

M E M O R A N D U M

DATE: June 24, 2003

TO: The Board of Supervisors

FROM: Doug Powell, Assistant Community Services Manager
Leo P. Rogers, Deputy County Attorney

SUBJECT: Lease and Purchase Option Agreement with the Colonial Williamsburg Foundation - Buses

Attached for consideration, is a resolution authorizing the County Administrator to execute a Lease Purchase Option Agreement with the Colonial Williamsburg Foundation (CWF). The three parties to the Agreement are CWF, the James City County Transit Company (JCCT), and the County. The Agreement identifies the relationship between the parties for purchasing natural gas buses to be used for public transportation. The CWF received a Congressional earmark grant of \$2,457,096 to cover eighty percent of the cost of acquiring nine energy efficient natural gas buses. The grant from the Federal Transit Administration (FTA) must be directed to an existing recipient of Federal funds. Under the proposed Agreement, JCCT would serve as the pass through entity to receive the Federal grant, purchase the buses, and lease the buses to CWF. The additional twenty percent of the purchase price and all costs involved in the transaction would be the responsibility of CWF. JCCT would need to enter into a master agreement with the FTA and include these buses in JCCT system. The County is entering into the Agreement with CWF and JCCT as the administrative, fiscal, and purchasing agent for the project.

Staff for CWF, JCCT and the County have negotiated the proposed lease and purchase agreement. The most important provisions of this agreement include:

- JCCT will purchase the buses and then lease them to CWF. CWF will provide all funds, in excess of the Federal grant, needed for the purchase of the buses before payment is made to the vendor.
- The term of the lease is the useful life of the buses as defined by the FTA. After the lease term expires, CWF has the option to assume ownership of the buses. The JCCT has the right to terminate the lease upon default by CWF.
- CWF is responsible for maintaining the buses during the entire term of the lease.
- Under the terms of the master agreement between JCCT and the FTA, JCCT is responsible for ensuring that CWF operates the buses in accordance with Federal law. In the Lease and Purchase Option Agreement, CWF represents that they will comply with all Federal laws. CWF is required to make a report on all information that the FTA will request from JCCT. While leased to the CWF, the buses will be part of JCCT transportation system.

Staff recommends approval of the attached resolution authorizing the Chairman of the Board of Supervisors to execute the Lease and Purchase Option Agreement on behalf of the County.

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DP/LPR/gs
CWFbusagr.mem

Attachment