

**MEMORANDUM
CITY OF LANCASTER, CA**

TO: Mayor Parris and City Council Members

FROM: Council Member Sherry Marquez
Council Member Marvin Crist

DATE: January 25, 2010

SUBJECT: **Report on the Activities of the Board of Directors for the Antelope Valley Transit Authority**

Recommendation:

Receive a report of the proceedings and issues discussed at the December 21, 2010, regular Board of Directors meeting of the Antelope Valley Transit Authority (AVTA).

Background:

The Antelope Valley Transit Authority is a distinct government entity created under a joint powers authority agreement between the City of Lancaster, the City of Palmdale, and Los Angeles County that provides public transit services. Council members Sherry Marquez and Marvin Crist serve on the AVTA Board for the City of Lancaster.

The following significant events took place during the December Board meeting:

- The Board received a report from consultant Michael Busch regarding the agency's current insurance policies. Mr. Busch addressed comments provided by Aon Global Risk Consulting in an Insurance Portfolio Review document completed on August 23, 2010. This document had not been previously shared with the Board. Key report findings include a recommendation to purchase and maintain excess umbrella liability insurance on the automobile policy. Current automobile liability limits are \$5 million. Aon suggested AVTA seek limits in the \$20 million range. The report also recommended the addition of pollution liability insurance including coverage for on-site and off-site clean up. The Board authorized the executive director to pay the Aon invoice in the amount of \$8,500.
- The Board authorized the interim executive director to: a) prepare and submit a letter to the Federal Transit Administration (FTA) citing unusual and compelling urgency to process a twelve-month extension of the transit operations contract with Veolia Transportation, Inc., which will expire June 30, 2011; and b) with the FTA's concurrence, process an extension from July 1, 2011 to June 30, 2012 with Veolia Transportation, Inc. and negotiate final terms and conditions. With a twelve-month extension, AVTA estimates that rates currently paid to Veolia for transit services will remain unchanged. Conversely, issuing a request for proposals and awarding a contract to a new transit operator is likely to result in increased expense to AVTA due to start-up costs required to transfer services from one operator to another. These costs include, among other things, background checks, drug testing, training and obtaining the necessary insurance.