



MINUTES/PROCEEDINGS

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

REGULAR BOARD MEETING BOARD OF DIRECTORS

January 25, 1995

**Kenneth Hahn Hall of Administration
500 West Temple Street, 3rd Floor
Board of Supervisors' Hearing Room
Los Angeles**

Called to order at 12:06 p.m.:

Directors/Alternates Present:

Michael Antonovich/Nick Patsaouras
Larry Zarian/Jan Heidt
Richard Riordan/H. Bernson/R. James
Richard Alatorre/Nate Holden
Yvonne Brathwaite Burke/M. Fukai/B. Roche/M. Bohlke
James Cragin/Hal Croyts
Deane Dana/Robert Arthur
John Fasana/Phyllis Papen
Gloria Molina/V. Bonzo/B. Maynard
Raul Perez /Thomas J. Clark
Carol Schatz
Mel Wilson
Zev Yaroslavsky/Robert Abernethy

1. APPROVED Minutes of Regular Board Meetings of November 16, December 21, 1994.

2. CLOSED SESSION ITEMS

Recessed to Closed Session at 12:08 p.m. returning at 1:12 p.m. D. Kelsey, legal counsel, made a report on actions taken under real estate.

- A. Real Estate - G.C. 54956.8:

Conference with Real Property Negotiators concerning Price and/or Terms of Payment:

1. Parcel 2218-024-001
7227 Van Nuys Bl. & 14557 Sherman Way,
Location 24
E.S. Properties, LTD.

APPROVED 90 day extension for Exclusive Right to Negotiate to firm up final agreements.

Director Riordan indicated a Conflict of Interest.

Appearance of Mr. Ross and D. Schultz, in favor of the 90 day extension.

2. Parcel B2-189
3815 to 3817 West Beverly Blvd.,
Los Angeles
Phillip and Samson Lor

APPROVED Just Compensation in the amount of \$429,000 as full settlement.

- B. Existing Litigation G.C. 54956.9 (a)

1. Shea-Kiewit-Kenney-DRB Claim No. 12

Report made under item 32.

2. Labor Community Strategy Center et.al. vs. LACMTA -
Case No. CV94-5936TJH

Approved stipulation to proceed, on an interim basis, to implement the previously approved fare structure of \$1.35 with a \$49 monthly pass.

- C. Conference with Labor Negotiator G.C. 54957.6 - WITHDRAWN
- D. Pending Litigation G.C. 54956.9 (b)

3. CHAIR'S REMARKS

- a. Welcomed new Board members Carol Schatz and Robert Abernethy.
- b. Presented former Directors Stan Sanders and Marvin Holen with resolutions of appreciation thanking them for their dedication to the MTA.

Director Holen spoke to his almost 20 years of working with the MTA and its predecessors.

- c. Received briefing on Inspector General's report on Internal Audit.

A. Sinai, Inspector General, spoke on the purpose, methodology and the results of his report on the Internal Audit function.

CEO F. White spoke, indicating that communication seemed to be the problem. Assurance was given that the deferred compensation and pension funds are in no financial trouble and are very secure.

Director Alatorre expressed his concern about the process used by the Inspector General. He inquired about a notice to the concerned department that an audit was to be performed, the need for a beginning conference and an exit conference.

Director Riordan offered a motion that the Chair appoint three Board members to meet with the CEO, the Inspector General and the Internal Auditor to address and resolve differences in the audit report. This motion was seconded and discussion continued. Director Fasana asked for a report back in 30 days stating concurrences between the parties and where we will be going from here.

Director Bonzo offered a substitute motion directing the Inspector General to work with the CEO and Internal Auditor to development procedures to more effectively follow through on implementing audit findings and recommendations, and further supported the structural changes which were recommended by the Inspector General and concurred upon by the CEO.

The substitute motion also requested a report back in 60 days evaluating the appropriate levels of staffing for the Internal Audit function, a description of any significant changes in reporting procedures by Internal Audit and a plan for following up with audit recommendations. This substitute motion was seconded and discussion continued. Director Riordan suggested that the Executive Management Committee have oversight responsibility for all audits, those done by Internal Audit and those done by the Inspector General. Director Zarian expressed his view that Internal Audit and the Inspector General have separate roles. The Board does not need to hamper the workings of the Inspector General's Office.

Public comment was received from J. Walsh and T. Roberts.

The substitution motion as presented by Director Bonzo was unanimously approved.

RESOLVED, that the Inspector General work with the Chief Executive Officer and the Internal Auditor to develop procedures to more effectively follow through on implementing audit findings and recommendations concerning the function of Internal Audit;

RESOLVED FURTHER, that the Board supports the structural changes for the Internal Audit function as recommended by the Inspector General and concurred by the Chief Executive Officer; and

RESOLVED FURTHER, staff is to report in sixty (60) days on evaluating the appropriate levels of staffing for the Internal Audit function, a description of significant changes in reporting procedures, and a plan for following up audit recommendations.

- 3d. Chairman Antonovich requested the Construction Committee to review the current policies for small and minority business short listing and selection. He also requested the Committee to explore ways to better maintain the spirit of the policy such as broader short listing of firms and opening competition and participation by a variety of qualified firms without listing teams more than once.

4. CHIEF EXECUTIVE OFFICER'S REPORT

Reviewed role of underwriters and financial adviser.

Discussed the merits of reinstating Merrill Lynch into the pool of underwriter firms used. Director Burke suggested they could be considered for placement in the program when a new pool is considered. Director Cragin suggested leaving them in the pool but not using them until a final determination is made on the Orange County issue.

Director Bonzo made a motion to reinstate the firm of Merrill Lynch into the underwriter pool. This motion was seconded. Director Yaroslavsky suggested an amendment that all financial underwriter transactions should be competitively bid unless the Board determined otherwise on a case by case basis. Following additional discussion, this motion to reinstate Merrill Lynch carried with Director Yaroslavsky abstaining.

Staff and the MTA's financial advisor was directed to report back on the advantages and disadvantages of competitively bidding matters of this nature.

Items were considered in the order they appear in the minutes.

28. REFERRED TO THE EXECUTIVE MANAGEMENT COMMITTEE the revised MTA Ethics Policy Manual.

Director Riordan suggested the matter needed additional study prior to adoption.

37. APPROVED establishment of Peer Review Panel to review all aspects of the Pasadena Blue Line Project and established a budget of \$25,000.

Several directors spoke to the importance of this review noting that the Arthur Andersen review is for management of the construction function while this panel covers actual construction. Once the panel is established and the scope of work reviewed, the amount of time required for the peer review will be known; it is estimated at approximately one to three months.

Appearance of City of Pasadena representative expressing agreement with the motion.

- 4B. Received report on Federal Advocacy trip.

Chairman Antonovich and CEO White reported on their trip to Washington, D.C. Chairman Antonovich spoke about the streamlined process that will be used to secure federal funds and CEO White spoke about the change in Washington, D.C. due to the partisan control, indicating that the MTA must be very careful about its assumptions for operating and capital funds.

5. DIRECTORS SPECIAL ITEMS

NONE

GENERAL

6. APPROVED the relocation plan for the Pasadena Blue Line and made the determination that the necessary funds will be made available to provide comparable replacement housing for residential tenants and owner-occupants as well as adequate replacement sites for businesses displaced from the Pasadena Blue Line Project area.

CONSENT CALENDAR

Items 7 through 11, 14 through 20, 23, 24, 26, 29 through 31, 33 and 34 on the Consent Calendar were unanimously approved in one motion with 11 directors present. Item 9 was withdrawn by staff. Individual action was taken on items 12, 13, 21, 22, 25, 27, 28 and 32.

7. Director Travel:

APPROVED travel for Director Croys to attend SCAG General Assembly on March 2 & 3 in Cathedral City.

8. ADOPTED a policy regarding adequate opportunity to review written motions having financial or policy implications.

Director Antonovich voted "No"

9. WITHDRAWN BY STAFF contract for the lease/purchase of an Electronic Private Automatic Branch Exchange (EPABX) system for the MTA headquarters.

10. APPROVED the Memorandum of Understanding (MOU) between the MTA and the Metropolitan Transportation Authority of Harris County (Houston METRO) to integrate the MTA's Advanced Technology Transit Bus (ATTB) project with Houston METRO's Next Generation Bus program.

11. REJECTED non-responsive bid from Amwest Environmental, La Palma, and APPROVED contract with Coast Engineering and Construction Corporation, Los Angeles, to remove and replace the existing underground fuel storage tanks at Division 5, for a fixed price of \$2,498,441.

- 14a. APPROVED the self evaluation of the MTA's compliance with Title II (Public Services) of the Americans with Disabilities Act;
- b. ADOPTED for implementation the transition plan recommendations for improving the accessibility of the programs, activities, communications and facilities of the LACMTA.

15. APPROVED donating Bus #8487 to the Los Angeles County Park Police for use as an Emergency Disaster Command Post.

16. REJECTED the non-responsive bids submitted by Logans Marketing, San Diego; Unisource Corporation, City of Commerce; and Willamette Industries, Cerritos; and APPROVED requisition 3-9400-122 and a contract with Paper Boys, Hawaiian Gardens, the lowest responsive and responsible bidder under IFB No. 10-9410 covering the provision of computer paper for a three-year period for an estimated cost not-to-exceed \$466,616.

17. APPROVED requisition 3-9400-147 and contract with Bremskerl/Friction Dynamics, Inc., Landisville, PA, the lowest responsive, responsible bidder, under Bid 11-9430 covering the procurement of Blue Line light rail vehicle brake pads for a one-year period, with an option for two additional one-year periods at the election of the MTA, for an estimated annual cost of \$138,213.

18. APPROVED a change order with Tetra Tech, Inc., Pasadena, for cleanup of contaminated soil at Vernon Yard (Location 34) in the amount of \$165,337, increasing the contract amount to \$273,173.

Abstentions: Conflict of Interest indicated by Director Riordan/Bernson/James

19. APPROVED Requisition 4-5730-219 and contract with International Business Machines (IBM), Los Angeles, covering replacement front-end communications processors and terminal controllers for the move of information processing operations to the new headquarters building for a total cost not to exceed \$1,133,000.

20. AUTHORIZED the MTA's insurance broker (RFP/Driver) to combine rail operations property insurance program with the bus property insurance program effective February 1, 1995 and pay a sixteen (16) month estimated renewal premium of \$5.2 million as follows:

- a. effective February 1, 1995 adding the rail operations values of \$2 billion (including Metrolink and Green Line) to the existing bus operations property insurance program for the additional cost of \$715,000; and
- b. renewing the entire property insurance program covering all-risk, boiler and machinery and bonds for both rail and bus operations effective May 10, 1995, with existing insurers for a not-to-exceed premium of \$4.5 million covering over \$3 billion of insurable assets.

Conflict of Interest indicated by Director Yaroslavsky/Abernethy.

23. ADOPTED the MTA's ADA Paratransit Plan.

24. ADOPTED the revised Proposition A and C Local Return Administrative Guidelines.

26. APPROVED a Memorandum of Understanding between the MTA and the City of Long Beach for the construction of the Traffic Management Center Upgrade project at Long Beach City Hall.

29. APPROVED amendments to section 1.1A and 1.4A of the Rules and Procedures to reflect the change in meeting time for the Board and to reflect the correct names of the Board's standing committees.

30. APPROVED amendment to Contract No. CR041 with ATE Ryder for the provision of the Hollywood Trolley Shuttle extending the period of performance for a maximum of three one-month periods at an additional cost not-to-exceed \$150,000 for a total contract amount not-to-exceed \$315,620.

31. RATIFIED unilateral Change Order No. 50 to Contract No. B251 with Shea-Kiewit-Kenny covering the relocation of crosspassage/emergency passage No. 19 for the Metro Red Line-Vermont/Hollywood tunnels in the amount of \$467,995 for a total contract value of \$170,285,705.

Abstentions: Conflict of Interest indicated by Director Riordan/James

33. REAFFIRMED the Conflict of Interest Policy as adopted by the former RCC Board precluding participation in MTA's construction management contracts by certain prime venturers, subcontractors and section designers.

34. RECEIVED AND FILED status report on Board Requests.

12. Considered award of contract and a protest filed after a review by staff was determined to be unfounded. Appearance of B. Kamine, attorney for Neko, requesting award to his client. On question, legal counsel said that the Board can not waive the type of defect contained in Neko's bid.

On a Roll Call vote, the following action was taken:

Ayes: Alatorre, Burke, Arthur, Fasana, Bonzo, Perez,
Bernson, Schatz, Abernethy, Heidt, Antonovich
Noes: None
Abstain: None
Absent: Cragin, Wilson

APPROVED Requisition 4-3597-174 and contract with Mallcraft Corporation, Pasadena, the lowest responsive, responsible bidder under IFB No. 12-9421-C for the construction of modifications to the existing maintenance buildings at Divisions 8 and 15, to accommodate natural gas powered buses, for a fixed price of \$1,200,000.

13. APPROVED development and seek funding to implement a comprehensive customer satisfaction market research program; that the guidelines established by this study be included in the Long Range Transit Plan; and to include other transit systems in the region in the study.

Appearance of D. Gabbard.

21. APPROVED the reallocation of FY 94-95 transit subsidies based on review of current funding availability from local, state, and federal sources and the impact of actual receipts versus budgeted amounts from prior years; increasing transit subsidies \$26.6 million for FY 94-95.

22. Considered the \$41 million shortfall mitigation plan.

Director Arthur offered a motion to approve all parts of the mitigation plan except the service reduction section and directed staff to report to the Operations Committee, when feasible, with recommendations that preserve the quality of service. This motion was seconded and carried on a Roll Call vote as noted below:

Ayes: Alatorre, Burke, Croyts, Arthur, Fasana, Bonzo,
Perez, Bernson, Schatz, Wilson, Abernethy, Heidt
Noes: Antonovich
Abstain: None
Absent: None

Director Bonzo presented a motion requesting staff to develop a new formula for evaluating bus service cuts which compares like service with like service, and demonstrates that where cuts cannot be avoided, that alternative methods of transportation are identified which more cost effectively addresses the need for transportation to the affected community. This motion was seconded and carried on a Roll Call vote as noted:

Ayes: Antonovich, Alatorre, Burke, Croyts, Arthur,
Fasana, Bonzo, Perez, Bernson, Wilson, Abernethy,
Heidt
Noes: None
Abstain: None
Absent: Schatz

APPROVED, the \$41 million shortfall mitigation plan and the following specific actions:

- a. APPROVED reprogramming \$1 million of the MTA's unused FY 93-94 TDA capital appropriation for use as MTA operating subsidy;
- b. AUTHORIZED development of a new formula to include the criteria, to determine service reductions to save money during the balance of FY 94-95; and
- c. APPROVED reprogramming \$9 million in the Rideshare account from future year TDM programs to FY 94-95 MTA operating subsidies.

Appearance of D. Gabbard, J. Walsh, B. Allen & B. Peacock.

25. APPROVED a contract with Booz-Allen & Hamilton, in association with Mundle & Associates and Patti Post & Associates, for the triennial performance audit of transit operators for a firm fixed price of \$139,495.

27. APPROVED contract with Applied Management and Planning Group in association with Ernst & Young and Macias & Company, covering the 92-94 state triennial performance audit, for a firm, fixed price of \$264,465; with an amendment to the scope of work to include identifying cost saving opportunities in the operations area, if not inconsistent; and allow staff one month to come back to the Executive Management Committee with any proposed amendments.

Conflict of Interest indicated by Director Yaroslavsky/Abernethy

32. APPROVED unilateral Change Order No. 38 to Contract No. B251 with Shea-Kiewit-Kenny covering the partial settlement of Contract Claim No. 12 due to differing site condition; strong puentes in Vermont tunnels, for the Metro Red Line - Vermont/Hollywood tunnels in the amount of \$1,472,791, increasing the total contract value to \$171,086,776.

Conflict of Interest indicated by Director Riordan/James

Appearance of J. Walsh.

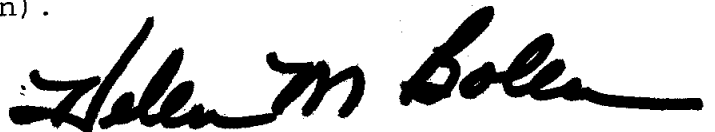
OTHER

35. Items not on the posted agenda - No items were considered.

36. Public Comment.

Appearance of J. Walsh and D. Gabbard.

The meeting adjourned at 3:40 p.m. in memory of Corrine Carey Glead (mother of Julian Dixon).



Helen M. Bolen
MTA Secretary