

WEEKLY REPORT

A weekly report
from the office
of the CEO

December 4, 1995



The CBS News program "60 Minutes" will soon broadcast a segment on the MTA.

The MTA fully cooperated with the "60 Minutes" team. I was involved in three interviews, including a 90-minute, on-camera session with correspondent Lesley Stahl.

We do not know what "60 Minutes" will report. Due to the time constraints inherent in a 14-minute story, not all of the points made on behalf of the MTA will be fully reported. This memo was prepared to ensure you are fully aware of the principal points we made during the interviews and in our responses to the CBS researchers. I urge that you take the time to read it carefully.

It is important to note that the interviews were conducted prior to November 17, when a panel of geotechnical experts presented its findings that geological conditions in the Los Angeles area are "clearly compatible with safe and economical underground construction." They also compared the performance of other urban tunneling projects worldwide, and found the MTA "equal to or slightly better than the world average." These conclusions validate the decision to build subways in this region, and confirmed my view that our problems, while of great concern, were not extraordinary when seen in the context of other projects.

My staff forwarded copies of the report to the "60 Minutes" producer, and I urged him and Lesley Stahl to include in their story an on-camera interview with the lead panelist, Dr. Ed Eisenstein. The producer promised to report Dr. Eisenstein's findings in the story, but regrettably, declined the opportunity for an interview.

I have paraphrased their questions and our answers.

- Does Los Angeles need a rail system?

Yes. According to National Census figures, Los Angeles is the most congested urban area in the United States. Over the next 20 years, Los Angeles County will grow by an additional 3 million people, and congestion will get 10 times worse if we don't take action. By 2015, the peak speeds on our busiest freeways will be under 10 miles per hour. If we don't plan for the future, there will be risks both to our air quality and the vibrancy of our economy. We would have to build 75 lanes of additional freeway to duplicate the mobility potential of the planned rail lines. Since that option is not realistic,

we've chosen to build a rail system—along with 280 miles of car pool lanes, 300 additional buses, and SMART technologies to make our streets more efficient. We must have a rail network, superimposed on our freeway system, to move people and goods.

- Aren't there geological challenges to building a subway in Los Angeles?

There are challenges, but nothing that can't be overcome. We have engaged the best construction firms in the world, with experience building subways in geologic conditions similar to what we face here. In addition, many miles of tunnels have already been built in Los Angeles. (Note: these points were confirmed by the Eisenstein panel)

- Is it a good idea to build in an area known for earthquakes?

Building subways in earthquake-prone areas is not new or unique to Los Angeles. Mexico City suffered a severe earthquake that killed thousands of people, but their subway survived with little or no damage. In San Francisco's 1989 earthquake, parts of the Bay Bridge and the Nimitz Freeway collapsed, while the BART tunnel under the Bay remained in service. Our subway survived a 6.7 magnitude earthquake in January 1994 with no structural damage, and could have operated that same day. Experts say that below ground structures are safer during earthquakes than above ground buildings. The fact that several of our freeways collapsed while the subway remained intact demonstrates the truth of this. (The Eisenstein panel concluded that subway tunnels can be built in areas of high seismic activity, and that underground systems are preferable because they can better withstand strong earthquakes)

- Isn't part of the alignment built right over an earthquake fault?

Yes, but the tunnel is designed to anticipate and survive the largest potential quake that might be experienced along that fault. (The Eisenstein report noted that MTA's designs reflect state-of-the-art thinking and address the potential hazards induced by major earthquakes.

CEO REPORT

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Detailed analysis on the seismic response of MTA tunnels has shown they can withstand large earthquakes without damage.)

- Won't people lack confidence in a subway built in an earthquake area?

Our ridership on the Red Line actually increased after the earthquake, and has continued to grow in the year and a half since then. People feel safe.

- You have had a long series of problems: cost overruns, delays, tunnel fires and explosions, runaway locomotives, Hollywood Boulevard sank 10 inches, and you had a huge sinkhole. Is this the subway from hell?

We have had some problems, but we have been tunneling here for eight years, and our overall record is not unlike what other major areas have experienced building subways.

For example, the same week we experienced the subsidence in Hollywood, Munich, Germany had a sinkhole larger than the one we later had. A London subway expansion to Heathrow Airport seriously undermined several buildings along the alignment. These accidents aren't excuses for our mistakes, but they do provide context. The region needs this project, and it must be completed. We have learned from our problems, and have made the changes that will allow us to complete this important project. (The Eisenstein Report verified that our performance was equal to or slightly better than other comparable projects.)

- How do you explain the fact that one of your contractors, SKK, had 6500 CAL-OSHA violations?

Safety is our chief priority, and we keep very careful records which are audited. We believe we have higher reporting standards than our counterparts in the construction industry. We're below the national average for lost time accidents, the most serious category. We've learned from our experience, and have reorganized and strengthened our construction safety function. In the process, we tightened our oversight and increased the expectations we have of our contractors.

- Why didn't you fire SKK sooner than you did?

Firing a contractor is something done only as a last resort. If we had fired them after the subsidence on Hollywood Boulevard, it would have imposed serious delays on other contracts, with substantial penalties to the MTA. Of course, if we had known that the sinkhole was going to happen, we would have terminated them sooner. Based on what we knew at the time and the status of the project then, we made the right decision.

- What do you say to the people of Hollywood who lost their homes and businesses?

We regret the damage and inconvenience. We have in place a claims process that we are continually seeking to improve. You have to remember that any public works construction is going to have some negative impacts.

When this project is completed and people are enjoying the benefits the subway will bring to the area, no one will remember the problems that accompanied construction.

- Some critics, like Senator Tom Hayden, say that the subway should be stopped in its tracks, that the problems are too serious...

That would be irresponsible and foolish. To stop now would throw away the investment we've made in the segments under construction, and also would render useless the 4.4 miles of subway we now have in operation. It is absolutely vital to our future that we complete this project. We have learned from our problems, and we must move forward.

- To construct the rail system will ultimately cost \$15 billion. Will the benefits be worth it?

Yes. Congestion is projected to increase tenfold by 2015. Our plan will remove 150,000 cars from the road and achieve a 25% reduction in congestion. This reduction will be worth \$8 billion per year, an outstanding return on our investment. Our rail systems are designed to be serviceable for 50 to 100 years.

- Many of your rail passengers are former bus passengers. You still haven't solved the problem of too many cars.

Some of our rail passengers are former bus passengers. It is a natural and desirable outcome. We're moving people faster, more efficiently and in greater numbers, and giving ourselves more bus capacity to serve other parts of the county. Further, many of our rail passengers were former solo drivers. Buses alone aren't the solution, because buses are subject to the same congestion that plagues our freeways and streets. Rail provides an alternative mode, unaffected by surface congestion, in which to move people. It is an alternative we need now, and one we will desperately need 20 years from now.

Working with the "60 Minutes" reporters and researchers was both a challenge and an opportunity. We addressed many critical issues, responded to our critics, and explained to a national audience the importance of following through with our plans for the future. Our message was clear. We are building a coordinated transportation system that is vital to the economic health of Southern California.

If you have any questions or comments, please contact me or my External Affairs Staff.

—Franklin White

I welcome your comments and questions in response to **CEO Report**, which is designed to provide employees with direct communication with my office. Please contact my Special Assistant, Phyllis Tucker, at 244-6191. Also, employees can fax comments to 244-6014.

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