



RAIL CONSTRUCTION CORPORATION
MINUTES OF DECEMBER 16, 1991 MEETING

MEMBERS PRESENT

ERNEST CAMACHO, CHAIRMAN
ROBERT KRUSE, VICE CHAIRMAN
JUDITH HOPKINSON
JAMES POTT
DAVE ANDERSON
DON MC INTYRE

STAFF PRESENT

EDWARD MC SPEDON, PRESIDENT/CEO
DAVE SIEVERS, PROJECT MANAGER, METRO GREEN LINE
JOEL SANDBERG, PROJECT MANAGER, METRO RED LINE, SEGMENT 2
AL THIEDE, VICE PRESIDENT ENGINEERING
JOHN MACK, DIRECTOR EEO & SMALL CONTRACT COMPLIANCE
YOUNG CHOI, DIRECTOR INTERNAL AUDIT
BARBARA NORRIS, EXECUTIVE SECRETARY
BONNIE VERDIN, SECRETARY

OTHER

AUGUSTIN ZUNIGA, COUNTY COUNSEL

1. CALL TO ORDER

The meeting was called to order at 3:15 p.m.

2. APPROVAL OF MINUTES

The minutes of the November 25 meeting were approved as submitted.

3. PUBLIC COMMENTS


The Board heard comments from:

-Goldy Norton, Taxpayer, and;
-Donna Matson, Los Feliz Improvement Association.



**Rail
Construction
Corporation**

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 a Subsidiary of
the Los Angeles County
Transportation Commission

Leading the Way to Greater Mobility

4. CHAIRMAN'S REMARKS

Mr. Camacho noted that today is Barbara Norris's last day as RCC Board Secretary and thanked her for her excellent service to the Board.

5. LACTC EXECUTIVE DIRECTOR'S REPORT

Mr. Neil Peterson briefed the Board on the recent action of the Joint Board's of the SCRTD and the Commission on the Re-organization proposal. The Joint Board approved the following:

- Single policy Board
- Common policy direction
- Organizational structure, in principle, consisting of operating, construction and planning units
- Authority to delegate powers to the organizational units

Mr. Kruse commented that, if possible, the RCC Board's Administrative and Operations Policy Committee would like to contribute to, and participate, in the re-organization process.

6a. COMMITTEE REPORTS

- Ms. Hopkinson reported the actions of the Joint Development Committee that met today. The Committee:
 - Discussed contract for consulting services for the Sunset/Vermont station and received status reports on other stations.
 - Requested that staff come back to the Committee's first meeting in 1992 with a schedule of all development sights, including time frames.
 - Noted the concern raised by Mr. Patsaouras on the desirability of retaining Los Angeles based firms for Joint Development projects.
- On behalf of the Budget and Finance Sub-committee, Mr. McIntyre reported the following:
 - Richard Dominguez, FAST Treasurer, provided the Committee with a briefing on policy issues surrounding availability of funds, investment of funds, etc.

- Reports clarifying LACTC and RCC staff end-cost allocations to RCC projects were received. Ms. Hopkinson expressed satisfaction with the reports.

6b. PRESIDENT'S REPORT

Mr. McSpedon reported on the following:

- Metro Red Line, Segment 2 formal kick-off of tunneling work took place this morning.
- Receipt date of proposals for Pasadena OCIP is scheduled for 12/20/91. Evaluation team has been assembled, and is comprised of Coopers & Lybrand Consultants and Staff.
- The MTIA Contract amendment for OCIP administration was tabled by the Commission at their last meeting. The Commission directed, however, that the consultants be paid for services rendered to date. This item should go back to the Commission on 12/18.
- The H1200 formal protest also went to the Commission. The protest was heard and the Commission voted to approve and move ahead with the Award.
- The Condemnation hearing for the Bank of America property at Wilshire and Vermont also took place at the last Commission meeting and the Commission voted to proceed with the Condemnation.

A video was presented on the test runs of Metro Red Line rail cars in Pueblo and the arrival of the Miami cars here at our Red Line shop.

CONSENT CALENDAR

Mr. Mc Intyre moved, Mr. Anderson seconded to approve the consent calendar. Motion approved.

7. Fluor Daniel, Inc. (FDI) Contract FM014, Amendment #2
Systemwide Project Management Oversight

That the Commission authorize the Executive Director to execute Amendment No. 2 with FDI to obligate \$3,185,000 in funds to enable staff to task FDI for continued services during the first Option Year.

8. Metro Red Line, Segments 1 & 2, MRTC
Contract Amendment #7

That the Commission authorize the Executive Director to execute Amendment 7 with MRTC in the additional amount of \$2,900,000 for Segment 1, \$6,000,000 for Segment 2, \$400,000 for Segment 3 and extend the period of performance through February 29, 1992.

REGULAR CALENDAR

Mr. Camacho moved Item #12, Metro Green Line, Award Contract P1900 - Vehicles, ahead of Item #10.

12. METRO GREEN LINE, AWARD CONTRACT P1900 - VEHICLES

The Board heard comments from:

- Chuck White, Sumitomo Corporation of America
- Ella Williams, Aegir Systems
- John Gallardo Taylor, Galesa Technology
- John Walsh, United Riders of Los Angeles

Maurice Carter, Chairman of the seven person panel that conducted a re-evaluation of the two technical proposals, reported to the Board the process by which they conducted the re-evaluation. The evaluation team unanimously found the Sumitomo proposal to be technically superior. Mr. Mc Intyre requested identification of the other evaluation panel team members. Mr. Carter identified them as follows:

- George Duarte, San Francisco Municipal Railway (Retired)
- Lawrence Venturato, Houston Metro Transit
- Thomas Sullivan, San Francisco Municipal Railway
- Robert Allen, Toronto Transit Commission
- Alain Millot, Paris Metro (RATP)

- James La Guardia, Bay Area Rapid Transit District,
San Francisco

Mr. Mc Intyre inquired how long the re-evaluation process took. Mr. Carter stated the team spent a little over three weeks. Mr. Kruse inquired whether any of the re-evaluation team members had any contact with either of the proposers outside of the site visits. Mr. Carter stated as of 12/12 the panel members had no direct contact with either of the proposers.

Mr. Kruse inquired how challenging the panel found the degree of technical difficulty of this project. Mr. Carter declined to answer on behalf of the other panel members, but he stated that he personally found this project to be very complex. He stated that the complexity is within the integration of marrying the signal system with the requirements of the car.

Mr. Carter stated that this is an extremely risky project and for those reasons staff specified proven subsystem components or proven components within the car be provided, so as to reduce some of the risk. The panel determined that the best opportunity that the RCC has to reduce the risks, is to select the Sumitomo team. A primary reason is the proven nature of many of the components that have in fact been used in other applications.

Mr. Camacho inquired what the combined years experience of the panel is and whether any of the panel members are connected with either of the proposers. Mr. Carter indicated that no panel member has less than 20 years experience. Mr. Carter answered affirmatively to Mr. Camacho's question as to whether any of the panel members has had any prior relationships with either of the proposers. Mr. Carter indicated that it would be virtually impossible in this industry not to have had some contact. However, no panel member is contractually related to either of the proposers or any other items he considers to be a breach of ethics.

Ms. Hopkinson asked Mr. Carter to opine whether he felt the schedule can be met in view of the complexity of this procurement and the high risk nature of this project. Speaking for himself, and not the panel, Mr. Carter stated that there is a chance that the schedule may be maintained but not without some difficulty.

Mr. Pott inquired if the technical evaluation scoring of either of the competitors was affected by the integration issue. Mr. Carter indicated that it was.

Mr. Pott inquired of Mr. Mc Spedon as whether there is any responsibility of the competitor to integrate between the ATC and the vehicle. Mr. Mc Spedon indicated that the primary responsibility to coordinate the integration is placed on the train control supplier.

Ms. Hopkinson inquired whether the panel had the opportunity to look at the control specifications. Mr. Carter stated that panel member, Thomas Sullivan, who is most familiar with the signal side, did take a look at the specifications.

Mr. Kruse moved, Mr. Anderson seconded to recommend that the Executive Director be authorized to award Contract No. P1900 to Sumitomo Corporation of America, the proposer whose submittal was ranked highest after technical evaluation, and whose dollars per point ratio results in the most advantageous procurement for the Commission.

Mr. Pott stated that he believes this vehicle procurement process is fatally flawed and that both competitors on the Vehicle procurement should be canceled and that the process begin again with a call for bids, price-based to all potential suppliers, based on an explicit, non-proprietary, unbiased set of procurement documents in accordance with the bid section of the PUC rather than the competitive negotiations section of the PUC. He proposes to adopt another policy to forbid competitive negotiated procurements, except under very unusual, restricted circumstances and that all procurements that will eventually require Board of Directors action should go before the Board first. Mr. Pott stated that competitive negotiations should only be reserved for highly technical procurements where technology cannot be specified and where major professional engineering activity unique to RCC is required for the delivery of the product.

Mr. Kruse responded to Mr. Pott's comments indicating that he has compassion for Mr. Pott's position, and that he also feels that there are problems with the process but feels strongly that it is time to move forward with this project.

Mr. Kruse's motion to Award the Vehicle Contract to Sumitomo was approved with Mr. Pott voting no.

Mr. Pott moved that the Board of Directors of the Rail Construction Corporation adopt a proposed set of revised procurement policies and instruct RCC staff to implement these policies for all future procurements unless prior approval is sought and received from the RCC in advance.

Mr. Mc Intyre requested distribution of Mr. Pott's proposal for later action by the Board as he would like to read it and understand it better. This action item will appear on the next RCC Board agenda.

Mr. Mc Intyre stated that he has serious reservations about whether automating Metro Green Line is the right thing to do. He stated that he believes that given the competitive nature of the need for more rail system in this county and given the impact of the 30-year plan limitation on projects that are equally meritorious with respect to the Green Line, he thinks far too

much money has been spent on the line and that the risks are too high.

Although the Board has previously gone on record to the Commission with their concern over the general automated train approach, Mr. Mc Intyre stated that this concern needs to be reiterated to the Commission before a final decision is made. Mr. Mc Intyre moves to adopt Item #13 so as to fulfill the RCC Board's duty in recommending a contract to the Commission but to include an advisory motion expressing RCC concerns regarding the impact of automation on project costs and schedule. Mr. Pott seconded Mr. Mc Intyre's motion.

Mr. Anderson stated that at the early November, 1991 RCC Board meeting, he voted to advise the Commission about the high costs of the automated vehicles and train control. That concern and recommendation from the RCC went to the Commission in early November. The Commission's action was to reaffirm their desire to go with automation of the Green Line. Mr. Anderson stated that he is reluctant to go back again with a similar recommendation since there are no new facts. Ms. Hopkinson stated that there are, in fact, two new pieces of information.

1. The budget is now higher than it was in November by a significant number, and;
2. The schedule will be incredibly difficult to achieve, as was concluded by the re-evaluation panel team.

Mr. Mc Intyre and Mr. Camacho concurred with Mr. Anderson's desire to bring this to the Commission's attention.

Ms. Hopkinson wanted to bring the before the Commission the issue of schedule and that the cost is now \$109 million, not \$84 [\$88] million as originally stated and may rise significantly.

Mr. Anderson stated that he supports a recommendation to award P1900 and H1100, provided the two new pieces of information discussed by Ms. Hopkinson are brought to the Commission's attention.

Mr. Mc Intyre clarified his motion. In light of the re-bafo of this project and the evidence that the costs are going to be substantially higher than the last report to the Commission, the Board believes that for reasons of cost and risks identified in the evaluation paper the Board questions the wisdom of the automated line at the expense of many other rail projects in this county. Mr. Kruse offered to amend the motion by striking "...at

the expense of many other rail projects in this county." Motion approved.

10. ENGINEERING MANAGEMENT CONSULTANT (EMC)
AUTHORIZATION FOR EXPENDITURE (AFE)

Mr. Mc Spedon stated that staff is not prepared to make a recommendation at this time. Mr. Mc Spedon states that this item should be ready in January.

Ms. Hopkinson called Mr. Marty Rubin forward. She stated that she would like to provide him with advance notice of an item of concern to her. She acknowledged that he has a joint venture with a local firm. It is her understanding that it is an equal joint venture with DMJM, in Los Angeles, and in her mind the importance of having local participation and local responsiveness is crucial in a contract of this nature. This is a negotiated contract, and there has been no responsiveness in this issue. Ms. Hopkinson stated that she is putting him on notice that she will continue to pursue this. Mr. Rubin responded to Ms. Hopkinson's comments, in part, by stating that with all due respect, he thinks that the name of the joint venture is up to the two firms involved.

The Board tabled this item.

11. METRO GREEN LINE, BUDGET AND SCHEDULE

Mr. David Sievers presented staff's report.

Mr. Pott stated that the RCC Board body is charged with the responsibility of adopting a budget. This body has a Budget and Finance Committee. Instead, what appears to have happened is that the budget adjustment was presented to the LACTC's Planning and Mobility Improvement Committee and did not come before this Board until now, fundamentally. He believes this process should change so that this Board may do the job it was assigned to do.

Ms. Hopkinson moved, Mr. Mc Intyre seconded to concur with the LACTC on the following as revised by the PMIC:

-The Metro Green Line Budget be increased by \$45 million with a future consideration for adjustment when professional services contracts and amendments are negotiated.

-The Revenue Operations date be revised to May, 1995.

Motion approved, with Mr. Pott voting no.

Mr. Anderson would like brought before the LACTC his vehement opposition to the process whereby RCC budget change recommendations go to PMIC before going to the RCC Board as it is the Board's charge to adopt any budget changes. This process is completely contrary to what he believes is the Board's responsibility and objects to it on an on-going basis.

Mr. Mc Intyre noted that the next Budget and Finance meeting is scheduled for 1/6/92 and he suggests this issue be placed on the agenda for discussion.

13. METRO GREEN LINE, AWARD CONTRACT H1100
AUTOMATED TRAIN CONTROL

The Board heard comments from:

- Pat Moser, Los Angeles Transit League
- Donald Doize, Union Switch & Signal

Ms. Hopkinson moved and Mr. Anderson seconded to recommend that the Executive Director award Metro Green Line, Contract No. H1100 - Automatic Train Control to Union Switch & Signal, Inc. It being the proposer whose submittal ranked most favorably, and whose dollar per point ratio results in the most advantageous procurement for the Commission. This award is contingent upon receipt of a Contractor supplied 100% Performance Bond; and resolution of protests, if any, filed in a timely fashion.

The commitment for this Contract is as follows:

Total Contract Award Amount	\$57,785,000.00
8% Contract Reserve Fund (excluded) from Contract Award amount)	\$ 4,622,800.00
Total Commitment Request:	\$62,407,800.00

14. METRO RED LINE, SUBWAY WATER PROTECTION

Al Thiede presented briefing.

Ms. Hopkinson inquired what effects an earthquake may have on tunnel waterproofing. Mr. Thiede indicated that in an earthquake, the tunnel generally will as a unit and not cause damage to the water seal.

15. DISADVANTAGED BUSINESS ENTERPRISE, MINORITY BUSINESS ENTERPRISE, TRANSIT BOND GUARANTEE PROGRAM

John Mack presented briefing on the progress of three programs, the TBGP, MBE and DBE.

At the request of the Board, a staff audit of the TBGP has been initiated. The audit consists of two parts: 1). financial, and 2). operations. The financial audit has just been completed and a copy of the report will be forwarded to each Board member. The Operations portion of the audit is being implemented and is scheduled for completion in February. Mr. Choi will be available to discuss and answer any questions concerning the financial audit at the 1/6 meeting.

The Board asked for an assessment of implementing a minority and female business program absent size standards. Mr. Mack sought a legal opinion on constitutional issues surrounding creation of such a program. This has been accomplished by outside legal counsel. The opinion is now in review and the opinion will be made available to the Board under attorney/client privilege this week. Once the Board has reviewed the opinion, he will be available for any questions.

With regard to the Board's request for the status of the pending modification of the DBE policy on the issue of notification/certification at bid time, Ms. Hopkinson clarified the policy sought. Board's intent was once evaluation occurred as to whether they were certified firms or not, the bidder would be given opportunity to submit his good faith efforts within 48 hours.

Mr. Pott moved that modifications to the DBE be referred to the RCC subcommittee and that these matters be addressed and resolved. Ms. Hopkinson stated that this already went to the subcommittee, a determination was made and presented to Board. Board approved it but the policy was not written as the Board intended and thought had been agreed to.

Mr. Mack will pursue this matter to the Board's satisfaction, and will re-write the policy to include the 48 hour provision. Mr. Mack will also report back on the possibility of using Cal Trans's certified DBE list.

16. ADOPTION OF RESOLUTION ESTABLISHING SUBCOMMITTEE

Ms. Hopkinson moved, Mr. Anderson seconded to adopt the Resolution establish the Administrative and Operations Policy Committee.

17. BOARD REQUEST FOR FUTURE ITEMS

No additional items were requested.

EXECUTIVE SESSION

- Real Estate Matters - G.C. #54956.8
 - MOS-3 Station
- Exposure to Litigation - G.C. #54956.9 (b)
 - A165
 - MRL-Segment 2

ADJOURNMENT

The meeting adjourned at 6:40 p.m.

Bonnie Verdin

Bonnie Verdin
Acting Board Secretary

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