THE DALLAS TRANSIT COMPANY: TRANSITION FROM
PRIVATE TO PUBLIC OWNERSHIP

THESIS

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CHAPTER I

INTRODUCTION

Dallas, Texas, faces transportation problems common to all metropolitan areas. This thesis will examine the effort of the City of Dallas to find a solution to a particular transportation problem, that of public transit. Events leading to the city's purchase of a privately owned transit company and problems encountered during the year after the purchase will be primarily considered in this thesis.

The basic methodology consisted of interviews with persons directly connected with the transit operation, including city administrators, City Council members, and transit board members. A newspaper reporter, closely associated with the problem from beginning to end, gave an objective, eye-witness account of the situation. Additionally, newspaper accounts of the transition from private to public transit ownership provided a useful chronology, and letters and public documents supplied other information.

City leaders realized that a good transit system was a vital part of a balanced metropolitan program of transportation. Because the privately owned transit company was not providing adequate bus service, the city found it desirable
to assume public ownership of the transit operation through purchase of the Dallas Transit Company in January, 1964.

While negotiations for the transit company were proceeding, the City Council decided to provide the organizational structure for a publicly owned transit system by enacting a city ordinance, which created the Dallas Public Transit Department and the Dallas Public Transit Board. The problems encountered during the period of transition centered around the question of how much autonomy the transit board should have. The unsolved conflict between the City Council, the transit board, and the city administrators over the issue of autonomy finally ended in resignation of the board. Only through reorganization of the transit department were transitional difficulties ended. What were the contributing factors to this major problem of autonomy and other related problems? What alternatives might have eased the transitional period in Dallas and might guide other areas in making the transition from private to public transit? Since transportation problems that have arisen in Dallas are very similar to those which have developed in regions throughout the United States, an explanation of some of the causes of these general transportation problems will increase the understanding of the transportation situation in Dallas. It is also necessary to establish the relationship of the particular field of public transit, which is the major area of concern in this thesis, to the general field of transportation.
The United States, for the past century, has undergone a transition from agrarian society to urban society, a transition not always understood by American citizens.\(^1\) Texas, for example, is often considered to be a rural state although it has more urbanized areas than any other state.\(^2\) An even newer major social change is from urban living to metropolitan living.\(^3\) The United States Bureau of the Census gives us the term metropolitan areas as an abbreviation for "Standard Metropolitan Statistical Area," which is a "county or group of contiguous counties containing at least one city of 50,000 inhabitants or more," which according to certain criteria, "are essentially metropolitan in character and are socially and economically integrated with the central city."\(^4\) By 1960, at least two-thirds of all Americans lived in metropolitan areas, and half of the metropolitan population lived outside the central city.\(^5\) The same census showed all but 3 per cent of Texas' urban population residing in the twenty-one metropolitan areas of the state.\(^6\)


\(^3\)Glaab, p. 461.


The development of metropolitan areas has made it very difficult to define geographical and political boundaries. Metropolitan growth fails to recognize the jurisdictional boundaries of state and local government. Because the jurisdictional lines of cities fail to expand as the city expands, and because campaigns for regional governments fail, most of the metropolitan areas today have no central political system that is adequate to handle the areas' many problems. Despite the lack of governmental facilities to provide planning and execution for metropolitan areas, these areas are very interdependent. Each part of a metropolitan region contributes to the progress and growth of the entire community.

Metropolitan growth and technological refinement have fostered a new society, which reflects higher incomes, new and higher living standards, and release from old living patterns. For example, industrial plants located outside of the core city provide diffused job opportunities. Also, new shopping centers alter marketing habits. These same phenomena which increase the productivity of our society, however, also multiply the challenges to all levels of government. Population growth and technological changes present numerous complex metropolitan problems. In time of general economic prosperity, these problems may not seem overly important; but higher wages,

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7Glaab, p. 461-462.
8Danielson, p. 1.
increased technology, and rising expectations do not justify delay in the search for solutions.

Staggering problems exist in the areas of education, air pollution, and water pollution. Other problems include lack of communication and cooperation between local government and metropolitan areas, decline of the central business district, lack of equal public burden on the suburbs, and unsatisfactory use of public and private resources. Slum areas continue to deteriorate as rural groups migrate to the city; tensions arise as minority groups seek better jobs, homes, and schools; and existing transportation facilities strain as new movement patterns of people and goods increase.\(^9\)

The metropolitan area of Dallas, Texas, ranked twentieth in size among United States metropolitan areas, faces these problems.\(^10\) In 1966, Dallas initiated a program, "Goals for Dallas," which describes the condition of the city and suggests ends to be achieved in the future. The problems studied include city government, city design, health, welfare, transportation, public safety, all levels of education, cultural activities, recreation, entertainment, and the economy.\(^11\)

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\(^10\) The Dallas Master Transit Plan Committee Report, p. 2.

These problems, critical to the growth and prosperity of Dallas, are common to all metropolitan areas.

Metropolitan planning is a vital area of concern. In the past, planners, scientists, sociologists, economists, legislators, mayors, city council members, county officials, and administrators have neither communicated effectively nor worked together harmoniously. Because piecemeal efforts to solve problems have been inadequate, the need is great for large scale planning based on reliable information. All levels of government must cooperate and coordinate their activities if community goals are to be realized.\textsuperscript{12} Planners within each local governmental unit, as well as regional planners, need to clarify concepts of authority, jurisdiction, and administrative structure in seeking to solve the problems of municipal growth.\textsuperscript{13}

Transportation is a major metropolitan concern. A detailed examination of problems, their causes and possible solutions, in the area of transportation may give direction to those leaders seeking solutions to transportation problems. As transportation problems, in many respects, are indicative of general metropolitan problems, a study in the area of

\textsuperscript{12}Texas Legislative Council Report, p. 7.

\textsuperscript{13}National Committee on Urban Transportation, \textit{Procedural Manuals, Improving Transportation} (Chicago), p. 1.
transportation may provide knowledge useful to the considera-
tion of the more varied and complex problems of metropolitan
areas.14

On April 5, 1962, President John F. Kennedy warned Con-
gress that the welfare of the United States demands good urban
transportation, which should include the proper use of private
vehicles as well as modern mass transportation designed to
serve and to help shape urban growth.15 Transportation is a
very important factor in any community. It affects and de-
termines urban configuration as well as living and working
patterns of a community. Growth, the condition of the central
business district, the prospects of urban renewal, the future
of public improvement programs, housing, recreational oppor-
tunities, and cultural opportunities are all dependent upon
transportation.16

The Texas Legislative Council divided mass transportation
into three general categories—transportation by private auto-
mobile, rapid transit, and public transit.17 The most widely

14J. F. Kain, J. R. Meyer, and M. Wohl, The Urban Trans-

15Public Papers of the Presidents of the United States,
John F. Kennedy, January 1 to December 31, 1962 (Washington,

16Lyle C. Fitch, "Organization for Transportation and Ad-
ministration," an address before the American Transit Associa-
tion, 81st Annual Meeting, Atlantic City, New Jersey, October 2,
1962.

used method of transportation today is the automobile, accounting for about 85 per cent of all the daily travel in the United States. In the United States, there is one automobile for every 2.9 persons.\textsuperscript{18} The convenience, speed, comfort, and privacy of this method of transportation accounts in great part for its popularity.\textsuperscript{19} The proliferation of facilities to meet the demands presented by the automobile has also aided its popularity. Psychological factors such as ownership, pride, and prestige are positive factors in the extended use of the automobile.\textsuperscript{20} It seems that many Americans believe that the one-man-one-car idea is a constitutional right.\textsuperscript{21} Because there is little immediate expense connected with the use of the automobile, this form of transportation seems very economical. Although this supposition is not necessarily true, it fosters the use of the automobile.\textsuperscript{22}

Present studies indicate that automobile traffic will double by 1980.\textsuperscript{23} This means that there will possibly be more

\begin{itemize}
  \item \textsuperscript{19}B. L. Marsh and T. J. Seburn, \textit{Urban Transportation Administration} (New Haven, Connecticut, 1959), p. 4.
  \item \textsuperscript{20}Smerk, pp. 41-42.
  \item \textsuperscript{21}Texas Legislative Council Report, p. 13.
  \item \textsuperscript{22}Ibid., p. 41.
  \item \textsuperscript{23}Texas Transportation Institute, \textit{Fifth Transportation Conference Report} (College Station, 1963), pp. 13-14.
\end{itemize}
than one hundred million vehicles on the roads of America. Even though automobiles have changed the use of land and have greatly influenced the economy, evidence supports the contention that the automobile may also strangle the city. The problems involved with meeting such needs as in-city freeways, highways, streets, distribution, and parking may be insoluble.

Congestion is a major problem associated with the use of the automobile. Around the turn of the century, the eastern part of the United States developed urban centers, which have faced the problem of congestion since that time. In Texas, congestion is rapidly becoming a serious problem. Texas has over four million registered automobiles, and the number is growing every year at a projected rate of 3 per cent. Also compounding the problem in Texas are the factors of a thinly-spread population and increasing employment opportunities.

There are many problems related to the congested automobile traffic. The central business district is declining, and parking facilities are presently inadequate, with no improvement in sight.

Other problems caused by the automobile also demand solutions. Its extended use has drastically hurt all forms of


26 Ibid.
public transportation.\textsuperscript{27} Also, the exhaust from the automobile is polluting the air, creating a possible health hazard.\textsuperscript{28} As this suggested information indicates, the total answer to the vast and growing metropolitan transportation problem does not lie in the use of the automobile to the exclusion of other means of public transportation. Controversy is unavoidable in solving the problem of transportation, whether the approach be continuing to build new roads, adding to existing roads, building new expressways, or resorting to some form of mass transit.\textsuperscript{29}

In early attempts at solving the transportation problem, metropolitan areas turned to improving all facilities connected with automobile usage, but the problem of congestion has encouraged some cities to look at the possibilities of rapid transit systems. Washington, D. C., and San Francisco presently are putting heavy emphasis on developing rapid transit systems. In areas already being successfully served by rapid transit, the governmental cost involved in developing facilities to allow for the extended use of the automobile is prohibitive.\textsuperscript{30}

In the older metropolitan areas, one-third of all workers

\textsuperscript{27}Leo F. Schnore, The Urban Scene (New York, 1965), p. 311.
\textsuperscript{28}Lyle C. Fitch and Associates, Urban Transportation and Public Policy (San Francisco, 1964), p. 15.
\textsuperscript{29}Texas Legislative Council Report, p. 13-14.
\textsuperscript{30}Fitch and Associates, p. 12.
presently commute via mass transit, which includes rapid transit.  

Despite disadvantages of rapid transit such as fixed routes, expense, and land use, Texas should consider this possible solution to the metropolitan transportation problem. The Study Committee on Mass Transportation of the Texas Legislature has suggested that plans providing for rapid transit be considered by areas of heavy congestion or of high growth potential. The use of such facilities as electronically controlled cars, hovercars, and monorails was suggested for consideration in such areas as Dallas-Fort Worth and the Houston-Gulf Coast, which have emerging transit problems. 

The method usually followed by areas such as San Francisco, Boston, Cleveland, Pittsburgh, and Chicago, which have introduced some form of rapid transit, has been the establishment of metropolitan transit authorities. These authorities handle such problems as issuing bonds, obtaining Federal aid, and increasing taxes. Presently ten metropolitan areas have some form of rapid transit systems in operation. In the areas that have introduced efficient rapid transit

31Schnore, p. 317.
34Ibid., pp. 14, 15.
systems, business has grown and property values have increased generally.\(^{36}\)

There are some examples to show that the need for rapid transit is becoming a public concern in Texas. Houston has been considering a monorail to solve its problem of traffic congestion. Mayor Jonsson of Dallas wanted consideration of a subway in the studies connected with the city's new toll road.\(^{37}\) Rapid transit should be considered seriously in any comprehensive planning to alleviate the transportation problem in certain metropolitan areas in Texas.\(^{38}\)

Public transit has a long record of playing an important role in developing metropolitan areas. The transit industry is still performing vital services, although it is confronted with new situations continuously. Population growth has resulted in a large demand for citizen mobility, and the transit industry is contributing to meeting this need. Transit companies in many communities are providing this service under the leadership of a management that is determined to have a part in solving the transportation needs of metropolitan areas.\(^{39}\) To a large degree, leaders in all areas of

\(^{36}\)Texas Legislative Council Report, p. 15.

\(^{37}\)Ibid., p. 22.  \(^{38}\)Ibid.

metropolitan activity are becoming more aware of the possibilities presented to them by the use of buses.40

The transit industry's intra-city common carriers are mostly buses, some commuter railroads, and very few streetcars and trackless trolleys. The industry is composed of approximately 1290 companies, of which around 60 are publicly owned and 27 are railroad commuter services.41

The transit industry also faces many problems from within its own structure and history of operations, such as obsolete franchises which limit fare adjustments.42 Historically, many companies have competed for transit business, and the existence of more than one company has often resulted in deteriorating and uncoordinated service, route duplication, and general duplication.43

The financial position of the transit industry is very weak. The cost of modernizing equipment, the high per cent of bonded indebtedness, and increased operating costs have drastically hurt the industry's financial standing.44 In the largest metropolitan areas, excepting San Francisco, the

40Ibid.

41Fitch and Associates, pp. 37, 38.

42Smerk, p. 44.


44Smerk, pp. 45, 46.
The transit industry has had to depend upon public support for survival.45

The performance and facilities of the majority of transit companies have been substandard. As a result of neglect, many facilities are in bad repair. Inadequate coverage, poor schedules, and overcrowding exist,46 and many times, badly worn equipment is used on poorly maintained roads. Extensive route mileage, time-consuming travel schedules, and frequent delays reduce speed and convenience of service.47

The intra-city bus is poor competition for the automobile with its many conveniences. As a result, the bus and rapid transit industry have suffered since World War Two. Operating expense has increased 116 per cent, while revenue has increased only 92 per cent despite frequent fare hikes. Employment has fallen by 41 per cent. Transit companies have lost over 25 per cent of their passengers and have had a 17 per cent drop in vehicle-miles operated.48 These statistics indicate that the transit industry has had a long and steady decline in influence and effectiveness.

The situation in Texas closely resembles the general situation across the United States.49 Bus companies are in

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45 Fitch and Associates, p. 42.  
46 Owen, p. 101.  
47 Fitch and Associates, p. 55.  
48 Smerk, p. 49.  
a bad position financially, resulting from loss of passengers to the automobile. Since 1954, more than 240 transit companies in the United States have been sold and 190 companies have gone out of business. In Texas 10 companies have been sold, and 14 have gone out of business. Members of the transit industry in Texas maintain that fixed routes, out-of-pocket expense of the daily fare, and lack of appeal are hurting the transit business.\textsuperscript{50} Bus companies lack one of the best incentives for public transportation, speed. Because of frequent stops and starts and traffic congestion, buses are slow.

The Texas Legislative Council, in realizing the serious position of the transit industry, said that some kind of relief must be provided by the state. The committee then suggested that transit companies' property assessment be lowered, a reduction be provided in gross receipts and franchise taxes paid to cities, a reduction in, or refund of, the state fuel tax be given, or a further reduction be made in fees for motor bus registration as possible avenues of assistance.\textsuperscript{51}

In order to have a transit industry operating, some large cities in Texas have acquired ownership of transit companies.\textsuperscript{52}

\textsuperscript{50}Ibid., pp. 32, 33.

\textsuperscript{51}National Academy of Sciences, \textit{United States Transportation}, p. 7.

\textsuperscript{52}Texas Legislative Council Report, p. 32.
This study focuses on the metropolitan center of Dallas, Texas, prior to, and after, public assumption of the transit line. Dallas' problems may be illuminated by a brief comparison of the transit situation in other cities. To examine the acuteness of the widespread transit problem, as well as different reactions to it, the transit systems of the six largest cities in Texas are described below.

The privately owned Austin Transit Company faced problems such as traffic congestion, increased operating cost, and declining usage, which in turn made profit-making, and the adequate provision of service, almost impossible. The rapid growth of Austin demanded the addition of new routes to serve the emerging suburbs. Because the suburbs had a low density of population, the operating cost of the bus lines increased. The company made several attempts to increase patronage, including improving its equipment, but these attempts failed. Confronted with this unsuccessful transit operation, Austin and the Texas Highway Department combined efforts and investigated the problem. The resultant Austin Transportation Plan showed that only 3.8 per cent of all internal vehicular travel in Austin was by bus.\(^5^3\) This plan, completed in 1965, also provided basic data essential in planning for the transportation needs of the entire area. Shortly after this report was

\(^5^3\)Ibid., pp. 55-58.
made, the city of Austin assumed public ownership of a bus system.

Fort Worth, during the period of time between the last two official censuses, had the greatest suburban growth of any other city in Texas. The leaders of Fort Worth, in recognizing this growth, emphasized the importance of adequate planning to meet their transportation needs. Because the private Fort Worth Transit System was experiencing the same difficulties as other systems, such as insufficient patronage, inability to make a profit, and inability to meet increasing expenses, the city lowered its street rental tax. Fort Worth officials suggested that the state consider lowering its fuel tax requirement for transit companies because they thought the tax was inequitable in some ways. Many studies of transportation have been conducted in Fort Worth. The Council's Study Committee on Mass Transportation, formed in 1964, found that it would be very difficult for any transit line to serve Fort Worth. Because of such factors as the established freeways, small isolated pockets of development that are difficult to serve, low density of population, and uneven topography, it was stated that Fort Worth's transit facilities were in a more critical condition than were facilities in other cities. The officials of Fort Worth are looking for ways to aid the transit line because they consider common-carriers essential to city growth. They do feel,
however, that they have done all they can at the municipal level and now are looking toward the state for relief. They are cooperating with the state in every respect, but feel that the Highway Department should add an expert in the field of public transportation to its staff.\textsuperscript{54}

El Paso represents an exception to the general metropolitan area in Texas. Although El Paso is growing rapidly, this growth is concentrated within the city. In fact, El Paso's suburban population is declining rather steadily, while about 90 per cent of all the population of the metropolitan area is found within the city. This distribution is not found in any other metropolitan area in Texas. The officials of El Paso report that they are having no difficulty with their transit facilities. Three transit lines are currently in operation, and, as testimony to their financial position, these lines pay a 2 per cent gross receipts tax upon bus revenues within the city. The factors that seem to account for the solid position of common-carriers in El Paso are the concentration of population within the city as well as the low fares resulting from subsidy from the International Bridge.\textsuperscript{55}

Houston, the largest metropolitan area in Texas, has a large percentage of its population living outside the central city. As expected, because of the outlying areas, size, and

\textsuperscript{54}Ibid., pp. 59-61.  \textsuperscript{55}Ibid., p. 62.
uneven distribution of population, Houston has many problems involved with moving its people. However, Houston has not been unaware of its difficulties, and presently has a complex system of highways, which includes over 100 miles of freeways. Since 1948, Houston has also been conducting different studies and making plans to deal with the problems. Despite the area's rapid growth, the number of people riding buses in Houston has declined. The system of freeways in Houston has tended to encourage people to buy a second automobile rather than to ride the bus. New owners assumed control of the Houston Transit Company three years ago. Since that time, new air-conditioned buses have stopped the decline in passengers, but, as of now, there has been no increase in riders. Because only 20 per cent of all traffic entering the central city is public transit, tremendous strain is being put on the freeways. The area's size and the absence of topographic problems have caused Houston to consider the possibilities of rapid transit.\textsuperscript{56}

In San Antonio, 67 per cent of the people enter the downtown area by city-owned bus. The city has a fleet of 115 buses, most of which are air-conditioned. San Antonio, with its improved equipment, has increased the patronage on its buses, but has been unable to offset the increased cost of operation through the fare box. Although the lines do not

\textsuperscript{56}\textit{Ibid.}, pp. 62-64.
pay city tax, it is hard for them to pay the four cent tax on diesel fuel as required by the state. The city has found it impossible to provide complete, regular service to lightly-populated areas and to remain self-supporting. This problem is currently presenting the city its greatest difficulty.  

The metropolitan center of Dallas has faced many of the same problems that the other cities have faced. In January of 1964, Dallas purchased its own public transit facilities. Although this paper deals primarily with the procedure of Dallas in purchasing and operating the line, it should be remembered that public transit is not the only phase of mass transportation being considered by Dallas. The Dallas Master Transit Plan Committee has recommended projects to prevent traffic congestion in this fast-growing area. Considering Dallas' metropolitan population of over one million people, and considering the proximity of the Fort Worth metropolitan area, leaders are thinking of developing rapid transit. There is some possibility of a subway being built under the Dallas North Tollway, which is presently being constructed.  

57 Ibid., p. 64.  
58 Ibid., p. 58.
CHAPTER II

HISTORY OF THE DALLAS TRANSIT COMPANY
UNDER PRIVATE OWNERSHIP

One of the oldest utilities in Dallas is that of transportation involving common-carriers. The first instance of transportation designed to serve the general public occurred in 1872, when the horsedrawn streetcar was introduced. The route consisted of one mile of travel on Elm Street between the Central Depot and the Courthouse.¹ This first effort at public transportation was conducted by the Dallas City Railroad Company, a private concern which was officially established in 1871 and which operated until 1872.² Many other companies were soon in business. Some used mules for power, while others used electric tracks or steam. One major reason for the numerous lines in operation was that of promoting new real estate developments in the outlying residential sections of the city.³ By 1917, over thirty different companies had operated or were operating in the city.⁴

¹The Dallas Morning News, May 1, 1967.
³The Dallas Times Herald, August 28, 1949, Sec. 4, p. 1.
⁴The Dallas Morning News, May 1, 1967.
The Dallas Railroad Company, later to become the Dallas Transit Company, received its franchise from the city in October, 1917. Provisions of the franchise were indeterminate in nature and were agreed upon only after a long period of negotiations. In beginning operations, the company acquired all the existing street lines in the city except for two small lines which served the company as feeders for outlying districts. These two lines were later acquired.

The officials of the city had decided to consolidate the existing companies in order to improve the city's transit situation. In order to achieve this consolidation, city officials announced that they would refuse to renew expiring contracts. Before 1917, both the people of Dallas and the city officials had been displeased with the facilities and service provided by the numerous unrelated companies. Another reason for consolidation was that many citizens wanted the principal officers of the transit company to be Dallasites. This practice of having local officials began with the enfranchisement of the new company and lasted for many years.5

The Dallas Railroad Company provided the people with their only form of intra-city mass transportation for several decades. In order to demonstrate more clearly its purpose, the Dallas Railroad Company changed its name in 1926 to Dallas Railroad and Terminal Company and then again in 1955 to Dallas

5Monk, pp. 1, 2.
Transit Company. During both name changes, the ownership of the company remained the same.6

From 1917 until January, 1946, the controlling interest in the Dallas Transit Company belonged to a public utility holding company. Control was obtained through possession of a majority of the transit company's common stock.7 The Electric Bond and Share Company of Boston owned the transit system in Dallas as well as the Dallas Power and Light Company. Under the operational structure of the holding company, the transit company and the power and light company were connected financially.8

This financial arrangement was to be affected by a change in the ownership of the transit company. The Public Utility Holding Company Act, passed by the Congress of the United States in 1935, was responsible for the change. The act established standards that dealt with integration, within geographical limits, of subsidiary properties. This legislation was also directed toward simplifying the corporate structures of public utility holding companies.9 The Securities and Exchange Commission, under the authority of the Public Utilities Holding Company Act, was to reform certain holding companies throughout the nation. Specific companies could be

6Ibid., p. 1. 7Ibid., p. 2. 8The Dallas Morning News, May 1, 1967. 9Monk, p. 2.
abolished if the Securities and Exchange Commission disapproved their operations. New companies could be formed if they met the guidelines set down by the Securities and Exchange Commission. The order was given to the Electric Bond and Share Company to destroy the financial bond existing between the transit company and the power and light company.\textsuperscript{10}

The Dallas Transit Company and its parent company, the Electric Power and Light Corporation, submitted a plan in 1941, which was approved. This plan was to alter drastically the future of the transit operation in Dallas. Under the plan, the parent company made a large capital contribution to the transit company, which included leased property in Oak Cliff, eleven thousand shares of Dallas Transit Company preferred stock, and other less important items. In compliance with the plan, the Electric Power and Light Corporation sold all its remaining interest in the Dallas Transit Company. By 1946, 162,500 shares of common stock had been sold to a syndicate of underwriters, which, in turn, sold the stock to the general public.\textsuperscript{11}

Dallas officials were very unhappy with the decision of the Securities and Exchange Commission. Utilities Supervisor J. W. Monk and City Attorney Henry Kucera predicted that setting the transit operation apart would be against the best

\textsuperscript{10} The \textit{Dallas Morning News}, May 1, 1967.

\textsuperscript{11} Monk, p. 2.
interest of the bus-riding public. Dallas Mayor Woodall Rogers led a fight to prevent this change. The City Council sent a delegation, headed by Mayor pro tem J. B. Adoue, to Washington to oppose the decision. Despite the group's opposition at a Securities and Exchange hearing, the order was given and the change was made. Opposition by these Dallasites was based on their belief that such action would kill the transit operation in Dallas.\textsuperscript{12} The Dallas Transit Company, as a result of the judgment made by the Securities and Exchange Commission, would now have to stand alone. It could no longer depend upon financial help from the electric firm, and transit losses would no longer be offset by profits of the power and light company.\textsuperscript{13}

The financial structure of the transit company was weakened by the loss of this intercorporate subsidy. Until this action, fares for Dallasites had been among the lowest in the nation.\textsuperscript{14} The people of Dallas, accustomed to the low seven cent cash fare, had difficulty accepting an increase, no matter what the reason.\textsuperscript{15} A decline in bus patronage started in Dallas about 1920 for reasons including the popularity of the automobile, the convenience of the shopping

\textsuperscript{12}The Dallas Morning News, May 1, 1967.
\textsuperscript{13}Ibid.
\textsuperscript{14}Ibid.
\textsuperscript{15}Statement by Wilson Driggs, general manager of Dallas Public Transit Company, May 1, 1967.
centers, and a shorter work week.\textsuperscript{16} This reduction in patronage continued for twenty years but did not result in any large increase in fare. Because the utility company had been very prosperous during this same time, it had easily absorbed the transit deficits. From the time of the dissolution of the holding companies in 1946, until the city assumed ownership of the transit line in 1964, there were thirteen raises in fare.\textsuperscript{17} The transit company needed these increases in order to exist, partially because of a 55 per cent decrease in the number of its riders between 1946 and 1957. Transit operating costs were also rising as the company sought more customers through the use of better equipment and better facilities. Although Dallas had many problems concerning transit operations, they were not unique. Nationwide, a decline in patronage and an increase in operating cost were occurring.\textsuperscript{18}

Recognizing the financial situation of the transit lines, the City Council of Dallas did more than pass ordinances providing for fare increases. The council removed the Interurban Terminal plant from the rate base for taxation and provided relief in the payment of gross receipts tax. The transit company's dividends for common stock were restricted, a practice

\textsuperscript{16}\textit{The Dallas Morning News}, February 1, 1956.

\textsuperscript{17}\textit{Ibid.}, May 1, 1967.

\textsuperscript{18}\textit{The Dallas Morning News}, November 3, 1957.
which normally accompanies increased utility rate schedules granted by a regulatory commission.¹⁹

Since the formation of the Dallas Transit Company in 1917, the company had followed the practice of having residents of Dallas as principal officers. This practice, favored by city officials, was broken in 1954, when Charles R. Moore resigned from the Board of Directors of the company and B. Gerald Cantor, President of Cantor, Fitzgerald and Company, Inc., of Beverly Hills, California, was elected to replace him.²⁰

By 1959, Dallasites owned only 14.77 per cent of the common stock of the company, while out-of-state interests owned 77.59 per cent. The shifting in ownership of common stock had occurred primarily in the 1950's. Before 1950, out-of-state persons owned about 33 per cent of the common stock of the company. By 1957, Harry Weinberg, of Streton, Pennsylvania, owned over 40 per cent of all outstanding shares of common stock, and Mark Haas, of New York City, owned at least 14 per cent.²¹

Weinberg was elected Chairman of the transit company's Board of Directors in 1960, replacing Board Chairman J. Glenn Turner of Dallas, who had resigned.²² At the same quarterly meeting, three other local directors, B. F. McLarn,

¹⁹Monk, pp. 4, 5.  
²⁰Ibid., p. 3.  
²¹The Dallas Times Herald, December 22, 1959.  
²²Monk, p. 3.
A. D. Martin, and Stanley Marcus, had resigned and were replaced by out-of-town directors. The number of directors on the board was soon to be reduced from fifteen to eleven, although there were no changes in management or policy of the transit company at this time. The changes in the board resulted primarily from Weinberg's acquisition of stock.23

The various problems of the transit company, such as a declining number of passengers, financial losses despite increasing fares, rapid growth of the city, and out-of-town ownership, accumulated to create a difficult situation for the officials of Dallas. By 1959, the first suggestions were made that hinted at possible public ownership of the transit company. Many city officials were questioning whether a public utility such as the transit company should be a commercial proposition. Under this system, the transit company was at a financial disadvantage because it was considered to be a utility and had to provide service for Dallasites over many routes which were not profitable and over many routes which operated at a loss. At the same time, because the company was a corporation, it had to pay at least 3.5 per cent annual dividend. It seemed almost fiscally impossible for a utility corporation to operate successfully. Because of this difficult situation, city officials publicly hinted that the city either would have to assume the responsibility of operating

23The Dallas Times Herald, January 14, 1960.
the lines or would have to subsidize the lines. At this time, all over the nation, privately owned transit systems were having increasing difficulties, while publicly owned systems which enjoyed tax exemptions were prosperous.24

In January of 1959, Mayor R. L. Thornton said that there were no plans for the city of Dallas to buy the transit company. He said that private enterprise should be allowed to run the transit business as long as possible. The president of the transit company, Leon W. Tate, also was quick to react against possible city ownership. He maintained that private enterprise could best serve the people of Dallas. The question of public ownership appeared at this time, primarily because San Antonio had recently purchased a transit system.25

By December of the same year, Mayor Thornton, with the approval of the City Council, had named a special seven-man committee to investigate and prepare for the possibility of the city's assuming ownership of the transit system. Mayor Thornton heavily emphasized the fact that the action was only precautionary and that no one expected the city to exercise the option, provided in the franchise, of buying the lines. The major concern of the city officials and administrators was that the new out-of-town owners might liquidate at any time and that the city would then be forced into ownership.

24Ibid., September 15, 1959.
The special committee studied the transit situation in other cities, considering both privately and publicly owned systems, with regard to fare rates, operating expense, and other related items. The committee also investigated the possibility of special legislation, if needed, from the state government.26

A period of mild chaos followed the election of Harry Weinberg as Chairman of the Board of Directors of the Dallas Transit Company on January 14, 1960. The turmoil lasted until the city officials started negotiation to purchase the lines during the latter part of 1963. Many experts involved in the transit business believe that, although a transit company is privately owned, it is still primarily a public service organization. Its management should act to protect and develop the best interest of the community and of company employees. Management should never lose sight of this concern in striving to fulfill obligations to the corporation and its stockholders.27 Dallasites, who had always worked closely with the transit company, supported the assumption that the transit company should have a social conscience.

Under the direction of Weinberg, however, the transit company's main concern seemed to be making a profit.28


Although none of Weinberg's activities were ever found to be illegal, most citizens and officials of Dallas felt that he was simply an opportunist taking advantage of a situation.\(^{29}\) Weinberg wanted to become the most powerful man in the transit business. In hopes of discovering outdated provisions, he made a hobby of reading the franchises under which privately owned transit companies were operating.\(^{30}\) The outdated franchise that was being used in Dallas must have been quite interesting to him. During the three years that Weinberg directed the activities of the transit company, he was being watched and challenged by the City Council, led by Mayor Earle Cabell, a successful businessman and a public servant.\(^{31}\) Cabell, a man hard to deceive, discovered that Harry Weinberg, by 1960, had purchased more than 50 per cent of the common stock of the Dallas Transit Company. Later, after Weinberg's biggest purchase from B. Gerald Cantor of California, it was estimated that he owned over 70 per cent of the stock. To finance the purchase of this stock, Weinberg used the "idle assets" of another transit company that he controlled, the Honolulu Rapid Transit Company.\(^{32}\)

\(^{29}\)This point was made clear by every person interviewed in connection with this paper.


\(^{31}\)Statement by Elgin Crull, former city manager, Dallas, Texas, May 24, 1967.

\(^{32}\)The Dallas Times Herald, June 19, 1960.
The Hawaii Public Utilities Commission demanded that Weinberg explain his corporate moves involving the transit company in Hawaii and questioned the way he had used company funds to buy control of the Dallas Transit Company. The Honolulu Rapid Transit had transferred $400,000 from surplus funds to the Honolulu, Limited, a subsidiary company. Then this company, the Honolulu, Limited, purchased the stock in the Dallas Transit Company. Although the questioning elicited no adequate explanation, the Commission charged Weinberg with using the money only to benefit himself. Other questions asked by the Commission concerned service provided and fare charged by the company.33 Dallas officials were made uneasy by Weinberg's activity and continued preparation for any emergency action that might be necessary.

The Dallas Transit Company, during the Weinberg era, was criticized for many practices, including excessive profits, unusually high salaries, rate increases, inadequate wages, treatment of personnel, substandard equipment, and curtailment of service. Dallasites feared that Weinberg might liquidate the company, and many people questioned his business dealings. Weinberg had trouble with the public in general, City Council members, city administrators, transit employees, and transit management.

33 Ibid.
Excessively high earnings by the transit company were always a point of criticism during the Weinberg era. Under the franchise granted by the city to the transit company, a maximum return of 7 per cent was established. This rate was determined by taking the value of transit property, adding an allowance for working capital, and from this total subtracting a constant reserve for depreciation.\(^{34}\) The Dallas Transit Company made more than its authorized 7 per cent return during the time of Weinberg and still managed to remove all of its indebtedness, which amounted to $1,300,000.\(^{35}\) This amount represented a big change from the normal amount of return, averaging between 2 and 4.8 per cent.

The transit company made 8.3 per cent return in 1960, 6.4 per cent in 1961, and 7.2 per cent in 1962. There is a large contrast between these returns and earlier profits. The company had made a 3.1 per cent return in 1958, 6.2 per cent in 1957, and 4.9 per cent in 1956.\(^{36}\) The increased profit, from 1960 until 1963, was made despite a declining number of passengers, lack of new equipment, and reduction of employees. The officials of Dallas wanted the transit company to provide adequate service that could be measured against the return. They believed that better service should

\(^{34}\) \textit{The Dallas Times Herald}, July 20, 1962.

\(^{35}\) \textit{The Dallas Morning News}, December 14, 1962.

\(^{36}\) \textit{Ibid.}, February 18, 1963.
correspond to increased profits. The excessive return of
the company was always an important factor in denial of in-
creases in fare.

During the time that Weinberg was Chairman of the Board,
he made an annual salary of $25,000. He also had three brothers
working for the Dallas Transit Company in high-level management
positions, all of whom commanded attractive salaries. Nathan
Weinberg was vice-president and general manager, Sidney Weinberg
was secretary, and David Weinberg served as treasurer of the
company. This practice of having so much money going directly
to the Weinberg family was questioned by city administrators.

A point of contention between Weinberg and the city was
the question of fare increases. Bus lines depend upon their
revenue coming from the fare boxes, and a privately owned
company would naturally charge at least what it considered to
be an adequate fare. The city was primarily interested in
balancing performance and service against a fare increase.
The franchise of the Dallas Transit Company stipulated that
the City Council would have to approve any increase in fare.
The council was reluctant to give approval, because fares
had already increased drastically. In November, 1959, the
transit company was granted a 3¢ increase, which was the
eleventh raise since 1946. It increased the price of a bus

37The Dallas Times Herald, January 24, 1963.
ride to 23¢ a trip, or four tokens for 85¢.\textsuperscript{39} In fourteen years the average cost of a yearly bus ride to and from work had increased by $86. In 1946 the average cost was $40.80, and in 1960 the average was $127.\textsuperscript{40}

Weinberg, however, had a bold approach to the question of fare increases. He was not afraid that a fare increase would price Dallas out of the market. He compared the rising fare with a rising general cost-of-living, and he also showed that Dallas transit fares were about average with the rest of the country. Weinberg maintained that Dallas citizens might protest an increase in fare, but that they would continue to ride the bus. He defended this idea by recalling how people protested when the bus fare graduated from a nickle to a dime.\textsuperscript{41}

Although Weinberg attempted to get a fare increase several times, he failed to do so. One of his early unsuccessful attempts involved trying to connect a fare increase with a wage increase demanded by the union. When denied a fare increase in 1961 and 1962, he retaliated by reducing service and route mileage. The City Council, both in 1962 and 1963, agreed to a two cent fare increase if Weinberg would improve

\textsuperscript{39}The Dallas Times Herald, June 5, 1960.
\textsuperscript{40}Ibid., June 8, 1960.
\textsuperscript{41}The Dallas Morning News, June 1, 1960.
his equipment and buy new buses, but nothing resulted from these proposals.42

Closely related to the problem of fares was the problem of wage increases sought by transit employees. The relationship between the Dallas Transit Company and its employees was strained. In May 1960, right after Weinberg had gained control of the lines, a three-year contract with the bus operators union, the Amalgamated Association of Street, Electric Railway, and Motor Coach Employees of America, expired. The early stages of discussion between the union and the transit company solved nothing. Grady Adkins, president of the union, said the workers would strike if they did not receive a twenty-cent wage increase immediately and a fifteen cent increase later. A negotiating session involving the lines, union, and a federal mediator failed to reach agreement. The mayor of Dallas called a special session of the City Council, for the council was concerned with keeping the buses running in Dallas.43 After more discussion, a tentative agreement reached by the transit company and the union provided that a thirty-three cent wage increase would be spread over three years. The company declared that this raise would be contingent on the City Council's approving a two-cent general

fare increase and an increase from five cents to ten cents on the Shoppers' Special for the company. The transit company then applied to the council for the raise in fare and requested that the restrictions be removed on payment of dividends by the company.\textsuperscript{44}

The transit company had previously asked the City Council for tax relief so that it could absorb the wage increase, and this request had been refused. Mayor Thornton maintained that if the city relieved one public utility, it would be necessary to relieve them all.\textsuperscript{45} Neither did the council respond favorably to Weinberg's demand for a fare increase. The City Council members disliked the position in which he had put them, and they were very critical of his manner of handling the demands of the union. Although some council members did feel that there was some merit in considering the fare increase, most members believed that an increase would be unfair to bus riders. The City Council was very firm in its refusal to be forced to assume any responsibility for the internal affairs of the transit company.\textsuperscript{46} The council felt that undue pressure had been exerted by Weinberg.\textsuperscript{47}

\textsuperscript{44}Ibid., June 2, 1960.
\textsuperscript{45}Ibid., May 31, 1960.
\textsuperscript{46}Ibid., June 7, 1960.
\textsuperscript{47}Ibid., June 2, 1960.
Weinberg had followed this same pattern of operation in settling a union-company wage struggle in Honolulu.\footnote{48}{The Dallas Morning News, February 18, 1963.}

The city public utilities supervisor said that the transit company could afford the proposed wage increase and advised the City Council not to grant a fare hike.\footnote{49}{Ibid., June 14, 1960.} The City Council refused to give permission for a fare increase, basing its decision on the fact that the transit company had exceeded its authorized return by $100,000 since Weinberg had taken over.\footnote{50}{Ibid., February 18, 1963.} Throughout the negotiation period, Weinberg and the union maintained that the City Council had sabotaged their activity and had prevented settlement of the dispute.\footnote{47}{The Dallas Times Herald, August 5, 1960.}

In June and August of 1960, temporary agreements were reached between the transit company and the union so that the buses continued to run.\footnote{51}{The Dallas Morning News, February 18, 1963.} In August of 1960, the matter was finally solved when Weinberg gave a thirty-three cent wage increase to the union.\footnote{52}{The Dallas Morning News, February 18, 1963.}

Criticism arose over the way the Dallas Transit Company handled its employees. Shortly after the raise was granted in 1960, certain employees were either released or demoted. The company eliminated the job of traffic checker, which

\footnote{48}{The Dallas Morning News, February 18, 1963.}
\footnote{49}{Ibid., June 14, 1960.}
\footnote{50}{Ibid., February 18, 1963.}
\footnote{51}{The Dallas Times Herald, August 5, 1960.}
\footnote{52}{The Dallas Morning News, February 18, 1963.}
resulted in five veteran employees being released, three of whom were very near retirement.\textsuperscript{53} During the same period of time, nineteen veteran employees who were serving on the supervisory level were reassigned as regular drivers. This move resulted in nineteen regular drivers being reassigned to the extra board, working only when regular drivers were absent. The company called these changes economy moves and said that no more changes were being planned. During the first year that the lines were controlled by the Weinberg brothers, over 143 employees left, few of whom were replaced. Only 46 employees had left in the previous year.\textsuperscript{54} The morale of the employees remained fairly low throughout the Weinberg era.

Dissension also existed between the Weinbergs and subordinate personnel in management positions. Wilson Driggs, a twenty-seven year veteran of the company, resigned his position as assistant general manager of the company less than three months after Weinberg gained control because he disagreed in principle with the board and because he had been excluded from the negotiations over the contract with the union.\textsuperscript{55} Driggs, recognized nationally as a transit expert, was hired to direct a transit authority in Maryland after his resignation in Dallas. Leon W. Tate, President of the Dallas Transit Company,

\textsuperscript{53}\textit{Ibid.}, June 23, 1960.
\textsuperscript{54}\textit{The Dallas Times Herald}, June 24, 1960.
\textsuperscript{55}\textit{Ibid.}, August 14, 1960.
retired in March, 1963, with a long employment record in the company. He had stayed on since the beginning of the Weinberg era, only because he felt that he could help communication to continue between the city and the company. Tate had been especially helpful in serving as a link between Weinberg and the city public utilities supervisor. Nathan Weinberg replaced Tate as president of the company.56

Because equipment is a vital ingredient of a transit company, many incentives are given to companies to keep their equipment in good shape. Dallas, for years, allowed the transit company a good depreciation allowance in order that the equipment could be kept up to date. The condition of buses and the use of the depreciation allowance were both major points of contention while Weinberg ran the bus company. During the three years under Weinberg, there were no new buses purchased. The existing fleet of 419 buses averaged twelve years in age. Substandard appearance and disrepair caused drivers to complain.57 Only the essential repairs were made,58 and there was very little maintenance of the buses for the benefit and comfort of the passengers.59

During this three-year period, over $1,000,000 depreciation was allowed the transit company. Normally this money

would go back into the business, but in this case, only $30,000 was returned. Many Dallas officials felt Weinberg was using the depreciation to the disadvantage of the public by letting the buses degenerate into uselessness. In 1961, the city offered to give a two-cent fare hike if the transit company would purchase thirty new buses, but this hope of new equipment did not materialize, because Dallas stood firm in demanding that the buses be put into use before the raise in fare was granted. This was the only occasion when there was any visible hope of new equipment for the transit company. Because of the action of the company regarding its equipment, Dallas, in 1961, decreased the tax rate of the company by $1,127,418. The decrease removed sixty-six worn-out buses and $400,000 in unutilized working capital of the transit company from the tax rate.

Earle Cabell, Mayor of Dallas, was vitally concerned about the condition of the facilities of the transit company. He and the public utilities supervisor were striving to make Weinberg improve his equipment. Cabell wanted the company to submit to the City Council plans suggesting improvements and stressed the fact that the transit company was to render service in relation to return. If the return increased, the surplus should be reflected by better service. Cabell wanted the company to take more equipment out of its property value

60 Ibid.  
61 Ibid.  
62 Ibid.
Although he favored private ownership, Mayor Cabell said that the city was reaching a point of no return and that the transit company must either improve its performance or face possible assumption of city ownership of the lines.  

The service provided by the Dallas Transit Company was also an important area of discussion. The city claimed that too much service was being curtailed, while the company claimed that nonprofitable routes must be reduced in order to stay in business. The Dallas Transit Company had been losing passengers since 1942, but under Weinberg's control, the trend increased. The city attributed the passenger loss to curtailed service. During 1961-1962, service was cut four times, and a decline of 1,500,000 passengers occurred. Although the transit company denied removing necessary service, its actual practice was reducing unprofitable service. By 1963, unprofitable service had been curtailed by 19 per cent as measured in revenue miles. During these three years of curtailed service, the transit company made at least the authorized return on its investment.

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63 The Dallas Times Herald, January 24, 1963.
65 The Dallas Times Herald, January 22, 1960.
67 Ibid., February 6, 1962.
The downtown Shoppers' Special bus service was an area in which the impact of the service reduction can be seen. The route of the Shopper buses included the entire length of Main Street. In 1960, a bus took five minutes to travel the route; by 1961, travel time was seven and one-half minutes; and by 1962, the length of time had extended to ten minutes. As the interval between runs lengthened, patronage dropped from 1,117,000 passengers in 1960 to 720,000 in 1962. This one highly convenient service was rapidly losing its appeal, and as a result, a major method of moving people in the core area of downtown was losing effect.

The city said the Shoppers' Special's fare of five cents (six cents when air-conditioning was used) was adequate and that this service was profitable for the transit company, because it operated only during nonrush hours when many buses normally were idle. The transit company maintained that it lost money on this Shopper Special service. Nathan Weinberg said that figuring the cost of the operation on a per-mile basis was misleading, because the shopper buses moved about three times as slowly as a bus on a regular run and the cost involved in paying a driver was the same regardless of the mileage covered. The Dallas Transit Company had tried to get the fare for the Shoppers' Specials raised to a dime, but this effort was unsuccessful. In attempting to curtail what it

68Ibid., February 19, 1963. 69Ibid.
considered an unprofitable service, the transit company still faced the charge of trying to drive away customers.

A proposed reduction in service by the transit company in June of 1963 was to start one of the biggest public confrontations between the city government and the transit company. The transit company announced a $2\frac{1}{2}$ per cent decrease in route mileage that affected 30 bus routes. The defense of this action was that public schools were closing and a customary summer slump would follow. The city, reacting adversely to this move, claimed that the reductions were not necessary and that the only reason for this action was to insure the company of making its authorized 7 per cent profit. The public utilities supervisor pointed out that since 1957, a total of over 3,000,000 route miles had been removed. Only 339 buses were presently being operated, whereas before 1959, 404 buses had been in operation.\textsuperscript{70}

After considering the proposed reduction in service, the City Council refused approval. A change in schedule of routes could only be made with joint approval of the company and the office of public utilities supervisor.\textsuperscript{71} Although the supervisor told the company not to make the reduction in route service, Weinberg said that the company was going to reduce the service as planned, despite the opposition from City

\textsuperscript{70}The Dallas Morning News, May 17, 1963.

\textsuperscript{71}The Dallas Times Herald, May 28, 1963.
The company also asked for arbitration, which was its right under the franchise. The City Council gave the company twenty-one days to restore the reduced service or face the possibility of losing its franchise. Attorney Kucera advised the City Council to wait the twenty-one days before taking any action. During this period there was serious negotiation between representatives of both the city and the company.73

The transit company sent to the City Council a seventy-seven page report that was intended to justify the service reduction. On the advice of the public utilities supervisor, the council determined that the report did not satisfactorily prove the necessity of the service reduction. Negotiation between the companies continued, and city assumption of the lines was debated frequently.74 The city ordered the Dallas Transit Company to court to show cause why it should not be held in violation of contract. This hearing was set for September 10, 1963, and then was postponed to facilitate negotiations. The transit company did restore some of the service before the final agreement with the city for purchase of the lines. When the final agreement was complete, the hearing was cancelled.75

73 Ibid., June 30, 1963.
74 Ibid., July 30, 1963.
Many people of Dallas were afraid that Harry Weinberg had gained control of the Dallas Transit Company in order to liquidate it at a profit, regardless of the loss to the city. It seemed that he was more interested in immediate gain than in developing any long-range programs, as illustrated by his handling of the equipment and assets of the company. The net value of the company originally was $10,634,000, but by 1963, had fallen to $3,639,217. The deterioration of equipment, lack of interest in repairing buses, curtailment of service, and decline in the number of passengers also served as evidence that Weinberg might consider liquidation. Also, the transit line stopped carrying its own insurance and contracted with the Transit Casualty Company. This is a good liquidation procedure, because it eliminates having any pending claims against the company which might hinder its going out of business. Another sign suggesting the consideration of liquidation was the Dallas Transit Company's use of some of its depreciation revenue, not to replace equipment, but rather to pay the last $79,000 on its bonded indebtedness four years ahead of schedule. All the company's properties had served as security for these bonds.76

The Dallas Transit Company maintained that, although it had never mentioned liquidation, leading city officials, including both Mayor Thornton and Mayor Cabell, as well as both

76 Ibid., February 19, 1963.
city newspapers, had accused the company of planning to liquidate. The company also stated that this accusation had caused it to take precautions. The company defended its manner of doing business by asserting that the activity had been carried on in the manner most responsible to stockholders and that instead of weakening the company, increased value of the stocks had strengthened the company.77

A major event occurred in 1960 when the Dallas Transit Company shifted a large amount of its assets to the Dal-Tran Service Company, a wholly-owned subsidiary of the transit company. This transfer resulted in questioning by Dallasites, official and unofficial, of Weinberg's motives. The fear of liquidation and the fear of loss of control escalated after this transfer.78 People were reminded that Weinberg had used the assets of the Honolulu Rapid Transit Company to buy the Dallas lines. It was a well-known fact that he had transferred the money from the Honolulu Rapid Transit Company to its subsidiary company, the Honolulu, Limited, and then had purchased the stock in the Dallas company. The Hawaii Public Utilities Commission said that he had used the money for self benefit.79 The people of Dallas were waiting to see what Weinberg would do with the transit company in their city.

77 Ibid.
The Dal-Tran Service Company was formed in 1958 so that the Dallas Transit Company could take care of its own maintenance contracts for trucks. The total value of Dal-Tran at that time was about $5,000. The Dallas Transit Company transferred more than $1,000,000 in cash and government bonds, as well as the company's Interurban Building, to the Dal-Tran Service Company on June 15, 1960. The total book value of the transaction was $2,110,700. The transit company received in return 21,107 shares of 100 par value common stock from the Dal-Tran Service Company. After studying the franchise, Dallas city officials upheld the legal right of the transit company to transfer its assets because the company was a corporate entity. Even though the procedure was legal, however, city officials disliked it.

The transit company officials maintained that they were just using idle assets, and President Tate said that the transfer of these assets would have no effect on the transit company at all. The officials of Dallas did not agree. The mayor, as well as the public utilities supervisor,

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80 Ibid., June 22, 1960.
81 Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University, The First Five Years, 1959 to 1964 (Cambridge, 1964).
85 Ibid., February 18, 1963.
86 The Dallas Times Herald, June 22, 1960.
maintained that the company was weakened by the transfer of assets because less money would be available for capital improvements and for repair of buses.\textsuperscript{87} The public utilities supervisor said that the transit company could have invested its assets itself without having to involve its subsidiary company in any way.\textsuperscript{88} The transferring of the assets of the transit lines was considered by many to be a technique of pyramiding, and to support this statement officials cited the continued activity of Weinberg in Honolulu.\textsuperscript{89}

Weinberg filed an application with the Securities and Exchange Commission in Washington, D. C., in July, 1960, for a stock exchange between the Honolulu Rapid Transit Company and the Honolulu, Limited. The exchange of stock would reverse the position of the two companies, causing Honolulu, Limited to become the parent company and the Honolulu Rapid Transit to become the subsidiary. Some feared that this same procedure might be followed in Dallas with the Dallas Transit Company and the Dal-Tran Service Company. If this exchange did occur, the transit system would not be under the control of the public utilities supervisor, because the parent company would then become the Dal-Tran Service Company, which had no franchise with the City of Dallas.\textsuperscript{90}

\textsuperscript{87}Ibid. \hfill \textsuperscript{88}Ibid. \hfill \textsuperscript{89}The Dallas Morning News, February 18, 1963. \hfill \textsuperscript{90}The Dallas Times Herald, June 28, 1960.
Weinberg filed a prospectus in Washington stating that the Dallas Transit Company would remain a subsidiary to Honolulu, Limited.\(^9\) Much to the chagrin of all concerned, the officials of Dallas discovered that only the public utilities supervisor and the mayor had known that the transit company was listed as a subsidiary of the Honolulu, Limited. The public utilities supervisor had possessed a prospectus containing this information for three months but had not informed the City Council or City Attorney. This situation illustrates the lack of communication between Dallas officials. Communication was soon to be underscored as a significant problem in a plan which Dallas effected to watch closely every operation of the transit company.\(^9\)\(^2\)

A special attorney, Henry W. Strasburger, was hired to aid City Attorney Kucera. The attorney was to observe closely the activities of the transit company and to report them. The report that Strasburger submitted indicated that the transit company wanted to price itself out of business and to draw its authorized return until the city was forced to purchase all of the company's assets at and above their market value. Recommendations in the report were made that the city should not and did not have to grant fare increases; that the city could, if necessary, revoke the franchise;

\(^9\)\(^1\)Ibid.

that the city could not be forced to buy assets of the company; and that the city could lower the authorized rate of return for the company.93

The City of Dallas called for a show-cause hearing to be held March 14, 1961, in order to investigate the dealings of the Dallas Transit Company. The city contended that the transit company's operations had violated the franchise and other ordinances.94

The city gave the following aims in calling the hearing: reducing the company's rate-of-return base by $3,504,579; reducing the company's working capital to $100,000; compelling the return of cash and security assets to the Dallas Transit Company from its subsidiary, the Dal-Tran Company; reducing salaries of five company officials; forcing the company to keep its accounting records in accordance with city law; and having the company restore bus service it had removed without city approval.95

At the hearing, the transit company failed to show that it had not violated the contract, and as a result, the transit company's rate base was reduced. The company also had to cease paying the $25,000-a-year salary of Harry Weinberg and the $12,500-a-year salary of Lawrence Weisman from the operating expenses. The salaries of these two men, members of the

93Ibid., October 13, 1960.
94Ibid., February 19, 1963.
95Ibid.
board of directors for the company, were to be paid from the profits of the company. The company had to provide extensions of service during rush hours in five areas of the city. The legality of the procedure of transferring assets was upheld.

During the two years that followed the major asset transfer in Dallas, the transit company made more investments through Dal-Tran Service Company. In the report to the company's stockholders in 1961, it was shown that Dal-Tran had invested $1,411,699 in capital stocks of other companies. The most important move, however, involved Weinberg's use of the assets of the transit company to gain control of the Fifth Avenue Coach Lines of New York City. Dal-Tran was shown to have over 50,000 shares of stock in these lines, the world's largest privately owned transit company, which had a value of over $68,000,000. By March, 1963, the transit company had shifted $600,000 of its fund to the Dal-Tran Service Company. The company maintained that this was an ordinary corporate business transaction and that enough money remained to run the business. The city officials did not like this continued shifting of money, but they recognized that the Dal-Tran company could legally invest its funds for any purpose and that the company was not required to make its business

96Ibid.
98Ibid.
known. The show-cause hearing held in 1961 had proven that the procedure followed by Weinberg in transferring assets was legal, but Mayor Cabell was uneasy and called the action reckless strategy.

The City of New York took over control of the Fifth Avenue Coach Lines shortly after Weinberg had gained control of the company. Weinberg had followed the same procedure in New York that he had followed in Dallas. He had immediately announced that he wanted a five-cent fare increase, which was opposed by Mayor Robert Wagner. A large-scale service reduction and personnel layoffs were planned by the lines, despite threats from the union in New York. A conflict between Weinberg and Wagner developed quickly, and special investigators were sent to Dallas to investigate Weinberg's activities. The fare increase was denied, and the lines said that a large layoff to involve 1,500 people would follow. This action caused the drivers union to strike. Mayor Wagner threatened to take over the lines, and shortly thereafter, the City of New York did gain control of the Fifth Avenue Lines by

100 Ibid., March 13, 1963.
102 Ibid., February 18, 1962.
103 Ibid., February 24, 1962.
condemnation.\textsuperscript{104} This entire activity in New York occurred at a time when Weinberg was closely involved in controversy with Dallas officials, and each conflict accentuated the other.

Dallas officials began to consider procedures to be followed if city assumption of the lines became necessary. The City of Dallas found, that in negotiating with the transit company, the city was severely handicapped by the franchise agreement. This document was written at a time when the city was dealing with street railroad concerns, and the document was inept and outdated. The franchise stipulated that the company must provide reasonably safe and comfortable cars, which would run in such number and at such intervals as prescribed by the city. The franchise severely limited the city's authority by saying that the transit company could request arbitration if the company thought that an action taken by the city under the section just described would jeopardize the company's ability to earn and pay the return allowed by the ordinance. The city found that, because of the inflated rate base allowed the company, new labor cost, and continued passenger loss, the company could present a good argument that it would lose money in the long run. Because the city was the regulator, it found that it must allow

\textsuperscript{104}The Dallas Times Herald, March 6, 1962.
the company a reasonable profit, protect the interest of the people, and keep the company from going bankrupt.\textsuperscript{105}

The city did not start negotiating seriously for the purchase of the Dallas Transit Company until the middle and later part of 1963, but certain activity taken by the city throughout the Weinberg era illustrates that the idea of public ownership was not suddenly born in 1963. In 1960 and 1961, the city had Kucera prepare a bill to be considered by the state legislature that would establish the framework necessary if Dallas were to take over the transit company.\textsuperscript{106} This bill failed because of labor difficulties that were not worked out. During the next legislative session, 1963, Mayor Cabell followed the precedent of Mayor Thornton and had another bill introduced that would create a metropolitan transit authority. This bill also failed to pass because of labor difficulty. The city could, if necessary, operate a transit system under an existing bill that had been passed allowing San Antonio to purchase a transit system.\textsuperscript{107} Passage of both of the unsuccessful measures had been sought in case an emergency should arise.

On the recommendation of the public utilities supervisor, Mayor Cabell appointed a special five-man committee to run

\textsuperscript{105}The Dallas Morning News, March 10, 1963.

\textsuperscript{106}Ibid., August 2, 1960.

\textsuperscript{107}The Dallas Times Herald, May 26, 1963.
the buses in case Dallas should have to assume ownership. The supervisor suggested the formation of the committee after a complete study had been made, which looked at the transit situation in twenty-six cities.\textsuperscript{108} If the city assumed ownership of the lines, the City Council planned to deal with the problems of fares, routes, and service. A professional general manager would also be hired. Under this plan, there would be no city subsidy for the transit company, and the purchasing of equipment would be dependent upon the sale of revenue bonds.\textsuperscript{109}

Under Mayor Cabell's leadership, the Dallas Master Transit Plan Committee, composed of twelve members, was also established in order to investigate and recommend programs dealing with long-range public transportation goals and services for the Dallas metropolitan region. This committee, which was formed on January 9, 1962, did an exhaustive study and finally made its report in October, 1963.\textsuperscript{110}

\textsuperscript{108}The Dallas Morning News, July 31, 1960.

\textsuperscript{109}Ibid., November 9, 1960.

\textsuperscript{110}Dallas Master Transit Plan Committee Report, Urban Transportation for the Dallas Metropolitan Region (Dallas, 1963), p. i.
CHAPTER III

ESTABLISHMENT OF THE DALLAS PUBLIC TRANSIT COMPANY

Dallas was on the verge of deciding to buy the Dallas Transit Company by mid-year, 1963. The best informed, most responsible leaders of the city realized that an adequate transit system was a necessary part of a balanced transportation system. If the city were to continue growing and prospering, transit needs must be met. Leaders questioned the ability of a privately owned company to provide an adequate system under modern conditions.\(^1\) They said that one essential goal of business is to make a profit and that, without financial help, private companies could not make a profit, while furnishing mass transportation on a high level.\(^2\) The Dallas company illustrated this assertion by maintaining that it must either have a fare raise or reduce service to make a profit. Tate, president of the company, said that sixteen of the company's twenty-eight routes lost money and that if a business approach were used, these lines would be reduced.\(^3\) In the recent history of the transit company, factors such as

\(^1\)The Dallas Morning News, February 17, 1963.

\(^2\)Ibid., February 18, 1963.

\(^3\)Ibid., February 17, 1963.
declining passengers, demands for fare increases, curtailed service, shifting of company assets, and disrepair of the equipment had also supported the thesis that private enterprise could not supply the level of mass transportation needed by the city.

After extensive study, officials at city hall realized that it would be impossible for the city to continue prospering without adequate transit service. If every person drove his automobile to and from work, there would be neither enough room to build the freeways nor enough room to provide parking. Parking space and streets already occupied 37 per cent of the total space in downtown Dallas. The growing population would also create demands for more facilities, and experience had shown that if more freeways were built, they would only generate more traffic.⁴

Mayor Cabell, realizing the absolute demand for adequate service, conferred with Weinberg about the problem with no proposals for improved services resulting.⁵ Using this stalemate as evidence of the hopelessness of the present situation, Cabell gave the City Council the alternatives of either keeping the transit operation in Dallas under private control with no additional service and no new equipment or having the city assume operation of the lines with the prospect of extending

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⁴Statement by Al Hester, April 14, 1967.
⁵The Dallas Times Herald, May 12, 1963.
the services. The city could gain control directly or by a specially created authority. If the city assumed the lines, the estimated $1,600,000 saved in taxes could be used to offset the expense involved in expanding services and purchasing new equipment. A publicly owned company would not have to pay federal income tax, state taxes, city or school taxes, county taxes or bus license tax.\textsuperscript{6} The public utilities supervisor was asked to make a study considering the expenses involved in providing better services.\textsuperscript{7} The feeling echoed in the council meeting was that, regardless of ownership, transit service and accommodations in Dallas must be improved.\textsuperscript{8}

A report from Wilson Driggs, executive director of the Metropolitan Transit Authority of Maryland, was indicative of the approach of a veteran transit official. Driggs reported that, in order to adequately meet the transit needs in Dallas, services should be improved by 50 per cent. He also said that private transit could not operate in Dallas without some kind of subsidy.\textsuperscript{9}

The Dallas Master Transit Plan Committee, in October, 1963, presented its report after more than twenty months of preparation. This report was very prestigious, because its

\textsuperscript{6}\textit{The Dallas Morning News}, April 13, 1963.

\textsuperscript{7}\textit{The Dallas Times Herald}, May 12, 1963.

\textsuperscript{8}\textit{The Dallas Morning News}, July 7, 1963.

\textsuperscript{9}\textit{The Dallas Times Herald}, July 2, 1963.
authors were considered to be a blue-ribbon committee. Their recommendation that private enterprise could not solve the transit problem added substantially to the drive for public ownership. The committee felt that a privately owned company could neither afford the construction of a line nor could it operate profitably while rendering the required service.\textsuperscript{10} The reluctant conclusion, that transit today should be a public service, was reached after much deliberation by this committee.\textsuperscript{11}

The committee report recommended that the creation of public transit services should be accomplished within a metropolitan structure.\textsuperscript{12} One suggestion was to create a metropolitan transit commission with representation for all areas in the region. Dallas should take the initial steps by proposing a transit program within the jurisdiction of the city and then make the effort to expand to surrounding areas.\textsuperscript{13} The concept of a balanced and coordinated transit system should be developed.\textsuperscript{14} The committee wanted public involvement in every aspect of the transportation problem so that the transportation needs of Dallas could be projected and met at that time and in the future.

\textsuperscript{10}Dallas Master Transit Plan Committee Report, p. 64. \\
\textsuperscript{11}The Dallas Times Herald, December 8, 1963. \\
\textsuperscript{12}Dallas Master Transit Plan Committee Report, p. 64. \\
\textsuperscript{13}Ibid., pp. 65-66. \\
\textsuperscript{14}Ibid., p. 60.
After a final conference with Weinberg, Mayor Cabell said that the city was going to purchase the transit company by the end of the year, basing the decision on the assumption that private enterprise could not provide the needed service.\textsuperscript{15}

By July, 1963, the City Council had decided that the city would go into the transit business with or without the help of the Dallas Transit Company. The city declared that, if it could not purchase the Dallas Transit Company for a fair market price, it would purchase other equipment and compete with the existing company. The City Council also hired a legal consultant and a transit planning consultant, who were experts in the transit field, because the council realized that it needed an accurate accounting of the assets of the transit company. Although Weinberg had presented the city with an inventory of the value of the transit company as of 1961, which amounted to $8,000,000, the city believed that a more reliable account was necessary.\textsuperscript{16}

The transit committee of the City Council was asked by Mayor Cabell to aid in the negotiations that dealt with possible public ownership. The formal negotiations were to start shortly, and the mayor did not want to be the only negotiator for the city. City Attorney Henry Kucera was also asked to sit in on the negotiations. The proceedings

\textsuperscript{15}The Dallas Morning News, June 11, 1963.

\textsuperscript{16}The Dallas Times Herald, July 16, 1963.
would start as soon as the city could get a legitimate appraisal of the value of the company. The city did not plan to horse-trade, but to make a fair offer to the company in an effort to establish an agreement on sound values.¹⁷

Due to a loophole in the franchise (1917), the city was in a weak legal position that might force it to pay millions of dollars more than the market value of the transit company if the decision were made to buy it. The out-of-date franchise did not provide the necessary legal safeguards. Under the agreement in the franchise, the city would have to pay the property value plus 5 per cent for the lines. The property used when the franchise was first written consisted of street railroad cars which had a thirty-year life, but the property under consideration in 1963 was a fleet of very old buses which had an original life span of not over fifteen years. The fair value of the buses, according to a formula drawn in 1956, was to be somewhere between the original cost of a bus less the book depreciation and the replacement cost of a bus less an observed depreciation. A bus that cost $15,000 twelve years before (twelve years was the average age of a bus in the company's fleet) would have a book value of $3,000. The replacement cost of a new bus would be $35,000. The fair value of the bus, under conditions in 1963, would be between $3,000 and $35,000, despite the fact that the bus might be

worth less than $3,000. The transit company's property value for rate-of-return was $6,784,924. With 5 per cent added, as stipulated in the franchise, the possible sale price would be $7,124,170. This figure is staggering when compared to the net value of the company, $3,639,217.18

During the early stage of negotiation, the city filed a suit in district court that would result in the forfeiture of the transit company's franchise. In the declaratory judgment suit, the city was seeking the forfeiture of the franchise because of the transit company's conduct. The city said that the company's action of deliberately curtailing service after being restricted from doing so by the City Council was in violation of the franchise. The city also charged that the company's actions since 1960 were detrimental to the public and cited thirteen examples of alleged misconduct. The city asked whether service curtailment and rate increases were subject to arbitration according to the law. The suit claimed that arbitration requested by the transit company was prohibited in the franchise. The city also asked for issuance of a mandatory injunction that would force the transit company to furnish transportation for at least six months, so that during this time, the city would be able to replace and to provide for necessary public transportation. Judge Julien C. Hyer of the 44th District Court issued a temporary

18 The Dallas Morning News, February 8, 1963.
restraining order forbidding the transit company from attempting to arbitrate service cuts and rate increases contested by the city. A hearing date for August 26, 1963, was set to consider the temporary injunction.19

As mentioned earlier, the City Council had ordered the transit company to show cause why it should not be held for violation of its franchise. The hearing was scheduled for September 10, 1963. This action followed an involved study by city administration of the activities of the transit company.20 The transit company replied that the City Council had no jurisdiction to call a show-cause hearing about the service reductions and further charged that the city was calling the hearing in an effort to acquire the assets of the company at a lower price than the price formulated in the franchise. Weinberg said that, according to the franchise, the city must give the transit company six months' written notice of any alleged default in the company's performance. Since the company had not received any such written notice, it had not had an opportunity to correct the situation.21

The city and the transit company agreed to a sixty-day truce, and Judge Hyer agreed to continue a restraining order against the company until October 28, 1963. At the request of both parties, the restraining order was again extended.

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19 Ibid., August 17, 1963.  
21 Ibid., August 3, 1963.
until November 27, 1963. The City Council also reset the show-cause hearing from September 10 until November 12, 1963.\(^{22}\) The reasoning behind these postponements was to allow for negotiation between the city and the transit company in an atmosphere that was not bristling with hearings and legal actions. The city believed it had not jeopardized its position at all by consenting to the delay.\(^{23}\) In fact, the transit company had already agreed to restore 280,000 miles of service that had been curtailed. The service reduction had been a major reason for the legal action. The delays presented the opportunity to determine whether the city could purchase the lines at a fair market price. If any arrangements could be made, no further litigation would be necessary.\(^{24}\) Both sides hoped that differences could be worked out amicably.\(^{25}\)

During the period of conflict over the transit problem, the city had been trying unsuccessfully to get legislation passed in Austin which would give the city authority to enter the public transit business. Bills were defeated in 1961 and 1963 because of union opposition. Senator George Parkhouse, one sponsor of these bills, had been against this legislation at first but changed his mind, because he believed that the

\(^{22}\)Ibid., August 27, 1963. \(^{23}\)Ibid.  
\(^{24}\)Ibid., August 23, 1963.  
\(^{25}\)The Dallas Times Herald, October 13, 1963.
city was being mistreated by the transit company. The city had wanted to pass legislation which would allow the establishment of a metropolitan transit authority.

Despite the failures in winning passage of new legislation, the city could resort to operating under a 1957 law that allowed San Antonio, Texas, to assume public ownership of a transit system. The transit operation under this law would be restricted to the city limits. The city studied the plan used by San Antonio and decided to use a similar plan if forced to go into the transit business. In San Antonio, where a modern efficient system was operating at no expense to the taxpayers, equipment was purchased and paid for out of the fare box.

The "San Antonio Law," Article 118W, Revised Civil Statutes of the State of Texas, was an enabling law, allowing any city in the state to purchase a transit company. The law would also allow cities to issue revenue bonds for the purpose of purchasing and maintaining a transit system. During the time these bonds were outstanding and were being repaid, the city would have to have a five-member board to manage and control the operation of the lines. The mayor of the city would have

26Ibid., June 7, 1963.  
28Ibid.  
30Ibid.
to be a member of the transit board or commission. The terms, powers, duties, manner of exercising duties, election, and organization would be specified in the instrument creating the board.\textsuperscript{31} This law provided the necessary authority for Dallas to assume the lines.

Financial planning was also necessary during the period of negotiation. The condition of the equipment of the transit company was an important consideration, since most of the rolling stock needed to be replaced because of its age and condition. Early planning for new buses involved the figure of $3,000,000, which would purchase 100 new buses. The city had also appraised the existing equipment of the transit company at $4,000,000. A $7,000,000 program was being studied which would cover both the purchase of the lines and the purchase of 100 new buses. If the city did not purchase the lines, the estimated cost of creating a city-owned transit system would be well over $6,000,000. Regardless of which alternative the city followed, it would save most of the money paid in taxes by the private company. The publicly-owned lines, however, would pay $85,000 interest on each $1,000,000 borrowed.\textsuperscript{32} According to the "San Antonio Law,"

\begin{itemize}
  \item \textsuperscript{31}Vernon's Annotated Revised Civil Statutes of the State of Texas, Article 118W, 1957.
  \item \textsuperscript{32}The Dallas Morning News, July 23, 1963.
\end{itemize}
the total cost of the program would be paid from incoming revenue of the transit company.\footnote{The Dallas Times Herald, October 10, 1963.}

The city wanted to buy 100 new buses by late October of 1963, because the buses would be needed whether the city formed new lines or bought the transit company. Another factor was that it took about six months for delivery. Because the negotiations were incomplete, the issuance of bonds was temporarily impossible, but the purchasing of any new buses could be done through the use of interim mortgage financing. In this procedure, the city could borrow from a bank, which would receive a lien on the buses.\footnote{The Dallas Morning News, October 31, 1963.} Despite these projected plans for financing the project, the city was unable to buy the buses as early as was planned. The buses would finally be purchased after the city's assumption of the transit lines, and they would be financed through the sale of bonds.

As negotiations for the transit lines proceeded, members of the City Council raised questions concerning different aspects of the operation. They did not question the concept of city ownership, but rather the method of achieving it. The transit committee of the City Council, which included Mayor Pro Tem Carie Welch, Councilman George Underwood, and Councilman Joe Golman, was criticized for moving too fast.
Councilwoman Tracy Rutherford bluntly told the committee that rapid action had caused communications to break down and that all City Council members, excluding the transit committee, knew was what they read.\textsuperscript{35} Councilwoman Elizabeth Blessing also displayed the same feeling when she asked for a week's delay before hiring Driggs, so that many questions could be answered concerning the incomplete bus program.\textsuperscript{36} Council members Elizabeth Blessing and Joe Moody also voted against the ordinance which created the transit board, because they felt that they should give only tentative agreement. They did not want to pass the ordinance by emergency measures, because they needed more time for public study. Their concern was for the rights of the present employees of the transit company.\textsuperscript{37} Blessing and Moody also raised questions concerning the closed meeting of the City Council during the consideration of the transit problem.\textsuperscript{38} As a result of these criticisms, the transit committee of the City Council was dissolved and the City Council, as a whole, acted as the transit committee.\textsuperscript{39} The influence of Mayor Cabell was felt during these moments of tension, and his view prevailed, for the City Council always followed his leadership with a substantial majority. His major argument concerned the importance

\textsuperscript{35}Ibid., November 5, 1963. \hspace{2cm} \textsuperscript{36}Ibid.  
\textsuperscript{37}Ibid., December 10, 1963. \hspace{2cm} \textsuperscript{38}Ibid., November 11, 1963. \hspace{2cm} \textsuperscript{39}Ibid.
of getting the transit issue solved as quickly as pos-
sible.\textsuperscript{40}

In November, 1963, the City Council hired Wilson Driggs
as manager of the proposed transit operations in Dallas.\textsuperscript{41}
Driggs, a former executive of the Dallas Transit Company, was
then the chief executive of the Metropolitan Transit Authority
of Maryland. His experience as an executive in private and
public transit would be quite helpful in the management of
the Dallas operation. Before hiring Driggs, the city had
thoroughly investigated all available personnel and had de-
cided that he was the most qualified man for the job. Driggs
came to Dallas at a financial loss from a good position be-
cause he was a Dallasite and felt that accepting the position
of manager was his civic duty.\textsuperscript{42} His salary was to be $25,000
annually, second only to City Manager Elgin Crull's salary
of $28,000.\textsuperscript{43} Although Driggs would not start work until
January 1, 1964, he would be available for consultation until
that time.\textsuperscript{44} To conform to the law, the new transit board
approved the hiring of Driggs at its first formal meeting,
December 20, 1963.\textsuperscript{45}

\textsuperscript{40}\textit{Ibid.}, December 10, 1963.
\textsuperscript{41}\textit{Ibid.}, November 7, 1963.
\textsuperscript{42}Statement by Wilson Driggs, May 1, 1967.
\textsuperscript{43}\textit{The Dallas Morning News}, November 5, 1963.
\textsuperscript{44}\textit{Ibid.} \textsuperscript{45}\textit{Ibid.}, December 21, 1963.
As negotiations for the transit system proceeded into November of 1963, the only progress made was that the transit company had come down from the $7,000,000 value that it had originally placed on the company. The judgment about what price would be fair, however, was still not determined.\textsuperscript{46} No deadline had been established for concluding the negotiations, but the City Council insisted that only a reasonable amount of time should be involved.\textsuperscript{47} In December, the announcement was made that negotiations would be concluded by January of 1964. Although no progress reports were made publicly, the city attorney was meeting with the legal advisors for the transit company in an effort to reach an agreement. Reports indicated that the price being considered was between $5,000,000 and $6,000,000. The possibility existed that the city would not purchase some assets of the company that had been shifted to the Dal-Tran Service Company.\textsuperscript{48}

In December, the council passed an ordinance creating a transit department and a transit board and then appointed the members of the board. These actions will be examined more fully in the latter part of this chapter. The council was considering the ratification of Driggs' contract and was making decisions on personnel policies affecting the present

\textsuperscript{46} Ibid., November 7, 1963.
\textsuperscript{47} Ibid., November 22, 1963.
\textsuperscript{48} The Dallas Times Herald, December 12, 1963.
employees of the transit company. The proposal was to be made public at the next meeting of the City Council. The council's transit committee did announce that they were not going to negotiate according to the formula presented in the franchise.49

The City Council approved the contract to purchase the transit system utility property from the Dallas Transit Company for $5,500,000.50 The transaction did not include the Interurban Building.51 The stockholders of the Dallas Transit Company overwhelmingly approved the contract presented by the city and also voted to liquidate on December 30, 1963.52

According to the agreement, all the buses would be ready for operation by the city on January 1, 1964. City Auditor Lynn Crossley had arranged for different Dallas banks to provide the money for the transaction immediately, even though Dallas had until January 16 to provide the funds with no interest.53

The city officials felt that they had saved money by negotiating without following the arrangement in the franchise agreement. This settlement also was made without the necessity of any long-extended litigation. Since the suit and the hearing were cancelled, Dallas could take over immediately

49Ibid., December 20, 1963.
51Ibid., December 24, 1963.
52The Dallas Times Herald, December 30, 1963.
and improve the services much faster.\textsuperscript{54} City Attorney Kucera released figures showing that the city had paid from $500,000 to $2,000,000 more than the appraised value of the transit lines. The appraisal, made by realtors and transit specialists, showed the transit company to be worth between $3,577,735 and a little over $5,000,000. The appraisal, nevertheless, failed to consider intangibles that were very important to Dallas, such as the immediacy of purchase and the dispensability of lengthy litigation. The Dallas Transit Company was already an established concern; consequently, the shift in ownership would relieve the city from forming a new company.\textsuperscript{55}

Elizabeth Blessing was the only City Council member who did not vote for purchasing the transit company at the negotiated price of $5,500,000. Although Blessing would not name her advisor, she believed that the city was paying more for the transit company at the negotiated figure than it would pay by condemning the company and then purchasing the assets of the company through the provision in the franchise.\textsuperscript{56} According to Blessing, the city could save more than $1,500,000 by using the method prescribed in the franchise.\textsuperscript{57} The

\textsuperscript{54}\textit{The Dallas Times Herald}, December 23, 1963.

\textsuperscript{55}\textit{Ibid.}, January 3, 1964.

\textsuperscript{56}\textit{The Dallas Morning News}, December 24, 1963.

\textsuperscript{57}\textit{The Dallas Times Herald}, December 23, 1963.
prevailing view held by the remainder of the City Council
was also supported by the city attorney and by Strasburger,
special counsel, who had negotiated with the transit company
for the city. They maintained that if the procedure suggested
by Blessing was followed, the price of the lines would have
been $7,300,000.58 This plan would also have involved many
months of waiting and litigation.59

The city retained the First Southwest Corporation of
Dallas as its financial consultant to plan the possible
$7,000,000 bond issue that would be necessary to complete the
transit operation transaction. For a fee of $9,562, the
Southwest Corporation worked with municipal bond lawyers in
preparing all the required legal documents and also arranged
for the financing of some transit equipment on a lease-
purchase basis.60 After the negotiation with the transit
company was completed, the $5,500,000 paid to that company
by the city came from three major Dallas banks. The Republic
National Bank bought the first $4,000,000 of city revenue
bonds, the Mercantile National Bank bought $1,000,000 of the
remainder, and the Texas Bank and Trust Company purchased
$500,000. The revenue bonds would pay 3 per cent interest
for the first two years and 4½ per cent interest for the

58 Ibid.
60 The Dallas Times Herald, September 17, 1963.
remaining twenty-five years thereafter. Lynn Crossley, city auditor, was very pleased with the transaction and believed that the city got a bargain for short-term money at 3 per cent. Crossley also stated that the banks, by taking the city revenue bonds on an interim basis, had really supported and aided the city. Normal sale of these bonds would have been difficult, because the city lacked any experience or earning record. The new city transit system would pay for the bonds through the money collected in fares. The city auditor also predicted that the city would get the estimated $3,000,000 needed to purchase new equipment through the use of revenue bonds sold to local banks. The First National Bank of Dallas did not buy any bonds because Robert H. Stewart, III, its president, was a member of the Dallas Public Transit Board.\footnote{The Dallas Morning News, December 28, 1963.}

The city of Dallas was in full support of the purchase of the transit lines. Traditionally, in Dallas, business leadership manipulates the direction of major activities conducted by the city. The strength of the business influence in Dallas is unparalleled. There exists, in fact, an oligarchy of businessmen. The organization which best reflects and controls this strength is the Citizens Council, a 250-member body of the decision-making executives of the biggest business concerns in the city. The Citizens Council represents the
economic strength of the city, decides what is best for the city, and then has its decisions executed by subordinate organizations which exist for that purpose. Without the support of the Citizens Council, few, if any, major activities can be realized. The major banks in Dallas are important elements in this arrangement.62 These banks, First National, Republic National, Mercantile, and Texas Bank and Trust, all played major roles in the purchase of the transit lines. The First National Bank's president was on the transit board, and the remaining banks loaned all the necessary money for the transaction. These actions by the banks probably constitute the best example of approval by the Citizens Council. Both major newspapers, which traditionally support the Citizens Council's decisions, also supported both the move toward public ownership and the actual purchase of the lines. Mayor Cabell, whose campaign included the promise to solve the transit problem, was not opposed by the Citizens Council. The majority of the members of the City Council were nominated and supported by the Citizens Charter Association, the political arm of the Citizens Council.

During the period of negotiation between the city and the transit company, leaders considered the question of how the transit company was to be operated after it was publicly owned.

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The proposal that a metropolitan transit commission be created was favored by most officials of Dallas, particularly after this proposal was heavily supported by the Dallas Master Transit Plan Committee. The advantages of this system were that Dallas would be able to deal with the total transportation problem of the metropolitan area now and in the future. This alternative was denied Dallas when the legislation necessary for the creation of a metropolitan transit authority was not passed by the Texas Legislature because of union opposition.

A contract management operation, which was considered and rejected by the city, would have outside transit management of the lines for a percentage of the gross of the company. The city would still control the fare rate, equipment, routing, and scheduling. Under this system of operation, it would be possible to have union negotiations with the city, but under the other proposed methods of operation (either a metropolitan transit committee or the city-operated plan), it would be unlawful to have union negotiations. Perhaps a major reason for the rejection of the contract management operation

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64 *The Dallas Morning News*, December 1, 1963.
65 Ibid., October 31, 1963.
operation was that this plan would allow transit employees to be union members, while all other city employees could not belong to unions.

The city made its decision on December 9, 1963, when it passed Ordinance Number 10086, creating a new Dallas Public Transit Department for the city as well as establishing a Dallas Public Transit Board to manage the lines. The ordinance was given an emergency passage under the authority granted to the City Council by Article 118W, Revised Civil Statutes of the State of Texas, and by the Charter of the City of Dallas. The transit board would make policy and direct the activities of the transit department, which would be structured much like other city departments, especially the park department, with its own board. The transit department would, however, have more freedom to act independently.68

This ordinance set the membership of the board at five, as well as providing for the appointment, terms, qualifications, powers and duties of the board. The board was to have one official meeting a month and could determine the regulations governing its monthly meeting. With approval of the City Council, the board could appoint a general manager; provide the necessary personnel to run the lines; purchase, maintain, and replace all necessary buses and other equipment; and establish routes. The City Council had to review the powers

68The Dallas Times Herald, December 8, 1963.
exercised by the board that were given to it by Article 1118W et. seq. Revised Civil Statutes of the State of Texas. The board was to give to the City Council recommendations concerning the setting and collecting of fares and was to provide charter service, when possible. The services of other departments of the city could be utilized by the board. With the approval of the City Council, the board could make agreements with other public utilities to provide necessary services, could enter into lease agreements, and could make arrangements for the filing of all reports required by any governmental body. The ordinance supported the conclusion that the board was to exercise overall supervision of the activity of the publicly owned transit company.

Mayor Cabell favored the creation of a transit department. The majority on the City Council depended on the opinion of the Mayor quite heavily, because he had led them in the negotiation for the lines and was quite well informed. However, some members of the City Council wanted the opinion of Wilson Driggs on what alternative to follow. Driggs did not favor the creation of a city department to handle the

69 City of Dallas Ordinance Number 10086, Dallas, Texas, December 9, 1963.
71 Ibid., November 30, 1963.
72 The Dallas Times Herald, November 17, 1963.
transit operation, because he feared that politics might enter into the operations if such a department were created. Mayor Cabell, however, convinced the City Council that the transit department would be completely divorced from politics. He had the original ordinance amended to prevent the mayor from being the chairman of the transit board as a safeguard against any political influence.

The structure of the new transit system was to be similar to that of the municipal government in Dallas. Dallas, the largest city in the United States using the council-manager form of government, had adopted the system in 1931, because leaders desired a city government that was patterned after the structure of business corporations. City leaders had said that every citizen of Dallas was a shareholder in the municipal government. A desire for the same kind of feeling concerning the transit lines was also evident. The City Council and the transit board might both be compared to a board of directors, which manipulates the activities of a large company. Both the City Council and the transit board were to appoint professional administrators to implement policies. These professionals would be responsible to the body that appointed

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73 The Dallas Morning News, November 5, 1963.
76 The Dallas Times Herald, April 23, 1967.
them, whether it was the City Council or the transit board. Rather than be paid the fee normally associated with boards of directors, the City Council would receive only a token salary, and the transit board would receive no pay at all. The idea that these men would donate their services to the public was important.77

The new transit department would be the center of an eventual metropolitan regional transit system, an arrangement which was to be the initial step in a program designed to provide transportation to the entire Dallas metropolitan area. These plans, made by the City Council, were in response to the recommendations of the Dallas Master Transit Plan Committee, which stressed the need of both regional transportation and regional transit management.78 The committee had recommended that the board should help solve the transit problems of the metropolitan area of Dallas, as well as the problems of the city. The Dallas Master Transit Plan Committee suggested that the transit board determine the transportation requirements of the metropolitan area to the year 2000, coordinate transit planning with urban planning done by all other levels of government, propose plans for a balanced transportation system that would meet the needs of the area, develop a time schedule for this transportation system, determine the estimated cost, determine the type of agencies

77Ibid. 78The Dallas Times Herald, December 10, 1963.
needed to run this transportation system, propose the agencies' duties, and suggest an appropriate method of financing the system.\textsuperscript{79} The Dallas Master Transit Plan Committee recommended that Dallas, which had an already existing radial railroad system, maintain communications with the railroad companies so that the city could take advantage of any change in ownership of track right-of-way.\textsuperscript{80} The transit board was given the responsibility of encouraging the railroad companies to notify the city of any such changes so that the city would have the possibility of future rapid transit facilities.\textsuperscript{81}

The selection of the members of the first transit board was made very carefully from among Dallas' business and civic leaders.\textsuperscript{82} The City Council achieved its goal of establishing a blue-ribbon board.\textsuperscript{83} The quality of the board members was important because one of the board's most important jobs was to gain the support of the community. The image of the transit company had to be improved and the board members would help. The association of Dallas' accepted leaders with the transit company might encourage the man-on-the-street to give the

\textsuperscript{79}The Dallas Morning News, December 8, 1963.
\textsuperscript{80}Ibid.
\textsuperscript{81}The Dallas Morning News, December 10, 1963.
\textsuperscript{82}This point was made clear by every person interviewed in connection with this paper.
\textsuperscript{83}Statement by Wilson Driggs, May 1, 1967.
lines another chance. Another consideration of the City Council in choosing a transit board was that the City Council was generally uncertain about how to handle the transit system. The majority of the members of the council were completely inexperienced. Also, according to the state law under which the board was chosen, the general revenue bonds used to buy the transit company would be paid for by the company. Since no public money would be involved, the City Council felt that the board should run the transit operation. The City Council would only approve the major items and leave the day-to-day operation to the board and the transit company manager. The City Council also wanted to remove itself from any direct connection with the transit operations for political reasons. It did not want the people of Dallas holding the council responsible for the operations of the company and felt that the transit operation was a function which could be delegated. Lastly, the job itself demanded men who were not only civic-minded and of top management quality but also highly skilled in certain areas. All the members of the transit board had

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84 Statement by Paul Carrington, Chairman of Dallas Public Transit Board, April 26, 1967.
86 Statement by Joe Moody, former member of the City Council, Dallas, Texas, April 26, 1967.
87 Ibid.
experience either in finance or in law. These men used their skills every day and were accustomed to facing major challenges and making major decisions.88

The Dallas Public Transit Board had five members. The Mayor of Dallas was an ex-officio member, as required by state law, while four other positions were filled by appointees of the City Council. Troy V. Post, an insurance executive and financier, was given a four-year term on the nonpaying transit board. Frank A. Hoke, a savings and loan executive who was also to serve for four years, brought civic experience with him to the board. He was past president of the Oak Cliff Chamber of Commerce and also had headed the City Plan Commission. Paul Carrington was appointed for a two-year term. This nationally recognized lawyer was the past president of the Dallas Chamber of Commerce and a member of the Greater Dallas Planning Council. The president of the First National Bank, Robert H. Stewart, who had been recommended by the Dallas Clearing House Association, was to serve for two years.89 After the original appointments, all terms were to be for four years. The transit board appointed Paul Carrington as its chairman.90

88 Statement by R. B. Carpenter, former member of the City Council, Dallas, Texas, April 28, 1967.
90 Ibid., December 21, 1963.
The early life of the Dallas Public Transit Board was a busy one. The board was part of the city's administrative team which helped through negotiations to acquire the Dallas Transit Company. Before the transit board was sworn in, the members met in a closed-door session with City Attorney Henry Kucera to be briefed on the status of the negotiations with the transit company and on proposed future actions. The board also approved the hiring of Wilson Driggs as general manager of the transit lines. Stressed heavily was the importance of having a smooth transition from private to public ownership. To facilitate this, the board unanimously agreed that there would be no changes in fare or scheduling. The employees of the company were also assured that their pay scale, work schedules, pensions, fringe benefits, and vacations would remain the same. Although the board took no official action, each member expressed acceptance of the proposed contract to buy the Dallas Transit Company. The board also said that, if requested by the City Council, it would meet and pass a resolution supporting the proposed contract to buy the privately owned transit company.

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Board members tried to gain public acceptance by showing the people of Dallas that service and equipment would be improved. The board, from the beginning, was interested in the sale of more revenue bonds that would be used to support future plans, especially plans for improvements. The City Council, by mid-January, 1964, following the recommendations of the transit board, approved the sale of up to $3,500,000 worth of transit revenue bonds. This action by the City Council complied with the state law, which required fourteen days notice before the actual sale of the bonds was to occur. These bonds were sold in order that the transit company could purchase new buses.

The board presented specifications for 100 new buses and gained approval from the City Council in late January. Advertising for bids on the new buses followed. The contract for 95 new, air-conditioned buses was awarded to General Motors Corporation, which had put in the highest bid of approximately $40,400 per bus. The Flexible Company was awarded a contract for five buses at a bid of $30,605. Trailers de Monterrey, a Mexican company submitting the low bid, was awarded nothing.

The excessive weight of the Flexible bus was the reason why

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97 Ibid., February 11, 1964.
that company did not receive a larger contract. Its bus weighed 900 pounds more than the General Motors bus, and the additional weight would have resulted in increased operating cost. The Mexican firm failed to get a contract because it was feared that the inexperienced firm might not be able to build the buses to meet the required specifications. The firm also needed more time for delivery.\textsuperscript{100} Frank Hoke, representing the transit board, and General Manager Wilson Driggs visited the General Motors plant in Pontiac, Michigan, to observe the building of the new buses, which would be delivered in Dallas starting in May.\textsuperscript{101} The members of the transit board and Driggs were working toward a totally new bus fleet within five years.\textsuperscript{102}

Improved service was another objective of the transit board. The department heads of the transit company made recommendations on necessary expenses and improvements, as well as on ways to reorganize the company for better operational efficiency.\textsuperscript{103} The City Council approved the board's action, which increased the frequency of service on several routes.\textsuperscript{104}

\textsuperscript{100} Statement by Frank Hoke, former member of the Dallas Public Transit Board, Dallas, Texas, April 28, 1967.
\textsuperscript{101} The Dallas Times Herald, May 19, 1963.
\textsuperscript{102} Ibid., July 2, 1963.
\textsuperscript{103} Ibid., January 7, 1964.
\textsuperscript{104} Ibid., April 28, 1964.
Free schedules were sent to all citizens of Dallas who wanted them, and more were posted in public places. The transit company was to add over 113,000 annual miles of service by extending existing routes. The Shoppers' Special service was doubled. By improving the service offered by the lines, the passenger decline which had been estimated at 4 per cent by the Weinbergs was reduced to 2.4 per cent in February. Surplus funds of the company were transferred to a new transit improvement fund to help pay for the new buses. The amount of money paid out by the company for taxes and operating expenses during the first two months was $152,358.50 less than the privately owned company had paid out during the same period the previous year.

Another activity of the transit board concerned the problem of personnel. The board suggested that Driggs hire more supervisors and cleaning personnel in addition to reassigning some of the supervisors who had been demoted by the Weinbergs. After two months, twenty-three new drivers, nine bus cleaners, and a nine-man research group were hired. The job of the research group was to search for ways to improve bus service.

107 Ibid., April 28, 1964.
by checking with riders and studying the lines.\textsuperscript{110} At the end of four months, fifty-five additional employees were either hired or were going to be hired by the company to help improve the service.\textsuperscript{111}

The transit board and Driggs had to prepare an interim budget that would carry the transit company through the remainder of the fiscal year ending October 31.\textsuperscript{112} This budget was presented to the City Council in April. It called for expenditures of $11,121,132 for the first nine months. This figure included the $5,500,000 purchase of the lines, but it did not include the $3,000,000 for the new buses. A $300,000 two-story office building to be constructed at Elm and Peak was also included in the budget.\textsuperscript{113}

The Dallas Public Transit Board did not hold its first regular, public meeting until March 14, although several informal meetings had been held before that time.\textsuperscript{114} At this meeting the progress of the transit operation was discussed. Among the major items considered were the decline of passengers, operating expenses, new personnel, new buses, possible sale of old buses, and old contracts to be honored by the transit company.\textsuperscript{115}

\textsuperscript{110} Ibid., January 25, 1964.  \textsuperscript{111} Ibid., April 28, 1964.  
\textsuperscript{112} Ibid., January 7, 1964.  \textsuperscript{113} Ibid., April 28, 1964.  
\textsuperscript{114} The Dallas Morning News, February 18, 1964.  
\textsuperscript{115} The Dallas Times Herald, April 28, 1964.
CHAPTER IV

ACHIEVEMENTS AND PROBLEMS OF THE TRANSITIONAL PERIOD

The first full year of life of the transit board was full of many problems and conflicts, and yet, the record of services rendered by the transit company is impressive. The new Dallas Public Transit Board and the manager of the lines, Wilson Driggs, did a professional job of struggling with the problems created during the Weinberg era, even though the new officials were working with the handicap of internal turmoil. The adjustment required by the City Council, the transit board, the transit company manager, and the public in settling the transit operation into the existing governmental framework of the city was not made easily, and it was not made without mistakes. While continued questions and criticisms were aimed at the actions and attitudes of the transit board, however, the actual administration and operational achievements of the company progressed smoothly and without interruption.

Assessment of Services

During the first year, the Dallas Public Transit Company tried to impress upon the citizens that the company was striving to provide improved service. Because of the new buses
and extended routes, the citizens were becoming conscious of the efforts and were responding.\(^1\) By August of 1964, as a result of breaking a seventeen-year trend of declining bus patronage, the transit company was operating in the black. A total of 56,747 more passengers rode the bus during the first seven months of 1964 than during the same period in 1963.\(^2\) By the middle of December, the decline of passengers had been stopped. In fact, a .4 per cent increase in patronage over 1963 was shown.\(^3\) As a result of increased bus usage, the amount of revenue collected also increased. Through November, the $7,099,966 total revenue collected was $52,179 more than was collected by the privately operated company during 1963. The sources of this revenue included passenger fares, charter services, and other minor income services. During the first year, the transit company was also able to operate within its proposed budget. Because the publicly owned transit company neither had to pay dividends to stockholders nor pay as many taxes as the privately owned company did, it could apply more money to improving facilities and services.\(^4\) Service improvements were also possible because the company had more passenger receipts and fewer expenses than anticipated.\(^5\)

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2. Ibid., August 9, 1964.
4. Ibid., December 24, 1964.
5. Ibid., October 21, 1964.
The transit company was vitally concerned with improving in every area. The company utilized a safety program, which included a requirement that the drivers take a safety retraining course, and which provided for the hiring of safety supervisors. As a result of this program, the transit company had only one serious accident under city ownership the first year.\(^6\)

Despite the fact that the transit company had purchased 95 new buses, the majority of the buses in operation were old and needed replacing. Driggs recommended that all of the remaining buses, which numbered over 300, be replaced within four years if the quality of the service offered by the company was to continue to improve. The problem connected with this proposal was that the company could not afford more than 20 buses a year by depending on revenue received from paying customers. New bonds would have to be issued or fares raised if buses were to be purchased at the projected rate. The transit board decided to refrain from constructing a transit office building and, instead, to use the money intended for the building to purchase new buses. However, since the amount involved was only $175,000, more money was still needed for the purchase of new buses.\(^7\)

Service was extended and improved during the first year of public operation of the transit company by increasing

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\(^6\)The Dallas Morning News, July 30, 1964.

\(^7\)Ibid., November 22, 1964.
regular service and offering new experimental services. The Shopper's Special, a service providing mobility for businessmen and shoppers in the downtown area, was improved. Although the fare was doubled, the buses ran more frequently. A ten-cent fare also made the operation self-supporting. The transit company tried to create a demand for bus service among tradesmen going to industrial areas to work. The company provided week-day service for the Brook Hollow Industrial District, an area in which fifty-one firms supported the effort. The company also added Saturday schedules to the Ferguson Express route and increased its daily service. The Industrial route was expanded to cover more of the industrial area of the city. Bishop College was also given bus service after the college had underwritten the service to guarantee the transit company a minimum of $50 daily.

The transit company offered club bus service to the citizens of Dallas and surrounding communities in order to provide express transportation to special groups. The prepaid services were geared to specific needs of the passengers. The routes were convenient to every rider's house, and each passenger was guaranteed a seat.

8 Ibid., June 1, 1964. 9 Ibid., August 9, 1964.
10 The Dallas Times Herald, July 28, 1964.
12 The Dallas Times Herald, August 26, 1964.
13 Ibid., June 17, 1964.
The club plan was also offered to suburbs of Dallas. This was the company's first public action which indicated the concern to create a metropolitan transit system. Dallas East, Inc., a civic organization, negotiated with Dallas concerning this club plan for Mesquite, a suburb on the northeastern side of Dallas. Dallas East, Inc., was interested in exploring the possibilities of transit service for Garland and other communities on the east side of Dallas. There was no evidence to indicate that those discussions proceeded beyond the exploratory stage. It was interesting to note that in two different surveys, the people of Mesquite indicated that they would ride the bus if service were provided. The club bus plan was used to introduce bus service in experimental efforts to the suburb of Farmers Branch, to Lakewood Shopping Center, and to Windsor House Apartments. All three services were discontinued because of lack of riders. The transit company had the services underwritten by the factions involved and did not lose any money.

Development of Problems

After Dallas had assumed ownership of the Dallas Transit Company, the city had to go through a major transition because of a lack of prior experience in operating a bus company.

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14 The Dallas Times Herald, August 7, 1964.
15 Ibid.
Problems arose concerning the system of operations used, the relationship of the transit department and transit board to other governmental units, and the adjustments of different personalities directly involved. The future course of the transit company was particularly affected during the transitional period by three men—Earle Cabell, Erik Jonsson, and Wilson Driggs.

Adjustment of Personalities

Mayor Earle Cabell, who led the city in its efforts to obtain the transit company, had been instrumental in setting up the machinery that would run the enterprise as well as in helping to choose the needed personnel. As a result of his experiences, Cabell, in all probability, was the most qualified man to handle the difficulties involved in the transitional period. However, Cabell resigned as mayor in January, 1964, in order to seek the Democratic Party's nomination to run against Congressman Bruce Alger.\(^{17}\) City Manager Elgin Crull, who worked closely with Mayor Cabell, believed that Cabell was a positive, well-grounded public official, experienced in working with both men and situations. Crull thought that these qualifications were necessary to handle the adjustment problems facing the city.\(^{18}\) Wilson Driggs, manager of the

\(^{17}\)The Dallas Morning News, January 23, 1964.

\(^{18}\)Statement by Crull, May 24, 1967.
transit company, believed that if Cabell had not resigned, the solutions needed to make a smooth transition would have been found.\textsuperscript{19}

Erik Jonsson, well-known civic leader of Dallas, agreed to serve as interim mayor. The majority of the City Council had agreed on the selection of Jonsson and had consulted with him before the public announcement was made that he would replace Cabell.\textsuperscript{20} Jonsson stepped into the situation with the double handicap of lacking experience as a public official and of being relatively uninformed about all phases of the transit operation. He wanted to settle the transit problem as peacefully as possible.\textsuperscript{21} Jonsson had been in business all his life, but in the capacity of a planner. His lack of experience in dealing directly with people resulted, at times, in gentle attempts to handle situations requiring forcefulness.\textsuperscript{22} It was necessary for him to become as active and persuasive as possible in confronting the various emerging difficulties involving the transit operations.\textsuperscript{23} Subordinates were used by Jonsson to a large extend in his dealings with the transit problem, because he was not familiar with the situation.\textsuperscript{24}

\textsuperscript{19}Statement by Driggs, May 1, 1967.
\textsuperscript{20}The Dallas Morning News, January 23, 1964.
\textsuperscript{21}Statement by Carrington, April 26, 1967.
\textsuperscript{22}Statement by Crull, May 24, 1967.
\textsuperscript{23}Statement by Carpenter, April 28, 1967.
\textsuperscript{24}Statement by Driggs, May 1, 1967.
In the beginning of his activity with the board, Jonsson felt that the transit board should be to the transit company as the board of directors was to a private corporation. He felt the average citizen should be removed from the transit situation and no more concerned over the actual practices of the transit board in establishing policy than a stockholder would care about the practices of a board of directors in establishing policy. The replacement of the experienced Cabell by the inexperienced Jonsson was certainly a factor that affected the city's transitional efforts, because the mayor, a member of both the City Council and the transit board, was heavily relied upon for leadership.

General Manager Wilson Driggs, who played a large role during and after the transitional period, returned to Dallas from a more lucrative position in Baltimore, Maryland, because he loved the city of Dallas and was challenged by the present condition of the transit company, which was at its lowest ebb. The transit company, in the face of the competition of the automobile, had to improve its public image so that revenues would exceed operating costs. Driggs felt that, if the company became more service-oriented, it could manage to pay for itself from revenue received through the fare box. Driggs favored the idea of running the bus lines like a private

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25 Statement by Hester, April 14, 1967.
26 Statement by Driggs, May 1, 1967.
corporation. The idea of the transit company being structured as a city department was against his better judgment, because he feared the involvement of politics in the affairs of the transit company as well as a curtailment in the necessary powers of the company. In the conflicts that arose during the first year of public transit operation, Driggs was always in agreement with the transit board and worked hand-in-hand with it.

Dallas had trouble achieving harmonious relationships between the council members, board members, and administration. In any new operation, allowances must be made for necessary personnel adjustments. Time, experience, and experimentation are necessary in developing rapport among individuals and among related groups. Each person's relationship to peers, subordinates, and superiors, as well as to organization and machinery, are important ingredients of efficiency. Each group must communicate effectively in order to work harmoniously. The necessary personnel adjustment did not occur during the first year of public transit in Dallas.

City administrators seldom agreed with the transit board on matters involving both areas of governmental activity.

27 Statements by Henry Kucera, former city attorney, Dallas, Texas, April 27, 1967, and by Driggs, May 1, 1967.
The three top-level administrators of Dallas were Elgin Crull, city manager; Henry Kucera, city attorney; and Lynn Crossley, city auditor. These men had been employed by the city for many years and wielded tremendous influence over the activities of the city through position and personality. Crull, who acted mainly in an advisory capacity, was not directly involved in controversy with the board, because transit company activities were not administrative in nature and did not fall under his jurisdiction. Kucera and Crossley, however, waged a bitter war over the extent of the powers of the transit board. Kucera also had personal and professional difficulties with Paul Carrington, chairman of the transit board. There was feeling that perhaps some of the city administrators were jealous of the board members and the transit manager, because the new entity was exercising many powers denied the city administration, and because Driggs' salary was higher than that of any professional staff member, excepting Crull. It was felt that most city administrators wanted the transit operation to be run along the lines of the park department or any already existing city department.

30 Statements by Carrington, April 26, 1967; by Kucera, April 27, 1967; and by Hoke, April 28, 1967.

31 Statements by Moody, April 26, 1967; by Carpenter, April 28, 1967; by Carrington, April 26, 1967; by Crull, May 24, 1967; and by Driggs, May 1, 1967.

32 Statements by Lynn Crossley, city auditor, Dallas, Texas, April 28, 1967; by Carpenter, April 28, 1967; by Kucera, April 27, 1967; and by Moody, April 26, 1967.
Kucera felt that, if the transit lines were allowed exceptional powers, many unwanted repercussions would follow.\textsuperscript{33}

Members of the transit board were Chairman Paul Carrington, Frank Hoke, Troy Post, Robert Stewart, and ex-officio member, Mayor Eric Jonsson. These men were used to making large, unquestioned decisions because of the exclusive executive positions they held, and they found it very difficult to communicate, in times of misunderstandings, with both the City Council and the city administrators. Carrington, particularly, had trouble in communicating. Although his role in the early periods of negotiation was important because of his experience and skill in this area, many people did not believe that his personality lent itself to the particular requirements of his position during later periods.\textsuperscript{34} The members of the transit board, with the exception of Hoke, had very little experience in dealing with public affairs and public officials. This inexperience affected their ability in understanding and adjusting to many different problems.\textsuperscript{35} Mayor Jonsson, because of the many demands on his time, had difficulty finding enough time to work with both sides, and he depended heavily upon his administrative assistants.\textsuperscript{36}

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\textsuperscript{33}Statement by Kucera, April 27, 1967.

\textsuperscript{34}Statements by Hester, April 14, 1967; by Crull, May 24, 1967; by Crossley, April 28, 1967; and by Hoke, April 28, 1967.

\textsuperscript{35}Statement by Hester, April 14, 1967.

\textsuperscript{36}Statements by Carrington, April 26, 1967; by Crull, May 24, 1967; and by Hester, April 14, 1967.
The relationship developed by the board members among themselves, however, was a united one. The board was unanimous in all decisions made publicly and privately.\textsuperscript{37} Members worked hard at developing this coordination and cooperation, through the use of formal meetings, informal meetings, and discussions.\textsuperscript{38} The only indication of any internal disagreement was that Carrington acted, in many instances, without the approval of the members of the board. As a result, some members felt that they could not work with Carrington.\textsuperscript{39} Driggs' relationship with the board was very harmonious. He considered the members to be of top quality and was always in agreement with their decisions and actions.\textsuperscript{40} Carrington had personally investigated Driggs prior to the board's approving his appointment as general manager and thought he was the most qualified man for the job.\textsuperscript{41}

City Council members included Mayor J. Erik Jonsson, Carie E. Welch, W. H. Roberts, Joe G. Moody, Elizabeth Blessing, Joe H. Golman, George M. Underwood, Jr., Tracy H. Rutherford, and R. B. Carpenter. The council as a whole had never been extremely active in dealing with the transit situation because

\textsuperscript{37}Statement by Carrington, April 26, 1967.
\textsuperscript{38}Statement by Hoke, April 28, 1967.
\textsuperscript{39}Statement by Crull, May 24, 1967.
\textsuperscript{40}Statement by Driggs, May 1, 1967.
\textsuperscript{41}Statement by Carrington, April 26, 1967.
of heavy reliance on Mayor Cabell's leadership, and when he resigned, an information gap existed. When Eric Jonsson assumed the office of mayor, the council tended to rely on his judgment in transit matters, despite his inexperience. Mainly because of inexperience and lack of information, the council was often inconsistent and indecisive in its relationship with the board. If each council member had participated more democratically in making decisions from the inception of the transit problems, the transition stage might have been less difficult. Two of the members, however, who were vocal in criticizing transit dealings were Moody and Blessing, independents who had been elected to the council without the backing of the Citizens Charter Association. In transit matters, as in other matters, they were not always likely to concur with the majority.

**Autonomy of the Transit Board**

Conflicting opinions concerning the status of the Dallas Public Transit Board were evident from its creation. These differences of opinion, which were never resolved, affected all phases of activity and communication between the board, the City Council, and city administrators. The board resigned in December, 1964, because these differences could not be settled. The major conflict concerned the question of autonomy. How much independence should be given to the board in deciding policy for the transit lines? Because of early
misunderstanding and lack of communication, neither the transit board members nor the City Council members ever completely understood the role the board was to play, and the board took office thinking that it would be at least semi-independent. Councilman Joe Moody was told that the members had been promised a certain amount of responsibility and that the City Council failed to follow through on this promise. Moody also explained that the board members, unaccustomed to being subordinates, found it hard to adjust to the fact that they would not be as independent as they had thought they would be. The board's idea that it was to operate as a fairly independent agent of government, concerned only with solving the problems of the transit lines, was fostered by the initial concerns of the City Council and Mayor Cabell. They had wanted to keep the transit company out of the arena of politics and to begin transit operations smoothly. Because many problems existed immediately after Dallas purchased the transit company, city officials were quite permissive in allowing the board an unusually large measure of independence in solving these problems. When the first difficult stage was over, these officials began to challenge the actions of

42 The Dallas Morning News, December 6, 1964.
43 Ibid., September 11, 1964.
44 Statement by Moody, April 26, 1967.
the board, and the board resented the challenge. If Mayor Cabell, who had made initial contact with all of the participants, had remained in office, he might have been able to bridge the gap in knowledge and understanding between the two sides. The lack of preparations and the unnecessary speed of the City Council in creating ordinances under which the board was to operate also led to misunderstanding between the board, the City Council, and city administrators.

Board members, as well as Driggs, wanted the freedom to manage the transit lines as if they were the board of directors of a private corporation conducting properties of a similar nature. The board wanted to be the policy maker for the transit company without any detailed supervision. The members claimed absolute authority in controlling the activity of the transit system, subject only to council approval. They felt that the claim was justified because the company's operations were not parallel with activities of other departments of the city. Driggs, who heavily influenced the thinking of the board, maintained that the board needed freedom of operation if it was to contend successfully with the competition

47 Statement by Hoke, April 28, 1967.
48 Statement by Hester, April 14, 1967.
49 The Dallas Times Herald, July 8, 1964.
of the automobile. His understanding when he took the job as manager was that the board was to have this power. This idea, firmly planted in Driggs' mind, might have been based on misunderstanding resulting from his lack of experience with the operation of city hall. On the other hand, the power might have been promised to him during the early negotiations for his job.

The opposing view to that of the transit board was taken by the City Council, who believed that the transit operation and the transit board were part of the city's governmental machinery and should conform to the laws of the city and of the state. Although the council had initially favored the idea of the board functioning as a board of directors to a private corporation, this concept was rapidly altered as events proceeded. The City Council was never as positive as it could have been concerning the exact amount of power the board could exercise and still conform to policy. Inexperience and uncertainty characterized the council's action.

Ibid.


Statement by Crossley, April 28, 1967.

Statement by Carpenter, April 28, 1967.

Statement by Moody, April 26, 1967.
City administrators were much more definite in their evaluation of the role the board was to play. Crull, acting in an advisory role, favored the establishment of a board to run the affairs of the transit lines, but did not favor making the transit board an independent agency. Kucera, city attorney, felt quite strongly that the board was exercising too much power. He felt that, if the City Council did not restrict the activity of the board, a conflict would develop with both the city charter and with state laws. Because the transit board was a public rather than a private institution, Kucera favored the idea that it should operate as other city departments operated. The extent of power should be limited and clearly established, and the board should be accountable to the city manager as well as to the City Council. City Auditor Crossley shared Kucera's belief that the board should be subservient to the City Council and should operate according to the provisions of the city charter. Strong responsibility should be exercised by the City Council in controlling the actions of the transit board. Crossley maintained that since the transit company belonged to the people of Dallas, the city should hold the board financially responsible to the

57 Statement by Kucera, April 27, 1967.
58 The Dallas Times Herald, December 24, 1964.
59 Ibid., September 12, 1964.
people. He said that the charter demanded that an audit be taken and that the city handle expenditures and income, because the public, as owners of the lines, had the right to know everything occurring in connection with the transit operation. City administrators maintained, then, that any friction between the transit board and the city resulted from the board's failure to adhere to the regulations and procedures that normally governed other divisions of the city's governmental machinery.

The question of the amount of latitude the board was to have in handling transit matters never involved the basic important controls the City Council exercised, such as approving fare structure, routes, and financing, for the board was in complete agreement as to the power of the council in this respect. The discontent between the board and the city was manifested in disputes over routine matters such as purchasing supplies, keeping books, hiring personnel, giving membership in private clubs, and meeting in private, which led to bigger questions concerning the autonomy of the board.

60 Statement by Crossley, April 28, 1967.
62 Ibid., September 12, 1964.
63 The Dallas Morning News, December 6, 1964.
Ordinance Revision

Perhaps the most obvious example of the struggle of power between the transit board and the city can be seen in the ordinances that were written by the City Council to describe the powers granted the transit board. Ordinance Number 10086, which was passed December 9, 1963, originally created the Dallas Public Transit Department and the Dallas Public Transit Board. This ordinance was replaced exactly three months later by Ordinance Number 10247.

The second ordinance concerning the transit board was written by Paul Carrington, chairman of the transit board, rather than by Henry Kucera, city attorney, in order to satisfy Driggs, who felt it absolutely imperative for the board to have the power it sought in order to cope with the transit problem in Dallas. Carrington also maintained that the second ordinance was needed in order to fulfill promises made to Driggs by Dallas officials persuading him to come to Dallas from his job in Maryland. City Auditor Crossley, who was against the second ordinance, also supported the fact that the situation proposed to Driggs initially was quite different from the situation which could be legally enacted. Crossley had discussed the problem with Driggs before Driggs

64 Ibid., July 2, 1964.
65 Statement by Hoke, April 28, 1967.
66 Statement by Carrington, April 26, 1967.
accepted the job and had tried to show him the fallacy of his original idea. The only supporting arguments presented by Carrington for passage of the new document were that the second ordinance cleared up some problems that the board was already facing and also that the second ordinance conformed more closely to the state law enabling Dallas to purchase the transit company.

As finally approved, the second ordinance represented a compromise between the city and the board. As first proposed, the ordinance would have provided the board with almost total independence from the City Council. The negotiations concerning the new ordinance involved Carrington, Jonsson, and Crull, although Crull was there only to advise the mayor and had no official standing. The conference between the men was strained, because Carrington threatened that the board would resign if a new ordinance were not passed. Faced with this choice, Jonsson agreed to accept the second ordinance, although Crull, when asked his opinion, opposed the ordinance. Jonsson publicly announced that he was satisfied with the new ordinance and that he believed that the board was only trying to get an ordinance under which successful operation

67 Statement by Crossley, April 28, 1967.
68 Statement by Carrington, April 26, 1967.
would be possible. Carrington said that the Board was not unhappy with the new ordinance.\footnote{The Dallas Morning News, March 13, 1964.}

The ordinance was passed in a very hurried manner. On the day of passage, it had not been discussed at the City Council's luncheon session, which precedes the regular council meeting. This luncheon period is normally a time of laying preliminary groundwork and a time of general discussion. Once the regular session of the City Council was under way, the ordinance was rushed through the three required readings before the council. Normally, an ordinance is read only once at a session, thus taking three separate meetings of the council to complete the reading. This procedure was accelerated in order to pass Carrington's ordinance, despite the fact that many council members did not understand the nature of the ordinance. They requested a twenty-minute recess, at which time Mayor Jonsson tried to explain the finer points of the ordinance. The ordinance was not ready to present to the City Council until the regular meeting started, because it had not been typed until immediately before that time.\footnote{The Dallas Times Herald, March 10, 1964.} Confusion because of lack of preparation was evident during the procedure of accepting the ordinance.\footnote{Statement by Hester, April 14, 1967.} Some members of the City Council were hesitant to accept the rapid turn of events,
but they did so against their better judgment at the insistence of the mayor.\textsuperscript{74}

Although the second ordinance was very similar to the first one, there were some major changes. In the new ordinance, the transit board was given extensive power to control, manage, and operate the lines. Eight-year terms were given to the present members. The transit board was allowed to hold secret meetings in addition to its required monthly meeting, although final action on any matter was to take place only in public meetings. The board was given the power to conduct the affairs of the transit company with the same freedom enjoyed by a board of directors of a private corporation operating properties of a similar nature. In matters concerning the budget, accounting system, and periodic reports, the board would have to have the approval of the City Council. Council approval was also necessary before any changes in routes were finalized, but the board was to initiate any possible changes.\textsuperscript{75}

Conflicts arose quickly in the wake of the new ordinance. Councilman Moody was not aware at the time of the passing of the ordinance that Carrington had written it. His firm belief was that all ordinances should be written by Kucera, as

\textsuperscript{74}Statement by Moody, April 26, 1967.

\textsuperscript{75}City of Dallas, \textit{City Ordinance Number 10247}, Dallas, Texas, March 9, 1964, pp. 1-6.
prescribed by the City Charter. It was true that the ordinance had been drawn up without the knowledge of Kucera, who was quite vocal in his dissent. His argument was that the ordinance gave the board too much power and independence without adequate control of the City Council. Kucera also maintained that Carrington, who was chairman of the transit board and not a legal advisor for the city, had stepped out of his role in writing the second ordinance. Carrington counter-charged that Kucera had changed the ordinance at the City Council meeting without the knowledge of the transit board.

The enabling law, which had been passed by the state legislature, and the city charter were basic to the arguments of both men. Carrington argued that the board was to be autonomous as prescribed in the law, and Kucera said this was not true because the board's autonomy conflicted with the city charter. The point of contention was Carrington's unwillingness to admit that the law was an enabling act. A state law of this nature does not take precedent over a city

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76 Statement by Moody, April 26, 1967.
77 Statement by Crull, May 24, 1967.
78 Statement by Hester, April 14, 1967.
79 Statement by Kucera, April 27, 1967.
80 Statement by Carrington, April 26, 1967.
ordinance unless it so declares, and this law did not so declare.\textsuperscript{81}

Acting under the authority granted to it by the new ordinance, the board soon caused council members to question the merit of its actions. Some councilmen questioned the practice of the Board approving the payment of dues in certain private clubs for Driggs. Other questions arose concerning the budgetary and purchasing power given to the board. The concept of the transit board acting in the same manner as directors of a private corporation was challenged, and secret meetings held by the board were also highly criticized. Mayor Jonsson was then led to suggest that perhaps the ordinance should be studied in order to make sure that it satisfied the City Council. Three months after the passage of the second ordinance, Mayor Jonsson called for the City Council to completely reconsider the ordinance governing the transit board. Council members had urged the Mayor to initiate this action. Councilwoman Tracy Rutherford had asked for reconsideration on the grounds that the City Council had acted too quickly in passing the ordinance. Elizabeth Blessing, another council member, felt that changes should be made in order to prevent the divorce of the transit operation from city administration and from the jurisdiction of elected officials. Councilman

\textsuperscript{81}Statement by Crull, May 24, 1967.  
\textsuperscript{82}The Dallas Times Herald, June 9, 1964.
Joe H. Golman said that, if any loopholes existed in the ordinance, they should be removed. The City Council turned to City Attorney Kucera for advice and consultation. The board sent a letter to the council June 9, stating that it would hold only public meetings in the future and that the practice of paying the dues of transit officials in private clubs was halted. Carrington, the letter writer, also said that the board would be glad to meet with and discuss any possible revisions in the ordinance with the City Council although the board saw no need of change.

A liaison committee, composed of members of both the City Council and the Dallas Public Transit Board, had been established in June in an effort to solve the differences that existed concerning the ordinance. City Attorney Kucera was asked to report to this committee on the legality of the current ordinance. Consideration of the problem by the liaison committee extended into July with no evident results as opposing interests apparently grew further apart. In September, with the guidance of the mayor, a compromise to the problem was apparently reached. In return for keeping the current ordinance in operation without change, the transit board agreed to turn over its accounting to the city auditing

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83 Ibid., June 4, 1964.
84 Ibid., June 9, 1964.
85 The Dallas Morning News, July 8, 1964.
This compromise did not solve the underlying reason for the dispute, the problem of autonomy, and as a result, three months later the board was to resign.

**Payment of Dues**

In early June, a practice of the transit board was made public which, although relatively minor by itself, helped to keep friction between the board and the city at a high level. In April, the board had privately approved the practice of paying private club membership for its top administrative officials. Driggs and other top administrators of the transit company had their expenses paid in such clubs as the Chaparral Club, Lakewood Country Club, the Dallas Rotary Club, Kiwanis Club, and Lions Club. The dues amounted to about $200 a month. Driggs’ dues in several clubs cost about $77 a month. The amount of money involved was a minor matter, but the fact that the agreement to pay these dues was made in secret meetings magnified the situation. Many council members and members of the press wanted to investigate the practice.

91 *The Dallas Times Herald*, June 1, 1964.
Reasons were given for the establishment of the practice of paying club dues. This practice had been followed under private ownership of the company and simply was continued. The board also understood that Driggs was to receive this service, because he had been told that the dues would be part of his salary when he was hired. Driggs defended the action taken by the board by stating that department heads and administrators paid their own initiation fees, and the company then raised salaries to compensate for the monthly dues. Memberships in certain civic organizations was considered vital because of the contacts made and the improved public relations. Driggs also defended the board's action citing the city's agreement to allow the employees of the transit company to continue receiving all the rights and privileges beneficial to the company's operation which they had received from the private owners. If, for any reason, these benefits were discontinued, they were to be replaced with benefits of equal value to the company. Board agreement on the matter of paying the dues was reached without pressure from Driggs and with the knowledge of Jonsson. In Carrington's opinion, the matter was blown out of proportion by Kucera and The Dallas Times Herald. Under the provisions of the second ordinance,

93 Statement by Carrington, April 26, 1967.
94 Statement by Driggs, May 1, 1967.
95 Statement by Carrington, April 26, 1967.
the activity was legally correct, because the board had adjusted the salary increases to conform to all financial limitations.

Disapproval of the board's action in paying the dues was expressed by some members of the City Council and by City Attorney Kucera. The City Council members were upset because the action was taken without the council's knowledge and because no other city official had membership dues in private clubs paid for with city funds. Kucera's position was that the practice had no value to the citizens of the city, and he said that the argument of the precedent being set by the practice of the privately owned company did not have any validity when applied to the publicly owned company. The board's activity resulted in pressure to investigate the possibilities of changing the transit ordinance.

Because of the disappointment expressed and pressure exerted by the City Council, the board rescinded its action concerning the payment of administrators' dues in private clubs. Payment was stopped as soon as the board realized what the attitudes of the City Council were toward the practice. Carrington explained that the practice was eliminated

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96 The Dallas Times Herald, June 2, 1964.
97 Ibid., June 1, 1964.
98 Statement by Kucera, April 27, 1967.
because board members saw that a precedent was being established which could affect other city employees. In explaining the minutes of the secret meeting where the salary increase had been authorized, Carrington maintained that the board had possessed the power to ask for the raise as well as the power to rescind it. The board formally assented to rescind the action in the letter written by Carrington to Mayor Jonsson on June 9, 1964.

Secret Meetings

A conflict arose concerning the board's practice of holding secret meetings. After the City Council became aware of these meetings, a bitter struggle ensued. This problem was actually only one aspect of the larger problem of autonomy.

Under the jurisdiction of the original ordinance, the transit board infrequently held public meetings. It never even established a regular meeting date nor did it name a permanent secretary to keep minutes. It did meet publicly to discuss the need of a new ordinance, which board members considered necessary in order to operate efficiently. After passage of the second ordinance, which required a public monthly meeting, the board met for the first time in the

100 The Dallas Morning News, June 2, 1964.
101 Letter from Paul Carrington, Chairman, Dallas Public Transit Board, June 8, 1964.
middle of March. At this time, the board announced that it had met informally several times prior to the first formal public meeting. There was no mention of the particular items discussed at the informal meetings. The second ordinance allowed the board to have closed meetings in addition to its required monthly meeting, but final action on any matter could occur only in public meeting.

Driggs refused to allow newspaper reporters to see minutes of the board's private meetings until Carrington had approved. Carrington, after several hours of consultation with Driggs, refused to give approval. Carrington was willing to make his position clear in an off-the-record basis, but would not talk if he was to be quoted. He defended the secret meetings as being necessary to initiate the transit operations and said that programs concerning operational procedures would be made public at the proper time.

One big question concerning the closed meetings was whether or not actual decisions had been made privately. If decisions formulating policy had been made, these meetings would be held in violation of the city charter as well as in


104 *City of Dallas, City Ordinance Number 10247*, Dallas, Texas, March 9, 1964.


106 Statement by Hester, April 14, 1967.

violation of the second ordinance. Driggs, Hoke, and Carrington all agreed that these conferences were held only for discussion and consideration of details and that conferences of this type were provided for in the second ordinance.\(^{108}\) However, evidence that important decisions were made was to be offered by *The Dallas Times Herald*.\(^{109}\) After being denied access to the minutes of both public and private meetings, *The Dallas Times Herald* presented facts about the board's activity to the public. The newspaper claimed that the transit system was a publicly operated utility and was responsible to the City Council for its actions, as were other city agencies.

Councilwoman Tracy Rutherford disclosed to *The Dallas Times Herald* that she had seen the minutes of the board's meeting and that final decisions had been made secretly. She referred to action taken by the board dealing with public relations items, particularly the payment of dues in private clubs for some transit administrators.\(^{110}\) Councilwoman Blessing, after talking with Kucera about the board's secret meetings, supported this claim. Blessing said that final action concerning the board's decision to ask the

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\(^{108}\) Statements by Carrington, April 26, 1967; by Driggs, May 1, 1967; and by Hoke, April 28, 1967.

\(^{109}\) Statement by Hester, April 14, 1967.

\(^{110}\) *Ibid.*
City Council to approve a recommended fare increase for the Shopper's Special was also taken in a secret session.\textsuperscript{111}

The \textit{Dallas Times Herald} also made an investigation into the actual methods used by the board in holding informal sessions. The transit board not only held informal sessions that were attended by some or all of the board members, but also used an elaborate telephone arrangement that allowed the members of the board to hold joint telephone conversations. While one member was talking, all the others could hear him. This plan allowed the board to have meetings without having to get together in person.\textsuperscript{112} Carrington maintained that extensive use of the telephone was necessary, because all the members of the board were very busy men, who needed a way to handle the large amount of detailed work involved in the affairs of the transit company.\textsuperscript{113}

While the \textit{Dallas Times Herald} was battling the transit board's secret meetings, members of the City Council were also questioning the practice. Some members had felt unsure about the procedure in March, when the council had approved the passage of the second ordinance allowing the board to hold secret meetings. The misgivings intensified as reports were given that important decisions had been made in private

\begin{itemize}
\item[\textsuperscript{111}] The \textit{Dallas Times Herald}, June 1, 1964.
\item[\textsuperscript{112}] Statement by Hester, April 14, 1967.
\item[\textsuperscript{113}] Statement by Carrington, April 26, 1967.
\end{itemize}
sessions. City Attorney Kucera reminded the council that this practice violated the city charter and the second ordinance. Kucera strongly supported the position that the transit operation was a public institution and that its activities should be public in nature.

Council members did not share a uniform opinion concerning the solution to the problem of secret meetings. Tracy Rutherford maintained that, although private sessions were not necessarily wrong, all action should be taken in public. Bill Roberts and R. B. Carpenter shared the view that the activities and records of the transit board should be made public. Joe Moody was unalterably opposed to any type of secret meetings on the basis that the people had a right to knowledge of transit activities, because the board was handling public money. He said that no one should be ashamed of the fact that there might be disagreement over certain issues. Blessing said that it was impossible for the transit company to remain completely divorced from politics because the company was a part of the city administration.

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114 The Dallas Morning News, June 1, 1964.
115 Statement by Kucera, April 27, 1967.
116 The Dallas Morning News, June 1, 1964.
117 The Dallas Times Herald, June 1, 1964.
118 Ibid., June 4, 1964.
all agreed with the mayor that the ordinance should be re-studied very carefully. The council discussed the possibility of revising the ordinance to eliminate the provision allowing secret meetings.\textsuperscript{119}

The Dallas Charter League, a bipartisan citizens' action group, indicated that it would go to court, if necessary, to get the records of the transit operations made public. Maurice I. Carlson, spokesman for the League, said that the transit board was a creature of the city and must conform to the city charter which required meetings to be open to the public.\textsuperscript{120} Ironically, the Dallas Charter League had made an earlier, unsuccessful attempt to prevent secret sessions of the City Council. This protest had been made during the process of negotiations to buy the transit company.\textsuperscript{121}

The transit board defended its actions initially, saying that the informal meetings were provided for in the ordinance and that such meetings were necessary in order to operate the transit company efficiently. The board declared that all important action had been taken at open meetings and that copies of the discussions held at private sessions were available to any interested party. The board stated, at first, that it would continue to follow the present transit ordinance

\textsuperscript{119}\textit{Ibid.}

\textsuperscript{120}\textit{The Dallas Times Herald}, June 1, 1964.

\textsuperscript{121}\textit{The Dallas Morning News}, June 2, 1964.
and to hold private meetings. Board members felt that the news media had presented the wrong image of the activities conducted in private session. Many felt that certain members of the City Council were using the transit board as a publicity vehicle to further their own political careers.

Finally, faced with mounting opposition to the practice of secret meetings, the board agreed to reconsider. Jonsson insisted that Carrington should take the initiative in reconsidering the practice because it was the chairman's responsibility to do so. Jonsson, who was trying to keep a position of neutrality because he was a member of both the board and the City Council, did not feel that he should initiate policy at the request of the City Council.

On June 9, the board stated in a letter to the City Council that it would discontinue having private meetings and that minutes of all meetings would be made available to the public within three days after each session. The board also conceded to publicly reconsider every matter which had been discussed in private sessions. Although the board did not believe that any change in the transit ordinance was needed, members agreed to discuss the possibility of revision. These concessions were made in the same letter in which the board

123 Statement by Driggs, May 1, 1967.
rescinded action concerning payment of administrators' dues.\(^{125}\)

In spite of this letter, the board did have another closed meeting in September. This meeting was called by Jonsson, who unsuccessfully tried to dissuade the board from sending a letter of independence to the City Council.\(^{126}\)

**Fiscal Operations**

The struggle for autonomy also can be illustrated by the conflict over certain provisions of the transit ordinance dealing with fiscal responsibility. Under the second ordinance, the fiscal operations of the transit board were subject to approval by the City Council. Budgets, accounting systems, and periodic financial reports were to be presented to the City Council.\(^{127}\) The ordinance allowed the board to spend money with broad latitude as long as the money spent did not exceed the amount stipulated by the City Council. Particular expenditures could be raised or lowered by decree of the board within this broad framework.\(^{128}\) The big question was whether the board was to initially handle all fiscal matters with routine approval from the City Council or whether

\(^{125}\)Letter from Paul Carrington, Chairman, Dallas Public Transit Board, June 8, 1964.

\(^{126}\)The *Dallas Morning News*, September 10, 1964.

\(^{127}\)The *Dallas Times Herald*, March 10, 1964.

\(^{128}\)Ibid., June 7, 1964.
the board's proposals would have to go through the established routes at city hall. The board felt that going through any normal processes other than routine approval by the City Council would destroy the image of the board operating in the manner of directors of a private corporation.

One major point of contention concerned who was to do the purchasing and accounting for the transit board. The board wished to continue to handle these procedures because available facilities enabled the work to be done quickly without interrupting day-to-day activity. The city suggested that it would be cheaper to use the larger equipment at city hall. City administrators also stated that, although the transit ordinance did not explicitly provide for the city to do the company's purchasing and accounting, the city charter did make this provision. This argument was based on the provision of the charter which said that all purchasing should be done by the city purchasing agent.129

The recently formed liaison committee dealt with this problem of purchasing and accounting in conjunction with the problems of secret meetings, payment of club dues, and ordinance revision. The City Council depended upon the liaison committee to make suggestions concerning possible solutions. City administrators Kucera and Crossley, who wanted the city

129Ibid.

130The Dallas Times Herald, September 14, 1964.
to exercise close supervision over transit activities, presented their case to the liaison committee by letter.\textsuperscript{130} Crossley expressed the view that any income or expenditures should be handled by the city, because the transit system belonged to the city and to its citizens. Not only was this procedure cheaper, but also it was provided for in the city charter.\textsuperscript{131} He said that the electronic system at city hall would provide a fast, effective method of doing the job economically.\textsuperscript{132} Kucera felt that the city should exercise more authority through revising the ordinance. He said that the board's effort to bypass the control of the City Council should not be allowed, because the transit department should be operated like any other city department.\textsuperscript{133}

More fuel was added to this particular dispute when Driggs voiced a fear that surplus funds from the transit lines would be used for other city purposes if the city assumed the purchasing and accounting aspects of the transit company's activities. A contract reserve fund had been established by the city to absorb the money not spent during any fiscal year. Crossley answered by saying that the city had no intentions of using transit funds and that any ideas to the contrary were incorrect. Crossley thought that the idea of the city using

\textsuperscript{131} Statement by Crossley, April 28, 1967.
\textsuperscript{132} The Dallas Morning News, September 12, 1964.
\textsuperscript{133} Statement by Kucera, April 27, 1967.
the transit company's surplus funds was a funny suggestion, because he did not believe the company would even be self-supporting.\textsuperscript{134}

Carrington believed that the city administrators had no legal right to control the financial operations of the board, because there was no public money committed to the operations of the transit company.\textsuperscript{135} Frank Hoke, a member of the board and of the liaison committee, concurred, saying that revision of the ordinance to remove the board's purchasing and accounting powers would be a mistake.\textsuperscript{136} Hoke said that the ordinance provided all the safeguards the city needed and was probably overprotective when compared to the San Antonio ordinance which allowed an almost autonomous board.\textsuperscript{137} Driggs was very positive in his support of the board's position of maintaining its purchasing and accounting operations.\textsuperscript{138}

The turmoil over purchasing and accounting was partially responsible for the letter of independence which the transit board sent to the City Council on September 10. In this letter, the board said that it wanted to operate the transit

\textsuperscript{134}The Dallas Times Herald, September 13, 1964.
\textsuperscript{135}Statement by Carrington, April 26, 1967.
\textsuperscript{136}Statement by Hoke, April 28, 1967.
\textsuperscript{137}The Dallas Morning News, July 8, 1964.
\textsuperscript{138}Ibid., September 12, 1964.
system with little interference and guidance from the city administrators, who were seeking too much control. The letter also expressed the opinion that review and final decisions concerning activities of the transit board should be conducted only by the City Council.139

After much discussion, private and public, a compromise was reached. Jonsson was responsible for this settlement or "matter of adjustment." In return for allowing the transit company's purchasing and accounting to be done by city machinery located at city hall, the board was assured that the present transit ordinance would remain as it was. The compromise did not solve the underlying question of how much freedom the board was to have.140

Another financial problem concerned the preparation and ratification of the budget for the transit company. An interim budget was used by the transit company during the initial period of public operation. The company was to prepare a year-long budget for the next fiscal year, which would begin the first of October.141 By the middle of July, Driggs presented an $8,160,941 budget, which the board was to approve and then present to the City Council for final approval.142 On August 31,

139Ibid., September 10, 1964.
140The Dallas Times Herald, September 14, 1964.
142Ibid., July 14, 1964.
the transit budget, along with the city's annual budget, would be subject to a public hearing. The problem facing the City Council, as expressed by Mayor Jonsson, was how to deal with the budget in the midst of a struggle over proposed revision of the transit ordinance.

Jonsson raised a question concerning the legal way to recommend the budget to the City Council. Normally, the city manager would approve proposed budgets of various city departments, compile them into one city budget, and present this budget to the City Council. However, under the provisions of the ordinance, the board was to present the budget to the City Council. Carrington said there was no legal problem, because the board had recommended the budget and thus had fulfilled the legal requirements. Frank Hoke maintained that the board had looked at the budget carefully before recommending it and said that, if the City Council was not satisfied, there was no need for the board to exist.\footnote{143}

Some members of the City Council felt uneasy about bypassing the city manager's role in proposing and approving the budget and wanted the liaison committee to consider the board's recommended budget. By early September the proposed budget had received the approval of the liaison committee. Councilman R. B. Carpenter said the budget was satisfactory, although he noted that the committee had only the budget of the private

\footnote{143 The Dallas Morning News, August 26, 1964.}
transit company to compare with the proposed one. Carpenter also said there was nothing in the budget that the committee could not put its finger on.144

Despite the approval of the liaison committee, bitter feelings were still evident among all the participants. The board believed that the episode of the budget was an effort to reduce its autonomy. During the period of budget consideration, the board issued its letter of independence, stating that if the City Council wanted to take responsibility for the transit company's operations, the board would resign, because members had other things to do than to play rubber-stamp for the City Council.145

The City Council approved the budget as proposed by the Board. Members of the City Council thought they needed some additional analysis of the budget and suggested getting an expert to study the involved financial questions of the transit company. Reid, Cox and Company, an accounting and auditing firm in Dallas, was hired to audit the transit department and to make a general analysis of its budget. Some council members hoped the fiscal analysis and forecast made by Reid, Cox and Company would provide a foundation for better understanding between the transit board and the City Council, as well as provide a pattern for financial planning and budgeting in the

144Ibid., September 4, 1964.
future. The report from Reid, Cox and Company did not come in time to help solve the transit situation, because the report was not made until after the transit board had already resigned. The accounting firm stated that the budget was reasonably sound, especially considering the fact that it was made for a newly acquired system in the midst of change. Although not hired to make general analysis, the firm reported that it found no unsolvable problems existing between the transit board, the City Council and various city departments.

**Hiring Policies**

Open dissension between the transit board and City Auditor Lynn Crossley occurred in July, when Crossley refused to honor pay vouchers of two employees hired by Driggs with approval of the board. Crossley maintained that, according to the city charter, the two men did not have the status of city employees because they did not have contracts approved by the City Council outlining their duties. These men were not to be paid until their contracts had gained council approval. Crossley based his authority to withhold payment on the city charter, which said he could refuse to pay any expenditure conflicting with the city charter. Crossley also maintained that it was against the policy of the city to pay any employee

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a commission, as the board was doing for one of the two disputed employees.\textsuperscript{149}

Cliff Sage, a public relations counselor, and Clarence Parson, a consultant to handle transit schedule mail, were the two transit company employees who were not being paid. Driggs had hired the two men on verbal agreements.\textsuperscript{150} These men, although not paid for nine months, worked throughout the conflict. Sage, who had worked for the private transit company, was the center of attention, because he had been hired in January at a secret meeting of the board. His status was not made public until June, when the controversy over closed meetings was going on. Sage was to be paid a salary and a commission, which, as mentioned earlier, was contested by Crossley.\textsuperscript{151}

The big question involved which transit contracts the City Council would have to approve. Crossley maintained that all employees must have city approved service contracts. The transit board declared that it did not need City Council approval as long as the board did not exceed the budget limitations under which it must work, because the transit ordinance gave the board the authority to hire additional personnel.\textsuperscript{152}

\textsuperscript{149}Statement by Crossley, April 28, 1967.
\textsuperscript{150}The Dallas Morning News, July 30, 1964.
\textsuperscript{151}The Dallas Times Herald, July 2, 1964.
\textsuperscript{152}Ibid.
Mayor Jonsson believed that the City Council should follow Crossley's recommendations. Jonsson said that, if the auditor raised a question, the council should listen to what he had to say.\textsuperscript{153} Questions concerning the hiring of the two employees were turned over to the liaison committee in early July.\textsuperscript{154} The liaison committee did little with the problem during July other than suggest that the board not pay Sage a commission as had originally been intended.\textsuperscript{155} The liaison committee recommended by late July that Kucera give a legal opinion concerning Sage's status in order to guide the board in making a decision.\textsuperscript{156} Although the liaison committee continued to consider the problem, no solution was reached until September, when the board made the major concessions to approve contracts for both men and also to approve the transfer of purchasing and accounting to city hall.\textsuperscript{157} The following month, the board approved a contract for Cliff Sage which increased his salary from $650 monthly to $833 monthly. The reason for this was that Sage had to spend more time than anticipated working for the bus company.\textsuperscript{158}

\textsuperscript{153}\textit{Ibid.}
\textsuperscript{154}\textit{The Dallas Times Herald}, July 7, 1964.
\textsuperscript{155}\textit{The Dallas Morning News}, July 8, 1964.
\textsuperscript{156}\textit{Ibid.}, July 30, 1964.
\textsuperscript{157}\textit{The Dallas Times Herald}, September 16, 1964.
\textsuperscript{158} \textit{Ibid.}, October 21, 1964.
By the end of October, the relationship of the transit board to the city had worsened considerably, and this deterioration of communication ultimately would lead to resignation.
CHAPTER V

RESOLUTION OF PROBLEMS

Many efforts at compromise and numerous attempts to solve existing differences between the transit board, the City Council, and city administrators were made during the twelve-month period of the conflict concerning autonomy. Mayor Jonsson, a member of the transit board as well as of the City Council, was a leader in trying to find an adequate solution that would allow the board to operate smoothly in a framework acceptable to everyone. A liaison committee was also formed by the City Council, composed of two members from the transit board, two members from the City Council, and the mayor. This committee was to try to work out solutions with which both sides could live. Neither the mayor nor the liaison committee was to have more than temporary success at any time during the conflict.

Although Mayor Jonsson was the logical man to lead the negotiation, he was in a difficult position. Cabell, the man Jonsson replaced, had delivered the transit company, the first transit ordinance, and the transit board to the city. Jonsson had to assume the role of mayor totally lacking in eminent knowledge of Cabell's actions and the motivation behind his actions. To add to the confusion, Jonsson had no prior
experience as a public official. Lastly, Jonsson had to work with a City Council which also lacked knowledge of what Cabell had done and which also was completely without any transit experience. As a result, the City Council reacted with uncertainty throughout the transit crisis. Although Jonsson was very busy because of his position in private life, he led the city council in efforts to persuade different factions to reconsider and modify their demands.

One major goal of Jonsson was to keep peace among the factions. Immediately after Jonsson assumed the role of mayor, he had to solve a tremendous problem. As explained in Chapter III, the board wanted a new ordinance which would provide the extended power the board felt it needed in order to operate. Driggs had been promised such power when he accepted the job as general manager. During the discussion with Carrington, Jonsson faced the problem of either agreeing to a new ordinance or having the board resign. Aware that big trouble was developing, Jonsson, against his better judgment and against the advice of Crull, agreed to allow the board to have a new ordinance. This decision was based on the hope that as a result of the new ordinance, adjustments

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1 Statement by Crull, May 24, 1967.
3 Statement by Carpenter, April 26, 1967.
4 Statement by Carrington, April 26, 1967.
could be made to prevent any possible emergency during the critical transitional period of public transit operation. The City Council, assured that the second transit ordinance was necessary and not of a harmful nature, agreed to pass it on the strength of Jonsson's recommendation. When ensuing questions arose concerning the amount of freedom given the board by the ordinance, Jonsson had to take a position upholding the validity of the ordinance and yet recognizing the reasons for criticism.

As the controversy over closed meetings flared, Jonsson tried to defend the board's position in an effort to keep the activity from reflecting on the second transit ordinance. He maintained that the board was not trying to hide anything but rather was attempting to prevent embarrassment in case the City Council refused its proposal. There was nothing wrong with informal sessions as long as no official action was taken. The board should be judged, not on minor mistakes, but on its good performance. Jonsson reminded the council that the board was trying to adjust to its job and that tolerance should be extended to it during this time. He stressed repeatedly that harassment of the board should be curtailed.

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8 Ibid., June 5, 1964.
Jonsson always tried to give careful consideration to the opinions of all parties concerned. While he sympathized with the board's desire for sufficient power to operate efficiently, he also paid attention to charges made by council members and administrators against the board. He reminded the council that the recommendation of Kucera and Crossley should be listened to carefully. When opinions could not be resolved, Jonsson usually suggested a restudy of the ordinance.9

During the month of September, after the transit board had sent its letter of independence to the City Council, Mayor Jonsson met three times in private sessions with the transit board. The big question, once again, was the amount of independence the board was to enjoy. The areas discussed involved the purchasing and accounting for the transit company, revision of the transit ordinance, and contracts of transit employees.10 As a result of the action taken by the mayor, a compromise was reached. In return for keeping the ordinance intact, the board agreed to allow city hall to do its purchasing and accounting. During the period of negotiation, Jonsson also consulted members of the City Council and city administrators, so that it appeared as if Jonsson was only the spokesman for the group and not its leader.11

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9The Dallas Times Herald, June 4, 1964.
10Ibid., September 13, 1964.
11Ibid., September 14, 1964.
At the suggestion of Mayor Jonsson, the City Council appointed a liaison committee to coordinate the affairs of the transit company. This committee was to try repeatedly to arrange solutions to the problems concerning the autonomy of the transit board. Joe Moody and R. B. Carpenter were selected to represent the City Council on the liaison committee, and Frank Hoke and Troy Post were to represent the transit board. Jonsson, who picked the members with City Council approval, would also serve on the committee. The liaison committee met twice and considered reports from Kucera concerning revision of the ordinance and from Crossley suggesting that the transit company be put under city fiscal control. The liaison committee approved the proposed budget presented by the transit board and asked that the budget be farther analyzed by independent auditors. This recommendation was followed by the City Council. The liaison committee was also asked to decide whether or not the transit system could hire additional personnel without City Council approval. The committee failed to come to any decision concerning this problem and also left other items unresolved.

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Many reasons were suggested concerning why the liaison committee was formed. One idea advanced was that it was an attempt to bypass clashes between Carrington and Kucera, who could not get along.\textsuperscript{16} It seemed that each man was abusing the city charter by using it as a weapon to advance his own view.\textsuperscript{17} Another suggestion was that Jonsson had gradually realized the need to change the basic concept under which the transit board was operating, because he recognized that a municipally-owned transit operation could not be run like a private corporation. One event after another illustrated how unacceptable this concept was to the public.\textsuperscript{18} A liaison committee might tactfully suggest modifications in the role of the board.

The limited success of the liaison committee was attributed to many things. At the time of the committee's formation, the thought patterns of the people involved had already been established, and neither side was willing to compromise.\textsuperscript{19} One member, Hoke, maintained that the role of the committee was really unimportant and pointed to the lack of conferences held and to the small number of decisions reached as proof of

\textsuperscript{16}Statements by Carpenter, April 28, 1967; by Carrington, April 26, 1967; and by Crull, May 24, 1967.

\textsuperscript{17}Statements by Carpenter, April 28, 1967, and by Hoke, April 28, 1967.

\textsuperscript{18}Statement by Hester, April 14, 1967.

\textsuperscript{19}Statements by Carpenter, April 28, 1967; by Kucera, April 27, 1967; and by Moody, April 26, 1967.
Moody, as a result of his activity on the liaison committee, believed that all communication had been stopped between the transit board and the City Council and that the efforts of the liaison committee were futile. Moody advocated that a joint meeting be arranged so that the two parties could get together and become acquainted. If this were to happen, Moody maintained, the communication would be restored, and both sides would realize that the conflict concerned unimportant details, which could be worked out easily. At no time during the long struggle between the transit board and the City Council did the two parties meet jointly.

All efforts at compromise or settlement of problems failed. Numerous temporary solutions were reached, but the underlying question of power was never adequately solved. Because the large question was never answered, relations continued to be strained until finally a crisis was reached.

A letter of independence was sent to the City Council by the transit board in mid-September. This letter was an answer to the letters sent to the liaison committee by Kucera and Crossley that had accused the board of conducting its affairs outside of the city's guidelines. The board told both the City Council and city administrators that it should have a

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20 Statement by Hoke, April 28, 1967.
wide measure of independence in order to do its job. The letter said that many matters need not go to the City Council for final review and approval. The transit board based its position on the claim that the same state law which authorized the city-owned transit company in San Antonio also applied to the transit operation in Dallas. The people who had purchased the bonds that were used to buy the Dallas Transit Company had been assured that, under state law, the company would be run by an autonomous business board. The state law would be violated if the city ordinance was amended by the City Council. Also contained in the letter was the board's agreement to continue to serve. The board stated that a serious mistake would be made if the transit system was placed under the control of the City Council as suggested by Kucera. A warning was included in the letter that the transit operation could become a political operation rather than a business operation if the ordinance was changed. This warning was based on the fact that transit problems in many other cities had become political footballs. The letter stated that the transit system operated differently from other city departments in that it faced the stiff competition of the automobile. It also had inherited a negative public

\bibid.
image and needed a strong positive program.\textsuperscript{25} For these reasons, the transit board needed to operate as a business.

The City Council, whose reaction to the letter was raised, finally agreed to allow Mayor Jonsson the opportunity to work with the board and the liaison committee in an effort to come to some agreement.\textsuperscript{26} Councilman Moody opposed the City Council's judgment, unsuccessfully advocating that a joint session be held between the board and the council. Moody believed that the conflict revolved around the fact that the board had been promised a certain amount of freedom and responsibility in a closed meeting and that the freedom was now being challenged by the possible amendment of the second transit ordinance.\textsuperscript{27} The September crisis was temporarily solved, as discussed earlier, by Jonsson's successful mediation that resulted in the ordinance remaining as it was, while the purchasing and budgeting were transferred to city hall.

Almost a year of disagreement and bickering ended in early December, when the transit board sent a letter of resignation to the City Council. The letter from the Dallas Public Transit Board to Mayor Erik Jonsson and members of the City Council, dated November 30, 1964, submitted the resignations of the members of the board (excepting Jonsson, who,

\textsuperscript{25}Ibid.

\textsuperscript{26}The Dallas Times Herald, September 10, 1964.

\textsuperscript{27}The Dallas Morning News, September 11, 1964.
by state law, had to remain a member) to be accepted as soon as possible. The resignations, which were agreed to by all members of the board, carried out a threat that had been in the background since the transit board's starting operations. Carrington, in negotiating with Jonsson for the second ordinance, had made the position of the board quite clear. If it was not given enough power to actually make the decisions for the transit company, the board would resign.

The letter of resignation mentioned that the board had accepted its role on the basis that it would make the month-to-month business decisions for the transit company or approve the decisions made by the general manager of the company. The board also had understood that it would operate in the same fashion as the transit board in San Antonio, according to the state law passed in 1957. Although an ordinance had been passed that would allow the board to operate as it wanted to, the ordinance did not prove to be effective. The letter also stated that because of the interpretation of the ordinance by city hall, the transit operation had become hybrid in nature. The month-to-month decisions were not final until the City Council had approved them. No major decision had been denied the board, but members felt that the delay involved in getting City Council approval had adversely affected the efficiency of the company. Prevailing arrangements, the board continued, placed the operation of the transit company in a
position where it could become a political issue. The board went on to conclude that the system could function more effectively as a city department or as a board which would be a committee of the City Council than under the existing situation.28

The City Council reacted to the resignation by the transit board with surprise. Even Jonsson did not know that the board would really resign, although he stated that the last time he was with the board, the members felt that they had fulfilled their usefulness and were no longer needed. They asked him to consider the possibility of their resignation. Jonsson's suggestions were that the City Council should ask the board to reconsider and also that the City Council should start considering alternatives.29 These suggestions were followed by the City Council although not all the members agreed. Blessing believed that this would be a good time to bring the transit ordinance into line with the city charter, because she thought the board had been given too much authority.30

Members of the transit board made it quite clear that they intended to resign and would serve only until they could be replaced. Acceptance of the resignation of the board was delayed until December 22, because the City Council needed

30 Ibid.
the time to decide such things as what type of governing body was needed, whether or not a new ordinance was needed, and how the transit business was to be conducted presently and in the future.\textsuperscript{31}

After almost a year's operation, the Dallas Public Transit System could point to several areas where progress had been made toward providing the citizens of Dallas a better bus system, but in the crucial area of policy-making, the situation remained very confused. Resignation of the Dallas Public Transit Board forced the City Council once again to decide upon the type of governmental entity that would best serve the interest of the community at that time. Although the possibility of the transit board's resignation had existed for some time, the City Council had not formulated an alternate or emergency plan.

Four basic alternatives were confronting the City Council. Mayor Jonsson explained the four as leaving the board basically the same but modifying the existing transit ordinance and getting four new board members;\textsuperscript{32} changing the transit operation so that it would operate as a regular city department patterned after the water department or the public works department; creating a semiautonomous department with its own board, much like the park department; or seeking legislative

\textsuperscript{31}\textit{The Dallas Times Herald}, December 14, 1964.

\textsuperscript{32}\textit{Ibid.}, December 3, 1964.
approval from Austin which would allow the creation of a metropolitan transit authority.\textsuperscript{33}

Most of the City Council, in its initial reaction, favored re-establishing the board to operate in a manner very similar to that of the park department. The transit operation would have a board but would still be closely aligned with the City Council. Kucera was asked to consider an ordinance which would provide for this arrangement.\textsuperscript{34} Blessing was definitely in favor of this action. She wanted to accept the resignation of the board, have an ordinance drawn up that would conform to the city charter as she understood it, and place the transit operation in an organizational set-up like the park department.\textsuperscript{35} City Manager Crull favored having a board established to operate the transit system. He did not want the transit system re-organized as a department that would operate under his supervision, because he believed that the operations of the transit company would exceed his authority. He also thought the problem of getting public acceptance could be handled more easily by establishment of a board.\textsuperscript{36}

Another alternative was suggested by some council members in the initial stage of reaction to the resignation of the

\textsuperscript{33}The Dallas Morning News, December 6, 1964.  
\textsuperscript{34}Ibid., December 2, 1964.  
\textsuperscript{35}The Dallas Times Herald, December 2, 1964.  
\textsuperscript{36}Statement by Crull, May 24, 1967.
transit board. This alternative, seriously considered by Mayor Jonsson and Councilman Bill Roberts, concerned maintaining the present board. Its resignation would not be accepted until the city had an opportunity to try again to get the Texas Legislature to pass a bill which would allow Dallas to establish a transit authority. Action could not begin until January when the Legislature met. If such legislation were successful, then an authority should be created which would have the power to act independently and which would not be connected with the city at all since it would deal with the transit problems of the county.³⁷ Councilman George Underwood favored asking at least some of the present members of the board to remain and help build a new board.³⁸ Jonsson stressed the importance of having a board to continue handling transit policy and suggested forming an interim board if the old board refused to reconsider its resignation.³⁹

After much deliberation, the City Council decided to try to get a metropolitan transit authority bill passed in Austin and to ask the current transit board to continue serving while this action was pending. City Manager Crull said the expected time of passage of the bill would not be before July or August. City Attorney Henry Kucera was to revise the metropolitan

³⁷The Dallas Times Herald, December 2, 1964.
³⁹The Dallas Times Herald, December 14, 1964.
transit authority bill which had been rejected in 1963 and have it resubmitted in January when the Texas Legislature convened. In deciding on this course of action, the City Council maintained that the transit operation under the San Antonio law had been intended to be only a temporary action. From the beginning, the goal had been to establish a metropolitan authority.\textsuperscript{40} As proof of this, the actions of the three preceding City Councils had been cited as advocating action toward this objective.\textsuperscript{41} Crull supported the council's reasoning by stating that this solution was the only possible one that would fit the recommendations of the Dallas Master Plan Committee, which had made its report in 1963.\textsuperscript{42}

Additional support for the City Council's plan was secured. Dallas County's Congressman Earle Cabell agreed to assist the project by using his influence in Austin. Cabell had been mayor of Dallas during the last session of the Legislature, which had failed to approve the transit bill proposed by Dallas.\textsuperscript{43} Grady Adkins, the union representative of the Dallas Transit Company, supported the project and promised that there would be no union opposition to the bill.\textsuperscript{44} This support was important because

\textsuperscript{40}Ibid., December 8, 1964.
\textsuperscript{41}The Dallas Morning News, December 8, 1964.
\textsuperscript{42}The Dallas Times Herald, December 8, 1964.
\textsuperscript{43}Ibid.
\textsuperscript{44}The Dallas Morning News, December 8, 1964.
in 1963, union opposition had been a large factor in defeating the transit bill in Austin. State Senator George Parkhouse, who had sponsored the 1963 transit bill, pledged his support as did State Representative Ben Atwell, dean of the House delegation from Dallas, who said he was for anything that would make the bus operation successful. Support of the transit bill was also given by Dallas County Judge Lew Sterett, who said that the county should have bus service where it was needed and that only a metropolitan transit authority could provide that service.45

The City Council, in a formal resolution, asked the transit board to continue to serve until such time as a decision was made by the Texas Legislature concerning the metropolitan transit authority bill. This request was refused by the board, because it felt that the period of its usefulness had ended and that it was no longer needed as a part of the transit operation. Although the request by the City Council was appreciated, the board maintained that no change in the focus of operations of the board and transit company could keep it from resigning.46 Mayor Jonsson, in the face of the board's refusal, said that although the City Council had decided on trying to establish a metropolitan authority on a county-wide basis, the fact remained that the transit company had to be

46 Ibid., December 12, 1964.
operated in the interim. The problem was whether outsiders or some of the members of the City Council should direct the system during the interim period. After Mayor Jonsson had tried one more time unsuccessfully to get the transit board members to reconsider their decision to resign, the City Council announced on December 22, that four Dallas business leaders had agreed to join the transit board.

E. O. Cartwright, senior vice-president of Merrill, Lynch, Pierce, Fenner, and Smith, was to be chairman of the new transit board. Cartwright, very experienced in public service and transit matters, had been vice-chairman of the Dallas Master Transit Plan Committee, the group which had spent two years studying the area's transit problems. Cartwright had been chairman of the Municipal Radio Commission and had various other civic responsibilities before he joined the transit board. Frank Hoke would be vice-chairman on the new board after reconsidering his decision to resign. He was the only member of the original board to reconsider. Hoke had been persuaded to stay on the transit board by Councilman Joe Moody, who believed that Hoke was of top quality and that his transit

49 Ibid., December 22, 1964.
50 Ibid., December 23, 1964.
experience, as well as his finance and law background, would be of great help.\textsuperscript{52} Former Mayor Pro Tem Elgin B. Robertson, a veteran both of public service and of the transit problem,\textsuperscript{53} was also named to the board. Fred M. Mayer was the fourth member of the new transit board. Mayer was the retired president of the Continental-Emsco Company, an oil industry supply firm.\textsuperscript{54} Mayor Jonsson remained a member of the transit board as required by law.

Joe H. Golman, nominating committee chairman of the City Council, declared that the committee was unanimous in the selection of the new board and that the City Council was fortunate to obtain a board that had so much talent and experience. Golman stressed the fact that each of the board members was a specialist in his field.\textsuperscript{55} Experience of the members of the new board was the major consideration in their selection, according to Councilman Moody.\textsuperscript{56} Common sense was also considered important in the selection of board members.\textsuperscript{57} Driggs emphasized that the new board was appointed because the City Council felt that these men could bring peace to the turmoil

\textsuperscript{52}Statements by Hoke, April 28, 1967, and by Moody, April 26, 1967.

\textsuperscript{53}The Dallas Morning News, December 22, 1964.

\textsuperscript{54}Ibid., December 23, 1964.

\textsuperscript{55}Ibid., December 22, 1964.

\textsuperscript{56}Statement by Moody, April 26, 1967.

\textsuperscript{57}Statement by Hester, April 14, 1967.
of the past by taking a different approach to their jobs. Cartwright, when questioned about any possible controversy that might be present, dismissed the question with the statement that he could see no insurmountable problems in the transit board's future.

When discussing the bigger questions facing the new transit board, the question of autonomy was not mentioned at any time by anyone. Problems that were mentioned were possible revision of the current transit ordinance to place it more in accordance with city policies, methods to finance new buses that were badly needed, ways of increasing patronage, and eventual development of a county-wide transit authority. Mayor Jonsson said that the new transit board was not necessarily only an interim board. Each member would serve a regular term, and if the city was successful in its application for the creation of a metropolitan transit authority, this board could be the nucleus of a permanent board.

The resignation of the transit board members resulted in serious considerations being given to a new ordinance. Mayor Jonsson suggested that City Attorney Kucera start working on a new ordinance or on modifications for the old one. The

58 Statement by Driggs, May 1, 1967.
60 Ibid., December 22, 1964.
ordinance Kucera started preparing would provide for the transit company to be run much like the park department. He stated that any change in transit policy would require revision of the present transit ordinance. Although Kucera continued to work on a revised ordinance, no decision or serious consideration was given to the problem by the City Council until after the second transit board had been sworn into office.

During the last council meeting in December, the decision was made to write a new ordinance, which was to be written in clear and very precise language and was to describe fully the relationship between the City Council and the Dallas Public Transit Board. Kucera emphasized that the new ordinance would contain three principle functions that would be very explicit: council approval of bus rates, council approval of purchases that exceeded $500, and council approval of routing. These functions are required by law to be responsibilities of the City Council. The City Council instructed Kucera to give them plenty of time to study and consider the proposed ordinance. The City Council also said it intended to give the proposed ordinance three close readings before any final action.

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63 Ibid., December 22, 1964.
64 The Dallas Times Herald, December 29, 1964.
was taken.\textsuperscript{66} The proposed ordinance was completed and sent to the members of the City Council and transit board early in January. The transit board made plans to consider the proposed new ordinance.\textsuperscript{67}

For over a month, the City Council considered and amended the proposed ordinance and on February 15, 1965, approved it. This ordinance was also acceptable to the board.\textsuperscript{68} City Ordinance Number 10874 created the Dallas Transit System. This new ordinance as amended did not provide for the transit operation to operate as a department, but as a system. Under the provisions of the new ordinance, a transit board was created that was very similar to the old board in structure. One official board meeting was to be held each month. Minutes were to be provided, and no action of the board was to be valid unless it was taken in an official meeting open to the public. The board was to have exclusive control of the management and maintenance of the transit system and was also to have the power to recommend the making of capital improvements to the City Council. Routes and schedules could be made by the board unless the City Council interfered. Recommendations concerning the schedule of rates were to be made to the City Council by the board. Financial reports, both monthly and annually,

\textsuperscript{66}The Dallas Times Herald, December 29, 1964.

\textsuperscript{67}The Dallas Morning News, January 8, 1965.

\textsuperscript{68}Statement by Kucera, April 27, 1967.
would have to be made public by the board, and annual audits of the system's operation would also be conducted. The accounting and records of the transit company would be kept at city hall, but the transit company could keep additional records if it so desired. Purchasing for the transit company was to be done by city hall except for contracts which involved less than $500. The depositing and disbursement of funds was to be done through the city auditor's office, and all legal service required by the transit company was to be handled by the city attorney. To prevent any major conflict of interests, the ordinance provided that the general manager and all officers and employees of the transit system would be subject to the provisions of the city charter concerning financial interest in any contracts or other financial transactions with the system. 69 The provisions of this ordinance were much more explicit than the provisions of the second ordinance had been.

The second transit board and the third transit ordinance became permanent in May of 1965, when the Texas Legislature refused to pass into law the proposed metropolitan transit authority bill. 70 The metropolitan transit authority bill was written by Kucera and patterned after metropolitan

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69 City of Dallas, City Ordinance Number 10874, Dallas, Texas, February 15, 1965.

authorities operating in other parts of the United States. Under the proposed bill, cities of over 600,000 population could create a metropolitan transit authority, which could operate a transit system anywhere within its county. No taxes could be levied or income spent that did not improve bus service. The bill, introduced in the Senate by Senator George Parkhouse, was passed. Dallas Representative Ben Atwell introduced the bill in the House and was given the support of the Dallas County legislative delegation. The bill was sent to a subcommittee of the Municipal and Private Corporation Committee chaired by Felix McDonald of Edinburg. Here the bill died as a result of opposition by the Texas Motor Coaches. The Texas Motor Coaches operates a passenger service line between Dallas and Fort Worth as well as serving Garland and Grand Prairie. This company, as well as the Texas Bus Lines, which operates between Galveston and Houston, feared the competition of the municipally-owned transit companies. These privately owned companies maintained that it was unfair to have such competition from tax-free publicly owned transit companies.

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71 Statement by Kucera, April 27, 1967.
75 The Dallas Times Herald, May 13, 1965.
In the years since the creation of the second board under the latest ordinance, the transit company has faced many crucial problems with varying degrees of success. Included in this category are federal aid, purchasing of new buses, further study of a metropolitan-based transit operation, possibility of rapid transit, erratic patronage, financial difficulties, fare increases, bus employees strikes, and purchasing new equipment. It is significant to notice that there has been no mention of a problem dealing with the autonomy of the transit board.
CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

As a result of the purchase by the City of Dallas of the privately owned transit company, the transit operation in that city changed in nature from a system primarily interested in making a profit to a system that was service oriented. The assumption of the transit operation was a big step for the conservative, business-oriented community of Dallas, which had always favored private enterprise. What had been good for business traditionally was understood to also be good for Dallas. Because of this climate in Dallas, the realization came slowly that private transit was inadequate to meet the needs of the community. The fact was reluctantly admitted that public assumption of the company was necessary for the future welfare of the citizens. This admission that private enterprise was not always the most effective method of achievement was one of the first of its kind in Dallas. Since then, Dallas leaders have slowly begun to realize that some government control is not always evil, and the city has even accepted a limited amount of federal aid.

Dallas decided private bus service was inadequate because of increasing fares, decreasing service, deterioration of
buses, and insufficient equipment. Private owners were solely concerned with profit making and had no sense of responsibility to the city. The city realized that a good transportation system was needed to relieve traffic on overcrowded streets. Adequate transit service would provide mobility necessary to promote business, both downtown and in the suburbs, and would also help to maintain land value through extended land use.

Under public ownership, transit service improved. The service-oriented approach taken by the city was illustrated by the purchase of ninety-five new buses, increased route mileage, and the hiring of additional personnel. Public ownership has still not totally solved the problems of adequate service, sufficient finances, employee relationships, and decreasing patronage, but efforts are being made to improve service in every respect.

After the transit company had been purchased by the city, a major problem developed during the period of transition. This conflict between the City Council, the Dallas Public Transit Board, and the city administrators concerned the autonomy of the transit board. To what extent should the transit board have power in policy making? The board believed that it should be almost completely autonomous, with a minimum of supervision from the City Council. The council, at first, agreed with this idea but gradually began to favor a less autonomous board. City administrators believed that the board should have no more power than other city departments and
should conform to the same procedures as other departments. This failure of the participants to determine the extent of the board's autonomy was manifested in the less important problems of secret meetings, hiring practices, accounting and purchasing procedures, payment of club dues, and preparation of the transit budget.

Many underlying factors either indirectly caused the problem of autonomy or contributed to the perpetuation of the problem. The inexperience of the mayor, City Council, and transit board was such a factor. Another was the ineffectiveness of governmental relations caused by the poor communications between factions, the questionable value of the board as a governmental unit, and the vague definitions of relationships in the transit ordinance. Another factor which contributed to transitional problems was the lack of participation in democratic processes by city officials and by the general public. Lastly, the need of planning and effective implementation was also evident, especially on the metropolitan regional level. Later in this chapter, an attempt will be made to show how each of these conditions affected the major transitional problem of autonomy.

All attempts at solving the basic question of autonomy failed. Mayor Jonsson, who was depended upon to help resolve the problem, was limited in his effectiveness because of his lack of experience, both in public office and with the transit operation. Because of his position on the Citizens Council
and his adherence to the concept of the effectiveness of private enterprise, Jonsson did not question the transit board's being patterned after a board of directors of a private corporation. He sympathized with the demands of the board for autonomy initially and made no forceful effort to change the board's image of itself. As events proceeded, however, Jonsson realized that public institutions are not able to use the same methods of operation that private institutions use. Unlike private corporations, which are only responsible to the stockholders for the end results, public institutions are also responsible to the people for the means of achieving the ends. When Jonsson realized that the board could not operate with complete autonomy, he had no positive alternative to present.

Jonsson was also ineffective in finding a solution to the problem because he directed his efforts at the personalities involved rather than concentrating on the facts of the situation. For instance, during mediation, Jonsson seemed more concerned with pacifying Carrington, Kucera, Driggs, and council members than in establishing a policy which would help to clarify the situation. His efforts to maintain peaceful relations only succeeded in solidifying opposing views. This tendency to deal with personalities rather than with issues is a frequent practice of public officials.

A liaison committee was formed in effort to solve the basic question of autonomy. The committee met infrequently
and seemed to skirt the main issues, concentrating on the minor ones. This small group might have achieved a solution suitable to all if committee members had not been overly dependent upon the opinions of city administrators, board members, and council members who were not present. Instead of taking the initiative in problem-solving, the committee merely repeated the already established views.

Possibly both Jonsson and the liaison committee would have been more successful had they presented a solid alternative to the basic question of autonomy. If the ordinance was the source of the trouble, then a suggestion for revision would have been in order. With a new ordinance clearly defining the amount of autonomy the board was to enjoy, the minor problems could have been solved easily. Another alternative would have been to appoint a group of impartial experts, experienced in the areas of government and transportation, as members of the liaison committee. These men could have helped to make a decision based on issues rather than on personalities.

After resignation of the first transit board, a successful reorganization of the transit operation was undertaken by the City Council. Several factors account for the absence of former problems. The third transit ordinance, although not greatly different in context from the first two, has worked successfully, primarily because of its clarity in defining the responsibilities and limitations of the transit board.
Because of role clarification, the new board had a better attitude toward its job than did the first board. The second transit board was composed of men experienced in dealing with municipal government and with the transit problem, and experience had also been acquired by Mayor Jonsson and the City Council through their dealings with the first transit board. The possibility of personality conflicts becoming a problem for the second board was held to a minimum. Personality adjustment was one of the major goals of the City Council in reorganizing the transit system.

An effort will be made to determine how several underlying factors contributed to the problems faced during the transition from private to public ownership of the Dallas Transit Company. Alternatives will be presented which might have improved the transit situation in Dallas. These recommendations might also be applied generally to transit problems in other cities.

One obstacle that haunted the transit operations was the inexperience of the participants. The City Council, although business-oriented, had little knowledge and no actual experience in dealing with the transit situation. The few councilmen such as Elgin Robertson and Carie Welch, who had been on committees that studied the transportation problems of the area, had either retired or had not sought another term. Because of this lack of experience throughout the complete span of activities connected with the transit operation, the City
Council seemed to want to stay away from the transit problem. At critical times, the members hesitated to take action, and at other times they relied too heavily on the advice and leadership of the mayor or city administrators. The excessive dependence upon Cabell, who had taken the lead in solving the transit problem, was certainly evident after his resignation. Erik Jonsson, who replaced Cabell as mayor, was expected to continue the practice of strong leadership. Jonsson, however, was limited in his attempts to lead the City Council because of his inexperience in the areas of government and transportation.

Inexperience also hindered the transit board in adjusting to its new job. With the exception of Hoke, no member of the transit board had any experience either as a public official or in working with public officials. Wilson Driggs, general manager of the transit company, had many years of experience with private transit companies, but no experience in dealing directly with local governmental officials. The operation that Driggs had managed in Maryland was connected with the state and had not been closely supervised.

Experience should be a vital ingredient in selecting members to a board of this type. The City Council was very careful in selecting men who had varied experience in different fields such as finance and law, but failed to choose a member of the first transit board who had any transit experience.
Consideration might have been given to any one of the twelve members of the Dallas Master Transit Plan Committee, because most of these men were not only experienced in the vast complex problems of metropolitan transportation, but also experienced in working as a committee for the city.

During the transitional period, the ineffectiveness of governmental relations was obviously a factor which compounded the question of autonomy. In exercising its powers, the transit board extended its jurisdiction into areas that city administrators felt were rightfully under their control. Crossley believed that the city should handle the financial aspects of the transit operations, such as purchasing and accounting. Kucera thought that the board, especially Carrington, was active in areas in which only the city attorney should have authority. This problem of overlapping jurisdiction was intensified by having a transit ordinance which lacked clarity in defining the responsibilities of the different units of governments.

Throughout the conflict, a lack of communication between the parties involved was evident. There was no record of any direct relationship between the City Council and the transit board. The City Council believed that it should remain detached from the board in order to maintain objectivity. The council also wanted to keep the board out of politics. As a result, all dialogue between the two groups was secondhand.
Communication was dependent upon the mayor, the chairman of the board, or an administrator.

The board not only disagreed with the position taken by city administrators, but also reflected suspicion of administrators' activities. The board, normally represented by Carrington, seemed more anxious to defend its position than to communicate objectively. This defensive attitude might have stemmed from the board's desire to protect certain powers promised to it initially which were necessary if the board was to function as it thought it should. The defensiveness might also be explained by the board's desire to protect Driggs in his role of initiating the transit operation in the face of many problems.

City administrators, in opposing the autonomy of the board, took a firm position clearly illustrated by statements and letters of Kucera and Crossley. The administrators were afraid that a precedent would be established by the board's extraordinarily strong position. This fear was partly based on their belief that units within city administrative structure must conform to the same standards in order to maintain a smooth, effective operation. It seems quite possible that the new governmental entity presented a danger of disrupting the status quo of city government. City administrators are rarely anxious to minimize their own sphere of influence. Crossley and Kucera, after many years of working for the city, would certainly be
sensitive to any change of this nature. City administrators' jealousy of board members might also have been a factor in the determined stand against the autonomy of the board. The reason for this possible jealousy could have been that the power granted to board members exceeded that which was held by other city departments. The salary paid Driggs also might have been a source of irritation. Driggs, as general manager of the transit company, made a higher salary than any city administrator, with the exception of the city manager.

A joint conference between the City Council and the board might have been helpful during the early stage of adjustment. The basic objectives of such a conference would have been to establish a firm understanding of the problems associated with the transit operation as well as to establish methods and techniques that would best solve these problems. Following these procedures, conferees might have reached an agreement concerning the amount of power required by the board in order to accomplish its task. Many factors stood in the way of such a conference. The speed involved in creating the board hindered a preliminary meeting. The lack of time in the full schedules of the businessmen comprising the membership of the transit board and the City Council also made a joint conference difficult. A little time spent in consultation, however, might have saved many hours of futile effort.
In creating a governmental entity to establish general policy and direct the activities of the transit company, the City Council decided that a board would best serve this purpose. The use of boards by municipal governments to administer the activities of certain large specialized areas of operation is quite common. The rise of the question of autonomy and related problems, which led to a deterioration of the relations between the City Council and the board, indicate that certain guidelines should be seriously considered by any municipality undertaking the use of a board. The role of the board should be clearly defined in writing and should be understood by board members as well as by the governing body delegating the responsibility. The power to be exercised in order to achieve the stated goals should be clearly identified and understood by all the participants. The selection of the board members should also be made very carefully. Qualifications of prospective members should include experience in government and experience in the particular area in which the board is to operate.

A well-qualified board with clearly defined responsibilities would be ideally suited as a governmental unit in the area of transit, because the scope of transit questions extend beyond the normal jurisdiction of a City Council. Dealing with transit problems also demands more experience than council members usually have in the specific area of transportation.
Responsibilities in this area should be delegated to competent people, although final control by the public over the policies of the board should not be sacrificed. Because the City Council, a group of elected officials, represents the will of the people, it should have final authority in case of disagreement.

As a result of operating the transit company, Dallas became more deeply involved in intergovernmental relations. Neighboring cities and suburbs were contacted regarding the possibility of establishing transit routes in their communities. The municipal-state relationship played a very important part in Dallas' plan to establish a metropolitan transit authority, because the state's approval was necessary in order to achieve this authority. Dallas was also to consider, and later to accept, a grant-in-aid from the national government in order that more buses could be purchased.

Although some efforts to achieve harmonious relations with other governmental units were successful, the majority of efforts by Dallas failed. The Texas Legislature refused several times to approve the establishment of a metropolitan transit authority. From the conception of the plan for a metropolitan authority until implementation of the plan, no unit of government other than Dallas was consulted. There were no representatives from surrounding communities on the Dallas Master Transit Plan Committee. In negotiating for the transit

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company and then in establishing the governing board, no other
governmental unit was asked for advice or included in any way.
When Dallas attempted to pass a bill in the State Legislature
allowing the creation of a metropolitan authority, no other
community was asked to participate. After the first transit
board resigned, only a passing suggestion was made that other
communities be consulted in the determination of future gov-
ernmental activity. It would seem advisable that in order
for Dallas to establish a transit authority for the entire
metropolitan region, the other communities in the area should
also be considered in every phase of activity connected with
the ultimate goal.

In considering the activity of the city in connection
with the transit operation, a need for expanded participation
in democratic processes is evident. The climate of Dallas,
however, is not conducive to such participation. The city is
completely controlled and manipulated by the business-oriented
Citizens Council.² This arrangement has resulted in great
progress for the city, because the Citizens Council is both
efficient and benevolent. However, the control exercised by
the group drastically reduces democratic participation in
government. Because the average citizen believes that the
business leaders of the city will do what is best for Dallas,
there is a definite tendency to let the city fathers be the

²Richard Austin Smith, "How Business Failed Dallas,"
Governing Texas, Documents and Readings, ed. Fred Gantt,
Jr., Irving Owen Dawson, and Luther G. Haggard, Jr. (New
sole decision-makers, resulting in a great deal of voter apathy. This spirit is illustrated by the phenomenal success of any activity undertaken by the Citizens Council or one of its subordinate bodies. The strength of the Citizens Council can be shown by stating that only one major bond issue supported by the organization has ever been defeated. A candidate for public office who is backed by the Citizens Council is usually assured of victory.

There has been some opposition to the power structure in Dallas. The Dallas Charter League, an active organization during the transit controversy, supported candidates for the City Council in opposition to those candidates backed by the Citizens Charter Association, an arm of the Citizens Council. Occasionally, independents are elected to the City Council, such as Joe Moody and Elizabeth Blessing. These council members were extremely vocal in evaluating the activities of both the City Council and the transit board. A minority in the city is unwilling to let the business leadership make all the decisions for the city.

The influence of business in the process of decision-making was evident in the practice of holding secret meetings during the transitional period. The City Council as well as the transit board met in closed sessions. The defense of their action was based on the idea that important decisions had to be made by experts in privacy in order to operate as
smoothly as possible. The businessmen who comprised the membership of each body were accustomed to working in this manner. The practice, however, does not fit into a democratic framework.

The practice of holding secret meetings was criticized by several different parties. The Dallas Charter League and Councilman Joe Moody fought the concept of secret meetings being held by any governmental unit for any reason. Councilwoman Blessing and The Dallas Times Herald joined the fight when evidence was uncovered asserting that the transit board not only was holding secret meetings but also was making policy at the closed meetings.

In a democratic society, the practice of holding secret meetings for any purpose is a dangerous one. Because units of government are responsible to the people, citizens of a community have the right to be informed about governmental activities. If public meetings are held, the people are not denied the opportunity to question, criticize and suggest action and policy. This exercise by the people typifies the democratic process.

Within the operational framework of government in Dallas, the concept of democratic leadership can be questioned. The practice of allowing equals or subordinates to have a voice in decision-making was exercised infrequently during the period of the transit controversy. During the time Dallas was deciding to purchase the transit company and also during
the periods of the negotiation and establishment, Mayor Cabell was the initiator and decision-maker. The City Council, as a body, failed to participate in the normal democratic processes. When Jonsson became mayor, he conformed to this practice. Carrington, as chairman of the transit board, also violated the principle of democratic leadership by making board policy and then informing the board of his action. It was only after the situation had become critical that the City Council and the board started to become more vocal.

The concept of the role of the Dallas Public Transit Board acting in the same manner as a board of directors of a private corporation was in harmony with the business orientation of the city, but not in harmony with democratic practices. Members of the board were executives who were accustomed to giving orders and making decisions. At first, Mayor Jonsson and the City Council approved of this role for the board, but gradually this acceptance disappeared as the actions of the transit board began to conflict with the accepted practices of a governmental entity.

How could the transit board or any board operate more democratically? Perhaps some form of popular control could be exercised by allowing the people to have a voice in the nomination or selection of board members. This involvement of the people could be achieved directly through elections or indirectly through consulting diversified groups for names of
suggested board members. This form of selection would also result in more democratic participation in a specific area such as the transit operation. Patrons and the general citizenry might tend to identify with the transit operation and use the facilities more often.

It would also be possible to allow citizens to have some voice in decision-making. Perhaps a month before a major decision was to be made concerning fare increases, route changes, or a large purchase, the patrons of the company could have an opportunity to express their opinions. The results of this poll could have varying amounts of influence. If a vast majority of the people polled favored a particular action, then perhaps the board would have to formally consider their recommendations in a town-hall public meeting. This method would not only help people to identify with the transit operation, but would also allow people of minority groups, who are the majority of bus riders in Dallas, to have some voice in planning and controlling the transit operations. This suggestion is not intended to de-emphasize the role of experts in dealing with the transit problem but rather to allow the citizens of Dallas an opportunity to voice their needs and desires.

In examining Dallas as well as other metropolitan centers, one vital area of interest is that of planning. Facilities must be provided which will meet the demands and needs of an
increasing population. One of the most important areas of planning is that of transportation. Dallas adhered to some basic contemporary principles of planning. It tried to plan for future transportational needs on a metropolitan level and to avert problems of transportation before they became serious. In projecting these plans, Dallas tried to conform to the objectives of the community. It might be remembered, however, that Dallas did not start seriously planning until the threat of Weinberg's questionable practices had been recognized and the possibility of Dallas having to provide a public transit system had become very real. The Dallas Master Transit Plan Committee was the group of Dallasites that engaged in this planning project to make suggestions concerning every major area of transportation, both for the present and for the future. These plans included the Dallas metropolitan area, and yet only citizens of Dallas were invited to serve on the committee. Representatives from surrounding communities should have participated in the planning.

Closely connected with planning is the need for implementation of the plans. Dallas projected the creation of a metropolitan transit authority that would handle the implementation and administration of the transit program. The authority, jurisdiction, and administrative structure of such a regional program seem staggering because of the many existing governmental entities. The traditional problems of fragmentation
of governmental authority and lack of communication between
different governmental units that are connected with creating
metropolitan governmental entities will be evident in the
Dallas metropolitan area. The lack of cooperation among the
different suburbs and the core city must be overcome if a
close working agreement is to be reached. The City of Dallas,
in purchasing the transit company, obligated itself financially
without any agreement with surrounding suburbs concerning pos-
sible future merging. If a metropolitan authority is established,
questions will arise concerning the degree to which each city
in the metropolitan area will be represented, the amount of
authority each will want, and the way in which this representa-
tion will be proportioned to the financial obligations that
must be assumed. Can Dallas even agree with these surrounding
communities upon the necessity for a metropolitan transit
authority?

Future negotiations with surrounding communities could be
hindered by the City Council's action in reorganization of the
transit system. Under the first ordinance, both the board and
the complete transit operation could be shifted into a metro-
politan situation. As a result of the conflict over autonomy,
the second board directs a transit operation that is closely
tied to and dependent upon the city. The various departments
of the city perform such tasks as purchasing, auditing and
accounting for the company which were formerly done by the
company itself. The present transit organization will be
difficult to integrate into a metropolitan transit system.

In order to achieve adequate regional transportation,
Dallas will have to work closely with surrounding communities
in planning for the future. It will be necessary for Dallas
to modify present transit organization in order to give all
parties involved a voice in planning and policy-making and
to explicitly determine relationships, responsibilities, and
financial obligations of the participating communities. Care-
ful definition in these areas might prevent confusion con-
cerning the roles of the different governmental units in the
future. It will also be important to establish channels of
communication between the groups. Participants will have to
secure passage of state legislation approving a metropolitan
transit authority. Relying upon the work of the Dallas Master
Transit Plan Committee as a basis for planning, the communi-
ties in the area should be able to achieve a satisfactory
system of metropolitan transportation.
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