

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Minutes of Special Meeting of
the Board of Directors of the District

November 21, 1977

Upon notice duly given, the Board of Directors of the Southern California Rapid Transit District met at a Special Meeting in the District Board Room, 425 South Main Street, Los Angeles, California, at 12:40 p.m. on November 21, 1977, at which time President Marvin L. Holen called the meeting to order.

Directors Present:

George W. Brewster
Byron E. Cook
Marvin L. Holen
Gerald B. Leonard
Mike Lewis

Thomas G. Neusom
Jay B. Price
Ruth E. Richter
Charles H. Storing
George Takei

Director Absent:

Donald Gibbs

Staff Present:

Jack R. Gilstrap, General Manager
George W. Heinle, Manager of Operations
Jack Stubbs, Assistant General Manager for
Administration
Richard T. Powers, General Counsel
John S. Wilkens, Manager of Employee Relations
Joe B. Scatchard, Controller-Treasurer-Auditor

Resolution
No. Assigned

Richard Gallagher, Chief Engineer-
Manager of Rapid Transit
Michael Olivas, Deputy Administrator-
Equal Employment Opportunity
Robert Williams, Manager of Customer Relations
Suzanne Gifford, Assistant General Counsel
Samuel Black, Chief Engineer-Bus Facilities
Richard K. Kissick, Secretary

Also present were members of the public and the news media.

President Holen announced that he had attended the dedication ceremonies at the new West Hollywood Division 7 the day before, and that the new facility was a remarkable achievement and attendance at the dedication ceremonies was excellent.

Mr. Holen then reported that the purpose of the special meeting was to consider the Phase II reconstruction contract for Division 3 as a result of the withdrawal by UMTA of its 80% funding. He reported that Directors Cook, Leonard, Neusom, Richter and himself, together with staff members, had met on November 16 in Washington, D.C. with UMTA Administrator Page, UMTA's Chief Counsel and other UMTA staff members, as well as an assistant to DOT Secretary

Resolution
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Adams, regarding the Division 3 contract award. The District's MBE policy was reviewed together with the results of the Division 3 bidding process, and the fact that the District is working on revisions to the present MBE policy. The feeling was that there was still a chance that UMTA might withdraw its funding from the Division 5 recent bid award also. It was also explained that RTD had been one of the first transit properties to adopt an MBE policy, and the only one in California to have one, but UMTA officials would not change their decision regarding the withdrawal of funding for the project.

There was discussion by Directors in attendance at the meeting, with some feeling the District had not been treated fairly, that we had done everything to meet the MBE goals, that the decision was a blow to Los Angeles taxpayers, that they could receive no answers when asking UMTA officials if they felt there had been fraudulence on the part of the RTD Board, that it was wrong in spending taxpayers'

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No. Assigned

money in terminating the contract, terminating the contract, that there were only .8% minority contractors in the Los Angeles area, but UMTA was not impressed by that figure and felt the District should keep rebidding until an acceptable MBE participation was attained.

Mr. Gilstrap felt the Directors had done an excellent job at the meeting. However, the District was in a position where we have a project going forth and has run into the MBE problem with UMTA. In light of the fiscal and political realities and our obligations to our riders, his recommendation that we should terminate the contract and rebid still stood. He briefly reported on the staff meeting with UMTA regarding revisions of the MBE program; that he felt the difference in various state laws made a difference in MBE programs to be adopted throughout the country, and that UMTA had turned down funding for a District project on regulations which UMTA is still in the process of drafting.

Ms. Gifford reported that UMTA has offered to help the majority contractors in dealing with

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No. Assigned

the minority contractors' bids and the problem of minority contractors who cannot obtain sufficient bonds, with UMTA possibly underwriting them.

There was discussion of whether it is practical to seek changes in California state laws at a federal request.

On inquiry, Mr. Black stated it was extremely difficult to estimate but that a rough estimate of the cost to terminate the contract with Zapata Diversified Builders could be in the neighborhood of \$250,000, including damages to Zapata, extending the period of time for installation of the bus washer, which contract has also been awarded, and readvertising and rebidding the Division 3 contract.

Director Cook inquired if the contract is terminated at the request of the federal government would the District not be violating the California Public Utilities Code, and Mr. Powers felt we would not since clauses in the contract provide for termination under

Resolution
No. Assigned

certain conditions, even though the contract was awarded to the lowest responsible bidder.

Director Brewster felt that even with paying the costs of terminating the contract and the escalation involved in rebidding the overall cost to the District would be much less than in the District paying the full cost of the contract with Zapata.

After discussion, it was determined that termination of the contract and revisions of the MBE policy should be considered separately.

Director Neusom moved that the contract with Zapata Diversified Builders be terminated with the provision that UMTA pay 80% of the termination costs as set forth in their letter of November 7, which motion was seconded, carried by a Roll Call vote of 6-4 as noted below, and the following resolution adopted:

R-77-432

RESOLVED, that the General Manager is authorized to terminate the contract with Zapata Diversified Builders, Inc., authorized under Resolution No. R-77-405

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R-77-432
(Continued)

adopted October 27, 1977, covering the Phase II reconstruction at Division 3, in accordance with the termination clauses contained in said contract, and subject to the funding of eighty percent (80%) of the termination costs, as set forth in UMTA's letter of November 7, 1977, by the U.S. Department of Transportation, Urban Mass Transportation Administration.

Ayes: Brewster, Holen, Leonard,
Neusom, Price, Takei
Noes: Cook, Lewis, Richter, Storing
Abstain: None
Absent: Gibbs

Director Neusom moved that the District enter into negotiations with UMTA to finalize an acceptable MBE program and commence the necessary procedures to rebidding the Division 3 project, with the revised program and rebidding process to be submitted to the Board within 45 days for approval, which motion was seconded. After discussion, Mr. Neusom agreed to an amendment of his motion to include involving the State of California in the negotiations.

Director Lewis felt that no construction contracts should be put out to bid until the

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No. Assigned

entire MBE program is finalized.

Mr. Gilstrap further reviewed some suggested revisions to the MBE program as discussed with the UMTA staff, and felt the motion before the Board would enable rebidding of the project within the 45-day period.

Director Neusom's motion passed by a 6-4 Roll Call vote as noted below and the following resolution adopted:

R-77-433

RESOLVED, that the staff is directed to negotiate with the Urban Mass Transportation Administration to finalize an acceptable Minority Contractor Utilization (MBE) program policy, including involvement of the State of California as regards California State law in connection with said policy, and to submit a revised program together with bid requirements and specifications for rebidding the Phase II reconstruction at Division 3 within forty-five (45) days for consideration by this Board of Directors.

Ayes: Brewster, Holen, Leonard, Neusom,
Price, Takei

Noes: Cook, Lewis, Richter, Storing

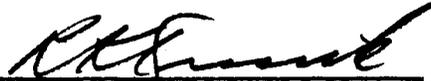
Abstain: None

Absent: Gibbs

After further discussion of the MBE program as related to UMTA, and the feasibility

Resolution
No. Assigned

of terminating the 100% minority contractor
award for the renovation of the Purchasing
Department Office, the meeting was adjourned
at 2:13 p.m.



R. K. Kissick
Secretary