



U.S. Department  
of Transportation

**Federal Transit  
Administration**

## **Annual Report on Leasing Arrangements**

**December 2017**

### **1. Introduction**

This is the second annual report of the Federal Transit Administration (FTA) in response to the requirements of the Fixing America's Surface Transportation (FAST) Act (Pub. L. 114-94), Section 3019 - Innovative Procurement, subsection (c) entitled, "Leasing Arrangements." The statute requires the Secretary of Transportation to prepare and make public by the end of December (for the preceding fiscal year) an annual report that includes the following information:

- 1) A detailed description of the capital leasing arrangements activities carried out pursuant to Section 3019(c); and
- 2) An evaluation of the capital leasing program, including data that grantees are required to submit to FTA regarding the overall costs and benefits of leasing rolling stock and a comparison of expected short-term and long-term maintenance costs of leasing versus buying rolling stock.<sup>1</sup>

In 2016, the FTA began implementing the new requirements under Section 3019(c) and issued its first report in December 2016. This subsequent report includes FTA's implementation activities and all available program information during the reporting period of October 2016 – September 2017. Both annual reports and any corresponding webpages referenced therein are available to the public at: <https://www.transit.dot.gov>.

### **2. Capital Leasing Arrangements Program Activities**

The following summarizes the program activities completed by FTA during fiscal year (FY) 2017:

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<sup>1</sup> Section 3019(c)(4) sets forth reporting requirements for grantees, who must submit reports to FTA no more than three years after entering into a capital lease for rolling stock.

1. Revised the FTA Award Management Requirements (Circular 5010.1E) to include new guidance of FAST Act Section 3019(c). The FTA Award Management Requirements Circular is the primary circular intended to assist recipients in administering FTA-funded projects and in meeting award responsibilities and reporting requirements.
2. Participated in five webinars (three public and two for internal staff) on Circular 5010.1E that included guidance on the FAST Act Capital Leasing Arrangements program.
3. Presented a special webinar at the invitation of the American Association of State Highway and Transportation Officials (AASHTO) to over 30 representatives from state departments of transportation on the FAST Act Capital Leasing Arrangements program.
4. Revised the Capital Leasing website to include the most recent program information and guidance.
5. Developed a draft template to assist grantees with the reporting requirements of Section 3019(c)(4)<sup>2</sup>. (Note: the template is being pilot tested by five grantees. Once the pilot is complete, the reporting template will be finalized by mid-2018.)

### **3. Capital Leases**

FTA collects capital lease data in two separate systems, the National Transit Database (NTD) and the Transit Awards Management System (TrAMS).

#### *3.1 National Transit Database (NTD)<sup>3</sup>*

Transit agencies submit to the NTD information on facilities and vehicles, identifying whether they are leased or purchased. Using a subset of this data for revenue vehicles, FTA will know the level of leasing activity for rolling stock. This data includes all vehicles, irrespective of the source of funding (federal or non-federal). The NTD categorizes the revenue vehicle leases into three different categories, separating between private and public entities. These categories include: leased under a lease-to-purchase agreement between unrelated entities; leased or borrowed from related parties; and a true lease in which the vehicle is returned to the lessor at the end of a specified period, although in some cases the lease agreement may include an option to purchase at the end of the lease period. In the 2016 reporting period, a total of 181,340 revenue vehicles were reported to the NTD. Of these, 9,414 revenue vehicles were leased, as classified above. This accounts for approximately 5.2 percent of the total revenue vehicle fleet.

#### *3.2 Transit Awards Management System (TrAMS)*

According to TrAMS FY 2017 data, FTA awarded 38 grants for a total of \$40.7 million for bus rolling stock leases and related maintenance and equipment expenditures. These awards included leases for 40-foot buses, 35-foot buses, intercity buses, commuter buses, tires,

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<sup>2</sup> *Ibid*

<sup>3</sup> See the December 2016 Capital Leasing Arrangements Report “Definitions” section for more NTD information.

security enhancement and paratransit equipment, as well preventive maintenance expenditures for leased assets. Grants were also awarded for the lease of rail rolling stock totaling \$185.9 million by a single transit agency. In FY 2017, FTA awards totaled approximately \$12.5 billion. Grant awards for rolling stock leases account for 1.8 percent of the total grant awards made in FY 2017.

**Table 1: Summary of Number of Revenue Vehicles Leased, 2016**

Type of Lease	Recipient Type			
	Urban	Rural	Tribal	Total
Leased or Borrowed from Related Parties by a Private Entity	777	99	0	876
Leased or Borrowed from Related Parties by a Public Agency	1,128	1,005	136	2,269
Leased Under Lease Purchase Agreement by a Private Entity	464	56	0	520
Leased Under Lease Purchase Agreement by a Public Agency	1,099	826	24	1,949
True Lease by Private Entity	352	39	0	391
True Lease by Public Agency	3,321	69	19	3,409
Total Leased Vehicles	7,141	2,094	179	9,414
Total Revenue Vehicle Fleet	155,788	24,535	1,017	181,340
Leased Revenue Vehicles as a Share of Total Fleet	4.58%	8.53%	17.60%	5.19%

Source: National Transit Database 2016

#### 4. Conclusion

FTA will continue to provide technical assistance and outreach to all grantees through its website at: <https://www.transit.dot.gov>. FTA will complete the capital leasing template and subsequent guidance to assist grantees with the new reporting requirements scheduled to begin in FY 2019.