

**MEMORANDUM
CITY OF LANCASTER, CA**

TO: City Council Members

FROM: Council Member Sherry Marquez
Council Member Marvin Crist

DATE: May 24, 2011

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 April 29, 2011, 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 April Board meeting:

- The Board voted unanimously to execute the Executive Director Employment agreement with Julie Austin effective May 2, 2011. The contract term is through July 1, 2014, at a starting salary of \$165,000.00 annually. The agreement stipulates an annual merit increase or bonus of up to ten percent (10%) of the base salary, at the sole discretion of the Board. AVTA will pay 100% of the employee share of CalPERS plus a supplemental retirement plan at 6% of the base salary.
- The Board authorized a six-month extension of the current operating contract with Veolia Transportation Services, Inc. A request for proposal (RFP) is in development for a new contractor and staff expects the RFP to come to the Board for approval in May, 2011. "A six-month extension to the Veolia contract will allow time to finalize the RFP and facilitate a smooth transition." The total cost of this contract amendment is estimated at \$4.33 million depending on actual service levels. This amount is budgeted for fiscal year 2011-2012.
- The Board found a bus manufacturer, DesignLine in default of contracts with AVTA for the manufacture and delivery of fifteen hybrid buses and authorized the Executive Director to terminate the contracts and demand a full refund of AVTA's \$2.23 million deposit. Staff believes it is in AVTA's best interest to terminate given significant delivery delays, the lack of communication, and the potential financial instability of DesignLine.
- Coupled with that contract termination, the Board approved the purchase of eleven 40-foot diesel hybrid buses with an option to purchase four additional buses when funds become available. The cost for eleven buses will be approximately \$7.0 million. The purchase is 80% funded with grants (Federal 5307 and ARRA). The local match is provided with Proposition A Discretionary Funding.