

## Legacy Capital Coordination

Legacy Capital is the term ODOT Public Transit uses to describe equipment that has exceeded useful life but still remains a mobility asset to the community. Between 2009 and 2013, Community Connection acquired (or has in the procurement pipeline) a total of seven new vehicles. The legacy capital vehicles created by replacement represent a huge opportunity in terms of coordination.

In the biennium beginning July 1, 2011, ODOT Public Transit began enforcing long standing guidance from FTA Circular 9070.1F. The upshot is eligibility for Section 5310 and STG (collectively known as Discretionary Grants) requires the recipient to make service available to the public or (in the case of Client-Only providers) to share their surplus capacity with the public transit provider. ODOT has defined the following minimal use as evidence of coordination:

- 576 service hours per year; and
- 6,000 service hours per year; and
- 1,152 passenger riders per year

Other standards indicating coordination include:

- Written, formal shared use agreements
- The presence of another agency or set of drivers listed as Additional Insured on the coordinating partners insurance policy
- Active marketing of public service / coordinated capacity availability

This coordination standard completely ignores the local mobility framework. Public and Client-Only systems are different for a reason. Public Transit systems view every extra ride we can put on the system as an improvement in efficiency. A Client-Only provider sees every extra ride as an additional cost attributable to their core mission (which is not transit).

At first blush it may appear as if a failure to recognize the difference between delivery models has created a nearly impossible eligibility standard for regional Client-Only providers. It is more accurate to suggest that FTA made an intentional choice about prioritizing where their money would be spent and ODOT has chose to enforce it. Unintended consequences for public transit providers may be on the horizon.

With access to Preventative Maintenance and Replacement Capital effectively eliminated for Client-Only providers, public demand by attrition may soon follow. The demand for rides produced by passengers of these community partners will not evaporate just because their buses get old, exceed maintenance schedules and are ultimately retired. In perhaps three to five years Public Transit will begin to see a glut of new demand for expensive paratransit services that they are not in an effective position to meet.

So, it is in the best interest of rural public transit providers to take a shrewd look at their available capacity. Backup and low demand vehicles can be meaningfully deployed as coordinated legacy capital to Client-Only providers. In fact, doing so can save money for everyone involved. Consider:

2009 Chevy Arboc – 14 passenger lowered floor ADA accessible Cutaway			
Purchase Price	Local Match	Useful Life	Annual Replacement Cost
108,324	10.27%	10 Years	\$1,112
		Annual Insurance	\$1,848
		Annual Maintenance	\$1,122
		Annual Cost of Ownership	\$4,082

The Annual Cost of Ownership for a typical Community Connection vehicle can easily run \$4,000 before fuel and labor. Since we're eligible for Preventative Maintenance and Capital Replacement funding, the local share of the cost is manageable. However, this cost is duplicated by every provider and every vehicle in the local mobility space. Client-Only providers can realize a significant cost savings by using the surplus capacity on a public transit legacy capital vehicle rather than owning a vehicle outright.

Starting with a few vehicles of various capacities (wheelchair accessible minivans through 14 passenger wheelchair accessible cutaways) Community Connection proposes to create a coordinated pool of surplus capacity. For a monthly subscription fee that represents a significant savings relative to the cost of ownership, a Client-Only provider could schedule an honest to goodness coordinated vehicle that meets their needs for a given period of time. These nonexclusive subscription agreements would allow us to maximize the rides provided by our capital investment while greatly reducing the cost to both ourselves and Client-Only Providers.

In the proposed framework, Community Connection would retain the expenses for insurance and maintenance of the coordinated vehicles. Client-Only providers (and other partners for that matter) will provide their own fuel, labor and of course the monthly subscription fee. Since adding additional insured drivers to our policy is cost effective and we are eligible for Preventative Maintenance grants, any resulting revenue could help provide more vehicles to expand the functional pool. At the same time, the cost savings realized by the Client-Only providers can be redirected to their core (non-transit) mission.

The following Memorandum of Understanding may provide an effective instrument to begin delivering on the promise of coordinated legacy capital.

# Public Transit Shared Resources

## Memorandum of Understanding (MOU)

Between

**Community Connection of Northeast Oregon, Inc. – UNION COUNTY**

and

**The Parnter**

This is an agreement between Community Connection of Northeast Oregon, Inc. – UNION COUNTY, hereinafter called CCNO and *The Partner*, hereinafter called The Partner.

### I. **PURPOSE & SCOPE**

The purpose of this MOU is to clearly identify the roles and responsibilities of each party as they relate to the sharing of a capital resource in the mutual interest of both parties.

Both parties should ensure that program activities are conducted in compliance with all applicable Federal laws, rules, and regulations including Civil Rights and OMB regulations governing cost issues.

CCNO's funding sources also require compliance (including training to proficiency on disability service equipment) with the Americans with Disabilities Act.

In particular, this MOU is intended to:

- Increase utilization of CCNO's surplus capacity
- Increase access to and use of The Partner's services
- Minimize the costs associated with public access to both parties

### II. **CCNO responsibilities under this MOU**

*CCNO shall undertake the following activities:*

- Allocation of surplus capacity on appropriate vehicles for the use of The Partner
- Providing a clean vehicle full of fuel
- Training drivers indentified by The Partner to proficiency on the use of coordinated vehicles and their associated disability service equipment
- Bill subscription fee on a monthly basis
- Other responsibilities that the parties may from time to time negotiate and incorporate into this MOU

### III. **The Partner's responsibilities under this MOU**

*The Partner shall undertake the following activities:*

- Provide CCNO with an anticipated schedule of need for a coordinated vehicle
- Maintain record of boardings by demographic required by CCNO
- Complete CCNO form detailing any incidental maintenance needs
- Report incidents or accidents immediately to CCNO
- Return the coordinated vehicle clean, with a full fuel tank
- Provide driver(s) to be trained to proficiency and insured by CCNO
- Other responsibilities that the parties may from time to time negotiate and incorporate into this MOU

**IV. It is mutually agreed to and understood between the parties that:**

1. *Bus allocation:*

The Coordinated Vehicles being made available from CCNO to The Partner are non exclusive. While CCNO will do its best to provide a vehicle of appropriate size and equipment, The Partner may not enjoy access to the same vehicle every time.

2. *Charter Use:*

The Partner may not use agency vehicle for a charter service. This includes, but is not limited to, groups wanting to transport individuals that are not within the target population of CCNO's 5310, 5311, 5317, or 5317 funding (Elderly, People with Disabilities, or Low Income). The main components of Charter use are when the passenger dictates the destination, the ride is provided on a fee for service basis, and the trip provider does not allow general public access (other descriptors may also apply). The Partner should consult with CCNO Staff to clear any ambiguities around what constitutes a charter service before signing this agreement.

3. *Interstate Commerce:*

CCNO's vehicle cannot be taken out of the State of Oregon.

4. *Right to Refuse a Driver:*

CCNO reserves the right to decline any driver from using its vehicles with or without disclosure of cause. Examples of reasons a driver may be declined include (but are not limited to) a poor driving record, accidents, complaints, criminal background, DUI or any other cause CCNO believes is in its best interest.

5. *Employee Compensation:*

The parties to this agreement will compensate their own staff members including (but not limited to) wages, workman's compensation and other negotiated benefits.

6. *Termination:*

Either Party may exit this agreement by providing the other 15 days written notice via US Mail. Written notice is considered to have been given on the day post marked by the US Postal Service.

7. *Clean Air Compliance:*

Neither Community Connection nor The Partner will allow smoking in any of Community Connection's vehicles.

8. *Policy on Pets:*

Neither Community Connection nor The Partner will allow pets of any kind on a Community Connection vehicle. Disability Service Animals (those that have received specific training to perform a service for the passengers with a disability) are permitted.

9. *Protocol for Maintenance Issues:*

If a complete breakdown occurs while The Partner is using the bus, CCNO will send a driver with a replacement vehicle. The Partner will follow the Protocol sheet for any breakdown or minor issues that occurs while using the bus. For example, if a minor repair is needed while the bus is in use (i.e. flat tire, torn wiper blade, etc.) and it is easily taken care of by The Partner; they must first notify the fleet manager. Any cost incurred by The Partner for a minor repair will be reimbursed by CCNO. The Partner may not spend more than \$50.00 for any minor repair unless authorized by the fleet manager. All details can be found on the Protocol sheet – Addendum A.

10. *Consideration:*

The parties agree to a monthly subscription fee of \$XXX.XX payable to CCNO from The Partner. The parties may agree to a prorated subscription based on partial months of use at the beginning or end of an executed agreement or period of use. While surplus capacity on a coordinated vehicle is available to The Partner at anytime, a subscription fee will not be charged during months when a vehicle has not been scheduled for The Partner's use.

The parties agree that the subscription fee was calculated on projected

Miles (XXX miles / month)

Hours

of use which attempts to minimize the cost to both parties. If actual conditions materially differ, either party may open the subscription portion of the agreement for renegotiation (verbally or in writing) without affecting the other provisions. Subscription revisions will be added to this agreement as an addendum. Once agreed upon, subscriptions shall remain in effect no less than 90 days.

**v. Effective Date and Signature**

This MOU shall be effective upon the signature of authorized officials of the parties. It shall be in force from Month DD, YYYY to Month DD, YYYY

This agreement may be renewed for an additional year or opened for negotiation to renew upon agreement by both parties.

Signatures and dates:

\_\_\_\_\_  
Margaret Davidson, Executive Director  
Community Connection of Northeast Oregon, Inc.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joe or Jane Parnter  
The Partner

\_\_\_\_\_  
Date