

# Memo

**To: Finance Committee**

**From: Megan Dunneisen, City Clerk**

**Date: February 23, 2024**

**Re: Transit Replacement Van Purchases**

The Transit System fleet requires vehicles to better serve the citizens of Watertown with transportation needs. New vehicles replace aging vehicles. Transit vehicle purchases are made largely with grant funds and are not included in the anticipated City borrowing to fund capital projects. Every year the city applies for a capital grant that aids in the funding of these vehicles. The purchase is made by the City and submitted to the DOT for 80% reimbursement of the vehicle. The City is responsible for funding the remaining 20%.

The transit vehicles are scheduled for one or two replacements each year. Since 2020, the City has not been able to procure a replacement van due to lack of manufacturing availability, setting us back on the rotation of our vehicles.

Transit vehicles are leased to the City's contracted transit provider, Passenger Transit. Passenger Transit is responsible for insurance and maintenance of the leased transit vehicles.

We were recently made aware that ADA-Chrysler Voyagers are available at the purchase price of \$72,262 and the DOT authorized two of these vehicles from prior grants with delivery in the first quarter of 2024. Although budgets have been included in the past years for replacement purchases (2022 federal grant of \$105,000 and 2023 federal grant of \$70,000), the budgets were not utilized since the vehicles were not available. In light of unfulfilled inventory for purchase in the past two years, the DOT adjusted the outstanding combined grants to \$200,000 due to the increased costs of vehicles. The purchase total for two vans is \$144,524, with an 80%/20% cost sharing between the federal government (\$115,619) and the City (\$28,905).

In 2022, one of our transit vehicles was involved in an accident that totaled the vehicle, resulting in an insurance claim payout of \$19,426. Since this vehicle was bought with federal dollars, the DOT rules dictate that the fair market value of \$18,257 be subtracted from our federal award amount and applied to the purchase of a replacement vehicle ( $\$115,620 - \$18,257 = \$115,620$ ) since we have already received the insurance proceeds in 2023.

Another van may be available at the purchase price of \$72,262. The City will receive the net federal grant award of \$57,810 for this vehicle. This is what is represented in the existing 2024 budget.



Account #	Name	Curr Bdgt	+ / -	Modified
05-57-11-70	Cab Capital Grant Exp	72,262	144,524	216,786
05-49-00-10	Cab Capital Grant Inc	57,810	97,363	155,173

According to notes in our files from prior staff, the 20% share paid by the City has not historically been included in the annual General Obligations bond request; instead, unearmarked interest earnings in the fund balance have been utilized.