



Date: September 15, 2015

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mark D. Ahrendsen, Transportation Director
Subject: Vehicle Lease Agreement - Lincoln Community Health Center

Executive Summary

In 2010, the City of Durham (City) entered into a lease agreement with Lincoln Community Health Center (“Lincoln”) to lease four (4) of its lift-equipped paratransit vehicles to Lincoln. The lease agreement has expired and must be renewed. A new updated agreement has been developed that requires Council’s review and approval. The new agreement covers the period November 1, 2015 through October 31, 2020.

Recommendation

It is recommended that City Council authorize the City Manager to execute an agreement between the City and Lincoln Community Health Center to lease four (4) paratransit vehicles from the City for the purpose of transporting the City’s ADA patrons who visit the Lincoln Community Health Center.

Background

In 2010, the City worked collaboratively with Lincoln to establish an agreement to lease four (4) of its lift-equipped paratransit vehicles to Lincoln. This arrangement has enabled Lincoln to transport several of the City’s ADA clients, who otherwise would have been transported by the City’s paratransit (ACCESS) service to Lincoln Community Health Center. The arrangement has saved the City significant operating dollars over the past five (5) years. The City was able to lease these four (4) vehicles to Lincoln because 16 paratransit vehicles were replaced with new fleet vehicles. Lincoln leased these vans from the City at the cost of \$1.00 per year for each vehicle, for a period of five (5) years. Even though the program is still in operation, the lease agreement has expired and must be renewed.

The new agreement shall automatically renew for successive one (1) year periods unless either party provides six (6) months advanced written notice of termination. As part of the agreement, Lincoln must carry a minimum of \$500,000 Auto Liability and \$500,000 Comprehensive and Collision insurance. Additionally, Lincoln has agreed to hold the City harmless from any financial expense or losses arising from performing its duties under this agreement. It is the expectation of both parties (City and Lincoln) that up to 1,500 of the City’s ADA paratransit trips will be transported by Lincoln each year, with the potential to increase to approximately 1,800 per year over the course of five (5) years.

Issues/Analysis

The four vehicles leased by Lincoln were vehicles that had reached their useful life and were

scheduled for replacement. In the past such vehicles were auctioned off bringing in an average of \$3,500 per vehicle. Lincoln is expected to transport a minimum of 1,500 DATA-ACCESS patrons per year (also Lincoln clients), without any charge to the City. Lincoln is interested in the agreement because it used to lease vehicles from a third party at a significant fee. This arrangement has enabled Lincoln to stop the third party vehicle leasing arrangement, a move that has resulted in significant savings to the Health Center.

Alternatives

- 1) City Council authorizes the City Manager to execute the lease agreement between the City and Lincoln to enable Lincoln to continue to lease four (4) paratransit vehicles from the City for the purpose of transporting the City’s ADA patrons who are also Lincoln clients and as a result, continue to save the City significant operating funds.

- 2) City Council does not authorize the City Manager to execute the lease agreement between the City and Lincoln four (4) vehicles. Vehicles would be auctioned off and the proposed 1,500 ADA trips to be provided by Lincoln would have to be offered by the City’s ACCESS services at an average cost of \$21.00 per trip to the City.

Financial Impact

Over the past 5 years, Lincoln transported an average of 60 clients or 120 trips per month on behalf of the City. At an average rate of \$21.00 per trip charged by the paratransit contractor, the City has saved more than \$30,000 each year over the past five (5) years through the program and this savings is expected to continue with the renewal of the lease agreement.

SDBE Summary

SDBE participation is not an issue that is associated with the recommended action.