

Council Meeting of
August 28, 2007

Honorable Mayor and Members
of the City Council
Torrance, CA

SUBJECT: Request for Approval of a two-year extension for the lease of Rideshare vans with the addition of liability insurance, and an appropriation to the Rideshare/Vanpool fund.

Expenditure: Not to Exceed \$113,000

RECOMMENDATION

The General Services Director and the Human Resources Director recommend that the City Council approve a two-year extension with VPSI, Inc. for the lease of five (5) vehicles and of liability insurance for eleven (11) vehicles currently operating in the City's Vanpool Program, for the period of October 1, 2007 through September 30, 2009, in an amount not to exceed \$113,000 and appropriate these funds to the Rideshare/Vanpool fund.

Funding

Funding is available in the Vanpool/Rideshare Fund.

BACKGROUND

The City of Torrance currently manages a Vanpool Program serving City employees, as well as employees of local businesses. The program provides these individuals with a relatively low cost means of commuting, while helping to reduce traffic congestion and air pollution. The City currently provides eleven (11) vans, all of which are leased through VPSI, Inc. per City Council approval on June 8, 2004. Currently, the City self-insures the vehicles.

The lease terms for five of the vehicles will end October 2007, while the remaining six (6) will end in October 2009. Staff recommends that the lease for the five vehicles be extended to October 2009. The current purchase order allows for the extension of the lease of the five (5) vehicles with the same terms as the existing agreement.

In addition, the Los Angeles County Metropolitan Transportation Authority (Metro) has recently released a funding program to support vanpooling. The City is now applying for that funding for a two-year period. One of the requirements is that insurance must be provided through the vehicle lease company.

In the Vanpool Lease Request for Proposal released in 2004, the City specified the option to obtain liability insurance as part of the lease agreement. In their proposal VPSI, Inc. provided a cost for liability insurance of \$130 per month per vehicle, with coverage up to \$1,000,000 per accident. This cost is very competitive and would be added to the lease extension if approved by Council.

If funding from Metro is obtained, this would provide substantial funds estimated at \$90,468 for two years for the City's Vanpool Program. This amount would fund the proposed \$34,320 two-year cost of insurance leaving a remainder of \$56,148 for the two-year period to

off-set lease costs. The subsidy will be paid by Metro directly to VPSI Inc. and will show as a credit in the monthly statement to the City.

Cost to extend lease for 5 vans for two years	Cost of insurance for 11 vans for two years	Total cost for two years	Estimated Metro funding received for two years
\$ 77,928	\$34,320	\$112,248	\$90,468

ANALYSIS

Staff is recommending a lease extension and option to add liability insurance for the Vanpool Program for the following reasons:

- Vanpooling is beneficial to the City by reducing local traffic congestion and helping improve air quality.
- The City is satisfied with the quality of service provided with VPSI, Inc.
- The addition of insurance will allow the city to apply for the Metro subsidy, which would provide significant additional funding for the program, as well as provide commercial insurance protection in the event of loss.

Respectfully submitted,

ELAINE M. WINER
HUMAN RESOURCES DIRECTOR

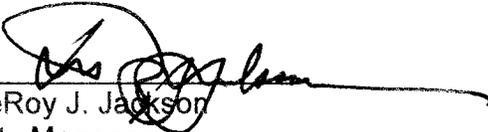
By


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CONCUR


Sheryl Ballew
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