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COMMITTEE ANALYSIS OF NET EARNING IMPROVEMENT OF SELECTED LIGHT
TRAFFIC BRANCH LINES

Report No. 2 - Southern Pacific - Peninsular Ry. operations -
Mayfield and Los Gatos

This report deals with the possible service alternatives open to the two companies conducting individual and joint operations in the territory between Mayfield and Los Gatos. The affect upon the Peninsular Ry. and the San Jose RR. operations in other areas by what is done in the territory between Mayfield and Los Gatos, will be the subject of a report made by Mr. Webster.

Mr. Webster feels that unless the line between Mayfield Jct. and Los Gatos can be abandoned so far as his operations are concerned that there will be no economy through motorizing the balance of the Peninsular service now handled largely on electric cars. It is apparent therefore that the solution to Mr. Webster's problem turns upon whether or not the Southern Pacific will find it to its advantage to take care of all of its freight and passenger needs between Mayfield Jct. and Los Gatos.

Looking to a proper solution of the service requirements of the Southern Pacific, the committee considered various service alternatives as follows:

- A - Continuation of the existing electric service via Vasona Cut-off and Saratoga;
- B - Peninsular Ry. to operate electric cars between Mayfield Jct. and Congress Jct. with connection at latter point by bus to and from Los Gatos;
- C - Abandon one track of the double track Vasona Cut-off between Mayfield and Congress Jct. and both Peninsular Ry. and Southern Pacific to operate over remaining track, installing block signals or staff signal system if necessary;

D - Southern Pacific to re-route its steam trains via College Park; Peninsular Ry. then to give all service over Vasona Cut-off using one track and abandoning the other;

E - Discontinue the Peninsular Railway service entirely between Mayfield and Los Gatos, abandoning the track over which the Peninsular Ry. is now operating, removing the overhead construction. The Southern Pacific to continue operating on the remaining track from Mayfield Jct. to Vasona Junction, over which track there is no overhead construction;

F- Substitute bus service between Palo Alto or Mayfield and Los Gatos in place of the Peninsular Ry. service.

Bearing upon each of the alternatives it is important to remember that there is involved in this problem three important conditions -

1st - Whether or not the S.P. will be able to meet its service requirements between Mayfield Jct. and Los Gatos at less expense than the Peninsular Railway is now performing the service for them;

2nd - Any alternative must recognize the necessity of the S.P. maintaining its operations between Mayfield Jct. and Los Gatos over the present track leased from the Peninsular Railway. The Passenger Traffic Department takes the position that the trains affording commutation service to and from the Mayfield Branch, as well as the trains operating over that branch to and from Santa Cruz filling a passenger service requirement that we could not expect to be released from by the Commission. This being true it follows that all of the service in this territory could at least with a saving of maintenance expense be taken over by the Southern Pacific because it would mean that whatever the maintenance cost is of the track now used by the Peninsular Ry., with its overhead construction between Mayfield Jct. and Los Gatos, represent a material saving.

3rd - Certain street and highway paving jobs now imminent

throughout this entire territory will require the Peninsular Ry. spending ultimately \$60,000; one immediate paving job will cost the the Peninsular Ry. \$25,000.

The committee in joint consideration with Mr. Webster and his associates, discussed at length, both in the office and on the ground, the service possibilities under the plans above set forth. The conclusion was reached that Plan "E" alone would adequately care for S.P. freight and passenger traffic and at the same time enable the Peninsular RR to discontinue its operations entirely thereby making for a net economy as between the operations of the two companies.

Appendix "A" is a map showing the lines operated by the Peninsular Ry. inclusive of the San Jose street railways. The S.P.Co. is shown in red; except the lines shown in red between Mayfield Jct. and Vasona Jct., which are of Peninsular Ry. ownership and leased to the S.P.Co.

Motor bus substitution for the present service operated by the Peninsular Railway between Mayfield Jct. and Los Gatos, is not practical first because the highway compared to the railroad is quite circuitous, and, second, because of the highway being some distance from the Peninsular Line, some stations now having service by the electric line could not be reached by motor bus.

The Southern Pacific, under the Plan "E" arrangement will take care of the service connections to and from trains arriving at Mayfield Jct. through the operation of a Brill 600 H.P. gas-electric car. The service requirements as determined by the committee through observation and check of the business, are such as to necessitate the

employment of two passenger crews operating 133 miles each and which will afford 7 round trips during the spread of 16 hours 20 minutes between Mayfield Jct. and Los Gatos, instead of the 14 round trips now performed by the Peninsular Railway between Mayfield Jct. and Congress Jct. with connecting line to Los Gatos. Under Plan "E" all of the S.P. trains which now operate between Los Gatos and San Francisco will continue to operate. The motor car will tie up at Los Gatos at practically no expense. Appendix "B", pp 229, 231.

The S.P. freight traffic needs, now accommodated by the Peninsular service, are rather negligible. No traffic originated on the line in either 1928 or 1930. About 50 cars terminated in each of the same years, principally at Los Altos; occasional cars going to Cupertino. The Cupertino traffic, in event of abandonment of Peninsular rails, could be adequately served by rail haul to Monte Vista and then turned over to truck operators for final delivery. The freight service requirements at Los Altos can be met by a side trip of the local freight train operating between Palo Alto and San Jose making approximately 64 trips yearly. It is estimated that the side trip of the local will require one hour and 30 minutes time at overtime rates and has been so treated in the cost setup in Appendix "B".

San Jose is loading a merchandise car three times a week for points on the Mayfield Branch. The average loading is about 500 pounds per car and destined mostly to Los Altos. This business is so negligible, in fact, in many instances, consignees on this branch call at San Jose freight station and take delivery of their LCL freight. If, however, there is any real need for our continuing to handle this traffic, it could be done by moving to Palo Alto and handling thence by P.M.T. or other carrier to destination.

The S. P. now pays the Peninsular Ry. a rental of \$27,000 per annum for use of its line between Mayfield Jct. and Vasona Jct. In addition to this we pay them for handling the freight traffic \$6,000 per year and passenger traffic \$48,000 per year. Carrying out Plan "E" will eliminate the debit now made to SPCo freight and passenger revenues of \$54,000 and will on the other hand increase SP operating expenses by the amount shown in Appendix "B", or \$29,481.

Insofar as bus service may become eventually involved in the working out of transportation problems in this area, either between Los Gatos or Mayfield or other points on the Peninsular Railway system, it is important to remember that there is nothing in the contract between the Pacific Greyhound and SPCo which, with Commission authority given, prevents the Peninsular Ry. as a subsidiary of the SPCo from undertaking such bus service as it may at any time desire.

In view of the foregoing the Committee recommends that the SP Co initiate with the Commission, proceedings which will authorize us to take over operations entirely between Mayfield Jct. and Los Gatos and asking for the abandonment of Peninsular operations together with the facilities it is now using in that territory.

W. B. Burris (sgd.)

A. I. Hoskins (sgd.)

W. B. Kirkland (sgd.)

J. E. Warren (sgd.)

V. S. Andrus (sgd.)
(Chairman)

Appendix "B"

COMPARATIVE SERVICE COST OF SOUTHERN PACIFIC COMPANY
AND PENINSULAR RAILWAY COMPANY
PROPOSED FREIGHT AND PASSENGER OPERATIONS
MAYFIELD JUNCTION AND LOS GATOS.

Southern Pacific to Perform the Service

Gas-Electric Service - 7 round trips 365 days per year - - - - -	\$ 26,962
Freight Service - Carload and L.C.L. 64 round trips per year - - - - -	1,285
Additional Annual Maintenance of Way and Structure Expense - - - - -	1,234
Carrying charge on one 600 h.p. Brill Gas-Electric car - \$76,802 @ 5% - - - - -	3,840
Carrying charge on relief motor car - - - - -	1,920
Carrying charge on Staff system \$8,500 @ 5% - -	425
Carrying charge on Fuel and Oil storage facilities \$4000 @ 5% - - - - -	200
Increase in State Taxes on \$54,000 (7%-4 $\frac{1}{4}$ %) - -	<u>1,485</u>
Total Cost of Service if Performed by Southern Pacific Company - - - - -	-\$37,351
Operating Expenses - -	\$29,481
Carrying Charges & Taxes	7,870

Peninsular Railway to Perform the Service:

Conducting Transportation - - - - -	\$ 15,773
Freight Service - - - - -	6,548
Power - - - - -	6,650
Equipment - - - - -	7,143
Maintenance of Way and Structures - - - - -	<u>8,557</u>
Total Cost to Peninsular Ry. Co. to perform Service - - - - -	\$ 44,671
Probable saving if service is performed by SPCo	7,320