



**Minnesota Department of Transportation  
Office of Transit**

**State Management Plan**  
Section 5339 Bus and Bus Facilities Formula  
Program

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## Introduction

On July 6, 2012, the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) was signed. MAP-21 established the new FTA Section 5339 Bus and Bus Facilities program to assist eligible recipients in financing capital projects to replace, rebuild and purchase buses and related equipment, and to construct bus-related facilities.

The 5339 program is, by law, set up to be administered by the states, on behalf of the FTA. FTA requires each state to produce a State Management Plan documenting its policies and procedures used in managing this state-administered FTA program. This document sets forth the policies and procedures established for this program in the State of Minnesota.

### A. Program Goals and Objectives

The mission of the Minnesota Department of Transportation Office of Transit is to help people and communities meet their mobility needs by supporting safe, responsive, efficient, and environmentally sound transit services.

#### Program Goal

The goal of the state Section 5339 program is to supplement funding to eligible Greater Minnesota public transit providers for capital projects which support the continuation and expansion of public transportation services in the State of Minnesota. Additional program goals are as follows:

- (1) Promote safety, efficiency and expansion of transit services in the state;
- (2) Create and maintain inviting and safe facilities as well as other transit-related infrastructure
- (3) Support vehicle replacement and rehabilitation or facility improvement and/or construction for public transit systems;
- (4) Maintain a state commitment to public transportation; and
- (5) Meet the needs of individual transit systems to the extent they are consistent with the other goals stated above.

#### Program Objectives

The Office of Transit embraces the Minnesota Department of Transportation [Strategic Vision](#) in aspects that are applicable to the provision of public transit in Greater Minnesota. This includes promoting a safe and reliable modern public transportation system. Specific transit-related objectives are:

- To increase access to public transit throughout Greater Minnesota.
- To encourage and support coordination of passenger transportation services between public and private resources, and
- To alleviate transportation barriers and improve mobility opportunities for elderly people, people with disabilities, economically disadvantaged people, and others who are transit dependent.

- To ensure that facilities and vehicles meet or exceed the Federal Transit Administration's definition of the State of Good Repair as defined in Minnesota's Asset Management Plan (EXHIBIT I)
- To continue to plan for, monitor and meet long-term goals for replacements, rehabilitations and/or repairs. This is established by the 10-year capital plans that are determined and documented by the transit systems annually.

## B. Roles and Responsibilities

### Office of Transit

Under Minnesota Statutes [§4.07](#) and [174.23](#) the governor designates the Department of Transportation to receive and administer Federal Transit Administration funding. The MnDOT Office of Transit administers the Section 5339 funds in the following manner:

- Manages the project selection process (notify eligible subrecipients of program availability, develop project selection criteria, solicit applications, review and select projects for funding)
- Manages contracts (develop and execute contracts with eligible subrecipients, amending contracts)
- Manages data (collect financial statistical data, maintain databases)
- Monitors and evaluates transit system performance and compliance with Federal requirements
- Administer financial program (biennial budgets, payments, encumbrances, reimbursements, audits, contract closeouts)
- Manages capital investments through asset management planning
- Manages Federal grants (grant writing, reporting and closeouts)
- Engages in planning and research activities (transit capital plans and studies, statewide transit plans, local coordination plans)
- Provides technical assistance (drug and alcohol program reviews, training and workshops for subrecipients)

### Other Agencies and Units of Government

The Office of Transit works collaboratively with other divisions of the Minnesota Department of Transportation, other state agencies and their subdivisions, local units of government, tribal governments, boards and councils, and other interested parties to ensure the effective delivery of public transit in Greater Minnesota.

### Eligible Subrecipients

Most Section 5339 eligible subrecipients are local units of government, community action agencies, or non-profit organizations. In all cases the Office of Transit works collaboratively with subrecipients to ensure that local needs are met while providing technical assistance to improve the efficiency and effectiveness of service delivery.

### Metropolitan Planning Organizations (MPO)

MPOs include all 5339-eligible transit projects located within their boundaries in their Long Range Transportation Plans and their Transportation Improvement Plans (TIP). These documents are developed and approved by the MPO and the chief executive office of the State and incorporated into the State Transportation Improvement Plan (STIP) that is approved by the FTA and FHWA. Projects listed in the TIP and STIP must be derived from and consistent with the State's long range plan and the MPO's long range plan.

#### Area Transportation Partnerships (ATP)

Projects not within metropolitan planning boundaries are submitted to the ATP for review prior to being incorporated into the STIP.

An ATP is a group of traditional and non-traditional transportation partners including representatives from MnDOT, MPOs, Regional Development Commissions, counties, cities, tribal governments, special interests, and the public that have the responsibility of developing a regional transportation improvement program. The grant application should identify the latest approved STIP (or amendments) containing the project(s), the appropriate page numbers or other identifying numbers and a statement identifying the date the FTA and FHWA approved the STIP (or STIP amendment) that contains the proposed project(s) within the appropriate section of the FTA's TEAM system. Projects listed in the TIP and STIP must be derived from and consistent with the state's long range plan and MPO plan.

Each project must include sufficient descriptive material to identify the project or phase of the project. In addition, each project in the TIP/STIP must indicate reasonably expected resources to carry out the project.

Performance-based planning is currently being established to present a transparent, accountable, decision-making process for MPOs, the state and public transit providers to identify multi-modal capital investments and project priorities. This planning initiative is being developed through a performance-driven, outcome-based approach in both the metropolitan areas as well as nonmetropolitan areas of the state.

#### Public Participation Process

MnDOT involves members of the public throughout the state in the development and implementation of its plans and programs. This participation encourages the development of a joint vision for transportation shared by stakeholders, the public and MnDOT. Development of plans is completed in consultation with local elected officials and/or appointed representatives. Steering committees are formed which allow individuals to provide comments during the formation of each stage of each plan. Plans are drafted, and workshops, focus groups, surveys, outreach meetings and public hearings are held throughout the state. Members of the general public as well as elected officials are invited.

MnDOT has a documented public and stakeholder participation guidance entitled "[Let Your Voice Be Heard](#)". Let Your Voice Be Heard is an initiative to support effective public participation with strategies targeted to area residents and commuters, partners and stakeholders, business owners and MnDOT employees.

### Transit Plan

The [Greater Minnesota Transit Plan 2010-2030](#) is an element of MnDOT's family of plans. It establishes a 20-year strategic plan that sets forth directions for the future of public transportation in Greater Minnesota. Its priorities are: 1) to maintain and expand systems; 2) to provide increased mobility for individuals and the workforce; 3) to provide transit in a safe and reliable environment; 4) to invest in transit infrastructure; and 5) to enhance coordination and communication. It further describes current challenges, examines future transit service needs and estimates future levels of funding that are required to meet that need. Finally, it establishes policies to guide future transit investments in Greater Minnesota. [The Greater Minnesota Transit Investment Plan](#) quantifies the number of service hours and the level of funding that is required to meet rural public transit needs from the present through 2030. The priorities for the Investment Plan are: 1) to expand transit opportunities; 2) preservation of existing systems; and 3) to contract systems that do not meet performance standards.

### STIP

The [Statewide Transportation Improvement Program \(STIP\)](#) is Minnesota's four year transportation improvement program. The STIP identifies the schedule and funding of transportation projects by state fiscal year (July 1 through June 30). It includes all state and local transportation projects with federal highway and/or federal transit funding along with 100% state funded transportation projects. Rail, port, and aeronautic projects are included for information purposes. The STIP is developed/updated on an annual basis.

### TIP

Local MPO's [Transportation Improvement Programs](#) include projects in and around the Metropolitan areas represented. Projects that would be eligible for Section 5339 funding are included in the respective MPO's TIPs.

## C. Coordination

MnDOT Office of Transit works with public transit systems, local units of government, non-profit organizations, as well as private providers to foster transportation coordination. The Office of Transit has undertaken a number of initiatives relative to coordination. The most recent studies and plans are the statewide Minnesota Public Transit-Human Services Coordination Study and Greater Minnesota Regional Coordination Plans.

The coordination plans were developed through a process that included representatives of public private and non-profit transportation and human services providers and participation by members of the public. The coordination plans include an assessment of available services that identify current transportation providers, and an assessment of the transportation needs for individuals with disabilities, older adults and people with low incomes.

The statewide study includes a comprehensive assessment of stakeholder issues, a survey of existing best practices, and a Greater Minnesota Action Plan. The regional coordination plans contain similar information on a regional level, including detailed demographic descriptions and localized needs assessments.

The Minnesota Council on Transportation Access was established in [statute](#) in 2010. Numerous state agencies, including for example, the Department of Human Services, the Council on Disability, and the Department of Veterans Affairs participate in developing, evaluating, overseeing and making recommendations to improve coordination, availability, accessibility, efficiency, cost-effectiveness and safety of transit services provided to the transit public.

#### D. Eligible Subrecipients

The Minnesota Public Transit Participation Program under Minnesota Statutes [§174.24](#), Sub. 2 defines eligibility to include “any legislatively established public transit commission or authority, any county or statutory or home rule charter city providing financial assistance to or operating public transit, any private operator of public transit, or any combination is eligible to receive financial assistance through the public transit participation program. Eligible recipients must be located outside of the metropolitan area.”

#### E. Local Share and Local Funding Requirements

Subrecipients typically fund 20% of the local share for capital equipment projects. Occasionally the State may participate in the local share depending upon the availability of funds. MnDOT follows the guidance in FTA Circular C 5100.1, Chapter 3, Sections 8a and 8b.

#### F. Project Selection Criteria and Method of Distributing

The procedure for soliciting applications for funding and determination of distribution of funds is established in State Administrative Rules Chapter [8835.0250](#) Application for Financial Assistance, [8835.0260](#) Management Plan. [8835.0320](#) Capital Assistance, and [8835.0270](#) Financial Assistance.

Funds are awarded to eligible subrecipients according to the following priority:

1. Capital assistance for preservation of existing public transit systems.

2. Capital assistance to bring existing vehicles and facilities into the FTA's definition of the state of good repair to meet asset management requirements.
3. Capital assistance for the provision of public transit services in a community or area not currently served by public transit.

By an annual process of developing an Annual Management Plan, eligible subrecipients prepare and submit documents that conform to all elements required in the Rules. These are reviewed by MnDOT staff for:

- Completeness and compliance with state and federal requirements
- Financial plan that demonstrates fiscal capacity and reasonableness
- Capital plan that matches fiscal capacity and is effective and efficient
- Contractual relationships (if present) conform with state and federal requirements
- Coordination relationships with other organizations and agencies (existing or in development)

The Section 5339 funding projects will be included in the Public Transit Participation Program application information and administered in a similar fashion. Applicants are notified of funding opportunities in a statewide distribution of application material. Technical assistance is provided for the applicants during the application process. Awards are based on need to replace existing or expansion vehicles and/or renovation, modification or new construction of facilities. Facility requests must complete the NEPA process prior to applying for funds. All requests must demonstrate the applicant has the technical and financial capacity to complete the project.

Consideration of Section 5339 funding requests will be based on, but not limited to, the following criteria:

- Criteria 1: The project is included in the system's 10-year capital plan.
- Criteria 2: All NEPA processes are completed for a facility.
- Criteria 3: All Asset Management data is completed for a replacement or renovation project.
- Criteria 4: System is in compliance with all FTA regulations.

MnDOT staff reviews each application for content and compliance with all requirements. Once the awards are made the details of each award are included in a program of projects that is submitted to the FTA regional office.

## G. Annual Program of Projects Development and Approval Process

The Public Transit Participation Program application process results in approved subrecipient Management Plans and grant contracts. These form the basis of the Program of Projects. There is an annual timetable for accepting, reviewing and approving applications. The 10-Year Capital Plans, part of the Public Transit Participation Program application, will include projects that are eligible for 5339 funding.

Approximately six months before the submission of the program of projects to the FTA, the MnDOT Office of Transit distributes applications with explanatory material to all subrecipients. Workshops are hosted throughout Greater Minnesota to instruct subrecipients on the completion of the applications. Workshop topics may include an overview of funding, technical instructions, federal and state regulatory updates, if any, deadlines, and any other related topic that is pertinent to the application process. Approximately two months before the program of projects is submitted MnDOT staff reviews each application for content and compliance with all requirements. Once the awards are made the details of each award are included in a program of projects that is submitted to the FTA regional office.

The approved Management Plans are the basis for projects that are incorporated into Area Transportation Improvement Plans (ATIPs) for each MnDOT district and into Transportation Improvement Plans (TIPs) for each Metropolitan Planning Organization (MPO) area. The ATIPs and TIPs are combined into the Minnesota State Transportation Improvement Plan (STIP).

#### H. Transfer of Funds

The application and award process for Minnesota's Public Transit Participation Program was described above in Section G. The program results in the awarding of federal Section 5311 and 5339 Small Urban and National Distribution funds, as well as state funds, to eligible subrecipients for capital and operations. Eligible recipients of Section 5339 and state funds include Small Urban transit providers (which also receive Section 5307 funds directly from FTA). As decisions are made about awarding funds for capital, MnDOT considers the available funds and their eligible uses and ensures that all are used appropriately. Section 5339 Small Urban and some state funds are awarded to Small Urban transit providers for capital projects as determined by MnDOT's evaluation team. Section 5339 National Distribution and other state funds are awarded to Rural and Small Urban transit providers for capital projects as determined by the evaluation team.

#### I. Civil Rights

Through annual grant agreements, subrecipients agree to comply with all applicable civil rights statutes and regulations. These include Title VI of the Civil Rights Act, Equal Employment Opportunity, and Americans with Disabilities Act. Each recipient must have a signed DOT Title VI Assurance and FTA Civil Rights Assurance on file with MnDOT. A summary of this information is provided to the FTA as required in the FTA Title VI Report every three years.

Title VI

MnDOT annually signs the FTA Annual List of Certifications and Assurances for Federal Transit Administration Grants and Cooperative Agreements which binds MnDOT to all civil rights requirements. Section 5311 subrecipients annually sign FTA's Certifications and Assurances in their grant contracts with the State and Section 5307 direct recipients sign FTA's Certifications and Assurances to qualify for receiving Section 5307 funds.

Transit systems are instructed annually on the requirements for Title VI Program compliance as described in FTA Circular 4702. These requirements are:

**Title VI Notice to Beneficiaries:** Each transit subrecipient is required to display this information in the buses, in common locations, including the transit facility, where users congregate, and on their websites if they have one. Subrecipients submit a copy of the Notice with the Annual Management Plan application. Transit project managers verify the presence of the posted notifications on the Annual Checklist.

**Title VI Complaint Form and Procedure:** Subrecipients submit a copy of the Notice with the Annual Management Plan application. Transit project managers verify on the Annual Checklist.

**Investigation of Title VI-related Complaints/Lawsuits:** Subrecipients submit a report of investigations/complaints/lawsuits annually with their Annual Plan Application. MnDOT gathers any further information from subrecipients during the annual visits and documents findings Annual Checklist. MnDOT prepares a Title VI Report for submission to the FTA every three years. Compliance with Title VI Civil Rights takes place through monitoring of complaints. When a complaint is deemed a civil rights issue it is referred to the MnDOT Title VI coordinator.

**Public Outreach Plan:** Subrecipients are required to submit public outreach plans with the Annual Management Plan application. Most transit systems have Transit Advisory Committees (TACs) that represent various groups within the transit service area. County boards and city councils are also opportunities to receive input regarding public transit plans. Public Outreach Plans are reviewed periodically to ensure adequate inclusivity.

**Limited English Proficiency:** Each subrecipient develops a Language Assistance Plan as appropriate for the area in which the transit system operates. Each subrecipient completes a four factor analysis. These factors include:

- The number or proportion of limited English proficiency persons in the service area who are likely to be served by the transit system;
- The frequency with which the LEP persons come into contact with the transit system;

- The nature and importance of the service provided to the LEP persons, and
- The resources available to the transit system and the cost to provide language assistance.

The Language Assistance Plan then describes the measures it currently uses or might use to address the needs of the LEP persons. Staff training is an integral part of a successful Language Assistance Plan. Finally, the Plan describes how notice to LEP persons about available language assistance is publicized. Language Assistance Plans are reviewed for accuracy and submitted by recipients with the Annual Management Plan application. Plans are reviewed periodically to ensure adequacy.

Minority Representation on Planning and Advisory Bodies: Transit subrecipients are required to submit a table showing the minority representation on planning and advisory bodies with the Annual Management Plan application.

Title VI Equity Analysis in Location of Facilities: In the siting and location of transit facilities subrecipients are required to complete a rigorous evaluation of the alternatives to assure that there are no disparate impacts on populations with regard to race, color or creed.

When a subrecipient constructs a facility, such as a vehicle storage facility, maintenance facility, operations center, etc., the subrecipient includes a copy of the Title VI equity analysis conducted during the planning stages with regard to the location of the facility.

#### Disadvantaged Business Enterprise (DBE)

The MnDOT Office of Civil Rights (OCR) administers the DBE program for MnDOT by establishing an overall DBE goal for transit. To achieve this goal, the OCR assigns DBE goals to MnDOT and subrecipient projects where there is a potential for DBE participation. The OCR provides technical assistance to subrecipients to identify DBE contracting opportunities and, if necessary, to provide assistance to potential DBEs to become certified. The OCR is responsible for monitoring DBE achievements in transit and for training MnDOT staff on DBE requirements.

Subrecipients must report as required on DBE goal achievement.

#### Equal Employment Opportunity

All subrecipients agree to comply, and assure the compliance of each third-party contractor and each subrecipient at any stage of the project with all equal employment opportunity requirements of Title VII of the Civil Rights Act of 1964 and with any implementing regulations issued by the Department of Transportation.

## J. Section 504 and ADA

All vehicles and facilities in the state meet the Section 504 and ADA requirements. The Annual Checklist used for Section 5311 program monitoring covers the requirements of this section.

## K. Program Management

### Procurement

All grant contracts with Sections 5307 and 5311 subrecipients include the following requirements:

- Compliance with FTA Circular 4220 Third Party Contracting Guidance
- Prior approval of third party contracts by State
- Submission to State of subrecipient procurement policies

Office of Transit administrative procedures require staff to review and approve all federally funded third party operating contracts to ensure federal contract clauses are included. Technical assistance for federal procurements is available from transit project managers and Office of Transit legal staff.

### Financial Management

The Office of Transit is responsible for managing grants, contracts and interagency agreements to ensure that expenditures comply with federal rules and regulations for all FTA grant programs. Financial management responsibilities include:

- Managing the ECHO process between FTA and MnDOT so that transactions are processed in a timely manner and the accounts are balanced and well documented,
- Investigating and resolving accounting problems to ensure compliance with state and federal rules,
- Managing the documentation entered into MnDOT's database relative to individual grants, contracts and interagency agreements,
- Submitting federal financial reports.
- Rectifying and closing out FTA grants when projects are completed, and
- Working with MnDOT finance to develop indirect cost rates.

### Property Management

MnDOT maintains a permanent record for each vehicle or facility purchased with Federal funds. MnDOT ensures that all equipment used by recipients purchased with federal funds is used for the program or project for which it was acquired.

In the event subrecipients no longer need equipment purchased with federal funds, and useful life remains, the equipment is transferred in accordance with the MnDOT Vehicle Disposition/Transfer Procedure found in EXHIBIT IV. The procedure describes what steps to follow when a vehicle's fair market value exceeds ten percent of the original purchase price. Both the procedure and the accompanying form are downloadable from the Office of Transit website.

MnDOT maintains a comprehensive list of all subrecipient facilities purchased with federal funds. If a facility is no longer needed the subrecipient must obtain a written appraisal and dispose of the facility according to federal disposition requirements as well as the MnDOT Office of Transit Real Property (Facility) Disposition and/or Transfer Guidelines found in EXHIBIT II. The process requires the subrecipient to explain in writing why the property is no longer needed, obtain appraisals, and follow MnDOT's directions regarding the fiscal requirements of the disposal.

MnDOT also maintains a comprehensive inventory of all equipment valued at \$5,000 or more and a useful life of at least 1 year.

With the yearly submission of the Annual Management Plan the subrecipients update their 10-year capital plans. This includes updating the capital inventories and analysis for replacement. All assets are monitored by district Transit Project Managers during annual visits. Proposed facility construction or renovations, ITS projects and other equipment purchases are also included in the ten year plans.

#### Accounting Systems

Subrecipients establish a set of accounts in which all transit related costs, revenues, and operating sources are recorded and clearly identified, easily traced, and substantially documented. Accounting practices and records must be in accordance with Generally Accepted Accounting Principles.

All State agencies use a common accounting and procurement system for the procurement of agency goods and services and payments to vendors. The data that is entered into this system is collected in a data warehouse for agency users to compile information and generate reports.

#### Financial Reviews

Subrecipients are contractually and statutorily obligated under Minnesota Statutes §16B.36 to submit, upon request, their books, records, documents, and accounting procedures and practices for audit and examination by MnDOT, the Legislative Auditor or the State Auditor.

Once the final payment in a Section 5339 grant has been made, the grant closure process begins. The project manager will complete all the required documentation and a request will go through a MnDOT Audit.

The MnDOT Audit Section audits each agreement included in the Section 5339 grant. Once all subrecipient agreements are audited and closed, the Section 5339 grant is closed.

#### Project Monitoring/On Site Reviews

Project monitoring is an ongoing process undertaken by MnDOT Office of Transit and District Transit Project Managers.

Transit Project Managers use the information contained in the reports to monitor subrecipients' fiscal and operational activities. All facilities and vehicles are monitored annually and become part of the annual closeout procedure. Facilities are visually inspected annually by the TPMs. Spot checks on vehicle maintenance are completed annually also by the TPMs. These inspection documents become part of the Annual Monitoring Checklist.

#### Reporting Requirements

All subrecipients of federal funds must comply with federal contracting requirements if procuring goods or services using federal funds. The Minnesota Department of Transportation is responsible to ensure that subrecipient contracts supported with federal funds meet those requirements. Public transit subrecipients are required to report monthly through the database. The monthly report includes:

- Expenses
- Revenues
- Miles
- Hours
- Passenger Trips
- Cost per mile
- Cost per hour
- Cost per passenger
- Passengers per hour
- Revenue per passenger
- Revenue to expense ratio

Reports are followed by a paper copy Request for Funds that includes the financial information. Copies of all invoices, maintenance, repairs of all assets and other necessary documents are required. Electronic reports and the subsequent paper requests are approved by the District Transit Project Managers before processing for payment.

#### L. Other Provisions

##### Environmental Protection

Environmental protection requirements are met whenever Section 5311 funds are used for capital projects. This includes energy conservation measures undertaken in the construction of facilities, environmental reviews, and conformance with environmental justice principles as published in FTA Circular 4703.1.

##### Buy America and Pre-award and Post-delivery Reviews

MnDOT Office of Transit Administrative Procedure #2010-01 Vehicle Procurements supported with Federal Transit Administration (FTA) Funds outlines the steps taken when subrecipients procure vehicles through the State Cooperative Purchasing Venture. The procedure describes how MnDOT ensures all vehicles available through the venture fulfill Buy America requirements.

MnDOT Office of Transit Administrative Procedure #2010-08 Buy America Requirements for Direct Vehicle Procurements Supported with Federal Transit Administration Funds describes the detailed steps that must be undertaken

when a subrecipient *does not use* the State Cooperative Purchasing Venture. The procedure documents how all requirements are to be verified for compliance. It also provides subrecipients with all the appropriate legal paperwork that must be completed and kept on file.

#### Restrictions on Lobbying

Grant recipients agree to the Restrictions on Lobbying as part of their grant contract with MnDOT and recipients agree to have subrecipients sign the Restrictions on Lobbying certification for procurements worth more than \$100,000.

#### School Transportation

There are no subrecipients operating exclusive school bus service. There are no Section 5311 subrecipients operating school tripper service. The Federal Certifications and Assurances for FTA Grants require the subrecipient to verify with each annual grant contract.

#### Drug and Alcohol Testing including monitoring subrecipients

All subrecipients comply with FTA drug and alcohol testing requirements in accordance with 49 CFR Part 655 and 49 CFR Part 40, as amended.

Subrecipients are monitored in accordance with MnDOT Office of Transit Administrative Procedure #2013-04 Drug and Alcohol Testing Compliance Monitoring. The procedure outlines, in detail, how the Office of Transit monitors the subrecipient's compliance with all applicable Drug and Alcohol Program regulations and reporting. It also provides information about technical assistance with regulatory compliance, best practices, and available Drug and Alcohol Program Management resources. The Federal Program Manager and the Federal Program Assistant perform periodic on-site technical reviews with the subrecipients and their contracted service vendors. Timely follow-up for all issues that may be determined to jeopardize compliance is monitored within 40-90 days after the completion of the on-site review. Desk reviews are conducted two years after the completion of the on-site review follow-up to ensure on-going compliance with all issues. MnDOT maintains a website to provide Drug and Alcohol Program Resources to subrecipients that includes pertinent information about reporting, service vendor oversight, best practices, and links to web-based drug and alcohol management information and resources. Annual MIS reports are reviewed and completed by March 15.

All FTA-funded assets are monitored by district transit project managers and documented in the Annual Monitoring Checklist with separate vehicle spot checks and facility checklists.

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# MnDOT Office of Transit Asset Management Plan 2014

The 2012 Federal Transportation Authorization Bill (MAP-21) includes a requirement of State DOTs to develop, implement and maintain a Transit Asset Management plan (TAM).

Transit asset management is a strategic and systematic approach to managing transit physical assets. It focuses on business priorities and processes for resource allocation and utilization. Its objective is better decision making based upon quality information and well-defined objectives.

A transit asset management plan is a comprehensive documentation of how assets are managed over their lifecycle, including the asset inventory and condition, performance measures and a plan for asset preservation. The goal of the Minnesota Office of Transit (OT) is to maintain quality service throughout Greater Minnesota; expand and improve services where possible; and to preserve or maintain financial stability. One of the ways of doing that is through maximizing the useful life of existing assets.

Every transit system in Minnesota is required to have an Asset Management Plan. Elements of the plan, such as vehicle inventory and capital replacement plans, are entered and maintained in the MnDOT Office of Transit public transit database. Assets include the following items if purchased with Federal or State funds:

- Rolling stock
- Facilities
- Equipment with a replacement value of \$5,000 or more.

Transit Asset Management plans will include:

***Asset Inventory:***

- Description
- Condition rating – following criteria and scoring system shown in Table 1- for both vehicles and facilities
- Year manufactured or built
- Remaining useful life – using minimum service life (Table 2 vehicles, Table 3 facilities and Table 4 equipment) and condition rating
- Replacement cost
- Location of asset

**Equipment Inventory:**

OT has established guidelines for inventorying capital equipment, and maintains an Equipment Asset Inventory for all grant-funded capital equipment valued in excess of \$5,000. Local transportation agencies should maintain an internal equipment inventory which includes all capital equipment, whether grant-funded or paid for with other funds. In larger agencies, an automated electronic inventory may be used.

*Asset Condition Rating and Remaining Useful Life:*

**ASSET CONDITION MEASUREMENT EXAMPLE- Table 1  
Asset Criteria and Scoring System – vehicles and facilities**

Asset Rating Score	Asset Age	Asset Condition	Asset Performance	Level of Maintenance	Asset Condition Rating	
	Percent of Useful Life Remaining	(Quality, Level of Required Maintenance)	(Reliability, Ambience, Safety)	Level of PM and CM ✧	Rating Description	Scoring range
5	Asset new or nearly new	Asset new or like new; no visible defects	Asset meets or exceeds all performance and reliability metrics, industry standards	Only routine PM needed.	Excellent	4.5 to 5.0
4	Asset just under new or nearly new	Asset showing minimal signs of wear; some slight defects or deterioration	Asset generally meets performance and reliability metrics, industry standards	Good working order; requires infrequent CM (more than 6 months between repairs)	Good	4.0 to 4.5
3	Asset nearing or at its midlife point	Some moderately defective or deteriorated components	Occasional performance and reliability issues; may be sub-standard in some areas	Requires frequent minor CM or infrequent > 6 mos. major CMs	Adequate	3.0 to 3.9
2	Asset nearing or at end of its useful life	Increasing number of defects; deteriorating components; growing maintenance needs	Performance and reliability problems becoming more serious; sub-standard elements	Requires frequent CM (less than 6 months between repairs)	Marginal	2.0 to 2.9
1	Asset is past useful life	Asset in need of replacement; may have critically damaged components	Frequent performance and reliability problems; does not meet industry standards	Continued use present excessive CM costs and potential service interruption	Poor	1.0 to 1.9
0	Asset non-operable	Asset non-operable	Asset non-operable	Asset non-operable	Asset non-operable	

In SGR >2.5

SGR 2.5

Not in SGR <

✧PM- preventative maintenance and CM – corrective maintenance (repairs)

*Minimum useful life standards*

MnDOT’s Office of Transit has established minimum useful life standards for grant-funded equipment. These standards are established in accordance with FTA guidelines, and reflect a combination of industry standards, OT experience, and research with other state DOTs. The minimum useful life standards for all capital purchases are noted below. Please note these are established for replacement planning purposes only; they do not necessarily reflect each agency’s internal equipment life cycle expectations.

**Minimum service life for transit vehicles -- Table 2**  
**Defined by FTA – 2007**

Category	Typical Characteristics				Minimum Life	
	Length	Approx. GVW	Seats	Average Cost 2014	(Whichever comes first)	
					Years	Miles
Heavy-Duty Large Bus Class 700	35 to 48 ft and 60 ft artic.	33,000 to 40,000	27 to 40	\$431,000	12	500,000
Heavy-Duty Small Bus Class 600	30 ft	26,000 to 33,000	26 to 35	\$208,000	10	350,000
Medium-Duty and Purpose-Built Bus Class 500	30 ft	16,000 to 26,000	22 to 30	\$126,000 to \$138,000	7	200,000
Light-Duty Mid-Sized Bus Class 400	25 to 35 ft	10,000 to 16,000	16 to 25	\$70,000 to \$76,000	5	150,000
Light-Duty Small Bus Class 300	16 to 28 ft	6,000 to 14,000	10 to 22	\$62,000	4	100,000

**Minimum service life for transit facilities -- Table 3**

Category	Typical Characteristics	Minimum Life Years
	Usage	
Bus Garage	Storage/ Wash	40
Garage-Operations Facility	Storage/Wash/Dispatch/Training/Light Maintenance	40
Garage-Operations-Admin. Facility	Administrative Offices Storage/Wash/Dispatch/Training & Maintenance	40
Transfer Facility	Auto Parking/Restrooms/Passenger Seating	40
Park & Ride	Auto Parking/Passenger Seating	20
Shelters	Seating	20

## Equipment Examples

The following items, if valued over \$5,000 are examples of Equipment Assets that should be tracked within the Transit Asset Management Plan.

- Vehicle equipment – additional and unique components such as fare boxes and bike racks
- Shop equipment for vehicle maintenance
- Computer equipment and software required to put the equipment into service (such as servers, PCs, printers, etc.)
- Computer software systems such as scheduling software, maintenance/fleet management software, etc.
- Communications equipment (includes telephone systems, radio systems, and security systems )
- Security and surveillance equipment (including lighting, and video surveillance systems)
- Light-duty sedans, cargo vans, and trucks that are **not** used for passenger transportation (such as maintenance vehicles, staff vehicles, etc.)

**Minimum service life for transit equipment -- Table 4**

Category	Typical Characteristics	Minimum Life Years
	Usage	
Light duty vehicles (support)	Support, non-rolling stock	5 years or 150,000 miles
Shop equipment	(vehicle lifts, bus washing, tire changers, etc.)	10
Fare boxes	Used in revenue vehicles	10
Surveillance equipment	Vehicle or facility cameras, etc.	5
Communications equipment	Mobile radios, base stations	5
ITS	Computers, software, mobile tablets, other office equipment	5

### *Life Cycle and Replacement costs:*

Life cycle costs for vehicles and facilities combines:

- Time spent in asset planning
- Time spent in reviewing specifications
- Time spent choosing and ordering assets
- Capital cost of asset
- Maintenance costs over the life of the asset
- Rehabilitation or renovation costs of assets

### *Set Service Standards:*

The MnDOT Office of Transit has established service standards and measures. Subrecipients will be examined to make sure the quality of service remains within those parameters. When a vehicle or facility fails to meet or exceed the standards, there may be special consideration given to replacement out of the normal useful life cycle.

Standards and measures include:

- **Increased vehicle reliability through preventive maintenance** – inspections by MnDOT Office of Transit or MnDOT Office of Commercial Vehicle Operations are all passed. Spot checks by Project Managers indicate that preventive maintenance activities are completed as set forth in vehicle maintenance plans.
- **Safety risks are reduced or eliminated** – zero lost time due to injuries; maintain less than one accident per 100,000 miles. All inspections are passed.
- **Minimize risk of injury to riders** – All safety equipment is maintained and functioning.
- **Maintain financial stability** – asset management provides data-driven decision making. Systems can more accurately predict the useful remaining life of assets. Minimizing repairs by performing preventative maintenance is good business. A high priority on safety minimizes agency financial risk and exposure.

### *Assess risk:*

The following questions will need to be answered:

- Which assets are critical to sustained performance?
- What will the financial operating downtime cost? (FTA says riders' time is worth about \$15 to \$18/hour)

Finally, the systems are required to document and record each risk, and actions taken to mitigate the risk.

Facility Maintenance Plans assess risk at specific facility locations by documenting General Safety Procedures for the awareness of, avoidance and response procedures of potential hazards.

Equipment maintenance will assess risk by including the following data and should be updated as new equipment is acquired or old equipment is replaced.

- Agency's internal equipment ID number (inventory property "tag number" identifying the asset)
- Year of manufacture
- Equipment condition (use vehicle condition categories in previous section as a guide)
- Serial number
- Date placed into service
- Total purchase cost
- Minimum useful life or remaining useful life (annual update required)

- Date removed from service (if applicable)
- Disposal method (if applicable; e.g., “auction sale”)

### **Equipment Safety**

All agencies should have a safety program that includes equipment safety. In particular, shop equipment and non-rolling stock vehicles present safety risks which should be addressed through a safety plan.

- Agency management commitment to safety may include safety policies, an agency safety committee, a safety communication program for the workplace (such as posters, safety bulletins, etc.), and incorporating safety elements into workplace procedures as appropriate.
- Appropriate safety response equipment, including fire extinguishers and first aid kits, eye washes, bio-hazard kits, etc., should be provided. Office and maintenance facilities are regulated under the Occupational Safety and Health Administration (OSHA) workplace safety guidelines, and should comply with all pertinent safety requirements. A link to OSHA information may be found at the end of this section.
- Operator training for all grant-funded equipment should include initial training upon installation (typically provided by the manufacturer’s representative or local dealer), and refresher training for new employees.
- A sufficient number of employees should be trained in first aid and CPR to respond quickly to emergencies. Procedures for emergency response and public safety information should be provided to employees as recommended by local first responder agencies
- Safety procedures for non-rolling stock vehicles should be included in the agency’s general safety policies and procedures, and should reflect the same standards as driver safety procedures for rolling stock vehicles, excluding procedures for transit passengers

### *Optimize Operations & Maintenance Expenditures:*

FOR VEHICLES: Following their vehicle maintenance plans, the transit systems are required to perform all regular preventative maintenance in order to reduce the corrective maintenance costs. Systems will also document their procurement for both preventative maintenance and corrective maintenance if services are not performed in-house.

FOR FACILITIES: The maintenance program is a system based on legal requirements, construction contractor or original equipment manufacturer recommendations; mechanical and technical evaluation; and statistical evaluation. As issues are identified, they are systematically evaluated to develop and implement new processes, utilize technological improvements, and implement training to increase efficiency of operations.

**FOR EQUIPMENT:** All grant-funded equipment ,or equipment purchased as part of a capitalized system (i.e., computer network or communications system) should have a basic, written maintenance plan. Maintenance should be based on manufacturer's recommendations, and should include any required warranty service or inspections, as well as a schedule of preventive maintenance. Record-keeping should include a file with copies of all procurement documents, such as the purchase order, manufacturer's specifications and warranty, and a schedule of inspections, service, and repairs which were done for the equipment. These records must be maintained as long as the equipment is used in the service or program it was purchased for, plus three additional years.

Maintenance plans and schedules should be based on safety and risk considerations, the cost of the equipment, whether it has moving parts, and follow instructions in the materials provided by the manufacturer.

### *Optimize Capital Investments:*

Systems will answer the following:

- What do we have?
- What can we do to keep it?
- What level of service do we want to maintain?
- What costs are related to it?
- How will those be paid?

*Systems develop Facility Maintenance Plans to determine:*

- *Overall goals and objectives,*
- *Program of Inspection and preventative maintenance.*
- *Specific safety procedures.*
- *Facility & equipment inventories.*
- *Organizational & contract service responsibilities.*
- *Facility & equipment preventative maintenance schedules.*
- *Inspection schedules, reports and work order process.*

### *Determine Funding Strategy:*

Systems will answer the following:

- What are the needs?
- How will funding be allocated to meet the needs? (this may be determined by OT)
- What funding is needed to maintain a state of good repair?
- Will the funding provide room for expansion or better productivity?
- Is the funding needed to preserve the system?

The Office of Transit staff will provide technical assistance to the systems throughout the process of project development and funding determination.

## *Document Asset Management Plan*

Once the plan is created, the systems will be required to update their plans annually. The fleet and facility inventory will be kept as part of the Black Cat Grants system.

- Will be a living document
- Acceptable to FTA
- Written to last at least 10 years – could be out to 30 years for Metropolitan Planning Organizations



## MnDOT Office of Transit

### **Real Property (Facility) Disposition/Transfer Guideline**

At disposition, MnDOT is entitled to reimbursement by the grantee for real property funded by state or federal capital assistance. Reimbursement is based on (Vested Value) as established in MnDOT's grant contract with grantee. When the real property is no longer needed for the originally authorized purpose, the grantee will follow this MnDOT disposition guideline.

This guideline is based on Federal Transit Administration Circular 5010.1D GRANT **MANAGEMENT REQUIREMENTS**, Chapter IV PROJECT MANAGEMENT.

State bond funded projects must also comply with the requirements of:

- *Minnesota Statutes, Section 16A.695 State Bond Financed Property; Second Order Amending Order of the Commissioner of Finance Relating to Use and Sale of State Bond Financed Property* executed by the Commissioner of Minnesota Management and Budget (3-9-2010); and
- *G.O. Compliance Checklist, SALE OF G.O. BOND FINANCED PROPERTY* (version 7-30-12) available on the Office of Management and Budget website at <http://www.mmb.state.mn.us/doc/bonds/grants/checklist-sale.pdf>.

#### **Definition:**

Real Property is defined as "land, including affixed land improvements, structures and appurtenances."

#### **Initiating Real Property Disposition Process**

Real property must be disposed when one of the following events occur:

- A. Real property is no longer needed for the originally authorized purpose;
- B. Recipient acquires replacement real property under the same program; or
- C. Recipient discontinues transit services.

#### **Steps for Purchase of Real Property**

A. Recipient submits the following to its MnDOT Transit Project Manager:

1. Letter requesting approval to dispose of real property.
2. Copies of the following documents:
  - a. One independent appraisal of the real property's fair market value;
  - b. Original purchase agreement, if applicable; and
  - c. Original MnDOT grant contract and amendments.

B. MnDOT Transit Project Manager reviews the disposition request, and may request an additional appraisal and/or supporting documentation. Transit Project Manager forwards the written request to Office of Transit Facilities Program Coordinator for determination of real property's final vested MnDOT value and disposition approval.

C. Office of Transit will advise the recipient in writing about the final details and fiscal obligations of the recipient to dispose of the property.

#### **Steps for Transferring Real Property**

A. Recipient submits the following to its MnDOT Transit Project Manager:

1. Letter requesting approval to transfer real property.

2. Copies of the following documents:
  - a. Original purchase agreement, if applicable
  - b. Original MnDOT grant contract(s) and amendments
  - c. Resolution to transfer facility from recipient organization
- B. Transit Project Manager reviews the transfer request, and may request additional supporting documentation. Transit Project Manager forwards written request documents to Office of Transit Facilities Program Coordinator for determination of real property's final MnDOT and Local vested value and transfer approval.
- C. Office of Transit will advise the recipients in writing about the final details and fiscal obligations necessary to transfer the property.



**Real Property Disposition/Transfer Data Form**

(Please complete a separate form for each property)

Section I - To be completed by Recipient		
Organization Name		
Address		
City, State, Zip		
Headquarters Congressional District		
Contact Person		
Phone Number		
E-mail Address		
State Contract Number		
Please check the box which indicates which disposition method is being requested: <input type="checkbox"/> Purchase the Facility <input type="checkbox"/> Other (Describe): _____ <input type="checkbox"/> Transfer the Facility		
Please tell us why the property needs to be disposed: _____ _____ _____		
List major Property improvements (i.e. Additions etc.) reimbursed with local funds, the cost and the date (attach separate form, if necessary):	Improvement	Cost
	Date	
Please attach one (Market Value) appraisal by qualified Independent Appraiser		
<b>Appraisal 1</b>		
Amount	\$	
Name of Appraiser		
Address		
City		
State, Zip		
Recipient Signature: _____  Date: _____		
Submit this form to appropriate Transit Project Manager (refer to attachment I).		

Mn/DOT Office of Transit

Section II - to be Completed by Mn/DOT Transit Project Manager	
Mn/DOT Contract Number (original purchase)	_____
Funding Program Type	_____
Original Purchase Price (Total Cost of Property)	_____ \$
To be completed if Facility is being transferred to another recipient:	
Date facility will be transferred to new recipient	_____
Total Federal/State Share of Original Expense	_____
Total Local Share of Original Facility Expense	_____
Total Local Share of Facility Improvement Expense	_____
New recipient name	_____
Address	_____
City, State, Zip	_____
Headquarters Congressional District	_____
Contact Person	_____
Phone Number	_____
E-mail Address	_____
Mn/DOT Transit Project Manager's Signature: _____	
Date: _____	
<b>Transit Project Managers submits the approved request forms to the Facility Coordinator - Office of Transit.</b>	
Section III - To be completed by Transit Facility Program Coordinator if the facility is transferred to a different recipient	
Date facility transfer information was submitted to Federal Program Manager	_____
Mn/DOT Transit Facility Program Coordinator's Signature: _____	
Date: _____	
<b>Vehicle Procurement Coordinator submits the approved request forms to the Federal Program Manager.</b>	
Section IV - To be completed by Federal Program Manager	
Original Grant Number	_____
Grant Number Used to record Transfer	_____
Date that the Program of Projects (POP) was revised in TEAM	_____
Mn/DOT Federal Program Manager's Signature: _____	
Date: _____	
<b>Federal Program Manager returns this form to Vehicle Procurement Coordinator for filing.</b>	

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## MnDOT Office of Transit VEHICLE DISPOSITION/TRANSFER PROCEDURES

### INTRODUCTION

The Minnesota Department of Transportation (MnDOT) Office of Transit retains an interest in all capital assets funded in whole or in part with Federal Transit Administration (FTA) program funds (e.g. Section 5310, 5311, 5307, 5339) or the State of Minnesota transit assistance programs.

All vehicle disposition requests must be directed to the MnDOT Transit Project Manager responsible for the area of the state in which the vehicle is operated (refer to Attachment I). **MnDOT must approve all requests in writing prior to any disposition activities occurring.**

### DISPOSAL

#### I. Initiating Vehicle Disposition Process

The vehicle disposition or transfer process may be initiated when one of the following events has occurred:

- a. Useful life criteria for the vehicle have been met. Criteria are outlined in the Vehicle Classification/Replacement Guidelines (Attachment II) as life years and life miles; or
- b. Safe operation of a vehicle is questionable due to excessive wear, corrosion, structural integrity problems, or safety inspection issues; or
- c. Cost of significant body repairs and/or replacement of major drive train components exceeds 50 percent of the fair market value of the vehicle; or
- d. Vehicle no longer meets Recipient's needs; or
- e. Recipient discontinues transit services.

NOTE: A current Vehicle Safety Inspection Form, dated within 60 days of request for disposal of a vehicle, may also be required (Attachment III).

#### II. Considerations

When Recipient requests a vehicle be disposed or transferred, the Vehicle Disposition/Transfer Data Form (Attachment IV) must be completed and submitted to the appropriate Transit Project Manager, who will determine if:

- a. Vehicle meets one or more of the conditions outlined in Section I, A through E.
- b. Vehicle can be transferred to another eligible organization.
- c. Vehicle has been properly maintained as indicated by the required reports.

### III. Fair Market Value Definitions

In determining fair market value of the vehicle, auxiliary equipment, which is integral to the operation of the vehicle, shall be included. Equipment included with the original purchase, that can be removed and deployed elsewhere, is not included in the fair market value.

Recipient must obtain a minimum of two appraisals from qualified vehicle appraisers, one of which must be a bus vendor. The appraisals must be on company letterhead that indicates the name, address, and organizational affiliation of the appraiser. Copies of the appraisals are to be attached to the Vehicle Disposition/Transfer Data Form and submitted to Recipient's Transit Project Manager.

Fair market value is based on the average of the two appraisals. In the event of a discrepancy of more than 50% between the two values, a third appraisal is required.

### IV. MnDOT Relinquishes Interest in the Vehicle

If fair market value of the vehicle is determined to be less than 10% of the original purchase price (excluding removable equipment, taxes and licensing), MnDOT will relinquish its interest in the vehicle. Prior to any disposal activities, Recipient must receive written confirmation of the released interest from their Transit Project Manager.

Disposal options include selling the vehicle, retaining the vehicle for other uses, or using the vehicle for parts. Section 5310 Recipients have no conditions imposed upon the use of the proceeds from the sale of a vehicle. Section 5311 Recipients must put the proceeds from the sale into their Public Transit Account. Recipient will submit the actual date of disposition of the vehicle in writing to the Transit Project Manager. Recipient will retain vehicle records for six years following the sale of the vehicle, per Minnesota Statutes Section 16C.05, subdivision 5.

MnDOT reserves the right to waive its interest in any vehicle that has reached its minimum useful life. If MnDOT exercises this right, Recipient will be notified in writing that interest in the vehicle is waived. Recipient may continue to use the vehicle for transit purposes.

## EXHIBIT III

Per Minnesota Statutes Section 16C.05, subdivision 5, Recipient will retain vehicle records for six years following the State's waiving its interest in the vehicle.

### V. MnDOT Retains Interest in the Disposition of a Vehicle

When fair market value of the vehicle exceeds 10% of the original purchase price, MnDOT retains an interest in the disposition of the vehicle.

If Recipient wishes to free itself from any further obligation to MnDOT's interest in the vehicle, they have the option to purchase the State's proportional interest based on the fair market value. For example, if the vehicle is valued at \$10,000 and MnDOT originally contributed 80% of the purchase price, then Recipient can buy the vehicle for \$8,000. **MnDOT's interest in the vehicle must be purchased before the vehicle can be used in any manner other than that expressly stated in the recipients approved Management Plan.**

Steps for purchasing MnDOT's interest in the vehicle are:

- a. Recipient submits the following to their Transit Project Manager:
  1. Letter requesting approval to purchase MnDOT's interest in vehicle.
  2. History of vehicle maintenance costs.
  3. Copy of Vehicle Disposition/Transfer Data Form.
  4. Copies of required appraisals.
- b. Transit Project Manager reviews the request.
- c. If approved, Recipient remits to the Commissioner of Transportation a check reflecting the same proportion of the fair market value as MnDOT contributed to the original purchase price of the vehicle.

### VI. Selling a Vehicle

A vehicle whose fair market value exceeds 10% of the original purchase price (excluding taxes and licensing) may be sold through a competitive bid process. MnDOT retains the right to refuse all bids that are lower than the fair market value of the vehicle.

Steps for selling a vehicle are:

- a. Recipient submits the following to their Transit Project Manager:
  1. Letter requesting approval to sell the vehicle.
  2. History of vehicle maintenance costs.
  3. Copy of the Vehicle Disposition/Transfer Data Form.
  4. Copies of the required appraisals.
  5. Copy of Vehicle Safety Inspection Form, if required by Transit Project Manager.

- b. Transit Project Manager reviews the request.
- c. If approved, Recipient advertises for bids. Bidding information can be obtained from Transit Project Manager.
- d. The award is made to the highest responsive bidder provided more than one bid has been received. If only one bid has been received, contact the Transit Project Manager for further instructions.
- e. Section 5311 Recipients must place the proceeds from the sale in their Public Transit Account and may only allocate the proceeds for public transit purposes.
- f. Section 5310 Recipients retain the same percentage of the proceeds as were contributed to the original purchase price of the vehicle. Recipient may retain \$100 or 10% of the sale price, whichever is less, to cover the costs of disposition. The remainder of the proceeds is remitted to the Commissioner of Transportation.

*NOTE: If this is a Section 5310 Recipient's only vehicle, Recipient relinquishes the benefits of participation in the Rural Transit Assistance Program once the vehicle is sold.*

## **VII. Trading in a Vehicle**

Trading in a vehicle is not an option for any purchase made under the State Cooperative Procurement Process. The only instance in which this option may be exercised is when a Recipient purchases a vehicle outside the State's procurement process. Recipients must confer with their Transit Project Manager and submit the same documents required in Section VII. Item A. If the request to trade in a vehicle is approved, bids received for the replacement vehicle will identify the value of the vehicle to be traded in. Both Recipient's and MnDOT's share of the cost of the new vehicle is proportionately reduced.

### **TRANSFER**

#### **I. Transferring a Primary Vehicle to Back-up Vehicle Status**

Occasionally a Recipient may desire to change the status of a vehicle from primary to back-up. MnDOT retains an interest in back-up vehicles until they are officially disposed.

Steps for transferring a vehicle to back-up status are:

- a. Recipient submits to their Transit Project Manager:
  - 1. Letter requesting approval to transfer the vehicle to back-up status.
  - 2. History of vehicle maintenance costs.
  - 3. Copy of the Vehicle Disposition/Transfer Data Form.

## EXHIBIT III

4. Copy of Vehicle Safety Inspection Form, if required by Transit Project Manager.
- b. Transit Project Manager reviews the request.
- c. If approved, vehicle's status is changed to a back-up vehicle.

## II. Transferring a Vehicle to an Eligible Organization

In rare circumstances, a Recipient may transfer a vehicle to another eligible organization. This does not preclude Recipient from obtaining other vehicles. When a vehicle is transferred from one eligible organization to another, MnDOT retains an interest in the vehicle.

Steps for transferring a vehicle are:

- a. Recipient submits to their Transit Project Manager:
  1. Letter requesting approval to transfer the vehicle. The letter explains the desired financial and settlement arrangements for the transfer which may include auxiliary equipment that was part of the original purchase.
  2. History of vehicle maintenance costs.
  3. Copy of the Vehicle Disposition/Transfer Data Form.
  4. Copies of required appraisals.
  5. Copy of Vehicle Safety Inspection Form, if required by Transit Project Manager.
- b. Transit Project Manager reviews the transfer request materials and determines whether the vehicle has remaining useful life.

IF NO USEFUL LIFE REMAINS, Transit Project Manager approves the transfer (skip to c).

IF USEFUL LIFE REMAINS:

1. MnDOT's Office of Transit prepares and submits an amended program of projects to FTA for the federal grant containing the identified vehicle.
  2. If applicable, Transit Project Manager submits a STIP amendment request to the appropriate ATP.
  3. If applicable, FTA notifies MnDOT that the amended program of projects is approved.
  4. Transit Project Manager approves the transfer.
  5. Office of Transit prepares a vehicle contract or contract amendment for organization receiving the transferred vehicle.
- c. The governing body of the transferring Recipient organization submits a resolution approving the transfer to their Transit Project Manager.
  - d. The governing body of the receiving organization submits a resolution stating their willingness to accept the vehicle and all obligations to Recipient's Transit Project Manager.
  - e. The receiving organization remits to the transferring Recipient organization the same percentage of the vehicle's fair market value

as was contributed to the original purchase of the vehicle.

MAJOR INCIDENT

*I.* Vehicle involved in a Major Incident

Steps to be taken:

- a. Determine what the fair market value of vehicle would have been prior to the **Major Incident**. Note: This is the value used to determine 10% of purchase price in Steps c and d.
- b. Determine cost to repair vehicle.
- c. If vehicle is totaled:
  1. Fair market value is less than 10% of purchase price – See DISPOSAL Section IV.
  2. Fair market value is more than 10% of purchase price – See DISPOSAL Section V.
- d. If vehicle is NOT totaled:
  1. Vehicle is repaired.
  2. If Recipient elects not to repair vehicle, see DISPOSAL Section V.



Mn/DOT Office of Transit

Attachment IV

Section II - to be Completed by Mn/DOT Transit Project Manager	
Mn/DOT Contract Number (original purchase)	
Vehicle Program Type (from PTA)	<input type="checkbox"/> 5310 <input type="checkbox"/> 5311 <input type="checkbox"/> 5316 <input type="checkbox"/> 5317 <input type="checkbox"/> ARRA <input type="checkbox"/> TIGGER
Original Purchase Price (Total Cost of Vehicle from PTA)	\$ _____
To be completed if vehicle is being transferred to another recipient):	
Date Vehicle was/will be transferred to new recipient	_____
Federal Share of Original Purchase Price (from PTA)	_____
New Mn/DOT Contract Number	_____
New FTA Section	<input type="checkbox"/> 5310 <input type="checkbox"/> 5311 <input type="checkbox"/> 5316 <input type="checkbox"/> 5317 <input type="checkbox"/> Other _____
New recipient name	_____
Address	_____
City, State, Zip	_____
Headquarters Congressional District	_____
Contact Person	_____
Phone Number	_____
E-mail Address	_____
Mn/DOT Transit Project Manager's Signature: _____	
Date: _____	
Transit Project Managers submits the approved request forms to the Vehicle Procurement Coordinator - Office of Transit.	

Section III - To be completed by Vehicle Procurement Coordinator if the vehicle is transferred to a different recipient	
Date vehicle transfer information was submitted to Federal Program Manager	_____
Mn/DOT Vehicle Procurement Coordinator's Signature: _____	
Date: _____	
Vehicle Procurement Coordinator submits the approved request forms to the Federal Program Manager.	

Section IV - To be completed by Federal Program Manager	
Original Grant Number	_____
Grant Number Used to record Transfer	_____
Date that the Program of Projects (POP) was revised in TEAM	_____
Mn/DOT Federal Program Manager's Signature: _____	
Date: _____	
Federal Program Manager returns this form to Vehicle Procurement Coordinator for filing.	



## Equipment Disposition **Draft** Guideline Disposal of Equipment

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Grant-funded equipment must meet or exceed established minimum useful life standards for replacement with grant funds.

Equipment may be disposed of through the following methods:

- Sale by open bid process or public auction
- Trade-in for replacement equipment
- Transfer to a public or nonprofit agency
- Donation to a charity if value is under agency threshold for capital
- Disposal and required replacement due to damage, theft, or vandalism

Sale of used equipment is a common method of disposal. Agencies should make every effort to sell items for the highest price. Sale proceeds must be used for the purpose of the original grant program. The OT Equipment Disposition Request form must be completed and approved by OT prior any disposal of grant-purchased equipment. All proceeds from the sale of any equipment are to be retained and can be only used for future transit capital purchases.