

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

MINUTES/PROCEEDINGS

Regular Board Meeting
Board of Directors
District Board Room
425 South Main Street
Los Angeles

April 27, 1989

Called to order at 1:00 p.m. by President Swanson:

Directors Present:

Gordana Swanson
Marvin L. Holen
Joseph S. Dunning
Larry Gonzalez
Jan Hall
Jeff Jenkins

Nick Patsaouras
Jay B. Price
Charles H. Storing
Kenneth R. Thomas

Directors Absent:

Jerold F. Milner

As the first item of business, on motion duly made, seconded and unanimously carried, agenda item no. 3A was added to the agenda.

1. Director Price presented Certificates of Merit to:
 - a. Susan Carter, Information Operator-of-the-Month;
 - b. Jose Salamanca, Maintenance Employee-of-the-Month;
and
 - c. Marcial Nieto, Operator-of-the-Month.

2. Special service pin presented to A. Winston, Utility Aide from Division 9305, for 55 years service with the District and its predecessors. The Transportation Department also made a special presentation to Mr. Winston, recognizing his contributions over the years.

3. Report of the President

- 3A. President Swanson and General Manager Pegg presented the item on organizational matters regarding transportation agencies in Los Angeles County.

General Manager Pegg described the sequences of events that led to the preparation of the two documents under consideration; i.e., the one-agency legislative proposal and the two-agency legislative proposal. He spoke of the work of the Joint Organizing Committee and the Eight-Point Plan adopted by the RTD and the LACTC in December, 1988.

President Swanson continued that the two documents were placed on the table with equal weight. She commented that the general tone of the Joint Organizing Committee meetings has been good. On April 26, the LACTC met and discussed the work of the Committee. The LACTC discussed at length the funding formula allocation. The LACTC's policy is to oppose the placing into state law the allocation of funds. After considerable discussion, the LACTC concluded that the Joint Organizing Committee was making progress, but if any decision was to be made about funding allocation, that decision or discussion needed to take place with the municipal operators. The LACTC members of the Joint Organizing Committee were instructed to continue meeting with the RTD members to discuss reorganization as a whole and to recognize that if funding allocation is a major item that the Joint Committee is not authorized to continue discussion of this item and it should be sent to the appropriate committee. It was further reported that there was no discussion at the LACTC of the merits of either of the two legislative concepts. The LACTC will probably bring this matter back to their May 10 meeting for some decision.

Director Dunning noted for the record that a great deal of work has been done by the Committee to bring these documents before the Board at this time.

President Swanson asked the Board to authorize the Joint Committee to complete the discussions and to return to the Board with a recommendation. Director Holen commented on the matter of the formula allocation. He stated that this was discussed at the inception of the Joint Organizing Committee and it was validated as an area to explore. General Manager Pegg also pointed out that the Joint Organizing Committee instructed staff to contact all municipal and zone operators to try to work out an acceptable formula.

G. Roberts appeared before the Board speaking on this item.

In conclusion, President Swanson asked the Board to approve the following:

- 1) Direct the Joint Organizing Committee to meet as soon as possible to complete its work; and
- 2) authorize the President to send a letter to the LACTC requesting a Joint Meeting of both agencies to discuss the options.

On motion duly made, seconded and unanimously carried with 9 Directors present, the Board accepted the President's recommendation.

President Swanson also publicly commended the staff, i.e., Jeff Lyon, Helen Bolen, Rebecca Barrantes of the District and Susan Brown of the LACTC for their part in the work done by the Joint Organizing Committee.

- 3B. President Swanson also reported that she testified in Washington before Congressman Lehman's subcommittee regarding the funding needed for Phase II of Metro Rail. She reported that Senator Pete Wilson and Congressmen Glenn Anderson and Jerry Lewis also testified requesting the \$150 million. Also in attendance was Mr. McCauley of Los Angeles City staff. The mark-up of the bill is expected by the end of May and she is hopeful that the full amount of the request will be included in the mark-up. She also mentioned that Senator Cranston and Congressman Dixon are supportive of the project.

As the last item in her report, President Swanson spoke of Congressman Coughlin's visit to Los Angeles and his tour of the Metro Rail project. The Congressman was very pleased with his visit and he spoke in favor of Metro Rail.

4. Report of the General Manager

General Manager Pegg reported that the Greater Los Angeles Transportation Coalition met this morning and endorsed a call for legislative action on the matter of a gas tax increase for transportation with the increase to be sufficient to fully fund the list of projects currently valued at \$40 billion which represents the shortfall of funding for transportation in California over the next ten-year period. The Coalition also endorsed the federal position that gas tax revenues should not be used to reduce the budget deficit.

5. Director Special Items

Director Patsouras spoke his concerns about the LACTC's draft proposal which is before UMTA now to terminate MOS-II at Hollywood & Vine. He expressed his opinion that Metro Rail will not become a reality unless service is extended into the San Fernando Valley. He stated that the San Fernando Valley support brought Metro Rail to Los Angeles. He continued the alarming thing is that the proposal before UMTA has been done very quietly and that no one will know what happened until the deed is done. He stated that the San Fernando Valley provides one-third of Proposition A monies in Los Angeles County.

Director Patsouras requested the District to study the possibility of extending a light rail system up to and including Hollywood. He suggested the cost of light rail is about half of heavy rail and the system could be designed so that it can be converted to heavy rail. He asked how soon a report could be prepared on this subject, with General Manager Pegg responding that the item could be discussed at the next meeting of the Board.

Director Special Items - Cont'd.

Director Jenkins commented that the District adopted the preferred alternative fully realizing that the amount of money needed to complete the project exceeded by some \$800 million the amount of money in the authorization bill and the local funds available. He continued that the District then persuaded the LACTC to endorse the Locally Preferred Alternative and endorse the \$2.2 billion and had the LACTC agree that if the federal money were not authorized in the amount of \$518 million, the LACTC would make up the difference and that the Metro Rail would be extended all the way to the San Fernando Valley. This was a public vote of the LACTC guaranteeing the cash equivalent of the federal share if it wasn't reauthorized. He expressed his bewilderment with the concern to enter into a full funding contract that contemplates spending the funds that are authorized and then seeking an addendum in the next reauthorization bill. Remember, the LACTC's guarantee is a matter of public record. President Swanson countered that the difference is that, if reauthorized in 1991, there would be a commitment for receipt of those dollars for completion of the system. In the move contemplated by the LACTC, there would be no such commitment.

Director Holen commented that the approach taken in the current full funding contract was a commitment to the project as defined in that contract. He continued that for the region to back away from that commitment to a piece-meal approach, in terms of funding, is a strategic mistake. If we continue to insist that we have a full funding contract very much as we have now, we will then shift the difficulties of additional funding from being met both on Capitol Hill and on the Executive side to just Capitol Hill.

Director Holen continued that an important element is the perception that the San Fernando Valley may be left out of the Project. Allowing that perception to continue would be a mistake. The local consensus on the Locally Preferred Alternative was put together with care and concern and it is an extremely fragile consensus. The General Manager has put together a four-part agreement or Memorandum of Understanding that achieves the understanding and objectives that all parties had until the new matter was raised and validated by the LACTC on April 26. He encouraged the General Manager to circulate that document amongst all the political power centers, the members of the Board of Directors and the members of the Commission.

Director Jenkins suggested there is a cost to pitting the UMTA against Capitol Hill, and he asked what the cost per month was in delays because a full funding contract is not finalized. Following further discussion, General Manager Pegg responded that the original cost of delay was set at \$11 million per month, however, it was stated at the LACTC meeting that the cost was \$40 million. The Project was also extended in terms of completion time to the year 2000 and the cost has been attributed to changed conditions along the right-of-way that have been experienced. Mr. Pegg concluded by stating his belief that the original estimate of monthly cost of delay at \$11-12 million is reasonable.

Director Patsaouras commented that his analysis of the political situation indicates there are only two choices; i.e., the line goes to the San Fernando Valley or there is no system at all. The Hollywood and Vine terminus is not a choice.

Director Holen suggested this is a matter on which people can legitimately differ in terms of tactics. He also suggested there is an inherent problem with respect to the Benefit Assessment Districts in the action that the LACTC took on April 26. He requested that matter be discussed when Director Hall, who is Chair of the Benefit Assessment Task Force, is present. Director Holen went on to ask if steps could be taken to accelerate the date of operation. Mr. Pegg spoke to the delay, indicating an accelerated schedule would not be practical. He concluded by stating his belief that there is a substantial risk in dividing the Project into two parts.

Director Storing reported that he had the pleasure to observe the Mr. Clean Program which was presented at Santa Anita Fashion Park on Saturday, April 22. He congratulated Sherrie Wagner and the Marketing Department for a fine program.

Director Storing also reported he attended a meeting of the Southern California Transportation Action Committee and the featured speaker was Mr. Neil Peterson, the Executive Director of the LACTC. The Director commended Mr. Peterson for his excellent speech and the LACTC for hiring such a well-qualified individual.

Director Jenkins spoke about the consideration being given by staff to the combining of the Community Affairs and the Government Affairs Departments. He requested information as to the various salary levels of the two departments, indicating his concern about the equity of pay.

6. Considered the matter of the retention of the law firm of Morgan, Lewis & Bockius to provide special construction legal counsel.

General Counsel Gifford reported that the law firm under consideration has a local office. Mr. Mitchell, the specific attorney requested under the contract, is Washington based, but he has the backing of the local office. Mr. Mitchell has not billed the District for any travel, meals or lodging. Ms. Gifford continued that she is taking steps to add another local based attorney to provide the District on an as-needed basis with the kind of counsel that is needed.

President Swanson asked about contracting with minority law firms. Ms. Gifford indicated that nine firms have been identified to handle construction matters; two of those firms are minority firms. Also, the District has contracted extensively with several minority firms in the past.

Director Price made a motion to approve the recommendation, which motion was seconded. Discussion continued.

Director Thomas spoke against the motion and commented negatively about the General Counsel's attempt to discuss this matter with him. He continued that the situation is essentially the same as it was when this matter was carried over from the last meeting. He spoke in opposition to the payment of \$275 per hour to counsel who is not familiar with California State Law. He offered a substitute motion that the staff recommendation not be accepted. Director Gonzalez seconded the motion. He continued by indicating his support of Director Thomas' comments and further stated that if the list of nine firms mentioned by the General Counsel have been determined to be qualified by the District, then one or all of those firms should be involved in the process. Discussion continued and, upon request, Director Thomas stated the intent of his substitute motion was to reject the staff recommendation and to come back to the Board with a new recommendation. The substitute motion failed on a Roll Call vote as noted below:

Ayes:	Gonzalez, Holen, Jenkins, Thomas
Noes:	Patsouras, Price, Storing, Swanson
Abstain:	Dunning
Absent:	Hall, Milner

A Roll Call vote was then taken on the original motion to accept the staff recommendation. This motion failed as noted below:

Ayes:	Price, Storing
Noes:	Dunning, Gonzalez, Jenkins, Patsouras, Swanson, Thomas
Abstain:	Holen
Absent:	Hall, Milner

Director Dunning inquired about the responsibilities of the Project Manager on the Metro Rail Project. He asked if the LACTC has a construction management firm and he remarked that he has not seen the scope of work for such a firm. General Manager Pegg reported that the District has no contractual relationship with the LACTC on the construction of the Light Rail line and the District is operating on a degree of good faith. Director Dunning expressed his concern about the adequacy of design and material to provide safety. He asked the staff to pursue every avenue available to make sure that the Light Rail System is safe. Mr. Pegg responded that LACTC staff members will appear before the Board at their May 4 Committee of the Whole meeting to discuss the Light Rail System.

7. There was no Closed Session.

CONSENT CALENDAR

Items 8 through 13, except item 10, were approved unanimously with 7 directors present.

8. APPROVED a contract with Muncie Reclamation and Supply, Muncie, Indiana, the lowest responsible bidder under Bid No. 4-8906 covering procurement of brake block bolt assemblies for a one-year period, with an option for one additional year at the election of the District at an estimated annual cost of \$110,100; form of contract subject to approval of General Counsel.

CONSENT CALENDAR - Cont'd.

9. Received and filed report calendar - April 14 through 27, 1989.

11. Received and filed Metro Rail Construction change order report for March, 1989.

12. APPROVED minutes of Regular Board Meetings held on March 9 and March 23, 1989.

13. Received and filed report on Board Requests - as of April 13, 1989.

10. Director Dunning inquired about the item on the Statement of Purchases regarding the \$48,600 paid for consulting services to evaluate the productivity of the CMF. Staff responded that this study was required by the LACTC. The report showed a 17% increase in productivity in the maintenance functions and increases in material handling, etc. The report also made some recommendations to obtain another 10-12% increase in productivity.

On motion of Director Price, seconded and unanimously carried, with 8 directors present, agenda item no. 10; the Purchasing Agent's report of purchases \$25,000 through \$100,000 - January 1 through January 30, 1989, was approved.

EQUIPMENT & OPERATIONS COMMITTEE

14. DEFERRED action on the recommendation to modify the paint configuration on the District's bus fleet.

The recommendation from the Equipment & Operations Committee to concur with the staff request to modify the paint configuration was moved and seconded. Discussion began with Director Holen's comment that the current paint configuration was the result of extensive work and his request that the matter be delayed until Mr. Sol Bass, the reknown expert who worked on the District's current corporate markings, could appear before the Board and make comment. This motion was seconded and discussion continued.

General Manager Pegg advised the Board members that he was made aware of Mr. Bass' concerns this morning. After receiving a staff report which indicated that the review process could take several months, Mr. Pegg indicated he made the decision to place this item before the Board today. Upon question regarding the Marketing Department's involvement in the process, Mr. Pegg assured the Board that the Marketing Department had been involved in meetings which he had personally chaired.

Director Gonzalez questioned why this matter was brought to the Equipment & Operations Committee when it was originally before the Police & Public Safety Committee. Mr. Pegg indicated it was his decision to place the matter on the Equipment & Operations Committee as being the appropriate committee. He agreed that the matter had been before the Police & Public Safety Committee as a part of the graffiti issue. During the discussion, Director Dunning offered a compromise that the matter be placed on the next regular meeting agenda to allow Mr. Bass the opportunity to appear before the Board.

Mr. John Miyauchi, the District's Senior Design Consultant, appeared and requested the Board to defer the decision until there is an opportunity to study the matter. President Swanson asked the maker of the substitute motion to accept the addition of Mr. Miyauchi to the review of the proposed paint configuration.

A Roll Call vote was taken on the substitute motion to defer action on this matter until the next regular meeting to allow Mr. Sol Bass and Mr. John Miyauchi to appear before the Board. The Roll Call vote carried as noted below:

Ayes: Dunning, Gonzalez, Holen, Jenkins,
Swanson, Thomas
Noes: None
Abstain: Price, Storing
Absent: Hall, Milner, Patsaouras

15. Considered status report on electronic farebox installation program.

Director Storing, Chairman of the Equipment & Operations Committee, made a motion to receive and file the status report on the electronic farebox installation program, with the stipulation that any further payments to Cubic Western Data be withheld until all the fareboxes are installed and working according to the terms of the contract. The motion was seconded and discussion commenced. Staff reported the recommendation to committee was to request Cubic Western Data to make a modification to the fareboxes, and again stated their recommendation to have the fareboxes installed in the rest of the system. It was also stated that even with the modification recommended, the farebox will not perform as specified in the contract. The recommended action to proceed with the installation is not necessarily indicative of staff's total satisfaction with the equipment but to minimize the problems associated with having two types of fareboxes in use in the system.

Director Jenkins made a substitute motion to support the staff recommendation, which motion did not receive a second.

Discussion continued, with General Manager Pegg reporting the contract requirement for 64 days between road calls while the current experience is 23 days. General Counsel Gifford, in response to inquiry, mentioned there are two issues: 1) warranty, and 2) breach of contract. The District should provide itself with sufficient flexibility. She suggested the staff should be directed to make sure no payments are made over and above that which is essential under the contract. She assured the Board that the District continues to get outside counsel from the firm that represented the District in the initial litigation. The General Counsel was instructed to propose a motion which would protect the District's interests and provide a sufficient degree of flexibility in proceeding with the installation of the fareboxes.

The motion, presented by Director Dunning, amended by Director Storing, seconded and unanimously carried with 7 directors present, is as follows:

Received and filed the status report on electronic farebox installation program and further stipulated that any and all payments to be made to Cubic Western Data shall be subject to all withholds which are determined to be justified by counsel, with the concurrence of outside litigation counsel, under both the general contract and the warranty provisions; with the Board to receive a report on this subject at every meeting.

16. APPROVED requisition No. 9-0998-01 and a contract with Home Insurance Company, through the Robert F. Driver Company, to finalize renewal of all-risk property insurance for a one year period effective May 10, 1989, for an annual premium of \$885,000; form of contract subject to approval of General Counsel.

UNANIMOUS, with 8 directors present.

FACILITIES & CONSTRUCTION COMMITTEE

17. APPROVED all actions necessary to convey 8,000 square feet of District-owned property located on the east side of Central Ave. between 65th and 66th St. to Kyu Chang Lee and Sung Lee for a consideration of \$170,000; form of contract subject to approval of General Counsel.

UNANIMOUS, with 8 directors present

18. Received and filed report on relocation of Headquarters facility.

UNANIMOUS, with 8 directors present

ADVANCE PLANNING COMMITTEE

19. APPROVED minor route modification to Line 426 in the community of North Hollywood.

UNANIMOUS, with 8 directors present

20. APPROVED minor route modification to Line 266 in the City of Long Beach.

UNANIMOUS, with 8 directors present

21. APPROVED permanent route change to Lines 60, 149, 232, 260, 360 and 456 in the City of Long Beach to accommodate construction of the Metro Blue Line.

UNANIMOUS, with 8 directors present

22. APPROVED an agreement with County of Los Angeles and L. A. Philharmonic Association for provision of service to Hollywood Bowl for the FY 89-90 season; form of agreement subject to approval of the General Counsel.

UNANIMOUS, with 8 directors present

GOVERNMENT RELATIONS COMMITTEE

23. Took the following action and 'received and filed' the balance of the state legislative report.

Support: AB 1333, AJR 26 and SB 1653
Support w/amendments: AB 471, SB 300, AB 1463 and AB 2036
Monitor: Ab 1514

GOVERNMENT RELATIONS COMMITTEE - Cont'd.

On a roll call vote noted below, the Board will schedule a special board meeting for May 4, 1989 to vote on requesting the author of AB 2009 to withdraw his bill:

Ayes:	Dunning, Gonzalez, Holen, Price, Swanson, Thomas
Noes:	Jenkins, Storing
Abstain:	None
Absent:	Hall, Milner, Patsaouras

RAPID TRANSIT COMMITTEE

24. APPROVED Requisition 8-8100-572 and a contract with Fischbach & Moore, Inc., Hayward, the lowest responsible bidder under Bid No. A-631 covering installation of Traction Power Substation Equipment at a total bid price of \$7,021,322; subject to concurrence of UMTA; form of contract subject to approval of General Counsel.

This project funded in part under UMTA Grant CA-03-0130.

UNANIMOUS, with 8 directors present

- 25a. APPROVED a contract with Western States Chemical Supply, Orange, the lowest responsible bidder for procurement of caustic soda for a six-month period effective May 1, 1989, as set forth in Bid No. CA-90-X204-A, at an estimated cost of \$161,880; and
- b. AUTHORIZED issuance of formal bids for succeeding three-month, or longer periods through the completion of Metro Rail contract A-141, or, if receiving no responsive submittals, to negotiate interim contracts for a like period;

form of documents subject to approval of General Counsel.

This procurement is funded in part under UMTA Grant No. CA-90-X204.

UNANIMOUS, with 8 directors present

RAPID TRANSIT COMMITTEE - Cont'd.

- 26a. APPROVED Requisition 9-8100-396 to the Department of Water and Power, covering revisions to the scope of work for required water main rearrangements at the 7th & Flower and 5th & Hill Stations, increasing the total cost by an additional \$800,000; and
- b. AUTHORIZED the acceptance of a work authorization from LACTC for the Light Rail portion of the work at the 7th & Flower Station;

form of documents subject to approval of General Counsel.

This procurement is funded in part under UMTA Grant CA-03-0130.

UNANIMOUS, with 8 directors present

- 27a. APPROVED Requisition No. 9-8100-775 and execution of a Change Order No. 007 to Metro Rail Contract A620 for procurement of Automatic Train Controls with General Railway Signal, Rochester, New York, covering the modification of the contract to extend the contract duration in accordance with Revision No. 6 of the Project Schedule at an additional cost of \$233,582;
- b. APPROVED all contract amendments increasing the aggregate contract price by up to five percent over the new contract amount; however, no individual amendment may exceed \$99,999;

form of documents subject to approval of General Counsel.

This procurement is funded in part under UMTA Grant No. CA-03-0130.

UNANIMOUS, with 8 directors present

FINANCE & JOINT DEVELOPMENT COMMITTEE

28. REMOVED BY STAFF item regarding joint development planning activities.

GENERAL ITEMS

29. CALLED a meeting of the City Selection Committee pursuant to Section 30221 of the Southern California Rapid Transit District Law, to be held on Thursday, June 1, 1989 at Luminarias Restaurant, 3500 Ramona Blvd., Monterey Park, to enable the Corridor "D" subcommittee of the Committee to elect a Director for the term expiring June, 1993, and instructed the Secretary to notify members of the City Selection Committee of the date, time, and place of the meeting as provided in District law.

UNANIMOUS, with 7 directors present

30. Items arising subsequent to the posting of the agenda.
See item 3A.

31. Public Comment

Appearance of G. Roberts on transit related matters.

There being no further business, the meeting adjourned at 4:07 p.m.


Helen M. Bolen
District Secretary