

The MTA:

Los Angeles' Transit Nightmare

Touted as the ultimate answer to L.A.'s daunting transportation woes, the Metropolitan Transportation Authority has descended into a seemingly bottomless money pit. Over budget, behind schedule, it is beset by shoddy workmanship, sinkholes, cronyism — and a deeply divided, highly politicized board of directors which critics say is the root of the problem.

By Sigrid Bathen



Shortly before noon last October 23rd, Arthur Sinai, inspector general of the troubled Los Angeles Metropolitan Transportation Authority, met in a closed session with the MTA board of directors — a contentious, unwieldy 13-member body (26, if 13 alternates are included) with bitter, longstanding political divisions. The board was to decide that day who would get a controversial, \$65 million contract to supervise construction of the \$1 billion Eastside subway tunnel. As Sinai and board members met in private, the board room was packed with waiting construction executives and the ever-present gaggle of transportation industry lobbyists. What



Illustration by Anthony Strom

Sinai brought the board, however, brought the proceedings to a halt.

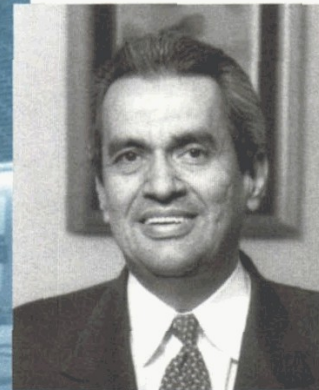
An affable, blunt-talking 57-year-old former IRS and U.S. Treasury agent with a long resume as an international Nazi-hunter and federal investigator, Sinai was hired by the newly created MTA board after a national search in 1993. His job: to supervise the MTA's independent investigatory arm. Since that time, he has conducted more than 100 investigations of allegations ranging from sloppy bookkeeping and shoddy construction to illegal kickbacks. As of December 1996, 47 investigations were actively open, and another 43 were

completed last year.

Last fall, Sinai's office started looking at allegations of irregularities in the process leading to the choice of a firm to supervise the hugely lucrative and controversial Eastside tunnel. Three companies were in contention, and a panel of seven independent experts, which was paid \$375,000, had recommended the contract go to a consortium called JMA. Bechtel Infrastructure Corporation was ranked second, and Metro East third. Despite federal threats to cut funding to the beleaguered agency, the board was expected to vote for the bidder with the lowest recommendation by the expert panel



Civic Center Station, MTA Red Line. Photo courtesy of MTA



Richard Alatorre

— Metro East, also known as Metro East Consultants or MEC. The firm was strongly favored by influential City Councilman and MTA board member Richard Alatorre, a close ally of Mayor Richard Riordan. Riordan, who controls three board appointments (including Alatorre), takes over as MTA chairman this month.

The board's expected vote in favor of MEC was based on the controversial recommendation of then-MTA Chief Executive Joseph E. Drew, who said MEC had the technical expertise to do the complicated tunneling under some 250 homes and businesses, through soil conditions so treacherous that one expert likened the project to tunneling through the minefields of Bosnia. Drew, who resigned in January after less than a year on the job, had been second-in-command to Franklin White, the longtime former New York transportation commissioner who was hired by the MTA board in 1993 and almost immediately clashed with Alatorre and the mayor. White was fired — many say under highly questionable and politically charged circumstances — in 1995. The MTA has since been without a permanent CEO and is experiencing serious problems finding one to take on the troubled agency.

In a dramatic announcement that has shaken the already fragile MTA to its core — renewing federal threats to cut off funding, as well as prompting legislative proposals in Sacramento to radically alter the structure of the agency and its board — Sinai, his eyes bloodshot from lack of sleep, reportedly stood at the back of the room during the closed-door October 23rd board meeting while MTA attorney David Kelsey told the board that the inspector general was launching a criminal investigation into the Eastside contract process and the decision to override the expert panel's recommendation in favor of MEC. Board Chairman Larry Zarian then announced to the packed public meeting that the board was delaying its decision on the Eastside contract as a result of the inspector general's inquiry.

Although Sinai will not comment on details of the

investigation, MTA sources told *The Los Angeles Times* that the 11th-hour action by the inspector general was in part prompted by a late-night phone call October 22nd from MTA construction staff director Michael Gonzales, who told Sinai that he had found docu-

ments that "scared the hell out of him." Sinai then met early Wednesday morning with Gonzales, his secretary and the agency's construction contracts administrator. No further details of the investigation have been released, and some board members and MTA staff are grumbling that it has cast a pall over the agency.

Alatorre, no fan of the inspector general, is pointedly critical of the probe. "What is this man doing for his money?" the former state legislator asked in a telephone interview. "There is no accountability. ...Nobody seems to know what he is doing."

Sinai, who reportedly was hired over Alatorre's choice for the job, responds that the investigation now involves the U.S. Justice Department, is confidential as ongoing investigations are and might be compromised if it were discussed. He said the inspector general is independent of the agency, "as it should be," and makes regular reports to the board.

Meanwhile, battered on several fronts, the MTA has also been asked to submit all documents relating to the contract decision — including notes, audio and videotapes — to congressional investigators from the U.S. Senate looking into possible funding irregularities at the agency, which has received huge sums of federal transit funds — roughly half of the total cost — for construction of the controversial \$5.9 billion subway project.

"The latest Metro Rail subway mess doesn't involve a tunnel collapse," wrote veteran *Times* political reporter Bill Boyarsky four days after the board delayed its decision on the Eastside contract. "It's a governmental collapse, the result of incestuous political relationships and old-fashioned patronage." Blaming Alatorre and his close political ally, Riordan, whom he called the MTA's "two most powerful board members," Boyarsky said Alatorre "has burrowed deep into the MTA bureaucracy, placing friends, former aides and associates into jobs big and small."

As for Riordan, Boyarsky wrote, he "has none of Alatorre's political skill. Nor does he have the interest in

detail that enabled Alatorre to penetrate the farthest reaches of the MTA. But, like Alatorre, Riordan understands power [and] quickly learned that Alatorre has it.”

Alatorre, no fan of the *Los Angeles Times*, says media coverage of the Eastside controversy has been unfair and unduly negative. “I’ve been in this business for



Arthur Sinal

25 years, and I’m a big boy,” he said. “I don’t try to fight battles over and over again, but there is a question of fairness.” He defends Metro East and says a lawsuit filed by MEC against the MTA “will demonstrate how unfair and manipulative” the selection process was. “The Eastside line is a line that the day it opens will probably have more usage than all the lines right now,” he added. “I fought for it from the beginning, and I’ll continue to fight for it.”

In January, the board voted 8-1, with Alatorre the sole dissenting vote and Riordan abstaining, to award the contract to supervise construction of the Eastside line to JVA. Thus far, the completed portion of the L.A. subway system stretches 6.5 miles, costing approximately \$1.6 billion and running from Union Station downtown to Wilshire Boulevard and Western Avenue. Weekday ridership is estimated at 35,000.



created in 1993 through a merger of the Southern California Rapid Transit District and the L.A. County Transportation Commission, the MTA is responsible for the one of the largest regional transit systems in the country — a maze of light and heavy rail lines and a fleet of 1,800 buses. It is a system fraught with inherent complications — vastly more complex than other metropolitan areas with less long-term dependence on the automobile as the principal mode of transportation.

Low-income residents who rely on the buses say the bus system has taken a back seat to the more politically sexy — and much more expensive — subway and rail system, and bus riders recently staged an angry demonstration at an MTA board meeting to protest what they say is a gross imbalance in the system. Among its many legal problems, the MTA is under court order to improve its bus system. It also faces more than 1,000 lawsuits by businesses and homeowners in the path of the subway, recently had to pay out \$12.3 million to three welders severely burned in a tunnel explosion three years ago, and faces questions surrounding the recent death of a tunnel worker in a gruesome construction accident. And the agency is still dogged by the legal and political fallout from the 1995 collapse of portions of Hollywood Boulevard — later attributed to the use of wooden, rather than steel, supports in the underground tunnel.

Some of the MTA’s problems can be traced to the peculiar nature of L.A. transportation policy, if a policy can be found in the evolution of the frequently gridlocked, concrete and asphalt maze that blankets the 4,058-square-

Tunnel boring machine during construction. Photo courtesy of MTA

mile region — and to the unusual and difficult soil conditions through which L.A. subway tunnels must be dug. Subway tunneling projects are never easy, often fraught with cost overruns and construction failures, but in L.A. they are particularly daunting, requiring treacherous tunneling under established neighborhoods and businesses.

“Try to imagine building a subway today in New York,” offers one transportation expert. If L.A. had started earlier — decades earlier — to staunch its dependence on car and freeway, those experts say, the MTA might not be in quite the mess it is today.

“If you were born in L.A., as I was, you never expected transportation to be good,” says former Assemblyman Richard Katz (D-Sylmar), who headed the Assembly Transportation Committee for a decade and wrote the legislation that created the MTA. “I live in the northeast San Fernando Valley, and I’m glad when it only takes me an hour to get downtown.”

Nonetheless, Katz adds, cars and freeways are quite literally strangling the megalopolis, destroying the air, making citizens prisoners of their cars. As the acknowledged “father of the MTA,” Katz is palpably angry about its troubled and widely publicized infancy. And, like many other critics of the MTA — some, like Katz, with past political axes to grind — Katz places responsibility squarely at the feet of the board and most particularly Riordan, against whom he unsuccessfully made a run for mayor. In some ways, he says, the mayor’s leadership role is predetermined by the peculiar nature of L.A. politics.

“In most cities, the mayor dominates by structure or by force of personality,” said Katz. “In L.A., even if you had a mayor with a personality, you’d have to get past Michael Ovitz taking off with \$90 million. This is a city where more people can tell you what the number-one-grossing movie is, but not who the mayor is. And we like it that way. This city plays interest group politics like no city I’ve ever seen.”



Worker installing concrete tunnel linings. Photo courtesy of MTA

Without strong leadership from the mayor and the board, which also includes all five of Los Angeles' powerful county supervisors, Katz and others say, the MTA will remain torn by political expediency and intense pressure from the various interest groups hovering around the agency and its potentially lucrative contracts. At one point, 110 lobbyists were registered as representing the three bidders for the Eastside project, according to the *Times*, outnumbering board members by about eight to one.

"If you don't have the leadership, the problems continue," says Katz. "The mayor was set up [in the legislation] to be the dominant force because he controls four votes. But Riordan has refused to take the initiative. His focus is on subways at the expense of buses, and we cannot afford to build subways all over Southern California. The cost is too high; Washington doesn't have the money, and the locals don't have the money. ...There are a lot of construction companies getting rich off the MTA, but it has wasted a whole lot of taxpayer money."

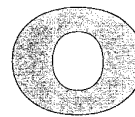
Lately, Riordan appears to be distancing himself from the problems of the subway, saying publicly that more emphasis should be placed on the bus system. During the May 28th bus riders' demonstration at the MTA board meeting, Riordan pushed for a vote to purchase 200 buses and pledged to support the purchase of 223 more. Despite Riordan's generally influential role on the board, it delayed the vote in order to study how the bus purchase might impact rail construction. Expressing unusual public frustration, Riordan said he felt like "a juggler who just learned to juggle three balls and then is given two more balls."

Deputy Mayor Steve Sugeran says Riordan's much-touted alliance with Alatorre is sometimes exaggerated and that they often differ on issues. "Richard is a very independent vote," says Sugeran. Riordan's efforts to clean up the MTA include a legislative proposal to reduce the size of the

board and a push to better balance the needs of bus versus rail. But his main concern is to find a new CEO, and Riordan was bitterly disappointed when his choice for the position — Bechtel executive Theodore Weigle Jr. — turned down the job in May after weeks of negotiations and a salary offer (\$200,000 annually plus benefits) that was higher than any other transit chief in the business. "We have an agency that is out of control," said Riordan. "We desperately need a new CEO as soon as possible to shake up the agency."

In Sacramento, legislative solutions to the problems of the MTA focus on reducing the size of the unwieldy and contentious board, with its 13 "principals" and 13 alternates, who can sit in and vote for their principals, have been known to disagree with them, sometimes vociferously, and who must in any case be fully briefed by MTA staff — an administrative nightmare for an agency already crippled by staff resignations and poor morale. Interim MTA chief executive Linda Bohlinger, a longtime MTA and California Transportation

Commission executive who succeeded Drew in January, says the board is in singular agreement on eliminating the alternates — "as a start, perhaps as a finish," in efforts to improve the agency and reassure funding sources, mainly the federal government, that the place does not function in total chaos.



Other legislative proposals include measures to reduce the influence of prominent political figures with constituencies to serve and powerful supporters, some of them in the construction industry, to keep happy. MTA critics say a better system would be a largely appointed board, but others aren't so sure. "I think elected officials can still serve on the board and do a good job," says Bohlinger. "Most states have elected officials on their boards. We have the most complex and challenging situation of just about any city. The advantage of having elected officials on the board is that they represent constituencies in L.A., and their votes on the MTA board serve those citizens."

Although board members generally favor eliminating the alternates, they are less inclined to reduce the number of elected officials on the board. "The MTA was structured as it was to see that [board members] are accountable," says Supervisor Yvonne Brathwaite Burke, a former state legislator and congresswoman widely regarded as one of the more temperate voices on the volatile MTA board. "I think it's a mistake to have an appointed board. If you're trying to avoid the impact of the political, an appointed board makes no difference." She says appointed members are even more likely to be beholden to the appointing authority, less accountable to the public than elected officials.

Some critics have gone so far as to suggest the MTA be placed in receivership. Supervisor Zev Yaroslavsky, who is frequently at odds with Alatorre on the MTA board, said in

a recent television interview that he is “very close to suggesting that the MTA put itself into receivership and let the governor take it over, or the state Department of Transportation, and run it. We can’t run this agency the way it’s going now. It’s too factionalized. It’s too corrupt. It’s too out of touch with public scrutiny. Strange things are happening, and the public is not being well-served. If we can’t clean up our act on our own, then we ought to give it up and let somebody who can run it, run it.”

Asked if criminal corruption was a “possibility” at the highest levels of the MTA, Yaroslavsky said: “I think it is very possible.”

Sources close to the investigation, who asked for anonymity, say the inspector general’s investigation focuses on “ethical and criminal acts.” Earlier IG investigations focused heavily on accounting, contracting and procurement practices and resulted in the indictments of two MTA officials and an insurance executive for bribery and fraud. Abdoul Sesay, the former MTA risk manager, was sentenced last February to 14 months in federal prison for accepting illegal kickbacks, and John McAllister, an insurance consultant who paid the bribes, was convicted of bribery last year. The acting controller of the MTA was terminated in 1996 and later indicted by a federal grand jury on 29 felony counts of fraud.

In his annual report last December, Sinai said the office is “now realizing the results” of investigations begun one to three years earlier. “The results achieved so far reinforce the message that the MTA will not be an easy target for fraud, abuse and other illegal activities,” he said, “and that wrongdoers will be investigated and prosecuted to the full extent of the law.” Although MTA officials say accounting practices have been tightened as a result of earlier inspector general investigations, other sources say the agency is far from purified.

Always, the criticism returns to some board members and their influence on the contracting process. “It is a very competitive board,” said one source close to the investigation. “There are different projects, different needs. They [board members] want to deliver contracts to their friends and associates. It’s a very highly charged political atmosphere, and early on they had a 20- or 30-year plan based on all kinds of assumptions that you can give everybody what they want and there will be endless funding.” Likening the back-room dealings of the MTA to the political corruption portrayed in the movie “Chinatown,” that source attributed alleged MTA corruption in part to “a certain culture” unique to L.A. politics and to the transportation industry, with its potentially lucrative, long-range government money pots.

“People in the transportation industry get bounced around,” said that source. “If you’re in a location where you’re going to be doing major construction, you have a marriage of the entities that want to get the money for construction and the industry that wants to do the job. You have all kinds of clout on the

private and public side trying to get the money.”

That source and other confidential sources close to the MTA said the key to the controversy is fairly elementary in political circles of any kind: the lure of big money. “The difficulty for individual members [of the MTA board] is in seeing huge sums of money being spent,” said one knowledgeable source. “That’s the key, the huge sums of money, and their [board members’] inability to make decisions in the interest of the entire community and not just their district. The well-being of the community collapses entirely with that board. ...The board is out of control and dominates the executive, to the exclusion of serious managerial engagement, which is what those folks [staff managers] are trained to do.”

Several sources said agency security on potentially lucrative contracts has historically been something of a sieve — with information on contracts often leaked before work on the contracts themselves was completed within the agency, prompting a flurry of activity among lobbyists bringing pressure on board members for potential contracts. “In general, myriad firms curry favor with board members,” said one source, echoing many others in and around the MTA. “And, the people putting together the [engineering and construction] teams or consortiums use politically connected subcontractors. ...Richard Alatorre is most identified with [the subcontractors]. He is not viewed as the only, but by far the superstar of how that game is played.”

The role of lobbyists for potential contractors is particularly troubling to critics of the MTA. “This is true certainly of most state capitals,” said one source knowledgeable about transportation issues in California and other states. “If you compare this MTA to others in major cities, there is greater industry impact and greater lobbying impact than I think is common anywhere else. For the life of me, I’ve not figured out why it’s so strong in Los Angeles.”



Tunnel breakthrough, Red Line subway. Photo courtesy of MTA