

# Mediation fails between MV, STATA in Tahoe transit mess

By Kathryn Reed

Mediation this week failed to resolve the lawsuit MV Transportation filed against the South Shore's transit agency and the members in the organization.

MV Transportation filed a lawsuit against South Tahoe Area Transit Authority after the agency severed the contract with the Fairfield-based company. MV had signed a three-year contract in summer 2009 to run the day-to-day operation of the bus service on the South Shore that includes BlueGo, Heavenly ski shuttles, Nifty 50 Trolley, routes to Carson City, and service into Carson Valley.



Transit on the South Shore is in a precarious predicament. Photo/Kathryn Reed

Financial issues began surfacing early in the relationship. Sources close to the situation told *Lake Tahoe News* MV was racking bills immediately because drivers employed by former bus contractor Area Transit Management did not pass the basic state and federal tests. This meant MV had to bring in workers

from outside the area at an added premium.

Issues at the bus garage in South Lake Tahoe and maintenance of the vehicles were also problems MV had to contend with.

During this time John Andoh was the transit administrator. The board, made up of representatives from South Lake Tahoe, Douglas County, Heavenly Mountain Resort, Ridge Tahoe, Harveys, Harrah's, MontBleu, Lakeside Inn, Horizon, and Tahoe Transportation District gave him free reign without much oversight. (El Dorado County at the time was a member, but has since pulled out; TRPA has a non-voting member on the board. They are named in the lawsuit.)

No financial wrongdoing has been alleged in regards to Andoh. He was hired to operate the buses by the Tahoe Regional Planning Agency. He wasn't hired to keep track of expenses. He was told to make sure the buses ran. And he did.

The board didn't know about MV's expenses until the bills started piling up because they weren't getting paid. MV board members have said off the record they didn't know bills weren't being paid. They didn't believe it was their job to know what was going on a day-to-day basis.

MV wants its money and that's what the lawsuit is all about. The firm claims it is owed about \$2 million and wants another \$1 million in lost profits.

Other than confirming there was a mediation session for the better part of a day in Reno this week, MV officials did not want to comment further.

With STATA having filed for bankruptcy on Sept. 13, MV doesn't have much to gain from the agency. The agency owns two buses, while the members own the remainder.

Mike McLaughlin, attorney for STATA, said the attorney representing his client in bankruptcy court is going to seek

to remove this particular lawsuit to bankruptcy court. This means the bankruptcy judge would rule on the lawsuit as part of the bankruptcy resolution.

It is possible MV will ask the bankruptcy judge to remand the case back to state court.

Each of the members pays a different amount into the STATA kitty, so to speak. Each, though, has an equal vote on the board. If the bankruptcy judge decides the members are liable for paying the millions of dollars, it is not known if it would be in equal payments or some method based on their annual contribution.

The 2008-09 audit as of Sept. 24 was still not posted on the BlueGo website so it's hard to know if the document had been prepared by the federal deadline of months ago, if any information contained in it could have prevented some of the chaos that is going on now.

For now, the buses keep rolling. But the routes keep changing.

Board members have their fingers crossed that one day BlueGo's vision statement will be more than just words and will be a reality, "The vision statement of BlueGo is to provide a transit service that allows anyone to go anywhere easily on a service that is clean, accessible, reliable, efficient and safe which hereby improves the environment and the quality of life in our resort community. "