

ORIGINALDecision No. 70251

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SAN JOSE CITY LINES, INC. for an
 ex parte order to reduce service
 frequency after 7:00 P.M. on routes
 numbers 2, 3 and 4 and discontinue
 service after 7:00 P.M. on route
 No. 7.

Application No. 47881
 (Filed September 8, 1965)

George E. Thomas and George H. Hook, for applicant.
Louis Provenzano, in propria persona; Claude L.
 Fernandez, for Retail Store Employees Union
 Local 428, AFL-CIO, and Community Services
 Committee, AFL-CIO; protestants.
Glenn E. Newton and Fred Ballenger, for the
 Commission staff.

O P I N I O N

This application was heard and submitted November 16, 1965, before Examiner Thompson at San Jose. Notice of hearing was posted and published in accordance with the Commission's procedural rules.

San Jose City Lines, Inc., is an urban passenger stage corporation operating in the cities of San Jose and Santa Clara. It seeks authority to adjust, combine and reduce service on Routes Nos. 2, 3 and 4 after 7:00 p.m. and to discontinue service after 7:00 p.m. on Route No. 7. The proposal was protested.

Evidence was presented by applicant, by the Commission staff and by a number of persons residing in the area served by applicant.

Applicant's present fares were authorized by the Commission in Decision No. 68503, dated January 19, 1965, in

Application No. 46727. On July 1, 1965, applicant entered into a new wage and working agreement with its employees, replacing a former agreement which expired June 30, 1965. The new agreement became effective July 1, 1965, continues for a term of two years and provides increases in basic hourly wages as follows:

July 1, 1965 to February 28, 1966	7 cents per hour
March 1, 1966 to February 28, 1967	6 cents per hour
March 1, 1967 to June 30, 1967	<u>4</u> cents per hour
Total hourly wage increase	17 cents per hour

Applicant estimates that for the twelve months ending December 31, 1966, the increases in labor costs, including increased Federal insurance contributions effective January 1, 1966 pursuant to the 1965 amendments to the Federal Social Security Law, will amount to \$42,750. Said increased labor costs were not considered in the establishment of the fares authorized by Decision No. 68503. Applicant's president testified that in order to offset the increases in expenses it will be necessary to curtail operating expenses or to increase fares. Inasmuch as increased fares were established less than one year ago, the management of applicant decided upon the alternative of reducing expenses by reducing evening service. The president stated that he had discussed the proposal with officials of the City of San Jose and of the City of Santa Clara.

Applicant proposes to reduce service on Routes Nos. 2 and 3 after 7:15 p.m. from 30-minute frequency to 60-minute frequency. It proposes to discontinue service on Routes Nos. 4 and 7 after 7:15 p.m. except that the outer southwest portion of Route No. 4 (that part between the intersection of Lincoln and

Curtner Avenues to the terminus at Husted and Meridian Avenues) will be combined with Route No. 3 at approximately 7:40 p.m. with hourly service to 12:40 a.m. Present service on Route No. 4 after 6:15 p.m. is hourly.

Passenger counts on the aforementioned routes were made by applicant and by the Commission staff. The passenger counts show that the lines are poorly patronized in the evening. Certain protestants alleged that the passenger counts taken do not reflect the patronage on nights when the stores are open in downtown San Jose.^{1/} The merchants in downtown San Jose keep their stores open for shoppers until 9:00 p.m. on Monday and Thursday nights.^{2/} Most of the protests concerned curtailment of schedules leaving downtown San Jose between the hours of 7:15 and 9:30 p.m. Individuals as well as representatives of store owners and employees testified at the hearing concerning bus service on the nights the stores are open. A detailed summary of that testimony is unnecessary. It was shown that applicant's service is necessary for employees of the stores and is convenient for shoppers.

With the exception of Route No. 7 applicant does not propose to eliminate service after 7:15 p.m., but proposes to reduce it from a frequency of 30 minutes to 60 minutes. This will inconvenience some, but not all, of the employees and shoppers for the reason that the downtown area is in the center of many of applicant's routes. For example, most employees can

1/ However, it should be noted that exhibits attached to the application showed counts made on Saturdays, Sundays, Tuesdays, Wednesdays and Thursdays on all lines.

2/ During most of the month of December the stores remain open every night until 9:00 p.m. for Christmas shopping.

be at the downtown bus stops by about 9:10 p.m.; the proposed schedule for Route No. 2 would have the northbound buses leave Second and St. James Streets at 8:50 p.m. and 9:50 p.m. and the southbound buses leave First and San Carlos Streets at 9:10 p.m. and 10:10 p.m. The schedule will suit the convenience of southbound passengers but persons desiring northbound passage after 9:10 p.m. will have a wait of over thirty minutes for the bus. That situation is true for most of the proposed revised schedules and results from the fact that by the reduction in frequency of service only one bus will be required to serve the route.

The traffic engineer of the City of Santa Clara testified that in February of 1966 a retirement center will open at Pruneridge and Winchester Roads, Santa Clara, which will accommodate 500 persons. This point is served by the No. 7 route. He stated that most of the persons who will live at the retirement center will not have automobiles and will depend upon public transportation.

After consideration of all of the evidence we find that:

1. Applicant is faced with increasing costs of operation which necessitate the effecting of economies through the curtailment of service.
2. The service on Routes Nos. 2, 3, 4 and 7 after 7:15 p.m. has been poorly patronized and has not provided revenues to support the service.
3. Public convenience and necessity require the continuation of service at a reduced frequency on Route No. 7 during the period from 7:00 p.m. to 10:15 p.m.
4. Public convenience and necessity require the operation of buses on Routes Nos. 2, 3, 4 and 7 after 7:00 p.m. at not less than 60-minute frequency on such schedules that the buses will

leave downtown San Jose on the route legs more heavily patronized, as shown in Exhibits 2 through 5, during the period from 9:10 p.m. to 9:25 p.m.

A number of other matters pertaining to applicant's service were raised at the hearing. Two persons suggested that applicant be required to better identify the buses. The evidence shows that all of applicant's buses are painted with a distinctive color combination - yellow with white tops and a green stripe. All of the buses have a sign visible from the front showing the route number and destination of the coach and, in addition, have displayed on the rear and on the right hand side near the entrance door signs designating the route number of the coach. An engineer of the Commission staff testified that the identification of the coaches exceeds the minimum requirements of Section 10.03 of General Order No. 98-A.

It was requested that applicant extend Route No. 5 to serve some trailer parks on Oakland Road. The record does not reveal whether there is sufficient time in the present schedules of Route No. 5 which will permit the extension of that route for an additional half mile. Applicant's president stated that until the hearing no such request had been made so that he was not prepared to state whether such extension is feasible or would be warranted by potential traffic. We refer this request to the Commission staff for study and if as a result of that study it is its recommendation that such extension should be made, appropriate proceedings will be instituted.

Applicant pointed out that in Decision No. 46889, dated March 25, 1952, in Application No. 33121 of San Jose City Lines, Inc., the Commission ordered:

"5. That applicant shall not reduce service provided on any of its lines without first obtaining the express approval of the Commission".

Since 1952, San Jose City Lines, Inc. has changed ownership. General Order No. 98-A, adopted June 29, 1965, has regulations governing timetable changes resulting in reduction in service. Under the circumstances, the restriction prescribed in ordering paragraph 5 of Decision No. 46899 is no longer necessary and should be rescinded.

The Metropolitan Association of San Jose moved that hearing on this application be postponed so as to permit the association and city officials to confer with applicant in order to arrive at some solution to the problems of transit service in San Jose. The presiding officer denied the motion. We affirm that ruling and in so doing make these observations. Since 1960 there has been a steady decline in the patronage of San Jose City Lines, Inc. In 1961 its cash fare was 10 cents and since then there have been four occasions when applicant has shown justification for increases in fares. The cash fare is now 20 cents. At various times during the past ten years the Commission has ordered applicant, and has directed its staff, to make studies of the transportation requirements and traffic patterns in the San Jose area in order to determine extensions and changes in service which would promote the comfort and convenience of the public. The most recent extension and service changes made pursuant to Commission order occurred in February 1965. In the past the Commission ordered San Jose City Lines, Inc. to initiate an advertising and promotional campaign in order to attract patronage. The Commission has ordered applicant to obtain new buses and to refurbish others in order to attract passengers. Applicant has complied with those directives. An engineer of the Commission staff has rated the condition of applicant's equipment

as among the best in the State. Despite all of the actions taken there has been a continuing decline in patronage. Such decline, together with continuing increases in costs, has necessarily resulted in increases in fares or curtailments in service. That situation is not peculiar to applicant but has prevailed throughout the State in the past fifteen years. In that connection we quote a portion of the Commission's Annual Report to the Governor for the 1953-1954 Fiscal Year:

"In our annual report last year it was pointed out that the vicious circle of rising fares, curtailed service and declining patronage which has plagued the mass transit industry, calls for concerted action by all groups concerned with community development and welfare, if a satisfactory answer is to be found."

We make the above observations to point out that the denial of the motion is not intended to discourage discussions among applicant, city officials and interested groups such as The Metropolitan Association of San Jose for solutions to the problems. A reversal of the decline in patronage can be achieved only by concerted action and cooperation by applicant and such community groups. The motion was denied because applicant is incurring the increased expenses now and it appears that a delay in providing it with relief necessary to offset those expenses would be detrimental to the maintenance of adequate service to the community. The record in this proceeding shows that applicant will be faced with further increases in operating costs on March 1, 1966 and again on March 1, 1967. The meetings and conferences among city officials, applicant and community groups suggested by The Metropolitan Association of San Jose appear to be highly desirable in the light of such circumstances even though we have concluded that the proposed service changes should be placed into effect.

ORDER

IT IS ORDERED that:

1. San Jose City Lines, Inc. is authorized to establish the reduced schedules for service after 7:00 p.m. on Routes Nos. 2, 3 and 4 proposed in Application No. 47881.

2. Applicant is authorized to establish schedules for reduced service from 30-minute to 60-minute frequency after 7:00 p.m. on Route No. 7 and to discontinue service after 10:15 p.m. on Route No. 7.

3. In establishing the reduced service authorized herein, applicant shall provide service with a departure from downtown San Jose between 9:10 p.m. and 9:25 p.m. in the direction indicated below:

Route No. 2	Southbound
Route No. 3-4 combined	Southbound
Route No. 7	Westbound.

4. Schedule publications and filings authorized as a result of the order herein shall comply with the requirements of General Order No. 98-A.

5. Ordering paragraph 5 of Decision No. 46889, dated March 25, 1952, in Application No. 33121, is rescinded.

6. In all other respects the application is denied.

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

Dated at San Francisco, California, this 18th day of JANUARY, 1966.

Fredrick B. Holm
President

George T. Crover

William B. Baird
Commissioners