



RAIL CONSTRUCTION CORPORATION
MINUTES OF MARCH 2, 1992 MEETING

MEMBERS PRESENT

ERNEST CAMACHO, CHAIRMAN
ROBERT KRUSE, VICE CHAIRMAN
DAVID ANDERSON
JUDITH HOPKINSON
DON MC INTYRE
JOHN W. MURRAY

STAFF PRESENT

EDWARD MC SPEDON, PRESIDENT/CEO
JOEL SANDBERG, PROJECT MANAGER, METRO RED LINE, SEGMENT 2
ALFRED THIEDE, V.P. ENGINEERING
JESSICA CUSICK, DIRECTOR, ART FOR RAIL PROGRAM
LINDA BOHLINGER, DIRECTOR, CAPITAL PLANNING
HERMAN HAGEN, ACTING DEPUTY DIRECTOR, PUBLIC AFFAIRS
WILFRED SANCHEZ, DIRECTOR CONTRACTS
RODNEY DAWSON, EXECUTIVE V.P., TECHNICAL OPERATIONS
BONNIE VERDIN, BOARD SECRETARY
MERCY MENESES, SECRETARY

OTHER

AUGUSTIN ZUNIGA, COUNTY COUNSEL

1. CALL TO ORDER

The meeting was called to order at 3:05 p.m.

2. APPROVAL OF MINUTES

The minutes of the February 18 meeting were approved with the following correction to page eight, Consent Calendar Item 13:

Ms. Hopkinson stated that, in general, staff should get focused on change orders.

3. PUBLIC COMMENT

There were no requests to speak at this time.

4. CHAIRMAN'S REMARKS

The proposed 3/13/92-3/24/92 mined tunnel excavation study-trip planned for four Board members was discussed. The Board approved Mr. Camacho's travel request.

The Board canceled the 3/16/92 Board meeting because of the study-trip timing conflict. The next Board meeting is scheduled 3/30/92 and will begin at 3:00 p.m. to accommodate the Joint Development Ad Hoc Committee meeting that will be held earlier that afternoon.

In the event an emergency situation arises requiring Commission approval at their 3/25/92 meeting, a special meeting may be called 3/24/92 p.m. or 3/25/92 a.m.

Mr. Camacho stated that he and Mr. Kruse attended the Metro Green Line Ad Hoc Committee. The Commissioners requested that RCC address several issues related to the Green Line vehicle procurement and report back to the Committee. Mr. Camacho deferred to Mc Spedon for the specific issues that staff has been instructed to look at.

Mr. McSpedon reported the following:

- The Commission's Committee asked RCC to:
 - 1). Proceed with negotiations of a lease agreement with St. Louis wherein RCC would lease railcars from Bi-State Development Agency and use the cars to ensure an on-time start for the Green Line in November, 1994. Once a lease agreement is reached, RCC will report to the Commission with the recommendations.
 - 2). To look into ways to procedurally involve local aerospace companies in the development of new technologies that could be applied to rail transit vehicles and to report back to the Commission with a specific plan of action.
 - 3). To begin developing specifications and contract documents for a negotiated procurement for the purchase of 100 standard driverless Los Angeles railcars to be used on the Green Line, Pasadena Line, any Blue Line growth, any other future lines. RCC will present recommendations to the Commission in six weeks. The Commission

set 7/1/92 as the goal date for the initiation of the procurement.

- 4). The Committee also asked that RCC make a recommendation on how to resolve the Union Switch and Signal contract that is currently in suspension.

Mr. Camacho has established a subcommittee to work with staff on these issues.

5. PRESIDENT'S REPORT

Mr. Mc Spedon reported the following:

- The second Metro Red Line railcar was delivered last week and the mating of the two cars into a married pair is in progress.
- The FTA quarterly meeting occurred two weeks ago. Although Mr. Mc Spedon stated that he had nothing specific to report, he felt the meeting went exceedingly well. There now appear to be no outstanding action items.
- Tutor-Saliba's claim on Contract A141 for tunnel work from Union Station to Civic Center (5th and Hill) is RCC's second largest claim case. An agreement was reached, albeit via tough negotiations, this past week with the contractor to submit their claim to a Disputes Review Board.
- The Commission did not take action on the Negative Declaration on the Consolidated Tunnel Project at Barnsdall Park issue at their regular monthly meeting last week. They deferred action to the special meeting scheduled Wednesday, 3/4/92.

Should the Commission approve the Tunneling Project, the next and final step will be to obtain FTA's approval when staff meets with them on Thursday, 3/5/92.

- Last week Mr. Mc Spedon met with the General Manager of the Bi-State Development Agency to continue discussions on the lease of St. Louis railcars. The meetings were extremely positive and it became clear that both agencies stand to benefit from the railcar lease arrangement.

RCC's legal counsel is working on a draft lease agreement and staff will report back to the Board with the specifics.

- The Engineering Management Consultant (EMC) negotiations are on-going. The most significant terms being negotiated are:
 - Short and long term insurance
 - Liability over and above insurance limits

Ms. Hopkinson inquired what measures staff is taking to ensure subcontractor participation. Mr. Mc Spedon stated that three subcontractors are part of the core EMC team. The greatest DBE participation will come about in the final station design packages which have not yet been defined or awarded. The Board will play an active role in approving these major station design contracts in which DBE participation will weigh heavily.

Ms. Hopkinson inquired if staff hadn't already identified those subcontractors that have the specific expertise desired for the EMC. Mr. Sanchez stated that a potential list of subcontractors for the EMC team has been received. 45 days after the EMC contract is in place, additional subcontractors will be identified through a DBE subcontracting plan established by the EMC. Ms. Hopkinson inquired why this will occur after the contract is executed. Mr. Sanchez stated that the number of contracts is uncertain because it is not yet known how many stations will be consolidated. Mr. Dawson stated that in 45 days the process for how the subconsultants to the EMC will be selected will be clarified. Although the details of the specific firms themselves is unknown, Mr. Dawson stated that an appropriate plan addressing the concerns raised here will be put in place.

Ms. Hopkinson stated that part of the effort to use consultants was to avoid creating another bureaucracy and, although she is an advocate of the EMC, she is concerned that another bureaucracy may be in the making. Mr. Mc Spedon stated that staff will look into ways of addressing these concerns.

Ms. Hopkinson stated that a lot of time has elapsed since the last detailed briefing on the EMC and requested another presentation. Staff will come back with the briefing at the 3/30 meeting.

- With regard to the Board's concern over change orders being within the scope of the original contract value, Mr. Mc Spedon assured the Board that staff is sensitive to

these concerns and is looking at ways of ensuring that these concerns are being addressed.

FTA's Signed Record of Decision, the formal action that approves the environmental impact statement for Metro Red Line, Segment Three (North Hollywood portion only), has been received. This decision provides the freedom to move ahead with activities with the assurance that they will be federally recognized.

CONSENT CALENDAR

Mr. Kruse moved that Item #7 be pulled for discussion. It was moved and seconded that Item #6 be approved. Motion approved.

6. METRO GREEN LINE - CONTRACT R23-T08-P1800
SPECIAL TRACKWORK PROCUREMENT, CHANGE ORDER NO. 1

Staff recommends that the Commission authorize the Executive Director to approve Change Order No. 1 providing for a credit of <\$577,335.00>. The decrease in the contract amount is the result of changes made due to the hold on the North Coast Extension, and the addition of two sets of crossovers to the remaining trackwork.

REGULAR CALENDAR

7. METRO RED LINE, SEGMENT 1 - CONTRACT A610/A115
CALIFORNIA ENGINEERING CONTRACTORS, INC.,
CHANGE ORDER NO. 131

Mr. Kruse questioned the wisdom of this item. Mr. Anderson concurred and added that in October, 1990 the Board was told that this work would cost \$132 million dollars. With the new cost estimate of \$197.5 million, Mr. Anderson questioned the ability to finance this work.

Mr. Sandberg stated that the cost estimate of \$197.5 million is inaccurate and handed out a revised cost summary which reports a \$162.8 million project cost estimate.

The October, 1990 cost estimate of \$132 million only included construction from Hollywood/Vine to Hollywood/Highland and stage I of the station. The new approach is to continue the tunneling to complete all the soft ground tunneling to

the rock face and this represents part of the growth in the cost estimate. Additionally, the revised cost summary estimate of \$162.8 million represents an overall refinement of the original cost estimates.

Mr. Sandberg summarized that the \$30 million increase in cost estimates for this project is roughly as follows: \$10,000 million for the additional tunneling work; \$10 million for the additional real estate acquisition for station staging area; and \$10 million for overall general refinement of the original cost estimate.

Mr. Sandberg stated that depending on what is negotiated with the joint developer, cost estimates may be reduced but this cannot be factored in the estimate. Additionally, if the mine tunneling begins in the Valley, the cost estimates may further decrease.

Mr. Kruse inquired whether the budget for the tunneling portion of this project is all that the Board has to approve for now. Mr. Sandberg affirmed this, adding that this is the urgent part of the project for now.

Mr. Anderson stated that when this was originally presented to the Board, concern was expressed over whether proceeding with this project would negatively impact other projects. It was Ms. Bohlinger's assessment at that time that there would be no significant negative impact on other projects because it was merely an advancement of cash flow. With the change in the Commission's income and increased estimate for the project, Mr. Anderson inquired whether Ms. Bohlinger's original assessment remains unchanged. Mr. Sandberg stated that he expects this issue to come up at the Finance and Budget Subcommittee meeting.

Mr. Mc Spedon clarified for Ms. Hopkinson that the Board is being asked to recommend that the Commission approve the spending of be approved to begin tunneling construction on Segment 3 in the anticipation of federal grants.

Ms. Hopkinson moved, Mr. Anderson seconded to approve staff's recommendation based on the amended cost summary and on the condition that staff's original assessment that impact to other projects will be minimal still holds true.

The Board recommends that the Commission authorize the RCC to proceed with the construction, based on the revised cost summary estimate of \$162.8 million, of the Segment 3 tunnel from Hollywood/Vine, to the rock face and stage I of the Hollywood/Highland station using local funding sources. Motion approved.

Ms. Bohlinger stated that, overall, the reduction in the Commission's income has not impacted RCC's rail projects.

9. METRO RED LINE, SEGMENTS 1 & 2, CONTRACT AP002
PRIVATE SPONSORSHIP PROGRAM

There was a request to speak from Mr. Robin Blair. However, Mr. Mc Intyre suggested that Mr. Blair present his comments following Mr. Thiede's briefing.

Mr. Mc Spedon stated that over a year and a half ago, staff briefed the Board on the concept of contracting with firms interested in brokering from private companies for a myriad of station enhancements. The benefit to RCC/LACTC would not only be the station enhancements but also will provide a revenue stream and no out-of pocket expenses would be incurred. The Board found the idea of a sponsorship program was worthy of pursuing and, as a result, an RPF did go out staff is now prepared to make a recommendation to the Board.

Mr. Thiede presented a briefing on this project.

Mr. Thiede clarified that the five member selection team consisted of himself, Ms. Cusick, Mr. Chaibonne, and one representative each from the Contract and Joint Development departments.

Mr. Mc Spedon stated that several things will occur if this item is approved:

1. Compensation terms will be negotiated with the selected firm will be negotiated.
2. Policy issues and guidelines will be established.
3. Specific corporate sponsorship proposals will come back before the Board for approval.

Mr. Thiede stated that this will be an integrated system, although Ms. Cusick stated that use of the five downtown stations as a test so as to not impact the schedules of the stations currently under construction may be a good idea.

Mr. Robin Blair, SCRTD, provided comments to the Board. His comments alluded to the fact that the approval of this project will impact the operator, SCRTD.

Mr. Anderson stated that it appears apparent that if this project is to be adopted, then there should be some plan to integrate the operator's ideas with RCC/LACTC's.

Mr. Mc Intyre moved approval of staff's recommendation with the contingency that SCRTD sign-off on the project. Ms. Hopkinson seconded the motion. Mr. Kruse moved to amend Mr. Mc Intyre's motion to include that the operator be involved in the negotiations of this contract.

The Board recommended that the Commission authorize the selection of K.C. Stan, Inc., and its subcontractors, and authorize staff to negotiate the terms and conditions for services relative to the private sector sponsorship program.

Funding this contract will be provided by the private sector sponsor. There will be a no cost impact to the Commission. Rather, this program will generate additional revenues for the LACTC. Compensation to the provider of sponsors will be based upon a percentage of the total sums to be paid by the sponsor over the life of the sponsorship contract, which is estimated to be for a ten year period.

Motion approved.

10. PROPOSED DRAFT SOUTH AFRICAN BUSINESS CONNECTION POLICY

Mr. Murray stated that this item is clear in its intent and that the policy, if adopted, will bring the RCC in line with a number of other significant constructors of public work projects.

Mr. Camacho questioned whether the Board would be asking the Commission to adopt the policy or will the policy strictly be used by RCC. Mr. Zuniga stated that the language of the proposed document may be modified to reflect the desire of the Board.

Mr. Camacho further inquired how the adoption of this policy may impact existing contracts. Mr. Zuniga stated that as it is drafted now, the policy will impact existing contracts.

Mr. Murray stated that he would advocate that the policy apply to new contracts and that existing contracts not be impacted by the policy unless they are large, long-term contracts.

Mr. Zuniga stated that he will work on developing grandfathering language to address the concerns raised and will bring this back before the Board.

Mr. Kruse stated that he is concerned that this item is correction to a social issue and it was his understanding that this was supposed to be an apolitical Board. Mr. Zuniga stated, however, that it is quite appropriate for the Board to serve as an advisory body and therein lies the right for the Board to make any recommendation seen fit or necessary.

After further discussion, Mr. Zuniga was directed to revise the draft policy language to include a clause for date certain contracts, including amendments and the other concerns that were raised.

Mr. Murray suggested that it would be beneficial to study the experiences of BART, Seattle, City of Los Angeles, etc. and other agencies that have adopted a South African Policy.

It was agreed that Mr. Zuniga will return to the Board at the 4/13/92 meeting with revised language to the South African Business Connection Policy which addresses all of the concerns raised.

11. CONSIDERATION OF JOINT DEVELOPMENT AD HOC COMMITTEE
RECOMMENDATIONS ON HOLLYWOOD BOULEVARD STATIONS

Ms. Hopkinson stated that the next Joint Development Ad Hoc Committee meeting will take place on 3/30/92. Specific station by station information will be presented on enhancements (or other changes to the stations) and impacts to cost and schedule.

12. METRO OUTDOOR PUBLIC INFORMATION PROGRAM

This item was deferred until the 3/30/92 meeting.

13. TRANSPORTATION OCCUPATIONS PROGRAM (TOP) STATUS REPORT

Mr. Hagen presented a briefing on the status of the program.

Mr. Hagen summarized that the major issues are:

- 1). Some Commissioners are of the opinion Long Beach phase of the program should be phased since there is no more construction taking place there.
- 2). This is the only RCC/LACTC program that requires fundraising to help finance the project.

Mr. Hagen clarified for Mr. Murray that there are two in-house staff persons working on this project. Mr. Murray stated that this level of staffing places immediate limitations on the program.

Mr. Hagen stated that he will come back before the Board at a future meeting for possible action on this item.

BOARD REQUEST FOR FUTURE ITEMS

There were no request for future items.

ADJOURNMENT

The meeting adjourned at 5:30 p.m.



Bonnie Verdin
Board Secretary

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