Robert E. Shannon City Attorney of Long Beach 333 West Ocean Boulevard ig Beach, California 98802-4664 Telephone (562) 570-2200

<u>AGREEMENT</u>

THIS AGREEMENT is made and entered, in duplicate, as of August 4, 2005 for reference purposes only, pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting on August 2, 2005, by and between the LONG BEACH PUBLIC TRANSPORTATION COMPANY, a California nonprofit corporation, whose address is 1963 East Anaheim Street, Long Beach, California 90813 ("Long Beach Transit"), and the CITY OF LONG BEACH, a municipal corporation ("City").

WHEREAS, Long Beach Transit provides public transportation services in the City and in surrounding communities; and

WHEREAS, public funds to support these services is provided by a number of governmental sources; and

WHEREAS, the City is the sole stockholder of Long Beach Transit; and WHEREAS, Long Beach Transit uses public streets and other public property in providing its services; and

WHEREAS, the previous operating Agreement dated as of July 15, 2004, has expired; and

WHEREAS, the parties desire to enter a new operating Agreement;

NOW, THEREFORE, in consideration of the mutual terms and conditions in this Agreement, the parties agree as follows:

1. Long Beach Transit shall operate a motor bus system within the territory presently served by Long Beach Transit shown on Exhibit "A", attached to this Agreement and incorporated by this reference, on the routes now in effect, listed in Exhibit "B", attached and incorporated by this reference, and shall improve its operations by the purchase of new buses, equipment and other facilities. No change shall be made in Long Beach Transit's present route structure unless such change is approved by the City's Director of Public Works ("Director") as set forth in Section 4 below. Long Beach Transit shall furnish all labor, supervision, equipment, machinery, appliances, supplies, materials,

vehicles, tools, and services necessary to operate the motor bus system.

- 2. Long Beach Transit shall prepare and submit a proposed operating and capital improvement budget for Long Beach Transit's next succeeding fiscal year to the City's City Manager with a copy to the Director by March 15 each year. The City Manager will transmit it, with his comments, to the City Council. Long Beach Transit's budget shall not become effective until the City Council has had sixty (60) days in which to review and comment on the budget.
- 3. Long Beach Transit shall maintain complete and accurate books, records and systems utilizing the standard classification of accounts prescribed by recognized authorities for use by transit systems. All such books, records, and systems shall be open and available for inspection by the City and its representatives. Subject to Federal laws, rules and regulations, Long Beach Transit shall make changes in its books, records and recordkeeping systems and make reports to the City as may, from time to time, be requested by the City or its representatives. The City Auditor shall audit Long Beach Transit's books.
- 4. The City acting through the Director shall have the power to approve or disapprove:
 - (a) The establishment of new routes;
 - (b) Changes in the present routes; and
 - (c) The suspension or abandonment of any bus routes.

Long Beach Transit shall submit all applications for changes in the operations set forth in (a) through (c) above in writing and in a form acceptable to the City.

- 5. Long Beach Transit shall have the right to control and regulate its schedule of services, the fare structure, the issuance of bus passes, and the issuance and use of transfers provided, however, that no changes shall be made without giving notice to the Director at least fifteen (15) days before any changes are effective.
- 6. With respect to services performed in connection with this Agreement, Long Beach Transit shall indemnify and hold harmless the City, its Boards, Commissions,

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and their officials, employees and agents (collectively in this Section, "City") from and against any and all liability, claims, demands, damage, loss, causes of action, proceedings, penalties, fines, costs and expenses (including attorney's fees, court costs, and expert and witness fees) (collectively "Claims" or individually "Claim"). Claims include allegations and include by way of example but are not limited to: Claims for property damage, personal injury or death arising in whole or in part from any negligent act or omission of Long Beach Transit, its officers, employees, agents, sub-consultants, or anyone under Long Beach Transit's control (collectively "Indemnitor"); Long Beach Transit's breach of this Agreement; misrepresentation; willful misconduct; and Claims by any employee of Indemnitor relating in any way to worker's compensation. Independent of the duty to indemnify and as a free-standing duty on the part of Long Beach Transit, Long Beach Transit shall defend City and shall continue such defense until the Claim is resolved, whether by settlement, judgment or otherwise. No finding or judgment of negligence, fault, breach, or the like on the part of Indemnitor shall be required for the duty to defend to arise. Long Beach Transit shall notify the City of any Claim within ten (10) days. Likewise, City shall notify Long Beach Transit of any Claim, shall tender the defense of such Claim to Long Beach Transit, and shall assist Long Beach Transit, as may be reasonably requested, in such defense.

- 7. Long Beach Transit shall honor valid City identification cards which display a current sticker, as full payment of bus fares by City employees.
- 8. This Agreement shall commence at 12:01 a.m. on July 1, 2005, and terminate at midnight on June 30, 2014. Either party shall have the right to terminate this Agreement at any time, with or without cause, by giving thirty (30) days prior notice of termination to the other party.
- 9. Long Beach Transit shall not assign or transfer this Agreement or any interest in this Agreement or its rights under this Agreement, nor delegate any duties under it without the prior written approval of the City's City Manager. Any attempted assignment, transfer, or delegation shall be void and any assignee, transferee or delegate shall acquire no right or interest by reason of such attempted assignment, transfer or delegation.

10. Long Beach Transit shall pay, before they become delinquent, all taxes, fees, assessments and other charges which may be levied or assessed against the fixtures, equipment or other property owned or operated by Long Beach Transit under this Agreement.

- and shall not act as an employee, agent, or joint venturer with the City. Long Beach Transit acknowledges and agrees that a) the City will not withhold taxes of any kind from any consideration given to Long Beach Transit by the City; b) the City will not obtain workers' compensation or pay unemployment insurance to, for or on Long Beach Transit's behalf; and c) the City will not provide and Long Beach Transit and its employees are not entitled to any of the usual and customary rights, benefits or privileges of City employees. Long Beach Transit shall not represent itself to be an agent of the City and shall instruct its officers, employees and agents that they shall not represent themselves to be officers, employees or agents of the City.
- 12. Any notice given under this Agreement by either party shall be in writing and personally delivered or deposited in the U.S. Postal Service, first class, postage prepaid, addressed to Long Beach Transit at its address first stated above, and to City at 333 West Ocean Boulevard, Long Beach, California 90802 Attention: City Manager with a courtesy copy to the attention of the Director of Public Works at the same address. Notice of change of address shall be given in the same manner as stated for other notices. Notice shall be deemed given on the date deposited in the mail or on the date personal delivery is made, whichever occurs first.
- 13. This Agreement constitutes the entire understanding between the parties pertaining to the subject matter in the Agreement and supersedes all prior negotiations, agreements and understandings of the parties, written or oral, with respect to that subject matter. This Agreement may not be amended except by a formal written amendment signed by the parties and no provision or breach of the Agreement may be waived except by a writing authorized and signed by both parties which expressly refers

- 14. This Agreement shall be governed by and construed pursuant to the laws of the State of California.
- 15. Subject to applicable laws, rules, and regulations, Long Beach Transit shall not discriminate in the performance of this Agreement against any person or group on the basis of race, color, creed, religion, sex, sexual orientation, AIDS, HIV status, age, marital status, ancestry, national origin, disability or handicap.
- 16. If any term, covenant, or condition of this Agreement is found to be invalid, ineffective, void, or unenforceable for any reason by a court of competent jurisdiction, the remaining terms, covenants, and conditions shall remain in full force and effect.
- 17. A. Long Beach Transit shall procure and maintain the following insurance at Long Beach Transit's sole expense for the duration of this Agreement from insurance companies authorized to write insurance in the State of California or from nonadmitted insurers that are on California's List of Eligible Surplus Lines Insurers (LESLI) and that have a minimum rating of or equivalent to A:VIII by A.M. Best Company:
- (i) Comprehensive general and automobile liability insurance that names the City, its officials, employees, and agents as additional insureds with respect to liability arising from activities performed by or on behalf of Long Beach Transit with limits not less than Ten Million Dollars (\$10,000,000) per occurrence. This insurance shall be primary insurance with respect to the City, shall contain a cross liability endorsement, and shall be endorsed to waive the insurers' rights of subrogation against the City, its officials, employees, and agents.
- (ii) Workers' compensation in accordance with California's Workers' Compensation and Insurance Act, endorsed, as applicable, to include coverage pursuant to the United States Longshoremen and Harbor Workers' Compensation Act and Jones' Act, and employer's liability insurance with limits not less than One Million Dollars (\$1,000,000) per injury or occupational disease. The policy shall be endorsed by the

insurer to waive the insurer's rights of subrogation against the City, its officials, employees, and agents.

- (iii) Commercial crime insurance including a minimum of One Million Dollars (\$1,000,000) blanket honesty protection on all officers and employees of Long Beach Transit. The City shall be named an additional insured and obligee as its interests may appear.
- (iv) Any other insurance that may be required by state and federal regulatory authorities.
- (v) "All Risk" property insurance, including debris removal, extra expense, business interruption and boiler and machinery coverage, in an amount to cover the full replacement value of all buildings and structures constructed on City's property by or on behalf of Long Beach Transit. City shall be named as an insured under a standard loss payee endorsement to the policy.
- (vi) "All Risk" property insurance, including debris removal and builders risk coverage during the course of construction, in an amount sufficient to cover the full replacement value of buildings and structural improvements constructed or erected on City's property by or on behalf of Long Beach Transit. City shall be named as an additional insured under a standard loss payable endorsement, as its interests may appear.
- (vii) "All Risk" property insurance in an amount sufficient to cover the full replacement value or maximum probable loss value of Long Beach Transit's personal property and equipment, including Long Beach Transit's fleet of buses and public transit vehicles, whether owned, leased, or in the care, custody, or control of Long Beach Transit. City shall be named as an additional insured under a standard loss payable endorsement, as its interests may appear.
- B. Long Beach Transit shall procure and maintain or cause to be procured or maintained the insurance required in Section 17(A) by Long Beach Transit's on-site contractors, subcontractors, lessees, or permittees of Long Beach Transit, as may be applicable to their respective operations, subject to the following amendments.

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(i) Long Beach Transit's public transportation contractors and subcontractors shall provide Commercial General Liability (CGL) and Commercial Automobile Liability (CA) insurance as required under Section 17(A)(i) in an amount not less than One Million Dollars \$1,000,000 per occurrence and Two Million Dollars (\$2,000,000) general aggregate [One Million Dollars (\$1,000,000) combined single limits for auto] (or the coverage and minimum limits as required by the California Public Utilities Code). For public marine transit providers, protection and indemnity insurance with limits of not less than One Million Dollars per occurrence (\$1,000,000) may be substituted for the CGL and CA coverage and limits. This insurance shall be endorsed to include the City, its officials. employees, and agents as additional insureds and to waive the insurer's rights of subrogation against the City, its officials, employees, and agents. All other applicable insurance requirements under Section 17(A), with the exception of crime and property insurance, apply.

- (ii) If development or construction is undertaken by Long Beach Transit, additional coverages may be required from Long Beach Transit's contractors and subcontractors by the City, including but not limited to coverage for explosion, collapse. and underground (XCU) hazards, environmental impairment liability, design professionals' liability, and construction management errors and omissions liability.
- C. If Long Beach Transit fails to procure or maintain this insurance, City may, at its option, procure and maintain such insurance on behalf of Long Beach Transit and City, at Long Beach Transit's sole expense. The failure to procure or maintain insurance shall be determined by City's Risk Manager or designee, at City's sole discretion.

If City exercises its option to purchase this insurance, then Long Beach Transit shall reimburse City for the cost of the insurance no later than fifteen (15) calendar days after the date of City's invoice. Any amount not received by City within the 15-day period shall accrue interest at 2% per month from the sixteenth (16th) calendar day after the invoice date, compounded monthly.

D. Long Beach Transit shall provide to City all policy information requested

by City, including but not limited to a certified copy of the policy, and make available to City all books, records and other information relating to such insurance, during Long Beach Transit's normal business hours.

E. On execution of this Agreement, Long Beach Transit shall deliver to City the certificates of insurance and endorsements required above, including the certificates and endorsements of any of Long Beach Transit's contractors, subcontractors, permittees, or lessees, for approval as to sufficiency and form. The certificates and endorsements for each insurance policy shall contain the original signatures of persons authorized by that insurer to bind coverage on its behalf. Long Beach Transit shall provide to City copies of certificates of insurance and endorsements for renewal policies during the term of this Agreement within thirty (30) days after policy expiration. City reserves the right to require complete certified copies of all said policies at any time.

F. All insurance shall be separately endorsed to require at least thirty (30) days prior written notice of cancellation [ten (10) days if cancellation is for nonpayment of premium], nonrenewal, or reduction in coverage or limits (other than reduction of limits due to claims paid) and provide that coverage shall be primary and not contributing to any other insurance or self-insurance maintained by the City, its officials, employees, and agents.

- G. Any self-insurance program, self-insured retention or deductible must be approved separately in writing by City's Risk Manager or designee and shall protect the City, its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained such retention or deductible provisions.
- H. With respect to damage to property, City and Long Beach Transit hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said damage.
- I. Not more frequently than every three (3) years or when there is any new construction or development by Long Beach Transit on premises owned by the City or when there is any assignment, transfer, or subcontract approved by City in accordance with

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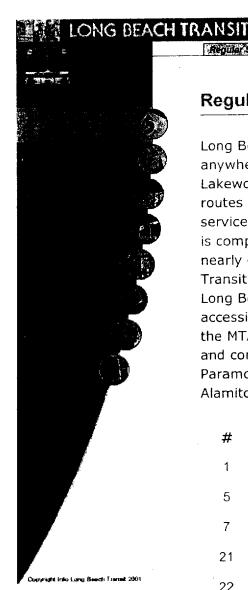
this Agreement, Long Beach Transit shall amend its insurance coverages as required by City's Risk Manager or designee if, in the opinion of City's Risk Manager or designee, the amount, scope, or types of these coverages are not adequate. Such amendments may include, but are not limited to, coverage for earthquake, flood, and terrorism if available from responsible insurance companies at reasonable cost. Determination of "responsible insurance companies" and "reasonable cost" are at the sole discretion of City's Risk Manager or designee. On an annual basis, Long Beach Transit may request in writing annual, one-time reductions in the scope or limits of insurance if coverage is not available from responsible insurance companies at reasonable cost at the discretion of City's Risk Manager or designee.

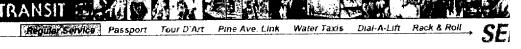
J. The insurance required herein shall not be deemed to limit Long Beach Transit's liability under this Agreement. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this Agreement. City makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Long Beach Transit's liability or obligations under this Agreement.

K. Any modification or waiver of these insurance requirements shall be made only with the written approval of the City's Risk Manager or designee.

IN WITNESS WHEREOF, the parties have caused this document to be duly

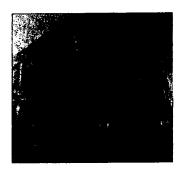
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	1	executed with all formalities required by	law as of the date first stated above.
Robert E. Shannon City Attorney of Long Beach 333 West Ocean Boulevard Long Beach, California 90802-4664 Telephone (562) 570-2200	2		LONG BEACH PUBLIC TRANSPORTATION COMPANY, a California nonprofit corporation
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	4		Laurence W. Jackson
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	11		"City"
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Regular Service

Long Beach Transit takes you just about anywhere you want to go in Long Beach, Lakewood and Signal Hill. We have 38 bus routes to provide you with fast, reliable service in air-conditioned comfort. Each route is computer-scheduled with pick-up points nearly every two blocks. And most Long Beach Transit routes run seven days a week. All of Long Beach Transit's routes are wheelchair



accessible and surfboards 6 feet and under are welcome. Connections wit the MTA light rail service to Los Angeles, El Segundo and Norwalk is easy and convenient. And to all of our neighboring cities: Carson, Compton, Paramount, Downey, Bellflower, Artesia, Cerritos, Hawaiian Gardens, Los Alamitos and Seal Beach.

#	Route	#	Route
1	Easy Ave.	101	Carson St. / Centralia
5	Long Beach Blvd.	102	Willow / Spring
7	Orange Ave.	103	Carson St. to Lakewood Mall
21	Cherry Ave	111	Broadway / Lakewood Blvd.
22	Downey Ave.	112	Broadway / Clark Ave.
23	Cherry to Carson St. Only	131	Redondo Ave. to Seal Beach
45	Anaheim St. Crosstown	171	PCH to Seal Beach
46	Anaheim St. to Downtown	172	PCH / Palo Verde
61	Atlantic Ave. to Artesia Station	173	PCH / Studebaker
62	Atlantic to Alondra Blvd.	174	PCH to Ximeno Only
81	10th St. to CSULB	181	Magnolia / 4th St.
91	7th St. / Beilflower Blvd.	182	Pacific / 4th St.
92	7th St. / Woodruff Ave.	191	Santa Fe / Del Amo Blvd.
93	7th St. / Clark Ave.	192	Santa Fe / South St.
94	7th St. to Los Altos Only	193	Santa Fe via McHelen to Del Amo Station

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194 Santa Fe Via Hughes Wy. to Del Amo Station

Along with regular bus service, Long Beach Transit offers special downtov shuttle services...on land and on sea!

- The Pine Avenue Link is your fast link from downtown's restaurants, shops and offices to beachside fun spots -- The Convention Center, the Aquarium of the Pacific, the Downtown Mar and Shoreline Village. The price and the pace are perfect -- FREE fa and up to 8 minute frequency.
- The Passport is a free shuttle service along Ocean Blvd. in downtown Long Beach to the Queen Mary and the World Trade Center. For regular fare, the Passport travels to Belmont Shore, Marina Pacifica, Alamitos Bay Landing, Cal State University Long Beach and the Los Altos Market Place.
- The Village Tour D'art is a downtown shuttle that offers daily service to all the city's cultural hot spots. Museums, architecture, cafes, churches, parks, shops and galleries are all easily within reaction just a \$1 pass, purchased on board.
- **The AquaBus** is the Queensway Bay water-taxi offering a water experience between the Queen Mary, Shoreline Village and the Aquarium.
- The AquaLink is the new, fast water taxi that cruises the length of the Long Beach coast, from Rainbow Harbor to Alamitos Bay Landir

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