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BUSINESS AND TRANSPORTATION AGENCY

1120 N STREET, SACRAMENTO 95814

GORDON C. LUCE
SecretaryJAMES C. SCHMIDT
Assistant Secretary

December 1, 1967

Mr. Wm. Thorson, Editorial Writer
Los Angeles Times
Times Mirror Square
Los Angeles, California 90053

Dear Bill:

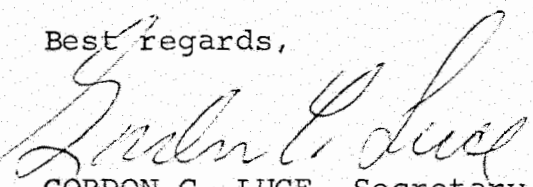
Both Governor Reagan and I feel local government should be given the financial tools to solve its transportation problems.

Our statement of Wednesday, November 29, concerning legislation next year proposes that local residents be permitted to vote on alternative sources of revenue to support transportation needs.

We were not making a judgment as to whether a tax on gasoline for transit was the most equitable or the only tax to be considered but, whatever the tax, we feel the voters in a local area must be given an opportunity to weigh these questions and decide before any tax is levied.

The important point is: It is the voter's money and therefore he should be the judge after weighing all pros and cons of what tax sources should support transportation.

Best regards,


GORDON C. LUCE, Secretary of
Business and Transportation

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REPORT TO
COMMITTEE ON TRANSPORTATION
NATIONAL GOVERNORS' CONFERENCE

FROM
RONALD REAGAN, CHAIRMAN
GOVERNOR OF THE STATE OF CALIFORNIA

As Chairman of the Committee on Transportation of the National Governors' Conference, I would like to submit, through my Secretary of Business and Transportation, Gordon C. Luce, for your attention at your meetings in Washington, D.C., the following areas for discussion and recommendations.

Our most urgent problems seem to fall in the following classifications:

- I. Interstate Highway Fund Cutbacks and Future Preventive Legislation.
- II. Mass Transportation Planning, with Priority in Urban Areas.
- III. Highway Safety.
- IV. Return to States of Major Transportation Funding.
- V. Environmental Planning with Incentives rather than Penalties.
- VI. Airport Planning and Funding.
- VII. Encouragement of Future Modes of Transportation.
- VIII. Accident Insurance.

We in California know that our future economic well-being demands that a superior and efficient balanced transportation system be created. Both nationwide and in California our present forms of transportation planning are inadequate to contend with our future needs and requirements. Rapid population growth in our State, together with the continued trend of population

to concentrate in urbanized centers, means we must act now. Proper land usage, modern technical advances in both our present and future modes of transportation, safety, and balance of individual modes must all be considered in our planning.

I. Interstate Highway Fund Cutbacks and Future Preventive Legislation.

The National Highway Trust Fund should be treated as just that -- a fund whereby the citizens of all states placed certain moneys in trust for completion of an Interstate highway system. It seems evident, however, the administration has recently seen fit to use highway trust funds for partisan political purposes. Justifications such as the curbing of inflationary trends have not proved satisfactory, and the resulting slowdown in planning and construction has cost the states inestimable millions of dollars.

In California the construction cost index decreased 6.5% in 1967 over 1966. Prices now are going up, however, and we recommend an accelerated program to beat inflation rather than disruption and slowdown, as these cutbacks are forcing the states to do.

Cutbacks in the release of federal funds have damaged orderly planning, scheduling and programming of highway construction; are inconsistent with the intent of Congress to complete the Interstate system at the earliest possible date; and have adversely affected the safety program on the nation's highways.

Recommendations:

Ask Congress to:

1. Investigate the present use of national highway trust funds.
2. Study the legality of present cutbacks by the administration.
3. Call for legislation to prevent future cutbacks.

II. Mass Transportation Planning, with Priority in Urban Areas.

Mass transportation affects jobs, welfare, racial problems, business, recreation and senior citizen needs.

A total and concentrated effort must be made in the field of mass transportation, with a priority given to the burdening needs of urban areas. All efforts should be directed to a coordination of urban and rural transportation. Research funds should be dedicated to improving over-all systems and subsystems, as well as the updating of present systems.

Since transportation needs are often unique because of the historical differences between the nation's cities, the primary planning and funding for transportation should be directed from the local or regional entities most affected. The role of the federal and state governments should be one of coordination, research and integrated planning.

A locality should determine the forms of transportation that suit its needs and the methods by which it wishes to pay for these forms of transportation. States should aid by providing additional sources of funds for transit and utilizing tax credits and exemptions for improvement of transit needs. Once a locality has, by voter preference, decided upon its best means of funding and the desired system of transportation, it should be able to receive help from the state in over-all integrated planning. The state in turn should be able to call upon the Federal Government for similar assistance.

A much greater effort should be made to utilize present highway systems for mass transit, such as one-way express lanes; rapid bus transit; coordination with rail systems; and airport requirements. Parking and storage facilities must be given stronger emphasis in any future transportation planning.

Urban mass transportation programming would probably be aided by combining the Department of Housing and Urban Development with

the Department of Transportation. Cities and states must work together in coordinated transportation planning for the good of all sectors of a state before federal participation.

Recommendations:

1. States should coordinate transportation needs and allow localities to determine needs and financing methods.
2. Further study and research in fields of rapid transit and storage, and coordination with all forms of transportation.
3. Urban mass transit programs should be transferred from the Department of Housing and Urban Development to the Department of Transportation.

III. Highway Safety.

In the field of traffic safety the basic concern is the number of lives lost in preventable traffic accidents, the incapacitating injuries, and the \$11 billion in costs (nationwide) directly attributable to automobile accidents. In California the loss is \$1 billion to the economy.

We are concerned about the Highway Safety Act of 1966 and the 10% highway construction penalty. Safety cannot be promoted through reduction in highway construction.

I propose we look upon the federal standards as exactly what they are supposed to be: minimum bases. I believe each state ought to try to exceed these minimums.

In California, our Committee on Traffic Safety is deeply interlocked with the California Traffic Safety Foundation, a non-profit corporation that in turn acts as a secretariat to 12 staffed area councils of the National Safety Council. These private resources are helping my staff people and departments of state government in planning and executing legislative and public education programs.

I honestly believe that because of the joint efforts these programs are earmarked for success. This joint venture, with its lifesaving partnership, is not only in the finest American tradition, it is also the most effective approach to the problem -- the one best calculated to find the effective solutions. I urge my fellow Governors to adopt the recommendations made in this report and to transmit them to both President Lyndon B. Johnson and the appropriate congressional committees.

In the area of vehicle inspection, California is now experimenting with a random mandatory inspection program. Over a period of a year these inspections covered approximately 10% of all passenger automobiles. We are embarked on a program to develop the most efficient and inexpensive inspection system in the nation.

The system will embrace the latest techniques in analytical equipment, electronic and computer sciences. We feel this inspection program can save lives, prevent accidents, avoid property loss, and at the same time cost the taxpaying citizen less. If the random system can prove almost equal in safety with less cost to the taxpayer, then any federal plan should be disrupted in favor of states' programs.

Recommendations:

1. The alcoholic driver. Much attention has been given to safer automobiles, highways and fixtures -- not enough attention has been given to the driver, and more specifically the driver whose ability is impaired by alcohol. The states should take the lead on this problem and should not wait for the Federal Government to impose more restrictions and arbitrary guidelines. We in California recently implemented an implied consent law and are striving to put a presumptive limits law into effect.
2. Request that the President give individual states broader

representation on his National Highway Safety Advisory Committee. California with over 10 million vehicles and 11 million drivers has but one representative.

3. Request that the Congress allow greater flexibility to the Secretary of the Department of Transportation in submitting the various reports required by the Highway Safety Act of 1966. Data for these reports must be submitted by the several states, and the states should be allowed sufficient time to prepare the data.
4. Request that clear-cut guidelines of what programs qualify for Section 402 funding and what programs qualify for Section 403 funding be published. The lack of precise instructions which define funding criteria under Sections 402 and 403 has caused problems and delays in California.

IV. Return to States of Major Transportation Funding.

The National System of Interstate and Defense Highways is now nearing completion, with a current progress report indicating this date to be 1974-75. By law, after completion, federal highway revenues will revert to approximately 40% of the present level of \$4.5 billion a year. California, one of the large states, at the present time only receives 82% of the highway revenues generated in that state. California motorists will have paid \$1 billion more into the Federal Highway Trust Fund than California will have received when the Interstate program is completed.

Federal-aid programs limit flexibility by states and add tremendous administrative costs to highway programs.

In California last year a bill was passed to remove the red tape involved and return 1.76¢ of the tax on each gallon of gasoline, amounting to approximately \$139 million statewide, directly to the cities and counties. Now only a post-audit is done on these

funds, and administrative costs have been reduced by both the State and the recipients. Such a program should be studied by the Federal Government.

Recommendations:

1. After completion of the Interstate System, reduce federal participation and accompanying controls.
2. Return a higher percentage of revenue to the states.
3. Provide greater freedom of in-state expenditures to solve urban and rural problems. Future financing should be prorated on the basis of needs of different states, should be flexible to permit changes as requirements change, and moneys should be dedicated several years in advance to permit proper planning.
4. Federal highway trust funds should not be diverted to other forms of transportation after completion of the Interstate program. Localities in states should be allowed to determine the forms of transportation best suited to their needs, and any such programs of mass transportation should be directed and developed in the states rather than by the Federal Government.
5. Study ways to reduce federal administrative costs in Interstate programs.

V. Environmental Planning with Incentives rather than Penalties.

All transportation planning should consider environmental effects and proper land usage. Cities and counties as well as states must concern themselves with outdoor advertising, the enhancement of scenic areas, and improved roadside rests and landscaping.

However, the present policy of the Federal Government to impose penalties rather than incentives in beautification should be changed.

California has enacted a bill to regulate the erection and maintenance of outdoor advertising, as well as the removal of junkyards along Interstate and primary systems. Under these programs the State will put up 25% of the total cost.

Requirements of the federal statute will hurt portions of the outdoor advertising industry. Naturally, state taxpayers will be affected by this change.

Continual expansion of the federal government's device to withhold federal funds could eventually give the Federal Government control over almost every segment of state government operations. The federal policy should provide greater incentive to provide better environmental planning instead of using penalties to coerce state and local governments into certain policies. It must always be kept in mind also that environmental and beautification program benefits must be weighed against transportation requirements, and expenditures then be made accordingly.

Recommendations:

1. Federal Government could increase its share in transportation projects when proper planning is accomplished rather than threaten to penalize governments as has been the case in the past.
2. States should be encouraged to further scenic highway programs, improve landscaping, and add to the enjoyment of highway users. A basic highway design should be offered to localities and they in turn should be allowed to decide the best environmental approach in their area and participate in the funding of special amenities essential to the improvement of their area.
3. Principal responsibility for beautification programs should be with states and local governments.

VI. Airport Planning and Funding.

With the great increase in air travel, both commercial and general aviation, there is an imperative need for proper airport planning and funding.

In California, airplane fuel is taxed, and the Division of Aeronautics puts approximately 2¢ per gallon, which approximates \$1.5 million per year, into an Airport Assistance Fund for local airports to use on a matching basis.

Airport requirements for the State will no doubt increase, as well as nationally. We have embarked on two major programs:

(1) a two-year study in master plan development of future airports for the entire State; and (2) a West Coast Air Corridor Study involving nine western states to define and solve short-haul air travel problems.

Recommendations:

1. Other forms of future taxation may be necessary, yet we oppose a Federal Airport Users Tax Fund, since federal overhead and inflexibilities tend to reduce the effectiveness of such an approach.
2. States should be allowed to keep and utilize any such users tax free of federal controls on such a program.
3. Possibly, matching funds or tax incentives should be available from the Federal Government to encourage proper future airport planning.
4. Studies should be made before a final recommendation is made on such funding.

VII. Encouragement of Future Modes of Transportation.

There is a compelling need for study and research as well as encouragement for future modes of transportation.

In the field of water transportation, recent developments in

aerodynamics and a variety of new power sources have introduced a new breed of water vehicle. Recent developments such as the hydrofoil and various types of hovercraft merge the dynamics of vehicles in flight and vehicles on water.

With the increase in population along seaboards and inland waterways, it may become expedient to find means of moving goods and people by water. Studies in depth would no doubt produce some startling new possibilities for the efficient movement of people and cargo by water.

Containerization permits a combination between trucks, rails, air and ships. Further research in this area may bring to the fore an excellent example of coordinated, integrated and balanced transportation through this means.

Certainly in the field of rail transportation there are many new forms that should be studied.

Very little has been done in the field of maximizing the productivities of mass rapid transit for cargo rather than just for people. Both the BART system in San Francisco and the newly planned rapid transit system for Los Angeles do not include studies in depth on the economic necessity of planning a system for both people and goods.

In the field of mass highway transportation, there is still further study needed on bus rapid transit involving new physical carriers, exclusive lanes, and other features to entice the public to use this transportation means.

Recommendations:

1. Research and development funds should be dedicated to improving over-all systems and subsystems. Need also exists to update the present systems.
2. Alternative means of financing should be studied for development of public transit systems.

VIII. Accident Insurance.

Public dissatisfaction with the automotive accident situation and insurance has been increasing in recent years. There are special study commissions now in New York and California. Senator Hart's committee will probably soon begin an investigation. Costs of paying insurance claims are continually increasing with a resulting increase in insurance premiums. The increase in losses is causing insurance companies to be more selective in accepting new policyholders and in renewing existing policies.

California is in a good position because of its highway safety and prevention program. Many studies indicate that more stringent enforcement in controlling drivers license issuance, revocation, etc., would cause a reduction in accidents. Chronic violation and accident-prone drivers should be placed under greater control, and more emphasis should be placed on driver development and education.

The California court situation is comparatively very good, since California has kept court staffing in line with increased case loads. In addition, judicial personnel are of high over-all caliber. Quick justice in the courts is important, as long trial delays such as in Chicago (five years) cause problems -- acceptance of lower settlement because of inability to wait -- others get higher settlements because they can stall the situation out.

California's premium rating law has kept insurance rate-making out of politics. Companies can have different rates. In California, insurance companies can increase premiums for more undesirable insurance risks (policyholders) rather than simply refusing them insurance altogether.

In California we have a financial responsibility law wherein drivers are not required to have insurance, but if they do not they must have financial responsibility. Some people attack this approach on grounds it discriminates against the poor people. It

is believed that the financial responsibility approach is better than compulsory insurance, which several states have. These states have many mechanical problems in compulsory insurance, yet only have approximately the same percentage of autos insured as does California.

There probably is a need for auto insurance policies to be standardized nationally, since companies have different policies now.

The American Bar Association has on study a proposal to abolish damage suits in auto accidents and substitute a system whereby your own auto is insured against crashes regardless of fault. This type of coverage might limit the personal damage possibilities in auto accidents and thereby reduce insurance premiums. This can be done on state level.

Some people argue that the fault system results in erratic settlements. The contention is that some insurance companies overpay small "nuisance" claims because it costs more to fight them than it does to settle. At the same time, people with large, legitimate claims are often unable to wait for a case to come to trial and are forced to settle for whatever the insurance company offers.

The insurance industry must be helped to cut its own costs. With tighter drivers licensing controls, this can be done. The Stanford Research Institute states that if 20% of all drivers lost their licenses, the accident rate would go down 80%.

California is probably better off than most states -- its claims and underwriting practices are better than in most states. In all aspects, the fact that the situation is relatively good should not forestall attempts to secure further improvements, as the entire field is one which increasingly is coming under critical public security.

Recommendations:

1. The Federal Government should not be in the automobile insurance business.
2. Automobile insurance policies and coverage should be standardized nationally (by agreement among the states).
3. Thoroughly study merit of changing damage concept from present fault basis.

February 29, 1968

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transportation

POSSIBLE QUESTIONS AND ANSWERS
ON MASS TRANSIT

WHAT ARE THE MERITS OF SALES TAX ON GASOLINE?

- (a) It provides the necessary large revenue source (4% = \$108 million statewide). No general fund money is available - tidelands money committed.
- (b) It spreads tax base by including our many tourists who would buy gas in the Los Angeles and Bay Area districts. They increase congestion which is one reason mass public transportation is needed. Therefore, they should help pay for possible cures.
- (c) It cannot be avoided as easily as an increased vehicle in lieu tax. It is doubtful that you would drive too far to pay a 1.2¢ less per gallon for gas.

WHAT AMOUNTS OF REVENUE COULD BE RAISED BY
SALES TAX AND IN LIEU INCREASE?

- (a) Sales tax - statewide - \$108 million (4%).
 - (1) SCRTD - \$40 million (4%) (1.2¢ per gallon)
 - (2) BARTD - \$13 million (4%)
- (b) In lieu - statewide - \$91 million (1%)
 - (1) SCRTD - \$35 million (1%) (\$10 per thousand)
 - (2) BARTD - \$12 million (1%)

WHY NOT INCREASE "IN LIEU" TAX ON MOTOR VEHICLES
RATHER THAN USE SALES TAX ON GASOLINE?

- (a) This has been suggested and I will issue an urgency letter permitting it to get early hearing next session along with the sales tax approach. However, I feel even this approach should be triggered only by a local vote and should not be imposed at the state level.
 - (b) Evasion problem.-- Large fleet owners could re-register vehicles in adjacent counties which didn't increase in lieu tax, thereby reducing revenue and penalizing a local government which imposes the increase.
 - (c) Narrow tax base.-- The "in lieu" approach does not allow tourists to contribute toward congestion problem they help create.
- Schlesinger*

WHAT ABOUT OTHER POSSIBLE TAXES, SUCH AS
GENERAL SALES TAX INCREASE OR UTILITY TAX?

These have been suggested and looked at. Would give urgency letters for such approaches. However, they also should be triggered by a local vote and not imposed by State.

- (a) We increased general sales tax once already this year. Sales tax arguably hits lower income groups harder and should be used only as a last resort. (L.A. County 1% sales tax = \$132 million annually, BARTD counties = \$48 million annually.)
- (b) Utility tax (paid by consumer in monthly utility bill) is a possibility, but it seems to hit property owner and wouldn't allow tourists to contribute.

WHAT AMOUNT REVENUE DO SCRTD (Southern California Rapid Transit District) and BARTD (Bay Area Rapid Transit District) NEED?

According to recent testimony before legislative committees:

- (a) SCRTD needs sufficient revenue to support \$1.5 billion bond issue which is estimated cost of their 62-mile core rail system and feeder buslines.
- (b) BARTD needs sufficient revenue to support \$60 - \$170 million deficit which is estimate of amount needed to complete 75-mile system. (Range due to variables, such as elimination frills and availability Fed. money.)

WHEN IS MONEY NEEDED?

- (a) SCRTD will go to voters November 1968. They need to know what revenue sources are available prior to that time.
- (b) BARTD indicates they will run out of money in July 1968.

WON'T REQUIRING VOTE BEFORE IMPOSING TAX DELAY THESE PROJECTS?

- (a) SCRTD - No, since they have to go to voters in Nov. anyway.
- (b) BARTD - No delay if enabling legislation is acted upon early in 1968. That's why I will issue urgency letters so proposals can be heard quickly.

WHY HAVE VOTE OF COUNTY OR DISTRICT RESIDENTS
BEFORE TAX IS IMPOSED?

- (a) It gives local residents chance to solve own problems and determine how badly they want a project. They will be paying for.
- (b) It answers claim that use of sales tax on gasoline or motor vehicle in lieu tax for rapid transit is an improper diversion of needed highway money. If voters determine this tax source should be used for rapid transit, who can say it is improper - local people will have determined the priority in their area.

HASN'T BAY AREA ALREADY VOTED WHEN THEY APPROVED \$792 MILLION
BOND ISSUE IN 1962 - WHY MAKE THEM VOTE AGAIN?

Apparently the project is \$60 - \$170 million short. Voters should have opportunity to be heard again. It would clear air.

ARE YOU ADVOCATING THAT BARTD BE SCRAPPED AND A \$792 MILLION
INVESTMENT BE WASTED?

- (a) Not at all - in fact this would be effective argument to local voters for passage of a tax measure. I'm only saying that local voters should be heard from before a large additional tax is imposed.

OTHER TAXES AREN'T APPROVED BY VOTERS, WHY THIS TYPE OF TAX?

- (a) Taxes are reaching a point where maybe a vote is needed under circumstances where the money isn't devoted to absolutely essential services.
- (b) These are large local projects and highway user should have a chance to say whether he wants potential highway tax money to be used for transit purposes. (This is main fight over use of gas sales tax.)

DO YOU FAVOR RAIL RAPID TRANSIT BY ADVOCATING THIS
ENABLING LEGISLATION?

No, not advocating any particular project or mode of transportation. However, feel that local government should have financial tools available to solve such problems as

congestion, public transportation for the carless, and development of smog free transportation. Without financial alternatives, a project doesn't have a real chance to be decided on the merits.

WHY NOT IMPOSE TAX ON STATEWIDE BASIS?

- (a) Under local option, tax is imposed only by counties where a tax is urgently needed.
- (b) With local option, taxes will be paid by those most likely to receive the benefits.

WHY NOT RAISE STATE GAS TAX TO FINANCE RAPID TRANSIT?

Under California Constitution (Art. 26) the 7¢ gasoline tax revenue can be used only for highway purposes; and a highway financing need exists.

WHAT IS DIFFERENCE BETWEEN EXISTING 7¢ STATE GASOLINE TAX AND PROPOSED SALES TAX ON GASOLINE?

- (a) The 7¢ gas tax is a wholesale distribution tax (which is of course passed on to retail customers).
- (b) The suggested sales tax would be a tax on the final retail sales transaction similar to other existing sales taxes (gasoline now exempt by statute).

WILL THIS AFFECT STATE HIGHWAY FINANCING?

- (a) It shouldn't, since gas tax increase source is still available - and no existing funds are being diverted to non-highway use.
- (b) By economies in Transportation Agency, we have saved (\$99 million) which is equivalent to over 1¢ in gas tax increase. So, by economies we have avoided a 1¢ increase in gas tax, and made this money available for highway construction. A good example of new approach - don't look for increases until Administrative economies have been exhausted.

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WHAT ABOUT DIFFERENT TAXES FOR LOS ANGELES, AND SAN FRANCISCO?

This could be done legislatively. For example, you could have in lieu in San Francisco area and sales tax on gasoline in Los Angeles. Trend throughout country is to allow variation to meet local problems. The taxes should be tailored to particular needs of district.

WHAT SIZE VOTE ARE YOU ADVOCATING, TWO-THIRDS OR 50%?

- (a) This would be up to Legislature.
- (b) For example, for the BARTD and SCRTD general obligation bonds Legislature lowered vote requirement from 2/3 to 60%.

WHAT IS A MOTOR VEHICLE IN LIEU TAX?

- (a) It is a personal property tax of 2% on the value of a motor vehicle collected by State and returned to cities and counties for their general fund use (i.e., not earmarked for road use). (Approximately \$205 million statewide.)
- (b) State also collects annual registration fee on vehicles which is used to support DMV and CHP.

kan BT 11-67-17

BUSINESS AND TRANSPORTATION AGENCY

1120 N STREET, SACRAMENTO 95814

GORDON C. LUCE
SecretaryJAMES C. SCHMIDT
Assistant Secretary

May 22, 1968

PB - [Signature]
file

The Honorable Don Mulford
State Assembly
State Capitol
Sacramento, California

Dear Don:

MEMORANDUM OF UNDERSTANDING RE AB 255

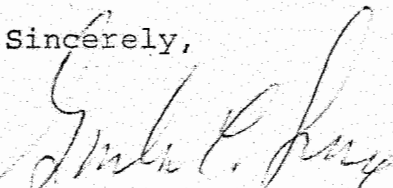
Pursuant to our meeting of Wednesday, May 22, the following matters were considered and agreed upon:

1. Issuance of emergency letter by Lieutenant Governor is not considered to be an endorsement of AB 255.
2. Amendments should be worked out to AB 255 which do the following:
 - a. Limit the use of the local in lieu money to an amount which meets the current BART deficit for the basic system only. (It was recognized that \$144 million deficit figure included a substantial amount which may be reduced by monies returned or granted to BART.)
 - b. Permit the in lieu revenue to be used as a backup source of financing for rolling stock only (no direct cash flow of in lieu money toward purchase of rolling stock.
 - c. Provide that all surplus money from whatever source be returned to the State Highway Fund upon completion of the basic system. This return to include monies now listed as interim financing needs and set forth in the BART statement to the Legislature of December 13, 1967, as \$36 million.
3. The following assurances were made by BART and which should be confirmed in writing:
 - a. Upon receipt of federal grants, now estimated at \$26 million, equivalent funds shall be returned to the State Highway Fund or reduction made in the amount of local in lieu funds to be utilized.

May 22, 1968

- b. BART is agreeable to opening all their books and records to an in depth financial audit by the State Executive Branch (Finance, Transportation Agency) in cooperation with the Legislative Analyst.
 - c. BART to furnish immediate and complete answers to Gordon Luce's letter of May 17.
4. Additional issues not resolved yet:
- a. We feel very strongly that the tax should be imposed by vote of the local elective officials (county supervisors) and not by the BART Board. This has been the Administration's position all along on BART, regardless of the method of financing. We will have to discuss this matter in further detail and can make no commitment other than that this provision must be in any BART bill. We do understand that you feel otherwise and we are willing to meet with you to discuss it further.
 - b. Should the local in lieu tax be utilized for specific system additions such as securities surveillance devices estimated at \$2+ million and complete installation of provisions for handicapped persons now estimated at \$7 million? (BART has testified that facilities are designed for inclusion of these items but that they will not be put in as a part of the initial system.)
 - c. Audit controls -- timing of issuance of bonds?
5. It is also our understanding that the Division of Highways will present complete facts to all legislative committees and legislators on the impact of AB 255 on the State Highway Program in these three counties and elsewhere.
6. As any other problems develop, author and Agency will meet and attempt to resolve them.

Sincerely,



GORDON C. LUCE, Secretary of
Business and Transportation

BUSINESS AND TRANSPORTATION AGENCY

1120 N STREET, SACRAMENTO 95814

**CONFIDENTIAL**GORDON C. LUCE
SecretaryJAMES C. SCHMIDT
Assistant Secretary

November 1, 1968

The Honorable Ronald Reagan
Governor of California
State Capitol
Sacramento, California

Dear Governor:

In spring 1967 I suggested to you and the Cabinet that we appoint a Governor's Task Force on Transportation to define existing problems, with special emphasis on comprehensive planning and the need for coordinated growth, and to recommend the State's role and organizational structure which could effectively plan for the future transportation needs of the State. You appointed 23 of California's top transportation executives (see attached) and these men, supported by some 100 research people with transportation-oriented backgrounds, spent thousands of man-hours in writing a report to be officially presented to you by the entire committee on November 19.

The assignment was an extremely large undertaking. It has had mixed success. Since the Task Force was not funded, both staff and private sector time was donated although some of the printing costs and staff help have come from the Department of Public Works. Task Force members paid their own transportation costs, lunches, etc., and it was difficult for experts from competing modes of transportation to overcome their special interests. However, they did progress through the series of many meetings, compromised in some cases, and coordinated their thoughts with the attached result.

The report is a first step, and a giant step at that, in formulating some future transportation thinking by a state administration. We found in this year's legislative session the most controversial bill was in regard to BART. It is obvious that the State must have the tools to adequately

assess future transportation proposals and reports and this Task Force suggests some methods by which this could be accomplished.

The State is presently unable to provide the cohesive function which is its responsibility in the field of coordinated and integrated overall transportation planning. Elements of our transportation system are now provided by local or regional agencies and/or the private sector. The federal government is involved in varying degrees (i.e., airport interstate regulation); the State has accepted the primary responsibility for highways and bridges; the State PUC plays a strong role in intrastate transportation regulation. These efforts need coordination which could come from adoption of a statewide transportation policy and the implementation of some of the Task Force's recommendations.

Some of the report's key suggestions would probably not find implementation with the make-up of the present Legislature; many transportation leaders will not agree with the report's findings; and I find some of the report not compatible with my Agency's present transportation philosophy. Therefore, I recommend we spotlight the good points of the report, stress the fact that it is a first step contributed by a non-funded committee, and is a triggering device to bring closer attention and hopefully solutions to the transportation problems of this State.

It should also be made clear that while the Task Force has been at work, various recommendations have already been put into action and our Agency as well as the Administration and the Legislature have continued to involve themselves in various forms of transportation planning such as the following:

1. Support of AB 101 (Lanterman) (Governor's program) which provided model for financing urban transit systems by allowing voters to decide; this is consistent with Task Force recommendation that funding and details should be responsibility of local government (pages 4,29).
2. Support of SB 202 (Mills-Hayes) (Governor's program) which gave tax relief to improve mass transit service (bus) consistent with recommendation (page 27).

3. Agency support of SCR 67 (Collier) to study exclusive bus lanes on California freeways (principal funding of \$250,000 by federal government). Co-authors of SCR 67 were Unruh and Hayes (page 20).
4. Multiple use of freeway corridors (page 23) is continuing program of Public Works: e.g., (1) Industrial and San Bernardino Freeways in Los Angeles examples of Highways, rapid transit, and railroads working together in single transportation corridor; (2) Coordination with BART in both planning joint use of rights of way and financing tube crossing; (3) Use of air space both below and above freeways for parking, commercial ventures, etc.
5. Development of statewide airport master plan which the Task Force called essential (page 33) now under way in Aeronautics Department which is about to let consulting contract.
6. Testing new navigation system which if successful will be important advance in safe air-sea movement as well as greatly increasing transportation capabilities (page 35).
7. To improve port development (page 43) Administration has supported AB 190 (Burton) to transfer Port of San Francisco to City to encourage its development.

A summary of the most interesting suggestions in the Transportation Task Force report follows:

1. State's role is seen as one of encouragement and cooperation and does not advocate a State take-over. Report recognized the need to insure private sector's continued participation in transportation by their appointment to an advisory board or a transportation commission. The State is encouraged to provide support and assistance as required by the public and private sector through the collection and analysis of research data.
2. Task Force goal is to develop a means whereby the State can effectively encourage and cooperate in the orderly development of California transportation. They suggest various structures to accomplish.

3. Task Force members did not want a sensational type report with Walt Disney futuristic transportation modes featured and wouldn't "take the easy route of giving quick answers". Instead they identified "most serious deficiency ... as ... inability to identify, define, and evaluate adequately current and future transportation requirements and problems". In essence, they say we need a great deal of more work before we can plan the future.
4. In order for State to adequately define problems and coordinate planning, they have suggested Administration immediately create an Office of State Transportation Planning:
 - a. To collect, analyze, and disseminate data and statistics relating to transportation and transportation services of all forms operating in the State, describing thereby the operations and service supplied by the total statewide transportation system.
 - b. To recommend to the Secretary of Business and Transportation legislation, regulations, or administrative policies relative to transportation which will reduce costs or increase efficiency, safety, service, or other benefits to the people of the State.
 - c. To maintain liaison with federal, city and county governments, special districts, and private businesses so that State transportation programs may be coordinated with plans and programs of other agencies for the general welfare of the public.
 - d. To encourage research and development in new methods, components, or forms of transportation which will reduce costs and increase benefits of transportation systems to the people of the State.
 - e. Might cost \$225,000 per year for staffing and expenses to be funded from Highway Fund, Aeronautics Fund, and State General Fund.
 - f. Could be a grouping of personnel now involved in such work in Finance Department, Highways and Public Utilities Commission.

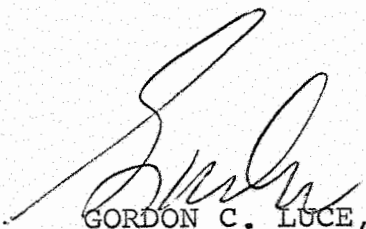
5. The report implies that the authority now vested in the California Highway Commission, California Toll Bridge Authority, and the Aeronautics Board should at some time in the near future be vested in a California Transportation Board. A corollary implication that funds derived for transportation from any and all sources will be pooled and distributed to all modes in accordance with priorities established by the Board (would mean amendment of State constitution).
6. As an interim measure, a State Transportation Advisory Board could be created to assist the Secretary of Business and Transportation Agency in the formulation of State transportation planning. It is suggested the Board be no more than seven members appointed by the Governor and have as ex-officio members the Chairmen of the Senate and Assembly Transportation Committees.
7. A series of regional transportation districts are suggested to be authorized by the Legislature to include every part of the State in a regional transportation district (possibly the word regional could also mean local).
8. State should develop a comprehensive long-range policy regarding transportation and establish a State transportation master plan. They recommend this policy should include the following key points:
 - a. Encourage the Development of Urban Mass Transportation.
 - b. Continue Development of the Statewide System of Highways, Roads, and Streets.
 - c. Define the Role of the State in Air Transportation.
 - d. Encourage the Development of Ports, Harbors, and Waterways.
 - e. Encourage Transportation Research and Development.
 - f. Reassess State Transportation Regulatory Policies.

It is my understanding the Speaker and others in the Assembly next session are going to make transportation a major target. We should develop from these Task Force recommendations our policy in this field and encourage the adoption of those suggestions that conform to our philosophy.

I suggest we adopt and present to the Legislature a transportation bill incorporating the following suggestions:

1. State Transportation Planning Office.
2. Advisory Board (seven members).
3. Development of State transportation policy and master plan.

It should be noted that a rumor insists Unruh will make a strong pitch on transportation in 1969. It could be said the State has fallen behind in this field and I would suggest we use the Task Force report as a vehicle for the Administration to make some major statement on this field.



GORDON C. LUCE, Secretary of
Business and Transportation

Attachments

cc: Hon. William Clark
Hon. Winfred Adams ✓

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HUMAN RELATIONS AGENCY
Department of Industrial Relations
San Francisco, California
Contact: Peter Weinberger
July 3, 1969

FOR IMMEDIATE RELEASE

Recommendations for resolving a Southern California Rapid Transit District (SCRTD) dispute were announced today by a special fact finding commission named by Governor Reagan May 31 (pursuant to the provisions of the Public Utilities Code).

The commission mailed the recommendations to representatives of the United Transportation Union and the management of SCRTD. Both sides have returned to the bargaining table under the guidance of the State Conciliation Service, the commission reported.

The seven recommendations were:

1. Operators Wage-Rates be brought nearer parity with other major cities transit employees by increases effective June 1, 1969 of thirty (30) cents per hour to \$3.75 per hour; on June 1, 1970 of twenty-five (25) cents per hour to Four (\$4.00) Dollars per hour; and on June 1, 1971 of twenty-five (25) cents per hour to \$4.25 per hour in a three year contract.
2. A cost of living clause be added effective December 1, 1970 providing for semi-annual adjustments based on changes in the Los Angeles Consumers Price Index-B.L.S. (1957-59 = 100).
3. Improvements be made in the Pension Plan and increased contributions be made to the Health and Welfare Plan.
4. An improvement in the vacation plan be made.
5. A Finding be made that disputes under the sick leave plan be subject to arbitration.
6. A three day paid leave of absence to attend the funeral of relatives (limited) be granted.
7. Other Union demands be denied.

MORE

Members of the fact finding commission were: Albert C. Beeson, former Director of Industrial Relations, Chairman; Arnold O. Anderson, Orinda, California, Personnel Officer for the Alameda Naval Air Station; and Leo Kortin, Los Angeles Arbitrator and Consultant.

Governor Reagan named the commission a few hours before the contract between the district and the union was to expire. Appointment of the commission automatically prevents a strike during a 60-day period.

The first meeting of the parties with the Conciliation Service on the full scope of the dispute, since the adjournment of commission hearing, is set for Monday, July 7, 1969.

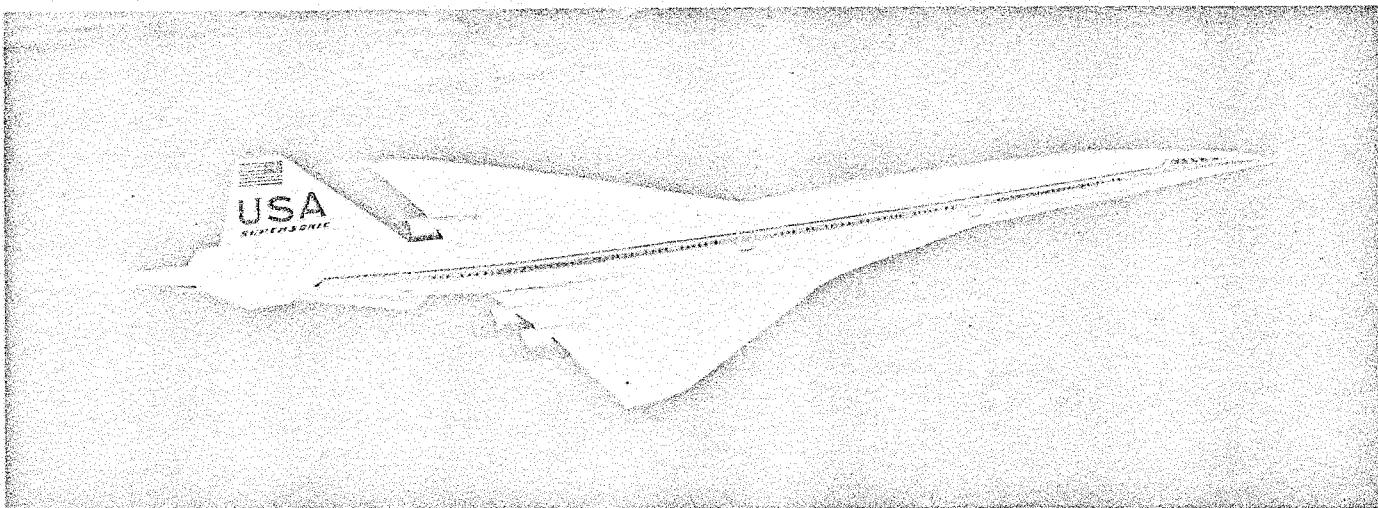
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Highlights:

1—U.S. world aviation leadership is threatened by unfounded attacks on its supersonic transport program.

2—The program looked like it was going down the drain until, a few months ago, a new man was put in charge.

3—The new man has turned the ball game around—or is in process of doing so. He has converted a host of critics and, backed by an industry team of hundreds of companies, is hopeful that the program will continue and avert a \$22-billion loss by the U.S. in international trade.



Upon successful development of this airplane depends continued U.S. world leadership in commercial aviation. This is the supersonic transport.

CONTINUED U.S. WORLD LEADERSHIP in aviation, imperiled by massive attack by ill-informed conservationists and politically swayed economic prophets of doom, is right now at stake as the Senate prepares to vote on a \$290 million appropriation that would keep alive the development of the supersonic transport airliner.

The stuttering history of the U.S. SST, which began 11 years ago, and to which "finis" appeared imminent five months ago, suddenly gained new life on April 1, 1970, with appointment of William M. Magruder as director of SST development in the Department of Transportation.

In that short interim the 47-year-old Air Force veteran, engineer and aircraft industry executive appears to have turned the tide until today there is a chance that development will continue on the aircraft.

Magruder, whose engaging grin does not mask his dedication to the SST, has already converted many of the critics simply by applying logic to the problem. To labor leaders he talked in terms of jobs the SST program would provide (150,000). To the conservationists he presented the results of studies demonstrating that the SST's sonic boom

would cause no harm to human, animal or marine life, nor would it pose a threat of damage to property.

These same studies, he told the Sierra Club and other critical conservationist organizations, show that the SST will not, as charged, "pollute the upper atmosphere in such a way as may result in terrible alterations of global weather."

To the Friends of the Earth, Magruder said there is absolutely no scientific justification for their statement that the SST "will be far more dangerous than present aircraft because of severe problems of metal fatigue, landing speed, visibility and maneuverability." The fact is that the SST will be built of titanium which is stronger than steel. Its landing speed will be similar to many of the present air carrier jets, it will be instrument controlled all the way, and it will be the beneficiary of a greatly improved air traffic control system now being automated and expanded to meet the continuing growth in air traffic.

To other environmental critics, Magruder pointed out that the SST is the only aircraft development program ever undertaken with noise limitations written into the contract. In interviews with *Government Executive*, he said:

"The SST engines (produced by General Electric) will be smoke-free, and powerful enough to take the airplane to altitude quickly to reduce the sound over the community.

"Overall," he continued, "the airplane is one of the most land-conservative forms of transportation. Airports consume far less real estate than is required for highways or railways. New airports will undoubtedly be designed to contain most of the objectionable noise of aircraft operations within their boundaries," Magruder added:

"Those of us who believe in the SST program also live on this earth and share the environment and we have asked many of the same questions certain ecologists are asking today. Only we asked them several years ago, and the program has moved forward with assurances from the best scientific counsel available to the Government that any adverse effects to the weather or from radiation are very unlikely."

But since some uncertainty does exist, Magruder has created an expanded environmental and noise research program representing about \$27 million in ongoing or new research activities by various Government agencies, plus formation of two committees—the SST

Environmental Advisory Council and the Community Noise Council—to explore further. Both of these councils are chaired by highly competent people—Dr. Myron Tribus, Assistant Secretary of Commerce for Science and Technology, who heads the Environmental Council, and Dr. Leo Beranek, general manager and chief scientist of Bolt, Beranek and Newman Inc., the eminent New York psychoacoustics firm. Each chairman has available 12 highly regarded experts in the areas of atmospheric phenomena, radiation, weather and noise.

Relevant to the noise issue, Magruder says: "The SST Boeing is proposing to build will be about half as annoying as

The Tale of the (U.S. SST) Tape

Maximum takeoff weight (pounds)	750,000
Length (feet)	298
Wing span (feet)	143
Height (feet)	52
Cruise speed (miles per hour)	1,786
Passengers	298

Powerplant—General Electric GE-4J turbojet (four of 67,000 lbs. thrust each)

present day 707s or DC-8s—the international-range subsonic jets. The high-pitched whine of the fanjets of today will be eliminated from the SST because of the unique supersonic engine inlet and the rapid climb-out capability of the SST on takeoff will take the airplane to about twice the altitude today's jets achieve at the three-and-a-half mile point from brake release. In effect, the SST will take the community noise of today's jets and confine it to the airport, where it belongs."

The two prototype aircraft, to be built within the next two years, for which the \$290-million appropriation is sought from the Senate (the House has already given its approval) must demonstrate, among other requirements, that the airplane will meet the stringent environmental standards prescribed for it.

To "Jet Set" syndrome critics, Magruder points out: "The SST enables us to calculate distances in time, not miles. Because of the SST's great speed (1,800 mph) compared, for example, to the 747's 625 miles an hour, one airplane can carry more passengers on more trips in a given period of time. The SST, therefore, is more productive and potentially more profitable, which

means that fares will probably be about the same as on subsonic aircraft."

To economic critics, including some Congressmen who complain that the raison d'être for the SST is "just so that we can say to Britain, France and Russia that we can fly faster than you can," Magruder has presented these statistics: "With no U.S. SST program, American airlines will be forced, in order to meet their competition, to import \$12 billion worth of *Concorde* SSTs (built jointly by Great Britain and France). With a U.S. SST program we will fill our own needs, plus export of \$10 billion worth of airplanes."

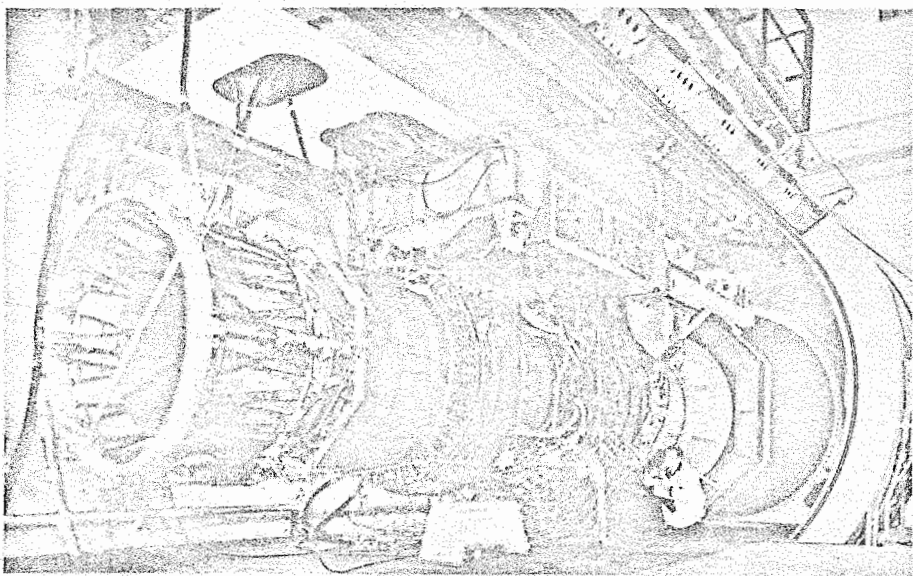
A point on which Magruder feels very strongly is the criticism of Government "subsidization" of the SST. He says: "We must remember that nearly every American commercial transport airplane has grown out of design and production for the military. Thus the manufacturer has paid for him, by the Government, the research and development costs of the airframe, the engine and other components. Now, for the first time, a commercial transport is being developed without benefit of military research. The industry simply cannot bear the entire cost. The Government *should* help."

Twelve U.S. and 14 non-U.S. airlines have deposited \$22 million to assure 112 delivery positions.

• The Government will collect a royalty on all U.S. SST sales to recover all of its costs plus interest by delivery of the 300th airplane. Further, the Government will get additional return on sales beyond 300. Delivery of 500 airplanes, predicted by 1990, would give the Government a \$1.1 billion return on its investment.

Facing media opposition, doubtless inspired by SST opponents while the program leadership before his accession was less than dynamic, Magruder has been heartened by developments. He says: "I would guess the press is now about 50-50. And that's 50 percent better than it was two months ago." He didn't say that this might be so because he has had several off-the-record sessions with editors and reporters.

Magruder came to Washington from the post of Deputy Director of Commercial Engineering for Lockheed (where he doubtless made considerably more money than the new job pays). In Washington he found (to his honest surprise) two Santa Monica, Calif., high school classmates—John D. Ehrlichman and H.R. Haldeman—both very top-level



Four of these General Electric 67,000-lb. thrust GE-4J turbojets will power the Boeing-built U.S. SST.

The facts on Government "subsidy" are these:

- The SST program is being carried out as a partnership between Government, the manufacturers and the airlines, with each sharing the risks as well as the rewards.
- The cost of the prototype development phase is estimated at \$1.3 billion. The prime contractors, Boeing (airframe) and General Electric (powerplant) will invest about \$300 million.

aides to President Nixon. This acquaintanceship probably has not impeded his access to the White House. (The SST program was taken out of the Federal Aviation Administration (FAA) and placed directly under Department of Transportation Secretary John Volpe. What this appears to add up to is that Magruder reports to Volpe and through him directly to the White House.)

Magruder has another, unique handle on the situation. He is a Fellow in and

The Boeing Story



Bob Withington is "the SST man from Boeing." He is very high on its chances for success.

H.W. (Bob) Withington has been an engineering executive at Boeing since he joined the company in 1941. He is a company vice president and became General Manager of the company's Supersonic Transport Division on March 9, 1967. In a recent interview with *Government Executive*, he summed up progress:

"I think one of the most significant things is the technical stability our design has maintained over the last year and a half. We have been working more than a dozen years on the SST, and during most of that time almost every configuration we had gradually seemed to get worse the more we worked on it. This one has stayed good all the way and in some places has even improved. We know where we are technically and we are really ready to go with the prototypes."

Withington said the full-scale mock-up, with tolerances of plus or minus one thirty-secondth of an inch, has made possible testing of systems that will go into the prototypes. "So," he explained, "when we're ready to build the prototypes we can simply take the systems out of the mockup and move them into the airplanes. This will save at least a year—and money."

"We are," he continued, "ahead of schedule and under budget. All the major subcontractors are on board and drawings for the first two planes have gone to the shop. Our technical man-

power is at full strength, with 2,582 people in the engineering department."

Withington emphasized the importance of overseas sales of the SST: "We need them to make the program an economic success. Right now, commercial transports are one of the very few kinds of manufactured products in which the U.S. still has a marked edge in the world market."

In re the environmental critics, Withington said: "It's popular these days to attack a great many things on environmental grounds, and a lot of these things should be attacked because we've got to stop the deterioration of our environment. In the case of the SST, though, the critics simply have the wrong whipping boy."

Regarding charges that the SST would magnify the already-dangerous congestion on the airways and airports, Withington said: "I guess you could call it that. But if anyone is suggesting that the SST will compound the congestion, he is still talking about the wrong whipping boy. This airplane will fly at 60,000 feet and above. This is a complete new chunk of airspace, so we actually will be helping to alleviate the airways congestion problem."

"As far as airports are concerned, obviously we'll have to go into the same traffic pattern as other aircraft. But the SST's short time of flight will give us an opportunity for wholly different schedules in terms of departure and arrival times."

"You know," Withington concluded, "there were equally unrealistic criticisms from some Congressmen when we were introducing the B-17 *Flying Fortress* in World War II. Some Congressmen opposed anything bigger than two-engine planes because 'there would be too many eggs in one basket.' Then when we were going from piston engines to jets for commercial travel, there were scare stories about what would happen if we tried to break the so-called sonic barrier. All those criticisms faded away promptly as soon as the airplanes had a chance to prove themselves. I expect the same thing will happen to the criticisms of the SST once we've got it in the air and demonstrated what it can do."

past president of the international Society of Experimental Test Pilots. The French chief test pilot of the *Concorde*, and his British counterpart, are also "members of the lodge." Magruder talks to them via trans-Atlantic telephone almost weekly. The trio compares progress. Thus Magruder knows almost as much about the *Concorde* as the other two. Reportedly, he will fly the *Concorde* himself sometime in the future.

Magruder's approach to the job went, in his own words, thusly: "Before accepting Secretary Volpe's invitation to direct the SST program, I spent several months satisfying myself that the development of a supersonic transport was a wise, productive, and altogether fruitful venture for the two participants, the Government and the aviation industry."

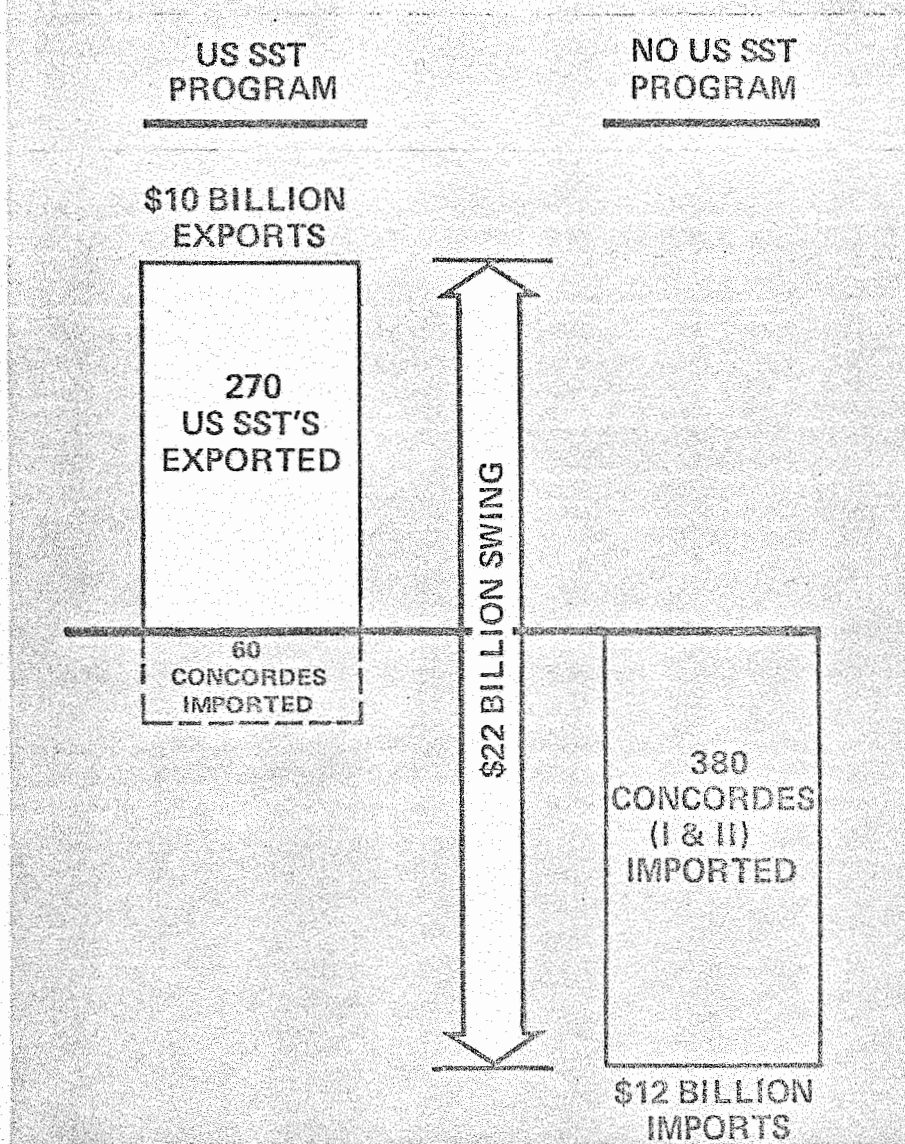
"I made a complete review of the SST configuration with NASA. I talked with every major U.S. airline president, most of the international airline presidents, and members of their staffs. I reviewed the major Air Force program contracts and project control procedures at Wright-Patterson AFB, for lessons learned on programs like the F-111 and C-5, the F-15 and B-1. I went over the SST program with other airframe manufacturers to ascertain their moral and technical support. Finally, I reviewed the British-French *Concorde* program with their government-industry leaders to assess the viability of that program and get a better sense of its timing."

"I found our configuration is a good one, with a 21 to 27 percent economic advantage to the airlines over the *Concorde*. Airline support for our program is 100 percent. The report that the airlines wish the SST would go away just plain isn't true. An in-service date of 1978 is considered by the airlines to be good timing. The SST will meet airline needs for increased productivity in that time frame, and still allow the airlines to recover from their heavy investments in prior aircraft purchases."

"These findings comprise the foundation on which I agreed to pick up and carry forward the direction of the prototype program. At present we are about midway in the prototype development phase which will be completed in calendar year 1973."

Discussing passenger comfort, Magruder said: "The prime comfort feature is, of course, the sharply reduced transit time. Studies have shown that the human body begins to show distress when sitting duration time exceeds four hours. With the SST, the five to thirteen

TRADE BALANCE EFFECT



plicit in single-source purchasing. The European aviation 'cartel' could become such a source. With the , *Concorde* on the blue-ribbon international routes, a twin-engine 250-passenger low-cost airbus for high density domestic routes, and the *Mercure* for the DC-9 and 727 market, the French/British industry would be in good position to challenge the U.S. aviation industry. Considering that the civil aircraft market represents a 100 billion dollar business (in the next 20 years) it's not surprising that other nations would be willing to compete aggressively for a larger piece of the action."

An airplane of the U.S. SST's capabilities, Magruder said, is not only economically practical "but virtually essential in a growing world with a large consumer appetite for air transportation." Continuing: "The SST's great redeeming value is its greater productivity. While the U.S. 2707 has about two-thirds the passenger capacity of the 747, it will be nearly twice as productive. Its ability to earn revenue will be about double the work capacity of the 747. The improvements in productivity that come with succeeding generations of aircraft are what enable airlines to accomodate travel growth requirements, maintain favorable departure and arrival schedules and, most important, stabilize fares in the face of rapidly rising costs.

"By 1985 the international traffic levels—the traffic SSTs can carry without violating overland supersonic flight restrictions—will equal the total free world traffic today. If productivity hadn't kept pace with demand, we would need nearly 300,000 DC-3s in the early 1980."

hour transoceanic flights of today will be cut drastically; many major city pairs will be four hours apart, or less, by SST.

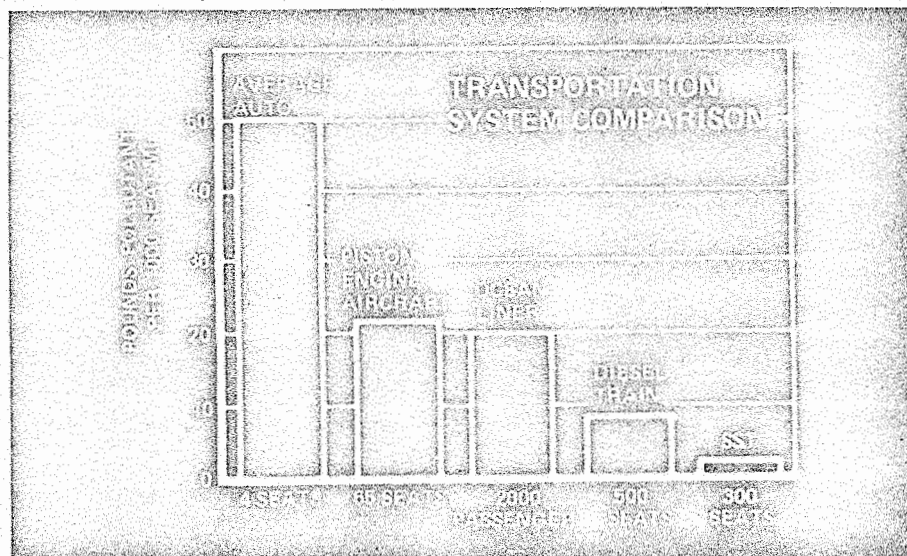
"The films, stereo recordings and lounges provided on today's jets," he continued, "are features designed to distract the passenger from the fact that travel is a necessary but not a very fulfilling use of one's time. The SST affords the traveler the most attractive of all comfort factors—short duration exposure to the confinement of flight."

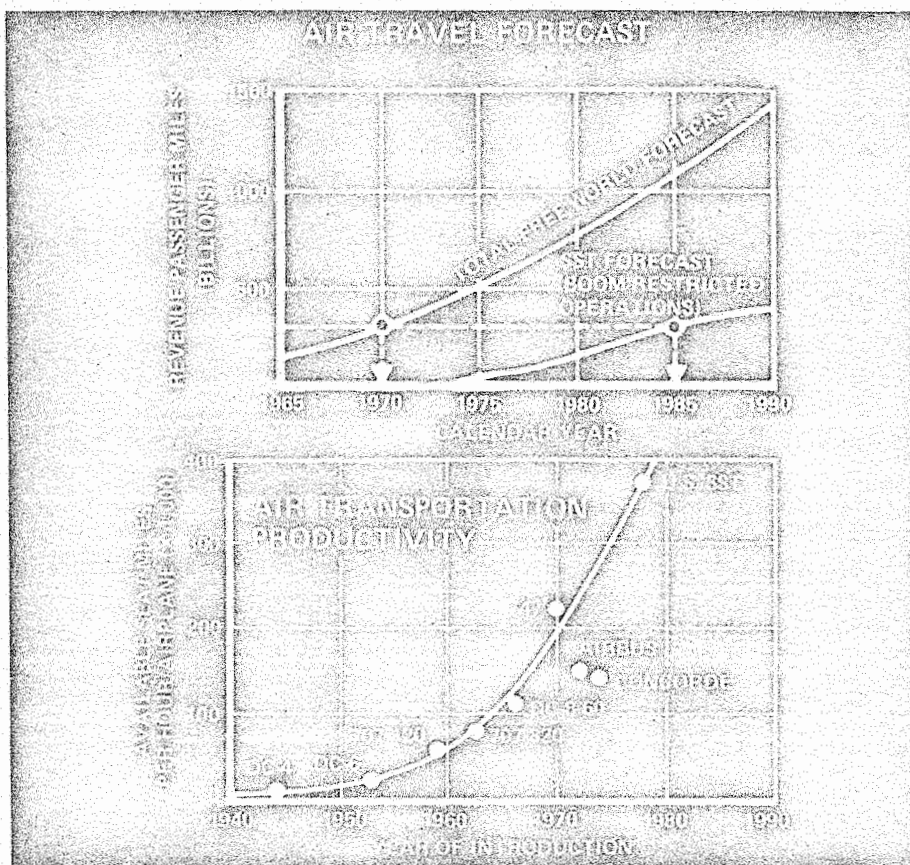
Returning to the economic issue, Magruder said: "The assumption is that because the free world airlines buy about 84 percent of their jets from the U.S., this large share of the aluminum subsonic civil aircraft market would continue to be American-dominated. This isn't necessarily so. I have done some marketing of commercial aircraft and I can assure you that airline execu-

tives make their purchases only after careful examination of the manufacturer's 'family' of aircraft.

"There are logics of economy im-

The SST, said Magruder, is clearly designed to meet future needs of travelers, airlines and the nation. To continue the current prototype develop-





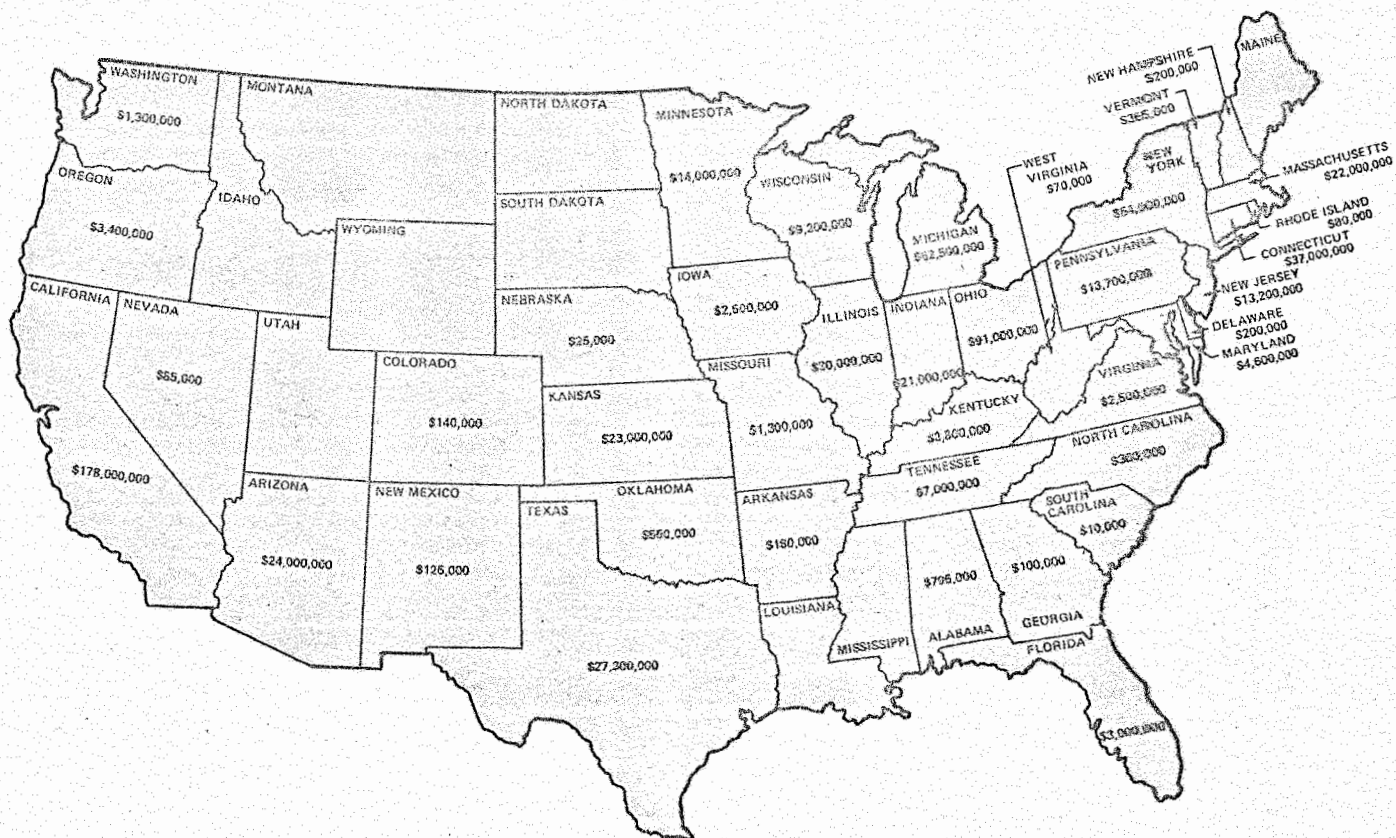
ment program, with the environmental safeguards implicit in it, he declared, "is also the best assurance we can give to ourselves and to the peoples of the world that supersonic air transportation will not distress the quality of life or further blemish what astronaut Frank Borman so aptly described as 'the good earth, an oasis in space.' "

The 2707 will be bigger, faster, and will carry more fare-paying passengers in greater comfort, and with commercial aircraft safety, than the *Concorde*, Magruder said, adding: "Without a U.S. SST, however, the *Concorde* and the Russian TU-144 would be the fastest planes in the commercial skies. Airlines will buy them and people will fly on them."

As far as "sharing the wealth" goes, the 2707 will. Boeing ultimately will subcontract at least 90 percent of the fabrication work. As of mid-year more than \$150 million in subcontracts had already been let by the Seattle-based company to companies in 36 states, plus two in Canada.

To the dispassionate guy on the sidelines a few truths become self-evident:

- There are very few, if any, land areas over which the SST would fly at supersonic speed. Further, once an SST



U.S. SST Technological Benefits

Technical advancements resulting from the SST program will bring about improvements in products used by consumers and industry in the future just as investments in research and development made in previous years have paid off in the products in use today.

The widespread use of aluminum as a common material in automobiles, building materials and consumer products was made possible through the development of this material for aircraft structure in the 1930s and 1940s. The SST will make possible similar exploitations of titanium where high-strength, light weight, high-temperature materials are required. Industrial uses will include high temperature processing equipment in food, petroleum and chemical industries; compo-

nents for internal combustible engines on tomorrow's automobiles, such as afterburners in the exhaust systems to reduce the level of pollutants; improvements in home and industrial heating equipment; and marine applications.

Man's progress has been paced by the development, control and efficient use of energy. The progress from animal power, to steam power, to the internal combustion engine and finally to the high performance aircraft engines in use on today's jet aircraft has made possible man's achievement in many other areas. The use of lightweight high-energy producing equipment has brought about the development of man's present transportation systems.

The improved burner technology

resulting in the high thermodynamic efficiency of the SST's GE-4 engine will make possible more efficient, smokeless powerplants.

The development of automated flight control systems will make automated control systems possible for automobile and truck traffic of tomorrow's cities.

The total scope of the advancements of technology resulting from the SST program is only beginning to be realized. The effect of the benefits of these improvements in technology will soon be felt in the U.S. economy.

The long term benefits are impossible to predict at this time. However, past experience has shown that the ingenuity of American industry in the application of technological improvement is virtually unlimited.

The Family Tree

Even the official Department of Transportation biography doesn't tell what the middle initial "M." stands for in William M. Magruder. He was asked if there is any reason for this "secrecy." He replied: "None at all. It stands for Marshall, and thereon hangs a tale often told in our family.

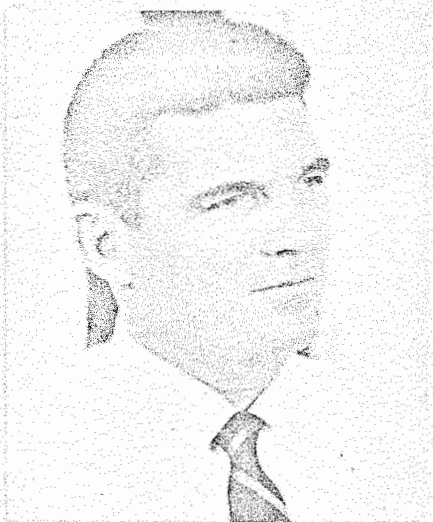
"My grandmother was brought up in Marshall Hall, Va., which is named for John Marshall, Chief Justice of the United States. My grandfather was brought up a short distance away at Mt. Vernon by a foster parent, Bushrod Washington, a descendant of George Washington who, incidentally, was also a Supreme Court justice."

Other limbs of the family tree:

Magruder's father, Maj. Gen. Bruce Magruder, served under Pershing in World War I, and later formed and commanded the first armored division to exist in the U.S. Army.

Magruder's brother, Bruce, is a Colonel in the Marine Corps.

Magruder himself started down the military road, flying B-17s and B-29s in World War II. From 1949 to 1954 he served at the U.S. Air Force Flight Test Division at Wright-Patterson AFB (Ohio) and at the Flight Test Center,



Edwards AFB (Calif.). As both pilot and engineer, he supervised the engineering and evaluated the performance of many aircraft, including the B-57, XB-52, C-124, F-86, C-133 and H-19. From 1954 until 1956, he was B-52 Test Task Force Commander at Edwards. He held the rank of Captain when he left USAF to join Douglas Aircraft.

His intimates believe that Magruder felt there was not enough of a further challenge in a military career.

the SSTs will fly, because both the *Concorde* and the Soviet TU-144 will cruise at the same altitude.

• The threefold increase in flight speed will provide opportunity for international commuting. As an example, a passenger could leave the U.S. at 8 a.m., fly to Europe, spend eight hours there, and return to the U.S. at 10 p.m. the same evening.

So this is the plane that Bill Magruder, whom a few engineers in industry looked upon as the "the upstart test pilot who went and got an aeronautical engineering degree," is trying to get built. For the record, he joined Douglas Aircraft when he left the Air Force in 1956. In '60 he was named Chief Engineering Test Pilot. In that job he was responsible for reducing the landing field length requirements for the DC-8F by 1,000 feet. He was Director of Market Development for Advanced Systems and Research Programs when he left in 1963 to join Lockheed, where he was assigned as Chief Research and Test Engineer and Project Pilot for the SST. In 1967 he was SST Assistant General Manager when the Government contract for development of an SST prototype was awarded to Boeing.

Magruder has logged more than 6,000 flying hours—4,000 of them in jets. He has piloted 144 different kinds of aircraft, including 62 transports and 10 helicopters. He is an Associate Fellow of the American Institute of Aeronautics and Astronautics, won the Iven C. Kincheloe Award for his work on the DC-8.

reached supersonic speed it would be at such a high altitude that the sonic boom which would be transmitted to land or water surfaces would be greatly reduced from the sonic booms created by mili-

tary aircraft with which the public is familiar.

• Abandonment of the U.S. SST program would not prevent supersonic flights at the 60,000-foot altitude where

file PB
Transp.
January 21, 1970

POSITION - Gas tax for rapid transit.

1. That local governments -- by means of a vote of the people -- be given the ability to increase the general sales tax for such purposes as this.
2. That local governments---by means of vote of the people --- (and Constitutional Amendment) -- be able to increase the gas tax or put a sales tax on gas.
3. That local governments -- subject to vote of the people --- use a portion of their allotment of highway funds for such purposes as Rapid Transit.

---Constitutional Amendment---

RESOLUTION TO HONORABLE JOHN A. VOLPE
SECRETARY, DEPARTMENT OF TRANSPORTATION

We, the governors of Oregon, Washington, and California, have met and considered your November 30, 1970, "Preliminary Report on the Basic Rail System." Based thereon, we resolve that:

The public interest of the citizens of Washington, Oregon, and California requires continuation of north-south railroad passenger service.

North-south rail passenger service is essential to the balance of the transportation system in Washington, Oregon, and California.

Viability of the national rail passenger system requires the rail patronage generated by the north-south West Coast route.

The cities located on the north-south West Coast route must remain linked together. Many have standard metropolitan statistical areas of one million or more and share a great community of interest.

Service on this route provides a vital link between the northern, central, and southern east-west routes; thus giving to the national system the vital factor of flexibility.

Therefore, we petition you as Secretary of the Department of Transportation to use every resource at your command to insure that the major cities of Washington, Oregon, and California remain linked together by a West Coast north-south rail passenger route.

DANIEL J. EVANS
Governor of Washington

TOM McCALL
Governor of Oregon

RONALD REAGAN
Governor of California

Dated _____, 1970