

MEMORANDUM OF UNDERSTANDING (MOU)  
BETWEEN THE  
CITY OF SAN MARCOS, TEXAS  
AND  
CAPITAL AREA RURAL TRANSPORTATION SYSTEM  
REGARDING DISTRIBUTION OF CERTAIN CAPITAL FUNDING  
FOR BUS PURCHASES

This Memorandum of Understanding (MOU) is a result of meeting and conferring with the representatives of Federal Transit Administration Region VI staff that the City of San Marcos, Texas (“City”) and Capital Area Rural Transportation System (“CARTS”) participated in on August 12, 2019 to receive guidance and affirm transition arrangements for the assignment of administrative responsibilities for the Federal Transit Administration (FTA) Section 5307 funding for the San Marcos/Redwood Urbanized Area (“UZA”) to the City of San Marcos. FTA staff recommended we enter into a MOU with respect to the distribution of certain capital grant funds as described in this document.

The terms and conditions set forth in this MOU have been discussed in good faith between the City and CARTS.

This MOU commences on the effective date referenced in **Section 5. Term.**

**Section 1. Background.** In 2014 CARTS applied for and was assigned funding from a capital grant in the amount of \$2.1 Million Dollars to replace the fixed route bus fleet in the San Marcos/Redwood UZA that was being re-branded for an October 2016 launch of new service, such service being deployed per the tenets of 5-year Comprehensive Transit Development Plan (TDP) completed in 2014.

However the awarding agency, CAMPO, programmed the CARTS award of the grant funding for its 2018 fiscal year. Repeated attempts to get the awarding agency to move the funding forward so that the buses could be procured before the re-branding schedule were unsuccessful. Consequently, CARTS obligated \$1,581,318 in funds from an active FTA capital grant it held for its regional interurban bus purchases to purchase the City’s fixed route bus fleet so the fixed route bus service could be re-branded and launched in a timely manner.

This was done with the understanding between City and CARTS representatives that the funding advanced by CARTS for the fixed route bus purchases would be recouped and applied back to the CARTS regional interurban bus fleet purchases necessary once the \$2.1 Million FTA capital grant was active and funded.

The CARTS Board of Directors passed a resolution that memorialized that understanding.

Per that understanding CARTS has obligated itself for certain bus purchases for its regional interurban fleet that will be delivered and invoiced after the October 1, 2019 transition date that the City will assume Direct Recipient (DR) Status for the FTA Section 5307 funding for the UZA. This MOU is intended to memorialize the understanding that the City will honor the invoices received by CARTS for its purchases of the regional interurban fleet buses, and will process same for payment from the particular Section 5307 capital funding grant (TX-2018-50) referenced above.

**Section 2. Obligations of the City.** The City agrees to pay from Section 5307 funding it receives from the referenced FTA grant (TX-2018-50) on or after October 1, 2019 the invoices CARTS

receives for the interurban fleet buses to be operated by and titled to CARTS for use in its regional network. CARTS has previously obligated the purchase through its issuance of purchase orders for such rolling stock. Such payments shall be made by the City from the funding contemplated in this MOU to the vendor of the buses prior to, or on the due date of such invoices so that CARTS is relieved of financial responsibility to make payment on such invoices. The City shall not be obligated to make such payments from other funding sources.

The City agrees to share information regarding such payments to CARTS as requested so that CARTS is assured such payments are being made consistent with this MOU.

**Section 3. Obligations of CARTS.** CARTS agrees to forward to the City all vendor invoices it receives for the rolling stock subject to this MOU along with supporting information requested by the City so as to allow the City to make timely payment on such invoices from the Section 5307 funding the City receives from the FTA grant.

**Section 4. Obligation of the City and CARTS to meet and confer.** The City and CARTS agree to have their representatives meet and confer as necessary to ensure the terms of this MOU are carried out without delay or hardship to either part and in a manner consistent with the terms of this MOU.

**Section 5. Term.** The term of this MOU shall be effective on October 1, 2019 and shall continue in force until such time as all prior purchase orders issued by CARTS for the rolling stock subject to this MOU and the vendor invoices thereof have been paid in full.

**CAPITAL AREA RURAL TRANSPORTATION  
SYSTEM:**

By: \_\_\_\_\_ David L. Marsh, General Manager

**CITY OF SAN MARCOS:**

By: \_\_\_\_\_ Bert Lumbreras, City Manager

ATTEST:

By: \_\_\_\_\_ Jamie Lee Case, City Clerk