



NEWS

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COURT RULES IN FAVOR OF MTA IN SKK TERMINATION CASE

A Los Angeles County Superior Court has ruled that the MTA, by a preponderance of the evidence, had cause to terminate its representative on its Disputes Review Board (DRB) for the Vermont Avenue/Hollywood Boulevard tunneling project. The project's prime contractor, SKK, was fired in July 1995 after a large sinkhole opened on Hollywood Boulevard.

The MTA terminated Eugene Casey, its appointee on the three member DRB, on August 25, 1995, citing his biased performance.

Judge Lawrence W. Crispo made his ruling after a four week trial in an intended decision which will become final after any proposed changes by the parties are reviewed by the judge.

"We feel vindicated by Judge Crispo's ruling," said MTA Chief Executive Officer Joe Drew. "Mr. Casey had shown significant bias against the MTA and toward SKK, both before and after SKK was fired. Indeed, it was a biased DRB that said SKK should not have been fired. The court's ruling allows us to replace Mr. Casey on the DRB. This is an important step toward resolving the outstanding claims involving SKK."

The MTA hopes to recoup all or part of the \$66.7 million attributable to the sinkhole repair and other costs incurred when SKK was fired. SKK in turn has filed breach of contract claims against the MTA. Litigation has been on hold, pending a resolution of the composition of the DRB.

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The DRB's role is to issue non-binding recommendations for the resolution of claims which arise between an owner and a contractor. If the DRB's recommendations do not produce a resolution, the parties may pursue their claims in court. The DRB process is in general use in the heavy construction industry, and is used by the MTA on all its large contracts.

A DRB consists of a three person panel, comprising one member appointed by the contractor, one by the MTA, and a third, impartial member. Both the contractor and the MTA must agree on all three members.

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