



**RAIL CONSTRUCTION CORPORATION
MINUTES OF JANUARY 6, 1992 MEETING**

MEMBERS PRESENT

**ERNEST CAMACHO, CHAIRMAN
ROBERT KRUSE, VICE CHAIRMAN
JAMES POTT
DAVE ANDERSON
DON MC INTYRE
JOHN W. MURRAY, JR.**

STAFF PRESENT

**EDWARD MC SPEDON, PRESIDENT/CEO
JAMES SOWELL, PROJECT MANAGER, 3RD PARTY COORDINATION
TED LEWIS, MANAGER SYSTEMS ENGINEERING
YOUNG CHOI, DIRECTOR INTERNAL AUDIT
LES PORTER, DEPUTY EXECUTIVE DIRECTOR
BONNIE VERDIN, BOARD SECRETARY**

OTHER

**AUGUSTIN ZUNIGA, COUNTY COUNSEL
RICHARD POLEP, C.P.A., GRANT THORNTON
MICHAEL BRIGGS, C.P.A., GRANT THORNTON**

1. CALL TO ORDER

The meeting was called to order at 1:10 p.m.

2. APPROVAL OF MINUTES

Mr. Pott moved, Mr. Mc Intyre seconded to approve the minutes of the December 16 meeting as submitted.

3. PUBLIC COMMENTS

The Board heard comments from John Walsh.

Mr. Camacho agreed to accept comments from Mr. Bob D'Amato after Item 12 because of the possible agenda time confusion.

4. CHAIRMAN'S REMARKS

Mr. Camacho introduced John W. Murray, newly appointed Board Member. SCRTD made the appointment to the fill vacancy created by Dr. Carter's resignation.

6. PRESIDENT'S REPORT

Mr. McSpedon reported on the following:

- On December 27, the SCRTD concluded negotiations with the Guy F. Adkinson & Company and settled the largest construction claim on the Metro Red Line, Segment 1. The settlement amount was in excess of \$25 million dollars. This item was taken to the last Commission meeting as an emergency item because the negotiation was contingent upon the settlement being paid by the end of the year.
- The Disputes Review Board Hearings on Metro Red Line, Contract A165, Granite Construction claim, were to have begun today, but these have been postponed until next Monday to provide the Board with additional time to resolve some procedural matters.
- The LACTC's Planning and Mobility Committee has requested a staff presentation and review of the Green Line automation decision at their upcoming meeting this Wednesday.
- The City Council has asked that the Commissions's City representatives appear before the City Council on Wednesday to discuss the Green Line vehicle issue. Assemblyman Katz has scheduled a State Assembly hearing on the Green Line automation issue this Friday.

CONSENT CALENDAR

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

6. METRO RED LINE, SEGMENT 1 - CONTRACT A165
GRANITE CONSTRUCTION COMPANY, CHANGE ORDER #152

The Board recommended that the Commission approve Change Order No. A-165-CO-152 in the amount of \$546,000.00 This amount represents the negotiated costs associated with changing the width of Seventh Street, widening sidewalks, enhancing the landscaping, making changes in electrical

service, procuring ornamental street light poles, changing new concrete sidewalks from regular concrete to architectural concrete and installation of brass property line markers. Staff also recommends that the commission approve an increase to the AFE by \$550,000.00.

7. METRO RED LINE. SEGMENT 1 - CONTRACT E003
MILLER PIPELINE CORP., AMENDMENT #2

The Board recommended that the Commission authorize the Executive Director to execute Amendment No. 3 with Miller Pipeline Corporation in the amount of \$15,000.00.

REGULAR CALENDAR

9. PROCUREMENT PROCEDURES
PROPOSED BY JAMES T. POTT, BOARD MEMBER

Mr. Pott stated that his rationale for proposing new procurement procedures was based primarily on his views on the Green Line vehicle procurement. He stated that this was a relatively low technology procurement since it did not include the train control and was merely a vehicle acquisition. Mr. Pott further stated that RCC procurement activities of any type are not presented to the Board in advance of issuance as is typical in most public agencies. He is proposing that all procurements which will require the Board's subsequent action concerning award, be presented to the Board prior to issuance or advertising.

Mr. Mc Intyre requested that Mr. Mc Spedon provide the Board with the reasoning behind the present process. Mr. Mc Spedon stated that currently negotiated procurements are specifically allowed on any high technology and rail car procurements. Because competitive bidding is the preferred method of source selection, these negotiated procurements require a 2/3 vote by the Commission. Hence, all negotiated procurements come before the Board and then go to the Commission. It has not been RCC's typical practice to seek Board approval on firm, fixed-price bid contracts prior to advertisement.

Mr. Pott stated that if the procurement of the Green Line vehicles had included the automatic train control, which he regards as a high technology item, he would have had no qualms about a competitively negotiated procurement under PUC §130238. However, since the procurement was split, and since the cars themselves were split out without the train control

system, he does not personally regard such a procurement as a high technology procurement. He believes that the negotiated procurement process is very burdensome.

Mr. Pott moved, and Mr. Anderson seconded to adopt items 1-3 of his proposed procurements procedures.

Mr. Kruse, however, stated that he was not comfortable with the wording of all three sections of Mr. Pott's proposed procurement procedures and suggested that RCC staff and legal counsel provide legal and technical language for the proposed procedures.

Mr. Pott agreed to amend his motion to adopt his proposed procurement procedures in principal and refer it to Counsel so that suitable language be implemented within 30 days. Mr. Anderson seconded the motion. Motion approved.

10. HEARING - METRO RED LINE ENVIRONMENTAL ASSESSMENT/INITIAL STUDY, AND DRAFT NEGATIVE DECLARATION FOR CONSOLIDATED EXCAVATION SITE

Hearing transcript copies are available upon request to RCC's Board Secretary.

11. RADIO COMMUNICATIONS PLANNING - SYSTEMWIDE

Ted Lewis presented briefing.

Mr. Kruse inquired whether there is a substantial difference between requirements of the radios of the Green/Blue and Red Lines. Mr. Lewis indicated that there are substantial differences between subway and lightrail systems. The Red Line, which is a subway system, requires that RCC provide all communication requirements for every emergency service. For above ground systems, such as the Green and Blue Lines, RCC only needs to provide for its own operating requirements.

Mr. Pott asked how the communication system may integrate with future systems. Mr. Lewis stated the five channels of the system addresses the Green, Blue and Pasadena lines. Mr. Lewis stated that it is possible to integrate into an "expansion" or additional channels can be acquired and integrate these into the control network or the present system may be expanded to provide coverage beyond the limited area for the Green and Blue Line coverage area.

Mr. Pott expressed concern over LACTC's long term transit system communicating. Mr. Mc Spedon stated that there is a problem with acquiring channels too early because they can be lost if not used.

Mr. Mc Spedon stated that he has asked Mr. Lewis to be RCC's representative working with Area Teams on systemwide radio communication issues so as to achieve coordination with other LACTC systems requiring radio communication.

13. TRANSIT BOND GUARANTEE PROGRAM - AUDIT FINDINGS

Mr. Young Choi presented briefing with assistance from Richard Polep and Michael Briggs, consultants from Grant Thornton, Certified Public Accounting Agency.

Mr. Choi stated that the financial audit was completed approximately three weeks ago and the operational audit is expected to be completed in March.

Mr. Camacho stated that he does not understand why, if in fact, an audit is being conducted, why there is a disclaimer statement at the end of the audit report indicating that an opinion is not being expressed.

Mr. Choi stated that because the procedures did not constitute an audit made in accordance with generally accepted auditing standards, they could not express an opinion on the procedures.

Mr. Camacho asked what the status of the program is. Mr. Choi stated that he has been told that the program is being transferred to LACTC. The transfer has not taken place as yet because there is no agreement that authorizes the transfer of responsibility from SCRTD to LACTC.

Mr. Camacho asked whether the program is being funded without any activity. Mr. Choi confirmed this and stated that the funding of current activity is limited only to the existing five DBE firms. Mr. Choi further confirmed that the full fees are being paid to maintain bonding on the five firms.

Mr. Pott and Mr. Kruse expressed concern over the Transit Bond Guarantee Program. Mr. Camacho concurred and stated that the entire program apparently needs to be revisited and re-vamped.

Mr. Porter stated that the program is in transition from SCRTD to LACTC. It is unclear whether Contract Compliance or Risk Management will assume responsibility or whether there will be some shared responsibility.

Mr. Camacho asked Mr. Porter whether it would be appropriate to ask him to take the action to come back to the Board with a recommendation for improving the program, which is currently deficient in many areas, rather than wait for the problematic audit to come back, all seems to be a waste of time, resource and opportunity for those MBE and WBE firms that could have taken advantage of the bonding program. Mr. Camacho requests that Mr. Porter come back to the Board with a plan of action within 30 days.

Mr. Camacho stated that he does not think the operational audit should be done since changes are going to be made to the program anyway. Mr. Porter concurred.

Mr. Porter agreed to take the action and will return with a defined set of recommendations within 30 days.

ADJOURNMENT

The meeting adjourned at 4:30 p.m.



Bonnie Verdin
Acting Board Secretary

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