VEHICLE LEASE AGREEMENT
BETWEEN THE SAN DIEGO ASSOCIATION OF GOVERNMENTS,
INSERT SUBRECIPIENT NAME, AND INSERT THIRD-PARTY CONTRACTOR NAME IF APPLICABLE

SANDAG CONTRACT NO. INSERT NUMBER
CORRESPONDING FUND TRANSFER AGREEMENT NO. INSERT NUMBER

This Vehicle Lease Agreement (LEASE) is effective as of the last signature shown on the signature page of the LEASE entered into by and between the San Diego Association of Governments, hereinafter referred to as SANDAG, and Insert Subrecipient Name, hereinafter referred to as SUBRECIPIENT, and Insert Third-Party Contractor Name If Applicable, hereinafter "third-party contractor" (collectively, the "Parties").

RECITALS

A. SANDAG is a designated recipient for Federal Transit Administration (FTA) public transportation funding in the San Diego region and has been given responsibility for allocating FTA Section 5310 funds under Fixing America's Surface Transportation Act (FAST Act) and the Infrastructure Investment and Jobs Act (IIJA); and

B. SUBRECIPIENT has been selected to receive Section 5310 funds under a concurrently executed Fund Transfer Agreement with SANDAG (AGREEMENT), which is also referenced as SANDAG Agreement No. Insert Number of Corresponding AGREEMENT). SUBRECIPIENT applied to use the funding provided under the AGREEMENT to acquire Insert Quantity Insert Vehicle Description ("Vehicle[s]") for the purpose of transporting passengers who are 65 or older and/or individuals with disabilities, and for such other uses as permitted by FTA for use of Section 5310 funds; and

C. The Vehicle(s) are further described in the Vehicle Information, which will be attached to this LEASE following Vehicle delivery with a unilateral amendment executed by SANDAG; and

D. As the FTA designated recipient for the San Diego region, SANDAG will retain continuing control of Vehicle(s) purchased for use by SUBRECIPIENT if FTA grant funds are used to procure Vehicle(s); and

E. [If applicable] SUBRECIPIENT will either select a third-party contractor(s), or already has an agreement with a third-party contractor(s), to operate the Vehicle(s) described in the Vehicle Information and in accordance with this LEASE; and

F. Any selection of a third-party contractor(s) during this term of this LEASE must be accomplished using a competitive procurement method and must be consistent with FTA procurement requirements and the third-party contracting requirements specified in the AGREEMENT; and

G. SUBRECIPIENT [if applicable] and/or its third-party contractor(s) agrees to operate Vehicle(s) in accordance with this LEASE and accepts responsibilities associated with that operation via this lease arrangement; and

H. SUBRECIPIENT agrees that a default under this LEASE is a default under the AGREEMENT with SANDAG and vice versa.

In consideration of the above recitals, which are contractually binding, and the obligations set forth herein, SANDAG, SUBRECIPIENT, and third-party contractor agree as follows:

I. ACQUISITION, TRANSFER, AND LEASE

A. SUBRECIPIENT will provide specifications to SANDAG and SANDAG will proceed with the procurement as described in this Section titled Acquisition, Transfer, and Lease.

B. After receiving SUBRECIPIENT's specifications for Vehicle(s) as well as the non-refundable matching fund contribution for the cost of Vehicle(s), SANDAG will procure Vehicle(s) in compliance with applicable federal, state, and local procurement requirements and enter into a contract or purchase order with the vehicle manufacturer for the purchase of Vehicle(s).

C. SUBRECIPIENT must promptly provide SANDAG with any SUBRECIPIENT information reasonably requested by SANDAG which is necessary to complete the vehicle procurement process.

D. SUBRECIPIENT or third-party contractor must not operate Vehicle(s) prior to completion of the following post-delivery certifications and acceptance of the Vehicle(s) by SANDAG.

1. Post-Delivery Buy America Certification

   SANDAG will keep a Buy America compliance certification on file for all revenue service rolling stock paid for with FTA funds. If there is no applicable waiver of the Buy America requirements (Section 49 CFR § 661.7), SANDAG will certify that the rolling stock received meets Buy America requirements of 49 CFR §§ 661.5 and 661.11, by reviewing for itself or by means of an audit prepared by someone other than the manufacturer or its agent, documentation provided by the manufacturer that lists:

   a. Components and subcomponent parts of the rolling stock identified by the manufacturer of the parts, their country of origin and costs; and

   b. The actual location of the final assembly point for the rolling stock including a description of the activities which took place at the final assembly point and the cost of the final assembly.

2. Post-delivery Purchaser's Requirements Certification

   SANDAG will be responsible for ensuring the completion of the Purchaser's Requirements Certification as required under 49 CFR § 663.37.

   a. Except for procurements covered under 49 CFR § 663.37(a), a resident inspector (other than an agent or employee of the manufacturer) must be present at the manufacturing site throughout the period of manufacture of the rolling stock to be purchased and monitored. Upon completion of manufacture, the resident inspector will complete a report that includes, at a minimum, accurate records of all vehicle construction activities and addresses how the construction and operation of the vehicles fulfills the contract specifications.

   b. Prior to acceptance of the Vehicle(s), the SUBRECIPIENT is responsible for the completion of a visual inspection and road test to ensure that the Vehicle(s) meet the specifications, match the contract or purchase order, and are roadworthy. SUBRECIPIENT must submit to SANDAG a visual inspection report, in a form provided by SANDAG, and documentation of the road test for project files.

c. Upon receipt of the visual inspection report certifying that the Vehicle(s) meet all specifications, SANDAG will act as approved signatory on the post-delivery Purchaser's Requirements Certification.

3. Post-Delivery Federal Motor Vehicle Safety Standards Compliance Certification

SUBRECIPIENT must provide documentation demonstrating Federal Motor Vehicle Safety Standards (FMVSS) compliance, usually a photo of the FMVSS sticker located in the vehicle. SANDAG will complete and have on file the FMVSS Compliance Certification information as described in 49 CFR §§ 663.41 and 663.43, unless the Vehicle(s) is/are exempt from this requirement.

E. SUBRECIPIENT is responsible for picking up and/or receiving delivery of Vehicle(s). SUBRECIPIENT will notify SANDAG in writing when the Vehicle(s) is/are delivered to SUBRECIPIENT.

F. Effective upon SANDAG's acceptance of Vehicle(s), SANDAG will:

1. Provide documentation of any and all warranties related to the Vehicle(s) to SUBRECIPIENT;

2. Lease Vehicle(s) to SUBRECIPIENT on the terms set forth in this LEASE and the AGREEMENT; and

3. Maintain a security interest in the Vehicle(s) and retain satisfactory continuing control as prescribed by FTA. SANDAG will hold title to Vehicle(s), showing SUBRECIPIENT as the registered owner and SANDAG as the lien holder on the Vehicle registration(s).

G. If SUBRECIPIENT selects a third-party contractor(s), changes third-party contractor(s) at any time during the LEASE term, or already has an agreement with a third-party contractor(s), to operate the Vehicle(s) described in the Vehicle Information, such agreement must require compliance with applicable provisions of this LEASE, and SUBRECIPIENT must seek advance approval from SANDAG for such agreement.

II. LEASE TERM

The LEASE term will be the period that such Vehicle(s) are retained in service prior to a SANDAG- or FTA-authorized disposition in accordance with useful life standards as set forth in FTA Circular 5010.1F, as amended. SUBRECIPIENT or its third-party contractor is responsible at its sole cost for all normal maintenance and upkeep, insurance, taxes, and registration fees related to Vehicle(s) during the lease term. SUBRECIPIENT and its third-party contractor must submit certificates of insurance coverage to SANDAG that comply with the terms of the AGREEMENT at SANDAG's request.

III. FEDERAL REQUIREMENTS

SUBRECIPIENT and SANDAG recognize that many federal requirements apply to rolling stock procurements utilizing federal funds. Certain of those federal requirements will remain the responsibility of SANDAG throughout the term of the LEASE of Vehicle(s) to SUBRECIPIENT. Other requirements will flow through to SUBRECIPIENT. The following generally summarizes those requirements and the Parties responsible for compliance with them.

A. Satisfactory Continuing Control

The Parties acknowledge that the Vehicle(s) constitute federally assisted project property and that a federal interest remains in the Vehicle(s) until disposition in accordance with applicable FTA requirements. SUBRECIPIENT shall not take any action that would impair SANDAG's ability to maintain satisfactory continuing control or protect the federal interest in the Vehicle(s).

SANDAG will at all times maintain control over real property, facilities, and equipment and ensure that they are used for the purpose for which they were acquired as long as needed, whether or not the program project continues to be supported by federal funds (FTA Circular 5010.1F). SANDAG exercises continuing control demonstrated by SANDAG oversight of the SUBRECIPIENT and its use of the federally-funded property, which is described in the provisions of the AGREEMENT and this LEASE.

B. Compliance with Competitive Procurement Requirements

SANDAG will procure Vehicle(s) in compliance with all federal requirements for competitive procurement. SUBRECIPIENT must select Vehicle(s) from the list of vehicles available through the CALACT/BT Vehicle Purchasing Cooperative. SUBRECIPIENT must develop appropriate plans and specifications for Vehicle(s) to meet SUBRECIPIENT's needs from the vehicle manufacturers available through the CALACT/BT Vehicle Purchasing Cooperative. SANDAG is not responsible for errors in plans or specifications provided by SUBRECIPIENT.

C. Notification of Changed Conditions

SANDAG is obligated to notify the federal government of any change in conditions, including changes in local law, claims, or litigation that would affect use of Vehicle(s). SUBRECIPIENT and its third-party contractor agree that, in the event such circumstances occur, it will notify SANDAG within five calendar days. The Parties agree to meet and confer in good faith to ensure the continued use of Vehicle(s) for the purposes intended.

D. Drug and Alcohol Testing

SUBRECIPIENT and its third-party contractor agree to provide drug and alcohol testing of all its drivers as required under federal law. SUBRECIPIENTS receiving only Section 5310 program assistance are not subject to FTA's drug and alcohol testing rules, but must comply with the Federal Motor Carrier Safety Administration (FMCSA) rule for all employees who hold commercial driver's licenses (49 CFR Part 382). Section 5310 recipients and subrecipients that also receive funding under one of the covered FTA programs (Section 5307, 5309, or 5311) should include any employees funded under Section 5310 projects in their testing program.

E. Vehicle and Other Equipment Management and Maintenance

SUBRECIPIENT or its third-party contractor must maintain Vehicle(s) in good operating order. If a Vehicle under this LEASE is not in good operating order for more than fourteen calendar days, SUBRECIPIENT must immediately notify SANDAG and not use the Vehicle(s) for AGREEMENT purposes until repairs are completed and the Vehicle is safe and mechanically sound. SUBRECIPIENT also agrees to submit to SANDAG all maintenance records upon request.

F. Maintenance Inspections

SUBRECIPIENT or its third-party contractor must maintain, or cause to be maintained, the Vehicle(s) at a high level of cleanliness, safety, and mechanical soundness under maintenance procedures currently in effect for any SUBRECIPIENT-owned Vehicle(s). SANDAG and the FTA have the right to conduct periodic maintenance inspections for the purpose of confirming the existence, condition, and proper maintenance of Vehicle(s).

G. Insurance

SUBRECIPIENT must maintain, and cause its third-party contractors to maintain, sufficient insurance as required under the AGREEMENT to cover all casualty losses and ensure the repair or replacement of federally-funded property, including Vehicle(s). In the event Vehicle(s) is/are not

replaced or repaired, SUBRECIPIENT or its third-party contractor agrees to transfer the portion of any insurance proceeds representing the remaining federal interest in the Vehicle, as determined by SANDAG in accordance with applicable FTA requirements, to SANDAG for remitting the federal share to the FTA. Insurance proceeds in excess of the remaining federal interest may be retained by SUBRECIPIENT unless otherwise required by SANDAG or the FTA.

H. Records

SUBRECIPIENT shall provide SANDAG with any information, documentation, certifications, asset inventory information, mileage records, maintenance records, or other information reasonably requested by SANDAG for purposes of FTA reporting, compliance reviews, audits, National Transit Database reporting, asset management requirements, or protection of the federal interest.

SUBRECIPIENT and its third-party contractor must maintain full and accurate copies of records of costs expended with regard to all matters covered by this LEASE. All such material and data shall be retained for at least five years from the date of the Vehicles' disposition, replacement, or transfer at FTA's direction or for such longer period as may be required by applicable federal law, regulation, award condition, audit, litigation, or records hold requirement. If any litigation, claim, negotiation, audit, or other action involving the records has been initiated before the expiration of the retention period, the records must be maintained for the longer of three years after completion of the action and resolution of all issues that arise from it or the time remaining in the original retention period.

SUBRECIPIENT and its third-party contractor must provide Vehicle records to SANDAG for the project files as soon as available. Records include but are not limited to the following information: description of Vehicle, identification number, date of acquisition, cost, federal percentage of cost, grant number, location, use and condition, useful life, the registered owner's (SUBRECIPIENT) and lienholder's (SANDAG) names. Any disposition data in SUBRECIPIENT's possession also must be included in project files. Disposition data includes but is not limited to information on the method used to determine fair market value of Vehicle(s), date of disposal, and sale price of Vehicle(s) as applicable at the end of the useful life.

I. Useful Life

SANDAG and SUBRECIPIENT agree to comply with the FTA's requirements for buses and certain other vehicles' useful life requirements as described in FTA Circular 5010.1F, Chapter IV, as amended. Useful life of rolling stock begins on the date the vehicle is placed in revenue service and continues until it is removed from service. Minimum useful life for buses and light-duty vehicles is determined by years in service or accumulation of miles, whichever comes first. FTA defines the minimum useful life as follows:

Light Duty Vehicle (Minivan and Transit Van)	At least 4 years or 100,000 miles
Medium-size, light-duty transit bus (approx. 25'-35')	At least 5 years or 150,000 miles

In the event applicable FTA useful-life requirements are revised during the term of this LEASE in a manner that would affect the Vehicle, the Parties shall comply with the applicable FTA requirements as amended.

IV. VEHICLE DISPOSITION

A. SUBRECIPIENT will notify SANDAG in writing within seven calendar days when the Vehicle(s) is removed from service and will not dispose of, transfer, sell, exchange and/or sublease Vehicle(s) provided under this LEASE without the prior written approval of SANDAG.

B. At the end of the minimum useful life of the Vehicle(s), SUBRECIPIENT must notify SANDAG. Upon receipt of the notification, SANDAG will determine the appropriate actions requested consistent with FTA guidance and the SANDAG Specialized Transportation Program Management Plan.

C. If the fair market value of a Vehicle is over $10,000, reimbursement of the remaining federal interest in the Vehicle must be provided to FTA. SANDAG will calculate and provide to FTA as required. If the fair market value is under $10,000, there is no continuing obligation to the FTA with respect to the disposition of the Vehicle(s).

D. If a Vehicle is returned to SANDAG, SUBRECIPIENT or its third-party contractor is responsible for returning it in good working order with valid registrations and all parts and accessories as originally received by SUBRECIPIENT at the beginning of the term of this LEASE.

E. If SUBRECIPIENT seeks to return a Vehicle to SANDAG prior to the end of its useful life, SUBRECIPIENT must request permission to do so from SANDAG. SUBRECIPIENT or its third-party contractor is responsible for driving the Vehicle to a location designated by SANDAG and for the expenses of storing and maintaining insurance for the Vehicle until the date of return agreed upon with SANDAG. In the event a Vehicle is returned to SANDAG, whether or not it is at SUBRECIPIENT'S choice, SUBRECIPIENT is not entitled to any portion of its matching funds.

F. Upon disposition of the Vehicle, SUBRECIPIENT and its third-party contractor have no financial interest in the vehicle, including any match amount previously provided.

V. INDEMNIFICATION

SUBRECIPIENT and its third-party contractor agree to indemnify, protect, defend, and hold harmless SANDAG, its Board members, officers, employees, and agents from and against any and all damages, liabilities, losses, payments, costs, expenses, or expenditures, including, without limitation, attorney's fees and court costs (collectively "Losses") incurred thereby resulting, directly or indirectly, from the performance by SUBRECIPIENT or its third-party contractor of any obligations under this LEASE, including, but not limited to any and all tort claims arising from use of Vehicle(s), provided, however, that any losses caused by the active negligence or willful misconduct of SANDAG is excluded from this indemnity obligation.

VI. TERMINATION

SANDAG reserves the right to terminate this LEASE immediately in the event of breach or failure of performance under this LEASE or the AGREEMENT by SUBRECIPIENT or its third-party contractor.

VII. FURTHER ASSURANCES

SANDAG, SUBRECIPIENT, and its third-party contractor agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this LEASE and the intentions of the Parties.

VIII. SIGNATURES

The individuals executing this LEASE represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This LEASE may be executed in any number of separate counterparts, each of which is deemed an original, but all of which, when taken together, constitute one and the same instrument. The Parties hereby agree to the use of electronic signatures to create mutually binding contractual agreements.

IN WITNESS THEREOF, the authorized representatives of both Parties have executed this LEASE effective on the date specified above.

SAN DIEGO ASSOCIATION OF GOVERNMENTS	INSERT SUBRECIPIENT NAME
ANTOINETTE MEIER **Senior Director of Regional Planning**	**INSERT SIGNATORY NAME** **Insert Signatory Title**
APPROVED AS TO FORM AND LEGALITY:	Insert Third-Party Contractor Name
Office of General Counsel	**INSERT SIGNATORY NAME** **Insert Signatory Title**