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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

MINUTES/PROCEEDINGS

Regular Board Meeting
Board of Directors
May 28, 1992
District Board Room
425 South Main Street
Los Angeles

Called to order at 12:05 P.M.

Directors Present:

Marvin L. Holen, President
Charles H. Storing, Vice President
Richard Alatorre
Evan A. Braude
Don Knabe

Nick Patsaouras
Carl W. Raggio
James L. Tolbert
Antonio Villaraigosa

Directors Absent:

Mas Fukai
Gordana Swanson

Items were considered in the following order:

1. Recognized Retirees Samuel Hill and Carl Rems.
2. Recognized Information Operator of the Month, Alicia Vasquez; Operator of the Month, David Hemion; and Train Operator of the Quarter, Robert Lipens.

3. Introduced Equipment Maintenance Department employees for following awards and honors:
 - a. Recognition by California Transportation Foundation and a "TRANNY" Award for 1992 for alternate fuels program management.
 - b. Award for Training Excellence to Maintenance Instruction Department by Detroit Diesel Corporation.
 - c. Recognition of SCRTD by Chrysler/AAA for its encouragement of young mechanics by participation and support for the Chrysler/AAA troubleshooting contest.

4. There were no items for Closed Session.

5. Report of the President

President Holen reported that the LACTC voted yesterday to release STA funds in the amount of \$15.2 million and also approved a technique which will produce another \$11 million to be applied to the current budget shortfall. There remains a net shortfall of \$8.6 million. This amount will be requested from the LACTC on June 24, 1992. Additionally, accounts receivable from the LACTC will be considered at the June 24 meeting.

FY 93 projections indicate the District will be approximately \$130 million short of maintaining the current level of service and current fare structure. This presumes the allocation of \$41-\$42 million for the operation of the Blue Line. Depending on LACTC action, \$166 million of Proposition C money seems to be available to meet the \$130 million shortfall. President Holen urged every Director to speak to LACTC members regarding the District's funding needs.

Director Knabe noted that the District's decision to reduce fares may pose a problem when asking the LACTC for additional funds.

President Holen announced that a press conference regarding the 50 cent fare would be held on Monday morning in the Crenshaw District, and urged all Board Members to attend.

6. Report of the General Manager - Mr. Pegg stated that the District is pursuing the matter of funding the reduced fare and is meeting with success at the federal level.

On motion duly made and seconded, set the date of June 11, 1992 at 1 P.M. for a public hearing on the matter of reduced fare.

Unanimous with 8 Directors present.

7. Director Special Items - None

8. RECEIVED Quarterly Update on Red Line Start-up Activities.

Art Leahy announced that the District has a hiring schedule that is up to date, which will support a late October limited start of revenue operations. The most critical issue is the delay in receipt of cars from Breda. That will impact operator and mechanic training soon. Other equipment will be operable in July, e.g. wheel press and wheel boring machines.

Unanimous with 7 Directors present.

CONSENT CALENDAR

Items 10 through 15 of the Consent Calendar were unanimously approved in one motion with 7 Directors present. At the request of Director Alatorre, Item 9 was pulled for discussion.

10. APPROVED Requisition 2-9620-37 and exercise of a one-year option with California Street Maintenance, Gardena, covering power sweeping at various divisions, increasing the cost by an additional \$131,000, for a total contract amount of \$251,000; form of amendment subject to approval of the General Counsel.
11. RECEIVED AND FILED Report Calendar for May 15, 1992 through May 27, 1992.

12. RECEIVED AND FILED **Statement of Purchases** for the month of April, 1992.
13. RATIFIED **Bus Stops and Zones Report** as filed with the District Secretary.
14. RATIFIED **Temporary Route Diversions** as filed with the District Secretary.
15. APPROVED **Minutes of Special Board Meeting** held May 6, 1992.
9. APPROVED requisitions and exercise of one year options for **background investigative services** as follows:
 - A. Requisition 2-1800-68 and amendment of an existing contract with Clifton Bostic, P.I., Walnut, California a District certified DBE firm, for an additional amount of \$20,000 increasing the total contract cost to \$55,000;
 - B. Requisition 2-1800-71 and amendment of an existing contract with J. Brent Grubbs, Marina Del Rey, for an additional amount of \$20,000 increasing the total contract cost to \$65,000;
 - C. Requisition 2-1800-72 and amendment of an existing contract with Sourisseau Investigative Service, Chino Hills, a District certified DBE firm, for an additional amount of \$20,000, increasing the total contract cost to \$40,000;

form of amendments subject to approval of the General Counsel.

Director Alatorre asked staff how each of the three bidders complied with the DBE requirements. Paul Como responded that vendors A and C met the requirement, vendor B did not. The requirement was deemed to have been met on a cumulative basis.

A motion was made and seconded that J. Brent Grubbs be deemed non-responsive based on not having met the DBE goal.

Director Storing indicated that if DBE participation is based on a percentage of the total dollar amount, the goal for this contract was exceeded.

After further discussion, the consensus was to allow J. Brent Grubbs to make a good faith effort to meet the goal and make the point on future contracts. The initial motion to deem J. Brent Grubbs non-responsive was withdrawn.

Director Raggio asked to see the difference in cost of evaluating on a contract by contract basis rather than on a project basis.

Director Patsaouras asked for a list of all contracts which have been questioned or rejected by the Board based on DBE problems.

Director Alatorre moved, and Director Villaraigosa seconded, that from this point forward contracts where goals are set are to be evaluated on a contract-by-contract basis rather than on a project basis, and that J. Brent Grubbs be allowed the opportunity to meet the contract DBE goals.

Unanimous with 7 Directors present.

EQUIPMENT, OPERATIONS AND ACCESSIBLE TRANSPORTATION COMMITTEE

16. AUTHORIZED a negotiated procurement of a rough-terrain forklift, at an estimated cost of \$50,000; form of documents subject to approval of the General counsel.

This procurement is funded under the RCC/SCRTD Agreement.

Unanimous with 7 Directors present.

17. APPROVED Requisition 2-0990-0012 and a contract with Falcon Fuels, Long Beach, the lowest responsible bidder under Bid No. 04-9203 covering gasoline for a one-year period for an estimated cost of \$800,000; form of contract subject to approval of the General Counsel.

Unanimous with 7 Directors present.

18. RECEIVED AND FILED Report on Conversion of an RTS II Diesel-Powered Bus to Liquid Natural Gas.

Unanimous with 7 Directors present.

ADVANCE PLANNING COMMITTEE

19. APPROVED a Cooperative Service Agreement with Omnitrans for the provision of District intercounty services in San Bernardino County for FY 1993; form of agreement subject to approval of the General Counsel.

Unanimous with 7 Directors present.

20. APPROVED a self-renewing Interagency Transfer Agreement with the City of Los Angeles for its BSCP and Commuter Express Services; form of agreement subject to approval of the General Counsel.

Unanimous with 7 Directors present.

21. APPROVED a Support Services Agreement covering Line 799 for FY 1993, and a self-renewing Interagency Transfer Agreement with the City of Santa Clarita; form of agreements subject to approval of the General Counsel.

Unanimous with 7 Directors present.

22. APPROVED a self-renewing **Interagency Transfer Agreement** with the **Antelope Valley Transit Authority** for its **Commuter Express Services**; form of agreement subject to approval of the General Counsel.

Unanimous with 7 Directors present.

23. APPROVED a self-renewing **Joint Pass Stamps Program Agreement** with **Long Beach Transit**; form of agreement subject to approval of the General Counsel.

Unanimous with 7 Directors present.

GOVERNMENT RELATIONS COMMITTEE

24. RECEIVED **Federal Legislative Update** report.

Unanimous with 7 Directors present.

FINANCE AND JOINT DEVELOPMENT COMMITTEE

26. APPROVED:

- a. ratification of the filing and execution of **FTA grant amendment applications** for CA-90-X377, CA-90-X416 and CA-90-X463, to add 232 **AFI replacement buses** approved in grants CA-90-X377 and CA-90-X416 to the 190 buses originally approved in grant CA-90-X463, bringing the total number of buses in this grant to 422; form of documents subject to approval of the General Counsel.
- b. the date for a **public hearing** on Thursday, June 11, 1992 at 1 P.M.

Unanimous with 7 Directors present.

28. APPROVED Requisition No. 2-7100-69 and a contract amendment with Coopers & Lybrand/Gilbert M. Rosas, an accountancy corporation (Joint Venture) to conduct a contract audit of the Metro Rail MOS-I project at the District from the inception of the project to April 1992, for an additional cost of \$49,900, for a revised total contract amount of \$398,500; form of contract amendment subject to approval of the General Counsel.

Unanimous with 7 Directors present.

29. RECEIVED AND FILED Proposition C Discretionary Fund Policy Guidelines - Update.

Unanimous with 7 Directors present.

25. CONSIDERED General Manager's report containing a recommendation and alternatives to approve Requisition 1-7100-66 & 67 and exercise a one-year option with Walhas Enterprise, Fullerton, and Neva Company, Bradbury covering pick-up and purchase of paper currency at an estimated cost of \$3.1 Million; form of option subject to approval of the General Counsel.

The Board voted unanimously, with 7 Directors present, to approve the above recommendation and a motion by Director Villaraigosa that all contracts for renewal or extension be reviewed for DBE participation.

Ray Huffer, Chairman of the TCU, who had submitted a request to speak but was not called upon prior to action on the item, was angered that the Board so quickly approved a \$3.1 million contract. He indicated that bringing this contract inhouse could put 50 to 100 jobs into the low-income community and save money for the District. He complained that over the life of the contract the volume of money to be counted had increased a very small percentage in comparison to the 200% increase in the contract cost.

Director Alatorre moved reconsideration of the item as the public speaker was not heard prior to the vote.

Unanimous with 7 Directors present.

In response to questions from the Board, Tom Rubin indicated that staff agrees there could be a cost savings of approximately 20%, but that the District does not have the physical space to bring the currency counting inhouse with the level of cash being received. District facilities could handle a maximum of 15% of the current volume. Mr. Rubin went on to explain that a new cash counting facility has been requested but that it is rather low on the capital priority list and that an initial investment of \$100,000 would be required for equipment, which should be offset by savings in operating costs.

On motion by Director Tolbert, seconded by Director Villaraigosa, the Board voted to:

- a. send the item back to staff for additional study with a report back to the Board at the next opportunity; and
- b. extend the current contract on a week-to-week basis.

Unanimous with 7 Directors present.

Director Patsouras suggested the use of the Transit Police Headquarters for the cash counting facility.

Directors Villaraigosa and Alatorre expressed displeasure with staff for not explaining all sides of the issue or presenting available options in the Board Report. They then offered a motion and a second that a statement be included in all Board Reports for services indicating the feasibility of performing the task inhouse.

Unanimous with 7 Directors present.

27. APPROVED completion of the necessary documentation to overlay a series of **cross-border lease transactions** on the pending Certificates of Participation bus financing, including contracting with a law firm specializing in cross-border leasing arrangements; form of documents subject to approval of the General Counsel.

Mr. Rubin explained that this transaction is anticipated to bring to the District anywhere from a minimum of \$100,000 to a maximum of \$2 million net cash profit.

Mr. Pegg explained that the District will be selling to a foreign investor the right to take depreciation on these vehicles under the laws of their country.

Grover McKean of Lazard Freres and Co., the law firm that put the package together, said it's a matter of taking advantage of a portion of the Japanese tax code. This same thing has been done by Seattle Metro.

Due to a time constraint, Director Holen then interrupted the discussion to invite Mary Reyna to the microphone. He announced that Mary, who obtained her law degree by attending night school, had just passed the California Bar exam, and he extended congratulations from the Board. Mary lauded RTD as one of her most ardent supporters and thanked the Board for the tuition reimbursement policy.

Discussion of the item continued with Director Tolbert inquiring if Lazard Freres was the firm who prepared a similar financing package for the LACTC a couple of years ago. Mr. McKean replied that they were not.

Director Patsaouras complained that this whole thing came about as the result of a phone call from Mr. McKean to Mr. Rubin and he would like to see a competitive process.

Director Alatorre responded that nothing in this action would preclude any other company from coming forward.

Director Villaraigosa moved approval of the item. Director Tolbert seconded.

Carried with 7 Directors present and Director Patsaouras voting no.

On query from the Board, Mr. Rubin explained that he has a list of qualified law firms specializing in cross border leasing arrangements, but that no selection has been made.

GENERAL ITEMS

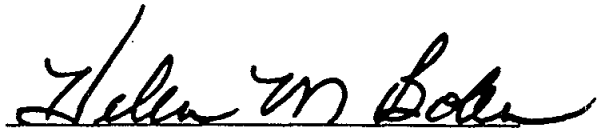
30. There were no items arising subsequent to posting of the agenda.

31. Public Comment was received from former employee A. Ponce regarding the circumstances of his termination and safety issues at his former division. Staff advised that this case is currently scheduled for mediation, after which a report will be made to the Board.

With regard to Item 27, Director Patsouras asked when the District would know how much money would be received. Mr. Rubin responded that the amount would not be known until December when the last buses are delivered.

On motion duly made and seconded by Directors Villaraigosa and Alatorre, the meeting was adjourned in memory of Ana Lizarraga who was a field representative with Community Youth Gang Services, counseling East Los Angeles youth away from gangs. She was a victim of gang violence. She worked tirelessly in curtailing gang-related behaviors and actions including the spread of graffiti.

Adjourned at 2 P.M.



Helen M. Bolen
District Secretary

agenda