

Approved:

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Secretary

## **PUBLIC TRANSPORTATION VEHICLE LEASING**

### **PURPOSE:**

To establish the requirements for the lease and management of State Public Transportation Fleet Equipment.

### **AUTHORITY:**

Sections 341.041 (4), (8), and (9), Florida Statutes.

### **REFERENCES:**

Chapters 287, 341, 427 Florida Statutes; Rule Chapters 14-90, 41-2, Florida Administrative Code; Office of Comptroller Procedure No. 350-060-300, Sales of Goods or Services and Transmittal of Other Cash Receipts, Exhibits I, II, III, IV, V, VI, VII.

### **SCOPE:**

Offices affected by this procedure:

Public Transit Office  
Office of General Counsel  
Office of Comptroller  
All District Public Transportation Offices

### **BACKGROUND:**

State Public Transportation Fleet Equipment leases are established to:

- (1) Maintain transit services in an area where a private operator ceases operation and local government assumes the responsibility for continuing such discontinued service(s).
- (2) Establish new transit service routes or systems, where none previously existed.
- (3) Meet any growing demand for increased service on established routes, when no local equipment is available to provide such service expansion.

- (4) Provide equipment, on a short term basis, to meet emergency requirements for expanded service, or; to substitute for loss of local service capabilities due to equipment shortages.
- (5) Fulfill emergency transportation requirements such as emergency evacuations, alternate transportation for bridge outages, and other unforeseen circumstances as may be determined by the Department, the Disaster Preparedness Control Center and/or by the Governor or his designee.
- (6) Corroborate transit development studies by placing equipment in service, evaluating schedules, proposed routes and headways, size of vehicles (seating capacity, accessibility) and to evaluate the need for modifications of the recommendations contained in the studies, prior to the procurement of permanent equipment by the transportation system.

## **1. PREREQUISITE ACTIONS**

- 1.1 The determination of need for state fleet equipment begins at the local level which must in turn be communicated in writing to the appropriate District Public Transportation Office.
- 1.2 This requirement is then forwarded to the Department's Central Office, State Bus Fleet (SBF) Program Manager, Public Transit Office.
- 1.3 The District Office provides its evaluation and recommendations, along with an assessment of prospective lessee maintenance and operational capability, in the letter of transmittal request for state vehicles and equipment.
- 1.4 Upon receipt of a local request for state equipment, the SBF Program Manager assesses the type, seating capacity and quantity of equipment requested versus the equipment available/uncommitted. Priority of requests, time requirement for delivery, length of lease, and local capability to maintain and operate the equipment are taken into consideration.

## **2. LEASE CONTRACT (FORM NO. 725-030-05)(EXHIBIT I)**

- 2.1 The lease contract document is initiated by the District Office and forwarded to the prospective Lessee for execution, in quadruplicate (4 copies). The four (4) executed documents with original signatures and accompanying authorizing resolution, are then forwarded to the Central Office SBF Program Manager for review and Department Central Office execution. Copies with original signature contracts are then distributed to: Lessee, District Office, Comptroller-Accounts Receivable, and SBF Program Manager.

- 2.2** The stringent requirements for operation and maintenance of the vehicles and equipment specified in the contracts must be adhered to, to protect the safety of the passengers, the liability of the lessee and the Department and to minimize abuse of the equipment. Third party agreements or sub-contracts for operation of State Bus Fleet Equipment are not authorized except for special demonstration projects. The requirements for reporting accidents, maintenance and utilization of fleet equipment, as specified in the contract, must be adhered to and shall be monitored by District personnel under whose jurisdiction the Lessee operates the leased equipment.
- 2.3** The District Office shall authorize invoicing at the contracted lease rate(s) as prescribed in the lease contract(s). Invoices shall be prepared and sent out by the Office of Comptroller, Accounts Receivable Section, in accordance with the term of the lease agreement. The receipt of all monies are to be deposited in the State Transportation Trust Fund. This does not apply to a lease in the amount of \$25 or less. A lease less than \$25 will follow the requirements listed in **Section 6**.
- 2.4** Upon execution of lease contracts and assignment of vehicles and equipment, the monitoring responsibility for all lease actions becomes the responsibility of the appropriate District Office.

### **3. ESTABLISHMENT OF LEASE RATE**

- 3.1** Lease rates are established by using the Sum of Years Digit method of depreciation (SYD), one of several common accepted accounting methods used for calculating depreciation, on the basis of original purchase price, year of manufacture of the vehicles and predicted life expectancy of the equipment.
- 3.2** Depreciation occurs December 31 each year. New established rates apply on January 1 each year. Basis for lease rate is determined by adding the number of months of the established rate at the effective date of lease to the number of months of the rate established after January 1, then dividing the total by 12.

Example:      Effective date of lease: 08/01/98  
                  Established rate for 1998: \$350.00  
                  Established rate for 1999: \$300.00  
                  08/01/98 - 12/31/98: Lease rate is \$350.00 per month for 5 months  
                  01/01/99 - 07/31/99: Lease rate is \$300.00 per month for 7 months

Establishment of Flat Rate for Term of Lease Agreement:

$$[(\$350.00 \times 5) + (\$300.00 \times 7)] / 12 = \$320.00 \text{ per month}$$

**3.3** The calculated life of vehicles has been established as follows:

**(A)** Light Duty (Vans, Station Wagons, light duty buses) - Five (5) Years.

**(B)** Modified Vans - Lift equipped, accessible: Seven (7) years.

**(C)** Small Buses, Body on Chassis: Seven (7) years.

**(D)** Medium Duty (School type) Bus: Ten (10) years.

**(E)** Heavy Duty Bus:

**(1)** Thirty Foot Transit: Fifteen (15) years.

**(2)** 35-40 Foot Transit: Twenty Five (25) years.

**3.3** The above life calculations are the basis for establishing lease rates. The life cycles are not to be construed to prescribe the life that can be expected from the equipment described.

**3.4** If rehabilitation of equipment results in changing its life expectancy, then a new, appropriate SYD and lease rate will be determined by the SBF Program Manager.

**(5)** Within fifteen days after a change in the lease rate(s), a rate information summary will be provided to each District.

## **4. CENTRAL OFFICE RESPONSIBILITY**

**4.1** The SBF Program Manager is responsible for the following:

**(A)** Identify/allocate equipment for the requesting District;

**(B)** Determine condition of equipment prior to lease; schedule the delivery of equipment with appropriate maintenance and operating manuals, prescribed operating and maintenance reporting forms for the lessee.

**(C)** Prepare the capital and expense budget requirements for equipment purchases (additional or replacement), cost of repair and restoration of vehicles, post-lease.

- (D) The allocation of maintenance funds for contracting repairs, restoration of equipment, and payment of incurred costs.
- (E) Assign, re-assign jurisdiction and control of state equipment off-lease.
- (F) Provide technical maintenance assistance to lessee maintenance personnel.
- (G) Prepare technical specifications for fleet equipment procurement and repairs.
- (H) Conduct training and familiarization of equipment components - operating characteristics, diagnosis, trouble-shooting and repair, parts procurement and other technical assistance for lessees' maintenance personnel.
- (I) Keep abreast of technical developments and improvements in the transit industry.

**4.2** The State Bus Fleet Specialist is responsible for the following:

- (A) The retention and review of maintenance reports, contracted repair orders, equipment and parts inventory.
- (B) Procurement of license, registration and issuance of credit card for new equipment.
- (C) Coordinating and scheduling repair or restoration of equipment. Processing requisitions, purchase orders and inspection and approval of completed work.
- (D) Make recommendations to the SBF Program Manager relative to adequacy/inadequacy of lessee maintenance programs and procedures; procurement and replacement of equipment; qualification of contract repair facilities and adequacy of contracted repairs.
- (E) Evaluate and report on equipment condition, operating and maintenance costs, performance and reliability data.
- (F) Monitor and report deficiencies on the in-service utilization and operation of state equipment by lessees.
- (G) Allocate maintenance funds for contracting repairs, restoration of equipment, and payment of incurred costs.

- (H) Issue semi-annual reports to keep management and district offices informed on equipment inventory and availability, current and pending lease contracts, lease rates and location.
- (I) Maintain record of costs and revenues resulting from lease and maintenance of state equipment.
- (J) Process lease contracts through appropriate offices.
- (K) Ensure newly acquired Fleet Equipment is assigned a property number and recorded in the SAMAS Property Master File.

## **5. DISTRICT OFFICE RESPONSIBILITY**

It is the responsibility of the District Office to determine the need, and initiate a lease contract. Responsibilities shall include:

- 5.1** Ensure that the prospective lessee request for equipment is reasonable relative to quantity, type, seating capacity and availability of lessees own equipment.
- 5.2** Evaluate the operating and in-house or contract maintenance capability of the prospective lessee. Prepare and forward the results of the evaluation to the SBF Program Manager. Provide the prospective lessee with a copy of the requirements contained in the lease contract, including but not limited to: insurance for state equipment; accident, operating and maintenance reporting; requirement for comprehensive preventive maintenance program and establishment of adequate record keeping, retention and submittal of reports, repair orders.
- 5.3** Periodically monitor the in-service utilization and operation of state equipment by the lessee. Report deficiencies to the SBF Program Manager.
- 5.4** Maintain a project file on all active lease contracts with: copy of contract document, copies of equipment delivery form(s), copies of all required reports submitted by lessee; proof of insurance by the lessee on the vehicle(s) under contract, with the Department listed as added named insured and the additional endorsement that any proposed cancellation by the insurer shall be preceded by a thirty (30) day advance notice to the lessor (the Department).
- 5.5** Notify State Bus Fleet Program Manager and Comptroller's Office in writing of any change in the lease agreement 30 days prior to the effective date of the change or time extensions. Time extensions must be approved by the SBF

Manager.

- 5.6 When the District delivers vehicles or equipment to the lessee they will be responsible for completion of the Vehicle Release Form.
- 5.7 District Offices shall review the reports submitted, as required by the terms of the lease contract and request corrections, as necessary, prior to forwarding copies to the SBF Program Manager.

## **6. SPECIAL OR DEMONSTRATION PROJECTS**

- 6.1 Lease rates for special or demonstration projects will be determined by the project manager and the District Office where the project is located and not necessarily subject to the lease rate formula.
- 6.2 Lease agreements for \$25 or less will not require Comptroller approval unless the standard agreement format is modified and sent to the Office of Comptroller for invoicing.
- 6.3 Invoices for leases with a payment of \$25 or less will be issued by the Central Office to District, then directly to the leasing agency.
- 6.4 All payments will be deposited in the Department's State Transportation Trust Fund.
- 6.5 Lease agreements in excess of \$25 will follow the requirements set in **Section 2**.
- 6.6 Third party agreements may be approved at the discretion of the Project Manager and the District Office.

## **7. MAINTENANCE MANAGEMENT, SAFETY AND ENVIRONMENTAL CONCERNS**

- 7.1 Major effort shall be exercised, in the State Bus Fleet management process, to ensure that lessees practice comprehensive maintenance management.
- 7.2 Lessees shall be advised of statutory and regulatory requirements pertinent to safety of equipment and operation, handling and disposal of hazardous waste and materials used in the maintenance and servicing of transportation vehicles.

## **8. EQUIPMENT PURCHASE AND DISPOSAL**

- 8.1 The Bureau of Motor Vehicles and Watercraft, Division of Purchasing,

Department of Management Services (DMS) exercises jurisdiction over procurement and disposal of State Bus Fleet equipment.

- 8.2 Requests for purchase and disposal of State Bus Fleet Vehicles and Equipment are submitted in accordance Chapter 287, F.S., and Chapter 13 FAC., by the SBF Program Manager.
- 8.3 Disposal of State Bus Fleet Vehicles and Equipment is accomplished via Department or DMS sale to other public agencies, scheduled sealed bid sales, or public auction(s).

## 9. TRAINING

Training will be provided by Central Office upon request, but this is not required.

## 10. FORMS

### 10.1 Vehicle Release Form, No. 725-030-01 (Exhibit III)

The District shall complete this form in triplicate by the person responsible for delivering the vehicle to the lessee, when State Bus Fleet Vehicles and/or equipment are assigned to a new location. One copy shall be given to lessee, one copy may be retained by the District Office and the original shall be forwarded to the Central Office.

### 10.2 Maintenance Summary Report, Form No. 725-030-03 (Exhibit IV)

- (A) This report shall be prepared by the lessee and submitted for each leased vehicle on a monthly basis, by lessees, in accordance with the terms of their lease contract. All applicable columns and lines shall be completed as accurately as possible. (Also refer to **Work Order Form instructions**). Reports are due to the District Office by the 15th of each month after service.
- (B) District Offices shall be responsible for ensuring that these reports are submitted monthly, by the 25th of each month after service. A copy of the report(s) shall be forwarded to the Central Office, by the District Office, for retention in the appropriate vehicle historical file.

### 10.3 Preventative Maintenance and Inspection

- (A) The **Transit Bus Preventative Maintenance Inspection Form, No. 725-030-08 (Exhibit V)**, shall be completed for each required preventive maintenance (PM) inspection for each corresponding leased vehicle. One copy of the completed



form(s) shall be attached to the appropriate Maintenance Summary Report. A second copy shall be retained by the lessee. A third copy may be retained by the District Office.

- (B) Van Preventative Maintenance Inspection, No. 725-030-09 (Exhibit VI):** This form shall be completed for each required preventive maintenance (PM) inspection for each corresponding leased vehicle. One copy of the completed form(s) shall be attached to the appropriate Maintenance Summary Report. A second copy shall be retained by the lessee. A third copy may be retained by the District Office.

## **10.4 Inspection Procedures**

The explanation of vehicle inspection procedures shall be reproduced and issued to each lessee, with the required PM Record Forms in sufficient quantities to ensure that reporting requirements can be met.

### **10.5 Work Order, Form No. 725-030-04 (Exhibit VII)**

- (A)** The work order form shall be completed for each occurrence of a maintenance action, whether it be road-call failure, scheduled PM, or repair of a failed component. If the lessee has an established work/repair order system, their in-house form will be an acceptable substitute.
- (B)** All work orders activated during the reporting period will be included with the ***Maintenance Summary Report, Form No. 725-030-03.***

## **11. FORMS ACCESS**

The following forms are available from the Department's Forms Library:

Form No. 725-030-05, Lease Agreement for Department of Transportation Vehicles and Equipment

Form No. 725-030-01, Vehicle Release Form

Form No. 725-030-03, Maintenance Summary

Form No. 725-030-08, Transit Bus PM Inspection

Form No. 725-030-09, Preventive Maintenance and Inspection

Form No. 725-030-04, Work Order