To Key System Employees:

The Alameda-Contra Costa Transit District expects to begin operation within the next few months. An agreement to purchase Key System Transit Lines has been negotiated as between the board of directors of the district and the officials of Key System.

One of the biggest jobs just ahead is to take over Key System operations with as little disruption of service and personnel as possible. We are hoping, to that end, that present Key operators, mechanics, clerks and other employees will decide to stay on with the district when it replaces Key, probably this October.

The attached copy of the district's monthly news bulletin is being distributed as the first part of our future program to keep personnel fully informed and up-to-date about the district and its plans affecting their jobs. From now on copies of Transit Times will be mailed to you regularly each month.

We are looking forward to a solid, cooperative relationship with existing employees of the Key System. Only by working together with mutual respect and a spirit of partnership can we successfully bring about the improvements in public transit that we feel the district will be in position to accomplish.

Sincerely,

Robert K. Barber
President, Board of Directors
Transit Directors Approve Purchase Of Key System; Agreement Is Signed

Negotiated Settlement Of $7,500,000 Ends Tie-up in Legal Delay

An agreement to purchase Key System Transit Lines for $7,500,000 has been approved by the transit district board of directors.

The 63-page document, which also has been signed by Key System officials, must still receive formal concurrence and approval of the private company's stockholders.

District General Manager John R. Worthington told a meeting of transit directors this month that the district can expect to be in business by next October as a result of the settlement.

"There still is a lawsuit pending against the $16,500,000 bond issue approved by the voters last year," Worthington said. "But we anticipate favorable action on the matter in sufficient time to allow us to sell the bonds and commence operation by October 1."

Worthington said approval also may be required from the State Public Utilities Commission before sale of the transit company's facilities can be completed.

The final purchase price was reached by Worthington and Glen L. Stanley, Key System president, following more than four months of negotiation.

Worthington was commended for arriving at a "just and reasonable" figure. Board President Robert K. Barber complimented Worthington for his negotiation of the settlement with "great clarity of purpose and fairness, in a business-like and diligent manner."

"We have had many checks on values," he added, noting that the settlement is based on values of Key equipment and (Continued on Page 3)
Price for Key System Is Reasonable

EXECUTIVES of the Alameda-Contra Costa Transit District and Key System Transit Lines have bargained and settled. The district can buy the private firm lock, stock and barrel for $7,500,000. The announcement naturally raises a question: Is the price fair? Is it fair to the public which voted bonds to finance the purchase and will foot the bill with its fares? Is it fair to the privately-owned enterprise which necessarily bargained under the shadow of a pending condemnation action?

The public can only apply tests of reasonableness to the evidence available. There is no standard for comparison short of the detailed analysis of experts.

On the facts presently available The Tribune believes the negotiated figure is reasonable and equitable. It could be a shade high or low. We doubt if anyone can say with certainty.

Experts for the State Public Utilities Commission estimated the bulk of Key's holdings had a value two years ago of $6,708,988. This did not include 296 gasoline coaches and equipment which have been added to the list of properties to be purchased. Nor did it include $500,000 worth of spare parts and small tools.

Furthermore, the commission probably would have added some amount to compensate for severance damages and going concern value if PUC hearings had continued to conclusion.

Key System originally asked more than $10,000,000, according to district officers.

All in all, $7,500,000 does not seem out of line for the Alameda-Contra Costa Transit District to pay. This being the case there is a vital reason to conclude the purchase. Such action will put the district in operation at the earliest possible date.

It forestalls the possibility of long court action which could drag on perhaps two years and with legal costs that could be very expensive.

The public, by its vote to create the district and to approve a $16,500,000 bond issue, indicated clearly it wants to own and operate its own Eastbay bus system.

District directors have a mandate to start operations as quickly as possible consistent with sound financing.

The proposed settlement is subject to approval by transit directors and by company stockholders.

Key Agreement Protects District Rights

(Continued from Page 1)

real estate as determined by PUC engineers, independent real estate appraisers, the district's two firms of engineering consultants and the district management staff.

Worthington said the negotiated settlement eliminates a possible two-year delay in legal action involving Key System before the district could commence operation.

The lengthy agreement spells out in detail the entire Key holdings to be obtained by the district, including three maintenance terminals and storage yards, 570 motor coaches, service facilities and shop and garage equipment.

"This agreement amply protects the district and taxpayers," Worthington said. "It specifies exactly what we are buying from Key and prevents any changes or substitutions that could be of possible detriment to the district."

Pension rights of Key employees are protected by the agreement which has taken into consideration and made allowance for continuing existing pension benefits.

Several hundred Key System purchase and operating contracts will be taken over by the district, including automotive fuel contracts and tire and building leases.

The agreement specifies that all physical assets must be free from any liability such as outstanding taxes or other indebtedness including special assessments.

The $7,500,000 figure, under agreement terms, will hold firm until the end of the year. If the sale is not completed by that time, either Key or the district can request reopening of negotiations on a new price.

PHILADELPHIA — Riding has increased 129 per cent on Philadelphia Transportation Company's Schuylkill Expressway buses since the first week of service last September.

Expressway buses are averaging 3,500 persons a day, compared with a daily average of 1,350 at the start of service.

Buses are enlarging the capacity of the already crowded multi-million dollar highway by carrying into and out of downtown as many persons as normally ride in 1,400 automobiles, with much less use of expressway space.
West Contra Costa in District by 2-1 Margin

An overwhelming majority of residents in Western Contra Costa County voted this month to annex to the transit district.

The annexing areas, which cast a favorable vote of approximately 68 per cent, 16,971 to 7,982, include Richmond, San Pablo, and the unincorporated territory of El Sobrante, Rollingwood, East Richmond Heights, North Richmond and Parchester Village.

The West Contra Costa region, now served principally by Key System Transit Lines, is assured of continued bus service when the district replaces the private company later this year.

In addition to continuing existing service, the district plans to consolidate Key and Beninger operations with new and expanded routes in the rapidly growing residential areas.

Backers of the annexation included the Citizens Transit Committee headed by former Supervisor Ivan Goyak, as well as major business, industrial and homeowner organizations.

Upon execution of a contractual agreement, the annexing areas will be placed in the operating zone of the district and will become subject to taxes the same as other East Bay cities.

Since it is too late for 1960-61 taxes to be levied directly on West Contra Costa property owners, the cities of Richmond and San Pablo will be required to pay the district an amount equal to the same rate levied elsewhere in the district for the new fiscal year.

In addition, Richmond and San Pablo will make a lump sum payment of $10,000 to the district to cover engineering costs for the transit planning in the area, legal and election expenses. To this there

West Contra Costa, due to receive new equipment along with the rest of the district, also will assume its proportionate share of indebtedness for the $16,500,000 bond issue passed last October to finance the start of district operations.
Key, Drivers Agree on Wage Contracts

A wage dispute between Key System Transit Lines and its bus drivers was settled this month when the operators approved a 6.2 per cent salary increase offered by the company.

The new contract provides for a 14-cent hourly increase for drivers, 15 cents for Class “A” and “B” mechanics, 14 cents for all other mechanical classifications and 15 cents for salaried office workers.

Drivers, as a result of the new contract, will receive $2.40 an hour. They had sought a 33-cent raise to $2.59 an hour. The contract will carry through until December 1, or until 30 days after the Alameda-Contra Costa Transit District takes over operation of the private company, which is expected to occur October 1.

In an effort to help settle the wage disagreement, John R. Worthington, district general manager, outlined certain of the district's policies to the union's negotiating committee.

Worthington said he will be willing to consider contract adjustments with the union to bring such discussions to a conclusion within 30 days after the district takes over operation from Key System.

And while the district law does not spell out arbitration as being compulsory in contract disputes, Worthington said he believes the district is morally committed to arbitrate such controversies and will recommend adoption of a resolution to this effect to the transit board of directors.

The carmen's group also questioned the transit official on his position regarding wage parity with San Francisco Municipal Railway employees.

Worthington said he did not wish to "tie the district up with a San Francisco situation exclusively. But we do believe in the principle of reasonable wage parity, taking into account the pattern of the state's three largest transit systems—San Diego, Los Angeles and San Francisco."

Special praise for assistance in settling the dispute went to Assemblyman Walter I. Dahl of Oakland who, Worthington reported, helped to bring Key and the union together.

Dahl, who led passage of legislation in the Assembly to form the district, held a number of discussions with union and management representatives in an effort to avert a work stoppage.
At two special meetings May 12 and May 23, 1960, the Board of Directors reviewed a proposed agreement to purchase Key System Transit Lines.

At an adjourned regular meeting May 25, 1960, the Board of Directors:

• Received from the General Manager a time schedule on the sale of district bonds, which contemplates receipt of funds by October 1.
• Approved agreement to purchase Key System Transit Lines at a price of $7,500,000, on motion of Director Bettencourt. (Details, Page 1.)
• Approved form of agreement between Transit Casualty Company and the District relating to assignment of Key System casualty insurance contract, on motion of Director McDonnell.

Bond Appeal Will Be Heard June 29

Hearings on the legality of the $16,500,000 transit bond issue approved by East Bay voters last October will be conducted by the State District Court of Appeal June 29.

In March, Alameda County Superior Judge Thomas J. Ledwich ruled the suit had no merit and that the bond issue was valid.

Attorney Marvin C. Hix of San Francisco filed the appeal on behalf of Stanley E. Behneman, Oakland engineer, and Herbert B. Kincaid of Berkeley, a watchmaker.

Hix had filed his appeal directly with the State Supreme Court, but the tribunal referred it first to the appellate court for hearings and a finding.

District legal advisors are optimistic that a final court decision will be rendered by August.