

# EDC grounds its buses; BlueGo sputters to stay viable

By Kathryn Reed

El Dorado County pulled its two buses out of the BlueGo fleet Wednesday, creating an unstable situation for on-call riders of the public transit system.

“Because everything happened late (Tuesday) I’m not sure about the on-call services or what is being offered to those folks,” county Supervisor Norma Santiago told *Lake Tahoe News* late Wednesday. Until July 22 she was the vice president of the South Tahoe Area Transportation Authority. She is still on its board. “There are some discussions going on that I’m not privy to.”

(STATA is a nonprofit Nevada-based umbrella agency that runs the transit system on the South Shore.)



No one is riding El Dorado County-owned BlueGo buses.

Photo/Kathryn Reed

On Wednesday afternoon one of the two buses was in the county’s transportation yard in Meyers. Just after 5pm a

BlueGo bus was in service in the Meyers area headed toward South Lake Tahoe on Highway 50.

The directive to park the vehicles came about because of liability issues involving the county not being named on the certificate of insurance, Santiago said.

Two closed session items involving BlueGo were on the Board of Supervisors' July 27 agenda, though no reportable action was taken. These pertained to lawsuits.

Eleven days ago the set route in Meyers was eliminated along with other changes in an attempt to put a Band-Aid on the ailing system.

*Lake Tahoe News* called BlueGo dispatch Wednesday asking about booking a ride for this morning for on-call service in Meyers. The dispatcher said it was possible, but there was limited availability.

### **Financial concerns**

"Right now the county has no agreement with STATA," Santiago said.

On June 29, she made a motion as chairwoman of the Board of Supervisors to not fund an estimated \$181,343 for July 1, 2010, through June 30, 2012, to provide for the operation and funding of BlueGo on-call services. The board agreed.

Stacy Dingman, a STATA board member and spokeswoman for the group, told *Lake Tahoe News* this week she knew nothing of El Dorado County's June vote even though the STATA board last met July 22.

Things are so bad at the Stateline agency that the B word – bankruptcy – has been broached.

"There have definitely been rumors about bankruptcy. The fiscal year began July 1. That is when new grants come in.

Monies are coming in," Dingman said.

Mike McLaughlin, attorney for STATA, said, "The board is considering all of their available options and it would be imprudent not to consider bankruptcy as an option. Settling the debt with MV is an option and other options are available."

State and federal dollars, which is what STATA relies on to keep the buses rolling, have strings attached. A basic requirement is to have annual audits and a semblance of financial stability.

STATA has neither. The audit for fiscal year ending June 30, 2009, is not done. And its financial solvency resembles scarlet red more than midnight black.

In an email from STATA accountant Rhonda Saigh to Dingman, which Dingman shared with *LTN*, it says, "The 08-09 audited financial statements have not yet been accepted by the board. That action is expected to be taken at the board meeting on Aug. 9. No public distribution or posting is appropriate prior to board acceptance. The audited financial statements are not required, but desired, to be posted on the website. To refresh your memory, the completion of the 08-09 audit was vastly delayed primarily because of the very, very late grant billings to NDOT. "

The Nevada Department of Transportation is so worried about STATA's ability to operate that it sent STATA Chairwoman Nancy McDermid and Treasurer Dan Garrison an email July 12 saying it was threatening to cut off funding.

The letter from Derek Kirkland, transportation planner, says, "The biggest concern is that STATA is lacking cash flow and is relying solely on grant funding, which is not allowed. NDOT's grant funding is a reimbursable program and requires a 50 percent local match," Kirkland wrote. Later the letter says, "As I know you are very aware, STATA is in a very serious

situation and risks shutting down service indefinitely.”

Federal law mandates annual, timely audits be done in order to receive funding.

One of the issues for El Dorado County is the 2009 audit is not approved, when in fact it's the 2010 audit that should be under way. Audits are due to California by Dec. 31 each year.

“STATA has a contractual obligation to the county to provide us with an audited financial statement,” county Auditor-Controller Joe Harn said. “(It's) unfortunate the audit was not completed sooner. It might have provided insight to the board of directors of STATA and to the county of El Dorado about what was happening financially to STATA.”

Because STATA is a Nevada corporation it does not have to meet some of the stricter rules California has on the books. John Andoh, the transit administrator who left STATA earlier this year, did not have to file papers with the Fair Political Practices Commission in relation to MV Transportation – his former employer – who he recommended to the board be the transit operator. If it were a California entity, the contract STATA signed that was valued at more money than it had, would have been null and void.

### **Looking for answers**

Santiago says there is plenty of blame to go around for why STATA is in the quandary it's in. She admits the board should have asked more questions of Andoh and not relied on this one staff person to be so powerful.

“Hindsight is 20-20. We should have reigned in John a lot sooner,” Santiago said. She said he misrepresented to MV what the board wanted and what STATA was capable of paying.

Andoh at one time tried to get El Dorado dollars passed to a dormant, essentially non-existent JPA called the Basin

Transportation System that was established in the 1970s.

McLaughlin does not believe there has been any misappropriation of funds.

“I don’t think anyone has cast any doubt that all the funds in the operation were used for capital acquisition and operations. But the system was set up to run with a certain budget and all those budgeted funds did not come to fruition,” McLaughlin said.

### **Another lawsuit on the books**

On July 27, the fourth lawsuit from MV Transportation, the transit operator for the South Shore system until June 20, was filed. This one in Douglas County names all of the member agencies of the South Tahoe Area Transportation Authority.

The entities named in the latest suit are: South Lake Tahoe, El Dorado County, Douglas County, Harveys, Harrah’s, MontBleu, Horizon, Lakeside, Heavenly, Ridge Tahoe, Tahoe Transportation District, and Tahoe Regional Planning Agency. TRPA is a non-voting member of STATA.

“The lawsuit filed (Tuesday) is pretty extensive. Everyone is scrambling,” Santiago said.

The problem is STATA owes MV more than \$2 million, though the sparring entities disagree on exact amount.

### **Bringing in TTD**

To appease NDOT, and probably other funding agencies, STATA at its special July 22 meeting that was a joint board meeting with Tahoe Transportation District, agreed to have this agency handle the day-to-day operation. Transit Resource Center has a limited contract to run the actual vehicles.

NDOT officials were at last week’s meeting. It had been the state agency’s recommendation in the July 12 letter that TTD

be brought in.

TTD will do this through Sept. 30. This agency, which has two staff members, is tasked with handling grant proposals and administering the request for proposal to find a long-term bus operator for STATA.

It's possible a longer contract could be issued or that TTD would take over the bus system and STATA would be dissolved. One thing that needs to be overcome is the TTD board is made up of public agencies, while STATA is a public-private enterprise.

Santiago envisions it being a rough road going forward for everyone involved.

"I think everybody is committed to making sure the BlueGo system continues to operate. It may operate on a smaller scale," McLaughlin said. He said talks have centered on having a transit system where the operations fit the confirmed dollars coming in. "The system might get a bit smaller. I don't think anyone anticipates the system going away."