

CONTRACT BETWEEN  
THE LOS ANGELES COUNTY TRANSPORTATION COMMISSION  
AND FOOTHILL TRANSIT ZONE  
FOR THE OPERATION OF SERVICE  
IN THE SAN GABRIEL VALLEY

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This Contract, made and entered into this 14<sup>th</sup> day of December, 1988, ~~and~~ between the Los Angeles County Transportation Commission, hereinafter referred to as "LACTC", and a Joint Powers Authority representing certain cities and the County of Los Angeles in San Gabriel Valley, hereinafter referred to as "FOOTHILL TRANSIT ZONE".

WITNESSETH

WHEREAS, it is in the public interest to provide transit service in San Gabriel Valley that is responsive to local needs and is cost effective; and

WHEREAS, the LACTC is authorized to establish transportation zones and to adopt guidelines pursuant to the authority of Section 130259-130263 of the Public Utilities Code of the State of California which sections authorize LACTC to establish FOOTHILL TRANSIT ZONE as the operator of the public transportation services specified below; and

WHEREAS, on December 2, 1987, the LACTC did establish the FOOTHILL TRANSIT ZONE with eight affirmative votes pursuant to the adopted Transportation Zone Guidelines; and

WHEREAS, LACTC and FOOTHILL TRANSIT ZONE agree that service shall commence on or about July 1, 1988; and

WHEREAS, FOOTHILL TRANSIT ZONE has agreed to provide the aforementioned service in accordance with the hereinafter mentioned conditions.

NOW, THEREFORE, in consideration of the covenants and conditions herein contained to be kept and performed by the parties, hereto,

IT IS AGREED AS FOLLOWS:

Section 1. Term of Contract. The Contract will be in effect for three years from the actual date of commencement of service. FOOTHILL TRANSIT ZONE shall perform service hereinafter strictly in accordance with the terms and conditions of this Contract.

Section 2. Creation of Foothill Transit Zone. LACTC is empowered to create local transportation zones where the LACTC determines by eight affirmative votes that the Southern California Rapid Transit District cannot otherwise provide adequate and responsive local transportation services in a cost effective manner. LACTC has established proper guidelines for establishing transportation zones. FOOTHILL TRANSIT ZONE has complied with those Transit Zone guidelines in submitting an application which provides assurances that all conditions will be met. The LACTC with eight affirmative votes did establish FOOTHILL TRANSIT ZONE on December 2, 1987 as a local transportation zone in San Gabriel Valley (see Exhibit I).

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Section 3. Administrative Structure. Section 130259 of the Public Utilities Code of the State of California specifies that LACTC shall provide for a method of governing each zone, and shall authorize the zone, under specified conditions, to provide transit service. Foothill Transit Zone was approved with the administrative structure of a Joint Powers Authority. A Foothill Transit Zone Joint Powers Authority has been established (see Exhibit II), as the operator of the transit services specified below.

Section 4. Conditions and Assurances. Foothill Transit Zone agrees to accept and meet the conditions and assurances established in the LACTC Transportation Zone Guidelines and in Exhibit I.

Section 5. Powers and Authorizations. Foothill Transit Zone shall provide service as follows:

- A. Plan and Operate Service. Foothill Transit Zone shall have the authority to plan, contract for and operate public transit services as described below.
  
- B. Description of Services. LACTC approved the request of Foothill Transit Zone that 14 of 56 SCRTD lines be operated by the San Gabriel Valley Joint Powers Authority, known as Foothill Transit Zone. The San Gabriel Valley Transit Zone application submitted November 9, 1987 outlines the 14 lines to be operated by Foothill Transit Zone over a two year phase-in period (see Exhibit III). Service will begin on or about July 1, 1988. Foothill Transit Zone has assured that all service will be competitively procured.

C. Competitive Procurement. Foothill Transit Zone shall follow LACTC competitive procurement processes. Alternatively, the Foothill Transit Zone may develop its own process providing that it complies with applicable State law and is approved by two-thirds vote. In all cases, contracts for service providers shall be awarded to the most responsive, responsible and cost-effective proposer after competitive procurement.

Section 6. Funding. LACTC will fund the operation of Foothill Transit Zone for a period of three years based upon the eligible costs outlined in the LACTC Transportation Zone Guidelines. LACTC shall approve the Foothill Transit Zone financial plan annually. LACTC shall allocate Proposition A Discretionary Funds to Foothill Transit Zone. Foothill Transit Zone shall abide by the Proposition A Discretionary Guidelines applicable to public transit operators. The LACTC approved annual financial plan for each fiscal year shall become a part of this contract. LACTC shall dispense funds to Foothill Transit Zone no more frequently than monthly based upon the approved financial plan.

Section 7. Budgets. Beginning FY 1989-90 Foothill Transit Zone, after holding a public hearing, shall annually adopt a balanced budget for the succeeding fiscal year no later than the last meeting in June of each year.

Section 8. Reporting Requirements. Foothill Transit Zone agrees to comply with the reporting requirements of LACTC including federal, state and LACTC requirements.

Section 9. LACTC Monitoring. LACTC will formally advise Foothill Transit Zone at least semi-annually how Foothill Transit Zone is performing against the criteria specified in Section G, page 12 of the LACTC Transportation Zone Guidelines for determining success of the Zone. LACTC will hire an independent consultant to verify the cost savings required under the Transportation Zone Guidelines. The books and records of Foothill Transit Zone shall be open to inspection at all reasonable times by the LACTC.

Section 10. Annual Audit. Foothill Transit Zone shall annually cause an audit to be made of the financial transactions and records of the Foothill Transit Zone for the preceding year in accordance with LACTC reporting requirements. Such audit shall be conducted by an independent certified public accountant.

Section 11. Indemnification. Foothill Transit Zone agrees to indemnify, defend, and hold LACTC, its agents, officers and employees harmless from and against any and all claims, damages, losses, costs, expenses, and attorney's fees, including defense costs and legal fees, and claims for personal injury, death or property damage, including, but not limited to, bodily injury, death or property damage, arising from or connected with Foothill Transit Zone's operation of SERVICE hereunder, and including any workers' compensation suits, liability or expense, arising from or connected with SERVICE performed on behalf of Foothill Transit Zone by any person pursuant to this Contract.

Without limiting FOOTHILL TRANSIT ZONE's indemnification of LACTC, FOOTHILL TRANSIT ZONE shall provide and maintain at its own expense during the term of this Contract the following program(s) of insurance covering its operation hereunder. FOOTHILL TRANSIT ZONE shall also agree to the following conditions:

- A. LACTC, its officers, agents and employees shall be included as additional insured on all Zone liability insurance policies except: Workers' Compensation, Professional Errors and Omissions and Legal Liability coverage. LACTC shall be named Loss Payee as its interest may appear in all property insurance.
  
- B. Insurance requirements shall include:
  - 1. Comprehensive General Liability. A program of insurance including comprehensive general liability, endorsed for contractual, independent contractors and person injury, with a combined single limit of at least one million dollars (\$1,000,000) per occurrence. The program of insurance shall also include comprehensive automobile liability endorsed for bodily injury and property damage on all owned and non-owned vehicles with a combined single limit of at least ten million dollars (\$10,000,000) per occurrence. Additionally, all revenue vehicles shall be insured against comprehensive and collision damage.
  
  - 2. Workers' Compensation. A program of workers' compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, and which specifically covers all persons providing

services by or on behalf of Foothill Transit Zone and all risks to such persons under this Contract. A certificate evidencing such insurance coverage shall be filed with LACTC Executive Director prior to Foothill Transit Zone's commencement of work hereunder.

3. Aggregate Limits/Blanket Coverage. If any of the required insurance coverage contain aggregate limits, or apply to other operations or tenancy of Foothill Transit Zone outside this Contract, Foothill Transit Zone shall give LACTC prompt, written notice of any incident, occurrence, claim settlement or judgement against such insurance which may diminish the protection such insurance affords. Foothill Transit Zone shall further take immediate steps to restore such aggregate limits or shall provide other insurance protection for such aggregate limits.
  
4. Self-Insurance and Self-Insured Retention. Self-insurance program and self-insured retention in insurance policies are subject to separate approval by LACTC upon review of evidence of Foothill Transit Zone's financial capacity to respond. Additionally, such programs or retention must provide LACTC with at least the same protection from liability and defense of suits as would be afforded by first-dollar insurance.
  
5. Modification of Coverage. LACTC reserves the right at any time during the term of the proposed Contract to change the amounts and types of insurance

required hereunder based upon risk management analysis, by giving Foothill Transit Zone ninety (90) days written notice.

6. Failure to Procure Insurance. Failure on the part of Foothill Transit Zone to procure or maintain required insurance shall constitute a material breach of contract upon which LACTC may immediately terminate this Contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, and all monies so paid by LACTC shall be repaid by Foothill Transit Zone to LACTC upon demand or LACTC may offset the cost of the premiums against any monies due to Foothill Transit Zone from LACTC.

7. Underlying Insurance. Foothill Transit Zone shall be responsible for requiring indemnification and insurance as it deems appropriate from its employees receiving mileage allowance, consultants, agents and contractors, if any, to protect Foothill Transit Zone's and LACTC's interest, and for ensuring that such persons comply with any applicable insurance statutes. Foothill Transit Zone shall seek professional advice in this regard.

8. Contractor. Insurance requirements stated above apply to all service providers as well as Foothill Transit Zone.

C. Such insurance shall be primary with respect to any insurance maintained by LACTC and not contributing to any other insurance maintained by LACTC.

- D. Evidence of such insurance shall be submitted to and approved by LACTC prior to commencement of any work or tenancy under the proposed Contract.
- E. Such insurance shall not be cancelled, materially reduced in coverage or limits or non-renewed in the case of a continuous policy except after forty-five (45) days written notice by registered or certified mail has been given to LACTC
- F. FOOTHILL TRANSIT ZONE will be required to submit two (2) certified copies of the Policy(s) with endorsements or other evidence acceptable to LACTC containing language which complies with subsections A, B, C, and D above.

Section 12. Force Majeure. FOOTHILL TRANSIT ZONE shall not be charged, nor shall LACTC demand from FOOTHILL TRANSIT ZONE damages because of failure in providing SERVICE due to unforeseeable cause beyond the control and without the fault or negligence of FOOTHILL TRANSIT ZONE. Such causes of excusable delay may include acts of federal and/or state governments, acts of LACTC or anyone employed by it, fires, floods, snow storms, strikes, and public road closures, but in every case the delay is excusable only for so long as, and to the extent that, the excusable delay continues.

In the event that FOOTHILL TRANSIT ZONE is unable to provide SERVICE indicated due to any cause, it shall make a reasonable attempt to so notify the public patronizing SERVICE.

Section 13. City Withdrawal from the Zone. Creation of a Zone is a complex undertaking and it should be clear what responsibilities are to be assumed when executing this contract:

All members of the FOOTHILL TRANSIT ZONE agree to support the Zone for a minimum of one year once service has been initiated. After one year, should a city wish to withdraw from the Zone, the following conditions would apply:

- A. City(s) withdrawing from the Zone shall provide a minimum 120 day notice; and
- B. City(s) acknowledge that SCRTD/LACTC are not required to provide replacement service.

Section 14. LACTC Renewal. LACTC may at its discretion withdraw funding with reasonable notice (a minimum of 90 days) in accordance with Section V of the Transportation Zone Guidelines.

Section 15. Interpretation. This contract shall be construed in accordance with and governed by the laws of the State of California.

Section 16. Notices. Notices to LACTC shall be addressed as follows:

Executive Director  
LACTC  
403 West 8th Street, Suite 500  
Los Angeles, CA 90014

Notices to FOOTHILL TRANSIT ZONE shall be addressed as follows:

Executive Officer - Clerk of the Board of Supervisors  
Room 383, Hall of Administration  
Los Angeles, CA 90012

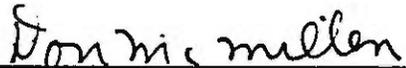
Section 17. Severability. Should any part, term, portion or provisions of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, portions of provisions shall be deemed severable and shall not be affected thereby, provided such remaining portion or provisions can be construed in substance to continue to constitute the Agreement that the parties intended to enter into in the first instance.

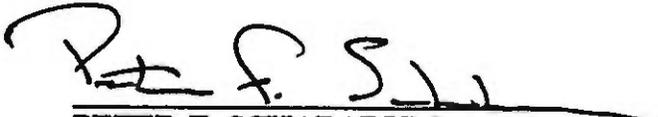
Section 18. Assignment FOOTHILL TRANSIT ZONE shall not assign its rights or delegate its duties under this agreement in whole or in part without the prior written consent of the LACTC, and any unapproved assignment or delegation shall be null and void.

IN WITNESS THEREOF, said LACTC has executed this agreement by causing it to be subscribed by the Chairman of the LACTC, and said FOOTHILL TRANSIT ZONE has executed this agreement on the day and year first herein above written.

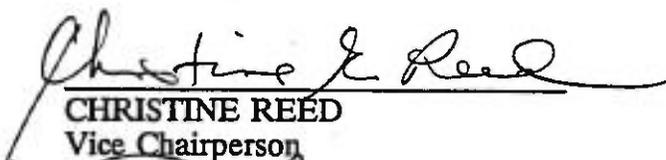
FOOTHILL TRANSIT ZONE

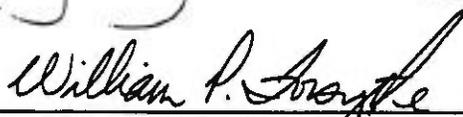
LOS ANGELES COUNTY  
TRANSPORTATION COMMISSION

  
DON McMILLEN  
President

  
PETER F. SCHABARUM  
Chairman

  
JUDY WRIGHT  
Vice President

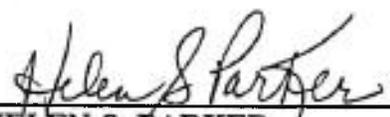
  
CHRISTINE REED  
Vice Chairperson

  
WILLIAM P. FORSYTHE  
Acting Executive Director

  
PAUL TAYLOR  
Acting Executive Director

APPROVED AS TO FORM:

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HELEN S. PARKER  
Senior Deputy County Counsel

DE WITT W. CLINTON  
County Counsel

  
DAVID B. KELSEY  
Assistant County Counsel

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5/16/88

