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## CHAPTER VI. PROPERTY MANAGEMENT

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### INTRODUCTION

This section defines property management standards that must be exercised by Section 5311 grantees who purchase and use equipment and real property acquired with Federal funds. It is the responsibility of the grantee to manage the State and Federal capital investment in the system. The grantee must ensure that State and Federal property inventory and disposition procedures are followed.

### VEHICLE & EQUIPMENT USE

#### Use of Project Equipment

Equipment is defined as tangible, non-expendable, personal property having a useful life of more than one year and a unit price of \$300.00 or more.

Typically, equipment includes such items as major spare parts, computer systems, communication system, major maintenance tools, passenger shelters, etc.

Vehicles and equipment shall be used in the program for which it was acquired for as long as it is needed. This is true even if Section 5311 funding does not continue to fund the program. All grantees are required to submit an “annual certificate of use” for all vehicles and equipment acquired under the Section 5311 Program.

The grantee may make vehicles or equipment available for use in other programs or projects currently or previously supported by federal funds. However, this use may not interfere with the work on the

program or project for which it was originally acquired. User fees shall be considered in this situation. Federally funded vehicles and equipment may not be used to provide services for a fee to compete unfairly with private companies.

Adequate maintenance procedures and programs must be developed to keep vehicles and equipment in good working condition. Preventative Maintenance (PM) programs are required for all Section 5311 funded vehicles. INDOT requires a written (PM) Plan for all vehicles. Templates for assisting systems with the development of (PM) Plans and Pre-trip Inspections can be found at [www.indianartap.com](http://www.indianartap.com).

Cleanliness of vehicles is a high priority for INDOT, and a cleaning schedule should be included as part of each grantee’s (PM) Plan. Failure to properly maintain federally funded vehicles may result in a system being denied future capital funding for replacement vehicles.

Section 5311 grantees are not permitted to use FTA-funded vehicles for exclusive school bus or charter service (Refer to **Section X** of this manual).

INDOT prohibits rural transit systems from providing any charter service. Similarly, a grantee may not engage in exclusive school bus service in competition with private school bus operators. INDOT will monitor grantees for compliance with Charter Service and School Bus Operations regulations annually through the Section 5311 application process and its compliance review process.

## **FACILITY CONSTRUCTION AND RENOVATION**

Facility is defined as any building that was constructed in whole or in part with Federal Transit Administration funds. Please refer to **Chapter VIII** for facility and construction requirements and guidance.

## **FACILITY MAINTENANCE PLANS**

Written Facility (and Equipment) Maintenance Plans are required for all FTA-funded facilities. These plans should describe a system of periodic inspections and preventive maintenance to be performed at certain defined intervals.

INDOT has developed and provided a facility maintenance plan template which is available in the Forms Section on the INDOT website, <http://www.in.gov/indot/2436.htm>. However, INDOT encourages all subrecipients to review the template carefully and customize it to meet each subrecipient's individual needs. Refer also to the most recent version of FTA Circular 5010 at [http://www.fta.dot.gov/legislation\\_law/13718.html](http://www.fta.dot.gov/legislation_law/13718.html). (See also **Chapter VIII**.)

## **DISPOSITION**

### **Planned Disposition**

When vehicles, equipment, and/or real property are no longer needed for the original project or program, disposition of said items must be in accordance with Indiana Code (I.C.) 36-1-11, Disposal of Real or Personal Property (<http://www.in.gov/legislative/ic/2010/titl e36/ar1/ch11.html>). Real property is

defined as land and buildings, including any accessories added to the land or buildings.

INDOT must be notified of all disposition actions. Real property and items of equipment with a current per-unit fair market value of less than \$5,000 must be disposed of in accordance with Indiana Code with no further obligation to INDOT. Based on INDOT's useful life policy, vans reaching the threshold of 100,000 miles or four (4) years, INDOT no longer has any financial interest.

Real property and equipment with a current per-unit fair market value of \$5,000 or greater must also be disposed of in accordance with the Indiana Code. However, a written disposition plan must be submitted to INDOT for review. This plan will detail how income from the disposition will be retained by the grantee for the transit program. INDOT will track equipment transfers in Asset Inventory Reports.

## **VEHICLE DISPOSITION**

### **Vehicles with Remaining Useful Life**

The preferred method of disposition is the transfer of vehicles to another INDOT grantee. When INDOT is notified that vehicles are available for disposition, INDOT will mail a notice of availability of these vehicles to all current INDOT grantees and notify FTA of the requested disposition. The vehicles will be available for 30 days for transfer to other INDOT grantees, in accordance with I.C. 36-1-11, (<http://www.in.gov/legislative/ic/2010/titl e36/ar1/ch11.html>). Under a transfer arrangement, the grantee disposing of the vehicles shall receive payment for their pro-rata share of their local investment. This shall be based on the fair market value of the vehicles multiplied by the percent of local

match paid at time of acquisition. If no other grantee is interested in the vehicles, then the grantee may dispose of the vehicle. FTA requires that the proceeds of any disposition actions be used to reduce the gross project cost of any FTA eligible capital transit grants. This arrangement is consistent with I.C. 36-1-11,

[http://www.in.gov/legislative/ic/2010/titl\\_e36/ar1/ch11.html](http://www.in.gov/legislative/ic/2010/titl_e36/ar1/ch11.html) and the most recent version of FTA Circular 5010 <http://www.fta.dot.gov/13716.html>.

**Mid-Life Sale of Vehicles (“Like-Kind Exchange”)**

Grantees requesting a like-kind exchange must contact INDOT. INDOT will evaluate the request on a case-by-case basis.

The FTA defines “Like-Kind” as a bus for a bus with similar service life. According to the FTA, under the Like-Kind Exchange Policy, proceeds from the vehicle sales are re-invested in acquisition of the like-kind replacement vehicle. If sales proceeds are less than the amount of the Federal interest in the vehicle at the time it is being replaced, the grantee is responsible for providing the difference, along with the grantee’s local share of the cost of the replacement vehicle.

**Rehabilitation of Vehicles**

Due to the size and type of vehicles used in the Section 5311 program, INDOT does not allow vehicles to be rehabilitated as a capital expense.

**Insurance Settlements**

In the event of loss due to accident, casualty, fire, or theft, the insurance settlement may be used toward the replacement of the lost items. If the items are determined to be no longer necessary, then the settlement shall

be used for the transit program. Documented evidence that the settlement is being used for the transit program must be provided to INDOT. An estimate of the insurance settlement must be provided to INDOT to determine settlement value of the items.

**Determination of Fair Market Value**

The fair market value for vehicles and equipment may be determined using straight-line depreciation or by the averaging of two independent appraisals. If straight-line depreciation is used for valuing vehicles, then it should be based on the useful life years specified in Exhibit 2. INDOT recommends that all vans be valued using straight-line depreciation. The fair market value (from independent appraisals) may be used if the vehicle is totaled in an accident or the system is trading the vehicle in before the useful life has been attained.

**Exhibit 1: Vehicle Useful Life Policy Fair Market Value (Using Straight Line Depreciation) Sample**

Vehicle Classification	Miles	Years	Original Purchase Price	Fair Market Value - Straight Line Depreciation Method
Body on Van Chassis	100,000	4	\$50,000	Value decreases by one-fourth of original purchase price - \$0 value after 4 years
Light Duty Bus	150,000	6	\$100,000	Value decreases by one-sixth of original purchase price - \$50,000 value after 3 years
40 Foot Bus	500,000	12	\$220,000	Value decreases by one-twelfth of original purchase price - \$110,000 value after 3 years

INDOT does not allow systems to charge depreciation to the Rural Transit Program. This includes the depreciation of vehicles and equipment purchased with local funds as well as vehicles and equipment purchased with Federal or state funding.

a heavier duty vehicle because it is built on a truck chassis. It is for this reason it is classified separately from a van. This vehicle may require a Commercial Driver's License (CDL) depending on the number of passengers the vehicle was designed to transport.

**PASSENGER VEHICLE CLASSIFICATION AND USEFUL LIFE STANDARDS**

**Vehicle Classification**

INDOT has developed the following passenger vehicle classifications for the Section 5311 program. If a system requests a larger vehicle that is not included in the following list, INDOT must be contacted for further guidance. All vehicles are purchased using INDOT's consolidated purchasing program.

There are four sub-categories for Vans:

- ◆ Mini-Van: Vans with seven passengers or less and which are commercially available from automobile manufacturers as a part of their standard vehicle production line. These vehicles are not wheelchair accessible.
- ◆ Low Floor Minivan A modified minivan is a standard production minivan which has been modified by lowering the floor. It can accommodate up to two wheelchairs and two permanent seats. The vehicle is equipped with a ramp for access by riders using mobility devices.
- ◆ Body on Van Chassis (BOVC) This vehicle is also known as a Light Transit Vehicle (LTV). A passenger vehicle built on a van chassis, BOVC's have wider and/or longer bodies installed on a van chassis. Typically, these vehicles are built by school bus and recreational vehicle manufacturers.
- ◆ Body on Truck Chassis (BOTC): This passenger vehicle is similar to the BOVC in that the body is attached to an existing chassis, however, this vehicle is

**Vehicle Useful Life**

INDOT has developed the following vehicle useful life policy for the purpose of evaluating vehicle disposition requests and capital replacement applications. The useful life policy is shown in Exhibit 2. However, merely obtaining sufficient miles and years on a vehicle does not guarantee federal capital assistance for its replacement.

Section 5311 capital applications are evaluated competitively based on project justification, coordination, fiscal capabilities, and capital project priorities. The primary criterion in determining the vehicle useful life is mileage. The age of the vehicle will be considered only after the vehicle's mileage has been determined to be at or greater than the mileage categories listed below.

**Exhibit 2: Vehicle Useful Life Policy**

	<b><u>Vehicle Classification</u></b>	<b><u>Miles</u></b>	<b><u>Years</u></b>
Vans:			
-	Mini-Van	100,000	4
-	Standard	100,000	4
-	Body on Van Chassis (BOVC)	100,000	4
-	Body on Truck Chassis (BOTC)	150,000	6

The age of the vehicle is calculated from the date the vehicle is actually placed into service, and not from the vehicle model year. On rare occasions, a grantee may have a vehicle that needs replacement prior to reaching its designated mileage. INDOT will

consider these exceptions on a case-by- case basis.

### **Vehicle Replacement Planning**

Grantees are required to develop and submit to INDOT a passenger vehicle replacement plan. The plan shall use the vehicle useful life mileage as the basis for determining the replacement of vehicles. The plan shall cover a five-year period and be updated annually as part of the Section 5311 grant application process. The plan must indicate the number, classification, and the estimated cost of the vehicles to be replaced or added.

Grantees should select replacement vehicles that are appropriate for their service, reviewing the pros and cons for each vehicle selection. INDOT, Indiana RTAP and other program operators can provide their experience with vehicles to assist a grantee with its selection.

If a rural system's service area is included in any urbanized area, then the operating and

capital related improvements must be included in the urbanized area's Transportation Improvement Plan (TIP) which is completed by the Metropolitan Planning Organization (MPO).

### **ADA Vehicle Compliance**

INDOT requires a grantee's fleet to be 50% wheelchair accessible or more. Back-up vehicles must be at the same percentage. However, INDOT encourages a grantee's total fleet to be at least 67% wheelchair accessible.

### **Spare Ratio**

Standard industry practice is to have 20% of the fleet available as back-up. For small systems, with a peak-hour fleet requirement of one to ten vehicles, the spare ratio is two back-up vehicles.

Refer to the Indiana Code 36-1-11  
<http://www.in.gov/sboa/files/Drain18.pdf>.