became increasingly unreliable, as some minibuses tailgated others, leaving wide gaps in the service that followed.

The 1968 racial disturbances took their toll of shoppers who shifted to suburban centers rather than go downtown.

The overall effect was reflected in statistics: the eventual loss was about 3,000 riders each shopping day, from a peak of 1.9 million passengers in 1965, to 1.2 million in 1967 and stabilized around 900,000 in the past three years.

Finally D.C. Transit applied to abandon the service and replace it with standard-size buses that would follow a bone-shaped loop from the Southwest mall to Dupont Circle. Officials and merchants protested that the large buses would lack the glamour to win public acceptance.

MINIBUS PLAN

At that point, Downtown Progress, which originally promoted the minibus in 1963, actively entered the picture with the new minibus plan. It seized upon proposals by City Council Chairman Gilbert Hahn Jr. and Transportation Secretary John A. Volpe, who in public statements have advocated a curtailment of downtown auto traffic.

Downtown Progress won approval for a \$260,000 grant from the Transportation Department's Urban Mass Transportation Administration to buy 15 minibuses. Another \$130,000 will come from city highway funds.

The new buses were ordered by the highway department last week. All 15 are expected to arrive from the factory within six months. Like the minibuses, they will have low floors and seats that run the length of each vehicle. They too, will be leased to D.C. Transit for operation.

TYPES OF SERVICE

Under present plans, they will be used in four types of service: A new rush-hour operation to carry employees to and from downtown offices; a 10-cent loop like the minibus around downtown; a medium cost Southwest-to-Dupont Circle line charging up to 30 cents; and evening service carrying students, the elderly and hospital patients to and from theaters and community events.

Like the minibus, the midibuses will depend in the beginning on support from a federal subsidy to prove their worth. An application for \$780,000 over a three-year period is being prepared.

[From the New York Times, Jan. 7, 1972]

... BEGGING TRANSIT SUBSIDIES

The transit fare package worked out among city and state political leaders is essentially a subsidy package. The fare has been raised a nickel, but, without

revenues from increased bridge and tunnel tolls and loans from both city and state, the fare would have been increased much more.

The package constitutes recognition that the fare box alone can no longer be expected to pay for transit operations. In fact, prolonged reliance on this sole source of revenue caused a dearth of income that has led to dangerously inadequate maintenance on an already aging and uncertain subway system.

Twenty-seven months from now, at the expiration of the transit workers' new contract, the next contract can be expected to force operating costs still higher. In this interim period a more permanent subsidy scheme must be devised. It may be unrealistic to insist on an absolutely free transit system, as Bronx Borough President Robert Adams does, but he is undeniably correct in calling mass transit a fundamental need in this metropolitan area, almost on a par with sanitation service, schools and hospitals. As such, it too will have to receive support from the general treasury.

[From the Washington Post, May 28, 1971]

MINIBUS MERRILY ROLLS ON

(By Kirk Scharfenberg, Washington Post Staff Writer)

Forest Rose will be able to give up his seat on an F Street minibus to an elderly woman for at least two more months and perhaps much longer under a ruling by the Washington Metropolitan Area Transit Commission yesterday.

The commission, which in April granted the D.C. Transit Co. conditional permission to end the minibus service on June 1, yesterday extended the deadline for 60 days.

At the same time, the commission expressed the hope that the Department of Transportation will pick up the costs of the minibus operation for the next five years.

Rose hopes so too.

A Department of Labor employee, Rose rode one of the carnival-colored minibuses from his office to F Street yesterday afternoon to do a little shopping.

After standing to give his seat to one elderly woman and then turning to help another struggle aboard, Rose told a fellow passenger, "These things are really a godsend. If you've got a little time to do shopping, you can come right downtown to get what you need and go back."

William Warren, a Justice Department lawyer standing at the back of the bus, agreed. "It's a good service. It's cheap (10 cents) and convenient."

"It's convenient. It saves you walking," explained Jean Addmesberger, a Northwest Washington resident. "I don't mind walking, but not when it's hot."

In one 20-minute loop through the F Street shopping district, the bus picked up and discharged about 45 passengers. During most of the trip at least five passengers were forced to stand.

"It's a pretty average trip," explained driver Richard Butler. "The shoppers seem to like it."

Nonetheless, the minibus operation, inaugurated in 1963, loses money, according to D.C. Transit Co. officials. In the fiscal year ending Nov. 30, 1970, they told the transit commission, the minibuses took in \$91,000 in fares while paying drivers \$99,818 in wages. Overall, the company claimed losses of \$73,000 on the minibuses for the year.

Early this month, District officials sent a preliminary application for a \$1.5 to \$1.9 million "demonstration" grant to the Department of Transportation to subsidize the minibuses for the next five years. The experiment would include some free service.

A Transportation Department spokesman said yesterday that the department had some problems with the "demonstration" aspect of the proposal since the minibuses have been in operation for more than seven years.

However, he said the department is anxious to receive additional proposals and added. "There is a very definite interest here in continuing the minibus service."

[From the Wall Street Journal, June 12, 1972]

GOOD INTENTIONS AREN'T ENOUGH

George Romney's recent denunciation of the federal urban renewal program is nothing short of astonishing, coming as it does from the Secretary of Housing and Urban Development.

The usual response of officialdom is to deny that anything is wrong. Yet here was Mr. Romney telling a House Appropriations Subcommittee that the program administered by his agency was a waste of taxpayers' money and a factor in the decay rather than the salvation of inner cities.

Secretary Romney's remarks were prompted by the disclosure that 54 modest, low-income town houses under construction in Washington will cost taxpayers \$76,000 each. But the sentiment was not a new one. Ten years ago Mr. Romney charged that urban renewal programs were contributing to economic and racial stratification in our cities. He said then that too often they have worked economic hardship on small business and have siphoned millions of taxpayer dollars into favored real estate development firms.

Not long afterward, Columbia University Prof. Martin Anderson, in a Business Review and in a subsequent book ("The Federal Bulldozer: A Critical Analysis of Urban Renewal, 1949-1962"), corroborated critics' complaints that the urban renewal program was a costly failure.

Professor Anderson showed that the program had destroyed more homes than it created, particularly low-rent homes, and built predominantly high-rent homes as replacements. Thus housing conditions were worsened for those whose housing conditions were least good to begin with, and improved for those whose housing conditions were best to begin with.

Furthermore, his study showed that urban renewal actually subsidizes high-income groups and hurts low-income groups. It destroys businesses and forcibly displaces people from their homes and neighborhoods. And it endangers the right of private commercial and residential property by equating and undefined "public interest" with public use.

In 1954 the U.S. Supreme Court held that, under the urban renewal program, the government can seize the property of one man, destroy it, and then sell the cleared land to another private citizen at a negotiated price. In short, it changed the traditional concept that the government may seize private property only for public use.

Despite the evidence that urban renewal has helped contribute to a balkanized, polarized urban society, the President's Study Group on Urban Renewal two years ago recommended that the program be continued and used as a major means of halting the "balkanization and polarization of American society."

Most people probably agree that American cities need to be revitalized. And no one can question the good intentions of urban renewal advocates. But Mr. Romney has the problem identified when he says, "I think the intentions were wonderful, but the results are not."

[A Washington Post editorial, May 8, 1972]

HUD Secretary Romney in his testimony to the Senate Banking Committee on Jan. 16, 1969 said—

"Urban renewal helped spark the riot in Detroit . . . between urban renewal and freeway construction the population increased in the 12th Street area from 12,000 to 34,000 at the time the riot broke out. I have personally talked to many of these people who were literally bulldozed out of their homes. I think it has been wise to reshape the urban renewal program."

"The minute public urban renewal is announced for an area, all private renewal stops. There are no more loans or even incentives for repairs. Mortgage money is withdrawn and people who can afford to move out in anticipation of the bulldozers. As the late Charles Abrams put it "urban renewal designation has become one of the most efficient ways of slum creation."

COMMENTS ON FEDERAL CONDEMNATION PROGRAMS

"During the past few years, federally aided highway construction has displaced an average of 60,000 people from their homes and businesses each year. Of the people displaced, three fourths were urban dwellers. Most displacement occurred in areas of middle-to-low income housing units that cost less than \$15,000 or rented for less than \$110 a month. Displacement often has a heavier impact on minority groups than on others."

—From 2nd Annual Report on Environmental Quality, President's Council on Environmental Quality, 1972.

"My position basically is that I am opposed to the destruction of a neighborhood

in the name of renewal. I believe that renewal of our cities should draw to the fullest extent possible on what is already there."

—Presidential candidate George McGovern in a letter of July 18, 1972 to Mrs. Amalya L. Reifsneider, Park Book Shop, 617 F St., N.W. who is being displaced by the downtown urban renewal program.

"The dislocation and relocation practices have been the urban renewal program's most shameful aspect . . . The destruction of 2,000 stores in a single city, or of 27,000 in the nation, inevitably destroys much of the life of the city and much of the values that made the neighborhoods pulsate. If 2,000 small enterprises in a single city were wiped out by a disaster, Congress would go into action. Yet not an eyelash is blinked when the disaster is planned under the name of public programs."

—Charles Abrams, world-famous housing expert, in his book, "The City is the Frontier", 1965.

"The plight of property owners in urban renewal areas is recognized in this measure. Provision is made so that they can rehabilitate their homes and businesses instead of having to move from the path of the bulldozers."

—President Lyndon B. Johnson in signing the Housing Act of 1964 in referring to Sec. 307 to provide for rehabilitation instead of clearance, a provision totally ignored by HUD/RLA in their urban renewal programs in the downtown urban renewal programs in D.C.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C., April 27, 1970.

Mr. ROLAND SAWYER,
Washington, D.C.

DEAR MR. SAWYER: I have read with interest your letter in reference to the proposed urban renewal program for downtown Washington and your particular comments concerning the Park Book Shop and the hardship which will result to Mrs. Reifsneider who is confronted with another displacement in the downtown area.

The urban renewal of the downtown area was initially proposed by the Federal City Council which formed the Downtown Progress Organization which spent several years developing a proposal as a suggestion to the Planning Commission. The Planning Commission developed a plan for the downtown area and this plan was approved by the District of Columbia Government. It has now reached the point of execution by the Redevelopment Land Agency.

A Special Subcommittee of the House District Committee, in 1962 and 1963 studied the redevelopment program in the District of Columbia. *Although the downtown program was only in preliminary stages, the Subcommittee reported that it would displace about twenty-five hundred businesses most of which would be forced to close their doors permanently and those that survived would undoubtedly be forced to relocate in other areas.* Once a formal plan is approved, as has been done in this case, the only possibility is to secure a change in the plan. This may be done by the District of Columbia Government in cooperation with the Planning Commission. Any such change, however, requires public hearings and formality similar to those required for the adoption of the original plan. At the very best, this is a very difficult procedure.

With kindest regards, I am

Sincerely yours,

JOHN L. McMILLAN, M.C.,
Chairman.

[From the Washington, D.C., Evening Star, Sept. 3, 1971]

URBAN RENEWAL "BARGAIN" IS OFFERED—\$10.7 MILLION SAVING?

(By Michael Anders, Star staff writer)

A prominent District architect has told the city that his firm can slice millions of dollars from the urban renewal of downtown Washington and also preserve its unique character.

Arthur Cotton Moore made his second presentation before the National Capital Planning Commission yesterday. He said his proposal is favored by nearly all businesses affected by construction of two proposed subway stops.

The conventional approach of redeveloping the commercial areas in four blocks would cost the city \$24.4 million, Moore said. He said his concept would cost \$13.7 million.

Small shops would be retained and large office buildings harmoniously constructed over them in air-right space. Dingy alleys would be transformed into enticing entrances for arcades and courtyard cafes.

Moore said the "unique and special services" offered by the small shops—many of them housed in family-owned, two- and three-story structures—is the "real attraction of downtown" and should not be razed.

The conventional approach would be for the city to acquire and demolish the structures and relocate firms while new construction is under way. Millions of dollars in real estate and sales taxes would be lost during the redevelopment period, Moore said, and displaced firms probably could not return downtown.

Moore said 56 buildings housing 76 businesses would be spared from the bulldozer if his proposal is accepted. Only two firms said they were against the idea he added.

The redevelopment area includes property surrounding the two subway stops in the area of 12th and G Streets NW and 7th and G Streets.

NCPD board members appeared delighted with the Moore proposal. Chairman Ben Reifel said it contains a "warmth and welcomeness that seems to be absent at the present time (and) captures what America was and still is."

Commissioner Charles C. Johnson Jr. called it a "chance to have our cake and eat it too" if the plan proves to be economically feasible.

The commission allowed Moore 30 days to refine the plan before it is formally submitted for consideration.

NOTE.—This plan was rejected by RLA and HUD in favor of total clearance and displacement of the affected small businessmen who were denied the benefits of Sec. 307 of the Housing Act of 1964, and also denied due process.

The affected businessmen have been denied, also, the protections of the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" which Congress provided.

Secretary George Romney refused to afford the affected small businessmen an opportunity to challenge the slums and blight findings prior to depriving them of their properties, a constitutional issue, forcing a petition to the U.S. Supreme Court.

The small businessmen have been denied the participation required by the Workable Program, and Downtown Progress has to all affects and purposes dictated the urban renewal programs for displacing and kicking out small businessmen.

WASHINGTON METROPOLITAN AREA CITIZENS TRANSPORTATION COALITION

The Washington Metropolitan Area Citizens Transportation Coalition is dedicated to reducing the emphasis upon the private automobile and to achieving a transportation system which is environmentally sound, fully integrated, socially just, safe, and convenient; with much greater emphasis on the use of buses, existing rail lines, the subway, bicycles, and feet.

More specific positions of the Coalition include opposition to the outer beltway and any more freeways inside the beltway. The Coalition supports unification of all metropolitan transportation under a single board provided that its members are full-time and chosen in nonpartisan elections, and that all plans are subjected to referenda of the citizens concerned.

The organizational members of the Coalition include: Americans for Democratic Action, D.C. Chapter; Arlington Coalition on Transportation; Businessmen Affected Severely by the Yearly Action Plans (BASYAP); Citizens for Sensible Transportation; D.C. Federation of Civic Associations; Emergency Committee on the Transportation Crisis; Metropolitan Washington Coalition for Clean Air; and Wilderness Society, D.C. Committee.

In addition, the members of the Executive Committee of the Coalition hold positions in such groups as: Dranesville Environmental Force; Federation of Citizens Associations of the District of Columbia; Indian Head Highway Action; Metropolitan Congress of Citizens; Montgomery County Citizens Planning Association; Montgomery County Civic Federation; Mt. Vernon District Council; and Northern Virginia Conservation Council.

Mr. FRAIN. The Washington Metropolitan Citizens Association supports unification of all Metropolitan transportation under a single Board provided that its members are full-time and chosen in non-partisan election, and that all plans are subjected to referendum of citizens concerned, which would seem to be a democratic approach to the problem.

Original members to the coalition include the Americans for Democratic Action; Arlington Coalition on Transportation; Businessmen Affected Severely by the Yearly Action Plan; Citizens for Sensible Transportation; The D.C. Federation of Civic Associations, which is an area-wide, 60-year old Civic Association largely from the black community; the Emergency Committee on the Transportation Crisis; the Metropolitan Washington Coalition for Clean Air; the Wilderness Society of the D.C. Committee of the Wilderness Society; and, in addition, the members of the Executive Committee of the Coalition hold a position in such groups as the Dranesville Environmental Force; the Federation of Citizens Associations of the District of Columbia; the Indianhead Highway Action Committee; the Metropolitan Congress of Citizens; the Montgomery County Citizens Planning Association; the Montgomery County Civic Federation, which, of course, Mr. Gude realizes are rather significant groups in his Congressional District; the Mt. Vernon District Council; and the Northern Virginia Conservation Council.

I also speak for BASYAP, INC.—a city-wide small business group dedicated to helping small business and the District of Columbia. Attached to my statement is a list of the organization members of the Citizens Transportation Coalition which includes groups from D.C., Maryland, and Virginia.

The bus-take-over bill is a well-thought-out bill which reflects the new thinking about mass transit and its growing importance in reducing traffic congestion in our cities, and in our close-in suburbs. One of the newspapers described the Capital Beltway as the longest parking-lot in the world, and one of the most dangerous. And if you saw on the front page of the Star last night, I think it was, there was a large picture of a bus—of an automobile collision on the Beltway that shows that it is not the safest place to be at any time of day or night.

We have long thought that if buses, and commuter trains, and bicycles, and subways are used in European countries with living standards as high as our own—they must be sound, viable solutions to traffic jams, which we should provide in the Nation's Capital.

REDUCED FARES

Another thing European cities use are low-cost fares. Now, I know there has been some considerable discussion in this Committee about Reverend Fauntroy's position about an item on his agenda for freedom, as I believe he calls it, for providing low-cost fares in the District of Columbia. Since Mr. Fauntroy is being, has been suggested as Vice President on the Democratic ticket his views are more than of usual significance, and I think that it is important in this connection to point out to you, and if you look at page 2 and page 3, the first and second

attachments, "Mini-Buses Make Exit—Midi-Buses Wait in the Wings," from the Washington Post of January 9, 1972 and May 23, 1971, you will find that we have provided first five-cent fares, and then ten-cent fares on downtown F Street in the District of Columbia. Now, this program is now nine years old and has just been given a three-year extension, even though it has lost money. These five and ten-cent fares have been made possible by Federal subsidies, and the subsidy over the 12-year period will be \$2,170. million, approximately, and I think that part of the trouble with the D.C. Transit is that they had to reach into their own pockets and help pay for those ten-cent fares, and five-cent fares, on downtown F Street.

Now, we are an intercity group. We live in the intercity. I live myself at 18th and Columbia Road, Mr. Cabell, and this is an area of low-cost homes—I mean varied citizens, families, blacks, Spanish-speaking, who are really at the bottom of the totem pole, so to speak, with regard to income. And it is unfair, we think, to provide 5- and 10-cent fares to the affluent shoppers on downtown F Street as a result of pressures and lobbying by the Downtown Business Progress which was the business group that just preceded me, and deny similar 5- and 10-cent fares in the burned-out areas, and in such innercity shopping areas as 18th and Columbia Road, Northwest, to welfare families and low-income black and Spanish families and the elderly. We feel that the public ownership such as is suggested in H.R. 16119, will correct this injustice.

Sixty-eight cities provide reduced fares for the elderly.

Representative CABELL. Will the gentleman yield at this point?

Mr. FRAIN. Yes.

Representative CABELL. I believe that the gentleman has gotten on a subject which is somewhat moot. The matter of fares to be charged is not germane at this time. The act of financing WMATA states very clearly that fares must be charged sufficient to pay their service, costs on their bonds, and if the gentleman will accommodate us by not bringing in those non-germane items, I think it will be to the advantage of all and we will be respectful of those who wish to testify following you.

Mr. FRAIN. Well, Mr. Chairman, I simply close that point of my statement by simply pointing out that we have provided these fares, and will be providing them during the next three years. Ten-cent fares on downtown F Street, and we feel that this is going to be a part—I mean, this is going to be a part of the ongoing program which we are buying here today in this bill and if we are going to provide, as we have, and as we will for the next 3 years, 10-cent fares to F Street, then it ought to be provided for low-income families, the black and Spanish, and the people on welfare in low income areas. I mean, I simply feel that we are buying. I mean, you say it is not germane; I think that if you look at the facts that we will be providing under Federal subsidy and city subsidy 10-cent fares for the next 3 years as we have in the past 9 years for affluent shoppers from the suburbs, from Virginia, Maryland and so on, and that if we can do this under District of Columbia Transit as presently organized, that if it is not germane then I think that this committee ought to insist that no 10-cent

fares be provided downtown. I mean, it is one or the other. I think you say if you are going to provide 10-cent fares downtown then we ought to insist that it be provided for the low-income families in the inner-city shopping areas because—

Representative CABELL. Mr. Frain, the Chair does not want to appear to be discourteous but this bill does not get into all of the operating requirements and the procedures of the company. This is a bill to determine whether or not it shall be taken over as a public operation, and the Chair would deeply appreciate your recapitulating as near as possible the testimony that you have to give us and please keep it germane to the bill before us.

Mr. FRAIN. Well, it was a part of my statement. I will go to the next point.

SPECIAL COURT PROCEDURE

The Washington Post of August 15 reported that the takeover bill provides, if bus company officials and METRO officials cannot agree upon a price, it would set up a three-judge panel of the U.S. District Court in Washington, D.C. The Post reported that this proposal was described by John W. Barnum, General Counsel of the Department of Transportation, as necessary because "passions run rather high" about D.C. Transit. He said that "Virtually any (prospective) juror has a personal interest and possibly a personal animus" toward D.C. Transit which would not exist among the judges. Now, this was from testimony presented by Mr. Barnum and Mr. Volpe when they appeared before you a couple of days ago.

We feel this same situation, this same passion, personal interest, and animus exists toward the Chinese who are fighting to preserve their homes and businesses from displacement by the convention center, the businessmen at the subway stops at 12th and G, and 7th and G and the businessmen in the 40-acre Pennsylvania Avenue Plan and West End areas.

Attached is a letter from Chairman John L. McMillan of April 27, 1970, in which he says the House District Committee studied the downtown redevelopment program and reported that it would displace about twenty-five hundred businesses, most of which would be forced to close their doors permanently and those that survived would undoubtedly be forced to relocate in other areas.

HUD Secretary George Romney (see the attached Wall Street Journal editorial) said urban renewal hurt the poor and small businesses, and that urban renewal and other Federal bull-dozer programs, such as freeways, sparked the riot in Detroit. Many people feel the SW urban renewal displacement program, which kicked out 23,500 people, 70 percent of them low-income blacks, and freeways, were the cause of, or helped spark, the riots and burnings in the Nation's Capital in 1968, in line with Secretary Romney's views.

It is only now, in the case of these four bus companies, and their public take-over, that the Administration has come up with a proposal for a three-Judge Panel to see that fair prices are paid. As we provide this for the four powerful bus companies, then, in justice and equity, it should be provided for all takings of private property by Federally-subsidized programs, from residents and businessmen, in

D.C., Maryland and Virginia. Mr. Chalk has suggested some amendments which, from reports, seem well thought out and sound. We are pleased to see that Senator George McGovern has said, and this is based on the position in the Democratic Platform, that "renewal of our cities should draw to the fullest extent possible on what is already there." These, plus the three-Judge Panel, would mean new opportunities for small business, and for minorities, since it is only in small business that minorities, the blacks, the Chinese, and the Spanish of our city, will have opportunities for business ownership. Such a three-Judge Panel would also prevent the kind of miscarriage of justice, the denial of due process, the Workable Program, and Sec. 307-Rehabilitative in the second and third year Action Programs at the Downtown subway stops.

I think we have appeared before you, Mr. Cabell, in regard to some of the problems we have. I have letters from Senator Edward Muskie and Mr. Blatnik, in which they have taken up some of the problems of the small businessmen and the failure of the City Government to provide any kind of relocation program with Secretary Romney.

Now, I would like to make one final point and, that is, that it seems to me that—I have a copy of what is known as "The National Environmental Policy Act of 1970" here and it says that under Section 102, the provisions of Section 102, that the Federal official and this we think would be Secretary Volpe, should include in every recommendation or report on proposals for legislation, and other major Federal actions, significantly affecting the quality of the human environment, a detailed statement by the responsible official and the environmental impact of the proposed action; any adverse environmental impacts, alternatives to the proposed action and so in. Now, under—I have a rundown of some of the—rundown of the National Environmental Policy Act as it relates to the Department of Transportation prepared by the Center for Science and the Public Interest in Washington, D.C., and which has a Washington, D.C., address, and what they say is that in accordance with the guidelines issued by the Council on Environmental Quality, you know, which is in the White House under the President, and the Department of Transportation, that they have issued guidelines which spell out how the Department of Transportation will implement the National Environmental Policy Act. The Department, the DOT, Order declares that a statement should be prepared (1) when there is doubt as to whether or not to prepare a statement; (2) whether the environmental consequences of the proposed action are unclear but potentially significant or; (3) for any action that is likely to be highly controversial on an environmental ground.

Now, we do not think the taking over of the bus company is going to be controversial, but we do feel to further DOT's—incidentally, the Federal Government is putting up two-thirds of the cost of this so we feel it would be very sound to require DOT and WMATA to provide a 102 statement that really meets the qualifications, I mean the requirements of the National Environmental Policy Act, because under the DOT guidelines such a 102 statement, environmental impact statement, must be provided in cases where Federal grants, loans or other financial assistance is provided. And since the Federal Government is paying two-thirds of the cost and if it is \$70 million or \$75

million, as Mr. Chalk says his property is worth, or if it is \$45 to \$55 million as Jackson Graham of WMATA says, the bus company is—these bus companies are worth, it is two-thirds of that which does constitute a major financial assistance. And it would seem that a 102 statement under the circumstances should be filed voluntarily by DOT.

I do not think that the—but, our feeling is that we have heard rumbles around in the community about this, and we suggest that in order to head off a lawsuit under the 102, under the National Environmental Policy Act, it might be a good idea to have such a statement filed.

Thank you very much for your consideration.

Representative CABELL. Thank you, sir, for your testimony.

Mrs. Green?

Representative GREEN. Mr. Chairman, I am trying to put some materials together and I would ask unanimous consent to extend my remarks at this point in the hearing and to include some other materials.

Representative CABELL. Without objection, that is so ordered.

(The material referred to follows:)

MEMORANDUM

In 1955, the franchise of the Capital Transit Company for public transportation in the District of Columbia was cancelled by Act of Congress. [P.L. 389, 84th Cong., 1st sess., approved Aug. 14, 1955; 69 Stat. 724] The then transit system was essentially a rail system of more than 125 miles of single track, with supporting bus routes. More than 135 million passengers were carried annually.

TRACK REMOVAL

When the Capital Transit Company's franchise was cancelled, a major obligation of that company remained, namely, the removal of all track from the public right of way in the District of Columbia. Provisions requiring track removal by companies holding District franchises first appeared in statute in 1878. Since that date the Congress in successive legislative Acts has continued to insist that the cost of clearing tracks from District streets and highways not be placed upon taxpayers. Riders of the system received the benefit of the use of the tracks and contributed to the accruing transit assets which might be necessary for track removal.

In Section 7 of the franchise enacted by Congress, granting authority to operate the District of Columbia street transportation system, the obligation of Capital Transit for track removal was transferred to its successor, the D.C. Transit System, Inc. [P.L. 757, 84th Cong., 2d sess., approved July 24, 1956; 70 Stat. 598] The owner of D.C. Transit, Mr. Chalk, must have considered the cost of this obligation, estimated at as much as \$20 million, and was satisfied that the assets of the Capital Transit system being acquired were sufficient to meet track removal costs. This is particularly true since the franchise required conversion of the rail system to an all bus system within seven years, and that tracks would have to be removed as scheduled by the District government and solely at the cost of D.C. Transit. At the present time about 90 miles of track remain in place, covered by asphalt surfacing.

The acquisition price of the transit facilities of Capital Transit to D.C. Transit was \$13,500,000. The total cash used by the owner of D.C. Transit in funding this purchase agreement was \$500,000. There was cash in Capital Transit funds in the amount of \$7,500,000 which was transferred to D.C. Transit. Borrowings from New York banks supplied the additional funds necessary to complete the transaction. From operating revenues, sale of company real property, and cash funds, D.C. Transit repaid its borrowings within three years. Dividends paid to the owner at the end of the first year, were in excess of his total cash outlay for acquisition.

During rate cases later brought before the regulatory Commission (WMATC), the Commission raised an issue concerning the acquisition value of the Transit Company. It was determined, on the basis of valuations made at the time of cancellation of the Capital Transit franchise, that the facilities were worth at least \$23.5 million, and an Acquisition Adjustment account was established. The

amount set was \$10 million. In determining the income of D.C. Transit, there was added to the net operating revenues, an amount of \$1 million annually to be charged as acquisition cost. As of this date there has been credited to D.C. Transit as earnings more than \$9.9 million, which has the effect of increasing the acquisition price to about \$23.5 million.

AREA BUS COMPANY VALUATIONS

The pending legislation would authorize Metro to acquire the four local bus companies. No appraisals for acquisition have been made. Estimates are gathered from statements of the companies or exhibits furnished in the forum of rate case procedures before the Washington Metropolitan Area Transit Commission. Estimates of the total value of the four companies range from \$40.6 million to \$55.0 million.

The largest of the four companies is the D.C. Transit System, Inc., which operates principally in the District of Columbia. Statements entered in this hearing record have placed the D.C. Transit value as high as \$75 million. The Company's statements before the regulatory Commission, to support increased fares, while expected to present the best showing possible, do not come close to the above estimate. None of the estimates makes any analysis of or allowances for the obligation of track removal for that which remains, 90 miles, in the District streets.

The following figures are selected from the reported assets and obligations as presented by the D.C. Transit Company to the Commission. A net valuation of D.C. Transit would appear to be about one third to one fourth of the amounts stated:

Valuations of D.C. Transit System, Inc.

I. Valuation of real property :	<i>Estimated market value¹</i>
Operating property :	
In use-----	\$22, 270, 970
Not in use-----	3, 100, 000
Nonoperating property-----	16, 702, 661
Total-----	42, 073, 631
II. Valuation of revenue equipment (buses) :	
Number of buses-----	1, 065
Original cost-----	\$33, 430, 572
Accumulated depreciation-----	20, 671, 490
Book value—December 31, 1971-----	12, 759, 082
Estimated market value-----	² 18, 500, 000
Notes payable—Obligations due at December 31, 1971-----	7, 989, 064
III. Total obligations :	<i>Balance due at June 30, 1972</i>
Accounts payable, accrued payroll and other current liabilities-----	\$7, 283, 949
Notes payable—long term obligations with varying maturities-----	17, 808, 480
Total-----	³ 25, 092, 429

¹ Estimates submitted by D.C. Transit in testimony of 1972 rate case.

² Not based on appraisal of individual units; rough estimate of fleet value.

³ Total obligations shown do not include any provision for the cost of track removal to the extent required by the franchise.

COST OF ACQUISITION

Mrs. GREEN. I just do not want the hearings to close without at least the opportunity for some of the Members [expressing some concern, at least a chance for me] to express concern over the reported asking price for WMATA to pay. I frankly, am appalled when I hear the

figure of \$50 and \$75 and \$90 million, as the possible asking price for the transit company. And I, indeed, hope that in the Bill the public interest is adequately protected. I recognize there is the court procedure. I recall, however, that Mr. Chalk only paid half a million himself for the Transit Company, and that the total price was about \$13.5 million. He then sold considerable real estate, borrowed from banks to pay for the rest of the balance, and within three years I am advised he paid off all obligations. When I review the testimony which was given by the Chairman of the Washington Metropolitan Area Transit Authority, he states that at the time it was being organized, the bus companies were then in a relatively healthy financial condition, and offered adequate service to the public at reasonable fares. One is bound to question, then, why the situation has suddenly become, as he later described it, one wherein "the financial outlook is dismal." We now have a chronic situation where a fare increase or a further curtailment of service, or both, is either imminent or foreseeable. And this is going to be a worsening, ever-worsening, transportation crisis. Throughout the testimony, this worsening crisis has been constantly referred to, and I cannot but ask why—what has happened during this period of time? It is all the more puzzling considering the price that he paid for it, and the amount of real estate that he sold. I am sorry I could not be here yesterday when Mr. Chalk was here. I had a conflict in meetings. But, I must say that I am frankly appalled at the acquisition price that I hear bandied about for WMATA to pay. If, indeed, the future of this company is so dismal and it is as close to bankruptcy as reported, I hope that the government is not going to be socked for some outrageous price for it. When other companies are about to go bankrupt and there are not very many takers who are interested in buying it, it appears to me that it is a "buyer's" market, not a "seller's." I just wanted to express that concern, Mr. Chairman.

And, as I said before, I want to include some other materials which I have and I am in the process of putting together.

Thank you.

Representative CABELL. Well, I think the gentle lady has brought up some very pertinent points, and the Chair feels that all of those things will be taken into consideration. The Bill, itself, requires that all financial action must be approved by the Secretary of the Department of Transportation. He will have access, of course, to all records and he will have access to all of the hearings that have been held over the years by the Metropolitan Transit Commission which has been the regulatory agency for that. And I think it should also be borne in mind that when you first start horse-trading that the owner of that horse puts a very high value on him until you find out that he has not got any teeth left, and his hoofs are split, and then you get down to brass tacks and do some hard negotiating.

Representative NELSEN. And spavined on there, too.

Representative CABELL. By all means, so be assured and I hope that I am not whistling in the dark, but those things will be undertaken and taken into consideration.

Representative GREEN. I hope the Chairman's confidence in those who are going to be doing this is well placed. I have been looking at some of the Government spending in the last couple of years, and I

do not share the Chairman's confidence. I wish those people who are talking so much about tax reform would talk a little bit about spending reform. It seems to me that is the other side of the coin, and just because a Secretary in his Department is the one who is going to make the final decision does not assure me that the public interest is necessarily protected to the full.

Representative CABELL. May the Chair state in response to that, that his statements of confidence are not necessarily statements of confidence but are primarily exhortations to those people to be on their toes when the negotiations start.

Mr. Nelsen?

Representative NELSEN. Off the record.

(Off the record discussion).

Representative NELSEN. Thank you very much.

Representative CABELL. Is Mrs. Harriet Hubbard of the DuPont Circle Citizens Association in the audience?

Is Mr. Alfred Trask in the audience of the Interfederation Council?

Mr. Trask, would you come forward, and the Chair would like to urge all of the witnesses to make their testimony as quick as possible, because we do want to hear from all of you, and your full statements, of course, will be accepted for the record.

STATEMENT OF ALFRED S. TRASK, INTERFEDERATION COUNCIL

Mr. TRASK. Off the record, sir.

(Off the record discussion).

Representative CABELL. I merely ask that the witnesses make their testimony as brief as possible.

Mr. TRASK. Yes, sir.

Representative CABELL. Because your full statement will be accepted into the record.

(The complete statement of Mr. Trask follows:)

STATEMENT OF THE INTERFEDERATION COUNCIL—ACQUISITION OF WASHINGTON METROPOLITAN AREA BUS COMPANIES, AUGUST 16, 1972

At its regular meeting on April 17, 1972, the Interfederation Council unanimously endorsed the acquisition of area bus transit companies. In the event the acquisition was not immediate, an interim subsidy as part of the takeover package was favored to prevent further financial deterioration of the companies, whose outlook is characterized as "dismal."

We believe in private enterprise where it can function effectively, but private transit in the face of competition with autos running on government-provided highways is becoming progressively unfeasible.

Our local transit difficulties started when the S.E.C., under the Public Utilities Holding Company Act of 1935, required dismemberment of the North American Company, owner of the conservatively managed, debt-free Capital Transit Company, which had excellent labor relations.

The Wolfson group, taking over in 1949, was less successful in its labor relations, and incurred public disfavor by increasing the dividend rate.¹ It was criticized for selling Glen Echo Amusement Park, although that never was an operating company in the transit sense. Financial difficulties were encountered by the extremely low rate of return allowed by the Public Utilities Commission under Chairman Robert McLaughlin^{2, 3}, and by the refusal of the District Com-

¹ "Capital Transit Co. Matters" Hearings, Senate District Subcommittee (1955), page 154.

² D.C. Transit System v. WMATC, 350 F. (2nd) 753 (1965), Section 1, and Circuit Judge Wright's Concurring Opinion.

³ "Washington Metropolitan Transit Authority", Hearings, House Interstate and Foreign Commerce Subcommittee (1956), pages 260-1.

missioners to recommend lifting the \$500,000 gross receipts tax in 1955 until the strike had settled the fate of the company.³

The District Commissioners did not bring the Chalk-Fox group into the picture until the conference stage of a Senate-passed bill to establish a Washington Metropolitan Transit Authority, and a House amendment to allow Capital Transit to continue in business under certain conditions. D.C. Transit System, Inc., was awarded a franchise with a capital investment of \$500,000, the down payment on a purchase price of \$13,540,000.

The new company, after a period of high earnings, decided to let the public in on this bonanza, and offered to sell shares at \$10.00—for which the original stockholders paid 20¢, the par value (\$500,000 divided by 2.5 million shares).

As the U.S. Court of Appeals said in *D.C.T. v. WMATC*, 350 F. (2nd) 753, Sections 5 and 11, D.C. Transit's large debt ratio was known to the Congress when it passed the Franchise Act. The P.U.C. took no exception and there was no attempt to bring pressure on the company to increase the paid-in capital until the last rate case, when the company, though losing money and with impaired credit, was required by the Transit Commission to produce an additional \$6.4 million within 90 days as a condition precedent to consideration of a rate increase in the current proceeding, otherwise the record would be stale and the process would start all over again. Order Nos. 1216 and 1219. Vice Chairman Sullivan dissenting in Order No. 1216-A, answered in No. 1216-B.

We should like to point out a few possible additions to H.R. 16119.

Historic Vehicles. Title to these passed to D.C. Transit. The PCC cars have been given to the National Capital Trolley Museum, and one was destroyed by vandalism. There is still a 4-wheel motor car and trailer which used to cruise about occasionally when we had the tracks. Historic vehicles belong to the public here and should not be retained by the seller as souvenirs for transportation say to New York.

Track Removal. We find no mention of track removal, although there are still some in the streets. These are being progressively removed as streets are paved on an accrual basis. Since it is more efficient to remove tracks when a street is paved than all at once. It would seem logical to continue the arrangement made when D.C. Transit took over.

Going Concern Value. The Franchise Conference Report stated that Section 2(b) of the franchise was not intended to preclude the Corporation's property from being valued as a going concern in the determination of any damages resulting from a cancellation of the franchise for any reason other than non-use.⁴ We mention this because of the interchange at an Authority advisory meeting on August 1, 1972: Q: What about going concern value? A: I will make no further comment. All we are buying is buses.

In the interest of fairness, if the Conference Report indeed represents the sense of the Congress, there should be some indication in the current bill or in its legislative history.

As a matter of interest, it may be noted that the Interfederation Council in 1955 favored the formation of a Washington Area Transit Authority to acquire and operate a transportation system in this area.⁵ Particularly with the Metro coming, common ownership and operation is necessary to prevent ruinous competition between bus trunk lines and rapid transit lines.

While many public and private bus systems in the Nation have higher fares than here, it is essential to keep fares from rising further to prevent loss of mass transit patronage which would imperil Authority operations. Further in view of the precarious financial position of three of the area companies, which could affect the continuity of service, we urge that the Congress follow the lead of the Senate when it passed S. 1814 in 1969. In transit service, Washington has had enough experimentation. We therefore urge prompt approval of the bus purchase bill.

Charter and Sightseeing Service. We would not be in favor of D.C. Transit under any name continuing to furnish sightseeing service, which we understand none of the other independent transit companies furnishes on an individual-ticket-sale basis in the District. Neither would we want the company to furnish charter service in competition with Metro. It is noted that Mr. Chalk did not contemplate doing so in 1969 as he testified in the Senate public ownership hearings on S. 1814, April 29, 1969, pages 94-95.

⁴ "D.C. Transit System, Inc.", Hearing, House District Subcommittee (1967) on H.R. 7802, page 92.

⁵ As (3); pages 361-2.

Mr. TRASK. Mr. Chairman and Members of the Committee, I am Alfred S. Trask, Chairman of the Public Utilities Committee of the Interfederation Council, representing Civic Federations from the District of Columbia, Montgomery County, Prince Georges County and Arlington County. These Federations, in turn, have delegates from individual associations. The Committee may be assured of solid citizen support for public acquisition of the area bus company. We are gratified that at long last our hopes may be realized.

We have noted a brief history in our statement of the disastrous effects of letting in D. C. Transit System in a star-chamber proceeding which shows the desirability of letting the public know about municipal plans which affect all of us intimately. Part of the confusion arises from the secular nature of the Transit Commission holdings, partly reflecting changes in personnel. The Public Utilities Commission starved the Capital Transit Company over said D. C. Transit Act first, and is now performing the starving act again by setting conditions which the company is apparently unable to meet at this late date, as shown by the cited orders.

Last year, Mr. Avery testified that if the school fare subsidy was to be terminated, the Commission would have to raise the fares five cents.

I ask that our statement be admitted into the record, and that the Congress may well now resolve this matter.

Thank you, sir.

Representative CABELL. Without objection, as stated your full statement will be entered into the record, and I do appreciate your coming to the meeting. We appreciate your presence very much.

Mr. TRASK. Thank you, sir.

Representative CABELL. Thank you.

Dr. Dorothy Camer?

STATEMENT OF DR. DOROTHY CAMER

Miss CAMER. Thank you.

Representative CABELL. Miss Camer, would it be in order for the Chair to ask that you limit your remarks to five minutes because we still have another witness, and we are right on the threshold of being called to the Floor.

Miss CAMER. Yes. I would like to thank this Committee for giving me the opportunity to present my views. The principal objections which I would like to raise are in my prepared statement, which I think you have had for a number of days, and I would like to present the record copy to the Reporter. I have made this summary and I would like to submit instead this conclusion.

(The complete statement of Miss Camer follows:)

STATEMENT OF DR. DOROTHY CAMER ON WMATA ACQUISITION OF THE FOUR AREA BUS COMPANIES

In the spring of 1970 I appeared before the Senate District Committee and urged the passage of legislation to permit public acquisition of D.C. Transit. Now after two years of talking to public officials, both elected and appointed, talking and working with citizens groups, and formally intervening in the latest D.C. Transit rate hearing, I am firmly opposed to the WMATA acquisition of the four area bus companies.

The record of performance of WMATA is not such that it inspires public trust and confidence. Their insensitivity to the merchants who were unfortunate enough

to have businesses in the path of Metro construction was frightening. Their irresponsibility in the matter of facilities for the handicapped and policing of the subway stations is still unresolved. WMATA cannot issue bonds and must rely on volunteer government grants or government guarantee of bond issues. WMATA directors are parttime and not necessarily elected officials. They can devote only a small amount of time to WMATA when they have demands of other positions and full time jobs as well.

In addition to these objections to WMATA as owner and operator of the bus transit, it is necessary to look at the problems of local government officials. Although everyone readily agrees with a Harris poll taken in 1967 for DOT that transportation is one of the highest priority issues today, local officials have been hesitant to take effective action. They attempt to substitute consultant studies for hard decisions and good judgment. The issues are too complex for most local officials and they are afraid to trust their own understanding. They deceive the public and themselves into believing that meaningful interpretation of problems can be arrived at by officials who are ignorant of the fundamental factors on which the solution depends. They pretend to represent the citizens by echoing the charges made by citizens louding and indignantly to the press yet refusing to use the powers and resources of their own offices to substantiate the charges where they would count—before the regulatory commissions and the courts.

Without overburdening this hearing I would like to support and further clarify the objections which are expressed above.

1. Local governments and regional commissions have been remiss in their obligations to the public and the public has been unable to hold anyone accountable.

The directors of WMATA are not necessarily elected officials, a fact which has often made the experience of the public in dealing with WMATA directors frustrating. Only this June WMATA was called before the House Public Works Subcommittee on Public Buildings and Grounds to explain why they had not planned facilities for the physically handicapped. WMATA pleaded lack of funds. With \$3 billion such a plead is ridiculous on its face. Obviously there is money but the decision was made to do something else with the money. This was done in spite of previous WMATA commitments to provide such facilities. On the basis of this matter alone, what can we expect when WMATA is in the position that D.C. Transit is now. What basis is there for hoping that they will not cut service arbitrarily when they lack funds. To whom or what will the public turn to restore service when WMATA staff and officials plead financial inability? And what protection will the public have that bus service will not suffer when the interests of Metro are at stake.

The local governments and WMATC could have prevented the present deterioration of transit, but they did not through lack of interest. Let me explain. Congress granted the franchise to D.C. Transit in 1956 on the assumption that it would provide good public transportation at reasonable rates. This is the only basis on which Congress can grant a franchise, for Congress cannot give away the right of the public to a free market enterprise system unless such action is to the benefit of the public. The Public Service Commission was designated to oversee the performance of D.C. Transit's obligation. In 1960 this function was assumed by the Washington Metropolitan Area Transit Commission which still retains the power of regulation over the area bus companies. During the period of regulation by PUC and WMATC no performance standards were ever drawn up by which the Commission staff could measure the performance of each bus company. When the WMATC staff was asked how they measured the service, they answered that they regularly monitored company reports. When the situation as reported by the company deteriorated the staff would warn the company. If the situation continued to deteriorate, the staff would ask the company what they were doing to correct the situation. If the situation continued to deteriorate, the commission staff would bring the matter up at a rate case. The implication is that the company could let service deteriorate as long as they never asked for a rate increase.

When a former WMATC commissioner was asked why performance standards were not established by which the efficiency of the companies could be measured, the answer given was that it is impossible. Thus, whenever anyone complains about missed or late service, only the particular complaint is handled by the Commission staff. Little effort is made to ensure that such complaints would be rare. The record of scheduled mileage deviations which I placed on the record of the D.C. Transit rate hearings from data in the Commission's files

shows how frequent such complaints were justified. Since 1966 the D.C. Transit Co. has been habitually cutting service by over 3%, most of it unauthorized. My exhibit 5, WMATC Docket No. 241, showed that D.C. Transit regularly missed about 1% of its scheduled service due to lack of men alone during the 18-month period between July 1970 (just after the fare was raised to 40 cents) until December 1971. The Commission never took any formal action against the company. Not only the Commission stood by idly, also the local governments refused to act, although many local government officials were well aware of the situation.

It is important to understand what this means to the rider waiting at the bus stop. Contrary to statements by the Commission staff that missed service just means a little more crowded buses during peak hours and a longer wait during non-peak, the effect is much more serious. The current method of scheduling and routing actually prevents D.C. Transit from being able to handle the market demand. Thus, missed runs means that buses will be physically unable to hold the passengers who want to board, unless they are willing to wait hours. What does this do to market demand? D.C. Transit missed on the average 5% of its scheduled miles due to lack of men, accidents, etc. Statistically this means that once every 20 days, the rider stands the chance of waiting indefinitely for a bus or having it break down during the trip. How many times do you think a person is willing to have this happen before he gives up the whole idea of bus transit? How many times might a worker be late due to poor transit service before he is fired? How many crises were precipitated because of the inability to catch a bus on time? Consider the cost this poor service has meant to the public and consider that this kind of service has been more or less the practice of D.C. Transit since 1966 and more recently of WV&M and WMA. Yet no local government agency has seen fit to do anything.

The D.C. Council, COG, and the Maryland People's Counsel all intervened in the recent D.C. Transit rate case, but their attorneys' absences were frequently noted by Mr. Harvey Spear, D.C. Transit's attorney. Furthermore, the cases presented by all three attorneys showed little preparation and was not entirely relevant to the case. The fault, however, was not due to the competency of the attorneys but to the fact that the duties demanded of them by their authorizing agencies did not permit them to put much time into this issue of fare increase. Meanwhile, the local councilmen freely denounced the increase to the press and proclaimed it the most serious of issues.

2. The inability of government agencies to respond to the needs of any operation which effects our daily lives.

When President Nixon took office one of the first tasks which occupied his interest was the conversion of the Post Office Department to the U.S. Postal Service. It seems appropriate to remind those present that the principle reasons for this change was due to the consensus that a government agency could not not take advantage of modern business management and technology which would permit the mail service to meet the demands of our society. There was, also, expressed the need to remove the postal service from political connections. Many of the issues raised in the hearings held by the House Committee for Post Office and Civil Service on post office reorganization and reform are relevant to the question before us today. I can only hope that you will review these hearings during your consideration of the matter before you.

Even closer to the issue of the inability of government commissions to operate an important utility is the record of the Washington Suburban Sanitation Commission which provides water and sewerage service to suburban Maryland. This Commission has been so inept in its planning and its ability to meet the needs of our community that a sewer moratorium has been in effect in suburban Maryland for more than a year. Even with the moratorium the problem of sewerage leakage increases. Citizens have been asked on several occasions to refrain from using water. In some cases service has actually been cut off for hours. It is not an uncommon occurrence, moreover, to have the water issuing from a tap to be a muddy brown or some other less than appetizing color or odor. The increase of bottled water for drinking purpose has been so great that many stores cannot keep an adequate supply on hand.

When the WSSC cannot meet our needs, it denies us the use of their service through a moratorium. It may eventually reach the stage when it must ration water. If WMATA takes over bus operations and cannot meet the demands of the community, the government cannot refuse us the right to travel. Citizens cannot be placed under house arrest. Instead cars will increase of necessity,

then where will all the efforts of environmentalists and home-owners to hold back the building of highways be? During the recent air pollution alert, how many persons could heed the pleas of COG to refrain from driving? Unless transit can meet our needs, we have to use cars. Citizens must have the right to control transportation planning and the government cannot withhold this right.

3. Is WMATA staff capable of planning and managing bus operations?

Here I refer all to the WMATC 3rd Annual Report, 1963. Briefly, the Commissioners of WMATC did not approve of the plans proposed by WMATA. Important criticisms related to the inaccessibility of Metro to citizens, including too few stops in downtown Washington and requiring excessive transfers to complete trips. These items indicate a lack of sensitivity to riders' needs and comforts—a lack which seems to be borne out in the record of WMATA planning for Metro as well as in its current plans for bus transit.

The press report of WMATA's plans to buy 600 new air-conditioned buses. It is so typical of government agencies, and WMATA is no exception, to be concerned with equipment and facilities, when the public is concerned with service. The over-concern with equipment is also evident in the MVTC, the Virginia arm of WMATA, plans to acquire WV&M. These plans talk of service improvements, re-routing, etc., but nowhere do I find concrete goals and performance standards to which the public could hold these agencies. Without such precisely spelled out goals, promises for better service are empty. When WMATA is willing to say it will service the 11,000 miles of road in the metropolitan area at average frequency of 6 minutes for a minimum of 18 hours a day and that it will do this at a cost of 50 cents per capita population in the metropolitan area, it is willing to say that its routing will be such that none will be more than three blocks or $\frac{1}{4}$ mile from a bus stop, and a maximum of two transfers would be required to go from any point in the metropolitan area to any other point, if it is willing to say that its schedules will be such that the ratio of travel time by public transit to that of automobile will be one or not exceed 1.5, or even if it substitutes other reasonably quantitative figures for those which I think are possible, the public might believe that the WMATA staff understands the problems of transit and the public might be able to hold them accountable. How do you hold an agency responsible for doing a good job when no definition of what is a good job exists?

4. Differences between rail and bus transit.

The main differences between bus and rail transit as far as governments and their agencies are concerned is that one is labor intensive and one is capital intensive. But to the public the major difference is that the routing of one can be changed to fit the movements of the passenger, while the other is inflexible. With the increasing tendency of government to regiment us to fit their needs, the public has every reason to fear that WMATA will plan its bus routes and schedules with the view to constraining people to use Metro. WMATA would use the term 'encourage' but it's all in your viewpoint. Let me illustrate by asking you to refresh your high school geometry. Consider a triangle with the apicis A, B, and C. Suppose that a sufficient number of people want to go from point A to point C. Suppose, also, that the Metro tracks parallel line B-C with stops at both points. What criteria would the WMATA staff use to determine how far away A must be from B before it would plan a bus route from A to C? Would the main criteria be the amount of lost business to Metro and the expense of operating such a route? How much would the difference of man-hours of travel time influence the decision? How much of my time is WMATA willing to sacrifice to support METRO?

5. The public must have safeguards.

The first and primary safeguard for the public is a well-established 'yardstick' by which the performance of any bus operation may be measured. Without such, the public will be chasing will-of-the-wisp when it attempts to hold someone accountable for inadequate service. Such a 'yardstick' will, of course, be very complex but without it the public's ability to influence service and rates will be negligible. Without goals, all promises of service improvement are meaningless. How can service be improved if the planners don't know where they are going?

The directors must be responsible to the public. They must be full time. Transit is too important a utility and too big to be directed by part-time directors who have been appointed by members of another body whose appointments were made by yet another body whose members may or may not have been elected. Directors must be subject to accountability by anyone and everyone in the metropolitan area.

These are the two main safeguards necessary; there are, of course, many others. I shall discuss only one more. The rights of the individual citizen for service must be clearly provided for. If a person lives in an area for which bus service demand is low, what demands can this citizen make for service? Will this citizen be forced to accept whatever WMATA considers profitable or not excessively unprofitable? Or, in view of the fact that WMATA's takeover will be made possible by taxpayers' money, will this citizen be able to demand service to meet his needs even if he is the only passenger, as Eastern Airlines guarantees Washington-New York shuttle passengers. The recent experience to force WMATA to meet its obligations to the handicapped should be a warning to the public that they cannot depend on WMATA or Congress to protect their rights with the aggressiveness necessary to prevent undue hardship. Nor can we depend on local governments to move with dispatch to correct transit injustices.

A PUBLIC COOPERATIVE CORPORATION AN ALTERNATIVE

In 1935 Roosevelt established the Rural Electrification Administration which through the encouragement of rural electrification cooperatives brought electricity and telephone service to many rural homes which were considered unprofitable to serve by the private companies. This program was extremely successful during the depression and is still a good one. Since the program is limited largely to loans and advice, this program has cost the taxpayer relatively little compared to the enormous benefits which it bestows on millions of consumers, who pay fully for the services received.

A public cooperative to own and operate transit in the Washington metropolitan area will have these advantages:

1. A board of directors directly subject to the control of voting members, which could include all interested citizens of the metropolitan area on a one-person one-vote basis.
2. No need for an outright grant of federal money. The current plans allow \$75 million for the four area bus companies. This amounts to approximately \$30 per capita population in the metropolitan area. This is less than what most bus riders are currently paying per month and amounts to approximately \$300 per present bus rider. To have some feeling for whether the public would be willing to pay this kind of money into a bus company, if they were getting real service in return, consider that \$14 million was given away to UGF last year. Add to this the possibility of dividends and, I think, you will find the public willing and eager. Consider also that O. Roy Chalk put up only half a million for D. C. transit in 1956 and half a million for WV&M in 1963 and paid only 4½% interest on the balance.
3. Built-in opportunity for public involvement and participation in transit planning. This feature which DOT has proclaimed essential is noticeably absent in WMATA's record.
4. No legislative action except the repeal of D. C. Transit's franchise will be necessary. All negotiations could be conducted privately and amiably. In the event that the existing bus company refuses to settle, the cooperative corporation could simply institute competitive service, which would attract at least its own members. The superiority of such service would quickly win patronage away from any existing company.
5. No partisan politics. Since the public cooperative would be structured in many ways as present modern corporations are, with elected directors, etc, the qualifications for office and the continuity of management would be completely determined by the voters.
6. Immediate response when necessary. As with all corporations, a predetermined number of voting members or directors can call a meeting and/or ask for a vote on an issue by the full membership. Thus, when bus service begins deteriorating and complaints go unheeded, a number of citizens can call attention to the matter and ask for a change in policy, if appropriate.
7. Regulation by a government agency. Since such a public cooperative will be essentially private by the definition of the present WMATC, the corporation will still be subject to WMATC regulation. Thus, the possibility of a corrupt management seizing power and ignoring the by-laws and charter if the corporation would be less likely. In the event that such should occur, the citizens would have recourse to WMATC to correct the matter without going to the expense of courts or depending on Congress or local governments.

Miss CAMER. The present Bill shows a surprising lack of sensitivity to the rights and interests of the public. In view of the frequently voiced opinions, labor contracts have been a major factor in the deterioration of transit why is the public now expected to pick up the bill for existing contracts to which they were not parties, and in which they had no voice? We have learned during these hearings that WMATA has already begun negotiations with Chalk without providing for any citizen input. We are treated to the sight of WMATA secretly committing the public to conditions which may be contrary to their interests, and then asking for a special condemnation court which would eliminate the usual five-man public jury.

WMATA's excuse that the public emotion against Chalk has no basis, in fact. The local governments and the Press have tried to make Chalk a scapegoat. But my experience and the WMATA transcript indicates that the public is not naive and is quite capable with dealing with facts and data.

The WMATA testimony is too much concerned with ensuring the success of METRO. Over half a million people in the Metropolitan Area are transportation deprived. Mass transit, as it exists today, is another example of institutional injustice. We need good bus transit now. We need METRO to ease the burden on a good bus system. We are paying enough for METRO. Now, we want to have assurance of a good bus system which will serve the entire region and not just be a feeder to METRO.

The public is tired of being taken for a ride. We deserve more than rhetoric and promises. This Bill must include specific safeguards to protect our interests. We cannot afford to give another blank check to WMATA.

I would like to also add that in all of the discussions which I have heard during these two days of hearings, that there has been very little concern with the interest of the public by the local officials who have testified. What I have tried to say in my testimony, and in which I present many, many examples, is that the public should not be dependent on who is in office. They should have protection in the legislation that would permit them to hold whoever happens to be in office accountable for performing the performance which they should, which they are responsible to perform.

Thank you.

Representative CABELL. Thank you, Miss Camer. As stated, your complete statement, of course, will be entered into the record.

While the Chair does not like to appear to be argumentative with his witnesses, the Chair must reject the statement that these proceedings do not have the public interest at heart. I should remind the lady that the whole purpose of the pending legislation; the whole purpose of consolidating these transit facilities under one management and under one ownership, is to provide service to the public at large, better service by far than is the case now, and which can only be done through a consolidation of these various operating entities. So, that is the purpose behind it, the efforts being made is with the general public welfare and well-being in mind in order to provide service which they have not had available to them up to this point.

Miss CAMER. Excuse me. I think you misunderstand my statement. My statement was not directed at the Committee. My statement was

directed at the testimony of many of the local officials who have appeared and I am sorry, but my experience has shown me that even though their intentions may be good, I have frequently not felt that the results have been satisfactory.

Representative CABELL. I appreciate your thoughts very much.

Miss CAMER. Thank you.

Representative CABELL. Mrs. Marcia Yeager?

Would you come forward, Mrs. Yeager, and identify yourself. And also on my agenda here, it does not have a notation as to whom you represent.

STATEMENT OF MRS. MARCIA A. YEAGER

Mrs. YEAGER. Mr. Chairman, I am a bus rider. And I hope some of the feelings that I expressed to you and the Committee in my prepared statement, which I will submit to you in full, is looking out for those of us who daily commute to the city to our employment. And like I said, I do not represent any formal organization nor city government, although I understand that my own municipality of Bowie, Maryland, is submitting a statement to the Committee to be included in the record, and we have had contact to that effect.

(The complete statement of Mrs. Marcia Yeager follows:)

STATEMENT OF MRS. MARCIA YEAGER

Mr. Chairman and Members of the Committee:

My name is Marcia A. Yeager, and I reside at 12705 Holiday Lane in Bowie, Maryland. I am presently employed as a secretary by a District of Columbia Law Firm. Since 1963, I have been commuting to work, using AB&W Transit Company, D.C. Transit Company, and WMA Transit Company as my primary means of transportation.

Since the summer of 1969, I have depended on WMA Transit Company to take me to and from my home in Bowie. During the past 3 years, I have been frustrated and angry when buses either do not operate at all or they operate considerably behind schedule. In 1970, after writing many letters, after losing one job because of my involvement with WMA Transit Company, and after receiving no satisfaction from either WMA or the Washington Metropolitan Area Transit Commission, I prepared to appear at hearings conducted by the Transit Commission. I collected and compiled figures on the operations of WMA Transit Company and appeared along with several other disgruntled passengers. With promises of improved service, a rate increase was granted by the Transit Commission in 1970. In 1971, WMA Transit Commission applied for another rate increase and again I collected figures and compiled tables illustrating the poor service provided commuters, but on this occasion, I emphasized the lack of enforcement of regulations by the WMATC. Again, the fare increase was granted; but it was accompanied by a strong Transit Commission order regarding service operations.

Since my experience centers mainly around the WMA Transit Company, I will elaborate upon the relationship they have developed with their patrons.

WMA Transit Company drivers are the lowest paid personnel among the drivers of the four area bus companies. Because of this fact and others, the drivers were out on strike for 40 days from December 1968 until mid January, 1969. Earlier in April of 1968, civil disturbances in Washington severely reduced the number of passengers using WMA Transit Company. Both the April riots and the 40 day strike did irreparable damage to the WMA Transit Company by sharply reducing passenger revenues.

The WMA Transit Company, however has done little to promote their service with the public. The rolling stock, until the last two years, the newest and the best in the area, is rapidly deteriorating. In addition, ineffective maintenance, higher fares, poor service, indifferent customer relations, and a widening communication gulf between Company and consumer have all contributed to the decline in passenger revenue.

I have attempted to demonstrate at the Transit Commission hearings that the charter operations of the WMA Transit Company consistently conflict with the regular route service. In the last two WMA rate cases, the question of the conflict between charter and regular route operations was raised. Unfortunately, the Washington Metropolitan Area Transit Commission, in the ten years of its existence, has never, to my knowledge, fined a company nor initiated litigation against a company for its failure to comply with Commission regulations regarding service. The regulation to which I refer is:

"60.09 *Priority of Operations*. At all times Regular Route Operations shall have priority over Charter and Special Operations with respect to assignment of equipment and drivers."

Provision for the enforcement of Commission regulations is cited in Article XII, Section 18 of the Compact Agreement:

"18(a). Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this Act, or of any rule, regulation or order thereunder, it may, in its discretion, bring an action in the United States District Court . . . and to enforce compliance with this Act . . . (d) Any person . . . violating any provisions of this statute, or any rule, regulation . . . shall on conviction thereof, be fined not more than \$100 for the first offense and not more than \$500 for any subsequent offense. Each day of such violation shall constitute a separate offense."

In the 1971 rate case, the Transit Commission Staff Exhibit 1 of Docket #222 indicated Commission staff investigations into the conflict between charter operations and regular commuter schedules. Commission Order #1127, dated March 24, 1971, ordered the Commission staff to study the

"... effect of WMA charter operations on its regular route service and submit to us by October 1, 1971, a report describing WMA regular route operations which were not operated on time or not operated at all, in the period of April 1, 1971, through August 31, 1971 and a determination of the extent to which the failure to operate regular route service on schedule was due to interference from charter operations."

To date, no such report has been made public or available for public scrutiny.

Weekly reports submitted to the Commission by the WMA Transit Company regarding the number of scheduled trips not operated during 1971 and 1972 show that 159 scheduled trips were not operated in 1971. During the period of January 1 through July 15, 1972, the number of regularly scheduled trips not operated has ballooned to 568. A recent story in a Washington newspaper related that D.C. Transit had been cutting scheduled service and gave a figure of over 1000 trips not operated. The news article and other news articles in the past have portrayed D.C. Transit as the villain of area transit companies. However, WMA's bus fleet is 1/10 the size of D.C. Transit's and, as a result, the number of trips cut by WMA is proportionately larger in relation to company size than the number cut by D.C. Transit. Because of the continued indifferent attitude and the lack of action by the Transit Commission regarding cut service, it is clear that the Commission has not been enforcing its own regulations and, thus has not been protecting the interests of the riding public.

In the 1970 fare case, I pointed out in my testimony that WMA's percentage of revenue derived from charter operations is much greater than the percentages of the other transit companies. In the 1971 rate case, I again compared WMA's percentage of revenue derived from charter operations with the other area bus companies. At the end of 1970, WMA's percentage of revenue derived from charter operations was 30.30% as compared with 5.80% for D.C. Transit; 14.83% for WV&M; and 8.80% for AB&W. This year, through May, the percentage of total revenues derived from charter operations for WMA is 27.2%. These recent figures represent revenue prior to the peak charter period of June, July and August.

In connection with WMA Transit Company's large charter operations, it is very interesting to note that WMA Transit Company has applied to the Interstate Commerce Commission, Application No. MC-FC-73348, to transfer certain operating rights to another corporation, WMA Interstate Motor Lines, Inc. This application has been reviewed by the ICC and an order will issue dated August 16, 1972. This application, I believe, is an attempt by Mr. Miller to salvage some of the charter rights prior to acquisition by the WMATA and establish operating rights for his new corporation, WMA Interstate Motor Lines. I hope that

this Committee will closely examine the docket on the ICC application and consider its possible effects on this bill.

In view of the above, I am in favor of public ownership of this company. An integrated bus system operated by a single operator may well improve transit services to all of the transit riders in the metropolitan area. An integrated bus system may also promote the construction of additional fringe parking areas throughout the area and the establishment of exclusive bus lanes on the highways and streets to persuade more citizens to use surface transportation.

I do not represent riders of the largest transit company in this area, I am not an expert in traffic engineering, scheduling or economic analysis, but I believe I understand the feelings and frustrations of all of the citizens who vainly wait for a bus to arrive in all kinds of weather and under all kinds of conditions, only to discover eventually that it is not coming at all. This situation may well be remedied by a public agency with a close relationship with the public.

Therefore, I would like to offer the following recommendations for consideration by the Committee:

1. Congress should be authorized the acquisition of the four bus lines in the metropolitan area.

2. H.R. 16119 should specify that present owners may not retain any rolling stock nor maintain control of any of the operating rights or franchises currently held by the bus companies.

3. The WMATA should not *regulate* and *operate* the new integrated system.

4. The fares currently in effect should not increase but decrease to reasonable and equitable levels.

Thank you, Mr. Chairman for the opportunity to present my views before this Committee, and for your consideration of the citizens of the Washington metropolitan area who are users of the four bus systems.

Respectfully submitted.

MARCIA A. YEAGER.

Exhibits attached for inclusion in the record.

[Excerpt from the Federal Register, vol. 37, No. 83, Apr. 28, 1972]

[Notice 53]

MOTOR CARRIER BOARD TRANSFER PROCEEDINGS

Synopses of orders entered by the Motor Carrier Board of the Commission pursuant to section 212(b), 206(a), 211, 312(b), and 410(g) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 1132), appear below:

Each application (except as otherwise specifically noted) filed after March 27, 1972, contains a statement by applicants that there will be no significant effect on the quality of the human environment resulting from approval of the application. As provided in the Commission's Special Rules of Practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC-73348. By order of April 18, 1972, the Motor Carrier Board approved the transfer to WMA Interstate Motor Lines, Inc., Washington, D.C., of the operating rights in Certificate No. MC-3677 and subnumbers thereunder issued to WMA Transit Company, a corporation, Bradbury Heights, Md., authorizing the transportation of passengers and their baggage, and express and newspapers in the same vehicle with passengers, over regular routes, between Washington, D.C., and Andrews Field, Camp Springs, Md., and numerous other points in Maryland, serving all intermediate points. L. C. Major, Jr., and Russell R. Sage, Suite 301 Tavern Square, 421 King Street, Alexandria, VA 22314, attorneys for applicants.

W.M.A.

Mrs. YEAGER. I will not go into all of the details of the statement since you are running out of time. But, my concern is with the smallest of the four bus lines, which is WMA Transit Company which I feel, on perhaps a smaller scale, and the one that is not looked into as often or as

closely as D.C. Transit, is doing a lot of the things that you see reported in the Press and a lot of the testimony that we have heard so far. WMA Transit Company's fare has doubled over the last 15 years, and it is my information that they have the lowest paid personnel in the area. And I hope that this will be looked at by WMATA in the take-over to equalize the personnel problems, because this company has had quite a few of them. In fact, they had a 40-day strike which I will admit that really did a lot of damage to their passenger figures. And they have a valid claim in including this as part of their financial problems.

The company, on the other hand, has done very little to promote their service to the general public, and this is a complaint also for the D.C. Transit and the rolling stock in the last two years was the newest and the best in the area. But, the ineffective maintenance procedures and high fares and poor service and very indifferent customer relations have widened the gap between the company and the consumer.

I have attempted to demonstrate at the Transit Commission hearings in both fare cases that the charter operations of the transit companies consistently conflict with regular route service and in the last two WMA rate cases, the question of the conflict between charter and regular route operations was raised. Unfortunately, the Transit Commission in the ten years of its existence has never to my knowledge fined a company or initiated litigation against a company for its failure to comply with Commission regulations. And you have before you there the regulation on priority of operation which says that the commuter gets their buses before the contract, and provisions for enforcing this regulation is also quoted from their compact agreement.

The Transit Commission's last order in the fare case, 1127, dated in March, ordered the Commission Staff to conduct a charter investigation, and to date, no report has issued and the quote from the order is before you also.

Weekend reports submitted by the bus company to the Transit Commission reporting cut service in 1971, reported 159. In 1972, through the middle of July, it was up to 568, and I believe my information is correct that this is proportionately larger than D.C. Transit. And I believe you can check the accuracy of that with the Transit Commission and in their reports that are submitted.

Also, in my statement I include percentages which were brought out by the gentleman from the National Association of Bus Owners about the percentage of revenue WMA has, WMA's percentage up through May of this year, which is almost 30 percent from charter operations, and this has been very detrimental to the passenger who is waiting to get home on the street corner, because we see the buses with their chartered signs and their full load of passengers while we have none. And this is something that I hope WMATA and their operations will prevent.

And I was very interested in the previous witness. I do not remember the name right now, who is concerned about WMATA operating charters. And my interest lies in this area, and I hope this is taken into account.

In connection with WMA Transit Company's large charter operation, it is very interesting to note that WMA Transit Company has applied to the Interstate Commerce Commission in application No. MCFC 73348 to transfer certain operating rights to another corpora-

tion, WMA Interstate Motor Lines. This application is interesting enough. The order on it is to come out this afternoon after the close of these hearings. I believe this is an attempt by Mr. Miller to salvage his charter rights and to put his new corporation, WMA Interstate, into the sightseeing business. And I hope that the committee will, when they are reviewing the record, take a close look at the ICC application and the supporting evidence.

RECOMMENDATIONS

In closing, I would like to offer the following recommendations. Of course, I would like to urge you to acquire the bus lines as soon as possible but I would like to ask that you specify, or that the Bill specify, or that WMATA or whoever is going to be doing it, that the present owners not retain any of their rolling stock, nor maintain control of any of the operating rights or the franchises currently held, and that WMATA should not regulate and operate the integrated system. I would be interested in knowing if I did have a complaint, who would I appeal to? Would it be them, being both the regulatory body and the operator? And, also, that the fares currently in effect should not increase but decrease to reasonable and equitable levels.

Thank you very kindly for letting me appear.

Representative CABELL. Thank you, Mrs. Yeager. I think you have raised some good points and I believe that you will find that the vast majority of them are consonant with the stated program of what WMATA will do under the bill.

If I may answer one question as to whom you would make a complaint, we hope that this thing will go off smoothly enough that there will not be a lot.

Mrs. YEAGER. Right. I will not have one.

Representative CABELL. Of course, but in the event you should have, after WMATA does become the operator, any complaint should be directed toward WMATA since they are a public agency and they are not under the jurisdiction of the Transit Commission.

Thank you again for being with us.

Mrs. YEAGER. Thank you.

Representative CABELL. And your complete statement has been entered into the record.

Now, the rather large of group material on court decisions will be made a part of the Committee files. They will not be made a part of the hearing record.

Mrs. YEAGER. Right. I understand that.

Representative CABELL. They are available to the public. Reference will be made to them.

Mrs. YEAGER. As a side note, I understand from a source that the ICC application that I referred to that is coming out this afternoon is to be in favor of the Transit Company.

Representative CABELL. Well, I am sure that WMATA will have representatives there keeping an eye on it.

Mrs. YEAGER. Thank you very much.

Representative CABELL. Thank you very much for appearing.

Mr. Joseph Dunn, Chairman of the Public Transportation Committee, Arlington County (Va.) Chapter No. 284, of the American Association of Retired Persons.

STATEMENT OF JOSEPH S. DUNN, CHAIRMAN, PUBLIC TRANSPORTATION COMMITTEE, AMERICAN ASSOCIATION OF RETIRED PERSONS, INC.

Mr. DUNN. Thank you, Mr. Chairman, for this opportunity to present our views.

I am Joseph S. Dunn of 3050 South Abingdon Street, Arlington, Virginia, representing Arlington County Chapter No. 284 of the American Association of Retired Persons.

We support public ownership of all the local bus lines in the Washington Metropolitan Area because our transportation problems transcend political boundaries and there is a functional inter-relationship and inter-dependence between each jurisdiction.

Additionally, public transportation is public responsibility of the entire community—the area in this case—and not just of a selected group.

Public ownership, in our view, will speed-up the addition of new buses and replacement of obsolete equipment with modern and more economical buses, including—we hope—those of special design, which will include consideration of boarding problems of the elderly and handicapped as testified to on October 20, 1971, by Mr. Harold Williams of the Urban Mass Transportation Administration before the Senate Special Committee on Aging on the matter of "A Barrier Free Environment for the Elderly and the Handicapped."

The present transportation equipment and service is designed and provided primarily for the fully employed person, and disregards the needs of the elderly, handicapped and non-working rider.

Finally, it is believed that only through public ownership will the people of all ages be assured of adequate, dependable, efficient and reasonably priced transportation to take them where they want to go, and when they need to be taken.

Thank you, Mr. Chairman.

Representative CABELL. Thank you very much for your appearance and for your testimony, Mr. Dunn.

May the Chair announce—

Yes?

STATEMENT OF CLARENCE A. CONNALLY

Mr. CONNALLY. Mr. Chairman, I should like—you do not, I think, have my name, but I am representing also the Church—I would like, if you can furnish—I know you are pressed for time, but I would like to speak extemporaneously if you like, if you will.

Representative CABELL. Please proceed, and please state your name and your affiliation for the record.

Mr. CONNALLY. Right. I am Clarence A. Connally, 616 Ingraham Street, Northwest, Washington, D.C. And what I carry here which anyone can see, is a file from the Washington Post, with the date on it concerning the Capital Transit and the payment of fares, which I happen to be a party to, where they were—where they received a very favorable decision on the spot, I believe, from our Corporation Counsel.

And I want, since I do not have the facts, I will not contest the statistics that I have read of Mr. Chalk offering a price of \$75 million as the rolling stock is considered to be worth but having been a citizen of D.C. for 62 years, my lifetime here, I have seen the Transit

change three times. And I think the last time before Mr. Chalk offered to buy the stock, it was just about the time that Mr. Wolfson, I believe—well, I believe the District citizens really have a debt owed to them by some Commission or some body that will look into the proper evaluation of this property before they are asked to participate in the purchase of it because when you say the government is responsible for two-thirds, the government is citizens and that is a part of us, and that is tax money. And I should like to state that I think Mr. Chalk has shown himself to be a very astute businessman in other matters, although it seems in this particular area that he has been notably weak as a businessman in that no matter what the fares have been, the company is still short. And it seems to be the biggest problem so I hope that this Committee will be more than credible in their business of seeing to it that we get a better bargain than we have had previously with the Transit Company.

Representative CABELL. Well, I think your fears are well-founded. Mr. CONNALLY. Thank you.

Representative CABELL. But, it is the opinion of the Chair that negotiations and ultimately if it becomes a court decision, that actual true market value will be considered rather than any inflated or pumped-up value just to be able to fill somebody's pockets. I think it is realized by all parties concerned that we are entrusted with the tax money and, therefore, must be extremely careful in its expenditure.

Mr. CONNALLY. Yes, sir, because I think it is understood that laymen do not have the technical knowledge of a bus, how well they operate, just what manner they operate, but if Mr. Chalk says this is the best Transit Company in the United States, then I, personally, would not argue with him. But the statistics; some people who have the statistics might know that. I do not choose to say that.

Representative CABELL. You know, it has been said that it is a poor dog that does not wag his own tail.

Mr. CONNALLY. That is so correct.

Representative CABELL. You do not need to have too much worry there, because it is a part of our responsibility to see that the general public is not fleeced.

Mr. CONNALLY. Thank you.

Representative CABELL. Thank you for appearing.

If there are any other witnesses who wish to file a statement, such statement can be filed within seven days. We will hold the record open for that long.

This concludes the scheduled hearings, so at this time the hearings will adjourn subject to the call of the Chair.

(Whereupon, at 12:20 p.m., the hearing was adjourned, subject to the call of the Chair).

(Subsequently, the following materials were received for the record:)

CITY OF BOWIE,
Bowie, Md., August 15, 1972.

HON. EARLE CABELL,
House District Committee,
Longworth House Office Building,
Washington, D.C.

DEAR MR. CABELL: On behalf of the Bowie City Council and myself I want to take this opportunity to express our general support of HR 16119 relative

to public operation of bus lines in the Washington Metropolitan Area, however our support of HR 16119 is conditioned on the premise that the current application by WMA Transit Company to the Interstate Commerce Commission Motor Carrier Board for transfer of certain operating rights from WMA Transit Company to WMA Interstate Motor Lines Incorporated be denied.

The request for denial of divestment of some of WMA Transit Company's operating rights to another company is based on the fact that WMA Transit Company has a history of failure to perform adequately in the Bowie area and in our opinion a split in company operating rights would further decrease service and could have an adverse affect on public agency operation.

Secondly we strongly urge the Washington Metropolitan Area Transit Commission to assure WMA's compliance with Commission regulations regarding priorities of service to commuters until such time as public operation of bus lines becomes a reality.

Thank you for the opportunity to express our opinion on this matter.

Very truly yours,

JAMES J. CONWAY, *Mayor.*

[Telegram]

AUGUST 15, 1972.

Re H.R. 16119 National Capitol Areas Act of 1972.

Hon. EARLE CABELL,
House of Representatives,
Cannon House Office Building,
Washington, D.C.

We favored this bill as originally proposed therefore did not apply for appearance as a hearing witness. After observing Mr. O. Roy Chalk's testimony, we strongly object to Mr. Chalk's amended insertion under title I, section 102, line 4, continued rights for sightseeing, incidental charters, racetrack and contract authority to points outside the metro area.

Gray Line, Inc., is the world's largest sightseeing company and has served Washington tourists since 1914. We presently provide service to all Maryland and West Virginia racetracks, and we have ICC authority to operate charter service to all 50 States. Along with the many other local privately owned bus companies with similar operating rights, ample service is available to the public in these areas.

We respectfully urge that the above-mentioned amendment not be included in the proposed H.R. 16119.

Very truly yours,

JACK E. BROWN,
Executive Vice President, Gray Line, Inc., Washington, D.C.

[Telegram]

Congressman EARLE CABELL,
Capitol Hill, Washington, D.C.

Strongly urge your continued support of public takeover of area bus companies through bill 16119.

Mrs. JUDITH HEIMANN,
President, League of Women Voters, Montgomery County.
BETHESDA, MD.

STATEMENT SUBMITTED BY MRS. DONALD R. HILL, PRESIDENT OF THE LEAGUE OF WOMEN VOTERS OF THE NATIONAL CAPITAL AREA

The League of Women Voters of the National Capital Area is an Inter League Organization representing eight local Leagues in the Washington metropolitan area. We submit this statement in support of H.R. 16119 which provides for acquisition by the Washington Metropolitan Area Transit Authority of the mass transit bus systems in the National Capital Area. We believe this important and essential legislation will permit the development of better bus service for the region and will also allow the development of a unified bus system which will be so vital to the successful operation of the Metro subway system.

The members of the League of Women Voters have been interested and involved in transportation since 1962. As a result of continued study we support a coordinated transportation system for this metropolitan region and believe that it should be public policy to spend some public money to finance transportation systems, with local jurisdictions contributing to the financing. The proposed legislation embodies financing procedures that recognize the responsibility of government in public transportation.

Recently the National Capital Area League completed a study of transportation as it relates to community needs and based upon this study we support H.R. 16119. We support public ownership of buses as well as metro rail transit facilities if necessary to provide a realistic alternative to private auto use and to avoid expensive duplication of management.

The bus situation in the area is critical and it directly affects all the citizens of the region who have no other means of transportation. It also affects the many residents who wish to use the bus system as an alternative to the private auto to help reduce air pollution and the congestion on the highways.

Another factor which makes public ownership by the Washington Metropolitan Area Transit Authority so important is the approaching completion of the Metro. Metro must have the necessary feeder bus service ready and waiting at the inception of service on the first segment of the total system. Ridership must be carefully built and nurtured over a period of time. This means improved bus transportation is a matter of the highest priority now. There is great potential ridership in this region and improved management of the buses can be a step in acquiring this source.

We realize public ownership in itself will not improve bus service and operating economy. We do think, however, it is an absolutely essential and necessary step at this time. Local officials through the Council of Governments and the various transportation commissions in the region are seriously exploring ways to improve the bus system. We are hopeful that the recommendations and conclusions they reach will be considered by WMATA in their building and managing of a good transportation system.

As a regional organization concerned with transportation, the League will carefully follow the new management of the bus company if this legislation passes. We believe that citizen groups have an important contribution to make and we believe that WMATA is structured so that it can be responsive to the needs of citizens.

It is the League's position that public ownership is necessary now and that it should result in a total overhaul of the transportation system in the area. We urge your support for H.R. 16119 and your continued support in the Congress for this legislation to authorize public takeover of the area bus companies by the Washington Metropolitan Area Transit Authority.

HILLCREST HEIGHTS, Md., August 14, 1972.

To the Chairman and Members of the House District Committee:

DEAR SIR: It has come to my attention that there is a bill before the Committee providing for the city to operate the bus lines of this area.

This bill should be approved in order to prevent further deterioration of bus service. I'm a daily commuter and know! Service is terrible; much too expensive; buses are filthy. Is it any wonder people refuse to ride them.

An increase in service, clean buses, perhaps even a reduction in some forces, might entice persons to using buses again.

Sincerely,

PATRICK J. TONILLO.

WEST HYATTSVILLE, Md., August 18, 1972.

Representative EARLE C. CABELL

DEAR SIR: I cannot see why the people in D.C. are kicking about the fare on D.C. Transit Buses at 40c. They are getting a real good service. Now if they lived in Md. like we do there would, because one must pay 40c a 10-block trip and 15c for each 6 to 10 blocks and from Hyattsville to Friendship Hgts. it cost over \$1.00, a 35 min. ride.

Now, for instance, in D.C., one can ride from 17th & Penna. Ave. S.E. to Friendship Hgts., 1 hr. and 20 min. ride for 40c or from Seventh St. S.W. to

Ga. & Alaska Ave. N.W., an 1 hr. 30 min. ride for 40c. In Md. it would cost \$1.75 because of the zones.

This is what they need in D.C. from 17th & Penna. Ave. S.E. to 1st & Penna. Ave., 40c one zone, then to 9th & Penna. Ave. N.W. to M and Wisc. Ave., 2nd zone 60c and then to Friendship Hghts., 3rd zone 75c, then D.C. Transit would not raise fares. The way it is now they really discriminate against us Md. residents but you never hear us kick. It is very good service, nice buses and good drivers. Now if the fare in D.C. was 25c they would kick that it would be 15c.

I ride from where I live to Prince George Plaza a 4 min. ride, costs me 40 cents. Now if I took a cab it would cost me 85c. Put the zone system in D.C. for buses the same as the taxi cabs, and they will make money. Why should Md. & Va. pay for the D.C. loses.

THOMAS LUSK.

STATEMENT OF REV. DOUGLAS MOORE, CHAIRMAN, BLACK UNITED FRONT

Mr. Chairman, members of the Committee, the record being open for seven days subsequent to adjournment of the hearings on this bill, the Black United Front takes this opportunity to have its remarks included in the record.

While we are wholly in support of public ownership of the area bus systems, there are some matters which have not heretofore been brought before this Committee regarding the qualitative aspects of ownership by the Washington Metropolitan Area Transit Authority. Many of these matters have legal facets, some of which are already in litigation in the local Federal Courts.

The Black United Front was a party at the latest fare increase hearings before the Washington Metropolitan Transit Commission resulting in an order by the Commission to the D. C. Transit System, Inc. which rejected the proposed fare increase as "unjust and unreasonable" and established, as a precondition to any future fare increase, the infusion of \$6.4 million into the capital structure of the company.

As clients of the Urban Law Institute of Antioch College, we are familiar with those local transit problems which have resulted in several years of public interest litigation. These years of experience impose upon us, in our view, the further obligation to bring testimony before this Committee.

COMPACT AMENDMENTS PROPOSED

In summary, we respectfully request the Committee to consider the following matters pertaining to the Washington Metropolitan Area Transit Authority (hereafter called the "Authority") as it is now presently constituted. Inasmuch as the Compact is to be amended to give the Authority the necessary powers to acquire area bus companies and to operate them in the public interest, the Compact should also be amended to include:

- (1) Language which will insure that minority groups will get a fair share of employment including, but not limited to, technical staff jobs and construction contracts.
- (2) Some method, other than that of political appointment, of selecting members of the Board of Directors of the Authority which will insure proportional representation of those who ride the buses.
- (3) An independent audit of the books of the Authority on an annual basis.
- (4) Establishment of a regulatory body to insure that the buses are operated in the public interest.
- (5) Assurance that employees of the new bus "company" will be given civil service status.
- (6) A statement of public policy which will permit reduced fares for students, children, the elderly and the infirmed.
- (7) Identification of the operation of the buses as a non-profit institution for which the Authority is solely accountable.

OTHER PROPOSED AMENDMENTS

Additionally, we would respectfully request that the bill itself be amended to include the impanelling of a jury rather than a three-judge Court in the condemnation proceedings and that the bill specifically recognize that this legislation is in furtherance of the goals of the National Environmental Policy Act of 1969.

EQUAL EMPLOYMENT

1. The construction of the Metro system by the Authority has given the public an early opportunity to assess the ability of the Board of Directors and the management of the Authority to become sensitized to its needs.

The public has also had an opportunity to observe the reactions of the Authority to expressed public concern.

Although the Authority would seem to have sufficient existing powers as an Equal Opportunity Employer, it has not used them to insure that a fair share of the construction jobs have been offered to minorities. Neither has it responded significantly to public concern. Those few jobs which have been offered to minorities were only offered after a long and hard battle by minority groups to gain access to these jobs.

The technical staff employed by the Authority does not include a fair representation of minority groups. The Black United Front respectfully requests this Committee to adopt language in this bill which will clarify the responsibilities of the Authority for minority hiring practices. The experience of the public is that inaction on the part of the Congress will result in a continuation of discriminatory hiring practices by the Authority.

The bill ought to specify that there should be maximum opportunities for training and employment of minorities.

The Authority should be required to do its share in the President's drive against inflation and unemployment to provide enlarged opportunities for work and training and to use its best efforts to reduce under-employment and enforced idleness. All bid specifications, for instance, should include the maximum possible number of employment and training opportunities as an express condition of a bid. Something must be done about the bonding requirements in order to facilitate bids by minority contractors. When a situation similar to this was presented to the Congress concerning minority hiring practices in the Housing Programs, the Congress used its power to rectify the situation by legislation. The Congress can do so again.

WMATA BOARD APPOINTEES

2. The Board of Directors of the Authority needs to be more representative of the riding public. As the matter stands now, a director is a political appointee from each of the signatories of the Compact and is several steps removed from direct responsibility to the public.

Evidence presented by the Black United Front at the recent fare hearings shows that the poor black community of the District is currently subsidizing the suburban operation of the D.C. Transit System, Inc., that is, there are more riders in the District than there are in the suburbs and yet the District riders are represented on the Board by the same number of directors as are the Maryland and Virginia riders who are fewer in number. Proportionally, the representation is severely lopsided.

Some method other than political appointment is necessary to insure that there is more public representation on the Board. The Black United Front respectfully requests that the Committee arrive at some formula which will provide proportional representation of those who will bear the actual daily financial burden of ridership. The Courts have applied the formula "one man, one vote" to State voters in order that they might be equally protected; protection is also needed here.

The Board of Directors should be full time as well as be more representative of the riding public, in whose interest the Authority is created.

The legal interests protected here are identical with those interests in need of protection as to the other agency created by the Compact, i.e., the Washington Metropolitan Area Transit Commission, a regulatory body. An amendment to the Compact would facilitate representation in both institutions. Such an amendment would avoid future litigation as that which is presently before the Federal Court of Appeals, to which the Black United Front is a party. In that case, the question was raised as to whether the racial composition of the Transit Commission is a violation of civil rights.

AUDIT AND REVIEW

3. The Black United Front respectfully requests that Title V, Audit and Review, Sec. 501, be amended to add the requirement of an annual independent audit. This would be in addition to the present language which, as far as it goes, is a welcome indication of the kind of financial responsibility which the Con-

gress should require of the Authority. In the recent past, it has been most difficult for the public to persuade the regulatory authority to require an independent audit of the private bus companies. When an independent audit was finally made for the Transit Commission for purposes of the recent fare hearing, the conclusions of the expert witnesses of the Commission and of the Black United Front were identical. The conclusion was that the management of the D.C. Transit System, Inc., as indicated by its present capital structure, did not reflect economic and efficient management. The U.S. Court of Appeals very recently agreed with this conclusion and upheld the Order of the Transit Commission, based on independent expert testimony, denying a fare increase. An independent audit of those same accounts would have forced the Transit Commission to reach this conclusion at prior fare increase hearings, currently on appeal by the Black United Front, and the likelihood is that the public would not have to be paying the exorbitant fare it is now paying for the riding of buses. The question of fiscal accountability is one of paramount importance to the public.

REGULATION OF OPERATIONS

4. Who, other than the Courts, will regulate the buses when their operation is taken over by the Authority? Within the past week, Mr. Chief Justice Burger has suggested that Congress consider the needs of the Court along with the need for new legislation. As the bill now reads, there is no agency between the public and the Courts. There is no agency to whom the public can take its grievances and there is no determination of who sets the fares. This question has not been sufficiently met in setting up the Authority which will run the Metro, and now buses. The existing regulatory body, the Washington Metropolitan Area Transit Commission, operates under the same Compact. Authorizing the Authority to operate the buses, without more, is somewhat like authorizing the Interstate Commerce Commission to take over and run the Greyhound buses.

A regulatory agency, when it chooses to take positive regulatory steps, can be a powerful ally of the public. This can be demonstrated by the results of the recent hearings in which the Transit Commission denied a fare increase. In the past, the Transit Commission has not always been such a positive regulator and, as we have demonstrated above, part of the reason for this is a lack of proportional representation on the Commission itself. In the recent hearings, this lack of representation was balanced out by the character of the parties to the hearing. The parties included the State of Maryland, the Council of Governments, the District of Columbia, a Nader group representing retired professionals, a senior citizens' group, several individuals and the public interest law firm which represented the Black United Front.

What will happen to the elderly, poor and low income riding public when there is no regulatory body to which they can state their case against a fare increase or bus service which is unresponsive to their needs? This is especially critical if the Board of Directors of the new bus owners will be nonrepresentative of the interests of the elderly, poor and low income public. The Black United Front respectfully requests that the Compact be amended to insure a Board of Directors which is representative of and responsive to the riding public.

PERSONNEL

5. The public would benefit from an easy transition of employees to the public sector from the private sector, without an interruption in bus service.

We would join with others, including Mr. Chalk in encouraging a speedy takeover of the bus services in advance of labor contract negotiations if there were guarantees that the interests of the public and of minority groups would be served. In our view, the employees of the bus companies who are transferred to the Authority should be given immediate civil service status to insure that minority employees will be protected in the employment practices of the Authority and to insure an orderly transfer of personnel. The Black United Front respectfully requests that the Compact be amended to insure civil service status of employees of the Authority.

REDUCED FARES

6. While we recognize that a discussion of fares, per se, is not appropriate at this time, it is imperative that the Committee address itself not only to student fare reductions but to lower fares for children, senior citizens and the disabled

as well. We would respectfully draw the attention of the Committee to the fact that the Transit Commission, which operates under the same Compact as does the Authority, has, during the recent fare hearings specifically reduced the fare for Senior Citizens. The Black United Front respectfully requests that Sec. 201(b) of the bill be amended to authorize reduced fares for these groups under the Compact. It should be stated, furthermore, that, as a matter of public policy, these groups are entitled to reduced fares.

BUS OPERATIONS

7. The Black United Front respectfully requests the Committee to set up the Authority on a specifically non-profit basis in the public interest and in such a manner that the Authority is solely accountable for the operation of the buses. Accountability in government operations is the hallmark of responsibility to the public. The public is paying for the takeover of the buses and the public is entitled to hold those who operate the buses accountable for their actions. This is of particular importance here in the District of Columbia. As Representative Cabell has stated during the hearings, the Compact could be a model for other regional areas. Additionally, the District of Columbia, as the center of government of the United States, ought to have a model transit system, if it can. Those taxpaying tourists who come to the District of Columbia, as well as the bus riding public, are entitled to see how their tax dollars have been spent. Having spent public money on a transportation system in the District, the taxpayers should also have the benefit of publicly owned sightseeing buses. The Authority itself, as trustee of public funds, should be entitled to the benefit of ownership of sightseeing and charter operations, which are the more profitable operation of the existing bus companies, inasmuch as it will have the burden of the less profitable passenger service. The taxpayers' pecuniary interest would be served by income derived from these sources. The Authority should be permitted to run the bus system itself. The language in Sec. 2 of the bill at line 12 to "... operate improved transit facilities" should be construed to mean that the Authority will itself operate the buses and not contract out that responsibility to others. Contracting out to others would place another screen between the public and the Authority, thereby reducing accountability to the public.

PROFITS

It should be specified in the bill that, as a non-profit institution, any revenues over expenses of the Authority in operating all bus services, should be reserved for the comfort and convenience of the passengers and the increased efficiency of the operation in expanding services to the public.

CONDEMNATION PROCEDURE

Additionally, the bill itself should be amended to impanel a jury, rather than a three-judge Court, to effect condemnation and to determine compensation to the present bus owners. The bill should also recognize that, as a matter of public policy, this legislation is consistent with the goals of the National Environmental Policy Act of 1969.

The Black United Front respectfully requests this Committee to adopt language in Title IV, Condemnation Procedure, Sec. 402(a) of the Bill which will insure that the question of compensation to the present bus owners shall be determined by a fully empanelled jury of twelve with a requirement of notice to the public of these hearings.

Only last Monday it was suggested by Mr. Chief Justice Burger that Congress accompany new legislation with an estimate of how much the law will increase the caseload in federal courts. This language would indicate that the hearing of the matters of condemnation and compensation might be delayed if it were assigned for hearing to a three-judge Court. Trial by jury would be consistent with the D.C. Code, Sec. 16-1357, pursuant to the Act of December 23, 1963 (77 Stat. 578, as amended).

A speedy takeover would appear to be desirable from the point of view of both the financially ailing companies and the Unions, whose contracts expire in October. A speedy solution to the problem of irregular bus schedules would be gratefully received by the riding public, particularly that segment which rides exclusively on the buses to get to work and to school.

ENVIRONMENTAL POLICY

The Black United Front respectfully requests this Committee to include in its Statement of Findings and Purposes, Sec. 2 of the bill, that it recognizes the profound impact of man's activity on the interrelations of all components of the natural environment and that it adopt the Declaration of National Environmental Policy found in the National Environmental Policy Act of 1969.

Evidence presented by the Black United Front, the Council of Governments and the Retired Professional's group at the recent fare hearings before the Transit Commission shows that there are 3,000 automobiles per day which are not now polluting the air due to the fact that the Transit Commission disallowed a fare increase. Evidence was presented to demonstrate that, if there had been a fare increase, there would have been an increase in air pollution due to the fact that many bus riders would have deserted the buses and taken to cars as a more economical form of transportation. Just the other day, along the East-West Highway, the Montgomery County, Maryland county officials were taking readings on lead pollutants emitted from automobiles. Recent studies have shown that lead from automobiles is a specific source of lead poisoning in children. So many of these children live in the poor and black areas where portions of land have been condemned to build highways. Studies have shown that proximity to the highways is an important factor in dosage from lead emissions from automobiles.

The District of Columbia has already, during these summer months, been subjected to two pollution alerts illustrating dramatically the quality of our ambient air. The Congress will be serving the health and welfare of the people by getting commuters out of cars and into buses.

We appreciate the opportunity to be heard and offer whatever future service would be helpful to this Committee in its consideration of H.R. 16119. Thank you.

WASHINGTON ECOLOGY CENTER,
Washington, D.C., August 25, 1972.

HON. EARLE CABELL,
Chairman, Business, Finance and Fiscal Affairs Subcommittee, Committee on
the District of Columbia, House of Representatives, Washington, D.C.

DEAR CHAIRMAN CABELL: We are submitting herewith a prepared statement concerning acquisition of the D.C. Transit franchise by the Washington Metropolitan Transit Authority (WMATA); please include it in the printed hearings on the bill. The Washington Ecology Center as an active community organization feels that it is imperative that more testimony of affected area citizens be included in the hearing record. Despite our objection to the present bill, the Washington Ecology Center endorses the concept of a publically owned bus system for the nation's capital. However, we stipulate that the system must be democratically controlled by the community through direct election of WMATA board members. The principle of "one man one vote" is a central pillar of the American system.

Respectfully yours,

DAVID B. PARIS,
Program Director.

PREPARED STATEMENT OF THE WASHINGTON ECOLOGY CENTER

Good morning Mr. Chairman and members of the joint committee. My name is David B. Paris and I am Program Director of the Washington Ecology Center, a metropolitan area community organization which is on record as desiring mass transportation as an alternative to urban suicide.

WMATA

While the Washington Ecology Center enthusiastically supports the concept of taking the D.C. Transit franchise from its present ownership, we wish to register our strong reservations concerning the capricious handing over of the bus line to the Washington Metropolitan Transit Authority without proper forethought and planning. The WMATA is an undemocratic institution as remote from public involvement as the appointed government of the District of Columbia. Members of the subway authority's board of directors are not directly elected to their positions, rather they are appointed. In point of fact some

board members are not even elected officials, including board representatives of Maryland and Virginia jurisdictions, which entertain public elections. It is the Washington Ecology Center's philosophy that mass transportation is a public service which should be run by a democratically controlled public institution. We feel that the present structure of the WMATA board should be changed to allow for direct community election of WMATA board members so as to permit a greater level of public involvement.

Without facing public election, board members of WMATA are presently only answerable to public pressure in the most indirect manner. Large vested interests have ready entry to back door dealings, unlike the average citizen. Under the present WMATA charter not only are the subway authority board members insulated from any measure of public accountability but, also, the elected officials of area jurisdictions concerned with Metro. Area officials can placate and confuse disturbed constituents by pointing out that the decision of practice in question does not fall under local authority, but is, instead, the responsibility of the regional, appointed, WMATA board. The situation can best be summarized by the cartoon showing three monkeys, "see no evil, hear no evil and speak no evil." The citizen when aroused concerning a WMATA practice is faced with a sticky buck-passing world of strawberry jam in which nobody answering to the voters is responsible for significant and sometimes destructive decisions.

ENVIRONMENTAL REPORT

The Washington Ecology Center feels that there should be no consideration on the part of Congress as to whether WMATA should take over the bus franchise until an Environmental Impact Statement is filed for the entire subway project, in compliance with section 102 C of the National Environmental Policy Act of 1969. Clearly, the subway project is a major federal action significantly affecting the environment. Furthermore, we feel that WMATA should specify to Congress just how it would plan to run the bus system once acquired. The Washington Ecology Center does not wish to see the bus system to become a satellite of the subway system; instead the opposite should occur. One has only to look at a map of the Metro system and observe the radial nature of its lines to discover that the subway is just an underground railroad to speed from suburban stops to downtown offices. This is well and good except that radial corridors offer neither cross-county nor cross-town service. Since the cost of the skeleton system which we call Metro is astronomical, in terms of what the Congress seems willing to spend, it is obvious that a honeycomb type of subway system offering more than radial service, is not in the offing in the foreseeable future. Consequently, it is our observation that improved bus service will have to serve many of the transportation needs of the District metropolitan area. In addition, we feel that in light of the necessity of the area meeting the 1975 air quality standards required by the Clean Air Act of 1970, mass transportation will have to play a role of much greater importance and magnitude than at present in the Washington area. It is plain to us that the D.C. area's mass transportation needs are not only for a feeder bus system to make Metro a portal to portal facility but, also, for a sophisticated bus system serving non-radial needs. I defy any responsible transportation planner to show me an example of any city which cut down on bus service in the central city area after construction of a subway system.

WMATA claims that fewer buses than present will be entering the central city after construction of Metro and I contend that this is not so if talk about giving the Washington area a mass transportation system second to none in the world is more than rhetoric. The WMATA assertion that fewer buses will be operating in the District's downtown area was reported in the *The Evening Star* of Wednesday, December 15, 1971 (see attachment A). The bus should be the major component in the transportation system that we envision and we feel that it is incumbent upon WMATA to produce a more specific plan about its intentions for the Washington D.C. area bus system, including by what specific performance standards the system will be designed and judged.

Finally, we wish to emphasize that we have no objection to the WMATA running the area bus system. However, we feel that more thought should go into the system prior to WMATA's takeover of the franchise so as to assure a more optimum system and to protect the public's interests adequately, hopefully, avoiding possible lawsuits which are being actively contemplated. The democratization of the subway authority through provision for direct election of its board members would open up a channel for real citizen control of the

bus system. Such involvement would help to insure an atmosphere encouraging transit usage leading hopefully to a financially sound transit system as well as successful resolution of the Washington area's transportation crisis.

[From the Evening Star, Dec. 15, 1971]

END OF LINE FOR TERMINAL?

(By Fred Barnes)

A half-block strip of roadway inside the Federal Triangle has become the focal point of a controversy over Washington's future mass transit needs.

The roadway sits beside the U.S. Postal Service building at 13th Street and Pennsylvania Avenue NW and serves as the main downtown bus terminal for D.C. Transit.

But it won't be a terminal much longer. The General Services Administration plans to construct an addition to the postal building, covering the roadway and the parking lot next to it.

The new addition is to have a giant parking area underneath, handling about 1,600 cars, but GSA has no plans for replacing the bus terminal. Therein lies the controversy.

Officials of the D.C. Department of Highways and Traffic say that a new bus terminal—a place where buses can drop off and pick up passengers and also lay over for a few minutes—will be needed.

An attempt was made to find an alternate site for the terminal they, say, but this was unsuccessful. So they want the terminal in the basement parking area of the new addition to the postal building, which would mean raising its ceiling and reducing its capacity by about 200 cars.

On the other side in the dispute are officials from GSA and the Washington area subway agency. They believe that no bus terminal will be needed in downtown Washington once Metro is in full operation. The 98-mile subway system is scheduled for completion by late 1979.

A consultant has studied the situation for the subway agency and concluded that "the volume of buses coming downtown will be greatly diminished" when Metro trains are rolling. Only six bus berths on the street will be needed, the study found.

While they haven't looked over the Metro study, highway officials are dubious of its findings. "In effect, the philosophy we're seeing is that buses won't be needed once Metro comes," said a highway department spokesman.

"This hasn't happened in Manhattan or anywhere else where there are subway systems," he said. "We reject the notion that there is going to be less need for buses in the 1980s."

Highway officials also feel that GSA is showing favoritism to commuters who drive by providing parking spaces. "This doesn't seem to be in line with the encouragement of people to use Metro," the spokesman said.

The matter is now before the National Capital Planning Commission, which is taking up the plans for renovating the Federal Triangle. A special task force has been set up to relocate the bus terminals located inside the triangle.

AUGUST 12, 1972.

HON. THOMAS EAGLETON,
Chairman, Senate District Committee,
Washington, D.C.

DEAR SENATOR EAGLETON: With respect to your hearings on public ownership of the D.C. Bus System, I am enclosing a copy of a report I prepared, which is entitled *Transit for the 70's*.

In moving toward public ownership of area buses, I urge your committee to:

(1) Require new routes, low off peak fares, and other service improvements as a condition for receiving subsidy—such improvements to involve much more than "coordination with Metro."

(2) Require D.C. and area governments to develop traffic management procedures to give priority to buses.

(3) Continue the role of WMATC or some other body to regulate fares and levels of service. As operator of area buses, WMATA cannot be de-

pended upon to regulate itself in the public interest—especially since its record for planning subway service for lower income areas of the city is not particularly outstanding.

Plans for service improvement and traffic control could require joint approval of the Council of Governments and the Department of Transportation (U.S.) and the subject to congressional review by both bodies.

Sincerely,

STEPHEN C. SWAIN.

An Agenda for the 70s Special Report

TRANSIT FOR THE 70s

- Why Public Transit Is Dying in Washington
 - A Strategy for Revitalization

*by Stephen C. Swaim
with the assistance of Tom Kelly*

WASHINGTON CENTER FOR METROPOLITAN STUDIES
1717 Massachusetts Avenue, N.W., Washington, D.C. 20036

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Cleveland L. Dennard, *Chairman of the Board of Trustees*Atlee E. Shidler, *President*

The Washington Center for Metropolitan Studies is a nonprofit institution engaged in research, education, and community service in metropolitan affairs, with a focus on the Washington area. It seeks to advance understanding of the fundamental nature of the modern metropolis and thus aid in solving planning, economic, environmental, and social problems; to further effective liaison between the research community and decision-makers; and to aid school systems and universities in strengthening education in urban affairs.

Jeanne Paul, *Director of Public Information***Agenda for the Seventies**George Grier, *Project Director*Dianne Seiffert, *Assistant Project Director*Valerie Townsel, *Administrative Assistant*

The Agenda for the 70s is currently the Center's major project. Basing its analyses on the 1970 census and related sources, it focuses on the emerging issues, trends, and challenges of vital importance to the citizens and institutions of the Washington metropolitan area during the decade now beginning.

The Agenda for the 70s Project is financed by

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The views expressed are those of the author and do not necessarily represent the views of the Washington Center for Metropolitan Studies or its supporting foundations. In addition, neither the content nor the conclusions necessarily represent the opinions of the U.S. Department of Transportation.

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FOREWORD

The Washington Center for Metropolitan Studies, under its Agenda for the 70s Project, has undertaken to identify major trends, challenges, and issues confronting the citizens and institutions of the Washington metropolitan area at the outset of the decade of the '70s. Few challenges are more important than the one posed by the present condition of the bus system. And the challenge is not to keep the system half alive, but to accomplish its revitalization.

A strong public transit system is essential to the economic and social health of the metropolitan area. For most of the remainder of the 1970s, that system must be based largely upon buses. Even when Washington's eagerly awaited Metro is fully operational, buses will still be needed. For the Metro, as presently planned, is a radial system, and a growing portion of the area's travel is not along radial lines.

For some months, there have been increasing signs that bus transit is approaching a crisis of major proportions. Declining ridership, increasing fares, and widespread deterioration of service combine to produce unmistakable symptoms of impending death. No remedy yet proposed gives promise of accomplishing anything more than maintaining tremulous signs of life in what, for many practical purposes, is already a corpse.

The Center commissioned Stephen C. Swaim, an economist and former secretary to the D.C. City Council, to analyze the ailing condition of the area's present bus system and to recommend a comprehensive strategy for improvement. Tom Kelly, a freelance writer for the *Washingtonian* magazine, *Nation's Business*, and other prominent publications, was engaged to assist Mr. Swaim in preparing the report for publication. Henry Bain, formerly a senior associate of the Center and now a consultant to the Bay Area Rapid Transit System in San Francisco, provided valuable advice on method and content.

John Protopoulos, a candidate for a degree in planning at Catholic University and a student intern at the Center, assisted Mr. Swaim in statistical analysis and background research. Charlotte Golin, of the Agenda for the 70s staff, was responsible for overall report format and charts; she was assisted by Valerie Townsel. Some of the maps were prepared by Professor Jean-Claude Thomas of the Department of Geography at Catholic University.

The overall study and preparation of the report were under the supervision of George Grier and Dianne Seiffert, respectively Director and Assistant Director of the Agenda for the 70s Project.

Many agencies and individuals assisted by providing data—most notably the Washington Metropolitan Area Transit Commission, the Metropolitan Washington Council of Governments, and the transit companies themselves. None is in any way responsible for the content of the final product.

In addition to thanking the foundations listed on the inside front cover for their basic support of the Agenda for the 70s Project, we gratefully acknowledge the support of the U.S. Department of Transportation in providing funds to assist publication of this report.

Atlee Shidler
President
March 1972

IN SUMMARY

Washington's only existing public transit system—the bus system—is nearing death. Ridership has declined rapidly since 1966. Repeated fare increases, far from assuring financial stability, have driven away riders so fast that any revenue gains have been transient at best. Service has deteriorated. Total discontinuance of service on weekends for some areas is now threatened.

Washington will eventually have a new transit system, the Metro. But it will not begin operating, even on a limited basis, until 1974 at the earliest, and it will be years until routes are reasonably extensive. Even then, the Metro will be only a partial system. Buses will still be needed for feeder, crosstown, and cross-suburban service. Meanwhile, the existing system must be kept in operation.

But far more than mere continuance of the present disabled system is required. If still higher levels of traffic congestion are to be averted, if federal air pollution control standards are to be met, if the thousands of Washingtonians who do not have ready access to cars are to have any means of transportation at all—if all these essential aims are to be met, the whole system must be revitalized.

A careful scrutiny of the present bus system reveals why it has been failing. The causes are many, and they are not new.

Basically, the bus system has failed to keep up with the times. Since the end of World War II and the full flowering of the Automobile Age, buses have been falling further and further behind their competition in speed, comfort, route coverage, and convenience. At this point, they can no longer compete on any score. For many trips, the auto is actually cheaper. In short, transit service has become so bad it is doubtful that it could attract most commuters away from their cars even if it were offered totally free of charge.

The route structure of the present system is basically the same as that of the Forties and Fifties, when the area was half its present size. Many of the area's most rapidly growing neighborhoods, not only in the suburbs, but also in the District, have grossly inadequate service, and some have none at all. The "basic" forty-cent D.C. fare conceals the fact that many trips to or between suburban locations cost twice to four times that amount. Many of the most common routes which people now want to travel are prohibitively time-consuming and expensive via transit. Some are literally impossible.

There is no one villain. The bus companies, the regulatory agency, the state and local governments, the federal government—all are guilty at best of gross negligence, and, at worst, of grasping disregard of public good for private gain. The auto-owning public also is guilty of a massive lack of interest in the continuance of a vital public service.

Just as there is no single villain, there is no simple solution. Isolated demonstration projects have failed repeatedly to produce more than localized, temporary solutions. Neither subsidy nor public ownership alone is likely to provide the necessary dynamics to assure anything more than minimal maintenance of a system that is already shamefully inadequate. The only measures that can produce overall gains will be heroic ones. Nothing less than a total overhaul of the system will suffice.

We propose that this overhaul begin immediately. Moreover, we propose that an ambitious goal of achievement be set and aggressively pursued. This goal is to double the present ridership level within two years. Lest this goal seem unrealistic, it would still leave the system with one-third fewer riders than in 1950, when the metropolitan area population was half its present size.

To reach this goal, we propose a comprehensive set of measures. These measures involve routes, service, fares, and comfort. They also require urgent cooperative action by government at all levels and by the transit owners. Above all, they require dynamic leadership and financial investment by the federal government.

We recommend that the leadership in this effort be taken by the U.S. Department of Transportation. D.O.T. should provide, through a combination of revenue guarantees, technical assistance, and coordination, the incentive for speedy unification and revitalization of the entire bus transit system.

I. THE DECLINE AND FALL OF PUBLIC TRANSIT

The Forties were mass transit's most profitable decade. The Automobile Age was due, but World War II delayed its arrival. Since the City of Washington was jammed with government workers without cars or gas, the Capital Transit Company was able to build a sizable fortune. Out in the suburbs, a number of small companies provided service to scattered areas.¹

When the War ended, new cars began to roll out of Detroit. The Age of the Auto had arrived in full force. The automobile brought new highways, and the highways helped create booming new suburbs. In the early Fifties, the U.S. Congress passed superhighway legislation providing massive and easy federal funding and making it practical, almost imperative, for states and cities to link the land with four-, six-, or eight-lane roads.

The population boomed as the fertility rate climbed steadily through the early Fifties. People were on the move, leaving the farms and small towns and heading for the big cities and their suburbs. Of all major metropolitan areas, Washington was one of the fastest growing. The area's population would double between 1950 and 1970.

Many of the new arrivals found homes in Arlington, Montgomery, Prince George's, and Fairfax Counties, and in Alexandria. The white middle-income population in the city moved out to join them. Suburban residence was possible because home buyers had cars to take them to work, to school, to shopping centers.

It would have been impossible to provide tracked transportation in the form of trolleys and commuter trains for the new communities, so rapidly were they built and at such low densities. But it would have been possible, at least theoretically, for transit companies with large cash reserves and imagination to rise to the new challenge with a flexible bus system.

The suburban companies made little effort. Capital Transit made none. Instead, Louis Wolfson, a financier who acquired control of Capital Transit in the late Forties, used the cash contingency reserves accumulated during the War to pay high dividends. While the stockholders reaped financial rewards, the passengers of the Forties got off the bus. They did so for discernible reasons:

- *Speed*—If a transit trip took twice as long as one by car, a sensible man would take his car.
- *Comfort*—Trolleys and buses were crowded. They stopped frequently. In winter they were apt to be overheated. In summer they were sure to be. In an ordinary peak-hour trip half the passengers would stand from the time they got on until the time they got off. Those waiting at the transit stops would be passed by one crowded bus after another. On the other hand, a man's auto was not crowded. He had a radio to listen to and heat to keep him warm. He could turn both off. He could lower or raise his windows. He could smoke. He could drive from his garage to an on-street parking space or a lot near his office.
- *Status*—The new car was the post-war symbol of worth. Those who lacked cars seemed conspicuously unsuccessful. Transit passengers were presumed to be poor.
- *Cost*—Transit was cheaper but the saving was small. A trip cost a dime or three for a quarter. A car cost only a few cents a mile plus the parking fee. The cost of auto operation was mostly indirect—in depreciation and maintenance—and easy to ignore, since the car was needed anyhow to reach places unserved by transit.

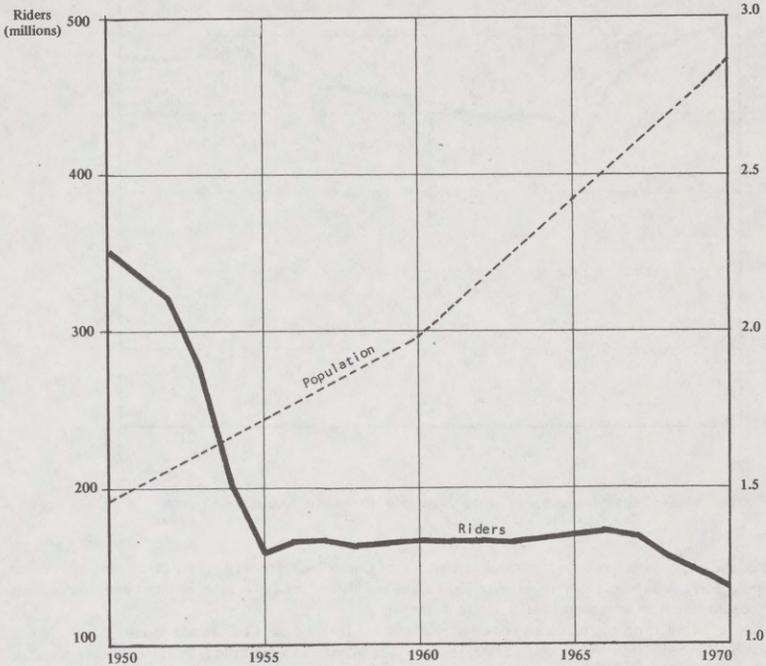
Between 1950 and 1952 the number of riders on buses and streetcars throughout the area dropped from 350,000,000 a year to 320,000,000, continuing a decline that set in after the War (see Figure 1). The transit companies did not respond to this decline by trying to improve the comfort, speed the trips, or raise the status of bus transportation. Instead (with the compliance of the regulatory agencies) both Capital Transit and the suburban companies raised fares in 1952 and again in 1954 and curtailed service. The annual bus mileage (one measure of service) dropped from 52 million to 37 million in five years (see Figure 2) while population grew apace and spread even further into Maryland and Virginia. The decline in riders became precipitous; by 1954 it was down to 196,000,000.

Nineteen fifty-five brought a low—if not the lowest—ebb. Bus drivers and conductors staged a 52-day strike. Many bus riders who may have suspected they could find other and better ways to get to work had an opportunity to confirm their suspicions.

¹As recently as 1955, there were ten carriers serving parts of the suburbs. They have since been reduced to four: D.C. Transit, serving the District, Montgomery County, and northern Prince George's County; W.M.A. Transit, serving southern Prince George's County; W.V. & M., serving the Virginia suburbs north of Route 50; and A.B. & W., serving Virginia suburbs south of Route 50.

FIGURE 1. TOTAL TRANSIT RIDERSHIP AND POPULATION, WASHINGTON METROPOLITAN AREA, 1950-1970

Transit ridership has dropped while population has increased.



Note: See Appendix Figure A for total transit ridership in the D.C. area from 1913 to 1970. See Appendix Table I for annual ridership for each company.

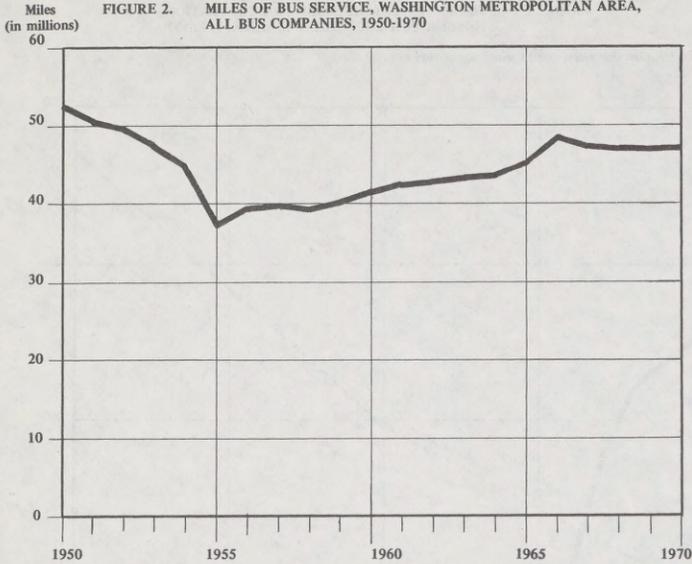
Source: Ridership is from Washington Metropolitan Area Transit Commission Annual Reports, Appendix C.

Population is a straight line interpolation between the census years 1950, 1960, and 1970. For 1950 and 1960, see U.S. Census of Population, 1960, PC(1)10A, D.C., Table 11. For 1970, see U.S. Census, 1970 U.S. Summary PC(1)A1, Table 20.

Then, as a result of pressures from Congress and other power centers, Capital Transit was sold in 1956 to a New York entrepreneur named O. Roy Chalk for a very small personal investment². The company became D.C. Transit. Chalk, who promised to improve the service and to arrest the decline in riders, received a twenty-year franchise.

²The purchase of D.C. Transit for a cash down payment of \$500,000 and the subsequent finances of the company are discussed in the record of the April 29, 1969 hearing of the Subcommittee on Fiscal Affairs of the Senate Committee on the District of Columbia on S. 1813 and S. 1814 to provide for public assistance or public ownership of D.C. Transit. See especially the statement and testimony of O. Roy Chalk, pp. 70-99, and "The Report and Recommendations of the Destabilization of Government Payments to the Mass Transit System in the District" of the D.C. Citizens Council, pp. 175-189 of the record.

FIGURE 2. MILES OF BUS SERVICE, WASHINGTON METROPOLITAN AREA, ALL BUS COMPANIES, 1950-1970



Source: 1971 Annual Report of the Washington Metropolitan Area Transit Commission, Appendix C.

To a considerable degree and for a considerable period of time, Chalk delivered. The rider decline stopped on D.C. Transit. Services improved. Streetcars were phased out and the air conditioning of all buses was promised and begun. The suburban lines were consolidated into four companies.

The number of riders on the four lines remained at about 165,000,000 for a full decade from 1955 to 1965. It was a real but limited victory. The population of the area was growing at a fantastic rate. Hundreds of thousands moved into the Washington area during this period, but few were to become regular bus riders. Nevertheless, the four bus companies at least held on to their rider levels, and the buses actually covered more miles—37 million in 1955 and 47 million in 1966. Transit was still slow, uncomfortable, and lacking in status. Whole new areas were inadequately served. But buses were still relatively cheap and frequent.

Although actions and reactions were initially more positive under Chalk than they had been under Wolfson, the company still operated as if the transit rider were a captive of the system. The obvious correction for declining revenues was to raise fares and cut service. This assumption was workable in the Forties. It lost some of its validity in the Fifties and most in the Sixties. There were (and still are) captive riders, hundreds of thousands of them: the old, the young, and the very poor. But many thousands of captives were forced into freedom as population and job centers in and out of the city changed radically.³

The transit companies ignored the population shifts. Areas with static or decreasing population continued to receive relatively adequate service while those with rapidly increasing populations, such as Anacostia or Gaithersburg, continued to have poor service or none at all.

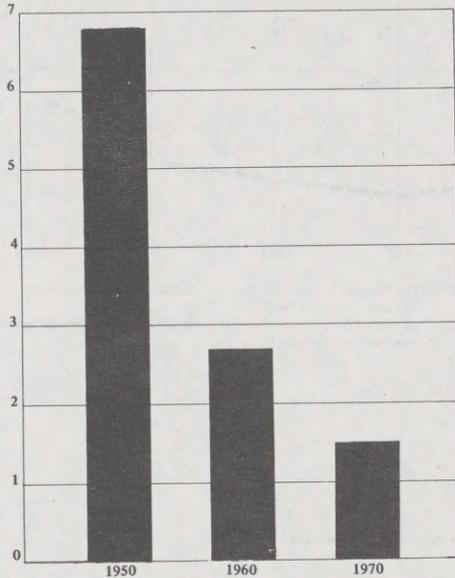
Between 1961 and 1966, the number of riders increased fairly rapidly in Maryland, slightly in the District of Columbia, and remained steady in Virginia. Beginning in 1967, however, the level of riders went into another sharp

³Between 1950 and 1970, the working-age population of the District of Columbia (the key commuting group) declined by 21 percent.

decline. Since then it has dropped 25 percent with substantial decreases occurring for all companies and throughout the metropolitan area (see Appendix Table A).

Had the population of the area remained static during the last two decades, the decline in ridership would still have been alarming. But the population was increasing by an average of 75,000 per year. By 1970, the rate of transit usage was below one-half of what it was in 1960, and less than one-quarter of 1950's rate (see Figure 3).

FIGURE 3. THE FALLING RATE OF TRANSIT USAGE: TRANSIT RIDES PER WEEK PER PERSON AGED 19 AND OVER, WASHINGTON METROPOLITAN AREA, 1950-1970



Source: WMATC Annual Reports, 1961-1971
U.S. Census of Population, 1950, 1960, 1970

The upsurge in fares undoubtedly played a major role in the rapid departure of 44,000,000 riders since 1966. Frequent fare increases by all four companies raised the cost of a bus ride by 60 percent or more. It is difficult to conceive of the recurring fare increases as other than catastrophic to ridership (see Figure 4).⁴

Other factors played a role in the decline of ridership—most notably the curtailment of service. And as riders left transit and took to their cars, traffic congestion became an increasing problem for everyone. It slowed buses as it slowed cars. It made schedules less reliable and transfers less certain. Thus, transit's time and comfort disadvantages became even greater.

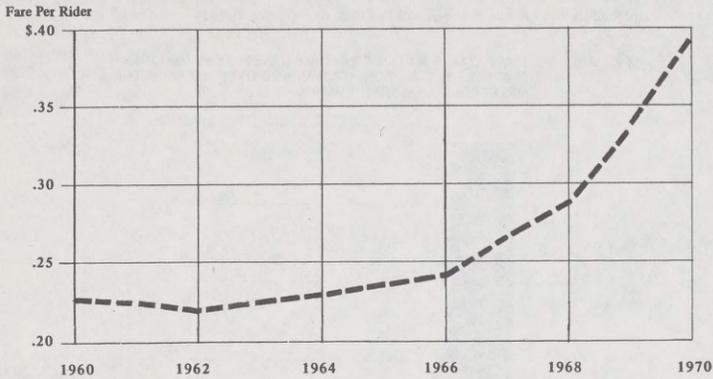
Although the riots of 1968 may have helped speed the recent decline, they could hardly have caused it, since ridership had begun to decrease in 1967. Crime, or more accurately the fear of crime, probably eroded nighttime transit use.

The strongest factors pushing ridership down were doubtless worsening service and rising fares.

⁴See Appendix Table B for annual changes in ridership and fares for each company between 1965 and 1971.

FIGURE 4. THE REAL COST OF HIGHER FARES: FARE PER RIDER AND RIDERS PER MILE OF BUS SERVICE, WASHINGTON METROPOLITAN AREA, ALL BUS COMPANIES, 1960-1970

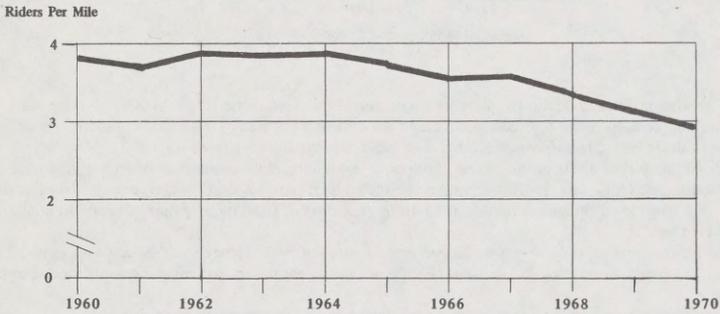
Average fare per rider has gone up . . .



Note: The ten-cent school-child fare accounts for average fares below stated cash fare rate.

Source: Computed from Annual Reports of the Washington Metropolitan Area Transit Commission, Appendix G.

. . . while the number of riders per mile has dropped.



Source: Computed from Annual Reports of the Washington Metropolitan Area Transit Commission, Appendix C.

II. WHO HELPED PUSH TRANSIT DOWN?

The transit companies contributed much to their own downfall. But there were also accessories before the fact, among them federal and local governments which acted throughout the Fifties and Sixties in ways that greatly assisted the decline of mass transit.

The governments failed to appreciate the necessity of keeping mass transit alive and reasonably healthy. Far from giving transit positive support, they did not even take a neutral attitude toward it. Their almost unanimous commitment to the automobile was reflected not only in the galloping federal highway program, but also in the sprawling housing programs of the federal government and in the land use patterns pushed and protected by the District and suburban governments.

The building of the Capital Beltway was a decisive influence on determining where people would live and work and how they would move about. The opening of the Southwest Freeway and the expansion of the 14th Street Bridge were also important: These projects were designed, approved, funded, and built without the slightest apparent concern for the disastrous effect they would inevitably have on public transport. There was no concern, then, for a "balanced" transportation system—only for cars. Buses moved more slowly than ever as suburban autos were able to pour into town in ever greater numbers.

The District Government also encouraged automobile traffic by insisting that parking spaces be provided for all new building sites downtown. Federal agencies provided parking for thousands of their upper level employees at fees far below cost. With the induced boom, real estate developers found it profitable to transform practically every vacant lot into a parking facility, at least temporarily.⁵

During these same years, the federal government adopted a policy of moving many of its agencies out of town. Little thought was given to the effect of the moves on transit riders, and no thought at all to the transit system. The riders most severely affected were employees living in the District, particularly those at the lower pay levels. The new suburban sites were usually close to middle- or upper middle-income housing, from which lower paid employees, most of whom were black, were excluded. To keep their jobs these workers had to commute from the District. They often found the challenge overwhelming and sometimes impossible.

A typical quandary faced one rider who had earlier traveled from her home in Northeast Washington to the Department of Health, Education and Welfare main building in Southwest D.C. in twenty minutes. When her division moved to the Parklawn Building in Rockville, Maryland, in 1970, she tried to find an adequate bus route, since she was unable to drive. The bus route she found cost her \$1.80 a day and took up to two hours each way. She was forced to arrange rides with various co-workers.⁶

Government did not contribute to transportation difficulties solely by fostering highways at the expense of transit, or by locating huge agencies in the suburbs. It also built the John F. Kennedy Center for the Performing Arts at the edge of downtown without giving attention to developing adequate bus routes to serve it. Neither government, nor the transit companies, nor the Washington Metropolitan Area Transit Commission, nor Center officials paid heed to this special transit problem.⁷ Thus, it is very difficult to attend a performance at the Center without being carried into the congested streets around it by automobile.

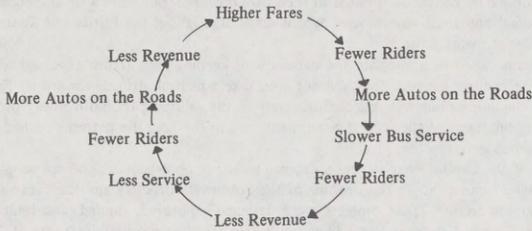
The Washington Metropolitan Area Transit Commission, established in 1962 to regulate all of the area's bus companies, has done its part to contribute to the transit crisis also. After a decade of WMATC regulation, which has consisted almost exclusively of approving higher fares upon request of the companies, the assets of the bus companies have been dissipated and both service and ridership have continued to deteriorate. The higher fares repeatedly approved by the Commission have had the effect of destroying the service which, in the public interest, was to be regulated.

⁵ Between 1960 and 1968, 14,227 additional parking spaces were created in downtown Washington. One may assume that most of the new spaces were occupied by former, or at least potential, bus riders. If each space accommodated one car per day each working day, and each car contained an average of 1.5 persons—a most conservative assumption—they represented the effective loss of 21,300 bus passengers a day, the equivalent of 10,650,000 trips a year. Had those putative riders been on the buses, the number of bus passengers on all lines in 1968 would have been at the 1960 level. Total ridership in the D.C. area was 10,000,000 less in 1968 than in 1960. (The number of new parking spaces was obtained from "Parking in Downtown Washington." Transportation Board Information Report No. 18, May 1969. "Downtown" is the area designated by the TPB as Ring Zero. Ridership figures are from the annual report of the Washington Metropolitan Area Transit Commission.)

⁶ "HEW Building Big Pain in Rockville," *Washington Post*, Nov. 29, 1971.

⁷ The failure to consider transit is rather remarkable in that there are but 1,600 parking spaces for the 6,170-seat Center. In consequence, many who arrive by auto cannot park.

The metropolitan area public is now caught in a vicious transit cycle:⁸



It has been noted that the current precipitous decline in the number of riders began in 1967 and that it coincided with a period of rapid fare increases. The annual rate of fall since then has been 4.7 percent. At one time, the fare hikes gave the company a period of apparent prosperity, but now the period grows shorter with each hike. In June 1970 the D.C. fare went to 40 cents. Due to falling ridership, by the end of June 1972 the total revenue based on the current 40-cent fare will be about what it was three years ago when the fare was 32 cents (see Figure 5). Nevertheless, in December 1971, D.C. Transit asked for an increase to 50 cents.

The hard fact is that we have arrived at a time when no fare increase is likely to alleviate the company's fiscal difficulties for more than a very brief period. Indeed, it seems reasonably certain that if continuous rate hikes were granted we would soon find that they give no relief at all.

D.C. Transit projects that in the first year the 16 percent increase in fares (to 50 cents cash and 45 cents token) will provide only a 6 percent increase over the total revenue actually received with a 40-cent fare in the year ending September 30, 1971. In subsequent years the increase will disappear entirely. In addition, service is to be cut to reduce operating expenses by \$1.5 million (about 4 percent of operating expenses). The following reductions are proposed: savings due to service adjustments (\$1.0 million), savings due to reduction in maintenance force (\$319,000), savings due to elimination of Downtown Shopper (\$116,000), and other adjustments (\$104,000). Furthermore, the streetcar track removal program is to be eliminated, and inexpensive diesel injectors which reduce pollution and blue exhaust from buses are identified as items which can only be purchased if fares are raised.

To put it simply, the increased fares will not buy more service, but less; and even the transit company will benefit only slightly and temporarily.

III. WHO LOSES WHEN TRANSIT FAILS?

The Fifties lacked transit imagination and support.

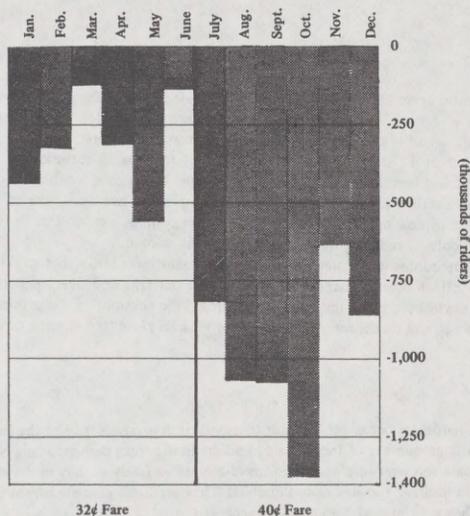
The Sixties lacked sound transit judgment.

The Seventies have begun with an accumulated burden of transit deficiencies. They have had a serious impact not only on mass transit's ability to serve its own clientele, but also on the effectiveness of the area's total transportation network. Anyone who must move from one location to another—whether actual or potential user of mass transit—is affected.

The transit rider who dropped out of the public system in the Fifties has since lost many of the advantages he had gained from his switch. He has lost speed: When he drives to work he spends much of his time motionless or creeping through an invisible river of carbon monoxide. He has lost comfort: An automobile stalled morning and evening on less than superhighways is not much of an improvement on the slow haul of a bus. The bus stop wait has been replaced by the parking lot wait, and the \$2 or \$3 parking fee has added to the misery. Whatever status auto driving once had is vanishing.

⁸On November 25, 1971, the Washington Post described one manifestation of the cycle in an article by Jack Eisen, headlined "Bus Schedule Cutbacks Hit Poorer Black Areas Hardest." The article describes the overall 5% reduction in miles of service operated by D.C. Transit. The sharpest cut was 13.2% in the Benning Road service which serves Northeast Washington on both sides of the Anacostia River.

FIGURE 5. 1970—THE 40¢ DISASTER:
DROP IN D.C. TRANSIT RIDERSHIP
FOR EACH MONTH IN 1970



Source: Unpublished monthly ridership data from 1969 and 1970 filed by area bus companies with WMATC.

Our feverish road building has left us with increasingly congested roads. Available land is in ever-shorter supply. Existing street networks cannot be expanded without demolishing buildings and homes. The air is polluted and most of the pollution is caused by auto exhausts. Everyone who tries to move about is victimized and those who are most victimized are the ones who are unable to move at all.

Thus, the burdens the Seventies have inherited are congestion, pollution, lack of mobility, and financial hardship. We'll consider them one by one.

Congestion

Street congestion delays and discomforts everyone. It stifles commerce. It adds to suburban sprawl as both families and businesses seek congestion-free areas further and further away.

Congestion slows down everything on wheels—trucks, buses, taxis, and delivery vans, as well as private cars. The cost for some is easy to measure in dollars—for commission salesmen, taxi drivers, the self employed. But everyone else pays, too, for as the cost of delivering goods goes up, restaurants, retailers, and service establishments raise their prices. And the cost in time needlessly consumed is enormous.

The psychological burden of congestion has been largely ignored, but it is real. No regular tension is greater than the one induced by the slow creep to work and again toward home after a long, hard day. It contributes for some to reduced work effectiveness, to marital squabbles, to ulcers, to alcoholism, to auto accidents, to heart attacks, to early death.

Much of the congestion is directly attributable to the failure and abandonment of mass transit. Thirty-five million riders have left D.C. Transit in the last six years, the equivalent of drivers and passengers in 39,000 cars each day.⁹ Those 39,000 cars represent the total number of autos entering the District from Virginia each morning.¹⁰

Pollution

In the seven months from May to December 1970 the air in the Washington metropolitan area experienced 11 periods of excessive carbon monoxide concentration and 53 periods of excessive photochemical oxidant concentration.¹¹ Almost all of this air pollution comes from auto exhausts.

The Clean Air Act of 1970 (as well as common sense) requires all jurisdictions to take action to bring the pollution below certain "harmless" levels. These levels must be reached by the end of 1974. Each state and the District must submit detailed plans and a timetable for compliance. Eventually the exhaust problem may be solved by filters and the use of new engines and fuels, but for the coming several years the standards can be met in such cities as Washington only by reducing the number of cars on the road.

Officials of the Environmental Protection Agency have said specifically that to achieve mandatory levels many cities will have to effect drastic changes in their traffic patterns and develop better mass transit. They have suggested that there will have to be restrictions on automobile commuting, on parking, on the free flow of traffic in highly polluted areas, and on the number and kind of vehicles permitted in some downtown districts.¹²

Lack of Mobility

The most severe hardships occasioned by our transportation paralysis may be the least apparent to the majority of area residents. A large number of teenagers and adults in the area—perhaps as many as one-quarter or one-third of all persons 14 years and over—are unable to move around as freely as they might wish. They are those who are too young or too old to drive, too sick or too disabled. They are those who are barred from driving permanently or for short periods. They are those who do not have access to cars.¹³

⁹Ridership figures were obtained from annual reports of the Washington Metropolitan Area Transit Commission.

¹⁰Table 10 of the Summary Report of the D.C. Cordon Traffic Survey of 1970 of the D.C. Highway Department shows that 38,846 cars crossed the I-95 bridges, Memorial Bridge, Roosevelt Bridge, Key Bridge, and Chain Bridge between the hours of 7:00 a.m. and 9:00 a.m. Car occupancy averages about 1.5 persons per car.

¹¹Periods of excessive concentration are ones in which the D.C. air quality failed to meet the primary federal standards promulgated by the U.S. Environmental Protection Agency. Under the Clean Air Act of 1970, these standards must be met by the end of 1974. Data is from "Proposed Air Quality Standards for the District of Columbia," D.C. Department of Environmental Services, October 1971. Photochemical oxidant data is shown in Appendix E, carbon monoxide in Appendix F.

¹²"Air Pollution Control: A Mandate for Transportation Planning," prepared by Dr. John T. Middleton, Deputy Administrator for Air Programs, Environmental Protection Agency, July 27, 1971. This paper was presented to a National Transportation Engineering meeting held in Seattle, Washington. See also speech by William D. Ruckelshaus to the National Conference of State Legislative Leaders, November 18, 1971.

¹³The number of people whose mobility is restricted without good public transit is difficult to estimate precisely, in part because such restriction is often a matter of degree or interpretation. A teenager chauffeured by a parent may travel frequently, but only at considerable inconvenience to others. Limited data also mean that any estimate will be order of magnitude only.

Data on people who cannot drive themselves is only one test. A reasonable estimate from inadequate data is that about 25 percent of the population aged 14 and over do not have driver's licenses. The D.C. Department of Motor Vehicles estimates that in 1970 about 350,000 persons had licenses—about 63% of the District's population aged 16 and over. Assuming a much higher percentage (86% for the suburban population, the following rough estimate is obtained:

Persons 16 and over in D.C. without a license	205,000
Persons 16 and over in the suburbs without a license	213,000
Persons 14 and 15 in both D.C. and the suburbs who are too young to have a license	109,000
Total without a license:	527,000

This is about 25 percent of the 2.1 million persons in the Washington area in 1970 who were over 14 years old (see 1970 Census, General Population Characteristics, D.C., PC(1)B-10, Table 20). For an estimate by category (too old, too young), see Appendix Table E.

Financial Hardship

The ever rising cost of transportation is an irritation for the affluent. For those of low or moderate income it has become a major expense, and in many budgets transportation ranks in size only behind food and shelter. The very poor are among those who are still captive riders of mass transit. Each year they are forced to pay more for less. Some families in such circumstances have bought cars to escape, often increasing their financial difficulties.

The effect of a 10-cent rate hike on a poor family with a single wage earner is five times as severe as a 1 percent increase in the tax on food.¹⁴ Food taxes are considered regressive, but the regular hikes in bus fares are decidedly more so. Imagine a worker living in the District who secures a job in Rockville paying \$5000 a year. He will pay a total of \$575 in bus fares in a year getting to and from work. That is, his transportation cost will account for more than 10 percent of his gross pay.

The hardship is especially severe for the elderly. If a retired couple on pension wish to travel at least three times a week on the bus—to church, to shop, to get medical care, to visit friends, for example—their combined fares at 40¢ each per ride would total \$4.80 a week or \$250 a year. This amount is nearly one-fourth of the minimum social security benefit.¹⁵

We Already Subsidize Transit

It is a truism that governments (or people) do not necessarily solve problems by spending money. A case in point is D.C. Government subsidies that support declining transit service.

In 1970 the D.C. Government gave D.C. Transit a subsidy of almost \$3.2 million—\$2.4 million directly for carrying school children at reduced fares and \$800,000 in remitted taxes. In the coming year the school transit subsidy is estimated at \$3.3 million at the present fare. Combined with tax forgiveness of \$900,000, the total subsidy will be \$4.2 million. As bus fares grow the subsidy grows automatically. The 50¢ fare would cost at least another half million.¹⁶

IV. THE SPECIAL PROBLEMS OF SUBURBIA

Suburban Fares Are Not Fair

The burden of a 40-cent fare in the District obscures the oppressive and often inconsistent fare structure of the suburbs.

A determined traveler in the District can go from the far Northeast to the far Northwest for 40 cents. The passenger from the city to the suburbs and the one who travels from one suburban location to another pays a rate of from 60 cents to \$1.30 (see Figure 6).

If the bus system is to survive it must find new customers, and most of the potential customers are in the suburbs. However, the present rate structure outside the District seems designed to prevent these potential riders from even considering the bus as a regular means of transportation.

Yet, at least among the older suburbs within the Capital Beltway, mass transit can be as efficient as it can be in the District. Few of Washington's suburbs remain clusters of isolated houses separated by vast stretches of woodland. In many suburbs the population density is increasingly on an urban level. Furthermore, residents of some parts of suburban Maryland and Virginia are closer to the heart of the urban core than are many of those living in far flung neighborhoods of the city itself.

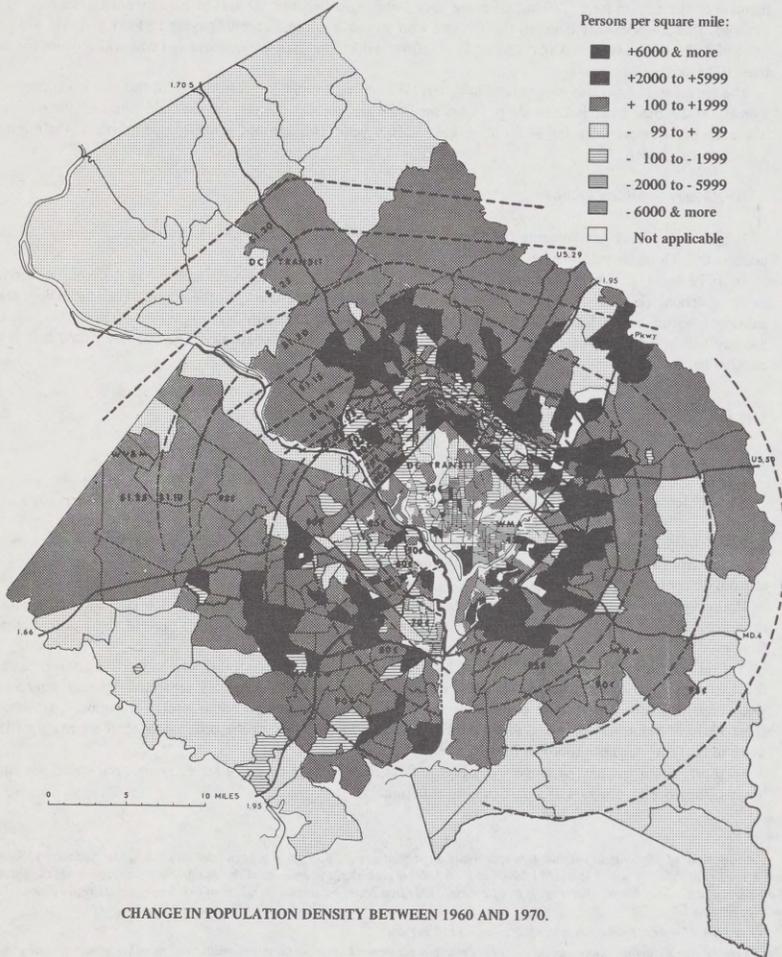
In short, suburban bus passengers pay higher fares, not because they live far away on rural lanes, but simply because they live on one side of a particular jurisdictional line.

¹⁴An increase of 10 cents in the bus fare represents an annual cost of \$50 for a person who uses the bus to commute to work five days a week. For a family which spends \$1,000 a year on taxable groceries, the amount of the bus fare increase represents the equivalent of a 5 percent additional tax on groceries. It is, of course, likely that travel by several members of the family would require more than 10 bus trips per week.

¹⁵Even the 25-cent off-peak fare costs this couple \$156 per year.

¹⁶There is also a further, more subtle subsidy. Persons who depend upon welfare, rehabilitation, or other governmental programs must receive increased benefits from the government as the cost of living rises.

FIGURE 6. THE FARE BARRIER: FARE ZONES FOR SUBURBAN TRIPS TO OR FROM THE DISTRICT OF COLUMBIA



- Note: Almost every area where population has increased is subject to the suburban fare barrier.
For clarity of presentation, the zone barriers for intra- and inter-suburban travel are not shown.
- Source: Fare zones estimated from fare schedules and maps issued by each of the area bus companies. Express fares for D.C. Transit in Maryland are indicated. Subtract 5 cents for local fares.

The change in density base map was prepared by Professor Jean-Claude Thomas, Department of Geography, Catholic University, and Washington Center for Metropolitan Studies.

TABLE 1. COST IN TIME AND MONEY OF SELECTED MORNING RUSH-HOUR TRIPS INVOLVING SUBURBAN JOB AND SCHOOL LOCATIONS

<i>Trip</i>	<i>Scheduled* Travel Time (minutes)</i>	<i>Cost</i>
Martin Luther King Avenue to Crystal City	80	\$.85
Silver Spring to Rosslyn	95	.65
Georgetown to Atomic Energy Commission (Gaithersburg)	105	1.25
Hyattsville to National Institutes of Health (Bethesda)	105	1.15
Oxon Hill to Silver Spring	88	1.20
Bowie to Prince George's Community College	Not Possible	
Springfield to George Mason College	80	1.20
Springfield to Tysons Corner	80	1.20
Chillum to Iverson Mall	82	.90
Deanwood, N.E. to Montgomery Mall	110	.85
District Heights to University of Maryland	100	1.50

Source: Estimated from current printed schedules, supplemented where necessary by telephone consultation with company public information services.

*Does not include waiting time for first bus, late runs, or travel to and from the bus stop.

You Can't Get There From Here

If fares were fair, there would still be problems. Many trips from D.C. to the suburbs, as well as within and between suburbs, are either impossible by transit or take an unconscionably long time.

Table 1 shows some often-made trips from the District to the suburbs. Typically, times exceed one hour and one-way fares are more than a dollar. Table 2 describes selected routes within Maryland and compares the public transit time for each with a similar trip by car. Bus trips are often four to six times as long as auto trips. Even if buses were free, few car owners would endure such impositions on their time.

Quite simply, then, the bus system has priced itself out of the market in terms of both fares and sheer inconvenience.

Is the Last Rattle Imminent?

How close is the bus system to death? Death will not occur when the last bus creaks to its final stop and discharges its single passenger. Death to a bus system as to a human comes when the vital processes deteriorate to the point where a return to health is no longer possible. A clear point of no return will be reached when it becomes impossible for the system to cover its losses without massive curtailment of services. The possibility that the bus system serving metropolitan Washington will soon be moribund is real.

TABLE 2. COMPARATIVE TRAVEL TIMES, MIDDAY, BY AUTO AND BUS BETWEEN SELECTED POINTS IN MARYLAND

Trip	Auto	Bus	Bus Fare
	(minutes)		
Beltway Plaza to Friendship Heights	20	129	\$.90
Riverdale to Silver Spring	15	114	.75
Silver Spring to Wheaton	8	32	.40
Silver Spring to Rockville	15	69	.70
College Park to Silver Spring	15	85	.40
Friendship Heights to Mt. Ranier	20	77	.40
Potomac to Wheaton Plaza	20	154	1.65
Rockville to University of Maryland	25	126	.85
Cabin John to Friendship Heights	15	83	.75

Source: Auto and bus times from Table 9, Comparative Travel Times, Midday, Auto and Bus Between Selected Points, *An Assessment of Suburban Transit Services*, D.C. Transit's Maryland System, H. Zinder and Associates, July 1969. Note: data from table in Zinder Report are attributed to Alan M. Voorhees and Associates, Inc.

Fares from D.C. Transit Company Information Service.

The system includes all the bus lines, and one cannot well exist without the others. We have discussed the decline of D.C. Transit in some detail since it is by far the largest carrier involved. But the W.V. & M line recently tried to abandon all weekend service between the city and most of Northern Virginia. Such an action would introduce an urban isolation that matches the rural isolation of 100 years ago.

But this is the last half of the twentieth century. People are no longer self-sufficient as they were in nineteenth century rural America. We can ill afford to permit the proposed sabbath isolation of Northern Virginia to spread through the area and through the week. It is time to establish a firm and positive posture.

V. THE CHALLENGE FOR THE FUTURE

A new bus system for the Washington metropolitan area is needed for the Seventies.

If the bus system is to be vitalized it almost certainly must be converted to a single, comprehensive system with an equitable fare structure and an equity of service. The area to be served by a unified system is the entire area currently developed within and beyond the Capital Beltway: the District and its encircling suburbs, Virginia to the west and south, Maryland to the north and east.

The obvious problems to be solved by the revitalized system are common to all sections. They are basically problems of fares, routes, speed, and services. There are also less obvious problems—particularly problems of attitude. They are reflected in the way people and governments regard certain fixtures of our civilization: The City, The Suburbs, The Highway, The Street, The Automobile, The Air.

The City and the Suburbs

It is customary to consider the Washington metropolitan area one which is composed of independent and diverse parts. Not true. The entire area is clearly a social and economic unit, a single, functional city transcending jurisdictional lines. Within the Beltway—and beyond in some cases—the area has an urban density usually ranging from 5,000 to 12,000 persons per square mile, with many neighborhoods both within the District and without exceeding that range.

The major shopping and employment centers are the same for all residents. A street looks the same on one side of the boundary lines as on the other. A stroke on a map could put Rosslyn in the District or Georgetown in Virginia but they would still be within a glance, if not a stone's throw, of each other.

Employment in the Washington metropolitan area is concentrated inside the Beltway. About 1.8 million persons also live within this area—more than enough to support an adequate mass transit system. A high percentage of these residents have limited use of cars. The Transportation Planning Board of the Metropolitan Washington Council of Governments reports that 20 percent of households in the entire metropolitan area have no automobile and 45 percent have a single car.¹⁷ Since car ownership is higher outside the Beltway than inside we may assume that more families within the Beltway have limited transportation than suggested by the figures for the area as a whole.

Since the Forties and Fifties, when many of the current routes were planned, whole new concentrations of both people and jobs have evolved in the suburbs, and formerly rural areas have become sub-cities. Crystal City, Rosslyn, Tysons Corner, Reston, Sterling Park, Rockville, Gaithersburg, Potomac, Langley Park, Bowie, Oxon Hill, Dale City, Manassas, Fairfax City, Leesburg—the list could go on and on. Bus service linking most of these locations with each other and with the District is either nonexistent or might as well be, as tortuously inconvenient as it is. But these places are where an increasing number of residents of the area live and work. They deserve a public transit system that goes where they need to go.

The Automobile and The Highway

The attitude of many people toward the car and the open road is changing. Citizen groups both within the city and without have recently organized to oppose the construction of specific new highways. Citizen groups in the District have stalled freeways and delayed, at least temporarily, the Three Sisters Bridge.

The auto owner who once felt that he had an inviolable right to drive anywhere on a new road has found that whatever his right, congestion makes it a mockery. Many of the area's auto owners probably now agree that some restrictions on auto use are necessary. The notion that roads are to move cars is yielding to the one that roads are to move people. And one bus can move as many people as 30 or 40 cars.

The Air

Concern about pollution is growing as pollution grows. The Clean Air Act of 1970 requires that the District translate that concern into specific actions. Traffic control and better transit may be among the actions required to comply with federal law.¹⁸

The Problem and The Remedies

The attitude that may most need changing is one apparently held by governments, transit companies, and many citizens alike—that old remedies which have failed repeatedly are the only ones available. If this were so, then the trend of declining transit riders would be irreversible.

We do not believe the trend cannot be changed. We believe the public would use a system that is competitive in speed, cost, and comfort. Evidence derived from other studies indicates that significant improvements in cost and especially in service can result in the greater use of a new transportation system.¹⁹ This evidence can be applied with equal logic to ways in which people can be persuaded to start using buses again.

¹⁷ "Auto Ownership Characteristics," *Transportation Planning Information Report No. 32, January 1971.*

¹⁸ The D.C. Department of Environmental Services estimates that if 25 percent of auto commuters used transit (with buses modified to burn propane fuel) hydrocarbon emissions in the air would be reduced 13 percent, carbon monoxide 14 percent, and nitric oxide 11 percent. (See Implementation Plan for the Control of Carbon Monoxide, Nitrogen Dioxide, Hydrocarbons, and Oxidants, Bureau of Air and Water Quality Control, D.C. Department of Environmental Services, November 1971, p. 51.)

¹⁹ For example, the assumptions underlying D.C. Metro and freeway planning assume that ridership on public transit can be approximately doubled if the factors of cost, service, and travel time of transit are simultaneously improved within moderate ranges with service more significant than cost. See Figure II-b, "Typical Modal Split Relationships," in *Metro Technical Report No. 3, December 1967*, prepared by Alan M. Voorhees and Associates, Inc. (Ridership is approximately doubled in that figure if, simultaneously, service is improved from level 3 to level 2, travel time advantage of cars reduced from 3:1 to 2:1, and relative transit cost reduced from moderate to low.)

Similar assumptions are presented by John F. Kain in an article entitled "Forecasting Urban Passenger Travel" in the book, *Techniques of Transportation Planning*, published by the Brookings Institution in 1971. Kain emphasizes the sensitivity of ridership to travel time in eight major transportation studies. He noted that all of the studies indicate that "public transit usage drops quickly when, and if, any disadvantage appears in time required by transit trips. . . . transit demand was generally more sensitive to travel time than fares. . . . and service rather than price is the major factor in determining transit system ridership" (pp. 128-129).

What Works for Hamburgers Should Work for Transit

The traditional attitude of transit companies toward their customers has often resembled that of the proprietor of the only barroom in a seaport—a visiting sailor can drink with him or not at all. Little effort is made either to woo customers or to please them.²⁰ On the rare occasions when bus companies institute new routes or services, they promote them so unaggressively that most potential riders probably never learn of them.

McDonald's Hamburgers has demonstrated two lessons that should be equally valid for transit. First, the public will buy a needed product or service that is dependable in quality, served with courtesy and cleanliness, quick and convenient of access, and reasonable in price. Second, a steadily increasing market can be built through advertising and then delivering the advertised promises—even against heavy competition.

An Ambitious Proposal

Most people are reluctant to attack a problem head on, to commit all energies to its solution. But desperate battles are won only with such commitment.

An adequate transit system for the Seventies must

- reduce air pollutants; this is now a requirement of law
- reduce congestion and speed traffic so that the most heavily traveled parts of the area are more easily accessible
- permit people without cars to travel with reasonable ease at reasonable cost
- move the system toward greater economic viability by increasing revenues more rapidly than costs
- link existing and emerging concentrations of people and jobs with fast, convenient comfort

We believe that the single best way to achieve these interrelated goals is by improving bus service and, consequently, increasing the number of bus riders to double the present ridership in two years.

Is doubling the rider level a serious possibility? We think it is. Furthermore, if it were to occur, transit would still have one-third fewer riders than it had in 1950 when the metropolitan area population was half its present size. Figure 7 shows the relationship of present and past ridership to the goals.

Citizens assume, with considerable basis, that transit can only get worse. They assume that all fare changes will be upward, and that any service improvements will be minimal, reluctant, and temporary. The spirit of genuine transit improvements, however, can become "contagious" once underway. If fares are stabilized and made more equitable, if off-peak fares are cut, if buses go where people want to go, if service actually gets better, *and if all these things occur at the same time*, the impact on the public should be enormous. People should begin to ride buses again—if only out of curiosity at first—and they should do so with a new surge of goodwill. If the service continues to be good, if buses become competitive in speed and comfort, then people will continue to ride public transit.

The Peak Hours and the Off Hours

If ridership is to be doubled, a major change in rider levels must take place at the peak hours. If commuters in 30 or 40 private cars are converted into bus passengers, there will be 30 or 40 fewer cars on the highway during rush hours, and travel will be faster for both buses and cars.

Most bus passengers are now going to or from work.²¹ And most workers travel during the peak hours. At the present time about one in five workers rides the bus to his job. If one of each of four neighbors who now use cars can be persuaded to take the bus, the goal of doubling the rider level will be substantially achieved.

As already indicated, better service involves suburban as well as city residents. Bus ridership levels can be doubled only if most of the increase is drawn from the suburbs. With a suburban population of two million this is not an impossible dream. There were fewer than two million people in the whole area in 1950, when transit still thrived. (Appendix Tables C-1 and C-2 show one possible doubling of ridership in relation to present commuting patterns.)

²⁰ Consider route maps. D.C. Transit route maps may be obtained in only three locations in the city, and then only by paying 10 cents. The latest maps are dated October 1969. All routes are printed in the same color so that even when you have paid your money you still won't be sure where, let alone when, particular buses run. Attempts to obtain route and schedule information by telephone are often futile: If you can reach the company at all, try a second time; you may not get the same information twice.

²¹ From the 1968 Ridership Survey (which did not include the entire Washington metropolitan area) the Transportation Planning Board estimates that 205,400 persons use the bus to get to work (see Appendix Table C-2). Multiplying this figure by 2, to give trips per day, and 250 (number of work days per year), gives an estimated 102.5 million trips per year for weekday work trips. This is 65 percent of total Washington area ridership in 1968 for all companies.

FIGURE 7. 1973 GOAL FOR TOTAL TRANSIT RIDERSHIP IN THE WASHINGTON METROPOLITAN AREA ASSUMING THAT RIDERSHIP DOUBLES AS SERVICE IMPROVES

Twice as many riders would still be fewer than in 1950.



Source: For past ridership, see Figure 1.

Although the greatest gains in riders are to be made during the morning and evening rush, increased ridership at off-hours should also be sought. Furthermore, every effort should be made to spread peak-hour loads by encouraging non-commuters to use the bus at other than the rush hour. Transit use at off-peak hours is so minimal that even modest gains at those times could provide greater cost-efficiency in use of rolling stock and personnel.

The Strategy

We do not believe that doubling ridership will be easy. Transit is up against heavy competition. It will be necessary to pursue riders who have long since been converted to autos and to persuade them that buses are, if not necessarily better, at least about as good.

The pursuit of riders will be complex, involving many different individuals, governments, and private interests. But if these forces join together to improve the system they will clearly make it more serviceable, and if it is more serviceable it will attract more riders.

Point by point, here is the strategy of pursuit:

- Completely revised routes, keyed to the population and employment patterns of the Seventies.
- More frequent service.
- Management of streets and parking to promote transit efficiency and speed.
- A stabilized fare structure, revised to eliminate the sharp differentials between city and suburbs.
- Fare incentives at all off-peak hours, including weekends, and for travel against the main flow during peak periods.
- Improved equipment and amenities.

- Commitment of the U.S. Department of Transportation to a comprehensive two-year program of financial support, technical assistance, and leadership for total revision of the system.

These measures involve total overhaul of the entire transit system. They concern routes, amenities, service, and fares. They need the cooperation of the existing local governments, the Washington Metropolitan Area Transit Commission, and the federal government. Once established they will require continuous reassessment and a timetable designed to speed revisions while controlling costs.

What is critically significant is that all these improvements occur simultaneously, or at least in close conjunction. The importance of multiple, simultaneous improvements in transit service in attracting new ridership and rebuilding public confidence cannot be overstressed. Limited and partial demonstration projects have been tried again and again. They have sometimes been successful, but at other times have failed dismally. In any event they have failed to halt the decline of the total system, mainly because they have improved only parts of it while leaving the rest in the same sorry state.

Routes

The present route network is a remnant of the past. In the Forties the majority of the area's population resided within the city of Washington. In those years routes covered the city with a grid—radial lines linked by crosstown routes. The network was adequate and interdependent. Suburbs were few (Falls Church and Rockville were out in the country), and each had its own relatively simple system which needed few, if any, connections to the city. The city grid still exists, but it is now in bad repair. Spokes are missing and crosstown connections no longer connect. There is a long wait between buses.

More important, route changes have not followed the population. In the course of two decades the city's population concentration has moved eastward to Anacostia and the far Northeast, and the business center has moved north, along Connecticut and Wisconsin Avenues. Currently, best-served routes are where the city's heart was twenty years ago.²² Buses trace old routes like milk horses clopping through neighborhoods from which the children have gone. The analogy is appropriate in more ways than one. A typical rush-hour trip from Anacostia to the Connecticut Avenue office district can take an hour and a quarter. That is an average speed of under six miles per hour. In terms of bus service, most parts of Anacostia might as well be in the far suburbs. (See Appendix Table F for "The Saga of the A-9.")

Service beyond the District is even more disorganized. There are two states and ten jurisdictions and for most of the area there is not even a leftover grid. The attitude of the suburban bus companies seems to be to guard their traditional turf and ignore the rest. The rest includes the places where most of the people in the Washington metropolitan area now live. The traveler in that far land is in much the same position as a traveler in the middle ages: He can go to the end of one short road and then he must search for another and pay a new toll.²³

²² Examples of service oriented entirely toward the old downtown and the Federal Triangle are readily seen from the schedules:

- The A buses, the basic service from southern Anacostia, terminate at 10th Street and Pennsylvania Avenue, N.W.
- Almost all of the V and X buses, the basic service for the far Northeast, Benning Road, and H Street, N.E., terminate either at 11th Street and New York Avenue, N.W. or at Lafayette Square.
- The 30 buses serving Anacostia south of East Capitol Street all follow Pennsylvania Avenue.
- The Takoma Park buses (J-1-3-6) all end at 13th Street and Pennsylvania Avenue, N.W.

Crosstown routes which serve the old downtown are slow and often indirect. The 40 and 42 buses are scheduled 30 minutes to travel about two miles from Union Station, across G and F Streets, N.W., to Connecticut Avenue. The L-4 takes 15 minutes to travel the one and three-quarter miles between 20th Street and Massachusetts Avenue, N.W., and 13th Street and Pennsylvania Avenue, N.W. The D-2 takes 12 minutes to go from Union Station to 11th and K Streets, N.W.—perhaps one and one-half miles. The 38 bus takes 19 minutes to traverse the two miles between Union Station and 15th Street and New York Avenue, N.W. Times are about the same at midday as at peak hours.

²³ An analysis of the route structure of D.C. Transit was performed by Alan M. Voorhees and Associates, Inc., in November 1969 for the Washington Metropolitan Area Transit Commission with financing from the U.S. Department of Transportation. ("A System Analysis of Transit Routes and Schedules," Mass Transportation Demonstration Project Int-MTD-14, November 1969.)

Voorhees simply took existing riders on D.C. Transit and tried to see if there was a better system which might take them where they wanted to go. No other changes in service were contemplated. With this system about 26 percent of the rides were speeded up by a factor of at least four minutes (Voorhees report, Table 5, p. 68). The Voorhees report suggests that the results might be very different if the system were designed to attract new ridership. Voorhees states: "The possible attractiveness of an improved transit system to persons not presently riding transit is an aspect to be carefully considered as even a modest increase in ridership could have a very salutary effect on the economies of transit operations in the metropolitan area" (pp. 69-70). Unfortunately, neither Voorhees, the Transit Commission, nor the Department of Transportation pursued this suggestion.

The failure of routes to follow people beyond the Beltway is shown in Appendix Figure C.

Aware of obsolete routes and inadequate service, the Metropolitan Washington Council of Governments and the U.S. Department of Transportation have set up and financed several demonstration projects over the past several years. The limited downtown minibus had good ridership, but expired as fares rose and service declined after the subsidy was removed. The most successful demonstration, the Shirley Highway Express, has shown that people will ride the bus if the service is good. But it also demonstrates something else: The transit system as a whole cannot provide good service or become economically viable merely by the addition of high-cost special demonstration projects.

The Shirley Highway Express, with 30 buses provided by the Department of Transportation and a special bus lane, has carried full loads but operated at a loss. Contributing to the loss is the provision that the experimental enterprise pay A.B.&W. \$30,000 a month to reimburse it for "lost" riders—that is, riders who switched from the conventional buses to the more comfortable and efficient ones. The passenger, lost or not, is obviously still considered a "captive," and if his captor loses him he has a right to an indemnity.

It is hard to think of another business in which the successful enterprise that takes customers from the unsuccessful one is forced to pay the latter for the loss. It is all but impossible to avoid the conclusion that the philosophy of the transit companies, and, more alarmingly, of the governments and utility commissions, has been that the company is a protected ward, like a reigning monarch's unmarried child, and that it is entitled to support from the taxpayers no matter how fat, witless, and self-indulgent it may be.

Trying to make transit economical by adding demonstration projects such as the Shirley Highway Express and the Capital Flyer is like trying to revive a cut Christmas tree by watering it during January. A successful reformation must be a reformation of the entire system. It is not possible to infer the results of an aggressive overhaul of the whole system from the results of isolated demonstration projects.

An adequate route system for metropolitan Washington requires the following:

- Radial lines with frequent, direct service all day between key residential areas in both the city and the suburbs to main centers of employment and activity in the District. The entire area should be served with such lines. Among other things, they should follow all planned subway routes.
- Free-moving, no-wait shuttle buses in downtown Washington and in such centers as Silver Spring, Bethesda, Alexandria, and Arlington. These buses should provide short-haul and cross-town service for shoppers, businessmen, and others. They should also provide local "feeder" services for the express lines.
- Full use of expressways by express bus routes. The Capital Beltway, South Capitol Street, the George Washington Parkway, and Suitland Parkway are among the high-speed routes that are now used inadequately, if at all, by buses.
- A whole new network of crosstown and cross-suburban lines with frequent express service connecting the many new centers of commerce and employment that have emerged in recent years. Cross-suburban lines should be based on the travel patterns of riders, not the traditional "turf" of bus companies.
- More "Leap Frog" expresses to permit buses from distant points (such as the Benning Road area in far Northeast Washington) to move directly downtown while people at intermediate points (such as H Street, N.E.) are served by other buses not already crowded with riders.
- Buses arranged to meet passenger demand. This includes both long-distance trips (e.g., service directly to and from a shopping center parking lot to the U.S. Capitol²⁴ or from Anacostia to the new HEW building in Rockville) and short-haul minibus service.

Comforts

The philosophy that the rider is a captive deserving few or no amenities may be the root of much of the public antipathy to riding transit buses. Buses have usually been designed to carry the greatest possible pay load. A seat is somewhat less wide than the natural proportions of the people who must sit on it. The space between seats is too small to accommodate the knees of men of above-average height. Aisles are made to cram more passengers on buses. (How familiar still is the exasperated demand from the driver that standees jam themselves further into the back, using up every square foot of floor space and every cubic foot of air.) Bus air conditioning systems, when finally installed, appear to have been fashioned to furnish an advertising motif as much as to provide cool, fresh air.

Yet, there is no law of automotive dynamics that says transit buses cannot be made comfortable and uncrowded. Although manufacturers have traditionally found the uncomfortable bus the most salable, some reform is possible even with the buses currently in use and with the models available. For example, since peak-hour buses are frequently

²⁴The private Reston service is in some respects a model. Large employers, especially the D.C. and federal governments, could help organize such services.

jammed and therefore uncomfortable, more buses could simply be scheduled during these periods so that everyone would have a seat.

D.C. Transit has already proved that it is possible to provide a minimum of comfort when, competitively, it must. In sightseeing, for instance, it must compete with other sightseeing services. It must, naturally, provide a seat for each customer. And it does. It must, naturally, provide reasonably efficient air conditioning in the summer. And it does. D.C. Transit does these things since it realizes that sightseers, who are not captives, have alternatives. In regular transit it forgets that it also has competition. That competition is the private automobile.

There are other ways of improving passenger comfort. Direct routes would reduce travel time and transfers. If transfers are necessary, they should be convenient. Frequent service would reduce waiting times. Radio and computer systems could assure adherence to schedules. Bus shelters would keep passengers dry in rain, warm in winter and out of the sun in summer. At major bus stops, police protection²⁵ and taxi service²⁶ would encourage riders.

Speed

Better routes and amenities are important in building the level of riders and increasing revenue, but they are not the only elements involved. Speed is equally important. Transportation planners have found that if transit travels as fast as a car 40 to 60 percent of those traveling will take transit.²⁷ Cars, of course, have some obvious advantages. Since they are smaller, they are more maneuverable, and they lose no time picking up passengers at every corner. The disadvantages of the bus are not, however, inevitable. Buses can be speeded up (see Appendix Table G).

The time gap between buses and cars is now least in the city where all vehicles must suffer congestion more or less equally. Generally, for trips within the Beltway, buses now move at an average of 10 to 12 miles an hour, and cars average 15 to 18.²⁸ All traffic moves more slowly downtown. Although cars still have an advantage, it is not an enormous one. A car may take 30 to 35 minutes for a trip for which the bus takes 40 or 45 minutes.²⁹ A gain of only a few miles an hour by the bus would eliminate the difference.

These figures, of course, do not take into account the time losses introduced by too-frequent stops, roundabout routes, unnecessary transfers, outrageously long transfer times, and frequent failure to adhere to schedules. These deficiencies of the bus service, if eliminated, would do much to bring car and transit speeds closer together.

²⁵The D.C. Police Department currently budgets more than \$3 million for traffic operations. Redirection of a part of this to encourage bus ridership, which in turn will encourage the free flow of traffic, is a minimum effort that could be made by the D.C. Government.

²⁶Good, reliable bus service and bus stops organized with taxi service in mind could give rise to a large increase in the demand for taxi service, particularly in areas other than downtown—including the suburbs. A short-distance taxi ride would provide a roundtrip from door to door for less than a downtown parking fee. Demand-responsive minibus service could also serve the need for short-haul trips to major bus stops.

²⁷See Henry D. Quinby, "Traffic Distribution Forecasts—Highway and Transit," Traffic Engineering, Vol. 31, February 1961, p. 24. The possible increases in transit ridership as relative time is improved are illustrated in the following example constructed from the results of the 1953 D.C. Mass Transportation Study. By simply deleting 10 minutes (24 percent) from transit time and adding 10 minutes (33 percent) to auto time, transit ridership triples from 20 percent to 60 percent of all rides.

Time (in minutes)		Travel Time Ratio (Car to Bus)	Percent Using Transit
Bus	Car		
42	30	1:1.4	20%
35	35	1:1	40%
32	40	1:0.8	60%

Even allowing for the age of the data and the lack of experience with reversing the trend toward automobiles, these estimates lead to the conclusion that the number of riders can be substantially increased when service is improved.

²⁸Unpublished data furnished by the Metropolitan Washington Council of Governments.

²⁹Illustrative travel time to downtown approximated from COG data are as follows:

	Peak		Off-Peak	
	Bus	Auto	Bus	Auto
Silver Spring	40	30	30	20
College Park	50	40	40	30
Falls Church	50	35	40	25

A Higher Gear

The speed differentials within the Beltway are narrow enough so that deliberate policies could bring the bus to a competitive level. More sophisticated methods might even permit buses to move more rapidly than cars. In either case the solution lies in the use and control of streets, highways, and freeways, as well as in more direct routes and more efficient service.

The reservation of a particular lane (usually the curb lane) for bus use only is one familiar in theory and, to a considerably less degree, in practice. A more sophisticated approach would be to couple express service with high-speed rights of way. An express service from Anacostia (or from suburbs along the Beltway and other multi-lane highways) would move people relatively long distances at speeds approximately equal to or even greater than those attained by cars. The proper mix of express buses, reserved lanes, and high speed highways would require intelligent planning and regular review, but little else.

In some instances, it may be worthwhile to consider reserving entire streets for buses during rush hours. One example is the Maryland portion of the George Washington Parkway and Canal Road between the Beltway and Key Bridge. This link between suburbs and city was fully opened to autos only recently. It could move thousands of riders from large areas of western Montgomery County to downtown job locations quickly and efficiently if open to buses only.

Speed is not the same as frequency. Though transit riders seldom have either, they could have one without the other. In serving relatively distant points speed is more important than frequency. A plodding bus that smokes and grinds its way to Washington in an hour and a half is not likely to attract anyone who can avoid using it. Less frequent service that gets the passenger to town in 20 minutes—even service once a day on a rigorously maintained schedule—might well attract a full load every trip, if its existence were adequately publicized. The success of the Reston Express Bus has proved this point.

Single Fares and Total Costs

The fare is the essential element in profit and loss. It provides the revenue needed to balance the costs. A few decades ago, this seesaw was fairly easy to control: The main rule of the game was to give the service that would bring in the greatest revenue at the cheapest cost, to give the maximum number of riders the fewest possible extras. The service was adequate but seldom comfortable.

Now the situation is different. Transit must pursue riders and riders demand service.

In recent years the transit companies and the regulating agency, the Washington Metropolitan Area Transit Commission, have not pursued riders. They have even argued that added riders would only mean added expenses and should therefore be shunned.

In 1968 it was suggested that a reduction of fares from 25 cents to 20 cents (instead of a proposed increase) might solve the revenue problem by increasing the number of riders. The Transit Commission responded that such a move was bound to bring disaster since ridership would have to increase by 44 percent. It said further that the prospect of such an increase was remote, but argued that even if it were achieved it would be to no avail:

This (the assumed 44 percent) would be an enormous increase, of course, but it is not the end of the story.

It would be unrealistic in the extreme to assume that ridership could increase 44 percent without some increase in cost. On the conservative assumption that a 44 percent increase would increase costs by only 22 percent, an additional \$8,357,177 in expenses would be incurred.³⁰

The cost increase, the WMATC reasoned, would have to be covered by a further increase in riders and this increase would then raise costs again which would have to be covered by even more riders, and so on.

The kindest thing that can be said of such reasoning is that it is superficial. The Transit Commission's position ignored the role that improved service can play in increasing both riders and revenues. The main cost ingredients in providing transit, buses, and drivers has remained virtually constant for a decade while ridership has declined

³⁰ WMATC Order No. 880, October 18, 1968, p. 14.

sharply.^{31,32} The cost of operating a bus is essentially the same whether it carries one passenger or 40. Even in peak hours, when buses still are often fully loaded, more efficient use of the entire fleet of existing buses and drivers, better routes, and more speed could easily result in more riders at little or no increase in costs (see Appendix Table H).

It also appears to reflect the company's tacit but traditional belief that the responsibility for its prosperity rests with the government and the riders, not with itself. The company and the Transit Commission assumed that they had no responsibility for keeping the system alive and expanding to serve a growing area. It assumed also that a profitable level of revenue was a vested right, and that its attainment should not only be easy for the company but almost effortless.

A Fare Proposal

With good service, a sensible fare structure can attract riders while maintaining the economic health of the bus companies. There are several parts to the strategy:

- *Fare stabilization.* Higher fares at this time would simply destroy service. A sensible first step to improve service is to stabilize single fares at the 40-cent peak-hour level.
- *Immediate reduction of all city and suburban off-peak fares for individuals to 25 cents.* This would include fares going against the rush-hour flow and all fares on weekends. Non-peak passengers are much more likely than peak-hour passengers to be affected in their ridership by fares. Many are the young, the old, and the poor living on limited budgets and riding the bus because they cannot afford a car. They would, if they could, ride the bus more often.³³ The lower, 25-cent off-peak fare for all riders is equitable because the costs of the system are related principally to the number of buses needed during peak hours. Furthermore, if the definition of peak hours were narrowed to the hours that are truly the busiest, the lower off-peak fare would help spread the peak load, once again attracting more riders and increasing system efficiency.³⁴ This assumes, of course, that routes are changed so that buses go where people want to go, and go there at reasonable speeds. Even if it were free, many people would not use the existing service.
- *Weekly passes, weekend family plans, group rates, and similar devices to further encourage travel in off-peak hours.*³⁵ Transit fares are often too high when one person is riding. When several people ride together, whether family or friends, fares quickly become devastating. Four high school students from Wheaton will spend at least \$7.00 in bus fares to visit the National Gallery of Art. A family of five wishing to go from Anacostia to the National Zoo will spend \$4.00 in bus fares. Such fares do not help support the system. They merely drive away passengers.
- *Drastically revised suburban fare zones to encourage ridership in all directions without regard to artificial jurisdictional lines.* Existing suburban fares merely drive away potential riders. In so doing, they may be most unfair to District residents. Every year they force the citizens of the District to bear more of the cost of the total system, and to pay higher and higher fares for poorer service.

³¹In 1962, the first year of all-bus transit service, the four bus companies had 167 million riders and 1,743 buses. In 1970 they had 30 million fewer riders and 1,791 buses. Similarly, in 1962 there were 3,899 transit employees and in 1970, 3,854 employees. See Appendix Figure B for a summary of operating statistics for D.C. Transit from 1961 to 1970.

³²Quality of service is an essential, but frequently overlooked, factor in assessing the relationship between costs and fares. Because of the large labor component, operating costs will rise each year. Fares will also tend to rise, but by how much depends upon the quality of service.

Wages and related personnel costs constitute about three-fourths of total operating costs of bus companies. Wages will tend to rise over time to reflect increases in prices and the increasing standard of living in the economy as a whole. When wages rise in the automobile industry, management substitutes machines for workers. The average cost per car thus increases much less rapidly than the wage rate. Such substitutes of capital for labor are not possible in providing bus service. One worker can operate an automated automobile plant, but one driver cannot operate a bus system.

When teachers' and policemen's salaries are increased, taxes rise. Machines have not yet replaced people in either of these labor-intensive services. When transit wages rise, fares will also tend to increase. If ridership is increasing faster than costs due to good management and good service, fares will rise less rapidly than wages. If service is not improved, ridership will decline because of rider resistance to paying more for the same or less service. With falling ridership, fares increase more rapidly than wages and a vicious cycle results. This latter situation has characterized bus service in Washington.

Inflation hit in 1966, fanning the embers of poor service into flames of destruction. When costs began to rise rapidly no thought was given to service improvements to hold and win riders and more revenue. The companies followed a simple-minded approach: raise fares and cut service. The Transit Commission, with much wringing of hands, approved this approach.

³³They have demonstrated this with the response to the reduced fares for the elderly. Older people have increased their use of buses even though they are required to submit to red tape and to admit their advanced age in order to receive the discount.

³⁴Airlines have shown that it is possible to use differentiated pricing to attract more business, and to spread their peak-hour loads.

³⁵Once again, the airlines have used such techniques extensively.

Department of Transportation Revenue Guarantee

Fare stabilization and revision can be implemented in any of several ways: denial of request for fare hikes, permanent subsidy from tax funds, or temporary revenue guarantee. Using improved service to the public as the principal criterion, a temporary revenue guarantee is the preferred approach. Our proposal is that the U.S. Department of Transportation make up the difference between revenues derived from present fares (together with the proposed reduction in off-peak fares and revision in suburban fares) and reasonable operating expenses on a non-profit basis. This contribution would be made for a two-year demonstration period. The revenue guarantee would provide the "fiscal grease" needed to put into immediate operation the improved service which the public needs and which can increase revenue faster than costs.³⁶

In return for the guarantee against bankruptcy and deficits, the bus companies (whether publicly or privately owned) and local government agencies would be required to institute an immediate and all-out program of service improvements. DOT would also aid in the financing of those improvements when they required new equipment and facilities. At the end of two years, if DOT's requirements had not been met, it would withdraw its guarantee.

The advantage of this plan over a permanent, unconditional subsidy is a crucial one: Merely subsidizing the existing system (even if the companies were transferred to public ownership or new private owners or operated under receivership) would virtually guarantee perpetuation of its inadequacies. Subsidy without time limit or other strings would provide no incentives to improve service and attract riders.

The revenue guarantee approach to fare stabilization has the most important virtue of directing energy and attention to improving service right away. It also provides needed time for the larger questions of continuing subsidy and ownership.³⁷

Will improved service attract so many riders that subsidy will no longer be necessary? No definite answer can be given now, nor is one needed under a temporary revenue guarantee plan.

The usual expensive consultant reports for freeway and subway plans often create a false impression that precision is possible in making major transportation plans. However, the wooden assumptions of simulated computer studies cannot capture the dynamic impact of dramatic, simultaneous changes in bus service and cost. Permanent decisions concerning subsidy should be based on experience with good service.

Under one set of assumptions it is possible that the better service could double ridership without need for continuing subsidy after the two-year period is up.³⁸ But whether or not this is accurate is not particularly important. If continued subsidy is required, that subsidy will help pay for a vastly improved system. The total dollar cost would certainly be no higher, and probably much lower, than that required if subsidies were the primary rather than the secondary part of a strategy. The benefit per dollar of subsidy would then be at a maximum and the subsidy per rider at a minimum.³⁹

Who owns the bus companies, either while service is being improved or in the longer run, is less important than the rate and extent of service improvement. The revenue guarantee approach recommended in the report does not depend on any particular ownership structure. However, neither public ownership nor a change in private ownership would provide an automatic guarantee of good service.⁴⁰ Public officials must make the judgment whether immediate, new,

³⁶Other sources of funding, e.g. parking taxes, could also be utilized to finance a revenue guarantee. They would, however, involve much more complex fiscal and administrative arrangements for a metropolitan area program than would a demonstration effort financed by DOT.

³⁷Changes in ownership can no doubt be expected over the next several years. Individual companies may come under new public or private owners. Looking ahead, the D.C. Transit franchise expires in 1976; minimum subway operations are slated to commence at about the same time.

³⁸For example, optimum use of existing buses and drivers could result in an increase in ridership, providing surplus revenue to finance the increased cost of adding the new buses and drivers that would be needed to improve service further to the point where ridership would be doubled. In previous years, the same number of buses and drivers carried substantially more passengers.

³⁹When service is the best that can be achieved there can be more rational discussion of the fare and subsidy question. Since peak-hour ridership is more responsive to service than cost, an increase in certain peak-hour fares may then be justified in that it would not reduce ridership and would avoid the need for subsidy. (Costs, especially labor costs, do tend to rise over time.) On the other hand, greater appreciation of the benefits of public transportation may result in a sensible policy to lower all fares to 25 cents or even to 10 cents as highway trust fund or parking taxes are utilized for financing the transportation of people rather than the movement of automobiles.

The costs that would be involved in subsidizing transit are small compared with expenditures for automobiles. Freeway planners have recommended a tunnel under K Street, N.W. It will not carry a car until 1980. For the \$400 million cost of this tunnel and its associated interchanges, a \$20 million subsidy could be given to public transit for each of the next 20 years, with benefits to start now, not later.

For the cost of the proposed \$660 million 11-mile freeway program for the District of Columbia, improved bus service for the entire Washington metropolitan area could be run for a decade with a 10-cent fare.

⁴⁰The examples of public housing and public health services should caution against equating public ownership with good service

long-term commitments concerning ownership of the bus companies are necessary and feasible steps in improving service.

The net cost of a two-year revenue guarantee program cannot be estimated exactly, due to uncertainty of ridership response to multiple service improvements. The two-year cost of simply subsidizing existing poor service at existing fares would be about \$20 million or so.⁴¹ Subsidy of operating expenses while service was being improved would surely not exceed this figure and might be considerably less. The price of a revenue guarantee program that would establish good service now would not exceed the cost of building a half-mile of freeway in the District of Columbia.

VI. MAKING IT REAL

Whose Move?

There are a number of ways in which the first move can be made. The U.S. Department of Transportation, or local government, or the Metropolitan Washington Council of Governments could make the first move.

Let us suggest a sequence:

1. The D.C. Government (hopefully with the cooperation of the suburbs through the Metropolitan Washington Council of Governments) would apply to the DOT for a fare guarantee demonstration grant. DOT would make the grant, contingent on fare, route, and service revisions.
2. The Washington Metropolitan Area Transit Commission would set all off-peak fares at 25 cents. (Peak hours could be defined first as entire morning and evening rush periods, and later narrowed to the single most congested hour in the morning and in the evening.)
3. A special planning task force (described below) with appropriate DOT assistance, would prepare plans for route revision and changes in services and street and parking control. Development of any of these changes in service should not take longer than several months. Others, particularly those involving intra- and intersuburban travel, would require a longer time period.
4. The area governments would jointly ask WMATC to require service and fare improvements as planned; such adoption would coincide with the implementation of street management improvement.

That would be the beginning. The nature, pace, and final impact of the change would depend on constant, intelligent consideration of new ideas and experience. With better bus service established, measures for parking and zoning policies to encourage transportation objectives would be developed and implemented.

Planning the New System

The total overhaul of a system requires planning, and no adequate planning agency now exists. There is, however, a framework on which to build. The Metropolitan Washington Council of Governments has built-in lines of communication and its Transportation Planning Board has an excellent technical staff. The Council of Governments could create a special task force, to include members from federal government agencies (GSA, DOT, and the Civil Service Commission), the local governments, the public. The chairman would be a public member. The task force would work closely with local governments, planning bodies, bus companies, and with the public body which is responsible for subway construction and operation.

This would be no ordinary planning staff operation. The task force would operate under the mandate of the Department of Transportation to develop workable plans as a condition for continued revenue guarantee. It would work under a tight deadline, since it would have only two years in which to prove itself. The Department of Transportation would also provide technical assistance and pass judgment on the adequacy of plans that are developed.

The Council of Governments' Transportation Planning Board would provide basic materials for the task force; the task force would develop detailed plans for all system changes and submit them to each of the component governments for approval. This procedure is the most tedious part of the process, but a necessary part. Perhaps the most vital aspect of the planning process is the full-hearted cooperation of the independent jurisdictions.

⁴¹*The high cost of subsidizing the present inefficient service is estimated in Appendix Tables D-1 and D-2. Keeping fares and service at their present level would require about \$7.7 million the first year, of which \$5.5 million would be additional subsidy for D.C. Transit. Rolling back fares to the level before the recent disastrous spiral of increases would cost about \$17 million for D.C. Transit alone.*

The subsidy would grow each year. The two-year cost of subsidizing existing service and fares would be \$7.7 million the first year plus perhaps twice as much the second year.

The two-year cost of subsidizing D.C. Transit fares at 25 cents under similar reasoning would involve approximately \$17 million the first year and \$22 million the second, for a total of about \$40 million.

With all area local governments in financial difficulty, the cost of subsidizing existing fare and service levels would be a relatively severe burden on the taxpayers.

Finally, the Council of Governments would reconcile the viewpoints of the various governments, prepare the final plans, and hold public hearings. Time-consuming, expensive consultant contracts, such as usually characterize transportation planning, would not be used.

An Optimum System

Those planning an optimum system must first determine the optimum use of the existing buses and drivers. The planning should continue as the system attains greater service and efficiency. It may be assumed that more buses and more drivers would be needed as the level of riders increased. Because of lead time, arrangements to increase rolling stock should proceed at once. There is no evidence, however, that indicates that the doubling of riders requires a proportionate increase in buses and drivers.⁴²

Parking and Zoning

Improving transit service involves long-range considerations as well as the immediate short-range goals of providing better service. One such consideration is the reversal of zoning and parking policies which have favored autos and worked against transit. Federal agencies, for example, have by consistent policy provided below-cost parking and encouraged the construction of parking facilities for their employees. This policy must be reversed.

In addition, the District Government should revise its zoning policies to discourage rather than encourage more parking facilities downtown. New buildings in congested areas should not be required to provide built-in parking. On the other hand, builders throughout the area should be required to demonstrate available transit service before zoning applications are approved.

In areas of great congestion, parking should be strictly regulated and taxed to prevent or discourage the all-day parker from using a space to the exclusion of everyone else.

Good Buses Make Good Subways

For the 1980s and beyond, the Washington area has embarked on an ambitious plan to construct and operate a subway system. This high-speed train system is an essential part of the long-run solution for the transportation problems of the region. Buses cannot provide the same quality of service that subways will.

The subway is not, however, a complete transit system in itself. Subways cannot reach into every corner of the area. People must get to and from subway stops and must be able to reach those places not served by the subway. As presently planned, the Metro will be a radial system making no provision for cross-suburban transportation. Buses must fill this gap for the foreseeable future. Buses will also be required to provide feeder service to Metro stops.

Flexible quality bus service will still be an essential part of the overall public transit system when the subway is completed. Developing patterns of travel and land use which utilize better bus service in relation to subway routes will help make the subway system a more effective part of the transportation picture. For the immediate future, bus service must be maintained and improved to hold potential riders for the subway system to come.

Implementation

Implementation of the proposed strategy for improving service does not require more legislation. But it does require cooperation. No one party can act alone to produce the level of improved service which is necessary. The three major slices in the cooperation pie follow:

The Role of Area Governments

The support of political leadership in area governments is essential. Just as necessary is the adoption of traffic control policies to move buses faster and encourage transit ridership.

There is encouraging evidence that area governments are willing to take the actions which may be required. Opposition to new freeway projects, for example, implies consideration of improved ways to move people to buses both until and after subway service begins.

The adoption by the D.C. City Council of traffic control regulations, bus lanes, and bicycle paths illustrates the constructive approach that is needed. Air pollution control amendments proposed by the D.C. Government also require

⁴²At present there are about 1,800 buses in use by the four companies. A program that doubles ridership might eventually require 1,000 new buses. The staggered purchase of these buses would cost \$40 million, with perhaps an additional \$10 million for related costs (garage facilities, etc.). It is strongly suggested that this purchase be financed by the U.S. Department of Transportation with a lease-purchase agreement by the companies or the local governments. The local governments could, in theory, finance such a purchase themselves, but the budget process is so cumbersome that much time would be wasted.

better bus service. The Maryland County governments and the state government have reassessed their basic position on new freeways in favor of a position that considers a wider variety of transit alternatives. The Northern Virginia Transit Commission has shown initiative in moving to improve suburban transit.

The Role of the WMATC

The Washington Metropolitan Area Transit Commission regulates the buses—sets fares, controls routes, and monitors service. The Commission needs to assume a more vigorous role than it has in the past, and its main role should be that of protector of the public interest. By law, bus companies are entitled to the opportunity of earning a 6 percent profit, but this is in no sense a legal guarantee. The WMATC must broaden its concern beyond “cost plus” preoccupation with the bookkeeping aspects of transit operations.⁴³ WMATC advocacy of the reduced fare for the elderly, denial of the D.C. Transit 50-cent fare increase on an “emergency basis,” and refusal to allow WV&M to eliminate weekend service are examples of what may be a broadened understanding of the public interest on the part of the Commission.

Specifically, under the plan for rejuvenation of the system, WMATC would be the body carrying out recommendations of the special task force. It would order fare and route revisions in addition to service and amenity improvements. It would also estimate the revenue and ridership that should result from the reformation. A failure to attract riders should be taken as a *prima facie* indication of inefficient management.

The Role of the Department of Transportation

The U.S. Department of Transportation has a key role here. The reformation desired cannot be achieved without the full fiscal and technical support of DOT. By guaranteeing revenue during the transition period DOT can remove the fiscal uncertainty which would discourage the WMATC and the bus companies from taking the necessary steps to improve the service. And by conditioning its revenue guarantee on performance it can provide the necessary motivation for reform. Its technical assistance can greatly speed the process of planning and implementation. Each component in the strategy must proceed on the reasonable assumption that the other necessary actions are being taken, too. The DOT can provide both the carrots and the sticks.

The Department of Transportation has the clear challenge to provide the leadership needed to demonstrate that an economically viable environment for mass transportation can be created. The cost of its assistance, both technical and financial, would be relatively low.

It is possible that the commitment of the Department of Transportation—the total commitment—can be assumed. Secretary Volpe has already transmitted “the personal commitment of the President to solving the transportation problems of this region: . . . (through) the aid . . . of my Department in finding sophisticated solutions to your transportation problems.”⁴⁴

DOT also has in hand the excellent reports on buses, parking, and related problems prepared by the Executive London Transport. The London solutions cannot be applied to the Washington area without imagination and intelligence; but the spirit of the London solutions can be applied, and should be carefully considered here.

⁴³The Washington Metropolitan Area Transit Commission sets routes and other service characteristics based usually, but not necessarily, on application from the four private bus companies in the D.C. area. The Interstate Compact of 1960 (as amended) that established WMATC gives it great latitude in ordering new routes and service improvements and directing the expenditure of companies into various improvements. For example, Article XII, Section 4, of the Compact authorizes WMATC to establish any route deemed necessary for public convenience and necessity. Section 7 of the same Article empowers the Commission to establish various through-routes and joint fares in order to encourage and provide adequate transit service on a metropolitan-wide basis.

However, the Compact permits WMATC to require that necessary service be provided only if the carrier is earning a “reasonable return of its operation as a whole.” Similarly, with respect to attempts by companies to discontinue service, the Compact notes specifically: “The fact that a carrier is operating a route or furnishing a service at a loss shall not, of itself, determine the question of whether abandonment of the route or service over the route is consistent with the public interest as long as the carrier earns a reasonable return.”

The Transit Commission also sets fares, based on application from the four companies or on its own initiative. Here again, the law gives WMATC a fairly broad area for action. The Compact states that “the Commission shall give due consideration . . . to the inherent advantages of transportation by such carriers; to the effect of rates upon the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient transportation service by such carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carriers under honest, economical, and efficient management, to provide such service.”

Finally, there is no requirement in the Compact that the companies earn a profit. What it states is that each company should be afforded the opportunity of a rate of return of 6½ percent on gross operating revenues.

⁴⁴Speech delivered to the Metropolitan Washington Council of Governments, February 16, 1971.

The very dismal record of the past provides perhaps the best grounds for optimism about mass transit in the Washington area. The long, long history of lack of cooperation, confusion of values, self-interest exaggerated, and public interest ignored is matter of record.

The people are slow to demand reforms. As the London Transport is perhaps aware, Americans were reasonably loyal to George III until he made such loyalty an absurdity.

We have been loyal and patient with the narrow interests of government and bus companies, and in some sense of ourselves, for a very long time. Further loyalty is an absurdity. In a very real sense, it could be self-destructive.

FIFTEEN WAYS TO IMPROVE BUS SERVICE

Common Sense Proposals to Increase Ridership and Restore Economic Soundness to Public Transit

Routes

1. Direct routes, without regard to company turf or political boundaries, to the places people live, work, shop, and play.
2. Express service, all day, between high density parts of city and suburbs.
3. Full use of all freeways and parkways, including North and South Capitol Streets, Suitland and Rock Creek Parkways, and the Beltway.
4. Frequent crosstown and cross-suburban service at key points.

Speed

5. Traffic patterns and priorities downtown and on highways, freeways, and parkways managed so that buses always move quickly, even in rush hour.

Fares

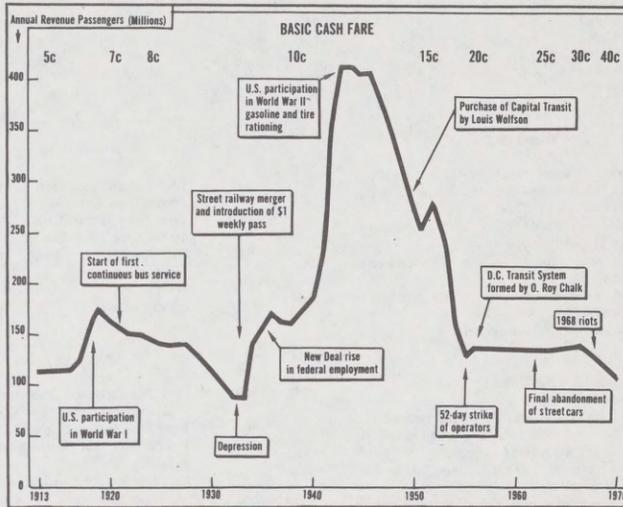
6. No fare hikes, at least until service is excellent.
7. 25-cent off-peak fare for everybody, in both city and suburbs.
8. Weekly passes, group rates, weekend family plans, and other special fare arrangements.
9. A suburban fare structure equitable to the city fare structure.
10. Peak fare to be applied only during the busiest hour and only in the direction of the rush.

Convenience

11. Seats for everyone.
12. Shelters at all major stops.
13. Radio control and inspection to assure that schedules are kept.
14. Taxi service and police protection at major stops.
15. Aggressive advertising of service where non-riders will see it.

APPENDIX

FIGURE A. THE RISE AND FALL OF PUBLIC TRANSIT: TRANSIT USE IS NOW BELOW PRE-WORLD WAR I LEVEL OF RIDERS ON D.C. TRANSIT SYSTEM, INC., AND EARLIER COMPANIES



April 4, 1971

Courtesy of Joseph Mastrangelo—The Washington Post

TABLE A. CHANGE IN AREA BUS RIDERS IN THE FIVE-YEAR PERIODS BEFORE AND AFTER 1966

Sharp ridership declines in the past five years have reversed the trend of the early 1960s.

Period	Company and Jurisdiction Served					Total
	D.C. Transit (D.C.)	D.C. Transit (Md.)	WMA (Md.)	AB&W (Va.)	WV&M (Va.)	
	(millions of riders)					
	(+ increase)					
	(- decrease)					
1961-1966	+ 2.0	+2.4	+2.3	No Change	- .3	+ 6.2
1966-1971	- 32.0	- 3.8	- .8	- 3.0	-4.7	-43.6
	(percent of riders)					
	(+ increase)					
	(- decrease)					
1961-1966	+ 1.6%	+21.6%	+73.0%	No change	- 1.9%	+ 3.7%
1966-1971	- 25.7%	- 28.1%	- 15.2%	- 17.2%	-37.7%	- 25.6%

Note: For the annual decline in ridership from 1965 to 1971 and the closely associated increases in fares, see Appendix Table B.

Source: 1970 Annual Report of the Washington Metropolitan Area Transit Commission, Appendix C. Ridership for 1971 is estimated based on trend of first five months from unpublished data filed with WMATC by area bus companies.

TABLE B. ANNUAL CHANGE IN NUMBER OF RIDERS AND CHANGES IN FARES, 1965 TO 1971
(in millions of riders)

Year	D.C. Transit (D.C.)	D.C. Transit (Md.)	WMA (Md.)	WV&M (Va.)	AB&W (Va.)	Total
1965-1966	.3	-.1	1.0	No Change	.3	1.7
1966-1967	-4.6 ^a	.4 ^f	.9	-.3 ⁿ	.3 ^f	-3.2
1967-1968	-8.4 ^b	-1.0 ^g	-.6	-.9	-.7	-11.6
1968-1969	-7.2 ^c	-.6 ^h	-.5 ^k	-.6 ^o	-1.6 ^s	-10.5
1969-1970	-6.6 ^d	-1.4 ⁱ	-.2 ^l	-1.9 ^p	-.3 ^t	-10.4
1970-1971	-5.2 ^e	-1.2 ^j	-.4 ^m	-1.0 ^q	-.7	-8.5

D.C. Transit (D.C.)

- ^a1967 - Tokens increased from 4 for 85¢ to 4 for 98¢
^bJuly 1968 - Cash fare increased to 27¢ from 25¢; token fare increased to 4 for \$1.00
 Oct. 1968 - Cash fare increased to 30¢; tokens increased to 4 for \$1.20
^c1969 - Cash fare increased to 32¢; tokens increased to 5 for \$1.60
^d1970 - Cash fare increased to 40¢; tokens increased to 4 for \$1.60
^e1971 - Fare increase to 50¢ requested

D.C. Transit (Md.)

- ^f1967 - Zone fares increased from 8¢ for 1st zone and 7¢ thereafter to 25¢ for 1st and 2nd zones, 10¢ for 3rd and 4th, and 5¢ thereafter
^gJuly 1968 - Zones increased to 8¢ for 3rd zone, 10¢ for 4th, and 5¢ thereafter
 Oct. 1968 - Zones increased to 15¢ for 3rd zone and 5¢ thereafter
^h1969 - Fare to Maryland increased from 45¢ to 47¢
ⁱ1970 - Fare to Maryland increased from 47¢ to 55¢
^j1971 - Fare increase requested

WMA (Md.)

- ^k1969 - Cash fare increased from 25¢ to 30¢; zone fares increased from 10¢ for 1st zone and 5¢ thereafter to 35¢ 1st 2 zones and 10¢ thereafter
^l1970 - Cash fare increased to 35¢; zones increased to 40¢ for 1st 2 zones and 10¢ thereafter
^m1971 - Cash fare increased to 45¢; zones increased to 55¢ 1st 2 zones and 10¢ thereafter

WV&M (Va.)

- ⁿ1967 - Cash fare increased from 30¢ to 35¢; tokens increased from 4 for 85¢ to 4 for \$1.05
^o1969 - Zone fares increased from 5¢ per zone to 15¢ 1st zone and 10¢ thereafter
^p1970 - Cash fare increased to 50¢; zones increased to 15¢ per zone
^q1971 - WV&M requested cutback in weekend and evening service

AB&W (Va.)

- ^r1967 - Cash fare increased from 30¢ to 35¢; tokens increased from 4 for 85¢ to 4 for \$1.05
^s1969 - Zone fares increased from 5¢ per zone to 10¢ for 1st zone and 5¢ thereafter; tokens eliminated
^t1970 - Cash fare increased to 50¢; zone fares increased to 10¢ per zone

Source: Change in ridership was obtained from WMATC Annual Reports, Appendix C. Ridership decline for 1971 is estimated based on trend of first five months from unpublished data filed with WMATC by area bus companies.

Fare information was obtained from WMATC Annual Reports, "Applications for Fare Increases."

TABLE C-1. COMMUTING TO DOWNTOWN: NOW... AND WITH BETTER BUS SERVICE

Area	Existing Daily Pattern			With Improved Service	
	Inbound Trips	No. Arriving by Bus	Percent Arriving by Bus	No. Arriving by Bus (if ridership is doubled)	Percent Arriving by Bus
Downtown D.C.	254,000	92,000	36%	180,000	71%
Downtown Arlington	41,000	8,000	19%	20,000	50%
TOTAL CORE	295,000	100,000	34%	200,000	68%

Note: An increase of 104,000 commuters per day translates into 52,000,000 bus trips per year. Each 2,000 round trips per day translate into 1 million bus riders per year (2,000 round trips X 2 = 4,000 rides per day X 5 days per week X 50 weeks per year = 1 million bus riders per year).

Source: For existing travel characteristics—"Washington Commuting to the Core," Transportation Planning Board Bulletin No. 33, October 1970.

TABLE C-2. WASHINGTON AREA COMMUTING PATTERNS: NOW... AND WITH BETTER BUS SERVICE

Travel Areas	Present			Target With Better Service			
	Inbound Trips Per Day	Percent Transit	Number Transit	Percent Transit	Number Transit	Percent Increase in Riders	Number Increase in Riders
D.C. to D.C.	250,000	49%	122,000	70%	175,000	40%	53,000
Suburbs to D.C.	275,000	18	49,500	54	148,500	300	99,000
D.C. to Suburbs	65,000	27	17,500	54	36,000	100	17,500
Suburb to Suburb	410,000	4	16,400	16	65,600	400	49,200
TOTAL	1,000,000	20%	205,400	42%	425,100	103%	218,700

Note: For each 1 percent increase in trips by transit, 1 million rides per year are created for the transit system (1% of 205,400 is approximately 2,000. This, as described in Table I, translates into 1 million bus riders per year).

Source: For present characteristics—Approximated from information prepared by Transportation Planning Board in Research Bulletin No. 32, "Travel to Work," September 1970. The data are based on the 1968 Household Interview Survey by the Transportation Planning Board.

TABLE D-1. THE COST OF KEEPING PRESENT INADEQUATE SERVICE ALIVE (I): ESTIMATED FIRST-YEAR DIRECT SUBSIDY TO MAINTAIN PRESENT FARE AND SERVICE LEVELS
(in millions of dollars)

D.C. Transit	Suburban Companies	Total
\$5.5 ¹	\$2.2 ²	\$7.7

Notes: Figured on non-profit basis. Any profit out of subsidy (e.g., the \$1.1 million in profits after interest payments requested by D.C. Transit) would be in addition to amount shown.

Excludes the indirect subsidy now provided by tax relief and payment for carrying school children, which will amount to about \$4.2 million to D.C. Transit in the coming year.

The combination of increasing costs and decreasing riders will cause the subsidy to grow each year. The increase could well grow each year by an amount equal to the first year subsidy.

Sources: ¹Exhibit No. 3 of the D.C. Transit 1972 fare case submission of December 28, 1971, shows a net operating loss after interest expense of \$3.5 million. To figure the amount of subsidy required on first approximation, add the \$2.0 million for reduced service and maintenance and track removal elimination that is assumed by D.C. Transit in arriving at the \$3.5 million deficit.

²Estimated from WMATC Annual Report from 1970 data by assuming a 4 percent rate of decrease in ridership and an 8 percent increase in operating costs.

TABLE D-2. THE COST OF KEEPING PRESENT INADEQUATE SERVICE ALIVE (II): ESTIMATED FIRST-YEAR COST OF SUBSIDIZING ALTERNATIVE BASIC FARE LEVELS FOR D.C. TRANSIT
(in millions of dollars)

Basic Cash Fare	Subsidy with approximately 100,000,000 riders per year	Subsidy with ridership increase due to lower fare
40¢	\$ 5.5	\$ 5.5
32¢	\$13.5	\$11.4 ¹
25¢	\$20.5	\$17.4 ²

Notes: Assumes ridership will increase by 1/3 of 1 percent for every 1 percent decrease in the fare.

¹Assumes 6.7 million more riders attracted by lower fares.

²Assumes 12.3 million more riders attracted by lower fares.

See also notes on Table D-1, above.

Source: Same as for Table D-1, above.

TABLE E. ESTIMATED PERSONS 14 YEARS OF AGE AND OVER IN WASHINGTON METROPOLITAN AREA WHO CANNOT DRIVE THEMSELVES IN PRIVATE CARS

At least one-quarter of the people cannot rely on private automobiles for transportation needs.

Category of Traveler	Number
Too young ¹	109,000
Too old ²	85,000
Handicapped ³	60,000
Irresponsible ⁴	23,000
No car in household ⁵	112,000
Other young persons under age 21 who cannot drive ⁶	50,000
Persons in household where available car is used by another member of household ⁷	100,000
Total	539,000
<hr/>	
Total as percent of the 2,080,000 persons aged 14 and over in D.C. metropolitan area	26%

¹Population aged 14 and 15, 1970 Census, *General Population Characteristics, D.C.*, PC (1) B-10, Table 20.

²Half the population aged 65 and over, 1970 Census (*Ibid.*)

³Five percent of population over 14 years of age are estimated by the Transportation Planning Board to be handicapped. Of this number, 80 percent are estimated to be unable to drive. Allowance is made for estimated overlap with the aged. "Transportation Needs of Special Groups," Transportation Planning Board Information Bulletin No. 17, April 1969.

⁴The D.C. Department of Motor Vehicles stated verbally that the annual number of suspensions and revocations of licenses equal 13 percent of total licenses. Applying this percentage to the 350,000 licenses in D.C., and taking one-quarter of the number, and then doubling it to allow for the entire Washington metropolitan area, gives an estimate of 23,000 for the revocations and suspensions in effect at any one time.

⁵Assumes that one-half of households without cars in Transportation Planning Board study (with 1.5 persons over age 14 per household) are not aged or handicapped, Table I, "Auto Ownership, Trip Making, and Transit Use," Transportation Planning Board Information Report No. 43, October 1971.

⁶Assumes that 20 percent of young people are not licensed or not allowed to drive a family car due to insurance costs, lack of parental permission, etc.

⁷Assumes that one member in two-fifths of the households with one car available finds mobility restricted due to lack of available automobile.

TABLE F. THE SAGA OF THE A-9 (...OR, SORRY ABOUT SOUTHEAST)

J.C. lives near Forrester and South Capitol Streets in Southeast Washington (Anacostia). He must be at his job near Connecticut Avenue and M Street, N.W., by 9:00 a.m. He cannot be late.

To avoid having a tardy employment record, J.C. must arrive at the bus stop at 7:46 to travel the seven miles to work. He must count on two and a half hours per day for roundtrip commuting time—for an overall average of less than six miles per hour of his time.

The recommended commuter bus serving South Capitol Street and Forrester, S.E. is the A-9. The bus terminates at 10th Street and Pennsylvania Avenue, N.W., so that a transfer is necessary to get to Connecticut and M. The transfer to the slow and often crowded 40 or 42 bus is made by walking two blocks to 10th and F Streets.

The A-9 is the South Capitol Street Express, a rush-hour-only bus, scheduled to leave every three or four minutes. This express is scheduled to take only three minutes less time to get to 10th and Pennsylvania than the local A-8, which avoids the South Capitol Street Bridge and follows Martin Luther King Avenue.

Allowing for waiting time, lateness, and walk to his office,¹ J.C. would have to be at this bus stop at 7:46 to be sure of getting to his office by 9:00 a.m. About one-half hour must be allowed to accomplish the cross-town transfer from 10th and Pennsylvania to Connecticut and M. The A-9 is often filled before reaching Forrester; J.C. must often stand for the entire trip.

¹Survey of 294 buses on 20 lines from WMATC data showed that they were within five minutes of being on time 46 percent of the time. Of the remainder, 18 percent were from 5 to 10 minutes late, 12 percent were more than 10 minutes late, 6 percent didn't show, and 18 percent were 5 or more minutes ahead of schedule.

D.C. Transit does not provide direct service to the Connecticut Avenue area for persons in Southeast served by the A-9. The company does provide such service from Rockville. If J.C. lived in Rockville, about twice as far away from Connecticut and M, he could catch the 05 bus about 7:49 a.m. and arrive two blocks from his office at about 8:45.

Most suburbanites who work in the newly developed areas of downtown can at least catch a bus to Farragut Square—within a 10-minute walk of most locations. By moving about a mile and a half south to Oxon Hill, J.C. could get a WMA bus at 7:45, which is scheduled to take him, without changing, to Farragut Square by 8:40. If he lived near Duke and Beauregard Streets in Lincolnia (Alexandria), J.C. could travel the 8 miles to 17th and K by catching the AB&W bus at 8:08, scheduled to arrive by 8:45.

The details of J.C.'s A-9 trip are as follows:

Scheduled running time to 10th and	
Pennsylvania	32 minutes
Walk from 10th & Pennsylvania to 10th &	
F, N.W.	5 minutes
Wait for 40 or 42 bus	3 minutes
Scheduled running time to 18th and M, N.W.	19 minutes
Allowance for late arrival, wait for first bus,	
and walk to office	15 minutes
Total time allowed:	74 minutes

TABLE G. RELATIONSHIP OF SPEED OF BUSES TO TIME OF TWO-, FIVE-, AND EIGHT-MILE TRIPS

Speed of Bus	Number of Minutes to Travel 1 Mile	Trip Length		
		2 miles	5 miles	8 miles
5 mph	12 min.	24 min.	60 min.	95 min.
10 mph	6	12	30	48
15 mph	4	8	20	32
20 mph	3	6	15	24
25 mph	2.4	4	12	19

Moving buses faster drastically reduces the time of average trips within the beltway area.

The way in which increased speed can cut travel time is illustrated above. Buses in the District of Columbia average about 10 miles per hour, traveling more slowly in congested parts of town and faster in others.¹ The time of a 2-mile trip drops from 24 minutes to 12 minutes as bus speed is increased from 5 miles per hour to 10 miles per hour.

With buses traveling 5 miles per hour, it is not possible to take the bus from the District Building to Dupont Circle to meet a friend for lunch, since most of the lunch hour will be spent on the bus. If buses moved at 15 miles per hour, such a trip would be possible and the commerce of the city greatly enhanced.

¹The Transportation Planning Board of the Metropolitan Washington Council of Governments estimates that buses in the District of Columbia average 10 miles per hour in peak hours, and 10.8 miles per hour at mid-day (unpublished data).

TABLE H. FASTER, EFFICIENT BUSES MEAN
MORE REVENUE WITH LITTLE OR NO ADDITIONAL COST

How good routing and traffic management can increase ridership without increasing cost.

Transit costs should be considered as costs per hour rather than per mile or per passenger.

Faster moving buses increase revenue in two ways. More riders are attracted by better service. In addition, the same bus can make more runs. A bus stalled in traffic costs the same as one that is moving freely. With faster, more efficient bus service, costs per hour stay the same while revenue per hour increases.

One example of this important principle is shown below. If increasing the average speed of buses from 10 miles per hour to 15 miles per hour can attract 50 percent more riders (by the double effect of faster and more frequent service), the break-even fare drops from 40 cents to 25 cents.

	Present System	Improved System
Average speed of bus	10 mph	15 mph
Average cost per hour	\$10/hr.	\$10/hr.
Average cost per mile	\$ 1.00	\$ 0.67
No. riders/hour at 40¢	25	37
Average revenue per hour	\$10.00	\$15.00
Average revenue per mile	\$ 1.00	\$ 1.00
Average profit per hour (profit = revenue minus cost)	0	\$ 5.00
Average profit per mile	0	50%
Fare at the break-even point	40¢	25¢*

*It is assumed the drop in fare from 40 cents to 25 cents would attract three more riders to the system, bringing riders per hour up to 40.

Source: The "present system" in the example represents a round number approximation to characteristics of D.C. Transit, Inc. Operating costs per mile in 1970 for D.C. Transit were \$1.15 (1971 Annual Report of WMATC, Appendix G) which, at an average overall speed of 11 miles per hour for D.C. and Maryland (approximated from unpublished data from the Transportation Planning Board of the Metropolitan Washington Council of Governments), gives an operating cost per hour of service (per bus) of \$12.65. At an average fare (D.C. and Maryland combined) of 42¢ per ride, the breakeven point would involve an average of approximately 30 riders per hour.

TABLE I. REGULAR ROUTE PASSENGER VOLUME, WASHINGTON METROPOLITAN AREA COMPANIES, 1953-1971
(in millions of riders)

	D.C. Transit System						WMA Transit	Total All Companies
	Rail	Bus	D.C.	Maryland	Total	AB&W Transit		
1953	130.6	112.8			243.4	18.6	3.7	276.0
1954	83.5	82.3			165.7	16.2	3.5	196.3
1955	63.7	65.2			129.0	15.2	3.7	158.8
1956	66.3	68.7			135.0	15.2	3.4	165.1
1957	65.6	69.8			135.3	15.8	3.3	165.3
1958	60.0	74.1			134.1	15.6	3.1	163.2
1959	55.1	80.4			135.5	15.8	3.3	165.9
1960	31.7	103.2			134.9	16.2	3.5	166.4
1961	29.5	103.9	122.3	11.1	133.5	16.9	3.1	166.1
1962	1.2	132.3	121.8	11.7	133.5	17.1	2.9	166.6
1963		131.7	119.8	11.9	131.7	17.0	3.2	165.3
1964		134.9	122.6	12.3	134.9	16.8	3.3	168.5
1965		137.4	124.0	13.4	137.4	16.6	4.4	170.7
1966		137.8	124.3	13.5	137.8	16.9	5.4	172.4
1967		133.6	119.7	13.9	133.6	17.2	6.3	169.2
1968		124.2	111.3	12.9	124.2	16.3	5.7	157.6
1969		116.5	104.2	12.3	116.5	15.0	5.2	147.2
1970		108.5	97.6	10.9	108.5	14.7	8.7	136.8
1971 est.		102.0	92.3	9.7	102.0	14.0	7.7	128.3

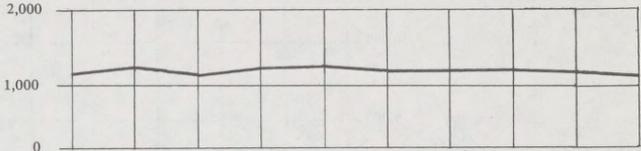
Note: Detail may not add to total due to rounding.

Source: Eleventh Annual Report of the Washington Metropolitan Area Transit Commission, fiscal year 1971. Ridership for 1971 is estimated from the trend of the first five months of 1971 as reflected in unpublished reports filed by the bus companies with the Washington Metropolitan Area Transit Commission.

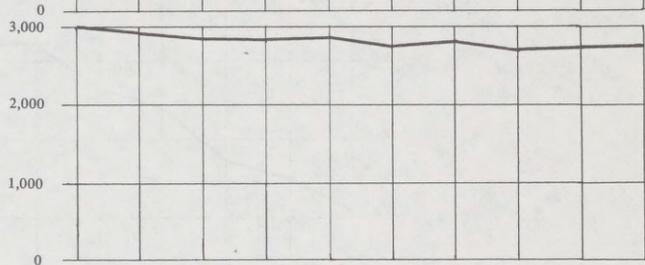
The division of D.C. Transit ridership between District and Maryland service is from unpublished reports filed by D.C. Transit with the Washington Metropolitan Area Transit Commission.

FIGURE B. D.C. TRANSIT: SUMMARY OF OPERATING STATISTICS, 1961 TO 1970

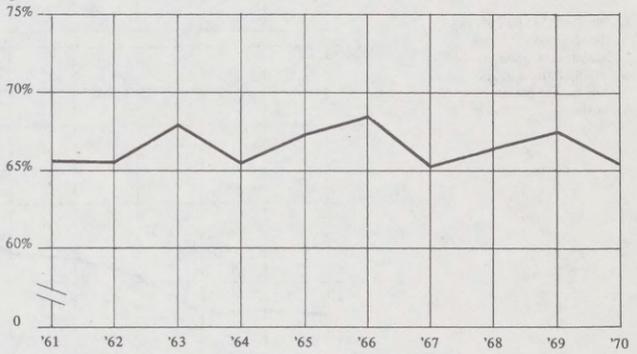
1. BUSES
(Number has stayed same despite changes in ridership)



2. EMPLOYEES
(Number of employees has remained relatively constant)



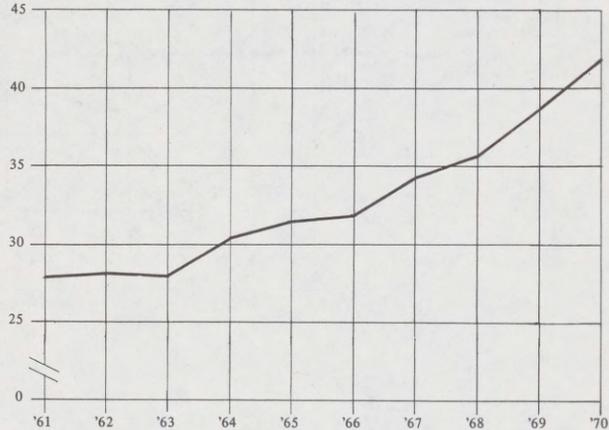
3. PAYROLL
(Payroll has been consistently two-thirds of operating expenses)



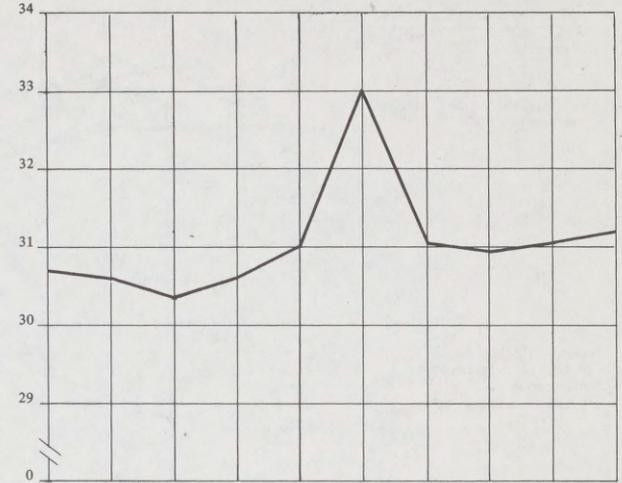
4. AVERAGE ANNUAL
WAGE OF BUS DRIVERS
(Has moved steadily
upward)



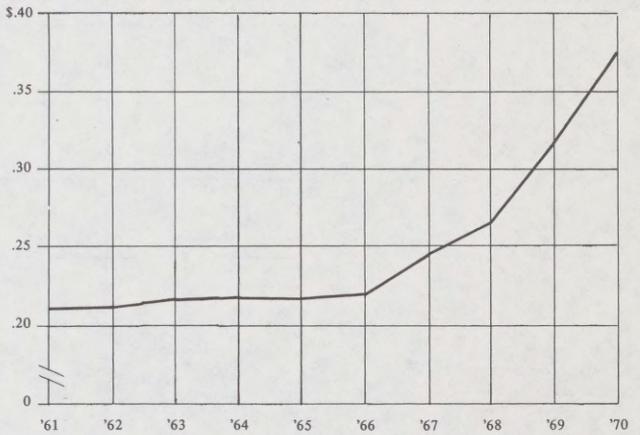
5. OPERATING EXPENSES
(In millions)
(Constant increase pri-
marily reflects wages
and related personnel
costs)



6. BUS MILES OF SERVICE OPERATED
(Dropped in 1967)



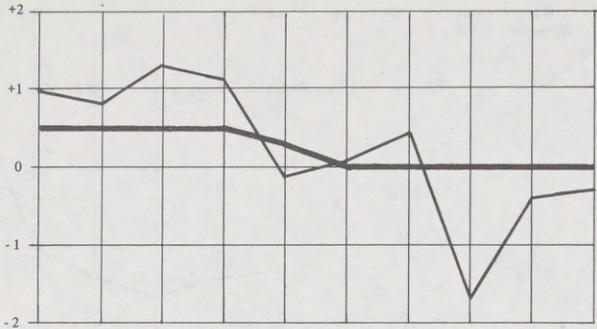
7. AVERAGE FARE PER PERSON
(Sharp rise after 1966)



8. DIVIDENDS AND NET INCOME
AFTER INTEREST PAYMENTS
(In millions)

(Drastic fare raises have not
resulted in profits)

— Net income
— Dividends



9. RIDERSHIP (In millions)

(Riders have left as fares
have increased and
service has deteriorated)

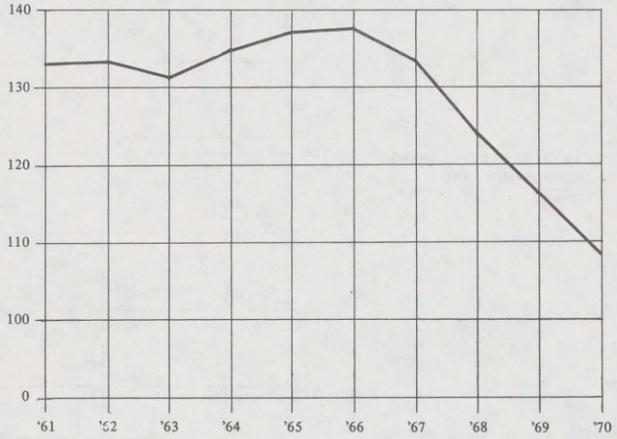
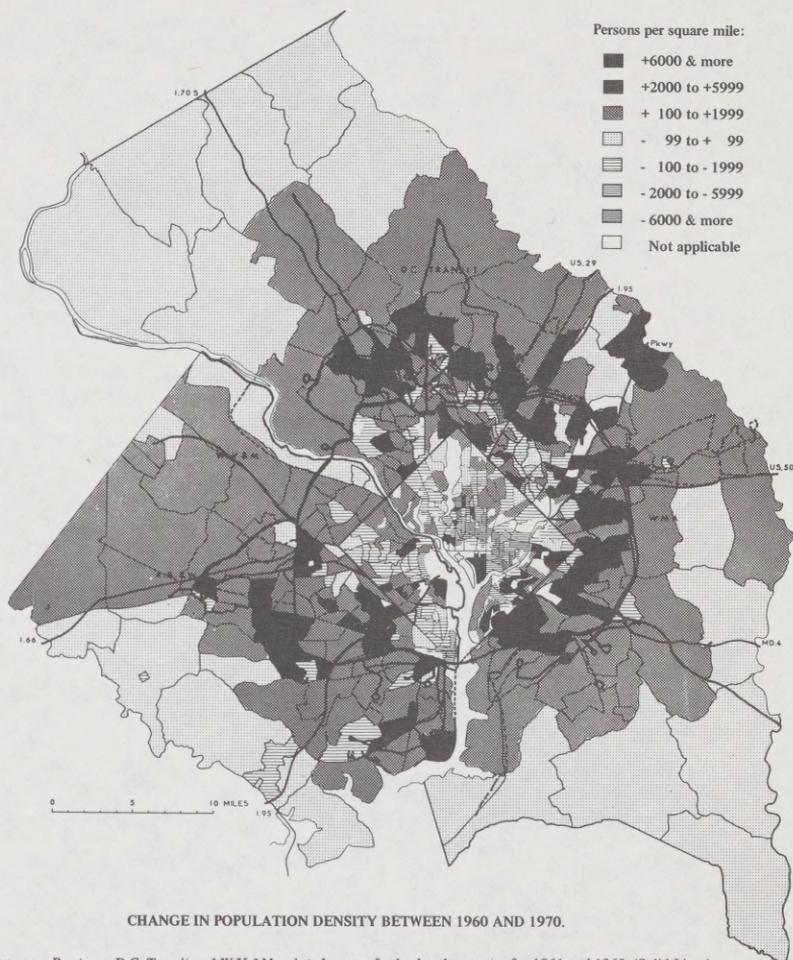


FIGURE C. THE OUTER SUBURBS: BUS ROUTES OUTSIDE THE BELTWAY, 1960 AND 1970

Few new routes to service many more people.



CHANGE IN POPULATION DENSITY BETWEEN 1960 AND 1970.

Source: Routes - D.C. Transit and W.V.&M. printed maps of suburban bus routes for 1961 and 1969 (Solid Lines).

A.B.&W and WMA information supplied by company officials (Solid Lines).

New bus routes are also described in each of the WMATC annual Reports (Broken Lines).

Change in density base map by Professor Jean-Claude Thomas, Department of Geography, Catholic University, and Washington Center for Metropolitan Studies.

