

CEO REPORT

A weekly report
from the office
of the CEO

October 17, 1994



There are two matters at the MTA forefront this week. First, Judge Hatter declined to dissolve the preliminary injunction prohibiting the fare increase, and in a surprise move, he set the case for trial on Oct. 27.

Prior to today's scheduled hearing, the Ninth Circuit Court of Appeal reported that it was not taking any action pending Judge Hatter's decision today. However, Judge Hatter stated that he had not personally heard from the Ninth Circuit Court and because the matter was on appeal, he lacked jurisdiction.

I'm extremely disappointed about another delay; I would have liked a decision one way or another. The MTA continues to lose about \$110,000 each weekday the higher fares are not collected. In the end, should the fares not be increased, balancing our budget may, in fact, require additional service cuts.

Rail Program to be Revamped

Second, we must strengthen our rail construction program by improving the day-to-day supervision of the subway construction work to ensure accountability of our consultants and contractors. A preliminary plan is in the works that calls for the MTA to assume immediate and direct authority over construction management quality control and safety programs for all construction projects.

I hope these measures will improve the performance of the construction contractors and the construction oversight firm. Subject to board approval, the MTA will notify Parsons-Dillingham, the construction management firm, that it will be phased out as the construction manager for phase 3 of the Red Line. We will also request that Shea-Kiewit Kenny restructure its management team before completing the Vermont/Hollywood tunnel contract.

In addition, we will determine the feasibility of retaining Shea-Kiewit Kenny on the Vermont/Hollywood tunnel contract, based, in part, on a report I expect to receive shortly from Wiss, Janney, Elstner Associates. The Wiss firm has been asked to determine whether the design of the wood wedge expansion gap system used in the tunnel was adequate; whether the materials were installed in accordance with the contract; and to what extent did the deformation of the wood wedges contribute to the ground settlement on Hollywood Boulevard.

Management Changes

Finally, my decision to replace Ed McSpedon as our executive officer of construction was not an easy one. However, I believe a change of leadership and a different management approach is what is needed at this time in our Metro construction program.

I want to make it clear that Ed has done very good work for the citizens of our region. We owe him a debt of gratitude for his years of leadership of the rail construction program. He was instrumental in the design and construction of the Blue Line, the Green Line, and Segment 1 of the Red Line. He was also responsible for planning the Pasadena Line and for much of the construction on Segment 2 of the Red Line, as well as the planning and design on Segment 3.

A nationwide search will be launched to find a permanent replacement for Ed. In the interim, John J. Adams, RCC's vice president of construction, will replace Ed as the acting executive officer of construction. With his 43

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years of construction experience, including 10 years on the Los Angeles rail projects, he can provide the strong interim leadership we need as we move forward with our efforts to restore public confidence in the rail program.

San Diego Buys MTA's Change Control System

News of the MTA's state-of-the-art automated change control system (CCS), which was developed in 1992 by RCC's Louisa Simpson and her staff, has spread to other transit agencies and construction and engineering companies. The first sale of this program, following the board's approval earlier this year to market the system, is to the San Diego Metropolitan Transit Development Board (MTDB).

The MTDB, which operates the San Diego Trolley and other public transit systems, plans to use the system to manage several large rail extension contracts. The MTDB board has approved the purchase, and an agreement is expected to be finalized within the next few weeks.

The CCS fills a major void in the heavy construction industry, and because of the level of support it provides, the system is in big demand. Originally developed for in-house use, the system provides definitive contract change, claims, and document submittal tracking, generates forms, and has a mechanism for extensive retrieval of historical records. In 1991, the RCC determined that no existing software package supported large construction projects with their stringent federal, state and local funding regulations.

Implemented in 1992, the CCS has realized nearly a 75% reduction in change preparation time. The system also has been recognized as an important element in achieving more than 60% reduction in change cost on the second segment of the Metro Red Line.

Revenues from CCS software sales will be used to offset the cost of continued maintenance of automated systems used by the MTA to manage rail project information. Such revenues will therefore reduce overall project costs.

New Salary System Update

By now, many of you have received the first of three newsletters to all non-represented employees. Our Human Resources department will use these newsletters to provide the latest information available about the new job classification and compensation system, which is planned for a January debut.

Part of the expected changes, as the newsletter more thoroughly explains, involve the placing of new job classifications in new salary ranges, with specific minimums and maximums for each grade.

The proposed salary system is based on the recommendations of our consultant, William M. Mercer, Inc. We accepted these recommendations, which are based on an extensive survey of similar job markets, and they will be presented to the MTA Board of Directors for approval at its November meeting.

Prior to board approval, human resource representatives will meet with employee groups to discuss the overall system, including the new pay grades and salary levels. Following the board's approval of the plan, each employee will be advised where he or she fits within the new system.

Transit Art in the Spotlight

Next Sunday, MTA employees can glow with pride as two of the artists whose works now adorn Blue Line stations help celebrate Long Beach Arts Month. On Oct. 23, between noon and 2 p.m., Long Beach artist Terry Braunstein will present his art installation at the Anaheim station, and artist Joe Lewis will present his work at the Pacific Coast Highway Station. A reception will follow from 2 to 5 p.m. at Casa de la Cultura de Long Beach, 629 Atlantic Avenue in Long Beach.

These works of art contain something for everyone to enjoy, reflecting both a historical perspective and a whimsical mood. MTA employees are invited to join in this public event, which is sponsored by the MTA's A-R-T Program. I'm sure you'll be pleased to see how each piece of art is designed to instill a sense of community pride.

New Director of Accounting

On a final note for this week, please join me in welcoming Paul Sakamoto as the MTA's director of accounting. Paul will join us on Oct. 24, and his office will be located in the 425 Building. His immediate priorities will be to complete the annual audit of the MTA's financial statements, and to develop and implement standard accounting procedures and practices. Paul, with his more than 20 years of accounting experience, comes to us from the Community Redevelopment Agency of the City of Los Angeles (CRA) where he managed the accounting department.

- 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 either of my Special Assistants, Michael Gonzalez at 244-7476, or Phyllis Tucker at 244-6191. Also, employees can fax comments to 244-6014.

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