

Application No. 31795, requests authority to discontinue passenger stage operations between San Rafael and Inverness, via San Anselmo, Fairfax, Olema and Pt. Reyes Station in the event that the application of Withers and Byrd, as amended, should be granted.

A public hearing in these matters was held at San Anselmo on October 4, 5 and 11, 1950, at which oral and documentary evidence was received and the matters were submitted.

According to the record, Withers and Byrd have made preliminary arrangements at San Rafael for garage, storage, office and other terminal facilities which would be rented on a monthly basis. Their proposed operation, it was stated, would require an initial cash investment of approximately \$17,000. Eleven buses would be needed. Of this amount about \$2,000 would be used to purchase office supplies and garage equipment. They have made tentative arrangements to acquire ten units of used equipment, fully reconditioned, at a cash price of \$15,000. These units, which include one for stand-by use, would be necessary to establish the proposed operation between San Rafael and Fairfax. They are transit type buses with 27 seats each. Four of them are 1944-year models and the others are 1946-year models. To provide the service between San Rafael and Inverness beyond Fairfax, these applicants plan to use one 1942-year model Ford bus which will seat 31 passengers. This bus they presently own.

Between the hours of 6:15 a.m. and 7:00 p.m. daily, except Sundays and holidays, service would be provided between Third Street and Tamalpais Avenue (San Rafael) and Marin Street and Bothin Road (Fairfax) on a 15-minute headway. On Sundays and holidays this service would be operated on a 30-minute headway from 7:30 a.m. to 12:00 p.m. Within the City of San Anselmo, between the intersection of San Rafael and San Anselmo Avenues and the intersection of San Anselmo Avenue

and Sir Francis Drake Boulevard, Withers and Byrd would use two routes over which alternate schedules would be operated to provide service at 30-minute intervals on each of these routes. The combined service over these two routes would provide service at 15-minute intervals within San Anselmo.

The distance between San Rafael and Fairfax, as indicated by the record, is five miles. The local one-way fare applicable to this portion of the Withers and Byrd proposal would be 15¢ for adults between any two points. Where a one-way fare of 15¢ is applicable, a ticket good for eight one-way rides for \$1 or a ticket good for 50 one-way rides for \$5 would be sold.

Between San Rafael and Inverness, Withers and Byrd initially would operate one round-trip daily except Sundays and holidays. An additional round-trip would be operated on Tuesdays and Thursdays. On Mondays, Wednesdays and Fridays two additional round-trip schedules would be operated between San Rafael and Lagunitas on an experimental basis which would be discontinued after a period of 90 days, if found to be noncompensatory. On Sundays and holidays two round-trip schedules would be operated between San Rafael and Inverness. These schedules would provide no local service between San Rafael and Fairfax or points intermediate thereto. The proposed one-way adult fare between San Rafael, on the one hand, and points Woodacre to and including Lagunitas, would be 35 cents. Between San Rafael and points beyond Lagunitas to and including Inverness the one-way adult fares would range from 45 cents to 65 cents. The proposed minimum fare between any of these points would be 35 cents. Children under 12 years of age would be accorded reduced fares. One-way adult commutation tickets, good for twenty one-way rides, would be sold for charges as follows:

<u>Between</u>	<u>And</u>	
San Rafael)	Lagunitas	\$ 4.00
)	Tocaloma	6.00
San Anselmo)	Olema	8.00
	Point Reyes Station	8.00
	Inverness	8.00

Witness Adams, employed by Withers and Byrd, testified that he had made a comprehensive investigation and study to determine the amount of traffic which would be available in the event that both applications should be granted as requested. This witness stated that Withers and Byrd would operate approximately 282,581 miles annually under their proposal. Of this annual mileage about 243,000 miles would be operated in the local service between San Rafael and Fairfax. Approximately 39,000 miles would be operated annually to provide the service between San Rafael and Inverness and intermediate points north of Fairfax. The average revenue per mile from the local operation between San Rafael and Fairfax was estimated at 46.71 cents per mile. The average number of passengers would be 3.49 per mile and they would pay an average fare of 13.37 cents. The average length of the ride would be 3.3 miles. No local service between San Rafael and Fairfax would be provided by the Inverness operation. The witness estimated that during a study year ending September 30, 1951, approximately 857,505 passengers would be transported locally between San Rafael and Fairfax and intermediate points, producing a gross annual operating revenue of approximately \$114,683.05. He also estimated that Withers and Byrd would transport approximately 9,744 passengers annually, on the base service, between San Rafael and Inverness, which would produce a gross annual operating revenue of \$4,752. It was his opinion that the additional service proposed between the latter two points would produce additional revenue amounting to approximately \$4,748.49 annually. This would make an estimated annual total revenue of \$9,500.49 from the proposed San Rafael-Inverness operation. The

estimated gross annual operating income from the entire proposed operation would be \$124,183.54. Annual operating costs of the proposed operation were estimated at approximately \$108,000, based on labor at \$1.39 per hour and an allocation of certain costs between the proposed and the San Mateo County operation. In arriving at these estimates, the witness stated that a diminution factor of 33-1/3% was applied to all traffic except that originating and terminating between San Rafael and Manor. Traffic estimates were based upon traffic checks which the witness made of traffic being handled by Pacific Greyhound Lines between the points involved. In arriving at the estimated costs of the proposed operations in Marin County, the witness used two bases. One basis prorated certain costs of the San Mateo County operations, where allocable, between that and the proposed Marin County operation. Costs of general supervision, accounting, office supplies, and some other items are examples of costs prorated. Two estimates on this basis were made with labor calculated at different hourly rates--one at \$1.20 and the other at \$1.39. The other basis was upon conducting the proposed Marin County operation entirely independent of the San Mateo County operation, and with labor calculated at \$1.39 per hour. These

(1) The going hourly wage rate in San Mateo County is \$1.39, while in Marin County the rate is \$1.20.

estimates, as shown by Exhibit 18, are as follows:

ESTIMATED RESULTS OF OPERATION FOR
TWELVE MONTHS ENDING SEPT. 30, 1951

	: Marin with : San Mateo (a)	: Marin with : San Mateo (b)	: : Marin Alone(c):
Estimated income	\$124,183.54	\$124,183.54	\$124,183.54
Estimated expense	102,543.00	108,329.00	118,471.00
Net revenue	21,640.54	15,854.54	5,712.54
Operating ratio	82.6%	87.2%	95.4%

- (a) With labor @ \$1.20 per hour.
- (b) With labor @ \$1.39 per hour.
- (c) With labor @ \$1.39 per hour and operated independently of the San Mateo County operation.

According to Exhibit No. 16, the estimated total cost per bus mile of the Marin County operation, if conducted alone, would be \$0.4192. If considered under an allocation of certain costs of the San Mateo operation, this cost was estimated at \$0.3834. In both instances labor was calculated at \$1.39 per hour.

Officers of civic service clubs and city officials testified in support of the proposal of Withers and Byrd. These applicants also called seven public witnesses who testified that they have a need for and would use the service proposed by them. Most of the latter witnesses reside in that area of San Anselmo which would be served by the line which these applicants plan to operate over San Anselmo Avenue. In substance, some of them testified that they are now required to walk varying distances from a few blocks to one mile or more in order to reach the service presently provided by Pacific Greyhound Lines along Sir Francis Drake Boulevard. As an alternative they use private transportation in traveling to or from San Anselmo to transact business or to use facilities of Pacific

Greyhound Lines. These witnesses further testified that they would use applicants' proposed service although it would require the payment of an additional fare on those occasions when they are traveling to or from San Francisco. Other witnesses stated that the proposed 15-minute intervals between schedules would be more convenient than the present 30-minute intervals. It was stipulated between the parties that seven other witnesses residing in San Anselmo, who were present at the hearing, would give similar testimony if called upon to testify. A witness who resides at Woodacre stated that the schedules proposed by Withers and Byrd would be more convenient to him than those operated by Pacific Greyhound Lines between Woodacre and San Francisco. The general manager of a real estate development company at San Geronimo was in favor of the proposal of Withers and Byrd provided they are financially able to conduct the operation. The City Manager of San Rafael stated that more frequent service was desirable for local traffic in that city and observed that it would tend to eliminate some use of private automobiles, thereby relieving congestion in the business section of the city. Similar testimony was given by a representative of the San Rafael Chamber of Commerce.

As pointed out, Pacific Greyhound Lines has requested authority to discontinue its operation between San Rafael, San Anselmo, Fairfax, Inverness and intermediate points in the event that a certificate should be issued to Withers and Byrd. Pacific Greyhound Lines produced evidence which indicated that if it were authorized to abandon its operations between San Rafael and Inverness, it would have a reduction in annual operating revenue of \$46,918.65. Of this amount \$45,118.65 represents the loss of revenue for the transportation of 228,356 passengers at 15¢ per ride locally between San Rafael, Fairfax and intermediate points. The annual loss of

operating revenue between points beyond Fairfax, to and including Inverness, was estimated at \$1,800. According to the witness for Pacific Greyhound Lines the total annual operating revenue approximately equals the annual wages paid to drivers for this operation. If the operation should be abandoned, as proposed, this applicant would be able to retire two buses from service and effect an annual saving of 262,779 miles of operation. According to the witness the total annual cost of this operation is \$145,000, calculated at 57¢ per bus mile. Thus, a saving of approximately \$97,000 annually could be accomplished by discontinuing this service.

A number of persons who commute regularly between Marin County points and San Francisco objected to the proposals of both applicants. One witness testified that he makes a daily round-trip between Inverness and San Francisco five days a week and pointed out that if the two applications were granted he would be required to pay separate transportation charges on each of the two lines, which would increase his monthly transportation costs by approximately \$4.75. Witnesses who reside in San Anselmo and have employment in San Francisco, stated that they commute regularly between those points and objected to any plan which would compel them to pay additional charges for such transportation, thereby working a hardship on them. It was stipulated between the parties that six other persons present at the hearing, if called, would testify that they, or members of their families who commute regularly between San Francisco on the one hand, and either San Anselmo, Fairfax or Manor, on the other hand, would be faced with the same hardship as the foregoing witnesses. The president of the Inverness Improvement Association testified that he had been instructed by the Board of Directors of that association to attend the hearing and state that the directors were in opposition to granting both applications. According to this witness, it was the

opinion of such board that the equipment of Withers and Byrd would be inadequate to meet the needs of those traveling between Inverness and San Francisco. The requirement to transfer at San Anselmo on trips between Inverness and San Francisco would be inconvenient to members riding between these points.

On the first day of the hearing in these proceedings, October 4, 1950, members of the City Council of San Anselmo and Fairfax introduced resolutions in support of the application of Withers and Byrd. At the hearing on October 11, 1950, the same officials presented new resolutions of those cities withdrawing the resolutions first submitted. Officials of each of these cities, in support of the changed attitude, pointed out that at the time the original resolutions were drawn, the councils were unaware that Pacific Greyhound Lines planned to discontinue its operation as proposed. The substance of such testimony was to the effect that they had been led to believe that the Withers and Byrd proposed operation would be in addition to, and competitive with, the service of Pacific Greyhound Lines.

It is noteworthy that some of the witnesses who supported the application of Withers & Byrd at the inception of the hearing in these proceedings later took an opposite position when they became aware of the fact that the plan of Withers & Byrd was based upon a withdrawal of service by Pacific Greyhound Lines. Witness Withers stated that he would not accept a certificate if the application of Pacific Greyhound Lines to discontinue service should be denied.

It was shown that the service proposed by Withers and Byrd would more adequately meet the local needs of some of the witnesses called by them than the service presently available. However, it was also shown that many other witnesses would be subjected to the

requirement to make transfers and to pay a combination of fares of the two carriers when traveling between points on the proposed line of Withers and Byrd and points served by Pacific Greyhound Lines. It is clear that the latter requirement would, as pointed out by witnesses, substantially increase their transportation costs. Consideration of all of the evidence presented leads to the conclusion, and we find, that Withers and Byrd have not shown that public convenience and necessity require their proposed operation. Their application will be denied.

Furthermore, Withers and Byrd planned to invest \$15,000 cash in the equipment needed to establish the proposed operation. It was stated that the funds for this purpose would be obtained from the individual personal assets of each of the partners as distinguished from the partnership assets used in conducting their San Mateo Transit operations in San Mateo County. Individually owned property would be mortgaged by each of the partners to raise the additional funds required to make the cash payment. In our judgment Exhibits Nos. 2, 32 and 33 show that the combined financial resources of Withers and Byrd, individually and as partners, are insufficient to enable them to consummate the proposed transaction on a cash basis or otherwise without endangering their financial stability. Taking a generous view of the estimated results from the proposed venture we are convinced that the hazards of the undertaking, as shown by the record, would impair the financial ability of Withers and Byrd to continue their passenger stage operations in San Mateo County. It would seem to be unwise to permit them to jeopardize their established operations by engaging in an uncertain venture.

In view of the foregoing finding we see no purpose in discussing the evidence adduced by Pacific Greyhound Lines as its application, which will also be denied, was made contingent upon

the action taken on the application of Withers and Byrd.

O R D E R

Public hearing having been held in the above-entitled proceedings, the matters having been submitted and fully considered by the Commission, and based upon the record and the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that Applications Nos. 31087 and 31795 be and each of them is hereby denied.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 27th day of December, 1950.

R. E. Anderson
Justice J. Cassen
Deputy Attorney

Kenneth W. Potter
COMMISSIONERS