



**Rail
Construction
Corporation**



a Subsidiary of
the Los Angeles County
Transportation Commission

**RAIL CONSTRUCTION CORPORATION
MINUTES OF MEETING JANUARY 8, 1990**

MEMBERS PRESENT

JACKI BACHARACH
CAROLE STEVENS
WALTER KING
RAY GRABINSKI
MIKE LEWIS

STAFF PRESENT

ED McSPEDON, ACTING PRESIDENT/CEO, R.C.C.
AL SCALA, MANAGER OF CONTRACTS
NORM JESTER, MANAGER OF RAIL SYSTEMS ENGINEERING
BOB CASHIN, MANAGER OF HIGHWAYS
JESSICA CUSSICK, SENIOR PUBLIC AFFAIRS OFFICER
BARBARA NORRIS, SENIOR ADMINISTRATIVE SECRETARY

OTHERS

CHUCK O'CONNELL, DEPUTY DISTRICT DIRECTOR, CALTRANS 07
LES MILLER, O'BRIEN/KREITZBERG
GEORGINE KABLER, TRANSCAL
CLYDE GARRISON, TRANSCAL
JOHN TAYLOR, TRANSCAL

CALL TO ORDER

APPROVAL OF MINUTES OF MEETING OF DECEMBER 4, 1989 AND DECEMBER 8, 1989

The minutes of the December 4 meeting were approved with the following corrections:

Page 3, paragraph 6 - add title section before paragraph
....."Contract C140 - LACBD Approach - Cost Plus Change Notice".....

Page 5, 3rd paragraph - correct paragraph to read....Al Scala addressed the Board on contract C335 -Disciplinary Action, which involves Continental Heller Construction (CHC) electing to perform the supply and placement of the reinforcing steel themselves rather than subcontract to DBE subcontractor, Franklin Reinforcing Steel Co., Inc. (Franklin) as stated in CHC's bid. CHC elected to perform these tasks themselves without the permission of either Franklin or the LACTC, which is in violation of the Invitation For Bid, the Contract, and sections 4104 and 4107 of the Subletting and Subcontracting Fair Practices Act of the California Public Contract Code.

OTHER

The Board requested that staff add a glossary of acronyms used in staff's reports to the Agenda for easy reference.

STATUS REPORT ON RAIL CONSTRUCTION CORPORATION

Ms. Bacharach stated that a meeting of the LACTC Committee Chairpersons will be held Friday, January 12 concerning the appointees to the Rail Construction Corporation. Ms. Bacharach stated that after this meeting the Committee Chairs will report to the Commission at its January 24 meeting. Ms. Bacharach stated she would update the Board on the Committee's actions.

FUTURE RCC MEETING DATES

The Board reviewed upcoming RCC meeting dates. A special RCC meeting was scheduled for January 24 at the Hall of Administration at 11:00 a.m. The Board also scheduled a workshop and tentative meeting for Wednesday, January 31, at noon.

REPORT ON THIRD-PARTY ACTIONS AND CHANGE NOTICES

Ed McSpedon reported on third-party actions. (Outline attached)

CITY OF COMPTON: Ms. Bacharach asked that the Board be given a copy of the letter or agreement from City of Compton stating they will pay for cost overruns on MC-5 due to delays.

SCRTD/UMTA: Ms. Bacharach asked that the Board be briefed by staff on the MOS-2 Project Management Plan. Mr. McSpedon stated that a presentation will be given at a later RCC meeting.

DISCUSSION ON CONTRACT C500 - PEDESTRIAN CROSSINGS

Mr. Scala briefed the Board on the outstanding issues on contract C-500, Pedestrian Overcrossings at 105th Street and Caldwell Street. Inasmuch as only one bid was received (Herzog Contracting), a detailed cost analysis was prepared by Deloitte/Kellogg and a detailed review of the engineer's estimate was conducted by TransCal. Although a cost analysis is typically performed when one bid is received, the analysis is especially important in light of the great disparity between the bid price and the engineer's estimate. Of the total bid amount of \$2,448,715, the subcontracted portion was \$1,618,208 with the remaining \$830,507 attributable to work to be performed by Herzog. It should also be noted that the major subcontracted portion of work, that of steel fabrication and erection, was \$957,098.

In comparing the detailed components of the Herzog bid with the estimate, it was obvious that the greatest disparity was in the price of steel fabrication and erection. Staff believes that although Herzog procured the steel through competitive processes, the prices were higher than would be reasonably expected. In addition, although DKJV's assessment of the Herzog portion of the bid indicated no cost areas which were clearly excessive or inappropriate, staff is investigating further and has determined several ways to reduce direct and indirect costs.

Staff is also investigating possible financial assistance from both the City of Los Angeles and Compton, if additional funding is required to mitigate any variance between the award amount and forecast amount of \$1,870,000.

Staff proposes to investigate the aforementioned and finalize a recommendation for award or rejection of bids by the January 24th special RCC meeting.

Ray Grabinski expressed concern on the Board not being informed earlier on contracts when there is an issue of the engineer's estimate being out of line with the bids. He asked that staff develop a method of early-warning reporting to the Board on critical issues.

The Board directed staff to add information to the report regarding:

- 1) the cost of a basic, no-frills type of structure;
- 2) once this cost is established, we can discuss our willingness to pay the full cost with all the frills or only the basic price. Also, the Board would like to know how eager are the Cities of L.A. and Compton to pick up the difference.

INTRODUCTION OF VICE PRESIDENT OF PROGRAM MANAGEMENT AND CONTROL

Mr. McSpedon introduced Jeff Christiansen to the Board. He stated that not only will Mr. Christiansen help with the cost scheduling and management of the projects, but also brings to the Corporation a lot of history and background on the Red Line.

METRO BLUE LINE - ART PROGRAM UPDATE AND APPROVAL OF PANELIST LISTING

Jessica Cusick updated the Board on the Art Program. Ms. Cusick presented a listing of artists and arts professionals to add to the pool of approved panelists in order to provide sufficient flexibility to appoint panels for the majority of the Metro Blue Line stations.

The Board recommended the Commission approve the potential panelists recommended in staff's report to be appointed to art panels as appropriate.

METRO BLUE LINE - TRANSIT RADIO SYSTEM STATUS

Norm Jester updated the Board on the acquisition of a transit radio system. He stated RTD's contract calls for 2000 radios for buses, and an option to the contract for RCC to acquire an additional 60 mobile radios and other radio system equipment for the Metro Blue Line. The contractor for the radios is General

Railway Signal. This contract is now behind schedule. Mr. Jester stated that it is necessary to have the LRV public address system and intercom radio hardware in place by the Revenue Operating Date. Mr. Jester stated that in order to have this temporary system in place, staff will issue a change order in an estimated amount of \$100,000 to the LRV contractor (Nippon-Sharyo) to acquire and install the interim public address and intercom radio hardware.

METRO BLUE LINE - CONTRACT ACTIONS

Jacki Bacharach requested that staff give the Board an update on the Project Reserve status to-date.

Contract Amendment - Railroad Coordinator (DKS)

Al Scala presented staff's report regarding an amendment to the professional services contract with DKS Associates for performing CPUC/Railroad Coordination services for calendar year 1990.

The Board requested that the Consulting Agreement reflect that the Consultant is to report to the Manager of Rail Systems Engineering and not to a particular individual.

The Board recommended that the Commission authorize the Executive Director to execute Amendment #2 to the Contract for DKS Associates providing CPUC/Rail Coordination under Contract No. R01-S11-E0006, for an amount of \$85,091. This will increase the total contract not-to-exceed amount from \$155,782 to \$240,873.

Contract C435, Change Order #32 - Aerial Structures

Al Scala presented staff's report on Change Order #32 in the amount of <\$264,368> which deletes selected unit price items not used during the course of construction for this contract. The Board recommended that the Commission approve Change Order #32 in the amount of <\$264,368>.

Contract C3270, Change Order #16 - Herzog Contracting Corp.

Change Order #16 is necessitated in order to accelerate contract completion to allow earlier access to the Loop for follow-on contractors, thus accelerating the revenue operating date for the Loop segment.

Georgine Kabler presented an overview on the two-part change order. The first part being a cost for close-out in the amount of \$112,724 with the agreement with the contractor that there will be no other claims for delays, work in efficiencies or any kind of access delays to the contract.

The second part of the change order is the acceleration incentive cost in the amount of \$268,895. This involves labor cost for Herzog and its subcontractors, McGrath and Stiney. If the contractor or subcontractor fail to meet the acceleration dates (February 15, 1990 for Herzog & McGrath and March 15, 1990 for Stiney), they would not receive any incentive monies for days by which they missed the targets and this money would be returned to the Commission.

Clyde Garrsion addressed the Board on the positive impact that this change order has on follow-on contracts and the revenue operating date. It is expected that the ROD for the loop will occur in early September as opposed to late December 1990 with the approval of this acceleration.

After further discussion, the Board recommended that the Commission approve Change Order #16 in the amount of \$381,619.

Contract C140, Change Order #124 and Increase in Authorization for Expenditure (AFE) - Herzog Contracting Corp.

Al Scala presented staff's report on Change Order #124 which authorizes the contractor to provide material, equipment labor and supervision to apply protective coating to the inside of new cast-in-place concrete sanitary sewer manhole offset structures in order to comply with the City of Los Angeles, Bureau of Engineering standards.

Mr. John Taylor and Mr. Garrison presented a slide presentation on current activity on contract C140, and gave a breakdown on the forecasted budget on the contract. Mr Taylor also briefed the Board on future change notices and claim contingencies.

The Board expressed their concern on such a large increase in AFE. After considerable discussion, the Board directed staff to amend its recommendation regarding the increase in AFE. The Board recommended that the Commission:

- 1) approve Change Order #124 in the amount of \$272,343.
- 2) approve an increase to the current AFE by \$5,967,056 to a revised total AFE of \$40 million.

This increase in AFE will enable staff to process pending and anticipated changes and claims. The \$5,967,056 required as additional funding will be transferred from the Project Reserve. It is anticipated that an estimated sum of \$1,275,000 is reimbursable from the City of Los Angeles (DWP and Bureau of Engineering) as compensation for their portion of the betterment work performed under this contract.

Contract C265, Change Order #09 and Increase in AFE - Mid-Corridor Stations

Al Scala presented staff's report on Change Order #09 which provides for all labor, materials, equipment, and incidentals necessary to add complete landscape planting at the Central Control Facility (CCF) and Imperial Station site.

The increase in AFE being requested will be transferred from the Project Reserve and will enable staff to process pending and anticipated changes and claims.

The Board recommended the Commission approve Change Order #09 in the amount of \$267,077, and also approve an increase to the current AFE amount of \$15,711,800 by \$1,972,455 to a revised total AFE of \$17,684,255.

Contract H825, Increase in AFE - Transit Signaling and Train Control

Al Scala presented staff's report on contract H825 involving manufacturing, testing, delivery and installation of all signalling equipment required for safe operation of LRVs on the Metro Blue Line. This increase will enable staff to process pending and anticipated changes.

The Board recommended that the Commission approve an increase to the current AFE amount of \$15,637,000 by \$1,118,722 to a revised total AFE of \$16,755,722.

Contract C495. Increase in AFE - Fencing

Al Scala presented staff's report on contract C495 - Fencing. The Board recommended the Commission approve an increase to the current AFE amount of \$5,007,915 by \$606,500 to a revised total AFE of \$5,614,415. This increase in AFE will enable staff to process pending and anticipated changes.

METRO BLUE LINE - GOVERNMENT CODES CLAIMS: BILLY L. KING;
WILLIAM R. FUTRELL; AND JACK FEINLAND

Mr. McSpedon presented staff's report. The Board recommended that the Commission formally reject the claims of Billy L. King; William R. Futrell; and Jack Feinland.

METRO GREEN LINE - CONSTRUCTION ADVANCE

Mr. McSpedon addressed the Board on the status of the construction of the Glenn Anderson Freeway (I-105). He reported that at its December 14, 1989 meeting, the California Transportation Commission (CTC) deferred funding of any new highway construction projects until after July of 1990, including several projects on the I-105. According to Caltrans, these project deferrals are not expected to affect the opening of the freeway. RCC staff has reviewed the I-105 project deferred by the CTC and has determined that they will cause significant delay in the start-up of the Metro Green Line. Caltrans has contacted the LACTC and suggested that by providing "advance funding," the highway projects critical to the rail project schedule could be constructed without significant slippage. Mr. McSpedon stated this advance is estimated at \$40 million. He has also directed the Green Line construction manager to begin looking at ways in which we might build the Green Line without the freeway being completed.

Mr. McSpedon stated that no action is being requested at this time, but will be requested at as soon as we have complete information and have reviewed all viable options. Whatever action the Commission might take at that time, staff would go to the CTC to ask for certain commitments from them (i.e., a guarantee of payback, a guarantee that if LACTC agrees to bridge-loan, that this would be viewed by the State as a short-term fix and not viewed as a permanent solution to L.A. County so that next State funds get diverted to other projects)years).

Chuck O'Connell addressed the Board on the status of the budget for the Glenn Anderson Freeway and explained that the freeway is funded on a pay-as-you-go-basis from the state gas tax fund and interstate fund. It is based on a 90/10 federal/local allocation

basis with 10% being the local match. He further stated that the State revenue has not kept pace with inflation for the cost of construction and at this time all state funds are committed through October 1, 1990.

Mr. McSpedon stated that if on October 1 the CTC commits to use the LACTC advance as the local match for the remainder of the I-105 project, this would guarantee the remainder of the federal funding to complete the project but the money would be paid back to the LACTC with no interest and in a time frame which cannot yet be determined. A key to Caltrans' ability to repay any loan is the passage of SCA-1 in June of this year.

The Board asked what guarantee would LACTC have from the state that the advancement would be considered a high-priority for reimbursement.

Mr. Cashin stated that staff has been working with the CTC staff to establish a Memorandum of Understanding to ensure that the LACTC is reimbursed. Mr. Cashin explained that there would be no interest paid to the LACTC on this money, but the cost savings in not delaying the Green Line would likely make this loan a good investment even without interest.

Mr. Cashin again explained that on October 1, 1990, if SCA 1 does not pass, the \$40 million advanced by the LACTC might be used as the State's matching fund for the rest of the I-105 project, thereby ensuring completion of the project.

CLOSED SESSION

The Board adjourned to a closed session to discuss personnel matters.

ADJOURNMENT

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