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REVISED AS OF FEBRUARY 13, 1979

Adopted November 5, 1964

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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
RULES AND REGULATIONS

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I. DIRECTORS

1.1 Appointment and Qualifications. Members of the Board of Directors shall be appointed as provided in Article 1, Chapter 3 of the Southern California Rapid Transit District Law, and shall have the qualifications set forth therein.

Effective January 1, 1975

1.2 Compensation. An attendance fee of fifty dollars (\$50) per meeting attended, but not to exceed five hundred dollars (\$500) in any calendar month to any member, shall be paid to members of the Board of Directors, together with the actual necessary traveling and other expenses incurred by a Director in the performance of his duties, payable from the funds of the District available for these purposes.

1.3 Information. Each Director will be mailed a copy of any letter written by the President, the Vice-President or the General Manager relating to important negotiations or other policy matters affecting the District. The copy will be mailed concurrently with the original.

II. OFFICERS OF THE DISTRICT

2.1 In General. The officers of the District shall consist of the members of the Board of Directors; a President and a Vice-President of the Board, each of whom shall be a member of the Board; a Secretary, a General Manager, a General Counsel, a Treasurer, an Auditor, a Chief Engineer, a Manager of Operations, a Director of Public Relations, and such other or subordinate officers, assistants, and deputies as the Board may deem necessary and provide for by ordinance or resolution. The Secretary, General Manager, General Counsel, Treasurer and Auditor shall be full-time officers of the District.

2.2 Appointment and Removal of Officers.

A. President and Vice-President. An election for the offices of President and Vice-President shall be held once each year at the first regular meeting in March, and at such other times as there may be a vacancy in either of those offices. An election for either or both of those offices may be held at any meeting upon the request of six Directors if notice of their intent to require an election is included in the notice given for the meeting immediately preceding the meeting at which the election is proposed to be held. Such election shall be by secret ballot. A nominating committee of not less than three Directors may be appointed by resolution

of the Board of Directors and instructed to make a report at a regular or special meeting prior to the election, which may be the meeting at which the election is held. Other nominations may be made by any Director after the report of the nominating committee is received.

B. Secretary, General Manager, General Counsel, Treasurer, and Auditor. The Secretary, General Manager, General Counsel, Treasurer, and Auditor shall be appointed by the affirmative votes of a majority of the members of the Board, and, subject to the requirements of Section 30333 of the Southern California Rapid Transit District Act relating to the removal of the General Manager, may be removed by the affirmative votes of a majority of the members of the Board of Directors.

C. Other Officers. The Chief Engineer, the Manager of Operations, the Director of Public Relations, and such other or subordinate officers, assistants, and deputies as the Board may provide for by ordinance or resolution shall be appointed by the General Manager and shall serve at his pleasure.

2.3 The President. The President shall, if present, preside at all meetings of the Board of Directors and shall exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by

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these rules and regulations, In any case where the execution of a document or the performance of an act is directed, the President, unless the resolution otherwise provides, is empowered to execute such document or perform such act.

- 2.4 The Vice-President. The Vice-President shall perform the duties of the President in the absence or inability of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

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- 2.5 The Secretary. The Secretary shall keep or cause to be kept a book of minutes, at the principal office or such other place as the Board of Directors may direct, of all meetings of the Board of Directors. The minutes of each meeting shall disclose the time and place thereof, whether regular or special, and if special how authorized, the notice thereof given, the names of those present and the proceedings thereof. The Secretary shall give or cause to be given notice of all meetings as required by these rules and regulations. The Secretary shall keep the seal of the District in safe custody, shall retain tapes of Board and Committee meetings for a period of five years, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these rules and regulations.

2.6 The Treasurer. The Treasurer is the chief financial officer of the District. He is responsible for the fiscal affairs of the District in full compliance with the law and with the terms of the Trust Indenture and Equipment Trust Agreements; for the financial relationships of the District with the Trustees under the Trust Indenture and Equipment Trust Agreement, bond holders, equipment trust certificate holders, investment houses, and others; and for the cash position and bond portfolio of the District. The Treasurer shall also have such other duties and responsibilities as may from time to time be assigned to him by the District.

The Treasurer shall be the custodian of the funds of the District, and, except as otherwise required by the Trust Indenture, shall make payments only upon warrants duly and regularly signed by the President or Vice-President of the Board, or the person authorized by the Board to do so, and by the Secretary or General Manager.

The Treasurer shall execute a bond with one or more corporate sureties approved by the Board of Directors in the sum of \$100,000, payable to the District and conditioned upon the faithful performance of the duties of the office and the payment of all money received by him according to law and the orders of the Board of Directors. The Board of Directors may at any time require a new bond from the Treasurer in such sum as may then be

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determined by the Board of Directors. The obligation of the surety on any such bond shall not extend to any loss sustained by the insolvency, failure or closing of any national or State bank wherein the Treasurer has deposited funds if the bank has been approved by the District as a depository for such funds.

III. ACTION BY THE DISTRICT: MEETINGS

- 3.1 Regular Meetings. The Board of Directors shall hold two regular meetings each month, at the hour of 1:00 p. m. on the second and fourth Tuesday, unless such Tuesday is a holiday, in which case the meeting shall be held on the next business day.
- 3.2 Agenda. Matters to be placed on the agenda for any regular meeting may be filed with the Secretary of the District by the General Manager, members of the Executive Staff, or any Directors of the District. The agenda for each regular meeting shall be prepared by the Secretary of the District on the Friday preceding such regular meeting, at which time the Secretary shall release copies of said agenda to the press, and shall cause copies of said agenda to be mailed or delivered to each Director, the General Manager, and the General Counsel. Formal action, other than the appointment of a committee, will not ordinarily be taken with respect to any matter not included on the agenda unless special circumstances require otherwise and six Directors consent to such consideration; provided, however, that no matters directly affecting fare increases, major permanent decreases in service, or major permanent changes of routes, and no election of officers, may be acted upon until they have been placed upon the agenda. Provided, further, that the foregoing proviso shall not be construed to limit discussion of any matter whatsoever.

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- 3.3 Special Meetings. A special meeting may be called at any time by the President or any six Directors, by delivering personally or by mail written notice to the Secretary, each Director, and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice shall be delivered personally or by mail at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings. Such written notice may be dispensed with as to any Director who at or prior to the time the meeting convenes files with the Secretary a written waiver of notice. Such waiver may be given by telegram. Such written notice may also be dispensed with as to any Director who is actually present at the meeting at the time it convenes.
- 3.4 Quorum. A majority of the Board of Directors constitutes a quorum, and all action at a meeting shall require the affirmative vote of a majority of the Directors. An indenture or similar instrument relating to bonds of the District outstanding or to be outstanding may require the affirmative vote of two-thirds of the Directors for any specified action.
- 3.5 Meetings to be Public. The Secretary of the District shall retain a copy of the Agenda or Notice of the meeting and shall communicate

the information contained therein, to any person requesting the same. Any member of the public, including representatives of the press or otherwise, may attend the meetings of the District, provided that the Board of Directors may meet in an executive session during a regular or special meeting to consider and act upon the appointment, employment or dismissal of an officer or employee or to hear complaints or charges brought against such officer or employee by another public officer, person or employee unless such officer or employee requests a public hearing. The Board also may exclude from any such public or private meeting, during the examination of a witness, any or all other witnesses in the matter being investigated by the District.

Revised March 4, 1974

3.6 Adjourned Meetings. The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members are absent from any regular or adjourned regular meeting, the Secretary of the District may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided in Section 3.3 of the Rules and Regulations for special meetings,

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unless such notice is waived as provided for special meetings.

A copy of the order of notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of adjournment. When a regular meeting is adjourned as provided in this section, the resulting adjourned meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour of 1:00 p. m.

IV. PUBLIC HEARINGS

- 4.1 In General. The Board may hold public hearings, subpoena witnesses, and perform all other acts necessary to properly carry out its duties. The Board may delegate such authority to other officers of the District who shall report thereon to the Board. Each director may administer oaths and affirmations in any District investigation or proceeding.
- 4.2 Public Hearings Requested by a County or City on Final Report as to a Rapid Transit Service and System. Public hearings requested by an affected city or county on a final report as to a rapid transit service and system shall be governed by the provisions of Section 30636 of the Southern California Rapid Transit District Law.
- 4.3 Public Hearings Requested by a County or City on Rates or Charges or Location of District Facilities. Public hearings requested by a board of supervisors of a county or the governing body of a city having territory located within the District as to the reasonableness of any rates or charges fixed by the District or as to any proposal for fixing the location of facilities by the District shall be held in accordance with Sections 30639-30645 of the Southern California Rapid Transit District Law.

V. THE GENERAL MANAGER

- 5.1 In General. The chief executive officer of the District is the General Manager. He shall have full charge of the acquisition, construction, maintenance, and operation of the facilities of the District and also of the administration of the business affairs of the District. All other things being equal, the General Manager shall be chosen on the basis of his qualifications with special reference to his actual experience in or his knowledge of accepted practices in respect to the duties of his office. The General Manager need not be a resident of this State at the time of his appointment. The Directors may appoint a General Manager pro tempore to serve during any absence or disability of the General Manager.
- 5.2 Salary and Term of Employment. The General Manager shall hold office for an indefinite term, and may be removed as provided in Section 30333 of the Southern California Rapid Transit District Law. The General Manager shall be paid a monthly salary, together with his travel and other expenses incurred by him in the performance of his duties, and such salary shall not be reduced except as provided in Section 30333 of the Southern California Rapid Transit District Law.
- 5.3 General Powers and Duties. The powers and duties of the General Manager are:

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- A. To have full charge of the acquisition, construction, maintenance, and operation of the facilities of the District.
- B. To have full charge of the administration of the business affairs of the District.
- C. To see that all ordinances of the District are enforced.
- D. To administer the personnel system and collective bargaining agreements adopted by the Board and except for officers appointed by the Board to appoint, discipline or remove all officers and employees subject to the rules and regulations adopted by the Board and the applicable provisions of this part or the terms and conditions contained in any applicable collective bargaining agreement.
- E. To prepare and submit to the Board as soon as practical after the end of each fiscal year a complete report of the finances and administrative activities of the District for the preceding year.
- F. To keep the Board advised as to the needs of the District.
- G. To prepare or cause to be prepared all plans and specifications for the construction of the works of the District.
- H. To devote his entire time to the business of the District.
- I. To cause to be installed and maintained a system of auditing and accounting which shall completely and at all times show the financial condition of the District.

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J. To perform such other and additional duties as the Board may require.

5.4 Non-Contract employees. The General Manager or his authorized representative is authorized to take any or all of the following actions in relation to non-contract employees of the District:

- A. To hire employees at Step A of the appropriate salary range of any existing class or at such rate above the minimum of the range as he may deem necessary in any particular case.
- B. To review and approve or disapprove any annual step increase upon the specific recommendation for such increase by the appropriate department head.
- C. To promote an employee to a position in an existing class which has a higher maximum salary than his previous class and to pay such employee such higher salary within the established salary range as the General Manager may, in his discretion, decide.
- D. To transfer an employee from a position in one class to a position in another class which has an identical salary range.
- E. To demote an employee from a position in one class to a position in a class which has a lower maximum salary than his previous class and to pay such employee such lower salary within the established salary range as the General Manager may, in his discretion, decide.

F. To suspend an employee, without pay, for any period.

G. To discharge any employee.

In addition to the above, the General Manager or his authorized representative is authorized to appoint additional employees to any existing class subject to ratification by the Board of Directors at the meeting next succeeding the appointment of said employees.

The General Manager may not appoint employees to a new class until said new class has been created by action of the Board of Directors.

5.5 Attendance and Participation at Meetings of the Board. The General Manager shall attend meetings of the Board and shall be entitled to participate in the deliberations of the Board, but shall not have a vote as to any matter before the Board.

VI. THE GENERAL COUNSEL

- 6.1 In General. The General Counsel shall be a person admitted to practice law in the Supreme Court of California and shall have been actively engaged in the practice of law for not less than seven (7) years next preceding his appointment.

VII. DISBURSEMENTS: EXPENSES

- 7.1 Disbursements: In General. Funds deposited by the District shall be withdrawn or paid out only by check or draft upon the depository bank, signed by such officer or officers, or employee or employees, as may be designated by the District except that interest and principal of revenue bonds of the District may be paid in the manner provided in any indenture or similar instrument relating to bonds of the District outstanding or to be outstanding. In case any officer or employee whose signature appears upon any check ceases to hold his office after so signing, but before the delivery of the instrument to the payee or before presentation thereof for payment his signature nevertheless shall be valid and sufficient for all purposes with the same effect as if he had remained in office or employment until payment of such instrument.
- 7.2 Authorized Signatures. All checks shall be signed by the Treasurer of the District, or an Assistant Treasurer, and countersigned by the President, Vice-President, or General Manager of the District. Any or all of the above signatures may be facsimiles placed upon checks by printing, signature dies, or any other method in general business use.
- 7.3 Directors' Expenses: General Provisions. The District shall reimburse Directors only for expenses that are necessarily incurred in connection with the business of the District. In no

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event shall such reimbursement be in an amount greater than the actual cost to such Directors. Each Director is authorized to travel within the State when, in his judgment, such travel is required in connection with his duties and responsibilities to the District. Travel by a Director outside the State shall be authorized in accordance with Section 7.4 of these Rules and Regulations. No expense of Directors shall be reimbursed except pursuant to these rules.

Revised August 22, 1978

A. Automobile Expenses:

- (1) Directors shall be reimbursed for the authorized use of a private automobile at a mileage rate to be set from time to time by a Board resolution.

Adopted November 5, 1964

- (2) Private automobiles shall not be serviced by the District and no other value shall be received for the use of private automobiles except that which is provided in 7.3 A.(1)

Revised December 22, 1976

B. Travel Expenses:

- (1) Reimbursable expenses of Directors include trans-

portation, a single occupancy hotel room, meals, telephone calls, luggage handling, gratuities, registration for business conferences and other proper business expense items.

- (2) Tickets for transportation (air and train) must be obtained from the District or by the use of a District air travel card. If transportation is by private automobile, reimbursement shall be based on the mileage rate set forth in 7.3 A. (1) or on the actual cost of airline travel, whichever is the lesser.
- (3) Reimbursement for travel expenses will be made upon the submission of a claim therefor. When any single item of expense exceeds \$5.00, a receipt for such expense item shall be attached to the claim.
- (4) Anything in these rules notwithstanding, Directors have the option of claiming \$25.00 per day in lieu of expenses, exclusive of a single occupancy hotel room, transportation and registration fees.

Adopted November 5, 1964

- C. Organization Dues and Fees: Organization dues and/or fees shall be reimbursed only to those persons who have been expressly authorized by the Board of Directors to

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incur such expenses and such reimbursement has been approved as to legality by the General Counsel. Other expenses incurred in connection with such memberships shall not be paid unless they are reimbursable under some other provision of these rules.

- D. Miscellaneous Expenses: Directors shall be reimbursed for miscellaneous expenses incurred on behalf of the District and for expenses incurred incidental to business meetings or conferences held on behalf of the District.

7.4 Directors' Attendance at Out-of-State Meetings and Conferences.

Attendance by members of the District Board of Directors at educational and informational transit conferences and meetings held outside the State shall be in accordance with the following policies and procedures:

- A. Attendance by Directors: Directors may attend out-of-State transit meetings or conferences upon approval of the Board of Directors. Any out-of-State trips deemed necessary by the General Manager which are of an emergency nature and do not fall within the time limits of a Board meeting, can be authorized by the Executive Committee of the Board of Directors and subsequently ratified by the Board of Directors.

B. Procedures: Normal procedures which apply to all District personnel will be followed in completing travel authorization requests and expense account submissions, including the attachment of receipts for hotel and air or other mode travel expenses not directly billed to the District.

C. Deviations in Policy: Deviations from this policy and these procedures shall be authorized by direction of the Board.

7.5 Directors; Procedure for Requesting Reimbursement. A Director requesting a reimbursement of expenses shall deliver to the President or Vice-President of the Board for the Auditor's records a statement in writing indicating the amount and nature of the expense incurred. Each expense shall be separately stated. There shall be attached to each such statement such evidence of the listed expenses as may be reasonably available. The reimbursement of expenses shall not be made unless such reimbursement has been approved by the President or Vice-President. The President or Vice-President of the Board shall not approve any reimbursement until he determines the expense item involved was necessarily incurred on behalf of the District.

7.6 Officers' and Employees' Expenses; General Provisions. The District shall reimburse officers and employees only for expenses that are necessarily incurred in connection with the business of the District. In no event shall such reimbursement be in an

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amount greater than the actual cost to such officers and employees.
No expense of officers or employees shall be reimbursed except
pursuant to these rules.

Revised August 22, 1978

A. Automobile Expenses:

- (1) Officers and employees (non-contract) shall be reimbursed for the authorized use of a private automobile at a mileage rate to be set from time to time by a Board resolution.

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- (2) Private automobiles shall not be serviced by the District and no other value shall be received for the use of private automobiles except that which is provided in 7.6 A. (1).

Revised December 22, 1976

B. Travel Expenses:

- (1) Reimbursable expenses of officers and employees include transportation, a single occupancy hotel room, meals, telephone calls, luggage handling, gratuities, registration for business conferences and other proper business expense items.

- (2) Tickets for transportation (air and train) must be obtained from the District. If transportation is by private automobile, reimbursement shall be based on the mileage rate set forth in 7.6 A. (1) or on the actual cost of airline travel, whichever is the lesser.
- (3) Reimbursement for travel expenses will be made upon the submission of a claim therefor. When any single item of expense exceeds \$5.00, a receipt for such expense item shall be attached to the claim.
- (4) Travel expenses of officers and employees pursuant to 7.6 B. shall be allowable only for travel outside the area of the District's system, except in connection with assigned duties within the area when such expenses may be authorized by the General Manager.

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- C. Meals. Meal expenses incurred within the area of the District's system shall not be reimbursed except upon the authorization of the General Manager.
- D. Organization Dues and Fees. Organization dues and/or fees shall be reimbursed only to those persons who have been expressly authorized by the Board of Directors to incur such expenses and such reimbursement has been approved as to

legality by the General Counsel. Other expenses incurred in connection with such memberships shall not be paid unless they are reimbursable under some other provision of these rules.

- E. Miscellaneous Expenses. Officers and employees shall be reimbursed for miscellaneous expenses incurred on behalf of the District and for expenses incurred incidental to business meetings or conferences held on behalf of the District.

7.7 Officers' and Employees' Attendance at Out-of-State Meetings and Conferences. Attendance by officers and employees at educational and informational transit conferences and meetings held outside the State shall be in accordance with the following policies and procedures:

- A. Attendance by Officers and Employees: The officers and employees attending any out-of-state transit meeting or conference shall be designated by the General Manager.
- B. Procedures: Normal procedures which apply to all District personnel will be followed in completing travel authorization requests and expense account submissions, including the attachment of receipts for hotel and air or other mode of travel expenses not directly billed to the District.
- C. Authorization and Approval: The General Manager shall authorize all officer and employee travel and approve all

officer and employee expense accounts.

D. Deviations in Policy: Deviations from this policy and these procedures shall be authorized by direction of the Board.

7.8 Officers and Employees; Procedure for Requesting Reimbursement.

An officer or employee requesting a reimbursement of expenses shall deliver to the General Manager for the Auditor's records a statement in writing indicating the amount and nature of the expense incurred. Each expense shall be separately stated.

There shall be attached to each such statement such evidence of the listed expenses as may be reasonably available. The reimbursement of expenses shall not be made unless such reimbursement has been approved by the General Manager. The General Manager shall not approve any reimbursement until he determines the expense item involved was necessarily incurred on behalf of the District.

VIII. PURCHASING

- 8.1 Purchases by the District shall be governed by Article 3 of Chapter 5 and by Section 30258 of the Public Utilities Code, and by these Rules and Regulations. Whenever a reference is made to the General Manager, Purchasing Agent or Executive Staff member, it shall be deemed to include the person's written designee.
- 8.2 Unless the General Manager provides otherwise, all purchasing and contracting as above described or negotiations therefor shall be done exclusively through the Purchasing Department.
- 8.3 Requisitions. Any department desiring to acquire goods or services shall file with the Purchasing Department a requisition setting forth its needs, together with specifications therefor.
- A. Requisitions are not required for:
- (1) Purchases from petty cash. These are purchases not exceeding \$30.00, and may be made only upon the approval of the Department Head or his designee.
 - (2) Purchases of utility services (gas, water, power) or installation of new utility services.
- B. Signatures required:
- (1) Requisitions for purchases up to \$5,000.00 shall be approved by the Executive Staff member of the department desiring to acquire goods or services ("Executive

- Staff member").
- (2) Requisitions for purchases over \$5,000.00 but less than \$10,000.00 shall be signed by the Executive Staff member and approved by the General Manager.
 - (3) Requisitions for purchases of \$10,000.00 and over shall be signed by the Executive Staff member and the General Manager and approved by the Board of Directors.
 - (4) Requisitions for purchases of over \$500,000.00 shall be signed by the Executive Staff member and the General Manager and recommended by a committee composed of the President, the General Manager, and the appropriate Executive Staff members, and approved by the Board of Directors.
 - (5) Requisitions for capital assets shall refer to an Authorization For Expenditure number.

Revised September 22, 1978

8.4 Bidding Requirements.

A. No bids required. Formal, public bids are not required in the following instances:

- (1) For the procurement of goods where the expenditure is \$10,000 or less.

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- (2) Where goods can be obtained from only one source.
- (3) For the procurement of services. (This includes utilities and certain professional and consulting services.)
- (4) For purchases of an emergency nature. In these instances, Section 30572 of the District law shall be followed.
- (5) For the procurement of goods for test or experimental purposes.

In the above cases, purchases may be made pursuant to formal bid, informal bid, or in the open market, at the discretion of the Purchasing Agent. Informal bids are quotations, either written or oral, which permit prices and other terms to be compared. Wherever feasible, the Purchasing Agent should receive informal bids.

B. Formal Bids. A formal bid is one submitted by the bidder pursuant to the following procedure:

- (1) The Purchasing Agent shall publish a Notice inviting bids pursuant to Government Code Section 6061 in a newspaper of general circulation, fixing a period during which such bids will be received, which shall be at least 10 calendar days after publication of the notice. The notice shall include a general description of the supplies and services to be purchased or contracted for and shall state where bid forms and specifications may be

obtained and shall specify the time and place for receiving and opening of bids.

- (2) All bids shall be submitted sealed, prior to the time specified in the invitation to bid.
- (3) The Purchasing Agent shall open the bids publicly at the time and place designated by him. Thereafter, he shall review and analyze and tabulate all bids and shall certify the lowest responsible bidder and make his recommendation to the Board of Directors. (Whenever the Purchasing Agent is required to so review and report, he may call upon any person in the District administration for information and assistance.) Any person shall have the right to be present at the opening of the bids and shall have the right at that time to have any part of any bid read aloud.

Revised February 13, 1979

C. Awards and Execution of Contracts.

- (1) Where there have been no formal bids and the expenditure is less than \$10,000.00:
 - (a) The award may be made by either the General Manager or Purchasing Agent.
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Revised January 7, 1975

- (b) The contract or purchase order may be executed
by either the General Manager or Purchasing Agent.

Revised January 1, 1976

- (2) For purchases not covered by Paragraph 1, over \$5,000.00
but less than \$10,000.00:

- (a) The award shall be made to the lowest responsible
bidder by the General Manager. The contract or
purchase order shall be executed by either the
General Manager or the Purchasing Agent.

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- (3) For purchases \$10,000.00 and above:

- (a) The award shall be made to the lowest responsible
bidder by the Board of Directors, or in cases where
there are no bids, the award shall be approved by
the Board of Directors. The contract or purchase
order shall be executed by the General Manager
or the Purchasing Agent.

Revised March 4, 1974

8.5 Specifications. If the Purchasing Agent finds that the speci-
fications on any requisitions are for any reason inadequate, he
shall notify the head of the requisitioning department, and such

steps are as necessary shall be taken to cure the inadequacy.

The naming of a brand name is usually not an adequate statement of specifications and the Purchasing Agent may reject any requisition which simply requests the product of a particular manufacturer or supplier if in his opinion such request is not consistent with the policies of the District as herein declared.

8.6 Bidders List. The Purchasing Agent shall maintain bidders lists which he may revise from time to time. These lists will be composed of suppliers who have indicated a desire to be included and who are considered a responsible source based on their financial responsibility and capacity to produce the quality and quantity of material at the time it is required by the District. Evaluation necessary to determine a responsible source shall be conducted in accordance with sound commercial practices and governmental agency procedures.

8.7 Bids. The District reserves the right to reject any and all bids, or to waive any informality in bids as the interest of the District may require. Only those bids shall be considered which are deemed responsive to the invitation for bids. The Purchasing Agent shall make such rules as he deems advisable for considering bids to insure maximum protection of the District's interest consistent with insuring an equal opportunity for all bidders and a fair and equitable treatment of all bidders. If all bids submitted

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in answer to a given invitation are not rejected, the Board, or the Purchasing Agent, as the case may be, shall award the contract to the lowest responsible bidder. The Purchasing Agent shall keep the originals of the rejected bids, together with the invitation inviting such bid, on file in his office as part of the public record.

8.8 Tie Bids. If there is a tie low bid, the contract may be awarded to one of the tie bidders by drawing lots in public.

8.9 Testing. The Purchasing Agent may also require testing of products by appropriate departments when he deems such tests to be in the best interest of the District.

8.10 Reports.

A. The Purchasing Department shall submit a report of all purchases during the month over \$1,000.00 except routine purchases of materials or supplies for stock and for ordinary repairs, to the Board of Directors at a meeting following the close of the month.

B. A statement of Material and Supplies account will be presented monthly to the District for the information of the Directors.

8.11 Payment Procedures.

A. Purchases Outside the Purchasing Department. Whenever the District is billed for any contract other than one let

through the Purchasing Department, the Auditor will make payment of the amount due upon receipt of an invoice approved by the head of the department receiving the goods or services or his designee.

Revised September 8, 1976

- B. Purchasing Through Purchasing Department. Whenever the District is billed pursuant to any purchase order or contract let by the Purchasing Department for goods to replenish stock items, the Auditor will make payment of the amount due upon receipt of an invoice and evidence that goods have been received at District's Store facility. Whenever the District is billed pursuant to any purchase order or contract let by the Purchasing Department for delivery of goods or services directly to a requisitioning department, the Auditor will make payment of the amount due upon receipt of an invoice approved by the appropriate department head or his designee.

Revised March 4, 1974

- 8.12 Real Property. The Purchasing procedure herein set forth shall not apply to the purchase of real property and no authority granted herein shall authorize any person to purchase or solicit the purchase for the District of any real property.

IX. SALES OF DISTRICT PROPERTY

- 9.1 Responsibility. It is the Purchasing Agent's responsibility for the disposition or sales of all surplus, obsolete or used material, supplies or equipment (personal property) belonging to the District. and all concerned shall be governed by these Rules and Regulations. Whenever a reference is made to General Manager, Purchasing Agent or Executive Staff members, it shall be deemed to include the person's written designee. If the Purchasing Agent deems it in the best interests of the District to dispose of such personal property, he shall adhere to the appropriate procedure prescribed below or request the Board of Directors for any modification therein required in a particular case. District employees are excluded from participating in sales of District property when such sales are made by sealed bid.

Revised January 31, 1977

- 9.2 Authority For Disposition of Property. Upon determination by any department that such personal property is no longer needed by it, they shall prepare Form 37-28 and forward it to the Purchasing Department for processing.
- 9.3 Estimates of Value. The Purchasing Agent shall estimate the probable value of each item or unit of personal property to be sold and shall set forth in his records the supporting data for

his estimate. The estimated value shall be used as the basis for setting the minimum bid amount if one is specified in the sale.

Revised June 27, 1978

9.4 Approvals Required.

- A. Minor Items. For sale of an item or aggregate of like items of personal property other than buses having an estimated value up to \$5,000.00, approval by the Board of Directors is not required, but full information pertaining to all such items sold and the amount received therefor shall be included in the report referred to in Section 9.6.
- B. Substantial Personal Property. Request for authorization to sell an item or aggregate of like items of personal property having an estimated value over \$5,000 shall be approved by:
- (1) Staff Purchasing Committee, and
 - (2) Board of Directors.

Revised January 31, 1977

9.5 Bidding Requirements.

- A. No Bids Required. Formal, public bids are not required where the estimated value of an item or aggregate of like items of personal property other than buses is \$5,000 or less. Such sales may be made pursuant to formal bid,

informal bid, or negotiated sale in the open market at the discretion of the Purchasing Agent. Informal bids are quotations, either written or oral, which permit prices and other terms to be compared.

B. Formal Bid. A formal bid is one submitted by the bidder pursuant to the following procedure and shall apply to all sales over \$5,000.

- (1) Notice of the sale shall be published at least once in one or more daily newspapers of general circulation in the County of Los Angeles within one year preceding the date of the Board meeting at which the sale is considered. Publication may also be made in a trade publication, if appropriate.
- (2) The Purchasing Agent shall mail notice of the sale to all dealers and other interested parties whose names appear on the list of purchasers and dealers maintained by the Purchasing Agent who have indicated their interest in purchasing personal property of the kind being sold.
- (3) Sale will be made by sealed bids to be opened in public and read aloud, as specified in the notice of sale at a place and time which must be at least 30 days after publication and mailing of notice of sale. Bids shall be tabulated and a report made by the Purchasing Agent

to the Board in writing as to the highest responsible bidder or bidders, as the case may be, fully complying with the terms and conditions of the bid invitation. Such terms and conditions shall be prescribed by the Purchasing Agent in the best interest of the District and in accordance with the normal procedures of public agencies, and shall in each instance include a reservation of the right of the Board to reject all bids. A record of all bids shall be kept on file in the office of the Purchasing Agent.

C. Notice of Minimum Bid Requirement and Rules and Regulations.

The Notice of sale may, if deemed prudent, contain as one of its terms and conditions a requirement that to be considered a bid must be above a stated minimum amount. The notice shall also provide that the sale is made subject to the District's Rules and Regulations.

D. No Bids. If no qualified bids which meet a minimum bid requirement, if any, are received by the specified opening time, the Purchasing Agent shall have authority to negotiate, subject to Board approval, a sale of such personal property to any buyer for at least the minimum bid amount, if any, or in the absence of a minimum bid amount with the further approval of the Board of Directors at no less than a set minimum price. If the Purchasing Agent determines that

it is not possible to negotiate a sale of the personal property for the minimum bid amount, if any, he may hold the personal property for future use or sale or he may request the Board of Directors for permission to call for new bids or to negotiate a sale at not less than a lower minimum purchase price, with the further approval of the Board of Directors.

Revised September 22, 1978

9.6 Report of Sales. The Purchasing Agent shall prepare and furnish quarterly to the Board of Directors, a report on all items sold and the amounts received therefor under the foregoing procedures.

Revised January 31, 1977

9.7 Accounting Records. All sales hereunder shall be made the subject of consecutively numbered sales orders, copies of which shall be furnished by the Purchasing Agent to the Auditor's office for audit. The Purchasing Agent shall promptly forward to the Treasurer the proceeds of all sales hereunder. Copies of all documents, including notices of sale, awards, sales orders and bills of sale, shall be maintained in the office of the Purchasing Agent as part of the public records of the District.

9.8 Real Property. The disposition of real property is not governed

by the foregoing sections of this Article IX. No sale or disposition of any real property belonging to the District shall be made without the express authorization of the Board of Directors. Notice of intent to sell or lease, describing the real property proposed to be sold or leased in such manner as to properly identify it and the terms and conditions thereof, shall be published for three (3) consecutive days in a newspaper of general circulation at least sixty (60) days before the public meeting at which a sale or lease of real property may be approved by the Board of Directors, except where the Board of Directors determines that the public interest does not require publication as in the case of easements, leases, exchanges, transactions with other governmental agencies, or as is otherwise determined by the Board of Directors.

Rules and Regulations
Revised July 21, 1976
(Effective July 14, 1976)

X. OFFICE

10.1 The District shall maintain an office in the City of Los Angeles.

The office of the District shall be located at 425 South Main
Street, Los Angeles, until the Board of Directors orders otherwise.

XI. CLAIMS AGAINST THE DISTRICT

11.1 In General. Claims for money or damages against the District shall be governed by Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) of Division 3.6 of Title I of the Government Code, except as provided therein or by other statutes, and by these regulations.

Revised February 13, 1979

11.2 Claims for Bodily Injury or Property Damage.

- A. The Secretary of the District is authorized to perform all functions of the Board of Directors prescribed by Part 3 of Division 3.6 of Title I of the Government Code with respect to claims relating to causes of action for death or for injury to persons or property, other than the allowance, compromise, or settlement of such claims. The Secretary shall act with respect to such claims only in accordance with the recommendation of the District's insurance carrier.
- B. A Claims Board composed of the General Counsel, Controller-Treasurer-Auditor, Insurance Manager, and General Adjustment Bureau Claims Supervisor, or their designees, shall approve and authorize payment of all compromises or settlements of public liability and property damage claims against the District in excess of \$10,000.

11.3 Passenger Claims.

A. Authority of Passenger Agent. All claims for refunds asserted to arise out of payments for transportation by passengers to the District for tickets, transfers, or commutation books as authorized under the District's tariffs which have not been used or which have been only partially used to secure transportation on District vehicles, and all claims for reimbursement of financial loss by passengers relating to personal property lost in buses or in terminals or stations, shall be referred to the Passenger Agent. The Passenger Agent is appointed as agent for the Board of Directors, for the purpose and with the authority to handle all such claims in accordance with the District's tariffs, and to do and perform all acts which are necessary and appropriate under Part 3 of Division 3.6 of Title 1 of the Government Code for and on behalf of the District in regard to such matters. Such claims as are allowed in whole or in part by the Passenger Agent shall be paid to the claimant in the amount allowed in cash by the Passenger Agent, or by check by the Treasurer at the request of the Passenger Agent. The Passenger Agent may, in his discretion, pay or authorize the payment of any such claims in regard to such matters which he finds to be just without requiring the

the presentation of the type of formal written claim required under the Government Code. The Passenger Agent shall keep a written record of each claim filed and/or paid, which shall include the name and address of the claimant, the amount refunded, and a statement of the basis for the payment of the claim.

The Passenger Agent may establish, with the approval of the Treasurer, procedures for the payment of refunds to passengers upon presentation of an appropriate receipt issued by the bus Operator, as authorized in Section 11.3 B. Such refunds may be made in cash, or where refund is requested by mail, by tickets, by postage stamp, or by check.

Either the Superintendent of Transportation or the Department Head of the Passenger Agent may act for the Passenger Agent during a vacancy in that position, or in the absence or other unavailability of the Passenger Agent.

B. Authority of Bus Operators. Operators of buses of the District are authorized to issue to passengers on their buses, appropriate receipts, as authorized under the District's tariffs, under the following circumstances:

(1) In the event a passenger tenders coins or bills, which

exceed the amount of his fare, and does not have proper change, Operator will place money in Fare Redemption Envelope, after indicating amount in excess of fare, and deposit the Envelope in fare box, giving the passenger the receipt stub from Envelope.

- (2) In the event a passenger inadvertently deposits an amount in the fare box which exceeds the amount of the fare for transportation furnished, Operator will issue an over-payment receipt.

No cash refunds shall be made by Operators under any circumstances.

Adopted November 5, 1964

11.4 Claims for Payment for Supplies, Equipment and Services

Furnished to the District. All claims asserted to arise out of the furnishing to the District of supplies, equipment, and services, which claims are for any reason not paid in full by the Treasurer pursuant to Section 2.6 of these Rules and Regulations, shall be referred to the Purchasing Agent. The Purchasing Agent is appointed as agent of the Board of Directors, for the purpose and with the authority to handle all such claims and to do and perform all acts which are necessary and appropriate under Part 3 of Division 3.6 of Title 1 of the Government Code for

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Adopted November 5, 1964

and on behalf of the District. Such claims as are allowed in whole or in part by the Purchasing Agent shall be paid by check by the Treasurer in the amount allowed upon the written request of the Purchasing Agent.

Revised June 27, 1978

11.5 Workers' Compensation. All claims against the District for workers' compensation benefits, or for payment pursuant to the Workers' Compensation Laws of the State of California (commencing with Division 4 of the Labor Code) shall be referred to the Insurance Manager or the Insurance Representative. The Insurance Manager, the Insurance Representative and the Workers' Compensation Claims Analyst are agents of the Board of Directors for the purpose of authorizing payment of all such claims, and may perform all acts which are necessary and appropriate under the Workers' Compensation Laws on behalf of the District, including the settlement of claims, subject to the following limitations:

- A. The Workers' Compensation Claims Analyst may authorize payments up to \$500 per individual claim.
- B. The Insurance Manager and the Insurance Representative shall approve in advance all payments in excess of \$500.

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Revised June 27, 1978

- C. The General Counsel shall approve in advance all payments in excess of \$2,500.
- D. The Board of Directors shall approve in advance all compromises and settlements in excess of \$5,000.
- E. The Treasurer shall pay all claims which are authorized by the Insurance Manager, Insurance Representative or Workers' Compensation Claims Analyst subject to the above.
- F. Notwithstanding the above, with respect to Workers' Compensation claims arising from accidents occurring after June 30, 1978, all claims against the District for workers' compensation benefits, or for payment pursuant to the Workers' Compensation Laws of the State of California (commencing with Division 4 of the Labor Code) shall be referred to Bierly & Associates, 1631 Huntington Drive, South Pasadena, California, 91030. Bierly & Associates shall be the agent of the Board of Directors for the purpose of authorizing payment of all such claims, and may perform all acts which are necessary and appropriate under the Workers' Compensation laws on behalf of the District, including the payment of permanent disability compensation and death benefits in accordance with advisory ratings, orders of the Workers' Compensation Appeals Board or

compromise and release settlements; provided, however, that compromise and release settlements and stipulated awards exceeding \$10,000 shall be approved in advance by the Board of Directors.

Adopted November 5, 1964

- 11.6 Other Claims Against the District. Claims for money or damages against the District, other than those types of claims to which Sections 11.2, 11.3, 11.4 or 11.5 of these regulations apply, shall be referred to the Secretary of the District. The Secretary of the District is appointed as agent of the Board of Directors for the purpose and with the authority to act for and on behalf of the District under Section 910.8 of the Government Code in determining the sufficiency or insufficiency of all such claims presented to the District, and in giving written notice to any insufficiency in such claims in the manner set forth in Section 910.8 of the Government Code.
- 11.7 Notwithstanding any other provision of these Rules and Regulations, no employee of the District is authorized to allow, compromise or settle any claim against the District if the amount to be paid pursuant to such allowance, compromise or settlement exceeds five thousand dollars (\$5,000.00).

XII. THE AUDITOR

12.1 In General. The Auditor is the chief accounting officer of the District. He establishes and administers policy as to general accounting and determines the systems, form and reports to be made and used by the accounting sections. He is responsible for the preparation of all financial reports including the annual financial report. He is responsible for the relationships of the District with its independent public auditors. He is responsible for the gathering, organizing, coordinating and analysis of material for all budgets and for the preparation of the budget and submission of the budget to the General Manager for his presentation to the Board of Directors. He will furnish statistical data when needed by the Board of Directors, the General Manager, or the Treasurer. He will have such other duties and responsibilities as may from time to time be assigned to him by the Board of Directors.

12.2 Books of Account. The Auditor shall maintain or cause to be maintained adequate and correct accounts of the properties and business transactions of the District, including accounts of its assets, liabilities, receipts disbursements, gains and losses. The books of account shall at all times be open to inspection by any member of the Board of Directors.

12.3 Billing Procedures. Bills for sums owing to the District shall be prepared or caused to be prepared by the Auditor from the records on file in his office. No bill shall be rendered for any sum owing to the District until such bill shall have been coordinated with the head of each department which performed services or furnished materials for which such sum is owing. In the event that a department head finds that the reasonable value of any services performed or materials furnished by the District is greater than or less than the amount shown on a bill submitted to him for coordination, he shall recommend to the Auditor in writing that the amount of the bill be changed to reflect the proper value of the services performed or materials furnished and shall state the reason for such changes, and the Auditor is authorized to bill in accordance with such recommendation, provided that either the General Manager or the Manager of Operations approves the recommendation of the department head in such case. If after a bill has been rendered it is claimed by the person receiving the bill that the amount of the bill should be changed for any reason, the matter shall be referred to the head of the department or departments which performed the services or furnished the materials for which such bill was rendered. The department head shall make such investigation as may be necessary to determine the reasonable value of the services

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Adopted November 5, 1964

performed or materials furnished, and shall recommend to the Auditor in writing either (a) that the bill not be changed, or (b) that the bill be changed to a figure stated in such recommendation which represents the reasonable value of the services performed or materials furnished as determined by his investigation. If the recommendation is that the bill be changed, such recommendation shall also state the reason for such change, and the Auditor is authorized to render a revised bill in accordance with such recommendation, provided that either the General Manager or the Manager of Operations approves the recommendation of the department head in such case.

Revised September 22, 1978

12.4 Collection Procedures. The Auditor shall be responsible for the collection of money due, or believed to be due, to the District. If the Auditor finds that any money is due, or believed to be due, to the District and is uncollectible, or that efforts to collect any such sum would be disproportionately costly in relation to the probable outcome of the collecting efforts, the Auditor may prepare a report setting forth his findings and the reasons therefor and submit said findings and reasons to the General Manager. The General Manager shall either approve or disapprove of the findings. If the General Manager disapproves

of the findings, the matter shall be returned to the Auditor for further collection efforts. If the General Manager approves of the findings, and the amount involved is less than the sum of \$1,000.00, the Auditor may write off the obligation on the books of the District and may discontinue further collection efforts with respect thereto. If the General Manager approves of the findings, and the amount involved is \$1,000.00 or more, the General Manager shall submit the findings to the Board of Directors. Upon the approval of the findings by the Board of Directors the Auditor may write off the obligation of the books of the District and may discontinue further collection efforts with respect thereto. The write off of any unpaid obligation on the books of the District as hereinabove provided shall not preclude the District from collecting or attempting to collect any sum that later proves to be collectible.

If any amount due, or believed to be due, to the District, has neither been collected nor written off the books of the District as hereinabove provided, the Auditor shall, at least three months prior to the expiration of the applicable statute of limitations, refer the matter to a Small Claims Representative, if the amount is within the jurisdiction of the Small Claims Court, or to the General Counsel, if the amount is in excess of the jurisdiction of the Small Claims Court, for the purpose

of bringing an action to recover such amount. If the amount is in excess of the jurisdiction of the Small Claims Court and the General Counsel determines that it does not appear economical to bring an action for such amount in the court having jurisdiction of actions for such amount, the General Counsel shall return the matter to the Auditor, and the Auditor shall refer such matter to a Small Claim Representative for the purpose of bringing an action in the Small Claims Court for so much of the amount as is within the jurisdiction of the Small Claims Court. It shall be the duty of the Auditor to prescribe procedures for the periodic review of all unsatisfied judgments obtained in favor of the District and for appropriate efforts to obtain the satisfaction thereof.

Adopted November 5, 1964

12.5 Bond of Auditor. The Auditor shall execute a bond with one or more corporate sureties approved by the Board of Directors in the sum of \$100,000, payable to the District and conditioned upon the faithful performance of the duties of the office. The Board of Directors may at any time require a new bond from the Auditor in such sum as may then be determined by the Board of Directors.

12.6 Authorization to Sign Warrants. In any case where warrants of the District may be signed by the President or Vice-President of the Board of Directors, such warrants may be signed by the Auditor or Assistant Auditor in place of the President or Vice-President of the Board.

12.7 Qualifications for Appointment as Auditor. The person appointed as Auditor shall have been actively engaged in the practice of accounting for not less than seven (7) years next preceding his appointment.

XIII. AMENDMENTS

- 13.1 These rules and regulations may be amended at any meeting of the Board of Directors if notice of such amendment is given on the agenda distributed to the Directors pursuant to these rules and regulations describing in general terms the nature of the amendment to be proposed.

Adopted November 5, 1964

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

RULES AND REGULATIONS

I. Directors

- 1.1 Appointment and Qualifications. Members of the Board of Directors shall be appointed as provided in Article 1, Chapter 3 of the Southern California Rapid Transit District Law, and shall have the qualifications set forth therein.

Effective January 1, 1975

- 1.2 Compensation. An attendance fee of fifty dollars (\$50) per meeting attended, but not to exceed five hundred dollars (\$500) in any calendar month to any member, shall be paid to members of the Board of Directors, together with the actual necessary traveling and other expenses incurred by a Director in the performance of his duties, payable from the funds of the District available for these purposes.
- 1.3 Information. Each Director will be mailed a copy of any letter written by the President, Vice-President or the General Manager relating to important negotiations or other policy matters affecting the District. The copy will be mailed concurrently with the original.

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II. Officers of the District

2.1 In General. The officers of the district shall consist of the members of the Board of Directors; a President and a Vice-President of the Board, each of whom shall be a member of the Board; a Secretary, a General Manager, a General Counsel, a Treasurer, an Auditor, a Chief Engineer, a Manager of Operations, a Director of Public Relations, and such other or subordinate officers, assistants, and deputies as the Board may deem necessary and provide for by ordinance or resolution. The Secretary, General Manager, General Counsel, Treasurer and Auditor shall be full-time officers of the District.

2.2 Appointment and Removal of Officers.

A. President and Vice-President. An election for the offices of President and Vice-President shall be held once each year at the first regular meeting in March, and at such other times as there may be a vacancy in either of those offices. An election for either or both of those offices may be held at any meeting upon the request of six Directors if notice of their intent to require an election is included in the notice given for

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the meeting immediately preceding the meeting at which the election is proposed to be held. Such election shall be by secret ballot. A nominating committee of not less than three Directors may be appointed by resolution of the Board of Directors and instructed to make a report at a regular or special meeting prior to the election, which may be the meeting at which the election is held. Other nominations may be made by any Director after the report of the nominating committee is received.

- B. Secretary, General Manager, General Counsel, Treasurer, and Auditor. The Secretary, General Manager, General Counsel, Treasurer, and Auditor shall be appointed by the affirmative votes of a majority of the members of the Board, and, subject to the requirements of Section 30333 of the Southern California Rapid Transit District Act relating to the removal of the General Manager, may be removed by the Affirmative votes of a majority of the members of the Board of Directors.
- C. Other Officers. The Chief Engineer, the Manager of Operations, the Director of Public Relations, and such other or subordinate officers, assistants, and deputies as the

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Board may provide for by ordinance or resolution shall be appointed by the General Manager and shall serve at his pleasure.

2.3 The President. The President shall, if present, preside at all meetings of the Board of Directors and shall exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by these rules and regulations. In any case where the execution of a document or the performance of an act is directed the President, unless the resolution otherwise provides, is empowered to execute such document or perform such act.

2.4 The Vice-President. The Vice-President shall perform the duties of the President in the absence or inability of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon, the President.

Revised November 5, 1975

2.5 The Secretary. The Secretary shall keep or cause to be kept a book of minutes, at the principal office or such other place as the Board of Directors may direct, of all meetings of the Board of Directors. The minutes of each meeting shall disclose the time and place thereof, whether regular or special and if special how authorized, the notice thereof given, the names of those present and the proceedings thereof. The Secretary shall give or cause

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to be given notice of all meetings as required by these rules and regulations. The Secretary shall keep the seal of the District in safe custody, shall retain tapes of Board and Committee meetings for a period of five years, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these rules and regulations.

2.6 The Treasurer. The Treasurer is the chief financial officer of the District. He is responsible for the fiscal affairs of the District in full compliance with the law and with the terms of the Trust Indenture and Equipment Trust Agreements; for the Financial relationships of the District with the Trustees under the Trust Indenture and Equipment Trust Agreement, bond holders, equipment trust certificate holders, investment houses, and others; and for the cash position and bond portfolio of the District. The Treasurer shall also have such other duties and responsibilities as may from time to time be assigned to him by the District.

The Treasurer shall be the custodian of the funds of the District and, except as otherwise required by the Trust Indenture, shall make payments only upon warrants

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duly and regularly signed by the President or Vice-President of the Board, or other person authorized by the Board to do so, and by the Secretary or General Manager.

The Treasurer shall execute a bond with one or more corporate sureties approved by the Board of Directors in the sum of \$100,000, payable to the District and conditioned upon the faithful performance of the duties of the office and the payment of all money received by him according to law and the orders of the Board of Directors.

The Board of Directors may at any time require a new bond from the Treasurer in such sum as may then be determined by the Board of Directors. The obligation of the surety on any such bond shall not extend to any loss sustained by the insolvency, failure or closing of any national or State bank wherein the Treasurer has deposited funds if the bank has been approved by the District as a depository for such funds.

III. Action by the District: Meetings

- 3.1 Regular Meetings. The Board of Directors shall hold two regular meetings each month, at the hour of 1:00 p.m. on the second and fourth Wednesday, unless such Wednesday is a holiday, in which case the meeting shall be held on the next business day.

Revised April 2, 1975

- 3.2 Agenda. Matters to be placed on the agenda for any regular meeting may be filed with the Secretary of the District by the General Manager, members of the Executive Staff, or any Director of the District. The agenda for each regular meeting shall be prepared by the Secretary of the District on the Friday preceding such regular meeting, at which time the Secretary shall release copies of said agenda to the press, and shall

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cause copies of said agenda to be mailed or delivered to each Director, the General Manager, and the General Counsel. Formal action, other than the appointment of a committee, will not ordinarily be taken with respect to any matter not included on the agenda unless special circumstances require otherwise and six Directors consent to such consideration; provided, however, that no matters directly affecting fare increases, major permanent decreases in service, or major permanent changes of routes, and no election of officers, may be acted upon until they have been placed upon the agenda. Provided, further, that the foregoing proviso shall not be construed to limit discussion of any matter whatsoever.

3.3 Special Meetings. A special meeting may be called at any time by the President or any six Directors, by delivering personally or by mail written notice to the Secretary, each Director, and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice shall be delivered personally or by mail at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No

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other business shall be considered at such meetings. Such written notice may be dispensed with as to any Director who at or prior to the time the meeting convenes files with the Secretary a written waiver of notice. Such waiver may be given by telegram. Such written notice may also be dispensed with as to any Director who is actually present at the meeting at the time it convenes.

- 3.4 Quorum. A majority of the Board of Directors constitutes a quorum, and all action at a meeting shall require the affirmative vote of a majority of the Directors. An indenture or similar instrument relating to bonds of the District outstanding or to be outstanding may require the affirmative vote of two-thirds of the Directors for any specified action.
- 3.5 Meetings to be Public. The Secretary of the District shall retain a copy of the Agenda or Notice of the meeting and shall communicate the information contained therein, to any person requesting the same. Any member of the public, including representatives of the press or otherwise, may attend the meetings of the District, provided that the Board of Directors may meet in an executive session during a regular or special meeting to consider and act upon the appointment, employment

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or dismissal of an officer or employee or to hear complaints or charges brought against such officer or employee by another public officer, person or employee unless such officer or employee requests a public hearing. The Board also may exclude from any such public or private meeting, during the examination of a witness, any or all other witnesses in the matter being investigated by the District.

Revised March 4,
1974

3.6 Adjourned Meetings. The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members are absent from any regular or adjourned regular meeting, the Secretary of the District may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided in Section 3.3 of the Rules and Regulations for special meetings, unless such notice is waived as provided for special meetings. A copy

of the order of notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of adjournment. When a regular meeting is adjourned as provided in this section, the resulting adjourned meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour of 1:00 p.m.

Adopted November 5,
1964

IV. Public Hearings

- 4.1 In General. The board may hold public hearings, subpoena witnesses, and perform all other acts necessary to properly carry out its duties. The Board may delegate such authority to other officers of the District who shall report thereon to the Board. Each director may administer oaths and affirmations in any District investigation or proceeding.
- 4.2 Public Hearings Requested by a County or City on Final Report as to a Rapid Transit Service and System. Public hearings

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requested by an affected city or county on a final report as to a rapid transit service and system shall be governed by the provisions of Section 30636 of the Southern California Rapid Transit District Law.

- 4.3 Public Hearings Requested by a County or City on Rates or Charges or Location of District Facilities. Public hearings requested by a board of supervisors of a county or the governing body of a city having territory located within the district as to the reasonableness of any rates or charges fixed by the District or as to any proposal for fixing the location of facilities by the District shall be held in accordance with Sections 30639-30645 of the Southern California Rapid Transit District Law.

V. The General Manager

- 5.1 In General. The chief executive officer of the District is the General Manager. He shall have full charge of the acquisition, construction, maintenance, and operation of the facilities of the District and also of the administration of the business affairs of the District. All other things being equal, the General Manager shall be chosen on the basis of his qualifications with special reference to his actual experience in or his knowledge of accepted practices in respect to the duties of his office. The General Manager need not be a resident of this State at the time of his appointment. The Directors may appoint a General Manager pro tempore to serve during any absence or disability of the General Manager.
- 5.2 Salary and Term of Employment. The General Manager shall hold office for an indefinite term, and may be removed as provided in Section 30333 of the Southern California Rapid Transit District Law. The General Manager shall be paid a monthly salary, together with his travel and other expenses incurred by him in the performance of his duties, and such salary shall not be reduced except as provided in Section 30333 of the Southern California Rapid Transit District Law.
- 5.3 General Powers and Duties. The powers and duties of the General Manager are:

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(a) To have full charge of the acquisition, construction, maintenance, and operation of the facilities of the District.

(b) To have full charge of the administration of the business affairs of the District.

(c) To see that all ordinances of the District are enforced.

(d) To administer the personnel system and collective bargaining agreements adopted by the Board and except for officers appointed by the Board to appoint, discipline or remove all officers and employees subject to the rules and regulations adopted by the Board and the applicable provisions of this part or the terms and conditions contained in any applicable collective bargaining agreement.

(e) To prepare and submit to the Board as soon as practical after the end of each fiscal year a complete report of the finances and administrative activities of the District for the preceding year.

(f) To keep the Board advised as to the needs of the District.

(g) To prepare or cause to be prepared all plans and specifications for the construction of the works of the District.

(h) To devote his entire time to the business of the District.

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(i) To cause to be installed and maintained a system of auditing and accounting which shall completely and at all times show the financial condition of the District.

(j) To perform such other and additional duties as the Board may require.

5.4 Non-contract employees. The General Manager or his authorized representative is authorized to take any or all of the following actions in relation to non-contract employees of the District:

1. To hire employees at Step A of the appropriate salary range of any existing class or at such rate above the minimum of the range as he may deem necessary in any particular case.
- 2.. To review and approve or disapprove any annual step increase upon the specific recommendation for such increase by the appropriate department head.
3. To promote an employee to a position in an existing class which has a higher maximum salary than his previous class and to pay such employee such higher salary within the established salary range as the General Manager may, in his discretion, decide.

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4. To transfer an employee from a position in one class to a position in another class which has an identical salary range.
5. To demote an employee from a position in one class to a position in a class which has a lower maximum salary than his previous class and to pay such employee such lower salary within the established salary range as the General Manager may, in his discretion, decide.
6. To suspend an employee, without pay, for any period.
7. To discharge any employee.

In addition to the above, the General Manager or his authorized representative is authorized to appoint additional employees to any existing class subject to ratification by the Board of Directors at the meeting next succeeding the appointment of said employees. The General Manager may not appoint employees to a new class until said new class has been created by action of the Board of Directors.

5.5 Attendance and Participation at Meetings of the Board.

The General Manager shall attend meetings of the Board and shall be entitled to participate in the deliberations of the

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Board, but shall not have a vote as to any matter before the Board.

- 6.1 In General. The General Counsel shall be a person admitted to practice law in the Supreme Court of California and shall have been actively engaged in the practice of law for not less than seven (7) years next preceding his appointment.

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VII. Disbursements; Expenses

7.1 Disbursements; In General. Funds deposited by the District shall be withdrawn or paid out only by check or draft upon the depository bank, signed by such officer or officers, or employee or employees, as may be designated by the District except that interest and principal of revenue bonds of the District may be paid in the manner provided in any indenture or similar instrument relating to bonds of the District outstanding or to be outstanding. In case any officer or employee whose signature appears upon any check ceases to hold his office after so signing, but before the delivery of the instrument to the payee or before presentation thereof for payment, his signature nevertheless shall be valid and sufficient for all purposes with the same effect as if he had remained in office or employment until payment of such instrument.

7.2 Authorized Signatures. All checks shall be signed by the Treasurer of the District, or an Assistant Treasurer, and countersigned by the President, Vice-President, or General Manager of the District. Any or all of the above signatures may be facsimiles placed upon checks by printing, signature

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dies, or any other method in general business use.

7.3 Directors' Expenses; General Provisions

The District shall reimburse Directors only for expenses that are necessarily incurred in connection with the business of the District. In no event shall such reimbursement be in an amount greater than the actual cost to such Directors. Each Director is authorized to travel within the State when, in his judgment, such travel is required in connection with his duties and responsibilities to the District. Travel by a Director outside the State shall be authorized in accordance with Section 7.4 of these Rules and Regulations. No expense of Directors shall be reimbursed except pursuant to these rules.

Revised
July 16, 1974

(1) Automobile Expenses:

- (a) Fifteen cents per mile shall be paid for the authorized use of private automobile.
- (b) Private automobiles shall not be serviced by the District and no other value shall be received for the use of private automobiles except that which is provided in 7.3 (1) (a).

(2) Travel Expenses:

- (a) Reimbursable expenses of Directors include transportation, a single occupancy hotel room, meals, telephone calls, luggage handling, gratuities, registration for business conferences and other proper business expense items.
- (b) Tickets for transportation (air and train) must be obtained from the District or by the use of a District air travel card. If transportation is by private automobile, reimbursement shall be based on the mileage rate set forth in 7.3 (l) (a) or on the actual cost of airline travel, whichever is the lesser.
- (c) Reimbursement for travel expenses will be made upon the submission of a claim therefor. When any single item of expense exceeds \$5.00, a receipt for such expense item shall be attached to the claim.
- (d) Anything in these rules notwithstanding, Directors have the option of claiming \$25.00 per day in lieu of expenses, exclusive of a single occupancy hotel room, transportation and registration fees.

(3) Organization Dues and Fees:

Organization dues and/or fees shall be reimbursed only to those persons who have been expressly authorized by the Board of Directors to incur such expenses and such reimbursement has been approved as to legality by the General Counsel. Other expenses incurred in connection with such memberships shall not be paid unless they are reimbursable under some other provision of these rules.

(4) Miscellaneous Expenses:

Directors shall be reimbursed for miscellaneous expenses incurred on behalf of the District and for expenses incurred incidental to business meetings or conferences held on behalf of the District.

7.4 Directors' Attendance at Out-of-State Meetings and Conferences.

Attendance by members of the District Board of Directors at educational and informational transit conferences and meetings held outside the State shall be in accordance with the following policies and procedures:

Rules and Regulations

(1) Attendance by Directors:

Directors may attend out-of-State transit meetings or conferences upon approval of the Board of Directors.

Any out-of-State trips deemed necessary by the General Manager which are of an emergency nature and do not fall within the time limits of a Board meeting, can be authorized by the Executive Committee of the Board of Directors and subsequently ratified by the Board of Directors.

(2) Procedures:

Normal procedures which apply to all District personnel will be followed in completing travel authorization requests and expense account submissions, including the attachment of receipts for hotel and air or other mode travel expenses not directly billed to the District,

(3) Deviations in Policy:

Deviations from this policy and these procedures shall be authorized by direction of the Board.

7.5 Directors; Procedure for Requesting Reimbursement

A Director requesting a reimbursement of expenses shall deliver to the President or Vice-President of the Board

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for the Auditor's records a statement in writing indicating the amount and nature of the expense incurred. Each expense shall be separately stated. There shall be attached to each such statement such evidence of the listed expenses as may be reasonably available. The reimbursement of expenses shall not be made unless such reimbursement has been approved by the President or Vice-President.

The President or Vice-President of the Board shall not approve any reimbursement until he determines the expense item involved was necessarily incurred on behalf of the District.

7.6 Officers' and Employees' Expenses; General Provisions

The District shall reimburse officers and employees only for expenses that are necessarily incurred in connection with the business of the District. In no event shall such reimbursement be in an amount greater than the actual cost to such officers and employees. No expense of officers or employees shall be reimbursed except pursuant to these rules.

Revised (1) Automobile Expenses:
July 16, 1974

(a) Fifteen cents per mile shall be paid for the

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authorized use of a private automobile.

- (b) Private automobiles shall not be serviced by the District and no other value shall be received for the use of private automobiles except that which is provided in 7.6 (l) (a).

Revised December 22,
1976

(2) Travel Expenses:

- (a) Reimbursable expenses of officers and employees include transportation, a single occupancy hotel room, meals, telephone calls, luggage handling, gratuities, registration for business conferences and other proper business expense items.
- (b) Tickets for transportation (air and train) must be obtained from the District. If transportation is by private automobile, reimbursement shall be based on the mileage rate set forth in 7.6 (l) (a) or on the actual cost of airline travel, whichever is the lesser.
- (c) Reimbursement for travel expenses will be made upon the submission of a claim therefor. When any single item of expense exceeds \$5.00, a receipt for such expense item shall be attached to the claim.

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Revised December 22, 1976

(d) Travel expenses of officers and employees pursuant to 7.6 (2) shall be allowable only for travel outside the area of the District's system, except in connection with assigned duties within the area when such expenses may be authorized by the General Manager.

Adopted November 5,
1964

(3) Meals:

Meal expenses incurred within the area of the District's system shall not be reimbursed except upon the authorization of the General Manager.

(4) Organization Dues and Fees:

Organization dues and/or fees shall be reimbursed only to those persons who have been expressly authorized by the Board of Directors to incur such expenses and such reimbursement has been approved as to legality by the General Counsel. Other expenses incurred in connection with such memberships shall not be paid unless they are reimbursable under some other provision of these rules.

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(5) Miscellaneous Expenses:

Officers and employees shall be reimbursed for miscellaneous expenses incurred on behalf of the District and for expenses incurred incidental to business meetings or conferences held on behalf of the District.

7.7

Officers' and Employees' Attendance at Out-of-State Meetings and Conferences

Attendance by officers and employees at educational and informational transit conferences and meetings held outside the State shall be in accordance with the following policies and procedures:

(1) Attendance by Officers and Employees:

The officers and employees attending any out-of-State transit meeting or conference shall be designated by the General Manager.

(2) Procedures:

Normal procedures which apply to all District personnel will be followed in completing travel authorization

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requests and expense account submissions, including the attachment of receipts for hotel and air or other mode travel expenses not directly billed to the District.

(3) Authorization and Approval:

The General Manager shall authorize all officer and employee travel and approve all officer and employee expense accounts.

(4) Deviations in Policy:

Deviations from this policy and these procedures shall be authorized by direction of the Board.

7.8 Officers and Employees; Procedure for Requesting Reimbursement

An officer or employee requesting a reimbursement of expenses shall deliver to the General Manager for the Auditor's records a statement in writing indicating the amount and nature of the expense incurred. Each expense shall be separately stated. There shall be attached to each such statement such evidence of the listed expenses as may be reasonably available. The reimbursement of expenses shall not be made unless such reimbursement has

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been approved by the General Manager. The General Manager shall not approve any reimbursement until he determines the expense item involved was necessarily incurred on behalf of the District.

Revised January 7,
1975

VIII. Purchasing

8.1 Purchases by the District shall be governed by Article 3 of Chapter 5 and by Section 30258 of the Public Utilities Code, and by these Rules and Regulations. Whenever a reference is made to the General Manager, Purchasing Agent or Executive Staff member, it shall be deemed to include the person's written designee.

8.2 Unless the General Manager provides otherwise, all purchasing and contracting as above described or negotiations therefor shall be done exclusively through the Purchasing Department.

8.3 Requisitions

Any department desiring to acquire goods or services shall file with the Purchasing Department a requisition setting forth its needs, together with specifications therefor.

A. Requisitions are not required for:

1. Purchases from petty cash. These are purchases

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Revised January 7, 1975

not exceeding \$30.00, and may be made only upon approval of the Department Head or his designee.

2. Purchases of utility services (gas, water, power) or installation of new utility services.

B. Signatures required:

1. Requisitions for purchases up to \$5,000.00 shall be approved by the Executive Staff member of the department desiring to acquire goods or services ("Executive Staff member").
2. Requisitions for purchases over \$5,000.00 but less than \$10,000.00 shall be signed by the Executive Staff member and approved by the General Manager.
3. Requisitions for purchases of \$10,000.00 and over shall be signed by the Executive Staff member and the General Manager and approved by the Board of Directors.
4. Requisitions for purchases of over \$500,000.00 shall be signed by the Executive Staff member and the General Manager and recommended by a committee composed of the President, the General Manager, and the appropriate Executive Staff members, and approved by the Board of Directors.

5. Requisitions for capital assets shall refer to an
Authorization For Expenditure number.

8.4 Bidding Requirements

A. No bids required.

Formal, public bids are not required in the following instances:

1. For the procurement of goods where the expenditure is \$5,000.00 or less.
2. Where goods can be obtained from only one source.
3. For the procurement of services. (This includes utilities and certain professional and consulting services.)
4. For purchases of an emergency nature. In these instances, Section 30572 of the District law shall be followed.
5. For the procurement of goods for test or experimental purposes.

In the above cases, purchases may be made pursuant to formal bid, informal bid, or in the open market, at the discretion of the Purchasing Agent.

Informal bids are quotations, either written or oral, which permit prices and other terms to be compared. Wherever feasible, the Purchasing Agent should receive informal bids.

B. Formal Bids

A formal bid is one submitted by the bidder pursuant to the following procedure:

1. The Purchasing Agent shall publish a Notice inviting bids pursuant to Government Code Section 6061 in a newspaper of general circulation, fixing a period during which such bids will be received, which shall be at least 10 calendar days after publication of the notice. The notice shall include a general description of the supplies and services to be purchased or contracted for and shall state where bid forms and specifications may be obtained and shall specify the time and place for receiving and opening of bids.
2. All bids shall be submitted sealed, prior to the time specified in the invitation to bid.
3. The Purchasing Agent shall open the bids publicly at the time and place designated by him. Thereafter,

he shall review and analyze and tabulate all bids and shall certify the lowest responsible bidder and make his recommendation to the Board of Directors. (Whenever the Purchasing Agent is required to so review and report, he may call upon any person in the District Administration for information and assistance.) Any person shall have the right to be present at the opening of the bids and shall have the right at that time to have any part of any bid read aloud.

C. Awards and Execution of Contracts

1. Where there have been no formal bids and the expenditure is less than \$10,000.00:

The award may be made by either the General Manager or Purchasing Agent, except that contracts for professional services over \$5,000.00 shall be placed on the Consent Calendar before award is made.

The contract or purchase order may be executed by either the General Manager or Purchasing Agent.

2. For purchases not covered by paragraph 1, over \$5,000.00 but less than \$10,000.00:

The award shall be made to the lowest responsible bidder by the General Manager. The contract or

purchase order shall be executed by either the General Manager or the Purchasing Agent.

3. For purchases \$10,000.00 and above: The award shall be made to the lowest responsible bidder by the Board of Directors, or in cases where there are not bids, the award shall be approved by the Board of Directors. The contract or purchase order shall be executed by the General Manager or the Purchasing Agent.

Revised March 4,
1974

8.5 Specifications

If the Purchasing Agent finds that the specifications on any requisitions are for any reason inadequate, he shall notify the head of the requisitioning department, and such steps as necessary shall be taken to cure the inadequacy. The naming of a brand name is usually not an adequate statement of specifications and the Purchasing Agent may reject any requisition which simply requests the product of a particular manufacturer or supplier if in his opinion such request is consistent with the policies of the District as herein declared.

8.6 Bidders List

The Purchasing Agent shall maintain bidders lists which he may revise from time to time. These lists will be composed

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of suppliers who have indicated a desire to be included and who are considered a responsible source based on their financial responsibility and capacity to produce the quality and quantity of material at the time it is required by the District. Evaluation necessary to determine a responsible source shall be conducted in accordance with sound commercial practices and governmental agency procedures.

8.7 Bids

The District reserves the right to reject any and all bids, or to waive any informality in bids as the interest of the District may require. Only those bids shall be considered which are deemed responsive to the invitation for bids.

The Purchasing Agent shall make such rules as he deems advisable for considering bids to insure maximum protection of the District's interest consistent with insuring an equal opportunity for all bidders and a fair and equitable treatment of all bidders. If all bids submitted to answer to a given invitation are not rejected, the Board, or the Purchasing Agent, as the case may be, shall award the contract to the lowest responsible bidder. The Purchasing Agent shall keep the originals of the rejected bids,

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together with the invitation inviting such bid, on file in his office as part of the public record.

8.8 Tie Bids

If there is a tie low bid, the contract may be awarded to one of the tie bidders by drawing lots in public.

8.9 Testing

The Purchasing Agent may also require testing of products by appropriate departments when he deems such tests to be in the best interest of the District.

8.10 Reports

A. The Purchasing Department shall submit a report of all purchases during the month over \$1,000.00 except routine purchases of materials or supplies for stock and for ordinary repairs, to the Board of Directors at a meeting following the close of the month.

B. A statement of Material and Supplies account will be presented monthly to the District for the information of the Directors.

8.11 Payment Procedures

A. Purchases Outside the Purchasing Department

Whenever the District is billed for any contract other

than one let through the Purchasing Department, the Auditor will make payment of the amount due upon receipt of an invoice approved by the head of the department receiving the goods or services or his designee.

Revised September 8,
1976

8.11B Purchasing Through Purchasing Department

Whenever the District is billed pursuant to any purchase order or contract let by the Purchasing Department for goods to replenish stock items, the Auditor will make payment of the amount due upon receipt of an invoice and evidence that goods have been received at District's Store facility.

Whenever the District is billed pursuant to any purchase order or contract let by the Purchasing Department for delivery of goods or services directly to a requisitioning department, the Auditor will make payment of the amount due upon receipt of an invoice approved by the appropriate department head or his designee.

Revised March 4,
1974

8.12 Real Property

The Purchasing procedure herein set forth shall not apply to the purchase of real property and no authority granted herein shall authorize any person to purchase or solicit the purchase for the District of any real property.

IX. Sales of District Property

- 9.1 Responsibility of Purchasing Agent. It is the policy of the District that the disposition or sale of all surplus, obsolete or used material, supplies or equipment belonging to the District shall be the responsibility of the Purchasing Agent. Upon determination by any Department that any such property is no longer needed by it, the Purchasing Agent shall determine initially whether to hold such property for the present or future use of the District, or to dispose of it. If the Purchasing Agent deems it in the best interests of the District to dispose of such property, he shall adhere to the appropriate procedure described below, or request the Board of Directors for any modifications therein required in a particular case.
- 9.2 Estimate of Value. The Purchasing Agent shall estimate the probable value of each item or unit of property to be sold, and shall set forth in his records the supporting data for his estimate. The estimated value shall be used as the basis for setting the minimum bid amount if one is specified in the sale.

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9.3 Approval by Consulting Engineer. The approval of the Consulting Engineer for the sale of such property as no longer being necessary to the District and the System shall be obtained by the Purchasing Agent in each instance, except as provided in 9.6 below. The determination by the Consulting Engineer that the property to be sold is not necessary to the District and the System may be obtained prior to submission of this request, and, in any event, prior to any sale being completed. The Board of Directors, by authorizing the sale, thereby automatically determines that such property is not necessary to the District and the System.

9.4 Approval by Board of Directors. A request for authorization to sell such property shall be submitted by the Purchasing Agent to the Board of Directors, except as provided in 9.6 below. The determination by the Consulting Engineer that the property to be sold is not necessary to the District and the System may be obtained prior to submission of this request, and, in any event, prior to any sale being completed. The Board of Directors, by authorizing the sale, thereby automatically determines that such property is not necessary to the District and the System.

9.5 Sale Procedure - Substantial Property

A. Property Valued at Over \$2,000.00. This procedure shall apply to the sale of an item, or aggregate of like items, of property having a total estimated probable value, as approved by the Board of Directors, of over \$2,000.00.

1. Notice of the sale shall be published at least once in one or more daily newspapers of general circulation in the County of Los Angeles within one year preceding the date of the Board meeting at which the sale is considered. Publication may also be made in a trade publication, if appropriate.

2. The Purchasing Agent shall mail notice of the sale to all dealers and other interested parties whose names appear on the list of purchasers and dealers maintained by the Purchasing Agent or who have made known to the Purchasing Agent their interest in purchasing property of the kind being sold.

3. Sale will be made by sealed bids to be opened in public and read aloud, as specified in the notice of sale at a place and time which must be at least 60 days after publication and mailing of notice of sale. Bids

shall be tabulated and a report made by the Purchasing Agent to the Board in writing as to the highest responsible bidder or bidders, as the case may be, fully complying with the terms and conditions of the bid invitation. Such terms and conditions shall be prescribed by the Purchasing Agent in the best interest of the District and in accordance with the normal procedures of public agencies, and shall in each instance include a reservation of the right of the Board to reject all bids. A record of all bids shall be kept on file in the office of the Purchasing Agent.

Adopted November 5,
1964

- B. Notice of Minimum Bid Requirement and Rules and Regulations. The notice of sale may, if deemed prudent, contain as one of its terms and conditions a requirement that to be considered a bid must be above a stated minimum amount. The notice shall also provide that the sale

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is made subject to the District's Rules and Regulations.

- C. No Bids. If no qualified bids which meet a minimum bid requirement, if any, are received by the specified opening time, the Purchasing Agent shall have authority to negotiate, subject to Board approval, a sale of such property to any buyer for at least the minimum bid amount, if any, or in the absence of a minimum bid amount with the further approval of the Board of Directors at not less than a set minimum price. If the Purchasing Agent determines that it is not possible to negotiate a sale of the property for the minimum bid amount, if any, he may hold the property for future use or sale or he may request the Board of Directors for permission to call for new bids or to negotiate a sale at not less than a lower minimum purchase price, with the further approval of the Board of Directors.

Revised March 4, 1974

- 9.6 Sale Procedure - Minor Items. This procedure shall apply to the sale of an item or aggregate of like items of property other than buses having an estimated value under \$2,000. The Purchasing Agent shall have authority to negotiate a sale of such property at a price he deems adequate or to obtain

bids informally and sell to the highest bidder. Approval in advance by the Consulting Engineer or the Board of Directors of sales made hereunder is not required, but full information pertaining to all such items sold and the amount received therefor shall be included in the report referred to in 9.8 below.

Adopted November 5,
1964

9.7 Sale Procedure - Scrap Contract.

- A. The Purchasing Agent may enter into a contract, subject to the approval by the Consulting Engineer and the Board of Directors, for the sale of scrap metal created in the normal operations of the District. For this purpose, objects containing metal may be regarded as scrap if they are no longer usable for their originally intended purpose.
- B. Such contract shall not be for a period longer than one year, and shall leave to the sole determination of the District what property shall be sold as scrap.
- C. The bidding procedure specified in 9.6 shall be followed in awarding such contract. Determination of the highest bid shall be on the basis of assumed

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quantities of different kinds of scrap to be sold during the period of the contract, which assumptions shall be set forth in the notice to bidders as the basis to be used for calculating the highest bid.

D. Such contract shall not go into effect until approved by the Consulting Engineer, the General Counsel and the Board of Directors.

E. Property sold under this section is not subject to 9.5 and 9.6, except as set forth in paragraph C above.

9.8 Report of Sales. The Purchasing Agent shall prepare and furnish quarterly to the Board of Directors, the Trustee under the Trust Indenture and the Consulting Engineer, a report on all items sold and the amounts received therefor under the foregoing procedures.

9.9 Accounting Records. All sales hereunder shall be made the subject of consecutively numbered sales orders, copies of which shall be furnished by the Purchasing Agent to the Auditor's office for audit. The Purchasing Agent shall promptly forward to the Treasurer the proceeds of all sales hereunder. Copies of all documents, including notices of sale, awards, sales orders and bills of sale, shall be

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maintained in the office of the Purchasing Agent as part of the public records of the District.

- 9.10 Real Property. The disposition of real property is not governed by the foregoing sections of this Article IX. No sale or disposition of any real property belonging to the District shall be made without the express authorization of the Board of Directors. Notice of intent to sell or lease, describing the real property proposed to be sold or leased in such manner as to properly identify it and the terms and conditions thereof, shall be published for three (3) consecutive days in a newspaper or general circulation at least sixty (60) days before the public meeting at which a sale or lease of real property may be approved by the Board of Directors, except where the Board of Directors determines that the public interest does not require publication as in the case of easements, leases, exchanges, transactions with other governmental agencies, or as is otherwise determined by the Board of Directors.

X. Office

- 10.1 The District shall maintain an office in the City of Los Angeles. The office of the District shall be located at 425 South Main Street, Los Angeles, until the Board of Directors orders otherwise.

XI. Claims Against the District

11.1 In General. Claims for money or damages against the District shall be governed by Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) of Division 3.6 of Title 1 of the Government Code, except as provided therein or by other statutes, and by these regulations.

11.2 Claims for Bodily Injury or Property Damage.
The Secretary of the District is authorized to perform all functions of the Board of Directors prescribed by Part 3 of Division 3.6 of Title 1 of the Government Code with respect to claims relating to causes of action for death or for injury to persons or property, other than the allowance, compromise, or settlement of such claims. The Secretary shall act with respect to such claims only in accordance with the recommendation of the District's insurance carrier.

11.3 Passenger Claims.

A. Authority of Passenger Agent. All claims for refunds asserted to arise out of payments for transportation by passengers to the District for tickets, transfers, or

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Revised January 7, 1975

commutation books as authorized under the District's tariffs which have not been used or which have been only partially used to secure transportation on District vehicles, and all claims for reimbursement of financial loss by passengers relating to personal property lost in buses or in terminals or stations, shall be referred to the Passenger Agent. The Passenger Agent is appointed as agent for the Board of Directors, for the purpose and with the authority to handle all such claims in accordance with the District's tariffs, and to do and perform all acts which are necessary and appropriate under Part 3 of Division 3.6 of Title 1 of the Government Code for and on behalf of the District in regard to such matters. Such claims as are allowed in whole or in part by the Passenger Agent shall be paid to the claimant in the amount allowed in cash by the Passenger Agent, or by check by the Treasurer at the request of the Passenger Agent. The Passenger Agent may, in his discretion, pay or authorize the payment of any such claims in regard to such matters which he finds to be just without requiring

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the presentation of the type of formal written claim required under the Government Code. The Passenger Agent shall keep a written record of each claim filed and/or paid, which shall include the name and address of the claimant, the amount refunded, and a statement of the basis for the payment of the claim.

The Passenger Agent may establish, with the approval of the Treasurer, procedures for the payment of refunds to passengers upon presentation of an appropriate receipt issued by the bus Operator, as authorized in Section 11.3 B. Such refunds may be made in cash, or where refund is requested by mail, by tickets, by postage stamp, or by check.

Either the Superintendent of Transportation or the Department Head of the Passenger Agent may act for the Passenger Agent during a vacancy in that position, or in the absence or other unavailability of the Passenger Agent.

B. Authority of Bus Operators. Operators of buses of the District are authorized to issue to passengers on their buses, appropriate receipts, as authorized under

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the District's tariffs, under the following circumstances:

1. In the event a passenger tenders coins or bills, which exceed the amount of his fare, and does not have proper change, Operator will place money in Fare Redemption Envelope, after indicating amount in excess of fare, and deposit the Envelope in fare box, giving the passenger the receipt stub from Envelop.

2. In the event a passenger inadvertently deposits an amount in the fare box which exceeds the amount of the fare for transportation furnished, Operator will issue an over-payment receipt.

No cash refunds shall be made by Operators under any circumstances.

11.4 Claims for Payment for Supplies, Equipment and Services Furnished to the District. All claims asserted to arise out of the furnishing to the District of supplies, equipment, and services, which claims are for any reason not paid in full by the Treasurer pursuant to Section 2.6 of these Rules and Regulations, shall be referred to the Purchasing

Agent. The Purchasing Agent is appointed as agent of the Board of Directors, for the purpose and with the authority to handle all such claims and to do and perform all acts which are necessary and appropriate under Part 3 of Division 3.6 of Title 1 of the Government Code for and on behalf of the District. Such claims as are allowed in whole or in part by the Purchasing Agent shall be paid by check by the Treasurer in the amount allowed upon the written request of the Purchasing Agent.

11.5 Workers' Compensation. All claims against the District for workers' compensation benefits, or for payment pursuant to the Workers' Compensation laws of the State of California (commencing with Division 4 of the Labor Code) shall be referred to the Insurance Manager or the Insurance Representative. The Insurance Manager, the Insurance Representative and the Workers' Compensation Claims Analyst are agents of the Board of Directors for the purpose of authorizing payment of all such claims, and may perform all acts which are necessary and appropriate under the Workers' Compensation laws on behalf of the District, including the settlement of claims, subject to the following limitations:

- A. The Workers' Compensation Claims Analyst may authorize payments up to \$500 per individual claim.
- B. The Insurance Manager and the Insurance Representative shall approve in advance all payments in excess of \$500.
- C. The General Counsel shall approve in advance all payments in excess of \$2,500.

D. The Board of Directors shall approve in advance all compromises and settlements in excess of \$5,000.

E. The Treasurer shall pay all claims which are authorized by the Insurance Manager, Insurance Representative or Workers' Compensation Claims Analyst subject to the above.

11.6 Other Claims Against the District. Claims for money or damages against the District, other than those types of claims to which Sections 11.2, 11.3, 11.4 or 11.5 of these regulations apply, shall be referred to the Secretary of the District. The Secretary of the District is appointed as agent of the Board of Directors for the purpose and with the authority to act for and on behalf of the District under Section 910.8 of the Government Code in determining the sufficiency or insufficiency of all such claims presented to the District, and in giving written notice to any insufficiency in such claims in the manner set forth in Section 910.8 of the Government Code.

11.7 Notwithstanding any other provision of these Rules and Regulations, no employee of the District is authorized to allow, compromise or settle any claim against the District if the amount to be paid pursuant to such allowance, compromise or settlement exceeds five thousand dollars (\$5,000.00).

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XII. The Auditor

- 12.1 In General. The Auditor is the chief accounting officer of the District. He establishes and administers policy as to general accounting and determines the systems, forms and reports to be made and used by the accounting sections. He is responsible for the preparation of all financial reports including the annual financial report. He is responsible for the relationships of the District with its independent public auditors. He is responsible for the gathering, organizing, coordinating and analysis of material for all budgets and for the preparation of the budget and submission of the budget to the General Manager for his presentation to the Board of Directors. He will furnish statistical data when needed by the Board of Directors, the General Manager, or the Treasurer. He will have such other duties and responsibilities as may from time to time be assigned to him by the Board of Directors.
- 12.2 Books of Account. The Auditor shall maintain or cause to be maintained adequate and correct accounts of the properties and business transactions of the District, including accounts of its assets, liabilities, receipts disbursements, gains and

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losses. The books of account shall at all times be open to inspection by any member of the Board of Directors.

- 12.3 Billing Procedures. Bills for sums owing to the District shall be prepared or caused to be prepared by the Auditor from the records on file in his office. No bill shall be rendered for any sum owing to the District until such bill shall have been coordinated with the head of each department which performed services or furnished materials for which such sum is owing. In the event that a department head finds that the reasonable value of any services performed or materials furnished by the District is greater than or less than the amount shown on a bill submitted to him for coordination, he shall recommend to the Auditor in writing that the amount of the bill be changed to reflect the proper value of the services performed or materials furnished and shall state the reason for such changes, and the Auditor is authorized to bill in accordance with such recommendation, provided that either the General Manager or the Manager of Operations approves the recommendation of the department head in such case. If after a bill has been rendered it is claimed by the person receiving the bill that the amount of the bill should

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be changed for any reason, the matter shall be referred to the head of the department of departments which performed the services or furnished the materials for which such bill was rendered. The department head shall make such investigation as may be necessary to determine the reasonable value of the services performed or materials furnished, and shall recommend to the Auditor in writing either (a) that the bill not be changed, or (b) that the bill be changed to a figure stated in such recommendation which represents the reasonable value of the services performed or materials furnished as determined by his investigation. If the recommendation is that the bill be changed, such recommendation shall also state the reason for such change, and the Auditor is authorized to render a revised bill in accordance with such recommendation, provided that either the General Manager or the Manager of Operations approves the recommendation of the department head in such case.

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- 12.4 Collection Procedures. The Auditor shall be responsible for the collection of money due, or believed to be due, to the District. If the Auditor finds that any money is due, or believed to be due, to the District and is uncollectible, or that efforts to collect any such sum would be disproportionately

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costly in relation to the probable outcome of the collecting efforts, the Auditor may prepare a report setting forth his findings and the reasons therefor and submit said findings and reasons to the General Manager. The General Manager shall either approve or disapprove of the findings. If the General Manager disapproves of the findings, the matter shall be returned to the Auditor for further collection efforts. If the General Manager approves of the findings, and the amount involved is less than the sum of \$500.00, the Auditor may write off the obligation on the books of the District and may discontinue further collection efforts with respect thereto. If the General Manager approves of the findings, and the amount involved is \$500.00 or more, the General Manager shall submit the findings to the Board of Directors. Upon the approval of the findings by the Board of Directors the Auditor may write off the obligation of the books of the District and may discontinue further collection efforts with respect thereto. The write off of any unpaid obligation on the books of the District as hereinabove provided shall not preclude the District from collecting or attempting to collect any sum that later proves to be collectible.

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If any amount due, or believed to be due, to the District, has neither been collected nor written off the books of the District as hereinabove provided, the Auditor shall, at least three months prior to the expiration of the applicable statute of limitations, refer the matter to a Small Claims Representative, if the amount is within the jurisdiction of the Small Claims Court, or to the General Counsel, if the amount is in excess of the jurisdiction of the Small Claims Court, for the purpose of bringing an action to recover such amount. If the amount is in excess of the jurisdiction of the Small Claims Court and the General Counsel determines that it does not appear economical to bring an action for such amount in the court having jurisdiction of actions for such amount, the General Counsel shall return the matter to the Auditor, and the Auditor shall refer such matter to a Small Claim Representative for the purpose of bringing an action in the Small Claims Court for so much of the amount as is within the jurisdiction of the Small Claims Court. It shall be the duty of the Auditor to prescribe procedures for the periodic review of all unsatisfied judgments obtained in favor of the District and for appropriate efforts to obtain the satisfaction thereof.

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- 12.5 Bond of Auditor. The Auditor shall execute a bond with one or more corporate sureties approved by the Board of Directors in the sum of \$100,000, payable to the District and conditioned upon the faithful performance of the duties of the office. The Board of Directors may at any time require a new bond from the Auditor in such sum as may then be determined by the Board of Directors.
- 12.6 Authorization to Sign Warrants. In any case where warrants of the District may be signed by the President or Vice-President of the Board of Directors, such warrants may be signed by the Auditor or Assistant Auditor in place of the President or Vice-President of the Board.
- 12.7 Qualifications for Appointment as Auditor. The person appointed as Auditor shall have been actively engaged in the practice of accounting for not less than seven (7) years next preceding his appointment.

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XIII. Amendments

- 13.1 These rules and regulations may be amended at any meeting of the Board of Directors if notice of such amendment is given on the agenda distributed to the Directors pursuant to these rules and regulations describing in general terms the nature of the amendment to be proposed.