

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	10/22/12	Open	Action	10/11/12

Subject: Lease Agreement with the City of Elk Grove for the Lease of Regional Transit Buses

ISSUE

Whether or not to approve a Lease Agreement for Compressed Natural Gas Buses - 2012 with the City of Elk Grove for 15 buses previously leased to Elk Grove and an additional 5 buses from RT's contingency fleet.

RECOMMENDED ACTION

Adopt Resolution No. 12-10-_____, Approving a Lease Agreement for Compressed Natural Gas Buses - 2012 with the City of Elk Grove.

FISCAL IMPACT

This action results in a minor savings to RT's operating budget due to a decrease in maintenance costs from these buses being removed from RT's contingency fleet during the term of the lease.

DISCUSSION

This action would approve a lease agreement with the City of Elk Grove. The terms of the lease would allow Elk Grove to use 5 of RT's buses in daily revenue service. After Elk Grove discovered mold in a portion of its fleet resulting in these buses being immediately removed from service, Elk Grove contacted RT on August 30, 2012 and requested the use of 5 buses. In the spirit of cooperation, staff transferred the buses to Elk Grove without a contractual agreement in place. This lease would establish terms for Elk Grove to continue using the buses to meet Elk Grove's daily service commitment. Elk Grove is in the process of remediating the mold problem, but there is not a clear schedule as to when these buses can be returned to service. For this reason, the lease term will continue through June 30, 2013, allowing RT the flexibility to assist Elk Grove further should that be required. The buses leased to Elk Grove are being taken from the RT contingency fleet, so there will be no impact on RT service from leasing these buses to Elk Grove.

The lease would also bridge a period of time between the previous lease, which expired on June 30, 2012, and August 15, 2012 where the City retained the use of several buses prior to either purchasing the buses or returning them to RT. Bridging the time in the new lease provides the contractual basis for the City to reimburse RT for the time in July and August that the City required the use of RT buses.

Staff recommends approval of this lease agreement.

Approved:

Presented:

Final 10/16/12

General Manager/CEO

Chief Operating Officer

RESOLUTION NO. 12-10-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

October 22, 2012

**APPROVING A LEASE AGREEMENT FOR COMPRESSED NATURAL GAS BUSES
WITH THE CITY OF ELK GROVE**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Lease Agreement for Compressed Natural Gas Buses - 2012 by and between Sacramento Regional Transit District (therein "RT") and the City of Elk Grove (therein "CITY"), whereby RT agrees to continue the lease of 15 buses to Elk Grove from July 1, 2012 to August 15, 2012 and to lease an additional 5 compressed natural gas buses to CITY until June, 30, 2013, at no cost to Elk Grove for the lease, on the terms further set forth therein, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute said Lease Agreement.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary