



Legislation Text

File #: K-1920-32, **Version:** 1

CONTRACT K-1920-32: A LEASE AGREEMENT BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND THE BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA, FOR THE LEASE OF OFFICE SPACE, SERVICE BAYS, FLEET STORAGE, AND WAREHOUSE/GARAGE SPACE TO BE USED FOR PROVIDING TRANSPORTATION SERVICES FROM AUGUST 5, 2019, THROUGH DECEMBER 31, 2019.

BACKGROUND: On August 28, 2018, University officials advised City staff of their desire to transfer non-campus bus services in Norman to another operator by the end of the FYE 2019 fiscal year. Staff relayed this message to City Council during a Study Session shortly thereafter about the concerns the University had regarding CART's short-term funding challenges and long-term operational challenges. City Council approved Contract K-1819-123 with CART on October 23, 2018, which secured the City's contribution for the current fiscal year. City Council met again in a Study Session on October 30, 2018, to discuss the long-term operational challenges and to develop a strategy for moving forward. City Council focused on three key premises: 1) Ensure there is no interruption or break in service during the transfer; 2) Maintain or improve the current level of service provided by CART; and 3) Although the City would officially be the recipient of federal funds, the City may contract with an independent third-party agency to operate the system.

Since November, 2018, City staff and University staff worked closely with the officials from the Federal Transit Administration (FTA) Regional 6 office located in Fort Worth, Texas. FTA advised that the following steps needed to take place to effectuate a system transfer of operation: 1) Notice of Intent to transfer transmitted from the current operator to the FTA; 2) FTA responds to Notice of Intent; 3) New recipient or operator asks to be designated as a direct recipient; 4) New recipient seeks formal approval of FTA to become an eligible recipient of FTA grant funding; and 5) Transfer of project assets from the University to the new grant recipient.

On December 20, 2018, the University submitted its Notice of Intent to transfer bus service to FTA. Due to the holidays and the partial government shutdown, a response from FTA was not received until February 1, 2019. On May 15, 2019, the University notified the City that its last date of service by CART would be Friday, August 2, 2019.

In March, 2019, the FTA expressed a desire for the City to become the designated recipient eligible to receive federal funds by July 1, 2019.

On May 15, 2019, the University notified the City that the last day the University would operate its transit service provider, Cleveland Area Rapid Transit (CART), was Friday, August 2, 2019.

On May 22, 2019, Governor Stitt designated the City to be the direct recipient of federal funds effective upon the date the FTA formally approves the City eligible to receive federal funds.

On June 20, 2019, the FTA designated the City to be the direct recipient of federal funds currently

estimated to be \$2 million per fiscal year.

On June 25, 2019, the City Council authorized Contract K-1819-150 between the University and the City for the University to provide transportation services from July 1, 2019, through August 2, 2019, at the cost of seventy dollars (\$70.00) per operational hour of service, not to exceed three thousand five hundred (3,500) hours without prior consultation and approval by the City. The contract includes reimbursement provisions in the event the University receives any federal funding for the services provided pursuant to the agreement.

DISCUSSION: For weeks, City staff has been simultaneously negotiating additional agreements with the University and with an independent third-party operator to effectuate the remaining aspects of a full transfer of operations from the University to the City. The following four separate agreements have been developed to address the City's needs in order to operate the public transportation (bus) system for the remainder of FYE 2020.

City-Embark Operating Agreement:

Contract K-1920-30 is an Interlocal Agreement between the City and the Central Oklahoma Transportation and Parking Authority (COTPA) d/b/a EMBARK for EMBARK to provide transportation services for the City, including operation of seven (7) fixed routes, collaborative assistance with federal and state grant administration and compliance with federal and state laws and regulations, management of Community Development Block Grant (CDBG) Bus Pass Program, collaborative assistance with marketing and advertising, and participation in ongoing negotiations to complete a full transfer of service, including, but not limited to, the provision of paratransit services. The term of the agreement is from August 3, 2019, through June 30, 2020, subject to annual appropriation of sufficient funding by Council. This Agreement is the next step of the phased transportation transition process and an integral part of ensuring the consistent provision of public transit services in the City of Norman.

City-OU Lease Agreement:

Contract K-1920-32 is a Facility Lease Agreement between the City and the University of Oklahoma to allow the City to lease a portion of the current OU (Theta Dempsey) Transportation Center to operate the fixed route, paratransit routes, and fleet maintenance operations of the Norman public transportation system until December 31, 2019. The City does not currently have a facility that can accommodate 40 or more additional employees and 29 fleet vehicles on a regular basis in order to operate the City's new public transportation system. Staff is working on plans to build a facility that can accommodate these needs.

City-OU Contract Amendment to Extend Service Agreement:

Amendment No. 1 to Contract K-1819-150 extends the previous City-OU Service Agreement from August 3, 2019, to October 1, 2019, for paratransit and fleet maintenance services. Neither Embark nor the City Public Works/Fleet Division are able to assemble the additional staff and resources to operate these programs until October 1, 2019. In order to provide uninterrupted public transportation services to Norman citizens, the University of Oklahoma/CART has agreed to provide these services for approximately 60 additional calendar days or until October 1, 2019. Both Embark and the City of Norman are currently hiring staff, assembling other necessary resources, and making other arrangements to assume the final transfer of these services from the University of Oklahoma on October 1, 2019.

Council Authorization for the City to Purchase 28 buses/vehicles from OU

Authorization GID-1920-8 allows the City of Norman to purchase 28 public transportation vehicles from the University of Oklahoma, including 26 used vehicles and 2 new buses. These vehicles will be leased to the Central Oklahoma Transportation and Parking Authority (COTPA) d/b/a EMBARK, with which the City is engaging as an independent contractor to provide such public transportation services on the City's behalf.

The twenty-eight (28) Bills of Sale attached to agenda item GID-1920-32 identify each vehicle by Year, Make, Model, and Vehicle Identification Number (VIN), and itemize the individual sales amount for each vehicle. For vehicles that have exceeded their useful life, the individual sale price is Ten Dollars (\$10.00). For vehicles that have remaining useful life, the sale price was calculated by dividing the amount of the University local share that the University paid when the vehicle was initially purchased by the years of remaining useful life. Most of the vehicles were purchased with an 80/20 percent split of Federal and Local dollars. Buses 39-1920 and 39-1921 are both brand new 2019 buses. The sales price for each of these is One Hundred Thousand Dollars (\$100,000.00), which is the 20% local share of the total Five Hundred Thousand Dollars (\$500,000.00) purchase price for each vehicle.

An itemized list of the twenty-eight (28) vehicles and their individual sales prices and useful life information are attached to agenda item GID-1920-8 as Exhibit 1.

Funds for this purchase are being transferred/appropriated in a separate agenda item, Resolution R-1920-20, and, if approved, will be available in Miscellaneous Services / OU/Embark (Account Number 027-5076-435.47-66).

RECOMMENDATION NO. 1: Staff recommends approval of Contract K-1920-30, providing for an Interlocal Agreement between the City of Norman and EMBARK for the provision of public transportation services from August 3, 2019-June 30, 2020. This is a critical component of ensuring that the public transportation system in Norman will operate effectively for the remainder of FYE 2020.

RECOMMENDATION NO. 2: Staff recommends approval of Contract K-1920-32, providing for a Facility Lease Agreement between the City of Norman and the University of Oklahoma to allow the City to lease a portion of the current OU (Theta Dempsey) Transportation Center to operate the fixed route, paratransit routes, and fleet maintenance operations of the Norman public transportation system until December 31, 2019. This is a critical component of ensuring that the public transportation system in Norman will operate effectively for the remainder of this calendar year until the City can acquire or construct its own facility.

RECOMMENDATION NO. 3: Staff recommends approval of Amendment No. 1 to Contract K-1819-150 which extends the previous City-OU Service Agreement from August 2, 2019, to October 1, 2019, for paratransit and fleet maintenance services. Neither Embark nor the City Public Works/Fleet Division are able to assemble the additional staff and resources to operate these programs until October 1, 2019. This is a critical component of ensuring that the public transportation system in Norman will operate effectively without a break in service.

RECOMMENDATION NO. 4: Staff recommends approval of the authorization for the purchase of the twenty-eight (28) public transportation vehicles from the University of Oklahoma in the cumulative

amount of Three Hundred Twenty-Seven Thousand Two Hundred Seventy-Four Dollars and Fifty-One Cents (\$327,274.51) to be used for providing public transportation in the City of Norman and surrounding areas and authorize the City Manager to execute the twenty-eight (28) corresponding Bills of Sale.