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Press Release

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*For Immediate Release*

**STATE APPELLATE COURT DISMISSES CHALLENGE  
TO CITY'S AGREEMENT WITH MTA  
TO TRANSFER OPERATIONS OF PRIVATE BUS LINES**

***ROUTE TRANSFER WAS UNDERTAKEN TO PROVIDE BETTER SERVICE  
FOR RESIDENTS OF QUEENS, BROOKLYN AND THE BRONX***

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New York, Jan. 11, 2008 – In two January 8, 2008 decisions, a midlevel appellate court (the Appellate Division, Second Department) reversed the order of Queens Supreme Court Justice Duane A. Hart, in effect dismissing a challenge to arrangements made among the City, the Metropolitan Transportation Authority (MTA) and four private bus lines – Green Bus Lines, Inc.; Triboro Coach Corp.; Jamaica Buses, Inc.; and Command Bus Company, Inc. – to have the MTA provide services in those areas served by the bus companies under expiring franchises.

The plaintiffs, 130 former employees of the private bus companies (most of whom have gone on to perform the same jobs at the MTA), had sought to stop the MTA from providing bus service in the areas while the court determined the plaintiffs' employment rights. The employees had challenged the transition of bus services on various grounds, including by contending that the City was required to undertake public bidding for the work.

The plaintiffs had also contended that public bidding was also required for the transfer to AIG Claim Services, Inc. (AIG) of responsibilities for defense and processing of payment of claims for personal injury or property damage brought against the four bus companies. (AIG is an insurer.) The Appellate Division held that the "City's contract with the MTA to operate the bus lines at issue is excepted from competitive bidding requirements . . . [and] likewise, competitive bidding requirements are inapplicable to the procurement of insurance policies providing for the processing of claims thereunder by AIG."

The Appellate Division also dismissed the plaintiffs' causes of action for specific performance of a 1975 agreement entered into between the City and the private bus lines or their predecessors protecting the rights of employees of the companies, finding that any issue under that agreement or concerning employment standards at the MTA should be addressed in arbitration proceedings before the United States Department of Labor.

Noting that the City had undertaken the merger in an effort to provide better bus service to Queens, Brooklyn and Bronx residents, city lawyer Victoria Scalzo said, "The City is pleased that the appeals court recognized that the City had acted completely legally in its dealings with the MTA and AIG concerning the franchise bus companies."

The Appeals were handled by Senior Counsel Scalzo of the Appeals Division under the supervision of Deputy Chief Stephen J. McGrath, with administrative support from Donna Cole-Sterling. The matter was

handled in the lower court by Eric A. Rundbaken, Chief of the Commercial & Real Estate Litigation Division; Jonathan S. Becker, Deputy Chief; and Senior Counsel Elaine Windholz and Assistant Corporation Counsel Carol Hsu of the Commercial & Real Estate Litigation Division. Contract & Real Estate Division Chief Steven Stein Cushman (who negotiated the agreements between the City and the private bus companies) and Senior Counsel Mary Richman also assisted.

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