

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

MINUTES/PROCEEDINGS

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

April 23, 1987

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

Directors Present:

Jan Hall
Carmen A. Estrada
Joseph S. Dunning
Nate Holden (arr. 3:25 p.m.)

Marvin L. Holen
Nick Patsaouras
Jay B. Price
Charles H. Storing
Gordana Swanson

Director Absent:

John F. Day

Leonard Panish

1. Presentation of Certificates of Merit by Director Dunning to:
 - a. Liliana Chavez, Information Operator-of-the-Month; and
 - b. Porter L. Henry, Operator-of-the-Month.

2. Report of the President

President Hall reported that SB 2 was voted on the senate floor and passed 26-0, with some discussion and concern expressed by senators regarding the composition of the Board.

President Hall indicated there would be a need for Closed Session regarding litigation later in the meeting.

3. Report of the General Manager

- a. Received and Filed the Absence Status Report for March, 1987.

UNANIMOUS

- b. The General Manager requested the addition of an item under agenda item no. 44 - Items Arising Subsequent to the Posting of the Agenda, relating to exemption of all job classifications in the Inspector General's Office. The addition of this item to the agenda was approved by a 2/3 majority of the Board.
- c. General Manager Dyer then asked the Board to consider the Committee of the Whole Meeting currently scheduled for Saturday, May 2, in the City of Glendale, and to also consider scheduling a special meeting during the first week in May.

Director Holen made a motion to cancel the Committee of the Whole Meeting on May 2, which motion was seconded. Following discussion, Director Dunning presented a substitute motion to set the date of the Committee of the Whole Meeting for Thursday, April 30. This motion was seconded and approved with Director Swanson objecting.

- d. Mr. Dyer, in conclusion, reminded the Board of the Special Meeting scheduled for April 24 to consider decisions on the alignment of the Locally Preferred Alternative (LPA) for the MOS-1 extension of the Metro Rail Project. He also noted that the agenda has been expanded to include a presentation by Price Waterhouse on their audit on the District's Performance Action Plan.

4. Director Special Items

Director Holen strongly urged the Board members to be present at the Special Meeting on April 24, stating his belief that perhaps the most important transportation decision for the next twenty years is scheduled to be made at this meeting.

President Hall announced that in response to a request, Agenda Items No. 21 and 22 will be moved forward on the agenda and discussed at this point. (The Board considered the items in the order shown in the minutes.)

21. Considered General Manager's report recommending:

- a. notification of Public Liability and Property Damage (PL & PD) Claims Administrator that the District does not intend to exercise option to renew contract for another year; and
- b. approve requisition and authorize General Manager to extend existing PL & PD claims administration contract for a period of no more than five-months.

General Manager Dyer presented his recommendation and made reference to an audit performed by Fischer & Associates, indicating that Mr. Fischer is present to comment on this item.

Mr. Fischer made a presentation, stating his full report would be submitted to the District by April 30 as agreed. He reported that the Leonard J. Russo (LJR) staff file handlers are dedicated to providing good claims service; their case loads are far in excess of industry standards. He spoke of the need to increase staff in the handling of claims within the first 90 days. An increase in staff would result in a savings of \$8-12 million per year.

Members of the Board raised questions concerning time frames, notification of the current claims adjuster, when the decision was made to seek a new contract, etc. After dialogue with staff, and upon questioning, Mr. Fischer recommended that the Board authorize the increase in staffing for the PL & PD claims administrator and renew the contract for another year.

Board members and staff discussed the issues of staffing, new administrator versus current administrator, learning curves, costs, etc. The Board was advised that the Request For Proposals (RFP) does specify that the level of staff expertise must meet minimum standards. Director Holen questioned three issues: 1) Russo responsibility in losses to the District, indicating that there is an average cost of \$10 million per year to the District; 2) Russo may have already been paid for the disposal of 8,000 cases; and 3) there is an unexplained discrepancy. He suggested that the Board recess to Closed Session to discuss potential litigation.

In response to questions concerning Russo's conduct, Mr. Fischer responded it is highly professional in a lot of areas. In the area of routine claims, due to a lack of resources and manpower, Russo has not been able to give sufficient attention to each claim.

Director Holen then made a motion to recess to Closed Session to discuss potential litigation, which motion was seconded and carried, and the Board recessed at 2:19 p.m.

The Board returned from Closed Session at 2:45 p.m. with all Directors responding to Roll Call except Directors Day and Panish.

Director Holen inquired of staff if any alternative claims adjuster had been located that could be utilized in a shorter timeframe than recommended by staff. Staff advised the Board that the process is not easily hurried, and the District's efforts are hampered by the fact that an RFP will be prepared simultaneously for the Workers Compensation Claims Administration.

(President Hall left the meeting at 2:50 p.m. and the Chair was assumed by Vice-President Estrada)

Director Holen, after further discussion, asked if a motion were to be made regarding extension of contract date, would it be appropriate to also give termination notice as of a date certain. Staff indicated it would be appropriate, and noted that it would certainly also be a possibility that the District could have two different claims administrator firms; one for new claims and one for old claims. Director Holen commented that the Board is very restless with the timeframe outlined by staff.

Director Patsaouras then made a motion to approve the staff proposal and to terminate the contract with Leonard J. Russo as of December 31, 1987, which motion was seconded and unanimously carried. The specific action taken is recorded as follows:

- a. Authorized the General Manager to notify Leonard J. Russo Insurance Claims Administration Services that the District does not intend to exercise its option to renew the contract for another year, terminating the contract December 31, 1987; and
- b. Approved Requisition No. 7-0990-38 and authorized the General Manager to extend the existing Public Liability and Property Damage Claims Administration contract for a period ending December 31, 1987, at an additional cost of \$723,710 to a total cost of \$12,188,317;

form of documents subject to approval of the General Counsel.

Appearance of G. Roberts, H. Watts and J. Walsh expressing their opinion on the subject.

- 22a. Authorized the General Manager to notify Leonard J. Russo Insurance Claims Administration Services that the District does not intend to exercise its option to renew the contract for another year, terminating the contract December 31, 1987; and
- b. Approved Requisition No. 7-0990-37 and authorized the General Manager to extend the existing Workers' Compensation Claims Administration contract to December 31, 1987, at an additional cost of \$888,000 to a total cost of \$3,909,691;

form of documents subject to approval of the General Counsel.

UNANIMOUS

ADVANCE PLANNING COMMITTEE

24. Received the results of the March 21, 1987 public hearing indicating the hearing process was approved and that all public and staff comments had been received for the purpose of making future recommendations.

UNANIMOUS

Howard Watts spoke before the Board against the action taken.

Appearance of J. Walsh and G. Roberts speaking on the subject.

25. Received and Filed information responding to board requests made at the April 9, 1987 Board of Directors meeting.

UNANIMOUS

27. Approved cancellation of Orange County contract Line 459 effective with close of service on April 30, 1987, and effective May 1, 1987, replacement service, designated Line 701, to be provided by a private carrier operating under contract to Orange County Transit District.

UNANIMOUS

28. Approved entering into an agreement with the County of Los Angeles for improvements and extension to Line 434 to Leo Carrillo State Beach Park for the 1987 Summer Season; form of agreement subject to approval of General Counsel.

UNANIMOUS

ADVANCE PLANNING COMMITTEE - Cont'd.

29. Authorized the General Manager to enter into a contractual agreement with the Los Angeles Philharmonic Association for special service to pre-season events at the Hollywood Bowl; form of documents subject to approval of General Counsel.

UNANIMOUS

Greg Roberts, Howard Watts and John Walsh appeared before the Board to speak on this subject.

30. Approved entering into an agreement and amending an existing agreement with the County of Los Angeles for program and service enhancement in the Second Supervisorial District; form of documents subject to approval of General Counsel.

UNANIMOUS

26. Scheduled a Special Board meeting for 10:00 a.m., Thursday, May 7, 1987 to discuss adoption of a fare structure and service adjustments for FY 88.

CARRIED, with Director Storing voting "No."

On motion of Director Holen, seconded and carried, it was requested that another letter be sent to the Los Angeles County Transportation Commission relating to funding for the purpose of avoiding a fare increase.

Appearance of P. Moser, H. Watts, J. Walsh, H. Ramey, G. Roberts and Sheldon Walter regarding the subject. Mr. Walter suggested more time be allowed on transfers.

5. On motion duly made and seconded, unanimously approved Benefit Assessment appeals on the following properties:

<u>Appeals Case No.</u>	<u>Parcel No.</u>
A1-136-86	5151-021-010
A1-143-86	5149-023-009
A1-170-86	5148-010-006
A1-171-86	5149-029-002
A1-192-86	5408-017-009
A1-193-86	5408-017-008
A1-246-86	5408-018-018
A1-262-86	5148-010-018
A2-26-86	5142-011-012

Appearance of H. Watts regarding benefit assessments.

6. Approved preparation of an Environmental Impact Report (EIR) for the Relocation of Division 6.

UNANIMOUS

Appearance of H. Ramey, H. Watts and G. Roberts on the subject.

FACILITIES & CONSTRUCTION COMMITTEE

7. Authorized the General Manager to execute a contract with Morley Construction, Los Angeles, the lowest responsible bidder under Bid No. CA-05-0136-A covering construction of the El Monte Parking Structure for a total bid price of \$2,479,456; form of contract subject to approval of the General Counsel.

This project is funded in part under UMTA Grant No. CA-05-0136.

UNANIMOUS

FACILITIES & CONSTRUCTION COMMITTEE - Cont'd.

- 8a. Rejected only bid received under Bid No. CA-03-0049-Z covering construction of the new tank farm at Division 12 (Long Beach); and
- b. Authorized the General Manager to reissue Invitations For Bids covering construction of the new tank farm at Division 12 (Long Beach);

form of bid requirements and specifications subject to approval of the General Counsel.

UNANIMOUS

FINANCE & JOINT DEVELOPMENT COMMITTEE

- 9. Approved the process for appointing Benefit Assessment Hearing Officers as outlined in the General Manager's report dated April 15, 1987.

UNANIMOUS

- 10. Designated Benefit Assessment Hearing Officers as noted below:

<u>Case No.</u>	Hearing Officer	Alternate
A1-47-86	Julius M. Title	Macklin Fleming
A1-239-86	Harry T. Shafer	Delbert Wong

UNANIMOUS

GOVERNMENT RELATIONS COMMITTEE

- 11. Received and Filed the State Legislative update report and went on record in support of SB 1554 and SCR 34 and to monitor SB 176.

UNANIMOUS

Appearance of P. Moser, H. Watts and G. Roberts.

mir/12

RAPID TRANSIT COMMITTEE

12. Approved extension of the current Annual Work Program with the Metro Rail Transit Consultants for one month from April 30, 1987 to May 31, 1987; form of contract extension subject to approval of General Counsel.

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

UNANIMOUS

13. Approved establishment of Configuration Management Control Procedures and Delegation of Authority for Metro Rail contract amendments.

UNANIMOUS

14. Approved Work Order Authorization from the Los Angeles County Transportation Commission for the rearrangement of utilities to accommodate construction of the Light Rail portion of the integrated Light Rail/Metro Rail station at 7th/Flower Streets:

- a. Work Order Authorization No. CN-87-0004 in the amount of \$953,700 for work performed by utility companies;
- b. Work Order Authorization No. CN-87-0005 in the amount of \$256,300 during FY '87 for work performed by City of Los Angeles; and
- c. Work Order Authorization No. CN-87-0006 in the amount of \$2,074,000 for work performed under District Contract A161;

form of documents subject to approval of General Counsel.

UNANIMOUS

RAPID TRANSIT COMMITTEE - Cont'd.

15. Approved the following requisitions covering rearrangement of utilities to accommodate construction of the Light Rail portion of the integrated Light Rail/Metro Rail station at 7th/Flower Streets:
- a. Requisition No. 7-8100-521 to City of Los Angeles at an estimated cost increase of \$233,000 to a total estimated cost of \$1,833,000;
 - b. Requisition No. 7-8100-522 to Power System, Department of Water and Power, for an estimated cost increase of \$2,250,000 to a total estimated cost of \$2,514,000;
 - c. Requisition No. 7-8100-523 to Pacific Bell at an estimated cost increase of \$80,000 to a total estimated cost of \$2,080,000;
 - d. Requisition No. 7-8100-524 to Western Union Telegraph Co. at an estimated cost increase of \$10,000 to a total estimated cost of \$90,000;
 - e. Requisition No. 7-8100-525 to Southern California Gas Co. at an estimated cost increase of \$213,000 to a total estimated cost of \$1,113,000;
 - f. Requisition No. 7-8100-526 to Water Systems, Department of Water and Power, at an estimated cost increase of \$300,000 to a total estimated cost of \$1,900,000;

form of documents subject to approval of General Counsel.

UNANIMOUS

H. Watts appeared before the Board on agenda items 13, 14 and 15.

EQUIPMENT AND OPERATIONS COMMITTEE

16. Rejected non-responsive bids submitted by Universal Truck Body and Universal Mack Sales & Service and authorized the General Manager to execute a contract with Paramount Truck and Body, Long Beach, the lowest responsible bidder under Bid No. CA-90-X181-A covering procurement of two 10-cubic yard dump truck bodies for a total bid price of \$30,938; form of contract subject to approval of the General Counsel. Subject to concurrence of UMTA.

This procurement is funded in part under UMTA Grant No. CA-90-X181.

UNANIMOUS

17. Approved:

- a. rejection of the only bid received under Bid No. CA-90-X181-D covering procurement of 96 automobiles; and
- b. authorization for the General Manager to reissue Invitations For Bids covering procurement of 96 automobiles;

form of bid requirements and specifications subject to approval of the General Counsel.

This procurement is funded in part under UMTA Grant No. CA-90-X181.

UNANIMOUS

18. Rejected non-responsive bid submitted by Pak-Edge, Inc., Evanston, Illinois, and authorized the General Manager to execute a contract with Armin Thermodynamics, Inc., Broken Arrow, Oklahoma, the lowest responsible bidder under Bid No. 04-8701 covering procurement of 100 molded polyethylene pallets and 500 high-impact polyethylene pallets for a total bid price of \$36,050; form of contract subject to approval of the General Counsel.

UNANIMOUS

EQUIPMENT AND OPERATIONS COMMITTEE - Cont'd.

19. Approved requisitions and authorized the General Manager to extend existing contracts for one additional year covering maintenance services for proprietary software systems:

- a. Requisition No. 7-7200-032 with Applied Data Research, Philadelphia, Pennsylvania, at an additional \$7,731 for a total cost of \$32,840;
- b. Requisition No. 7-7200-036 with Integral Systems, Inc., Walnut Creek, at an additional \$35,775 for a total cost of \$333,410; and
- c. Requisition No. 7-7200-037 with McCormack and Dodge, Natick, Massachusetts, at an additional \$56,400 for a total cost of \$415,598;

form of contract extensions subject to approval of the General Counsel.

UNANIMOUS

20. Received and filed Third Quarterly Report on public liability and property damage and workers' compensation program.

UNANIMOUS

23. Approved Requisition No. 7-0990-11 and authorized the General Manager to execute a contract with Home and Landmark Insurance Company through Robert F. Driver Insurance Brokers, covering all-risk property insurance for a one-year period, for an annual premium of \$1,075,341; form of contract subject to approval of the General Counsel.

UNANIMOUS

CONSENT CALENDAR

31. Authorized execution of a contract with West Coast Claim Service, Chatsworth, under RFP No. 87-06 covering Workers' Compensation claims audit services of the claims administrator Leonard J. Russo Insurance Services, for an amount not to exceed \$25,400; form of contract subject to approval of the General Counsel.

UNANIMOUS

32. Approved Requisition No. 7-7100-31 and authorized the General Manager to exercise an option for one additional year with Deloitte, Haskins & Sells, Los Angeles, covering performance of audit services at an additional estimated cost of \$49,200, for a total estimated cost of \$143,200; form of option subject to approval of the General Counsel.

UNANIMOUS

33. Approved requisitions and authorized the General Manager to increase the contract amounts for the second year of the four-year contracts covering medical services:

- a. Requisition No. 7-9500-36 with Nogales Industrial Clinic, Rowland Heights, at an additional cost of \$25,000, for an estimated cost of \$47,500;
- b. Requisition No. 7-9500-37 with Occupational Health Center at Valley Presbyterian Hospital, Van Nuys, at an additional cost of \$27,000 for an estimated cost of \$52,000; and
- c. Requisition No. 7-9500-38 with Ambulatory Health Systems, Santa Monica, at an additional cost of \$140,000 for an estimated total cost of \$295,500;

form of contract amendments subject to approval of the General Counsel.

UNANIMOUS

CONSENT CALENDAR - Cont'd.

34. Authorized execution of contracts with the lowest responsible bidders under Bid No. CA-03-0090-P covering procurement of furniture for District's Division 1 (Alameda):
- a. Sam Yokum, San Gabriel, covering Groups I and IV for a total bid price of \$13,471;
 - b. The Welch Company, Los Angeles, covering Groups II and V for a total bid price of \$7,019; and
 - c. Interior Resources, Cerritos, covering Group III for a total bid price of \$8,057;

form of contracts subject to approval of the General Counsel.

This procurement is funded in part under UMTA Grant No. CA-03-0090.

UNANIMOUS

35. Authorized execution of a contract with GMC Truck & Coach, Los Angeles, the lowest responsible bidder under Bid No. CA-90-X181-F covering procurement of two cab and chassis for 10-cubic yard dump trucks for a total bid price of \$135,521; form of contract subject to approval of the General Counsel.

This procurement is funded in part under UMTA Grant No. CA-90-X181-F.

UNANIMOUS

36. Approved lease of the District owned property at 3939 Lankershim Boulevard, North Hollywood, to Granat Entertainment, on a month-to-month basis at an approximate monthly rate of \$7,000; form of documents subject to approval of General Counsel.

UNANIMOUS

CONSENT CALENDAR - Cont'd.

37. Approved Requisition No. 7-9400-70 and authorized the General Manager to exercise an option for one additional year with Refrigeration Sales, Long Beach, covering procurement of freon gas at an additional estimated cost of \$160,000, for a total estimated cost of \$317,000; form of option subject to approval of the General Counsel.

UNANIMOUS

38. Approved contract with Keith D. Abrams Contracting, Los Angeles, the lowest responsible bidder under Bid No. A-134 covering demolition of the Maier Brewing Company Building, 719 Vignes Street, for a total bid price of \$78,575; form of contract subject to approval of the General Counsel.

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

UNANIMOUS

39. Approved Requisition No. 7-3599-59 and authorized the General Manager to exercise an option for one additional year with C F Associates, Inc., Rolling Hills Estates, covering telecommunications consulting services, increasing the cost by an additional \$20,000 to a total cost of \$60,000; form of option subject to approval of the General Counsel.

UNANIMOUS

40. Received and Filed Report Calendar - April 3 through April 16, 1987.

UNANIMOUS

CONSENT CALENDAR - Cont'd.

41. Received and Filed status report on Board Requests.

UNANIMOUS

42. Received and Filed Purchasing Agent's Report of Sales - First Quarter, 1987.

UNANIMOUS

GENERAL ITEMS

43. Approved calling of 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 4, 1987 at Luminarias Restaurant, 3500 Ramona Blvd., Monterey Park, to enable the Corridor "A" subcommittee of the Committee to elect a Director for the term expiring June, 1991, 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

H. Watts inquired if the public could attend the meeting.

44. Considered item arising subsequent to the posting of the agenda.

Received the General Manager's report dated April 23, 1987 and approved exempt status for all classifications in the office of the Inspector General, with existing positions to be made exempt as vacancies occur.

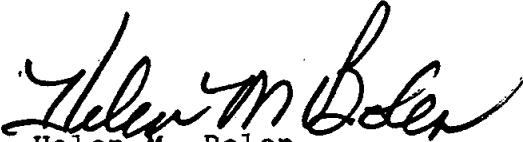
CARRIED, with Director Storing voting "No"

45. Recessed at 4:09 p.m. to Closed Session to consider litigation matters, returning at 4:18 p.m. with Directors Hall, Dunning, Holen, Price, Storing and Swanson responding to roll call.

46. Public Comment.

Appearance of Pat Moser, Howard Watts, Sheldon Walters, P. Baxter and G. Roberts speaking to transit related matters.

Adjourned at 4:35 p.m. in memory of Frank Crilley, husband of Mary Lou Crilley and instructed the District Secretary to prepare a resolution for transmittal.


Helen M. Bolen
District Secretary