Welcome to the 5310/5311 Program Managers Forum
September 28, 2017

Today’s Topic:
Vehicle Leasing
Webinar Agenda

- Instructions and Introduction
- Topic Explanation & Background
- FAST Act, Section 3019(c) Capital Leasing Arrangements
  - Federal Transit Administration
- State DOT Perspective
  - Georgia Department of Transportation
- Poll Questions
- Q&A and Discussion Among Call Participants
- Wrap Up
Topic Overview & Background

Discussion Lead:
Mark Codey, California Department of Transportation
FAST Act, Section 3019(c)
Capital Leasing Arrangements

Kimberly Gayle
Director, Policy Review and Development
Federal Transit Administration
FAST Act, Section 3019(c)
Capital Leasing Arrangements

AASHTO/MTAP WEBINAR
September 28, 2017
Discussion Topics

1. FAST Act section 3019(c): Innovative Procurement Program – Leasing Arrangements
   – Overview of the new provisions and changes to capital leasing arrangements.
2. Discussion of State DOT roles and responsibilities.
FAST Act Section 3019(c)

(A) AUTHORITY.—A grantee (e.g. State DOT) may use assistance provided under chapter 53 of title 49, United States Code, to enter into a capital lease if—

(i) the rolling stock or related equipment covered under the lease is eligible for capital assistance under such chapter (i.e., Sections 5310, 5311, 5339); and

(ii) there is or will be no Federal interest in the rolling stock or related equipment covered under the lease as of the date on which the lease takes effect.
FAST Act Section 3019(c)

• The FAST Act removed the prerequisite report that leases be cost effective before the grant is awarded.

• The prerequisite report is replaced by the submission of a post-award report on the costs and benefits of leasing versus purchase, and a comparison of the short-term and long-term maintenance costs for lease versus a purchase.

• FTA is now required to evaluate grantee leasing data and provide a program evaluation each year.
What is a Capital Lease?

- *Capital lease* means a contractual agreement to use rolling stock or related equipment for a specified period of time in exchange for periodic payments.

Other Eligible Costs:
- Associated financing costs, including interest, legal fees, and financial advisor fees
- Ancillary costs such as delivery and installation charges; and
- Maintenance costs
Leasing Requirements

• Requirements for leasing certain zero emissions vehicle components:
  • Removable power sources can be acquired through a capital lease.
  • The cost of the removable power source shall not be treated as part of the cost of the vehicle.
  • Procurement regulations apply (i.e., simplified acquisition threshold $150,000).
Leasing Requirements

- Grantee (e.g., State DOT) reporting requirements:
  - Within 3 years from the date of the capital lease, must report the following in TrAMS:
    - An evaluation of the overall costs and benefits of leasing *rolling stock* versus buying.
    - A comparison of the expected short- and long-term maintenance costs of leasing *rolling stock* versus the maintenance costs when buying *rolling stock*.
Leasing Requirements

• Grantees (e.g., State DOTs) must maintain the following records, but do **NOT** report in TrAMS:
  
  ➢ An inventory of the rolling stock or related equipment acquired under the capital lease(s) for subrecipients
  
  ➢ Accounting records for subrecipients, including liabilities of subrecipients under their capital lease(s)
Capital Rolling Stock Leasing Data

• National Transit Database (NTD) reports on the number of revenue vehicles leased. In 2014, 1.8% of the revenue vehicles were leased by a public agency.

• TrAMS contains data on grants awarded for leasing rolling stock and other capital leases. Capital lease awards have ranged from $328M in 2011 to $135M in 2015. In 2016, $47M grant awards were made for bus rolling stock alone.
State DOT Perspective

Lisa Rudder
Transit Fleet Manager
Georgia DOT
Georgia GDOT Rural Transit Vehicle Lease Program

Presentation to MTAP Webinar
September 28, 2017

Lisa Rudder
Transit Fleet Manager
Georgia Department of Transportation
GDOT Vehicle Lease Program

- GDOT leases transit vehicles to rural systems and intercity bus companies

- Georgia has 84 rural transit systems
  - 98% of them operate 16 vehicles or less
  - 50% of them operate 3 vehicles or less
  - Currently, GDOT has no spare ratio policy
  - GDOT vehicle leasing program is a safety net

- GDOT leases intercity buses to Greyhound Bus Lines and Southeastern Stages
GDOT Vehicle Lease Program

- Department maintains pool of 10 cutaway vehicles
- No intercity buses are held in the GDOT pool
- Lease request is made in writing with justification
- Intended for short-term use – 3 months
- Monthly invoicing @ 0.10 cents per mile
- Not intended to avoid vehicle repairs
- System must maintain vehicle through lease term
For More Information:

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Poll Questions
Q&A and Discussion Among Call Participants
Wrap Up
Save the Date

Next 5310-5311 Program Managers Forum
Friday, October 27, 2017
1:00pm – 2:00pm

Topic: Working with Regional Planning Agencies on 5310 Project Selection
Discussion Lead: Washington State DOT
Thank you for Participating in Today’s 5310/5311 Program Managers Sept. 2017 Forum

For more information, please contact
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