



**FTA QUARTERLY REVIEW
BRIEFING BOOK**

August 15, 2001

Submitted By:

***Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, California 90012***

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AGENDA

FTA NEW STARTS PROJECTS QUARTERLY REVIEW MEETING

Los Angeles County Metropolitan Transportation Authority
Wednesday, August 15, 2001 - 10:00 a.m.
Gateway Conference Room - 3rd Floor

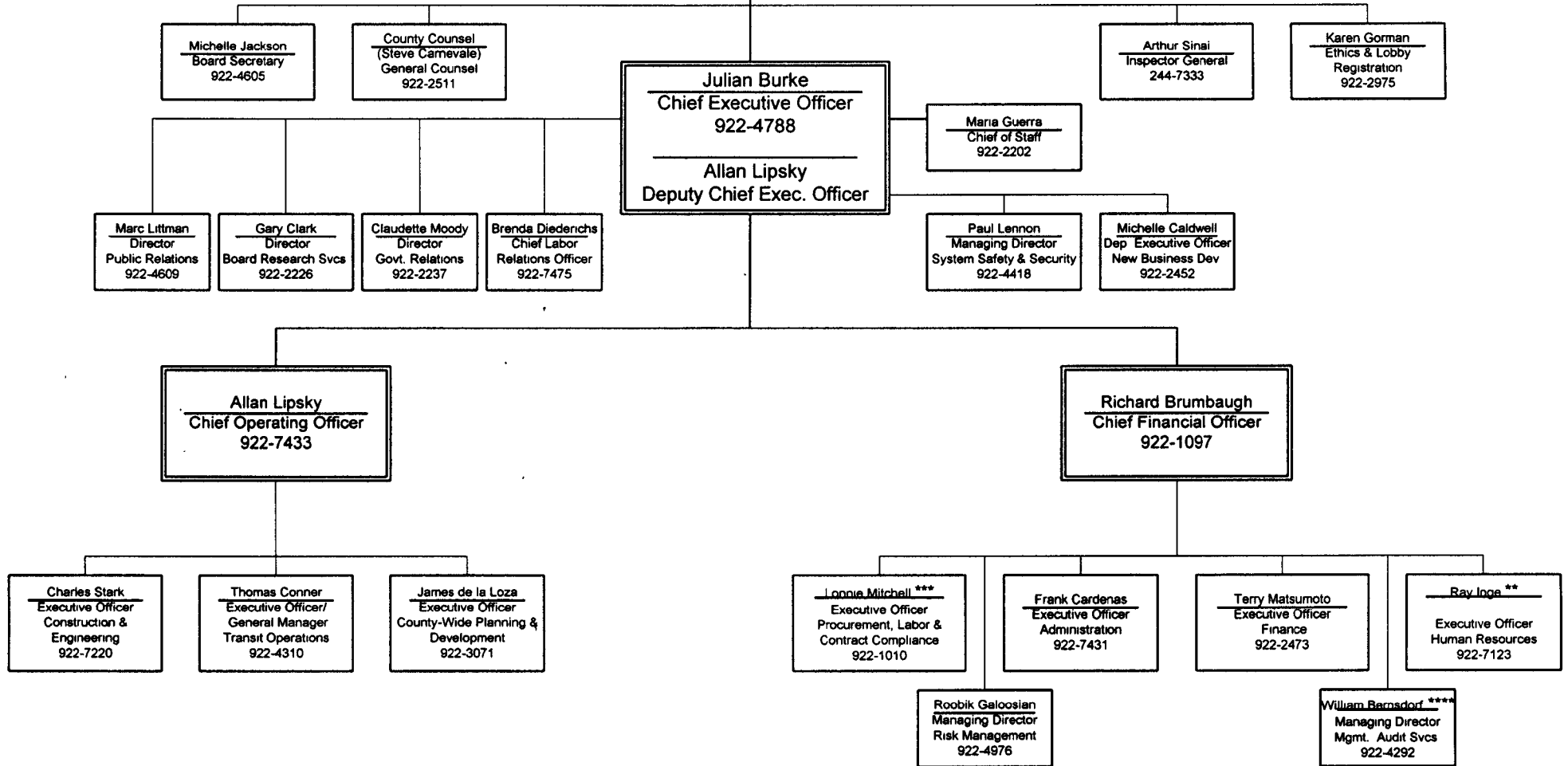
- | | <u>PRESENTER</u> |
|--|-------------------|
| I. OVERVIEW | |
| A. FTA Opening Remarks | Leslie Rogers |
| B. MTA Management Overview | Julian Burke |
| C. Legal Issues | Steve Carnevale |
| D. General Safety and Security Issues | Paul Lennon |
| E. ADA Key Station Voluntary Compliance Agreement | Ellen Blackman |
| II. METRO CONSTRUCTION REPORTS | |
| A. Recent Events | Charles Stark |
| B. Metro Red Line Segment 2 | Michael Funnye |
| • Contract and Change Order Closeout | Ivan Page |
| C. Metro Red Line Segment 3 | |
| • North Hollywood Extension | Charles Stark |
| • East Side Extension Contract Closeout | Ivan Page |
| • Mid-City Extension Contract Closeout | Ivan Page |
| • Segment 3 Grant Closeout Proposal | Brian Boudreau |
| III. OPEN ACTION ITEMS | |
| A. FTA (Reference June 2001 PMOC Monthly Report) | Jeff Christiansen |
| IV. PLANNING | |
| A. Transit Corridor Projects | James de la Loza |
| • East Side Transit Corridor | Steve Brye |
| - Pasadena Blue Line Coordination | Joel Sandberg |
| • Mid-City Westside Transit Corridor | David Mieger |
| • San Fernando Valley East-West Transit Corridor | Kevin Michel |
| V. PROPOSED SCHEDULE AND LOCATION OF NEXT MEETING | |

Los Angeles County Metropolitan Transportation Authority
Wednesday, November 14, 2001 - 10:00 a.m.
Gateway Conference Room - 3rd Floor

LACMTA MANAGEMENT
ORGANIZATION CHART



MTA
Board of Directors



Los Angeles County
Metropolitan Transportation Authority
Management Organization Chart
as of July 1, 2001
Published by Human Resources Dept
(213) 922-7181
MTA Central Telephone (213) 922-2000

Key.

- * Acting or Interim
- ** Affirmative Action Officer reports directly to the Office of the CEO.
- *** Labor and Contract Compliance Officer reports directly to the Office of the CEO
- **** Internal Audit reports directly to the Office of the CEO.



METROPOLITAN TRANSPORTATION AUTHORITY

GOVERNMENT RELATIONS
2001/02 LOCAL, STATE AND FEDERAL LEGISLATIVE MATRIX
 as of July 03, 2001

| | LOCAL | |
|---|---|---|
| PROPOSALS/ACTIONS | DESCRIPTION | STATUS |
| L.A. City Council Motion – Chandler Boulevard | On February 14, 2001, Los Angeles City Councilmember Joel Wachs introduced a motion urging the MTA to consider Oxnard Street as the preferred choice for future east-west mass transit in lieu of Chandler Boulevard. | Referred to City Transportation Committee. No specific date set, although deliberations could be as early as mid-April. As of June 2001, the Transportation Committee has no immediate plans to place this item on their agenda. |
| Interim West San Gabriel Valley Transportation Zone | In March 2001, the San Gabriel Valley Council of Governments recommended a nine-city area and unincorporated communities still served by the MTA, to approve a joint powers agreement for the Interim West San Gabriel Valley Transportation Zone. The cities and the County are being asked to provide \$150,000, out of a total \$400,000, to help fund phase 2 of a study to evaluate the feasibility of the zone. The balance of the funding will be provided by the COG. | On Tuesday, April 3, the City of San Gabriel voted to approve the Joint Powers Agreement (JPA) and provide funding for the Interim West San Gabriel Valley Transportation Zone. The City of South Pasadena voted approval on Wednesday, April 4. Monterey Park, Pasadena and Sierra Madre have previously voted approval, and Rosemead voted to receive and file the matter. The City of San Marino voted to approve the JPA on April 11; and on April 25, the City of Montebello also voted to approve the JPA. The City of Alhambra and County of Los Angeles have not scheduled the dates when this will be discussed. |

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Note: "Status" will provide most recent action on the legislation and current position in the legislative process.

Changes are in bold

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| <p>San Fernando Valley Transportation Zone</p> | <p>On August 26, 1998, the Los Angeles City Council approved a motion to explore the feasibility of creating a transportation zone in the San Fernando Valley.</p> | <p>On December 12, 2000, the Los Angeles City Council approved the extension of the San Fernando Valley Interim Joint Powers Authority (IJPA) from December 31, 2000 to December 31, 2001.</p> <p>On February 14, 2001, the Los Angeles City Council approved a LADOT report which includes the IJPA report stating that a transportation zone in the valley remains feasible.</p> <p>On March 5, 2001, the IJPA approved an amount not to exceed \$250,000 to complete the zone application process. The MTA will provide \$100,000 to fund the application and the City of Los Angeles and SCAG will fund the \$150,000 balance.</p> <p>On June 29, 2001, the IJPA approved recommendations to submit a revised SFV zone pre-application, draft transition plan and list of key stakeholders that would be affected by the SFV zone to the MTA.</p> |
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STATE ASSEMBLY

| BILL/AUTHOR | DESCRIPTION | MTA POSITION | STATUS |
|--|---|--|--|
| AB-33 (Romero) Re-introduced by Author as SB 1195. | Creates the Los Angeles County Metropolitan Transportation Authority Labor Relations Trust Fund in the State Treasury upon receiving notice of a strike or lockout. Any funding for MTA's programs, projects and services during a work stoppage would need to be approved by the State Auditor. | Oppose | 03/05/01 Referred to Assembly Committees on Transportation and Labor and Employment. |
| AB 227 (Longville) LA 03/29/01 | Sunsets the Governor's Transportation Congestion Relief Plan after six years and permanently allocates the sales tax to the Transportation Investment Fund. | Support if amended. | 06/06/01 Read third time and passed Assembly, to Senate. 06/14/01 To Senate Committee on Transportation. |
| AB 629 (Oropeza) | This is a spot bill that makes declarative statements about the MTA relating to governance, responsibility, operational priorities, and traffic congestion in Los Angeles County. | Neutral-Work with Author, unless amended to conflict with previously adopted policies. | 02/22/01 Introduced Withdrawn by author, 2-year bill. |
| AB 630 (Oropeza) | This is a spot bill relating to MTA calling on the agency to achieve optimal transport service for the movement of goods and people on a countywide basis. | Neutral-Work with Author, unless amended to conflict with previously adopted policies. | 03/08/01 To Assembly Committee on Transportation. Withdrawn by author, 2-year bill. |

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| <p>AB 974 (Calderon)</p> <p>LA 05/02/01</p> | <p>Measure sponsored by municipal operators in Los Angeles County and addresses funding allocations by the MTA. This bill was introduced last year as AB 2643.</p> | <p>No position taken. Staff was directed to negotiate with the municipal operators for 30 days and report back to the Board.</p> | <p>Consideration deferred by author, pending progress of a local resolution.</p> <p>05/02/01 To Assembly Committee on Transportation.</p> <p>Withdrawn by author, due to local agreement.</p> |
| <p>AB 984 (Papan)</p> <p>LA 06/25/01</p> | <p>Would allow transit agencies to be exempt from certain sales taxes in lease-leaseback arrangements with private companies.</p> | <p>Support</p> | <p>06/25/01 From Senate Committee with Author's Amendments.</p> <p>06/25/01 In Senate. Read second time and amended. Re-referred to Committee on Revenue & Taxation.</p> |
| <p>AB 1039 (Oropeza)</p> | <p>This bill would remove the \$1million cap in TDA funds that SCAG receives from the County Transportation Commissions.</p> | <p>Oppose</p> | <p>03/12/01 To Assembly Committee on Transportation.</p> <p>Withdrawn by author, 2-year bill.</p> |
| <p>AB 1079 (Oropeza)</p> <p>LA 04/30/01</p> | <p>Would require every bus operated by a public agency to be equipped with a 2-way communication device for emergency purposes.</p> | <p>Support</p> | <p>06/05/01 Read third time and passed Assembly, to Senate.</p> <p>06/12/01 To Senate Committee on Transportation.</p> |

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| <p>AB 1220 (Pavley)</p> <p>LA 04/30/01</p> | <p>Would require the Department of Transportation to restart ridesharing program efforts in District 7 of the Department to develop and implement additional shared-use agreements for public use of private parking lots as park and ride facilities.</p> | <p>Support</p> | <p>06/05/01 Read third time and passed Assembly, to Senate.</p> <p>06/12/01 To Senate Committee on Transportation.</p> |
| <p>AB 1396 (Longville)</p> | <p>Would create an annual \$100 million Passenger Rail Improvement, Safety and Modernization Program.</p> | <p>Support</p> | <p>05/09/01 In Assembly Committee on Appropriations: To suspense file.</p> <p>05/31/01 In Assembly Committee on Appropriations: Heard, held in Committee.</p> |
| <p>ACA 9 (Dutra)</p> <p>LA 04/25/01</p> | <p>Would constitutionally dedicate the sales tax on gasoline beyond 2006.</p> | <p>Support</p> | <p>05/30/01 In Assembly Committee on Appropriations: To suspense file.</p> <p>05/31/01 In Assembly Committee on Appropriations: Heard, held in Committee.</p> |

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STATE SENATE

| BILL/AUTHOR | DESCRIPTION | MTA POSITION | STATUS |
|---------------------------------------|---|--|--|
| SB 18 (Alarcon) LA 01/29/01 | Changes the composition of the MTA Board of Directors to provide that six of the 13-member board be directly elected. | Oppose | 01/29/01 Read on Senate Floor and amended. Re-referred to Committee on Transportation. Hearing is set for 04/17/01. 04/06/01 Withdrawn by author, 2-year bill. |
| SB 547 (Figueroa) | Would provide a tax credit to employers that provide subsidized transit passes to their employees. | Support | Withdrawn by author, 2-year bill. |
| SB 618 (Margett) | This bill repeals the authority of Caltrans to rank soundwall projects. | Work with Author, unless bill is not amended to reflect previously adopted policies. | 03/07/01 To Senate Committee on Transportation. Withdrawn by author, 2-year bill. |
| SB 651 (Margett) | This bill would make technical, nonsubstantive changes in statute relating to the structure of the MTA Board. | Neutral-Work with Author, unless amended to conflict with previously adopted policies. | 02/23/01 Introduced. 03/07/01 To Senate Committee on Rules. |

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| <p>SB 829 (Karnette)</p> <p>LA 04/24/01</p> | <p>Would permanently dedicate the sales tax on gasoline for transportation purposes. This bill has been amended to remove the section that splits the revenue equally between STIP, local streets and roads, and the Public Transportation Account.</p> | <p>No position.</p> | <p>05/14/01 In Senate Committee on Appropriations: To suspense file.</p> <p>05/31/01 In Senate Committee on Appropriations: Not heard.</p> |
| <p>SB 919 (Polanco)</p> <p>LA 07/02/01</p> | <p>Would prohibit an advertising display from being placed or maintained on any land owned or operated by the LACMTA, including all of its rights-of-ways, with certain exceptions for signs placed before 03/01/01.</p> | <p>Oppose</p> | <p>07/02/01 From Assembly Committee on Governmental Organization with author's amendments.</p> <p>In Assembly. Read second time and amended. Re-referred to Committee on Governmental Organization.</p> |
| <p>SB 1195 (Romero)</p> | <p>Creates the Los Angeles County Metropolitan Transportation Authority Labor Relations Trust Fund in the State Treasury upon receiving notice of a strike or lockout. Any funding for MTA's programs, projects and services during a work stoppage would need to be approved by the State Auditor.</p> | <p>Oppose-Based on MTA Board prior opposition to identical bill AB 33.</p> | <p>03/27/01 to Senate Transportation Committee. Hearing is set for 04/17/01.</p> <p>04/10/01 Withdrawn by author, 2-year bill.</p> |

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| SCA 3 (Karnette) | Would authorize capital, maintenance and operating costs for public mass transit vehicles as a purpose for which revenues from motor vehicle fuel taxes and motor vehicle fees and taxes may be expended. | Support | 05/01/01 In Senate Committee on Transportation: Failed passage. 05/01/01 In Senate Committee on Transportation: Reconsideration granted. |
|---------------------|---|---------|--|

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FEDERAL

| BILLS/AUTHOR | DESCRIPTION | STATUS |
|--|--|---|
| FY 2001 TRANSPORTATION APPROPRIATIONS | | |
| FY 2002 Transportation Appropriations Request | <p>The MTA has submitted the following FY 2002 Appropriations request:</p> <ul style="list-style-type: none"> • \$50.1 million in Section 5309 New Starts Discretionary Funding; • \$11.9 million in Section 5309 New Starts – Discretionary Funding for the Eastside and Mid-City Transit Corridors; • \$10 million in Section 5309 Bus and Bus Related Discretionary Funding (<i>The MTA is requesting that \$3.5 million be appropriated for Metro Rapid Bus Stations and \$6.5 million be appropriated for the procurement of Metro Rapid Buses and to enhance the Bus Signal Priority System.</i>); • \$1 million in Intelligent Transportation Systems (ITS) Funding; • \$2 million in Reverse Commute/Jobs Access Program Funding. | <p>MTA staff has submitted testimony to the House Appropriations Committee and the Senate Appropriations Committee.</p> <p>The House Appropriations Subcommittee on Transportation and Related Agencies will be having a hearing on Tuesday, June 12, 2001.</p> |

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FEDERAL

| BILLS/AUTHOR | DESCRIPTION | STATUS |
|---|--|---|
| <p>H.R. 2299-FY 2002 House Transportation Appropriations bill.</p> | <p>The MTA has received the following earmarks:</p> <ul style="list-style-type: none"> • \$49.6 million in Section 5309 New Starts-Funding to complete funding of the Metro Rail North Hollywood Extension; • \$5.5 million in Section 5309 New Starts-Funding for Eastside light rail projects (the Mid-City is not noted); • \$3.35 million in Section 5309 Bus and Bus Related Funding; and, • \$2 million in Reverse Commute/Job Access Program Funding. <p>Funding levels recommended for other entities in Los Angeles County include:</p> <ul style="list-style-type: none"> • \$4 million for Municipal Transportation Operators Coalition (MTOC); • \$2 million for Foothill; and, • \$3.5 million for Chinatown Intermodal Transportation Center. | <p>06/11/01 Heard in House Appropriations Subcommittee on Transportation.</p> <p>06/20/01 Heard in House Appropriations Committee.</p> <p>07/10/01 will be heard in Senate Appropriations Subcommittee in Transportation.</p> <p>07/12/01 will be heard in Senate Appropriations Committee.</p> |
| <p>S. 217 and H.R. 318 (Senator Schumer and Representative McGovern)</p> | <p><i>Commuter Benefits Equity Act</i> – Creates increased incentives for employers and employees to use carpool, vanpools and other public transportation for commuting.</p> <p>MTA Board voted to support this legislation.</p> | <p>Senate Committee on Finance and House Ways and Means Committees.</p> |

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COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

LLOYD W. PELLMAN
County Counsel

Reply to:
TRANSPORTATION DIVISION
One Gateway Plaza
Los Angeles, California 90012-2952

July 30, 2001

TDD
(213) 633-0901
TELEPHONE
(213) 974-1904
TELECOPIER
(213) 687-7300

Renee Marler, Esq.
201 Mission Street, Suite 2210
San Francisco, CA 94105

Re: Quarterly Update on Status of Key Legal Actions

Dear Ms. Marler:

Please be advised that Nina Webster has transferred to the Public Services Division of the Office of the County Counsel. The responsibility for providing this report has been assigned to me. I look forward to working with you on this and related matters.

Attached please find the Los Angeles County Metropolitan Transportation Authority's quarterly update as of June 30, 2001, on the Status of Key Legal Actions Related to Federally Funded Projects.

Please call if you have any questions (213) 922-2520.

Very truly yours,

LLOYD W. PELLMAN
County Counsel

By 
ALAN K. TERAOKAWA
Principal Deputy County Counsel

AKT:sg
Attachments

c: Steven Carnevale
Brian Boudreau
Jeff Christiansen
Frank Flores
Gladys Lowe
Leslie Rogers ✓
Cindy Smouse

Los Angeles County Metropolitan Transportation Authority
 Status of Key Legal Actions Related to Federally Funded MTA Projects
 Date as of June 30, 2001

| CASE NAME | CASE NUMBER | GRANT NUMBER | NARRATIVE | CASE STATUS |
|---|--------------------------------|--|--|---|
| Beauchamp, Larry, et al. v. LACMTA, et al. | CV 8 0402 CNB (BQRx) | ALL | Plaintiffs, disabled bus patrons, allege MTA and its contractor, Ryder/ATE, violated the ADA and section 504 of the Rehabilitation Act by failing to maintain bus wheelchair lifts and related equipment. Plaintiffs seek damages and an injunction requiring full and equal access. | All individual damage claims resolved. Case dismissed 05/30/01 |
| Engineering Management Consultant ("EMC") v. MTA | BC207617 | CA-03-0341, CA-90-X642 and CA-90-X575, CA-03-0392 | Breach of contract case. EMC, the designer for the subway system, is suing MTA alleging breach of contract, breach of implied covenant of good faith and fair dealing and requesting declaratory relief on certain contract issues. MTA cross-complained for, among other things, breach of contract by EMC. | Complaint served 03/25/99. Currently in Discovery. Cross-complaint filed 5/99. Status conference 09/11/01. Trial Date set for 01/28/02. |
| Gerlinger (MTA) v. Parsons Dillingham MTA v. Parson Dillingham | BC150298, etc. BC179027 | MOS-1 and CA-03-0341, CA-90-X642 MOS-1 and CA-03-0341, CA-90-X642 | Qui Tam action. Concerns allegations of overbilling by MTA's construction Manager, Parsons-Dillingham ("PD"). County Counsel joined as prosecuting Authority for MTA. MTA has also filed its own lawsuit (BC 179027) against PD for breach of contract, fraud and accounting. In a related case, MTA filed suit against Parsons Dillingham for fraud and breach of contract in the performance of construction management services. | In Trial |

| | | | | |
|---|--------------|-----|---|--|
| Flores v. Access Service Inc., MTA, <u>et al.</u> | CV00-12188 | ALL | Western Law Center for Disability Rights filed suit against Access Services Inc., the paratransit provider in Los Angeles County, alleging failure to provide comparable paratransit service in violation of the ADA. Previously Plaintiffs filed similar claims with FTA's OCR and OCR found no violation of the ADA. | Discovery; class certification granted |
| Gonzalez, <u>et al.</u> v. MTA, et al. | CV96-2785JMI | ALL | <p>Plaintiffs. MTA employees allege that the MTA Drug Policy's designation of their positions, pursuant to FTA Regulations, as safety sensitive subject to random testing, violates the US and CA Constitutions. On a motion by the MTA, the District Court dismissed the case, holding random testing of safety sensitive employees was constitutional. The 9th Circuit reversed and remanded the case for further action concluding that more information was necessary before a determination could be made as to whether the FTA Regulations had properly classified the positions. Since Plaintiffs' allegations shifted from a challenge to the MTA's Policy to a challenge to the underlying FTA Regulations, the FTA and DOT were joined as parties.</p> | Summary Judgment submitted. |
| Gonzalez, <u>et al.</u> v. MTA, et al. | CV97-5833JMI | ALL | <p>In a second action, Plaintiff alleges she was discriminated and retaliated against and constructively discharged in violation of Title VII and the ADA because the MTA did not accommodate her religious beliefs and her disability, that she not be subjected to random drug testing. The MTA filed a motion to dismiss asserting, among other defenses, that the doctrine of res judicata barred the action. The District Court agreed and dismissed the action. Plaintiff appealed. Since this case had been dismissed pursuant the doctrine of res judicata, which no longer applies since the first case was remanded, parties agreed it also should be remanded and the District Court should consider the MTA's other grounds for dismissal. The Ninth Circuit agreed and remanded this case to District Court.</p> | MTA Motion to Dismiss granted 12/04/00. Plaintiffs appealed; Plaintiff's Reply due 07/14/01. |

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| Hanneken v. MTA; | BC116625 | CA-03-0341, CA-90-X642; | These cases involve owners, merchants and tenants who claimed damages caused by MTA construction. All of the property owners in the Hollywood area where the most significant subsidence occurred (6500 Block) have been settled by the MTA's insurance carrier. The remaining cases are being negotiated by the MTA's insurance carrier. Runyon Canyon property owners (<u>Weber</u>) claim a diminution in property values because of the presence of the Red Line Tunnels beneath their properties. The Hollywood Edgemont cases have settled or been dismissed. Nhut Dang case have either been settled or defense verdicts obtained; Universal Hyundai cases have been settled or dismissed with the exception of 6 (car dealerships that will be arbitrated in 2001.) | Partially Settled. |
| Universal Hyundai v. MTA; | BC142385 | CA-90-X575, CA-03-0392; | | |
| Nhut Dang v. MTA; | BC153683 | CA-03-0341, CA-90-X642; | | |
| Hollywood Edgemont v. MTA; | BC148113 | CA-03-0341, CA-90-X642; | | |
| Weber v. MTA | BC163711 | CA-90-X575, CA-03-0392 | | |
| Labor/Community Strategy Center v. MTA | CV94-5936TJH | ALL | On October 28, 1996, Federal Judge Terry Hatter approved a Consent Decree reached between the Authority and the class action plaintiffs. The Consent Decree provides for the Authority to: (i) reduce its load factor targets (i.e. the number of people who stand on the bus), (ii) expand bus service improvements by making available a net of 102 additional buses, (iii) implement a pilot project, followed by a Five Year Plan, to facilitate access to County-wide jobs, education and health centers, (iv) not increase cash fares for two years and pass fares for three years beginning December 1, 1996, after which the Authority may raise fares subject to certain conditions of the Consent Decree and (v) introduce a weekly pass and an off-peak discount fare on selected lines. | SETTLED. Parties in dispute over MTA's load factor compliance. MTA has obtained a stay and appealed district court order re load factor compliance to immediately obtain 248 buses on temporary basis. Oral argument heard May 2, 2000. Awaiting decision of 9 th Circuit. |

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|----------------------------------|----------------------|---|---|--|
| LACMTA v. Neoplan | BC232584 | ALL | MTA filed suit in June, 2000 against Neoplan, Cummins Engine Co., Cummins Distributing, Inc., <u>et al.</u> alleging breach of contract, negligence, etc. arising out of deficiencies in over 600 buses supplied to MTA since 1995. The deficiencies have occurred in the series 4500, 4700, 6300 and 6700 buses. Deficiencies principally involve the power train. Defendants requested and obtained a change of venue to Orange County, California. | Discovery; MTA will be filing a first amended complaint. |
| MTA v. Argonaut; Argonaut v. MTA | BC171636 BC156601 | MOS-1, CA-03-0341, CA-90-X642, CA-90-X575, CA-03-0392 | MTA is in litigation with its carrier to determine the number of deductibles owed for Argonaut's insurance coverage on the Red Line Project. MTA alleges bad faith by Argonaut in administering MTA's insurance coverage on the Red Line. | First phase of the trial set for October 2001. |
| Obayashi v. MTA | EC024692 | CA-90-X575, CA-03-0392 | Obayashi, contractor for the Red Line tunnel between Universal City and North Hollywood stations, claims breach of contract for work performed on contract C331. MTA has cross complained alleging breach of contract and violation of False Claims Act. | Trial set for April 2002. |
| Tutor-Saliba-Perini v. MTA | BC123559 BC132998 | CA-03-0341, CA-90-X642 | These cases have been brought by Tutor-Saliba-Perini, the prime contractor for construction of the Normandie and Western stations, against the MTA for breach of contract. MTA has cross-complained against Tutor-Saliba for several causes of action including false claims. | Liability directed in favor of MTA. Awaiting jury verdict. |



July 27, 2001

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

Mr. Leslie Rogers
Regional Administrator
Federal Transit Administration
Region IX
201 Mission Street, Suite 2210
San Francisco, CA 91405

RE: MTA WORKER'S COMPENSATION QUARTERLY REPORT

Dear Mr. Rogers:

The following is a summary status report and discussion of efforts to control the workers' compensation costs at the MTA in the fourth quarter of fiscal year 2001.

DISCUSSION

Average monthly new claims (244) were higher than the previous quarter (230) but lower than the same period last year (285). The percentage of claims that involve lost time increased to 61% from 58% last quarter but decreased from 64% for the same period last year.

Average monthly payments increased by 12% from last quarter. The increase is entirely attributed to insured claims, as payments for self-insured claims have decreased over last quarter.

Breakdown of Indemnity, Medical and Expense Payments (\$ 000's)

| Average Monthly Payments (thousands) | March 01 through May 01 | December 00 through February 01 | March 00 through May 00 |
|--------------------------------------|-------------------------|---------------------------------|-------------------------|
| Indemnity | \$ 2,120 | \$ 1,925 | \$ 1,890 |
| Medical | 1,814 | 1,609 | 1,466 |
| Allocated expenses | 848 | 719 | 690 |
| Total | \$ 4,782 | \$ 4,253 | \$ 4,046 |
| Self-Ins. Claims | \$ 2,067 | \$ 2,183 | \$ 2,447 |
| Insured Claims | \$ 2,715 | \$ 2,070 | \$ 1,599 |

The increase in medical payments is consistent with a statewide trend (Source: Workers' Compensation Insurance Rating Bureau, 12/2000). The increase in indemnity payments is in Permanent Disability benefits, up 27% from the last quarter. This is indicative of settlement activity, as Temporary Disability is up only 1% from the last quarter.

The number of employees out on temporary disability decreased from 419 to 406 reported last quarter - a decrease of 3.2%. The Transitional Duty Program (TDP) is designed to expedite return-to-work on a modified duty basis. TDP was implemented in January 1999 and since then 1,349 employees have participated in the program. Of those, 779 have returned to their normal duties. TDP participants are returning to normal duties 47% faster than anticipated by their treating physicians. As of May 31, 2001, temporary disability savings totaled \$3,738,063.

Self-insured claims

Average monthly payments on self-insured claims decreased by 5.4% from last quarter and by 15.5% from the same period last year. At the same time, outstanding reserves on the self-insured claims decreased by \$1.9 million and the inventory of self-insured claims decreased to 2,267.

During the last quarter, Risk Management concentrated its efforts on the oldest self-insured claims, some of which date to the 1970's. The initial review of the 35 pre-1983 claims yielded 15 closures, with an additional 10 claims now in active settlement negotiations. This review, combined with an increased level of claims management and oversight, contributed to the decrease in self-insured case reserves.

Special Investigations Unit (SIU)

Travelers SIU has 8 investigators assigned to MTA. These investigators receive referrals from the Claims Department, MTA personnel, or through their own methods of profiling of potential fraudulent claimants and vendors. The investigations may result in fraud referrals to the local District Attorney for criminal prosecution, denial of claim, or validating the alleged injury.

In the months of March 2001 through May 2001, SIU received a total of 115 referrals. 31 referrals were to determine compensability. 84 were for surveillance, activity checks, or in response to courtesy calls to check extent of claimants' injuries. Of the 84 referrals for surveillance, 23 were on self-insured files. Investigations conducted in FY01, to date have resulted in 44 denials of liability.

Since September 1998, SIU has received a total of 1282 referrals. 494 of these were to determine compensability. The remaining 788 were for surveillance, activity checks, or in response to courtesy calls to check extent of claimants' injuries. To date, 14 cases have been referred to the District Attorney for criminal prosecution. Of these, 2 cases were rejected, 2 were prosecuted and 10 are still pending.

Last quarter we reported on a bus operator who was arrested for Workers' Compensation fraud. The driver has since been convicted of six felony and two misdemeanor counts, which will result in jail time, 5 years felony probation, and payment of restitution. Another MTA employee, discharged for perjuring himself in a deposition, has since been served a civil suit for restitution by the MTA. Additionally, Travelers has referred the case to the DA for investigation of felony fraud.

In April, another operator was discharged for falsifying a report of Workers' Compensation injury.

Travelers is also aggressively pursuing fraud perpetrated by Workers' Compensation medical providers. Travelers' investigation of a chiropractic provider led to the California Attorney General filing an Administrative Accusation against the provider for practicing without a valid license. Travelers ceased making payments for services on current MTA claims and are demanding reimbursement for prior claims where treatment was rendered.

With the goal of having more of our referred cases accepted for prosecution, Risk Management initiated a meeting with a representative of the District Attorney's office July 10, in our office. We also met with an investigator from the Department of Insurance to strategize the ongoing investigation of a specific case of suspected employee fraud.

Agency-wide Focus

At last report, MTA staff inaugurated a new program aimed at accident prevention and loss reduction. The program has 5 goals as follows:

1. Increase accountability for the safety environment and adherence to safety rules, procedures, practices, and protocols.
2. Reduce the total number of lost days by 10% per year.
3. Reduce new work related illness/injury by 10% per year.
4. Reduce bus and rail accidents by 5% per year.
5. Provide more timely, thorough and effective claims processing, medical treatment, fraud investigation, return to work, and assistance to Division Managers to manage loss prevention programs.

Staff met with our Union partners on June 19, 2001 to address the Accident and Loss Prevention program with particular attention to the development of the Local Safety Committees. General agreement was made between the MTA and the three major union groups (UTU, ATU, TCU, and AFSCME). The attached presentation was made to the Unions, which outlines the programs. Discussion was initiated regarding the selection of an Ombudsperson as required by the new contracts, and to begin the process to identify employees and management representatives that will make up Local Safety Committees

for each Division. In addition to initiating meetings with the Unions, MTA staff have submitted a grant application to the Federal Mediation and Conciliation Service to fund the Ombudsman program task and held a two-day workshop with Division Managers to begin to address the issues of accident prevention and loss reduction at the Division level.

The grant proposal has not yet been funded, however, as a result of the Division Managers workshop, many steps are moving forward to improve our understanding of the causes of our high accident rate and ways that have been successful at reducing the rate. In particular, a Safety Audit has been completed with final report anticipated July 15, 2001. Additionally, we are implementing a Hazard Resolution Committee to identify and resolve hazards while educating Division Management on "Best Practices".

Also, in June, a team including representatives from Office of the CEO, Transit Operations, Safety, Risk Management and the CFO met with New York City Transit (NYCT) officials to discuss NYCT's safety improvement initiatives implemented in recent years. An agency-wide commitment to safety and training combined with management accountability at all levels has resulted in a 50% reduction in NYCT's accidents and injuries over the last five years.

Currently, NYCT experiences 5 bus accidents per 100,000 miles compared with 4 accidents per 100,000 miles at the MTA. On the other hand, they experience 4 lost time injuries per 100 employees compared with 20 lost time injuries per 100 employees at the MTA.

Workers' Compensation Coverage Renewal

The Travelers program will expire on August 31, 2001. AON Risk Services, MTA's non-Construction Insurance Broker, marketed the insurance program to insurance and reinsurance companies with acceptable financial ratings. However, due to adverse insurance market conditions, nationally and globally, no acceptable proposals were received for a guaranteed-cost insurance program.

We received insurance proposals that included high deductibles and re-insurance proposals that provided financing mechanisms that did not provide the same protection as a conventional policy. Staff feels the most cost effective means to meet MTA's legal obligations is to return to self-insurance and contract with an outside third party claims administrator.

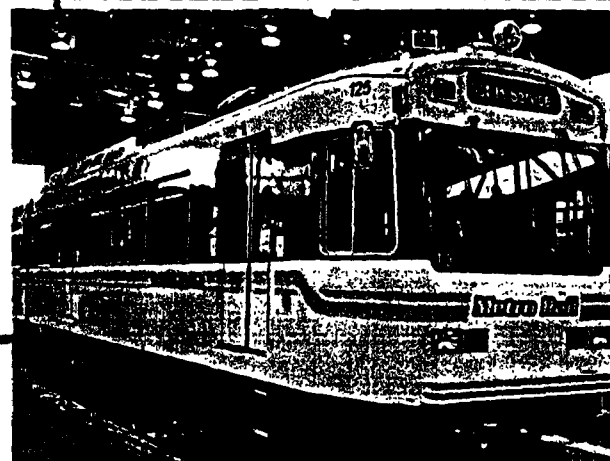
On a parallel track, an RFP was issued for claims administration services to prepare for the possibility of returning to self-insurance. Staff is analyzing whether or not it is feasible to house the third party claims administrators on-site at MTA.

This arrangement would provide better service to injured MTA employees, as well as allow MTA Workers' Compensation personnel better access to claims administrators and superior oversight of claims. Staff will make a recommendation to the Board in July for the new program.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "R. Galoosian", written over a horizontal line.

Roobik Galoosian
Managing Director
Risk Management



IMPLEMENTING SAFETY MANAGEMENT TEAMS

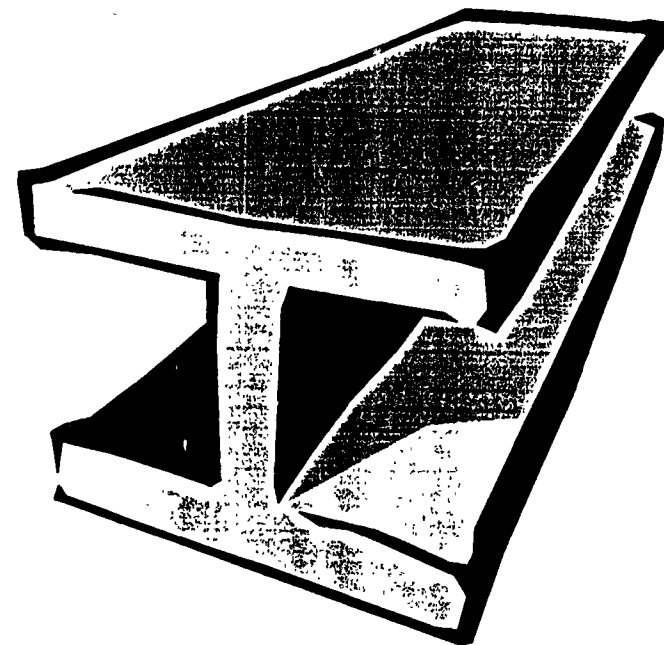
**LABOR PARTNERS
TRANSIT OPERATIONS
SAFETY
RISK MANAGEMENT**



THE FOUR PILLARS



- PREVENTION
- INTAKE
- CLAIMS ADMINISTRATION
- HELPING THOSE WHO NEED SUPPORT





DRAFT PROGRAM GOALS (2)

- **Reduce “new” work related illness/injury by 10% per year over the previous year.**
- **Reduce Bus and Rail accidents by 5% per year over the previous year.**
- **Provide more timely and effective claims processing and medical treatment for our employees.**



LABOR – MANAGEMENT TEAMWORK

- FORMATION OF SAFETY OVERSIGHT COMMITTEE
- FORMATION OF LOCAL SAFETY COMMITTEE
- PURSUE GRANT APPLICATION FOR OMBUDSPERSON

7/2/01

ACCIDENT AND LOSS PREVENTION
PROGRAM



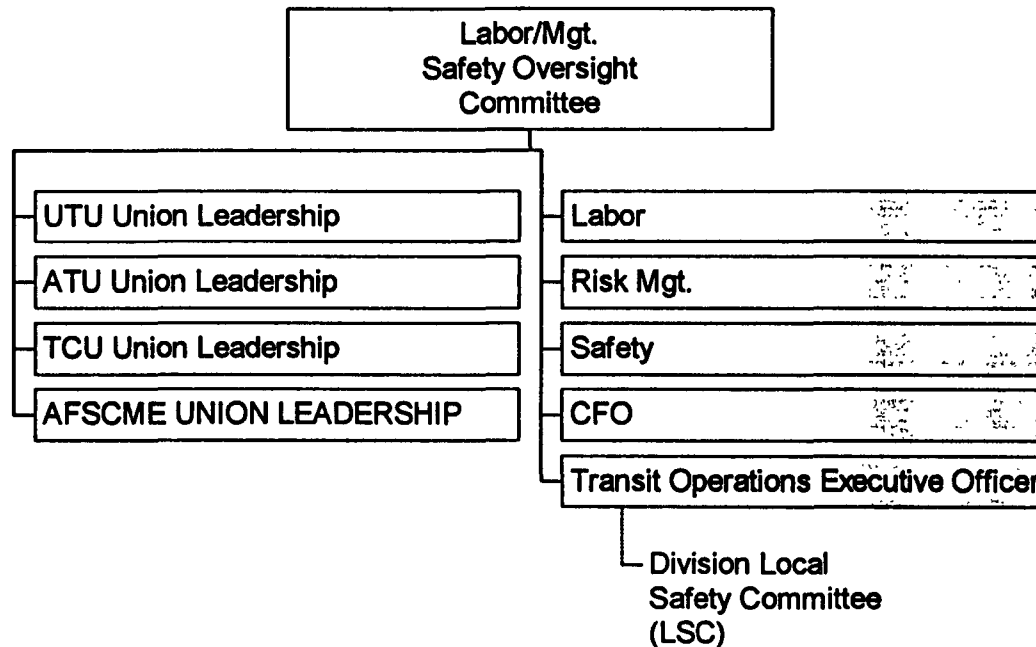


SAFETY OVERSIGHT COMMITTEE ROLE

- **Select an Ombudsperson.**
- **Seek the development of standards for timely resolution of issues between employees and the MTA**
- **Seek improvements in the administration and management of claims.**



Labor Management Safety Oversight Committee



- **Selects Ombudsman**
- **Provides Framework for Division LSC**
- **Improves Third Party Administration Service Delivery**
- **Review LSC Minutes to Ensure Implementation**
- **LSC Coordination**



LOCAL SAFETY COMMITTEE ROLE (2)

- Reduce the number of lost days due to illness or injury.
- Implement a program to manage employees that are on long-term leave.
- Work with Ombudsperson.
- Identify and implement accident prevention programs.



OMBUDSPERSON RESPONSIBILITIES

- **Objective 3rd Party Selected by Management. And Labor**
- **Facilitates Claims Processing**
- **Coordinates questions and responses from the injured workers and claims administrators**



CONCLUSION

OUR GOAL:

- PROMOTE A SAFE ENVIRONMENT
- IMPROVE BENEFITS TO MEMBERS
- REDUCE COST AND MAKE MTA MORE COMPETITIVE

OUR TASK:

- IMPLEMENT AND GUIDE COMMITTEES
- HIRE OMBUDSPERSON



**ADVANCED LAND ACQUISITION PROGRAM (ALAP) PARCELS
METRO RAIL PROJECT - MOS-2 and MOS-3
CA-90-0022**

STATUS REPORT AS OF 6/30/01

**Parcel A1-250/Wilshire Vermont Station
Wilshire/Western Station**

Staff issued a joint MTA/CRA RFP for development of Wilshire/Western. Staff also issued an RFP for an independent joint development of Wilshire/Vermont. Submittals received on Wilshire/Western have been reviewed and staff has recommended to the Board to enter exclusive negotiations with one of the teams. An RFP was issued on Wilshire/Vermont RFP which requires that all submittals incorporate a middle school. Respondents have the alternative to propose building the middle school on an alternative site, if they control that site.

B-102 and B-103 - Temple Beaudry

The Programming and Design Phase of the project will be awarded to one of the General Engineering Contractors (GEC) shortly. In lieu of a completing an Environmental Impact Report (EIR), a request for Categorical Exclusion (CE) has been forwarded to the FTA for consideration. The scope of work is being prepared for the Programming and Design Phase of the new cash counting facility.

A1-300 and A2-301 - Wilshire/Crenshaw

The Environmental Impact Statement/Report (EIS/EIR) for the Mid-City/Westside Transit Corridor Study is currently being prepared. The EIS/EIR is evaluating a peak period exclusive bus lane along Wilshire Boulevard between the Wilshire/Western Metro Red Line Station and downtown Santa Monica. The bus rapid transit project is proposed to include a transit station and public parking at Wilshire/Crenshaw. The results of the Draft EIS/EIR were presented to the MTA Board in June 2001. The Final EIS/EIR is scheduled to be brought to the MTA Board in January 2002. In the interim, the site will continue to be leased to the Los Angeles Unified School District on a month-to-month interim basis.

A2-362 - Wilshire/La Brea

The corridor study discussed above includes the Wilshire/LaBrea site as a potential station for the busway alternative. FTA previously concurred with MTA's decision to issue a Request for Proposal (RFP) for joint development of this parcel. Once a decision is made regarding the Wilshire Bus Rapid Transit Project, a consultant will be retained to study this site to determine the feasibility of a joint development project.

**Parcels A4-755, A4-765, A4-767, A4-772, A4-774, A4-761 - Universal City Station
C4-815 - North Hollywood Station**

An RFP for development of the North Hollywood Station site was issued during the quarter. The deadline for responses is May 7, 2001. The proposals received are currently being evaluated by staff to make a recommendation to the Board. One of the proposals will be recommended for exclusive negotiations.

An RFP offering the Universal City Station will be prepared at a later date.

**LACMTA EXCESS REAL PROPERTY
METRO RAIL PROJECT - MOS-1
CA-03-0130**

1. Parcels A1-015, A1-016,

Parcels A1-015 and A1-016 are designated as a temporary soil storage site in support various construction projects. It is used to store excavated soils pending environmental testing from operational divisions and the rail construction projects. The parcels will also be used for this purpose during pending new transit projects and are expected to continue to be used in support of MTA operations.

2. Parcel A1-209, A1-211, A1-220, A1-221/225, A1-222 and A1-224 - Alvarado Station

On October 26, 2000, the MTA Board authorized the Chief Executive Officer to execute an Exclusive Negotiation Agreement (ENA) with The Macleod Partnership for development of the MTA property at the Wilshire/Alvarado station. The ENA was negotiated and signed by the developer on March 30, 2001. A good faith deposit and negotiation schedule was received by MTA from the Developer subsequent to the signing of the ENA. The MTA and Developer will have six months to negotiate and execute a Joint Development Agreement (JDA). Once the JDA has been executed, the Developer will begin final design.

**TRANSIT OPERATIONS
PERFORMANCE REPORT**



Transit Operations Performance Report

for June 2001

will be issued under separate cover

**VOLUNTARY COMPLIANCE
AGREEMENT**





July 23, 2001

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

Federal Transit Administration
Office of Civil Rights, Room 9102
ATTN: Ms. Clarissa Swann, TCR-1
400 - 7th Street, SW
Washington, DC 20590

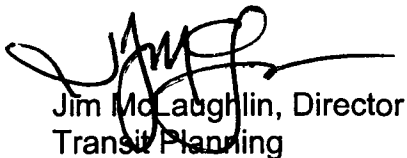
Dear Ms. Swann:

Enclosed is the April–June 2001 update on the Los Angeles County Metropolitan Transportation Authority (MTA) Voluntary Compliance Agreement (VCA). This update is provided in response to the October 1, 1999 letter from Leslie Rogers.

The update identifies every element identified in the VCA, and notes progress toward completion of each item. The update includes both a revised VCA Matrix, identifying projected completion dates for each item in each of the key stations identified in the MTA Compliance Plan and a page commenting of progress and/or revisions in the projected completion dates for each element of the Compliance Plan. In addition, the matrix and explanation include items added to the matrix and plan following FTA evaluations of MTA key rail stations. While there have been some plan and schedule modifications, MTA remains committed to ensuring that all of its key stations are in full compliance with the ADA by December 31, 2001.

If you have any questions about this update, please contact Ellen Blackman at (213) 922-2808.

Sincerely,



Jim McLaughlin, Director
Transit Planning

cc: Leslie Rogers, Regional Administrator
Darrin Jourdan, Regional Civil Rights Officer

LOS ANGELES COUNTY MTA -- VOLUNTARY COMPLIANCE AGREEMENT MATRIX -- QUARTERLY UPDATE -- APRIL - JUNE 2001

| Key Station | Parking | Drop-Off | Accessible Route | Curb Ramps | Entrance (Signage) | Doors / Gates | Ramps | Ticketing / Fare Vending | Platforms | Elevators | Elevators: Emergency Communication | Telephones | Signage: Station Name |
|---------------------------|-----------------------|-----------------------|-------------------------|-----------------------------|-----------------------|---------------|--------|--------------------------|-----------|-----------------------|------------------------------------|-----------------------|-----------------------|
| Union Station | Oct-98 (completed) | | | | Jan-99 (completed) | | | Sep-01 | Dec-01 | Apr 01 (completed) | Apr 01 (completed) | | |
| Civic Center | | | | | Jun-00 (completed) | | | Sep-01 | Dec-01 | Apr 01 (completed) | Apr 01 (completed) | Dec-98 (completed) | |
| Pershing Square | | | | Added Jan-99 (completed) | Jan-99 (completed) | | | Sep-01 | Dec-01 | Apr 01 (completed) | Apr 01 (completed) | | |
| Metro Center - Red Line | | | | Nov-98 (completed) | Jun-00 (completed) | | | Sep-01 | Dec-01 | Apr 01 (completed) | Apr 01 (completed) | | |
| Westlake / MacArthur Park | Jun-00 (completed) | | | | Dec-98 (completed) | | Dec-01 | Sep-01 | Dec-01 | Apr 01 (completed) | Apr 01 (completed) | | |
| Metro Center - Blue Line | | | | Nov-98 (completed) | Jun-00 (completed) | | | Sep-01 | Dec-01 | Apr 01 (completed) | Apr 01 (completed) | | |
| Pico / Flower | | | June 01 (completed) | | Jan-99 (completed) | | N/A | Sep-01 | | | | | Jun-99 (completed) |
| Grand | | | | Nov-98 (completed) | Jan-99 (completed) | | N/A | Sep-01 | Dec-01 | | | | Jun-99 (completed) |
| Florence | Dec-01 | | March 01 (completed) | Added Oct-99 (completed) | Jan-99 (completed) | | N/A | Sep-01 | Dec-01 | | | | Jun-99 (completed) |
| 103rd | | | June 01 (completed) | N/A | Jan-99 (completed) | | Dec-01 | Sep-01 | Dec-01 | | | | Jun-99 (completed) |
| Imperial Hwy | Jun-00 (completed) | Jun-00 (completed) | March 01 (completed) | N/A | Jan-99 (completed) | | N/A | Sep-01 | Dec-01 | Apr 01 (completed) | Apr 01 (completed) | | Jun-99 (completed) |
| Compton | | | March 01 (completed) | N/A | Jan-99 (completed) | | Dec-01 | Sep-01 | | | | | Jun-99 (completed) |
| Artesia | Jun-00 (completed) | | March 01 (completed) | N/A | Jan-99 (completed) | | Dec-01 | Sep-01 | Dec-01 | | | | Jun-99 (completed) |
| Willow | | | | N/A | Jan-99 (completed) | | Dec-01 | Sep-01 | Dec-01 | | | | Jun-99 (completed) |
| Anaheim | | | | Nov-98 (completed) | Jan-99 (completed) | | N/A | Sep-01 | Dec-01 | | | | Jun-99 (completed) |
| 5th Street | | | | N/A | Jan-99 (completed) | | Dec-01 | Sep-01 | | | | | Jun-99 (completed) |
| Transit Mall | | | Aug-01 | Nov-98 (completed) | Jan-99 (completed) | | | Sep-01 | Dec-01 | | | | Jun-99 (completed) |

NOTE: Changes from original VCA schedule in bold

**VCA PROGRESS UPDATE --
APRIL - JUNE 2001 (EXPLANATIONS)**

| ITEM | EXPLANATION | ORIGINAL DATES |
|-------------------------------------|---|----------------------|
| Parking | Signs have been installed at Florence, Artesia, Imperial, and MacArther Park stations. Florence station accessible parking spaces have been re-striped. Staff is studying the slope of the ramps from the accessible parking at Florence, and anticipates completing modifications by December 2001. | Oct 1998 - Feb 1999 |
| Drop-Off | Modification to curb lip at Imperial Station has been completed after a slight delay from the original March 2000 projection. | March 2000 |
| Accessible Route | Track gaps have been repaired by placing ADA-compliant pedestrian crossing material at Artesia, Pico, 103rd Street, Florence, Compton, and Imperial stations by June 2001. Repair at the final station with track-gaps, Transit Mall, was delayed by platform-extension work and is scheduled for completion by August 2001. | June 1999 |
| Curb Ramps | Curb ramp tasks modified due to suspension of requirement for detectable warnings. Some curb ramps were determined to be non-compliant due to the slope (not identified in original VCA); letters have been sent to local jurisdictions when identified. | Nov 1998 |
| Entrance (Signage) | Braille/raised letter signs have been installed at all station entrances. Final directional signs to accessible entrances were installed during spring 2000. | Dec 1998 - June 1999 |
| Ramps | MTA surveyed all ramp slopes; those meeting definition of sloping sidewalks not subject to mid-point landing requirement have been removed from the list of the stations needing corrections. Staff is working on corrective actions for the remaining ramps, and expects to complete necessary modifications by December 2001. | Aug 2001 |
| Ticket Vending Machines | Contractor for TVM modifications has begun work on the revised graphics, including raised letter and Braille instructions. Installation in all key stations should be completed by September 2001. | Dec 1999 |
| Platforms | MTA expects to complete all modifications to platforms, to reduce excessive platform-train gaps where identified, by December 2001. | Dec 2001 |
| Elevators | In spite of a delay in releasing scope of work for Request For Bids, a contract was awarded in late 2000. Most upgrades were completed by March 2001, remaining work was completed in April 2001. | Aug 1999 - Dec 2000 |
| Elevators: Emergency Communications | In spite of a delay in releasing scope of work for Request For Bids, a contract was awarded in late 2000. Most upgrades were completed by March 2001, remaining work was completed in April 2001. | Aug 1999 - Dec 2000 |

