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FINANCE AND BUDGET COMMITTEE  
JULY 17, 2003

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Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012-2952

**SUBJECT: BLUE LINE JOINT LIABILITY CLAIMS AGREEMENT**

**ACTION: APPROVE THE CONTINUATION OF THE  
MEMORANDUM OF UNDERSTANDING (MOU) WITH  
THE CITY OF LONG BEACH AND LOS ANGELES  
COUNTY**

**RECOMMENDATION**

Authorize the Chief Executive Officer to execute an amendment to extend the Metro Blue Line Memorandum of Understanding for Liability, Insurance and Indemnification with Respect to Operations, Use or Maintenance of the Metro Blue Line between City of Long Beach, County of Los Angeles, and Los Angeles County Metropolitan Transit Authority (LACMTA) from August 1, 2003 through July 31, 2008 (Attachment A).

**RATIONALE**

Participants in the MOU agree that MTA's Risk Management Department and MTA's Third Party Administrator will handle all liability claims related to Blue Line operations filed against any of the parties. All parties agree that no counter claims will be filed against fellow participants. Staff has met with representatives from the City of Long Beach and the County of Los Angeles to obtain approval of the amendment.

In exchange for participation in the MOU, participants are afforded coverage under MTA's Excess Liability Insurance Policy for exposure relative to Blue Line claims. MTA's Excess Liability Insurance provides coverage to \$100.0 M per occurrence for claims in excess of MTA's \$4.5M retention. The participants are charged 2% of paid Blue Line claims. Attachment B reveals paid loss data by jurisdiction for FY1995 - 2002.

On November 20, 1990 the Board authorized the execution of an MOU for joint liability claims handling and Excess Liability Insurance coverage between Southern California Rapid Transit District (SCRTD) and the jurisdictions

involved in Blue Line Service. Subsequently the Board authorized amendments for continuing participation through July 31, 2003.

The original participants were, Los Angeles County, the City of Long Beach, and the City of Compton. In the past, the City of Los Angeles has declined to participate. The City of Compton has declined to participate in the MOU since the August 1, 1995 renewal.

### **FINANCIAL IMPACT**

This agreement does not have any additional financial impact. MTA's participation in the MOU does not change TPA fees or insurance premiums included in the FY04 Budget. The agreement provides for a 2% re-imbusement from both the City of Long Beach and County of Los Angeles for Blue Line related claims.

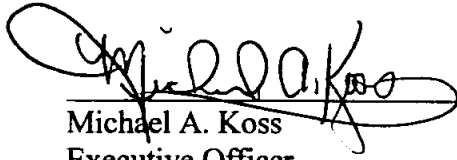
### **ALTERNATIVES CONSIDERED**

Discontinuing the MOU was rejected because:

- MTA would be exposed to cross complaints from the jurisdictions listed in the MOU, potentially resulting in increased legal and claims expenses
- MTA's defense position in claims and lawsuits could be weakened by in-fighting among co-defendant entities as they position themselves to protect their individual interests
- Insurance and indemnification provisions in existing operating agreements with member agencies would have to be amended, potentially to the MTA's detriment.

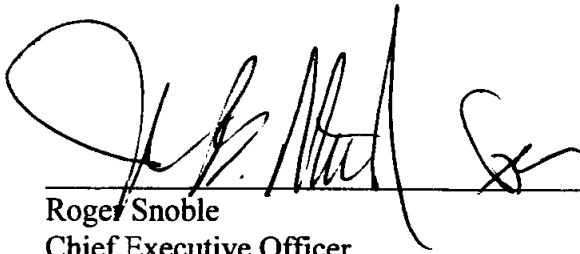
### **ATTACHMENTS**

Attachment A: Amendment 4 to Memorandum of Understanding for Metro Blue Line  
Attachment B: Paid Loss Data by Participating Jurisdiction since 1995



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Michael A. Koss  
Executive Officer  
Risk Management and Corporate Safety



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Roger Snoble  
Chief Executive Officer

**AMENDMENT NO. 4 TO  
MEMORANDUM OF UNDERSTANDING  
FOR  
LIABILITY, INSURANCE AND INDEMNIFICATION WITH RESPECT TO  
OPERATIONS, USE OR MAINTENANCE  
OF THE METRO BLUE LINE BETWEEN  
CITY OF LONG BEACH  
COUNTY OF LOS ANGELES  
AND  
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
(LACMTA)**

The undersigned public agencies (referred to collectively as "Agencies" or individually as "Agency") have heretofore executed that certain Memorandum of Understanding dated September 24, 1991 (the "Memorandum").

The Agencies now desire to amend the Memorandum pursuant to this Amendment No. 4 as set forth below.

Section 1 of the Memorandum is hereby amended to read, in its entirety, as follows:

Subject to the provisions set forth below in this Section, the term of this Memorandum shall be and this Memorandum shall apply to any activity resulting in any loss as set forth herein, which occurs during the period commencing on August 1, 2003 and ending on July 31, 2008 (the "Expiration Date"). Notwithstanding the passage of the Expiration Date of the prior extension, this Memorandum shall be in full force and effect with respect to any activity occurring during the term of this Memorandum.

The Expiration Date shall not be extended as set forth in this Section during the period, written notice of termination is given to all other parties to this Agreement no earlier than one hundred eighty (180) days, and no later than ninety (90) days, before the Expiration Date.

All notices shall be by registered or certified mail, postage prepaid, return receipt requested, personal delivery or overnight courier to the principal offices of each of the other Agencies. Such notices may be sent in the same manner to such other addresses any Agency may from time to time designate by notice given as provided in this Section. For purposes of this Section, the address of each Agency shall be set forth below:

If to City of Long Beach:

333 West Ocean Boulevard  
Long Beach, CA 90802  
(310) 590-6754  
Attention: Risk Manager

If to County of Los Angeles:

P. O. Box 1460  
Alhambra, CA 91802-1460  
Attention: Chief Deputy Director, Department of Public Works

If to Los Angeles County Metropolitan Transportation Authority (LACMTA):

One Gateway Plaza  
Los Angeles, CA 90012-2952  
Attention: Executive Officer of Risk Management

Except as amended hereby, the Memorandum remains in full force and effect.

This Amendment No 4 shall be effective on August 1, 2003.

This Amendment No. 4 may be executed in as many counterparts as may be deemed necessary or convenient and by the different parties hereto on separate counterparts each of which when so executed shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

Amendment No. 4 executed on this \_\_\_\_\_ day of  
\_\_\_\_\_ 2003.

CITY OF LONG BEACH

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_

COUNTY OF LOS ANGELES

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
(LACMTA)

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_

**BLUE LINE CLAIMS AND PAYMENT STATISTICS  
BY JURISDICTION**

FISCAL YEAR	LONG BEACH		CO. OF LOS ANGELES	
	CLAIMS	PAYMENTS	CLAIMS	PAYMENTS
1995	19	\$30,595	50	\$27,668
1996	14	\$31,407	68	\$15,088
1997	3	\$0	63	\$18
1998	14	\$342,536	12	\$26,659
1999	43	\$22,862	10	\$2,638
2000	18	\$629	0	\$0
2001	20	\$143,449	0	\$0
2002	15	\$25,103	8	\$119,234
<b>TOTAL</b>	<b>146</b>	<b>\$596,581</b>	<b>211</b>	<b>\$191,305</b>

**GRAND TOTAL OF PAYMENTS (SYSTEM)**

FISCAL YEAR	CLAIMS	PAYMENTS
1995	109	\$394,213
1996	132	\$139,803
1997	129	\$98,953
1998	125	\$655,478
1999	169	\$147,324
2000	111	\$46,743
2001	140	\$356,343
2002	118	\$343,104
<b>TOTAL</b>	<b>1033</b>	<b>\$2,181,961</b>