

Decision No. 37548

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of VALLEJO BUS COMPANY, a copartnership, to sell, and CITY OF VALLEJO, a municipal corporation, to purchase, the automotive service of Vallejo Bus Company for the common carrier transportation of passengers in the City of Vallejo and County of Solano, California.

ORIGINAL

Application No. 26408

O'HARA & RANDALL and VICTOR M. CASTAGNETTO and MORRISON, HOFFELD, FORSTER, SHUMAN & CLARK, by William L. Holloway, for Vallejo Bus Company.

ROLLAND L. POPE, City Attorney, City of Vallejo.

SACHSE AND ROWELL, COMMISSIONERS:

O P I N I O N

In this proceeding Vallejo Bus Company seeks authority to sell its entire transportation system to the City of Vallejo and thereafter suspend operation contingent upon the carrying out of the terms of the agreement (Exhibit No. 3) hereinafter more specifically referred to, between the parties, which provides that the City will continue the present bus operations.

A public hearing was had in this matter at Vallejo on November 8 and at San Francisco, December 11, 1944 and it is now ready for decision.

The Vallejo Bus Company now provides local transportation to the City of Vallejo and to the developed residential area adjacent thereto, through the operation of 21 buses of various sizes, with a total of 642 seats. During 1943 approximately 785,000 bus miles were operated in transporting 5,700,000 revenue passengers. The gross annual operating revenue now approaches \$600,000 with an operating income before taxes of approximately \$250,000. This

carrier has recently extended its operations to serve the large Federal Housing Projects which have been developed adjacent to the city to provide homes for employees and staff at Mare Island. It is estimated that more than 50 per cent. of the population in the Vallejo area reside outside the city limits and, in turn, this same percentage is reflected in the traffic carried on this system beyond the city boundary.

The City of Vallejo and the Vallejo Bus Company have entered into an agreement of purchase and sale. In general, this agreement provides that the city will take over the property and thereafter operate it on substantially the same basis as it is now conducted with respect to rates and service. The present fare structure consists of:

Cash fare	10¢
Token fare	6½¢ (4 for 25¢)
School fare	5¢

In general, under the terms of the agreement the city is to pay the owners of the Vallejo Bus Company for their property 50 per cent. of the net income over a three-year period. In turn, the city covenants that it will not abandon any route unless such lines, as a whole, fail to pay expenses. (1)

(1) Sec. 1, Art. IV, Bill No. 1001-N.S., Ord. No. 970 N.S. provides:

"City covenants and agrees that it will at all times, to the extent that funds are available therefor in said 'Vallejo Bus Purchase Fund' (including funds transferred thereto from said 'Vallejo Bus Depreciation Fund'), but not otherwise, operate the Bus System in an efficient and economical manner in accordance with established operating and business standards and practices of the automotive transportation industry; that it will utilize the purchased property and all additions thereto or replacements thereof to the best advantage, and that City will not abandon any route being operated at a profit at the time of contemplated abandonment; but subject, nevertheless, to causes beyond the control of City."

This record shows that the management of the Vallejo Bus Company and the officials of the City of Vallejo consider the matter of local transportation in the Vallejo area to be a community problem regardless of city boundary. It was pointed out that it was to the city's interest, from a business standpoint, to provide good local transportation to the developed residential area outside the boundary lines.

At the hearing December 11, the City of Vallejo filed, as its Exhibit No. 3 in this proceeding, a certified copy of Bill No. 1001 N.S., Ordinance No. 970 N.S., providing for the acquisition by purchase, and the operation by the City of Vallejo, of Vallejo Bus Company. This ordinance was adopted by the City Council at its session November 8, 1944 and not having been suspended by a petition for referendum pursuant to the provisions of Article XIV of the Charter of the City of Vallejo (1911 Cal. Stats. p. 1958, as amended, 1913 Cal. Stats., p. 1693) and thirty days having passed following its final passage, said ordinance appears to have become effective.

It is contemplated by applicants that the acquisition and operation of the Vallejo Bus Company will be effected in accordance with the terms of the agreement between the parties. ⁽²⁾ However, as a

(2) Sec. 2, Art. V, of the Agreement of Purchase and Sale, Accompanying the application, provides:

"It is the intention of City and Seller that, until the purchase price has been paid to Seller in full, all certificates of public convenience and necessity and other permits held by Seller as a part of the operative rights of said Bus System shall be suspended and not surrendered or otherwise terminated, to the end that, in the event this agreement shall be declared invalid as stated in Section 1 of this Article V, said certificates and permits shall be revived for Seller's benefit and use in the subsequent operation by Seller of said Bus System. Accordingly, City shall join with Seller in requesting the Railroad Commission of California, upon approving the sale and transfer of said Bus System to City, to provide by its order for such suspension and revival."

contingency to guard against any unforeseen difficulty, the Commission is requested to grant the Vallejo Bus Company the right to suspend operation rather than abandon service, so that if it be compelled to resume operations in the future new certificates of public convenience and necessity will not be required.

It appears that the City has taken the necessary steps to acquire and operate this property of the Vallejo Bus Company. The granting of the application was not opposed and a careful review of the record supports the conclusion that the application should be granted and we so recommend.

O R D E R

A public hearing having been had in the above-entitled proceeding, the Commission having considered the evidence received, and based upon the preceding opinion,

IT IS ORDERED that the Vallejo Bus Company is authorized:

(1) To sell and transfer its operative property to the City of Vallejo in accordance with the terms of the Agreement of Purchase and Sale accompanying the application, on or before sixty days from the date hereof.

(2) Upon the transfer of its operative property to the City of Vallejo, to suspend service on its entire system and cancel its tariffs and time schedules on file with the Commission on not less than one day's notice to the Commission and the public.

The authority herein granted shall become effective on the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15th day of December, 1944.

Richard L. ...

Francis R. Havenner

Irving S. ...

COMMISSIONERS