

4c



4c

**MINUTES/PROCEEDINGS**

**LOS ANGELES COUNTY**  
**METROPOLITAN TRANSPORTATION AUTHORITY**

**SPECIAL BOARD MEETING AND**  
**COST CONTAINMENT WORKSHOP**

**July 19, 1995**

**MTA Board Room**  
**425 South Main Street**  
**Los Angeles**

Called to Order at 10:26 a.m.

Directors/Alternates Present:

Larry Zarian  
R. James  
M. Bohlke  
Richard Alatorre  
Michael Antonovich/Nick Patsaouras  
Hal Croyts  
Robert Arthur  
John Fasana (arr. 10:50)/Phyllis Papen  
V. Bonzo  
Raul Perez/Thomas J. Clark  
Carol Schatz  
Mel Wilson (arr. 10:40)  
Robert Abernethy

1. APPROVED:

- a. delegation of authority to the Arthur Andersen Task Force with regard to implementation of elements of the Arthur Andersen recommendations;
- b. allocation of funds not-to-exceed \$3,000 for the purpose of providing continued technical support from Arthur Andersen to the Task Force, on a month-to-month basis, during the period of implementation; and
- c. requirement of the Task Force, consisting of three ex-officio members of the Construction Committee, the Deputy CEO, the Executive Officer for Construction, and Arthur Andersen to report progress and any recommended modifications to the Construction Committee every 90 days until the implementation is complete.

2-5 Cost Containment proposals

Staff gave an overview presentation summarizing the cost containment proposals on the various rail projects.

J. Wilson reviewed the areas for further consideration for the Pasadena Blue Line. The City of Pasadena prefers to find an additional \$4 million rather than delete the Allen Station. There is disagreement on the Chinatown alignment revisions and this issue needs to be revisited.

Of the \$86 million in savings recommended by Fluor Daniel, \$46 million is controversial.

It would take approximately 90 days to get a design/build concept approved by the Legislature.

There is a cash flow shortfall and private funding might be sought.

Some suggested ways to save dollars for the Pasadena Blue Line and/or future projects are: control of design, careful review of contract contingencies, design/build concept.

Director Antonovich introduced a motion on the Pasadena Extension Blue Line actions, which was seconded by Director Fasana. A copy of the motion is attached as Exhibit A.

Director Zarian commented on the policy to submit motions with a financial impact 24/48 hours prior to a meeting. Director Cragin expressed concern about voting on the motion without an opportunity to review the impact. Director Clark also expressed concern and suggested the motion be brought back next month along with any staff comments. Director Abernethy requested time to consider the impacts. Director Wilson commented on the 48 hour notice for motions with a financial impact suggest additional time. A report on clarification of advance notice of motions 24/48 hours prior to a meeting was requested for the next meeting.

J. Wilson suggested changes on the placement of projects within the attachment to the motion, these changes were accepted by the maker of the motion. Some of the changes required moving from one column to another, others were removed for further discussion with staff and/or cities.

Director Wilson made a substitute motion to bring the motion to the next Board meeting, July 26, which motion was seconded.

Members of the Board requested input from staff on the proposed motion. Staff suggested holding off on any decision until the Operating Peer Review Panel meets the first week of August. There is a need to define the scope before the potential cost savings is known. A comprehensive report could be presented in August.

On a unanimous vote, the Board approved carrying this item over one week to the Board meeting, with MTA staff and Director Antonovich's office to work out the details for the proposed changes.

Discussion on the LA Car revealed that an overall cost savings of \$30 million could be achieved by reducing the number of cars on order. This takes into consideration the penalty for terminating a portion of the contract.

Appearance of Mr. Ketelsen, Siemens Duewag, commenting that a cut back in the rail car order could result in a higher price per vehicle. It could also affect their Carson facility personnel. Director Bohlke asked representatives of Siemens Duewag to meet with Supervisor Burke's staff to discuss this issue.

Discussed different methods of rail construction and options available. One option is a more shallow depth for stations, this could save millions.

Staff said that the use of turnkey method would still allow for DBE/WBE participation as long as it was mentioned at the beginning of the process. A failure to live up to DBE/WBE goals could be considered a breach of contract.

Appearance of J. Walsh. Appearance of G. Norton against paying a penalty of \$10 million to get out of a contract for rail cars.

6. Reviewed staff analysis for March 1995 Board Motions with the use of charts. The Board requested these items be carried forward to the next meeting.

a. Director Burke's Motion:

Model each of the following rail lines separately and as a group against Scenario 1:

1. CBD Connector
2. USC-Expo Park
3. Crenshaw
4. Glendale-Burbank
5. San Fernando Valley East/West-Phase II
6. 10/60 Corridor

b. Director Fasana's Motion:

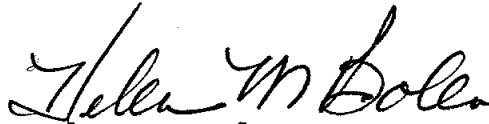
1. Pasadena Line is redefined to include the following additions:
  - a. single-track extension to Monrovia/Duarte
  - b. Metrolink/DMU service to Claremont/Montclair
2. HOV Program is modified to include:
  - a. construction of a continuous HOV lane on the I-10 from the El Monte Busway to the San Bernardino County line
  - b. construction of a continuous HOV lane on Route 60 from Route 101 to the San Bernardino County line.

Director Papen asked about the HOV schedule for the 60 freeway from the 605 to the 57 and was told this portion was already funded. Director Fasana said he still had some concerns and asked that discussion on the HOV issue be continued.

7. Items not on the posted agenda - NONE

8. Public Comment - NONE

The meeting adjourned at 1:48 p.m.

A handwritten signature in cursive script that reads "Helen M. Bolen". The signature is written in black ink and is positioned above the printed name and title.

Helen M. Bolen  
MTA Secretary

PASADENA METRO BLUE LINE  
COST CONTAINMENT AND CONSTRUCTION MANAGEMENT ACTIONS  
MOTION BY  
DIRECTORS ANTONOVICH, DANA, ALATORRE, FASANA, & PEREZ

The Pasadena Blue Line Independent Peer Review Panel and the Fluor Daniel Value Engineering Team analyses identified nearly a quarter of a billion dollars of potential savings for the Pasadena Blue Line. In order to achieve these savings, drastic changes in cost management, project design control and project baseline standards must be adopted.

To achieve maximum savings, a strategy combining the budget reductions of both the Independent Peer Review Panel and the Value Engineering Team is required. In addition, a menu of policy options and design criteria issues has been identified for negotiation and budget deletion. These actions do not strip the project of its transit value or operational function. A further set of project scope changes from the baseline project have been identified by the Peer Review Panel and Value Engineering Team analysis to aid in the budget reduction effort.

We, therefore move that this board:

1. approve the following Pasadena Extension Blue Line Actions (see attached table):

- A. Reduce \$65 million in the Pasadena Blue Line Budget as shown in the Attachment, Column 1;
- B. Refer \$42 million of further budget reductions as shown in the Attachment, Column 2 to the Construction Committee for review and report back to the Board within 60 days;
- C. Establish a Pasadena Blue Line budget reserve account of \$47 million in uncommitted design allowance under direct Board oversight as shown in the Attachment, Column 3;
- D. Refer \$22 million of policy option reductions and design criteria reductions as shown in the Attachment, Column 4 to the Cost Containment Committee, and Operations Committee as appropriate with a report back in 60 days;
- E. Schedule an MTA Board Workshop with affected parties to review \$55 million in possible scope changes identified in the Attachment, Column 5 of the Attachment and return to the Board within 60 days;
- F. Direct the CEO to develop an expedited schedule for awarding a turnkey contract for the completion of the Pasadena Line by 2000 and to present this schedule to the Board within 60 days.

The staff shall consider two alternative turnkey procurements: a design/build alternative and a lump sum construction-only alternative. In developing the schedule the staff will use the assumptions for cost savings of up to \$52 million for turnkey procurements presented by the Pasadena Peer Review Panel and Value Engineering Review, and the financing and cash flow model developed by E.J. de La Rosa & Co.

The Schedule shall include:

- 1) the length of time needed to finalize design, prepare bid documents, evaluate bids;
  - 2) the estimated date when turnkey contract could be awarded and construction commence;
  - 3) any current critical path activities or contracts which must be commenced prior to award of the turnkey contract to avoid delay in meeting the 2000 opening date;
  - 4) other specific milestones, dates for accomplishment or critical paths as recommended by the staff.
- G. Direct the CEO to review the potential \$48 million cost savings from reducing inflation caused by lengthening of the construction schedule due to MTA cash flow financing. CEO is directed to confer with City of Pasadena and its financial advisor and report back to the Board within 60 days as to the feasibility of this or other financing measures which could reduce the cost and accelerate the opening of the Line.

2. establish a reserve fund with accounts for each rail construction project consisting of the Design Allowance, contingency and other similar discretionary expenditures. Expenditures from the accounts of this fund would require Board action. The CEO shall report monthly on the status of this fund and its accounts to the Construction Committee and the MTA Board.

# Attachment

PASADENA BLUE LINE BUDGET MODIFICATIONS														
7/18/95														
(\$millions)														
								1	2	3	4	5	6	7
								Agreed-to Budget Reductions	Budget Reductions Unless Otherwise Justified	Budget Reserve Subject to Board Allocations	Policy Options/ Design Criteria	Possible Scope Changes	System Procurement Strategy	Interim Financing Options
SYSTEM ELEMENT													(MAY BE FIRM)	
1	Radio System							\$ 3.90	\$ 4.10					
2	Utility Relocation Cost/Betterments							\$ 4.00						
3	Contractor Insurance							\$ 3.00	\$ 0.20					
4	Surveillance Equipment							\$ 1.00			\$ 2.00			
5	Electrical Substations							\$ 5.00			\$ 9.00			
6	Telephone Subsystem							\$ 1.00						
7	Special Trackwork/Crossovers							\$ 2.80	\$ 0.20					
8	Facilities (storm drains, ballast, trackwork)							\$ 5.50						
9	Midway Yard & Shop							\$ 5.00						
10	Training & Start-up Testing								\$ 12.00					
11	Station & Platform Lengths										\$ 11.20			
12	Lake Station Noise Mitigation							\$ (1.70)						
13	High Rail Vehicles								\$ 1.20					
14	Design Allowance									\$ 31.00				
15	Contingency (Soft Costs)								\$ 24.00					
16	Delete Lake Station											\$ 4.40		
17	Delete Allen Station											\$ 3.98		
18	Delete SW Museum Station											\$ 1.90		
19	Delete Lake Avenue Bridge Widening											\$ 1.82		
20	Modify Station Platform Construction							\$ 1.24						
21	Side Platform Station @ Del Mar, Delete Underpinnings @ Colorado									\$ 16.01				
22	Revise Chinatown Alignment to Embankment											\$ 17.38		
23	Eliminate Marmion/Figueroa Grade Separation (Note 1)											\$ 24.00		
24	Modify Subway Box at Marmion/Figueroa (Note 2)											\$ 1.69		
25	Standardize Union Station Design							\$ 0.32						
26	Delete Ornamental Fencing							\$ 3.00						
27	Reduce Landscaping							\$ 2.00						
28	Renegotiate Betterments										TBD			
29	Control System Changes							\$ 8.74						
30	Utilize Communications-Based Train Control System							\$ 5.50						
31	Delete Forced Ventilation in Subway Under Colorado Street							\$ 0.96						
32	Reduce Width of Union station/Chinatown Aerial Structure							\$ 1.58						
33	Revise Underdrain Design to Single Line											TBD		
34	Reduce OICP Insurance Costs							\$ 5.10						
35	Reduce Construction Contract for Wrap-Up							\$ 3.20						
36	Safety Consultant Savings							\$ 2.20						
37	Adjust MTA Project Administration Cost							\$ 1.60						
38	Interim Financing (6 Year Zero Coupon Period)													\$ 48.00
39	Turnkey (Lump Sum or Design/Build)												\$28.0 - \$52.0	\$ 48.00
								\$ 64.96	\$ 41.70	\$ 47.01	\$ 22.26	\$ 54.87	\$28.0 - \$52.0	\$ 48.00

Note 1: Numbers 23 and 24 are mutually exclusive.

\$ 305  
TO  
\$ 331