



JULY 2, 1998

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2932

(213) 922-2000

TO: BOARD OF DIRECTORS
FROM: TERRY MATSUMOTO
EXECUTIVE OFFICER, FINANCE
SUBJECT: SB 1886 HAYDEN
VALLEY TRANSPORTATION AUTHORITY
STATE AUDITOR REPORT

ISSUE:

When Senator Hayden initially introduced this bill, the State Auditor was tasked to audit the MTA to determine the assets, related debt and revenues that would accrue to the VTA. By the end of the field work, the bill had been amended to remove those provisions. However, the State Auditor felt compelled to complete the assignment since he did not receive any direction to stop.

REPORT:

The report is expected to be issued by the State Auditor in the next few days. We have been advised that the findings of the report are confidential pursuant to State law until such time as the report is made public by the State Auditor.

It should be noted that the amended bill is still in Committee as of this date. For further information, please call me at 213-922-2473.



July 2, 1998

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TO: BOARD OF DIRECTORS
FROM: ALLAN LIPSKY, DEPUTY CEO
SUBJECT: TRANSIT BOND ASSISTANCE PROGRAM

A handwritten signature in black ink, appearing to read 'Allan Lipsky', is written over the printed name 'ALLAN LIPSKY, DEPUTY CEO'.

One Gateway Plaza
Los Angeles, CA
90012

213,922.6000

Issues related to the Transit Bond Assistance Program are proposed to be resolved in the following manner:

1. The contract with Pacific General Insurance Services (PGIS) will be extended for one additional year at a substantially reduced cost. PGIS will continue to administer the outstanding bonds and will be available to assist contractors with their bonding requirements as needed.
2. The Procurement Department will develop policies and procedures to ensure that no qualified contractor will be prevented from doing business with the MTA due to the inability to furnish a bond. This result will be achieved by facilitating bonding from existing programs within the Department of Transportation or Small Business Administration. Additionally, the Procurement Department may modify or waive bonding requirements for Disadvantaged Business Enterprises and Small Business Enterprises who are otherwise qualified.

These actions resulted from a re-examination of the Transit Bond Assistance Program during the FY99 budget process. The administrative costs of this program appeared excessive in light of the number of contractors actually assisted and the expectation of reduced contracting activity as rail construction winds down. In addition, the MTA has \$10,153,845.90 of cash on deposit which is recoverable if the program is terminated.

On June 10, 1998 MTA staff met with PGIS to determine which services, if any, should be continued. A contract modification and extension was negotiated which will provide continuing services to existing program participants and PGIS will be available to assist contractors as needed.

We are satisfied that the interests of DBE and SBE contractors have been adequately addressed in this manner.

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Honorable Esteban E. Torres
Member of Congress
House of Representatives
2269 Rayburn House Office Building
Washington, DC 20515

Re: Transit Bond Assistance Program

Dear Congressman Torres:

I am pleased to report that in response to your letter of May 15, 1998 supporting the continuation of the Transit Bond Assistance Program, and similar concerns expressed by others, we took the actions described in the enclosed memorandum to address the needs for our small and emerging contractors.

As this action demonstrates, we are committed to ensure that our DBE and small business mandates are achieved within the new, fiscally prudent budget constraints of the agency.

Please contact me if you have any additional questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Julian', is written over a large, stylized flourish.

JULIAN BURKE
Chief Executive Officer

Enclosure