

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: **Transit Fleet Lease to First Transit**
DATE: January 5, 2009

NEEDS: For the City Council to consider a lease agreement for the City's Transit Fleet to First Transit, Inc.

- FACTS:**
1. The City contracts with First Transit to provide Dial-A-Ride (DAR) and Fixed route services (the Paso Express and North County Shuttle).
 2. The option of leasing the vehicles used in the City's transit service to First Transit exists in the current operating agreement.
 3. Leasing the buses to First Transit would reduce the city's risk/liability/exposure.
 4. The city would continue to provide fuel and maintenance services to the transit fleet.
 5. A fee of one dollar (\$1.00) per year would be paid by First Transit to the City for the vehicle lease.
 6. The ownership of the buses would stay with the City of Paso Robles.
 7. The lease agreement would terminate should the operating contract be terminated or not renewed.

ANALYSIS &

CONCLUSION: The City currently owns and operates a fleet of eleven (11) transit buses. One (1) bus is used for Dial-A-Ride and the remaining ten (10) buses are used for the Paso Express and North County Shuttle fixed-route service

Currently all of the City's transit fleet is registered in the City's name, even though the buses are operated by the City's transit services operator, First Transit. As a means to reduce risk and liability exposure to the City, a lease is recommended between the City and its service provider, First Transit, that would include all of the transit fleet buses.

It is typical for most cities' to lease city-owned transit vehicles to their transit operators. According to First Transit, the City's current contracted operator, the City of Paso Robles is one of the only transit systems to have not entered into a lease agreement. The lease agreement would simply state that the transit system vehicles would be leased to First Transit for one dollar (\$1.0) per year. The lease agreement would be in effect until either the current operating contract is terminated or the operating contract is not renewed at its conclusion.

By leasing the vehicles to First Transit, the City decreases its exposure in terms of risk and liability. However, it will not completely remove all risk/liability/exposure, but does lessen the impact upon the City should an accident occur.

The City would continue to legally-own and maintain the transit vehicles.

FISCAL

IMPACT:

No direct fiscal impact, though the reduction in the City's risk/liability/exposure could be viewed as a possible cost-avoidance.

OPTIONS:

- A. Adopt Resolution No. 10-XXX approving the lease of transit vehicles to the City's transit operator, First Transit, or
- B. Amend, modify or reject the above option

RESOLUTION NO. 10-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING LEASE OF TRANSIT VEHICLES TO FIRST TRANSIT, INC.

WHEREAS, the City of Paso Robles provides public transit services through its operations contractor, First Transit; and

WHEREAS, the City maintains a current fleet of 11 vehicles for providing transit services; and

WHEREAS, the City's exposure to risk and liability would be reduced by the leasing of transit vehicles to First Transit; and

WHEREAS, First Transit has agreed to assume the duties of lessee of the City's transit fleet; and

WHEREAS, First Transit has agreed to pay a sum of one dollar (\$1.00) per year for the lease cost of the transit vehicles, and

WHEREAS, the lease agreement does not change ownership of the transit vehicles, as such all transit vehicles will continued to wholly owned by the City of Paso Robles,

NOW THEREFORE BE IT RESOLVED by the City Council of the City of El Paso de Robles to approve the transit vehicle lease agreement between the City of Paso Robles and First transit, Inc for the nominal sum of one dollar (\$1.00) per year.

BE IT FURTHER RESOLVED should the contract between the City and the transit service provider, First Transit, Inc. be terminated for any reason, the transit fleet will be re-registered in the name of the City of Paso Robles.

BE IT FURTHER RESOLVED should the contract between the City and the transit service provider, First Transit, Inc. not be renewed at the end of the contractual term, the transit fleet will be re-registered in the name of the City of Paso Robles.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 2nd day of January 2010 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Duane Picanco, Mayor

ATTEST:

Lonnie Dolan, Deputy City Clerk

VEHICLE LEASE AGREEMENT

THIS VEHICLE LEASE AGREEMENT is dated the __st day of April, 2008 between First Transit, Inc (First Transit) and the City of Paso Robles (Paso Robles).

- A. **WHEREAS** Paso Robles is desirous of leasing _____ vehicles to First Transit.
- B. **WHEREAS** Paso Robles owns the following vehicles:
_____ that First Transit desires to lease from Paso Robles via a lease arrangement. The vehicles have approximately _____, _____, _____, _____ miles on them.

That for a good and valuable consideration, the parties hereto agree and covenant as follows:

1. **AGREEMENT** Paso Robles hereby agrees to lease to First Transit the above described vehicles.
2. **PRICE** First Transit agrees to pay Paso Robles the sum of \$1.00 per year for the duration of the underlying First Transit/Paso Robles Transportation Agreement (Transportation Agreement).
3. **TERM** The term of this Lease Agreement shall commence on April _____, 2008 and continue for the duration of the underlying Transportation Agreement. Should the Transportation Agreement be cancelled or terminated, for any reason, this Vehicle Lease Agreement shall automatically terminate at the same time.
4. **OWNERSHIP** Title to and ownership of the vehicle shall at all times be and remain in the name of Paso Robles. During the term of this agreement, First Transit shall be the registered owner of all vehicles they operate on behalf of the City.
5. **INSURANCE** Per the terms of the underlying Transportation Agreement, First Transit will continue to provide liability and physical damage coverage for the vehicles in their care, custody and control for vehicles subject to this lease agreement.
6. **GOVERNING LAW** This Vehicle Lease Agreement shall be interpreted and enforced in accordance with the laws of the State of California.
7. **EXECUTORS ADMINISTRATORS AND ASSIGNS** This Vehicle Lease Agreement shall ensure to the benefit of and be binding upon the parties hereto, and their respective heirs, executors, administrators, successors and permitted assigns.

The underlying Transportation Agreement between First Transit and Paso Robles is hereby reaffirmed and ratified by First Transit and Paso Robles in its entirety.

IN WITNESS WHEREOF the parties hereto set their hand and seals and where a party is a corporate entity, the seal of such party has been affixed hereto in the presence of its duly authorized officers, the day, month and year first above written.

FIRST TRANSIT, INC.

By: _____

Print Name: Nick Promponas

Title: Senior Vice President

Date: August 6, 2009

CITY OF PASO ROBLES

By: _____

Print Name: _____

Title: _____

Date: _____

CITY TRANSIT VEHICLE ROSTER - DECEMBER 2009

City ID #	Type of Service:	Year	Make	Model	Vehicle VIN	Veh. Lic #	Mileage as of 12/15/09
13	(Backup vehicle for all services)	2002	Ford E-450	EI Dorado	1FDWE45F12HA61289	909551	186,549
14	Paso Express - Fixed Route	2002	Ford E-450	EI Dorado	1FDWE45F82HA61290	909550	184,482
15	Paso Express - DAR	2002	Ford E-450	EI Dorado	1FDWE45FX2HA61291	1120723	185,106
16	Paso Express - DAR	2003	Ford E-450	EI Dorado	1FDWE45FX3HB83778	1174599	184,336
17	Paso Express- Fixed Route	2003	Ford E-450	EI Dorado	1FDWE45F13HB83779	1174598	181,107
18	Paso Express- Fixed Route	2004	Ford E-450	EI Dorado	1FDXE45P54HB23700	1190494	112,529
19	Paso Express- Fixed Route	2006	Chevrolet	EI Dorado	1GBG5V12X4F522901	1213589	113,483
20	North County Shuttle	2007	Chevrolet	EI Dorado	1GBG5V1997F421334	1258080	80,374
21	Paso Express- Fixed Route	2007	Chevrolet	EI Dorado	1GBG5V19X7F421455	1258079	74,247
22	Paso Express- Fixed Route	2007	Chevrolet	EI Dorado	1GBG5V1997F421270	1258078	64,453
23	North County Shuttle	2009	Chevrolet	EI Dorado	1GBG5V1939F406668	1322217	27,420