Agenda Item No. (4)

To: Transportation Committee/Committee of the Whole
Meeting of August 27, 2026

From: Hitham Hamdon, Deputy General Manager, Bus Division
Denis J. Mulligan, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO DISPOSITION OF SURPLUS COACHES TO SANTA ROSA CITYBUS**

Recommendation

The Transportation Committee recommends that the Board of Directors approve actions relative to the disposition of surplus coaches, as follows:

1. Declare six (6) 2019 Gillig 40-foot buses surplus to District's operational needs; and,
2. Authorize the transfer of six (6) 2019 Gillig 40-foot buses to Santa Rosa CityBus for continued public transit use, through a Federal Transit Administration (FTA)-approved asset transfer process, contingent upon receiving FTA approval.

This matter will be presented to the Board of Directors at its August 28, 2026, meeting for appropriate action.

Summary

Following post-pandemic changes to travel in the Golden Gate Corridor and associated transit service reductions, the District maintains more buses than are required to support current operations, resulting in a spare ratio that exceeds the Federal Transit Administration's (FTA) allowable maximum of 20 percent. On July 31, 2024, the FTA approved the District's request to temporarily exceed the spare ratio, conditioned upon the District taking steps to reduce its fleet over the next five years.

Consistent with that commitment, on July 15, 2025, the District entered into a lease agreement with Santa Rosa CityBus for six (6) 2019 Gillig 40-foot buses. As the lease approaches expiration, Santa Rosa CityBus has requested to acquire the six Gillig buses. The Bus Division has determined that permanently transferring the buses will not adversely affect service levels while reducing the District's spare ratio. The transfer will also eliminate the ongoing administrative and maintenance responsibilities associated with the current lease agreement.

Because the buses were purchased with federal funds and have not yet reached their 12-year minimum useful life, the transfer must comply with FTA disposition requirements. An FTA-approved asset transfer allows the remaining federal interest to transfer to another eligible grant recipient, avoiding reimbursement to the FTA. Upon FTA approval, the remaining federal interest will be transferred to Santa Rosa CityBus, which will assume responsibility for the federally assisted assets for the remainder of their useful life. The District will receive proceeds equal to its remaining local share.

The six Gillig buses are currently in the seventh year of their 12-year FTA minimum useful life and have an average mileage of 110,749 miles. The transfer value is based on the remaining federal and local interests in the buses as of the effective transfer date. The amount to be paid to the District represents the District's remaining local share of the buses' value, calculated as depreciated book value plus the applicable residual value and depreciated bike-rack value. Prior to the transfer to Santa Rosa CityBus, any District-owned equipment that is not included in the transfer, such as radios and fareboxes, will be removed from the buses. The table below reflects the estimated federal and local interests for the anticipated transfer date.

Estimated Transfer Value by Effective Transfer Date

Transfer Date	**8/31/2026**	**9/30/2026**	**10/31/2026**
Total FTA Interest for 6 Vehicles	$1,926,674.15	$1,894,562.96	$1,862,451.76
Total Local Interest for 6 Vehicles	$387,049.99	$381,099.16	$375,148.34

The proposed transfer supports the District's fleet management objectives, reduces the spare ratio in accordance with its commitment to the FTA, and eliminates the administrative effort associated with maintaining the existing lease agreement, without affecting the District's ability to meet current and anticipated service requirements. Accordingly, staff recommends that the Board authorize the transfer of the six (6) buses to Santa Rosa CityBus through an FTA-approved asset transfer process, contingent upon FTA approval. The transfer is also contingent upon the completion of all required actions by Santa Rosa CityBus, subject to FTA approval.

Fiscal Impact

Upon FTA approval and completion of the asset transfer, Santa Rosa CityBus will reimburse the District for its remaining local interest in the six buses, estimated at $375,148.34, and will assume responsibility for the remaining federal interest, estimated at $1,862,451.76 depending on the transfer date of the assets. The District will not be required to reimburse the remaining federal interest because the federal interest will transfer to another eligible transit agency and is not being liquidated.