

McS

Decision No. 14596

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

-000-

In the Matter of the Application of
UNION TRACTION COMPANY, a corporation,
for an order of the Railroad Commission
of the State of California authorizing said
company to abandon certain of its street
railway franchises in the City of Santa
Cruz, pursuant to which transportation is
furnished to and from Cliff Drive, to re-
move certain portions of its tracks and
facilities operated thereunder, to dis-
continue furnishing street railway service
heretofore furnished pursuant thereto.

ORIGINAL

Application Number
10572

Leo H. Susman for Applicant

J. B. Maher, Mayor, for City of Santa
Cruz, Protestant.

Mrs. E. B. Lawrence, for Garfield Park
Parent-Teachers Club, Protestant.

Mrs. L. L. Rankin, for Garfield Park
Improvement Club, Protestant.

BY THE COMMISSION:

O P I N I O N

Union Traction Company, a corporation, has petitioned
the Railroad Commission for an order authorizing the discontinuance
of street railway service, abandonment and removal of tracks
and appurtenances on a portion of its street railway system in
the City of Santa Cruz.

A public hearing on this application was conducted
by Examiner Handford at Santa Cruz at which time the matter was

duly submitted and it is now ready for decision.

The portion of the system of the applicant herein proposed to be discontinued is the street railway line in the City of Santa Cruz extending from the intersection of Pacific Avenue and Mission Street, thence along Mission Street, Younglove Avenue, Errett Circle, Woodrow Avenue (formerly Garfield Avenue) to Cliff Drive.

Applicant alleges that the operation of the line herein proposed to be abandoned is unprofitable in that it does not develop revenue sufficient to meet the expense of operation, taxes and depreciation, or to return any interest on the investment; that the traffic on all its lines, including that herein proposed to be abandoned, is steadily decreasing largely due to the increasing use of privately owned automobiles and to such extent that during the summer months, which should be the period of larger earnings by reason of the transient population in Santa Cruz, a well known resort, the decrease in earnings as compared with former years is particularly noticeable, and that applicant anticipates such situation will in future become more acute and the future revenues will continue to fall below the amount necessary for the proper operation and safe maintenance of the lines, including amounts necessary for the payment of taxes and a proper depreciation reserve. Applicant proposes, if this application be granted, to install an automobile bus service in lieu of the street railway service over the line herein sought to be abandoned.

Witnesses for applicant testified as to the financial results arising from operation and as to the expenditures neces-

sary to place the tracks and roadbed in proper operative condition. It appears that complete rehabilitation of the tracks herein proposed to be abandoned will be necessary within the next two years and that the estimated expenditure to be incurred for such work amounts to approximately \$90,000. The City of Santa Cruz has a street improvement program which contemplates the paving of Mission Street from Pacific Avenue to Bay Street. It is estimated by applicant that the expense of track reconstruction to meet the paving program would amount to \$85,200. The portion of the line over which paving is contemplated constitutes about half of the distance over which abandonment is requested and if the paving program is consummated by the City of Santa Cruz the applicant will be required to expend approximately \$130,200.00 for track renewal and rehabilitation within the next two years.

Statements presented as exhibits by the applicant show the following data for the year ending December 31, 1924:

	Total All Lines	Ocean Cliff Line Total	Mission St. only	Seabright-Capitola Lavage Lines
<u>Earnings</u>				
From Transportation	67,588	37,776	11300.	29,812
" Advertising	600	310	196	290
Total	68,188	38,086	11496	30,102
Operating Expenses (including depreciation and taxes)	90,819	39,822	21225	50,997
Net Loss	22,631	1,736	9729	20,895

The granting of the application is protested by the City of Santa Cruz on the basis that the City desires to improve certain streets by paving, especially Mission Street and later Pacific Avenue. The electors of the City of Santa Cruz have

voted to relieve the applicant of the franchise obligation regarding the paving between the tracks and for two feet on each side thereof. There is some question as to whether the relief presumed to be accorded by the vote of the citizens is actually effective as the City of Santa Cruz has not been able to secure the assurance of any paving contractor that a bid would be submitted on work were such bids to be invited by resolution or ordinance. It is the view of the Mayor of the City of Santa Cruz that the applicant should entirely surrender all its franchises, not only on the line herein sought to be abandoned but also on Pacific Avenue, thus placing the city in a position permitting it to outline and proceed with a definite program of street improvement of which the proposed paving is a part. The Commission cannot in this proceeding consider issues which are beyond those now before it in this application and some of the controversies presented and arising from the interpretation of the effect of the election in which the electors of the City of Santa Cruz voted to relieve the applicant of the obligation to pave streets as contained in the franchises may require court adjudication if a satisfactory settlement cannot be arrived at by direct negotiation. It is clearly shown, however, from the testimony and exhibits herein that the portion of the applicant's system for which abandonment is requested is not returning revenue from its operation sufficient to meet the cost of operation and maintenance, taxes and depreciation, nor any interest on the investment. There is no evidence indicating that the traffic will increase, and it appears that very substantial expenditures will be required to care for the rehabilitation of the line within the next two years and whether paving is or is not ordered by the City.

Applicant has proposed, should this application be granted, to place in service motor busses to be operated on regular schedules and to serve the territory heretofore served by the street railway from Pacific Avenue along Mission and other streets to Cliff Drive.

Some objection was made by representatives of the Garfield Park Parent-Teachers Association and the Garfield Park Improvement Club, to the substitution of motor bus service in lieu of the street car service on the basis that the safety of the cars exceeded that of the proposed busses. There is nothing in the record substantiating such conclusion and it would appear that satisfactory service could be rendered by the substitution of busses.

After full consideration of all the evidence and exhibits in this proceeding we are of the opinion and hereby find as a fact that the continued operation by the applicant of the street car service heretofore operated in the City of Santa Cruz between Pacific Avenue and Mission Street along Mission and other streets to Cliff Drive is no longer justified by the public convenience and necessity in that the revenue derived from such operation is not sufficient to meet the costs of operation and maintenance, taxes and depreciation, or any return on the investment. We are further of the opinion that applicant should be permitted to abandon and remove its tracks and appurtenances and surrender its franchises provided, however, that in lieu of the street car service proposed to be abandoned there shall be established a motor bus service on regular schedule and satisfactory to the City Council of the City of Santa Cruz.

ORDER

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted, the Commission being now fully advised and basing its order on the finding of fact as appearing in the opinion which precedes this order,

IT IS HEREBY ORDERED that applicant, Union Traction Company, a corporation, be and the same hereby is authorized to discontinue operation of its street car service heretofore rendered in the City of Santa Cruz over the following described route:-

Commencing at the intersection of Pacific Avenue and Mission Street, thence along Mission Street to its intersection with Younglove Avenue, thence along Younglove Avenue to its intersection with Errett Circle, thence along Errett Circle to its intersection with Woodrow Avenue (formerly Garfield Avenue), thence along Woodrow Avenue to the intersection of Woodrow Avenue and Cliff Drive, all in the City of Santa Cruz,- and

to abandon and remove its tracks and appurtenances thereto, subject to the following terms and conditions:-

I. Applicant will be required to file with this Commission a certified copy of an ordinance or other appropriate authorization of the City Council of the City of Santa Cruz granting relinquishment of such franchises or portion of franchises which have heretofore been granted by the City Council of the City of Santa Cruz covering the line herein authorized to be abandoned.

II. Applicant will be required to file with this Commission a certified copy of an ordinance or other appropriate authorization of the City Council of the City of Santa Cruz granting authority for the operation of an automobile bus line over the route heretofore served by street railway transportation, such automobile bus service to be initially established on a

schedule similar to that heretofore rendered
by the street railway service herein authorized
to be abandoned.

This order shall become effective upon the filing
by the applicant of certified copies of ordinances or
other appropriate authorizations of the City Council of
the City of Santa Cruz as hereinabove required.

Dated at San Francisco, California, this 24th day
of February, 1925.

H. H. Brundage
C. L. Avery
Egerton Shore
George D. Aguirre
Frederick B. ...
Commissioners