

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

MINUTES/PROCEEDINGS

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

June 8, 1989

Called to order at 1:05 p.m. by President Swanson:

Directors Present:

Gordana Swanson, President
Marvin L. Holen, Vice President
Joseph F. Dunning
Larry Gonzalez
Jan Hall
Jeff Jenkins

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

1. Retirees were recognized and presented certificates by Director Dunning.

2. Report of the President
No report was made.

3. Report of the General Manager

General Manager Pegg spoke to the proposed Fiscal Year 1990 Budget. He said this document will implement the Board's policy and will provide a significant return to quality by providing better loading standards, cleaner vehicles, better on-time performance and more reliable service. The proposed budget is financed without a fare increase because of more riders than was projected which relates to more revenues. More operating savings have been projected by more productive schedules, lower absenteeism rates and increased tax collections. Also, the District will enter into a

unique use of Proposition A funds with the City of Los Angeles to make significant improvements. There will be fifty more buses in service, plus the 25 buses made available through the Los Angeles Pride Program. The proposed budget provides 100 more persons to clean and repair vehicles and supervise maintenance shifts. The Los Angeles Pride Program will provide 250 student workers on 204 lines deployed in the program; 223 buses are scheduled for rehabilitation. The proposed budget also proposed an increase in the graffiti abatement program, better driver performance through improved training, better communications with the buses on the street in an effort to improve on-time performance. The District will continue to work to market our product through the Corporate Pass Program. The budget also prepares for the future. The Metro Blue Line Service will be implemented; Metro Red Line will continue to be constructed; new buses will be purchased; the alternative fuels program will be continued. Mr. Pegg concluded by reporting that there will be an opportunity for the Board to review the budget at a session on June 15.

The General Manager also reported that the deployment of methanol buses will commence on Monday, June 12.

General Manager Pegg then reported on the status of the Metro Rail Project. The print media, on June 7, reported on comments by federal auditors to certain legislators. The General Manager reported there has been no discussion of those audits with the District. It was reported that approximately 48% of the Metro Rail budget has been expended with completion of 33% of the project. Mr. Pegg stated that a significant amount of the up-front funds must be used to acquire land. These monies do not construct any tunnel or put down any bricks and mortar. He continued it is a more accurate assessment that we would expect to be 37% completed at this point, but we are 33% complete. The announcement of the date of completion of the project was discussed in March; the schedule revision was made in April, and the new completion date announced was September, 1993. Any discussion of another date is simply wrong.

Mr. Pegg continued that he has reviewed the cost reports and there are disturbing cost trends within those reports. This is a signal to take advantage of an opportunity to get the lowest cost project. He reiterated several actions to be taken: 1) Enter into a contract to undertake an extensive review of claims. All claims are recorded at one hundred cents on the dollar; most claims are settled at less than full value; therefore, the projected expenses in this category are overstated rather than understated. 2) Review

the activities of our consultants to take advantage of every cost savings available. 3) Since auditors are performing cost reviews and reporting them without comment from the District, the District will undertake its own evaluation. Real Estate costs to date are \$19.7 million over budget. There are provisions in the full funding agreement that will allow the District to apply for recovery of approximately \$14 - 15 million of these costs. Mr. Pegg continued that he does not believe there is any reason to believe the Metro Rail Project is in trouble; there are provisions to deal with cost overruns as they occur.

Director Hall asked if the people or firms are in place to review the costs of the Metro Rail Project. Mr. Pegg responded he will return to the June 22 Board Meeting for approval of a contract. In the meantime, he will contract up to his authority level.

During discussion the question was asked if the audit reported to members of the Legislature also included the Los Angeles-Long Beach Light Rail Line. The answer was negative. Director Price expressed his bewilderment that no audit has been done in view of the escalation of costs on that project.

Director Gonzalez spoke about his concern that the State Legislature would attempt to undermine the Board of Directors and their leadership. He expressed his pleasure that the District will undertake a separate audit.

Following this item, the Board took a brief recess, returning at 2:00 p.m.

4. Director Special Items

President Swanson recognized Assistant District Secretary, Georgia Broussard, who read a poem to Director Charles Storing congratulating him on his re-election to the Board.

President Swanson also welcomed Mr. Thomas A. Rubin, the District's new Controller-Treasurer.

5. No Closed Session was held.

CONSENT CALENDAR

Items 6 through 11 on the Consent Calendar were approved unanimously in one motion with 10 Directors present.

6. Received and filed Treasurer's Report on the District's Investments for May 1989.
7. Received and filed Report Calendar - May 26, 1989 to June 8, 1989.
8. Approved Requisition No. 9-9400-141 and contracts with Industrial Safety Shoe Company, Redwing Shoe Company, and Knapp Shoe Company, for a total estimated cost of \$275,000 for a one-year period; form of contract subject to approval of the General Counsel.
9. Ratified Bus Stops & Zones Agenda as filed with the Secretary.
10. Ratified Temporary Route Diversions as filed with the Secretary.
11. Approved Requisition No. 9-0990-39 and the exercise of an option for one additional year with Hinckley-Schmitt, Los Angeles, covering bottled water at an annual cost of \$80,000; form of option subject to approval of the General Counsel.

PERSONNEL & LEGAL COMMITTEE

12. Approved contract amendment with law firm of Thelin, Marrin, Johnson and Bridges to increase contract amount to \$400,000 to provide for the firm to continue to represent District in lawsuit - Fluor Constructors v. SCRTD; form of contract amendment subject to approval of General Counsel.

Carried with 10 Directors present and Director Patsaouras voting no.

EQUIPMENT & OPERATIONS COMMITTEE

13. Approved:

- a. Requisition No. 9-7200-82 amending an existing contract with International Business Machines (IBM) Corporation, Los Angeles, covering systems engineering for an additional year, increasing the estimated cost by \$178,500;
- b. Requisition No. 9-7200-83 amending an existing contract with International Business Machines (IBM) Corporation, Los Angeles, covering maintenance for computer hardware for an additional year, increasing estimated cost by \$1,000,000;
- c. * Requisition No. 9-7200-84 amending an existing contract with International Business Machines (IBM) Corporation, Los Angeles, covering software license fee for an additional year, increasing the cost by \$950,000;

form of documents subject to approval of the General Counsel.

Unanimous with 10 Directors present.

14. Approved:

- a) rescision of action taken at the May 28, 1987 Board Meeting authorizing the non-revenue status of 11 vintage buses to be preserved as museum vehicles;

- b) Ken Porter Auctions to conduct a sale of 101 obsolete buses by an auction to the highest responsible bidder(s) 30 days after formal advertised notice of the auction date;

Unanimous with 10 Directors present.

15. Received and Filed status report on Cubic Western Data (CWD) Farebox Procurement.

Unanimous with 10 Directors present.

ADVANCE PLANNING COMMITTEE

16. Approved minor schedule and route adjustment to Line 270 on weekends.

Unanimous with 10 Directors present.

17. Authorized the General Manager to file a grant application with UMTA for initial planning and solicitation of proposals for the construction of parking facilities at selected Metro Rail stations; form of documents subject to approval of the General Counsel.

Unanimous with 10 Directors present.

POLICE & PUBLIC SAFETY COMMITTEE

18. Received and filed status report on Vandalism Abatement Program.

Unanimous with 10 Directors present.

GOVERNMENT RELATIONS COMMITTEE

19. Received and Filed the State Legislative Update and approved the following action:

Oppose: SB 737

Unanimous with 10 Directors present.

20. Received and Filed the Report on the status of Federal/State Restrictions on RTD Charter Service and the Federal Legislative Update and approved the following action:

Oppose: HR 1068

Unanimous with 10 Directors present.

FINANCE & JOINT DEVELOPMENT COMMITTEE

21. Received update report on the issuance of a Notice of Preparation for an Environmental Impact Report for Location 24 in Van Nuys.

Unanimous with 10 Directors present.

22. The committee reported that the report concerning Wilshire/Vermont Station area activities was reviewed in Closed Session. No report was made.

RAPID TRANSIT COMMITTEE

23. Approved the substitution of another person as subcontractor for the completion of the work designated to be performed by Dominion Corporation under Metro Rail Contract A610/A115.

Unanimous with 9 Directors present.

24. Removed from the agenda - item regarding award of contract for Title Insurance and Escrow Services for Metro Rail Project, Phase II.

25. Approved:

- a) Requisition No. 9-8100-453 and amendment to Contract No. 2997 with the joint venture of Daniel, Mann, Johnson & Mendenhall/Parsons, Brinckerhoff, Quade & Douglas/Kaiser Engineers/Harry Weese & Associates, doing business in Los Angeles as Metro Rail Transit Consultants (MRTC), to provide funds for additional General Engineering Services associated with the Baggage Handling Facility design in Contract A135 and geotechnical and building protection design in Contract A146 for the Metro Rail Project for Fiscal Year 1989, at an estimated cost of \$600,000; form of contract amendment subject to approval of General Counsel.

This work is funded by local funding sources.

Carried with 9 Directors present and Director Thomas abstaining.

25. b) Requisition No. 9-8100-444 and amendment to an existing contract with the joint venture of Daniel, Mann, Johnson & Mendenhall/Parsons, Brinckerhoff, Quade & Douglas/Kaiser Engineers/Harry Weese & Associates, doing business in Los Angeles as Metro Rail Transit Consultants (MRTC), to provide for the fiscal Year 1989 Annual Work Program of General Consulting Services for MOS-1 design support at an estimated cost and fixed fee of \$7,548,890; form of contract amendment subject to approval of General Counsel.

This work is funded by local funding sources.

Carried with 9 Directors present and Directors Jenkins and Thomas abstaining.

Several Directors expressed a desire to see this contract put out for competitive bids.

General Manager Pegg responded that changing contractors would cost a substantial education investment and that it was his belief that designers designing any one project should not be changed but all costs involved should be carefully monitored.

26. Approved Requisition No. 9-8100-454 covering construction related services by the County of Los Angeles on County facilities impacted by the Metro Red Line, MOS-1 during Fiscal Year 1990 at a cost not-to-exceed \$65,000; form of documents subject to approval of the General Counsel.

This work is funded in part under UMTA Grant for Metro Rail.

Unanimous with 9 Directors present.

27. Approved a contract with Foster Engineering at a total estimated cost of \$140,554 covering Value Engineering Consulting Services for the Metro Rail Project, Phase II; form of contract subject to approval of General Counsel.

This procurement is funded by work authorization from LACTC.

Unanimous with 9 Directors present.

28. Removed from agenda - item regarding amendment to Change Order No. 17 to Metro Rail Contract A165.

GENERAL ITEMS

29. President Swanson appointed and the Board confirmed, a Nominating Committee composed of Directors Dunning (Chair), Storing and Price, to report at the next meeting for the election of President and Vice-President, in accordance with Section 2.2 (a) of the Rules and Regulations.

Unanimous with 9 Directors present.

30. There were no items arising subsequent to posting of the agenda.

31. Public Comment

None

The meeting was adjourned at 2:35 p.m.


District Secretary