

# MINUTES



LOS ANGELES COUNTY TRANSPORTATION COMMISSION 403 West 8th St., Suite 500, Los Angeles, CA 90014 (213) 626-0370

## LOS ANGELES COUNTY TRANSPORTATION COMMISSION

August 16, 1989

The regular Commission meeting was called to order by Chair Reed at 8:05 a.m. in the Supervisor's Hearing Room of the Hall of Administration.

### Members in attendance:

Councilmember Christine E. Reed  
Mayor Jacki Bacharach  
Councilman Ray Grabinski  
Councilman Nate Holden  
Carole Stevens  
Mike Lewis, alternate to Supervisor Schabarum  
Walter King, alternate to Supervisor Hahn  
Robert Geoghegan, alternate to Supervisor Edelman  
Barna Szabo, alternate to Supervisor Dana  
Ray Remy, alternate to Mayor Bradley  
Rosa Kortizija, alternate to Supervisor Antonovich

### Staff members present:

Neil Peterson, Executive Director  
David Kelsey, Assistant Counsel  
Barbara Norris, Senior Administrative Secretary  
Ilda Licon, Administrative Secretary

**CONSENT CALENDAR (Discussion at Commissioner or Public Request)**

Ms. Bacharach moved, Mr. Szabo seconded, approval of Consent Calendar Items 1 and 2. Hearing no objection, motion was carried.

1. Contract R01-T01-C435 - Aerial Structures - Rail Construction Committee recommends the Commission approve Change Order #019 in the amount of \$208,027. Sufficient contingency remains within the current AFE to cover the cost of this Change Order.
2. Contract R01-T01-C435 - Aerial Structures - Rail Construction Committee recommends the Commission approve Change Order #020 in the amount of \$258,538. Sufficient contingency remains within the current AFE to cover the cost of this Change Order.

**STAFF REPORTS**

3. MOS-1 Audit Findings and Recommendations - Mr. Peterson introduced Chuck Ream, Principal in Charge of the audit findings (DKJV), Rod Dawson and Herb Casner. He also introduced Mr. Vladimir Khazak, Chairman of the Technical Advisory Group. Mr. Peterson stated that they are available for any questions that may arise during the discussions.

Mr. Peterson proceeded to summarize the recommendations. He stated the need to clarify the roles of the agencies, i.e., the Commission is the owner of the systems being built; SCRTRD is the user and operator of all the systems being built; the Rail Construction Corporation becomes the engineer, its role being to build what has been decided by RTD from an operator's standpoint, and the LACTC from an owner's standpoint. The Rail Construction Corporation (R.C.C.) would be a subsidiary of the LACTC. Pending passage of SB 1, the ability of the Commission to delegate authority to the R.C.C. is limited from a legal standpoint. From a policy perspective, guidelines would have to be established such as developing suggestions on how change orders and contract approvals would be brought before the Commission on the consent calendar by the R.C.C. Legally, all contract items would have to come before the Commission until SB 1 or some other method is passed giving the R.C.C. the authority to make these decisions. Mr. Szabo asked what procedure would be taken if a deadlock by the R.C.C. occurred--would the decision be appealed back to the Commission for its disposition? It wouldn't be a recommendation at this point, but a request for action. Mr. Peterson agreed that this is the order. Mr. Szabo stated that a procedure should be established in the event of a deadlock.

Mr. King asked what happens if RTD does not agree with the Committee's recommendation. Mr. Peterson stated that even if RTD doesn't agree on MOS-1, we are the grantee and have the authority for scope, schedule and budget decisions on MOS-2 and any further lines that are authorized. Mr. Peterson stated that staff will be meeting with SCRTD Board. Mr. King asked if we can make RTD go along. Mr. Peterson stated no but a proposal will be made to the RTD Board after today's meeting.

Mr. Peterson continued that another recommendation from the Audit Team and TAG is that one design group for all rail lines be established in the future. Also in order to have RTD involved in the development of the project, a significant user/operator function role needs to be defined. For example, the user should be supervising the design effort work up to approximately 60% of completion to assure that the design is being built to the operating characteristics and performance standards that the user has identified. Then at that point the design effort should be turned over to the R.C.C to supervise the completion of the project.

The user would also be responsible for the development and implementation of testing, start-up, training and operational plans. It would also be responsible for accepting the facilities they will be operating. This would be a total RTD function, employees hired by RTD, etc., but the R.C.C. would pay for RTD's service under contract. RTD would be a part of the R.C.C. on a day-to-day basis, but still considered RTD employees, paid by the R.C.C. because of the function they are serving.

Finally, a recommendation was made that there be a construction management function which would eventually merge the two staffs of LACTC and RTD. In the interim a contract with RTD is being proposed that calls for RTD employees to provide the CM services.

Mr. Peterson reviewed the draft contract with the Commissioners. He stated the Cost Reduction Panel will meet August 17--RTD will attend, but has not yet joined the Cost Reduction Panel (CRP).

Mrs. Reed stated that staff's recommendations would be taken separately:

- (1) Implement the Rail Construction Corporation (R.C.C.) to be responsible for the design and construction of all rail projects in Los Angeles County.

The R.C.C. was legally established last year as a subsidiary of the LACTC for the purpose of managing the rail construction projects in Los Angeles County.

The RCC shall be activated by appointing a 6-member Board of Directors. Three members would be appointed by the SCRTD, three members would be appointed by the LACTC.

The Board members would be private citizens who have a wealth of experience in multi-million dollar complex projects.

The Board members would be paid \$200/month and be expected to spend one-half day in meetings twice each month. They would be covered with Directors and Officers liability insurance. Their expenses should be covered under the same rules that govern the Commission members.

To assist in the transition during the first-six months, one member of the LACTC and one member of the SCRTD Board would sit as Board members of the RCC.

The staff of the RCC would be LACTC staff members, appointed by the Executive Director, except for those staff members who are providing services under contract with the SCRTD.

While all authorities continue to reside in the LACTC, it is recommended that the Commission as a matter of policy delegate as much authority as possible to the subsidiary RCC.

- (4) Pending SCRTD action on these recommendations, the Commission shall appoint five RCC members, two of which will be replaced at such time as SCRTD decides to participate.

Jacki Bacharach moved approval of Items #1 and #4 implementing the Rail Construction Corporation and designating that the Rail Construction Committee act as the Interim Board for the Corporation until such time as RTD appoints its 3 members to the Board at which time the LACTC will have appointed its 3 members. Mike Lewis seconded. Ms. Reed asked Ms. Bacharach

to clarify that if the Commission members sit on the Interim Board, they will not receive additional compensation and that the Rail Construction Committee will only serve in the short interim until the Commission selects the outside members of the corporation. Ms. Bacharach concurred.

Mr. King offered an amendment to the motion that the Rail Construction Corporation will not be involved in MOS-1. Mr. Holden seconded. Mr. Lewis asked for a ruling on this motion as he felt it was out of order at this point of the motion. Chair Reed stated that the amendment is accepted as it has impact on the next items.

A vote was taken on Mr. King's amendment:

Yes: King, Geoghegan, Holden

No: Lewis, Szabo, Kortizija, Remy, Grabinski, Bacharach, Stevens, Reed

The amendment failed.

Mr. King asked for a further refinement of how the appointees will be made. Mr. Peterson outlined the method used for selecting the members. He stated an outreach effort to the communities will be made to identify people that have this type of experience in the industry. They would have to be unrelated to any of the on-going projects of LACTC or SCRTD. The Commissioners would assist Mr. Peterson in this effort. Ms. Bacharach stated this criteria should also be defined to RTD.

Mr. Lewis offered an amendment in regard to the procedure for selecting the Board members of the Corporation requesting that SCRTD indicate its intent to participate through the nomination of Board members by September 15, establishing a date of November 1 for those appointments to be made and give direction to staff to prepare a short list of 8-10 for the Commission to consider its appointments. Mr. King seconded the motion.

Carole Stevens offered an amendment to Mr. Lewis' amendment to change the intent date from September 15 to October 1. Ms. Bacharach seconded.

A vote was taken on Ms. Stevens amendment:

Yes: King, Szabo, Remy, Holden, Bacharach, Stevens, Reed

No: Lewis, Geoghegan, Kortizija, Grabinski

Motion carried.

Mr. Remy stated his concern on limiting the number of appointees considered in Mr. Lewis' amendment and asked Mr. Lewis to delete his reference to a specific number. Mr. Lewis concurred. Specific details of the appointments will be brought back to the Commission for information.

A vote was taken on Mr. Lewis' amendment deleting reference to the specific number of appointees being considered.

Yes: Lewis, King, Szabo, Kortizija, Remy, Grabinski,  
Bacharach, Stevens, Reed

No: Geoghegan, Holden

Mr. Geoghegan expressed his concern agreeing with Mr. Holden that the Commission is making a unilateral decision in implementing the Corporation without the concurrence from SCRTD.

A vote was taken on the original motion.

Yes: Lewis, Szabo, Kortizija, Remy, Grabinski, Bacharach,  
Stevens, Reed

No: King, Geoghegan, Holden

Motion was carried.

A motion to approve staff's recommendations, Items #2 and #3 was made by Mike Lewis. Jacki Bacharach seconded:

- (2) Authorize the Executive Director to enter into a contract with SCRTD to provide design and construction services for the Metro Red Line project. A draft of this contract is being prepared and will be available for distribution at the Commission meeting of August 23. It gives the Commission authority to control the budget, scope and schedule for the project, yet would utilize existing staff knowledge and talent to the maximum extent possible and thereby ensure a lack of disruption to the project.

- (3) Assign both MOS-1 and MOS-2 contracts to the Commission and its Rail Construction Corporation. The same contract referenced in (2) above provides the vehicle for accomplishing this task.

Mr. Szabo asked what are the implications of the termination or suspension of work in the proposed contract. Mr. Kelsey stated this is a standard provision that an owner would put in an agreement, and leaves the option for the owner to replace the contractor, assume the work itself, to renegotiate after assuring itself that new provisions are necessary. The Commission would have to vote on any action that will be taken.

Mr. King asked if this contract provision only refers to MOS-2. Mr. Peterson stated the contract applies to MOS-2 and MOS-1. Ms. Reed stated that if the MOS-1 is assigned to the Commission, then the suspension clause has some impact, but SCRTD has to approve this contract. Any changes by SCRTD will be brought back to the Commission.

A vote was taken on the main motion.

Yes: Lewis, Szabo, Kortizija, Remy, Grabinski, Bacharach, Stevens, Reed

No: King, Geoghegan

Mr. Holden left the meeting. Motion was carried.

4. Funding for First Portion of Metro Red Line Phase II - Staff recommended that the Commission take the following actions related to the FFGA and the revised Grant Application for the First Portion of Metro Red Line Phase II:

Neil Peterson reported to the Committee. A motion was made by Barna Szabo, seconded by Ray Grabinski to:

- (1) Authorize the Executive Director to execute a FFGA with UMTA for federal funding to design and construct the first portion of Phase II (referred to as Minimum Operable Segment-Two or MOS-2 in the FFGA). The terms of the FFGA would conform substantially with the draft FFGA (Should these terms change significantly, the Executive Director will seek final Commission approval of the changes.) This authorization also will include the approval of a required authorizing resolution wherein the Commission commits its share of local funding and acknowledges the requirements of FFGA Section 12.

- (2) Authorize the Executive Director to execute a contract with the City for its financial share of the First Portion of Phase II.
- (3) Authorize the Executive Director to also execute a contract with SCRTD for its financial share of the first portion of Phase II.

Ms. Bacharach asked that a clause be added to the Grant Agreement, Page 2. third clause. Add .... while the district retains, subject to assignment, its obligations under MOS-1. Page 9 states will be complete December 31, 1988, should read December 31, 1998.

A vote was taken on the original motion:

Yes: Lewis, King, Geoghegan, Szabo, Kortizija, Remy, Grabinski, Bacharach, Stevens, Reed

No: (none)

Motion was carried unanimously.

Mr. Peterson reported on the contract with the City of Los Angeles. City has moved forward and will participate and additional dialogue is requested. Mr. Remy moved to defer action on this item until the August 23 LACTC meeting. Mr. King seconded. Hearing no objection, motion was carried.

Mr. Peterson reported on the contract with SCRTD for the first portion of Phase II stating that SCRTD is not inclined to forward such a contract until they are satisfied that the contract for services meets their desires.

The Federal government is requiring a commitment of the \$58 million before the full-funding grant agreement can be executed, but the benefit assessment doesn't start until the system is operable.

Mr. Perdon addressed the Commission stating that SCRTD would like the language referencing residential benefit assessment deleted from the agreement as SCRTD has a process which involves public hearings, approval by board of supervisors and by the L.A. City Council to establish benefit assessment rates, boundaries, formulas, and that process should deal with the issue of assessments of residential property. Mr. Perdon explained this is State law already in existence.

Mr. Peterson stated the LACTC has already agreed to strike the language from its contract. It is in the City contract.

Mr. Lewis made a motion on Item #3 that the Commission authorize the Executor Director to execute the contract to specify that the contract will be silent on the matter of residential assessments. Further, if the contract is not executed by September 1, the Commission will then assume responsibility for the \$58 million from Proposition A rail transit funds and direct staff to seek legislation to acquire the benefit assessment authority for LACTC as outlined for the project. The \$58 million will be paid back with interest from the eventual benefit assessment. Chris Reed seconded the motion.

Mr. Remy asked if the motion could be split to vote on the benefit assessment issue, then the contract.

After considerable discussion, Mike Lewis amended his motion to reflect that if RTD does not sign by September 1, that the staff return to the Commission at its September 13 meeting with a specific recommendation on how to proceed with the issue of the \$58 million.

A vote was taken on Mr. Lewis' motion:

Yes: Lewis, King, Geoghegan, Szabo, Kortizija, Remy,  
Grabinski, Bacharach, Stevens, Reed

No: (none)

Motion was carried.

Mr. Peterson reported on the filing of the appropriate grant applications.

- (4) Authorize the Executive Director to execute and file a revised Grant Application for MOS-2 (first portion of Phase II) and to provide and execute all documents and assurances for the revised application. Such authorization also will include approval of two required authorizing resolutions (Exhibits B and C of the draft FFGA). Exhibit B is an authorizing resolution that is specifically required for filing the revised MOS-2 Grant Application. Exhibit C is a one-time authorizing

resolution that UMTA has requested the Commission to renew at this time for filing all applications for federal financial assistance grants under the Urban Mass Transportation Act of 1964, as amended.

Mr. King moved, seconded by Ms. Reed. Motion carried unanimously.

Mr. Peterson reported on execution of necessary documents for the full funding grant agreement (FFGA). The Commission deferred action on this item and directed staff to return to the Commission at its August 23 meeting with the report requested by Mr. Lewis which shows the current and existing agreements and side letters being contemplated under this motion.

#### EXECUTIVE SESSION

The Commission adjourned to closed session to discuss Pending Litigation.

No action was taken in closed session.

#### ADJOURNMENT

The meeting adjourned at 11:45 a.m.



NEIL PETERSON  
Executive Director

NP:bn/kyt-B