

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

MINUTES/PROCEEDINGS

Special Board Meeting  
Board of Directors  
September 3, 1987  
District Board Room  
425 South Main Street  
Los Angeles

Called to order at 11:03 a.m.

Directors Present:

John F. Day  
Joseph S. Dunning  
Marvin L. Holen  
Erwin N. Jones

Jay B. Price  
Charles H. Storing  
Gordana Swanson  
Kenneth R. Thomas

Directors Absent:

Jan Hall, President  
Carmen A. Estrada, Vice-President  
Nick Patsaouras

Director Holen announced that President Hall was in Sacramento on District business and requested that he chair the meeting.

1. Recessed to Closed Session to consider personnel and litigation matters. The Board returned from Closed Session at 12:07 p.m., and the roll was noted, with Directors Hall, Estrada, and Patsaouras being absent. No report was made of matters discussed.
2. Considered report and recommendation of the Executive Committee regarding the Inspector General, including personnel resources, general resources, jurisdiction, and reporting procedures.

Chairman Holen presented the recommendations as follows:

- (1) **Jurisdiction.** The Board and the General Manager reiterate that there are no limits to the jurisdiction of the Inspector General, including activities of the Board of Directors as they may relate to the District.

2. Report regarding Inspector General - Cont'd.

- (2) **Budget.** Recommended that there be a separate budget system and procedure, independent of the District's budget system and procedure, for the Inspector General. The intent is to provide the Inspector General with the flexibility to use the resources that are provided to him by the Board and the General Manager within the overall framework of accountability.

Also recommended the authorization of an outside independent audit of the Inspector General office. This must be done outside of the District and by a firm other than the District's regular outside audit firm.

- (3) **Contracting.** Recommended that a separate contracting system and procedure, independent of the District's system and procedure, be established for the office of the Inspector General. This will protect the confidential nature of the activities of this office.
- (4) **Personnel.** Recommended that a separate personnel recruitment, promotion and discipline system be established, with the objective of providing the Inspector General with full authority over the hiring and firing, and promotion and discipline of staff, subject to the guidelines and restrictions imposed by state and federal laws.
- (5) **Reporting Procedure.** Recommended the continuation of the dual reporting procedures, i.e., to the General Manager and to the Board of Directors. This is designed as a check and balance system.

Also recommended that, due to the confidential nature of the Inspector General's investigations, reporting to the Board should be done to a committee. It has been suggested that the Executive Committee could be so designated or a special ad hoc committee, possibly consisting of three members, could be formed. This aspect was put forth without specific recommendation from the Executive Committee.

Chairman Holen concluded his presentation by indicating that the General Manager said it would be necessary to amend some of the policies and procedures previously adopted by the Board with respect to personnel, contracting and budget. Inspector General Fuentes has been instructed to put together a plan for the implementation of these recommendations.

Discussion followed. Director Storing asked if the recommendations would give the Inspector General the authority to create positions. The answer was yes, with the concurrence of the Board. Director Swanson expressed her concerns about the growth of a new bureaucracy within the District, the build-up of a large staff, a large budget, etc. She indicated she would not support the increase in staff or office space for this function. She also talked about the reporting, stressing her position that the Inspector General should report to the General Manager; he can also report to the Board, but he should report first to the General Manager.

Director Jones commented that the whole report was inappropriate. There is no question there should be independent audits. He further remarked that everyone wants to be independent of the rules and regulations. To make the budget and contracting separate from the District's rules and regulations would be dangerous. He recognized the problem of contamination. He also stated that the Personnel Department is here to protect the organization. Director Jones concluded that dual reporting is possible, but it is dangerous.

Director Price spoke in favor of the recommendations, indicating that the budget would be set by the Board and the Inspector General would be constrained by those limits.

Director Thomas' comments were in agreement with the concept, indicating that the Inspector General's office must be independent of the people it is investigating if it is to be effective. He also expressed his belief that the hiring and firing would be subject to the concurrence of the Board.

Director Day spoke in support of the establishment of the office of Inspector General and in support of the proposal before the Board. He said it is necessary to supply the tools to do the work assigned; independence is absolutely essential.

Director Storing stated that if the Inspector General is to be unfettered, he should report directly to the Board.

Director Dunning acknowledged his support of the proposal. He said that the District's budget now includes funds for the Inspector General; there is no mention of an increase of overall funding. He favored the creation of autonomy for this office; however, the Board needs to be careful that a super power is not created within the organization.

2. Report regarding Inspector General - Cont'd.

General Manager Dyer commented that when the office of Inspector General was created, he pointed out the need to audit, investigate and manage the Metro Rail contracts. The office was finally approved in early 1987. He indicated his belief that the proposal can be made to work, and that legally there must be dual supervision and reporting. He did indicate that, if the proposal is approved, it would be necessary to add some additional personnel, which would increase the budget.

Chairman Holen suggested that the proposal may have some soft spots. He said that the Board is now faced with the outline of establishing the office of Inspector General and providing the tools necessary to establish his independence. He mentioned it would be important that the missing Board members have the opportunity to listen to the tape on this subject. He asked the Inspector General and the General Manager to bring back a proposal to implement the recommendations of the Executive Committee.

Director Day made a motion to approve the recommendations of the Executive Committee, and further that the General Manager and the Inspector General be instructed to prepare specific plans to implement those recommendations and to bring those plans back to the Board within thirty days. This motion was seconded and failed on a roll call vote as noted below:

Ayes:	Day, Dunning, Holen, Thomas
Noes:	Jones, Storing, Swanson
Abstain:	Price
Absent:	Estrada, Patsouras, Hall

Following the announcement of the results of the vote, there was discussion concerning motions encompassing portions of the defeated motion, changes in vote, and substitute motions. In conclusion, it was determined that the General Manager would exercise his discretion in bringing this item before the Board at a future meeting.

3. Approved the lease bus rates as indicated in Attachment A in the report dated August 28, 1987, a copy of which is filed with the District Secretary.

UNANIMOUS