

Chapter 10 - Capital Management

Capital management is an important aspect of public transit since it affects the safety, marketability and financial integrity of the transit system. Transit is dependent on its capital equipment to accomplish its mission. All property purchased with federal and state dollars is the responsibility of the transit system. The transit system retains title to all property, providing the property is used for public transportation. Sub-recipients of federal dollars administered by the Iowa DOT are required to certify that any property purchased with those funds is used for public transportation services within the sub-recipient's service area or other area described in the grant application for the life of the equipment or facility.

Property Inventory

As required by the Transit Asset Management (TAM) regulations, all rollingstock capital equipment regardless of funding source (local, state, and/or federal) plus all non-rollingstock equipment valued at \$50,000 or more must be inventoried with the PTT and information updated annually. This requirement includes non-revenue vehicles, such as administrative vehicles and snowplows, and other equipment utilized to support public transit functions. Capital items are added to the inventory using the Add Inventory Form found in the [Transit System Portal](#). This is an electronic form that requires a Personal Identification Number to submit. Once the form is completed the information goes directly into the database. The form should be submitted as soon as new or transferred equipment (including vehicles) is received. For newly manufactured revenue vehicles, the Add Inventory Form should be submitted online, before the [Transit Request for Payment](#) form. Updates to the federal interest in and total cost of each federally funded vehicle are appropriate to submit to the PTT with any request for payment on make-ready item expenses. Local policy may require inventory of lower cost equipment. Questions regarding electronic submittal of these forms should be directed to Sree Mitra of the Public Transit Team at 515-239-1872, sreeparna.mitra@iowadot.us.

All vehicles and other equipment must be assigned a unique property identification number to allow the items to be traced easily. Equipment purchased as an integral part of the vehicle does not need to be separately inventoried. For example, a lift or destination sign that is purchased as part of a vehicle does not need to be inventoried. Include the identification number on the Add Inventory Form. Once an item is assigned a number, it retains that unique number throughout its life. An inventory number cannot be reused.

An annual inventory update is required from all transit systems. On July 1 of each year, the on-line inventory system is made available to transit managers to allow them to update yearly odometer readings. This must be completed by August 15th of each year. Other necessary revisions to the data should be brought to PTTs attention.

Maintenance

In applying for and accepting state or federal assistance for capital equipment, a transit system makes a commitment to use that equipment in its public transit program. The equipment must be used through the end of its useful life and be maintained in proper operating condition, including proper repair. This applies whether the capital funding is administered through PTT or directly from FTA. PTT has adopted usage standards consistent with federal utilization policies for equipment purchased with funds PTT administers.

Transit systems are required to maintain the property at a high level of cleanliness, safety and mechanical soundness. The cost of such maintenance shall be the full responsibility of the transit system. Each transit system must establish a plan and budget funds to implement measures to maintain each type of federally and state funded asset it has received. The Public Transit Team (PTT) has the right, and obligation, to review the transit system's maintenance and safety programs and to conduct periodic inspections of equipment and facilities funded with state and federal funds administered by PTT.

Maintenance Plan – Each transit system is required to have a documented plan on file covering vehicle, equipment, and facility maintenance. The plan shall address the goals and objectives of the maintenance

program (extending useful life, reducing road calls, etc.). It must also include a description of the strategies and actions that will be done to accomplish the objectives. Preventive maintenance schedules that meet or exceed manufacturer's requirement for warranty purposes must be included. Because of the various circumstances and conditions of each transit system, each manager should have a workable maintenance schedule appropriate for his/her own system. The plan should be updated as the equipment mix changes.

With capital funding for replacement vehicles and facilities so scarce, preventive maintenance may help extend the life of facilities and vehicles past the useful life threshold. Regular and proper maintenance is critical to protecting the longevity and efficiency of facilities, equipment, and vehicles. The following inspections and reports are suggested guidelines to help the manager have a complete maintenance program.

- **[Annual Building Inspection Checklist](#)** – Identifies multiple facility maintenance areas on the interior and exterior that should be inspected regularly or as noted in manufacturers suggested maintenance schedules.
- **[Model Transit Bus Preventive Maintenance Schedule](#)** – Using the suggested preventive maintenance schedule helps staff know when maintenance tasks are due. A maintenance record-keeping system will help you perform scheduled work on a timely basis.
- **[Regional Transit Vehicle Daily Inspection Report](#)** – Vehicles should be inspected every day before they are taken out on the road. This pre-trip inspection includes exterior, interior and under-the-hood checkpoints.
- **[Transit Monthly Preventive Maintenance Inspection Worksheet](#)** – The mechanic schedules and performs a monthly preventative maintenance inspection. This process includes a review of pre-trip inspection reports and other maintenance records to identify problems reported by the drivers and review the maintenance schedule.
- **[Suggested School/Regional Transit Vehicle Chassis Inspection](#)** for each of the vehicles in the fleet, schedule a safety inspection every six months. Some of the items in the safety inspection checklist are included in other inspections, but this procedure will emphasize everything that affects safe operation. Preventive maintenance will help keep your buses on the road. An organized program of inspections, scheduled service and immediate adjustments or repairs will add months and years of useful service life to your equipment and keep mechanical failures to a minimum. Regional transit vehicles used to provide service under contract to a public school district are required to undergo these inspections. PLEASE NOTE: Accident repair, such as replacement of windshields, windows, fenders, etc., is routine maintenance and should be taken care of promptly.

The PTT is responsible for ensuring FTA and state funded vehicles, facilities, and equipment are in good operating order. It is also responsible for ensuring maintenance of ADA accessibility features for vehicles, facilities and facility related equipment used in public transportation service, even if the assets were not purchased or constructed with State or Federal funds. Documentation of maintenance performed, following the maintenance plan, is required by the PTT, and will be checked by PTT staff periodically, during compliance reviews at a minimum. Inspections that are no later than 10% of schedule are considered on time. For example, a scheduled 6,000-mile inspection would be considered 'on time' if it was performed any time before 6,600 miles. A transit system is deficient if fewer than 80% of the inspections occurred on time. Transit systems are not penalized for early inspections, only late ones.

Warranty Claims – All vehicles and most other equipment are typically purchased with standard warranties. Some transit agencies may also choose to purchase extended warranties to further protect their assets. For federally funded vehicles, extended warranties may be purchased as a 'make ready' item as long as funding is available on the joint participation agreement. A transit system is expected to meet any required routine maintenance services to keep a warranty in effect. Systems should also ensure that warranty claims are properly filed so that the system receives the benefit of the warranty.

Facilities Inventory

PTT is required to maintain an inventory of all facilities funded with federal and state funds administered by PTT. If substantial changes occur at your facility, due to construction, remodeling, repair, or expansion, please notify your TPA.

Facility Incidental Use

Facilities built, purchased, and/or remodeled with federal or state funding through the Iowa DOT are granted funding based on the building's expected use as a public transit facility. If a public transit system finds it has extra space not needed for public transit functions, it may consider leasing or making that space available to other non-FTA funded organizations. Examples of this may include, but are not limited to, allowing extra space in a bus storage facility for the use of parking a school bus or city vehicle or leasing out space to a coffee shop in a bus transfer facility. Those types of uses, however, are considered incidental and permission must be granted by the PTT prior to allowing the facilities to be utilized in that manner. To request permission, please email or send a letter to the transit system's Transit Programs Administrator (TPA) detailing the space available and the proposed use. The TPA will respond, either granting or denying the request.

Similarly, large urban public transit systems receiving funding for facilities directly from FTA must contact FTA Region 7 for incidental use permission.

For all systems with incidental use permission, it is recommended to have a lease agreement or other type contract with the non-FTA funded entity to outline expectations for use of the space.

Signing Public Transit Vehicles

Service open to the general public is a condition for receiving federal and state funding. FTA requires that vehicles be clearly marked to show that the vehicle is open to the public. Under all funding programs, the Iowa DOT, with input from transit providers, requires transit systems to establish a vehicle marking policy including the following standards:

	Signage	Regional	Small Urban (< 50,000 pop.)	Large Urban (>50,000 pop.)	Wrapped Buses
Open to the Public Sign or "Public Transit"	Each vehicle must have signage stating that the vehicle is open to the general public or must state public transit. The sign must be displayed on three sides of the vehicle (each side and rear).	Requirement	Requirement	Exempt	Exempt
Transit Agency Name	Each vehicle must display the name of the designated public transit agency on each side of the vehicle. The name displayed must be a minimum of one square foot in area, and can be a legal name or a "DBA"/nickname of the designated transit agency. On light-duty buses or larger vehicles, the name must be in lettering that is at least six inches (6") high in color contrasting with the background. On vans or smaller vehicles, the name must be in lettering that is at least three inches (3") high in a color contrasting with the background. Placement of the agency name on the front and/or back of the vehicle is optional. For vehicles not owned by the transit agency, the display of the transit system is not required by the Code, but is a condition for receipt of official plates and for service statistics to be counted towards transit funding formulas. Minor deviations from the specified lettering dimensions may be approved on a case-by-case basis by the Director of the Public Transit Team.	Requirement	Requirement	Exempt	Exempt
Vehicle ID (Exterior)	Each vehicle must display a vehicle ID number on the passenger side front (in the most visible location) and on the back of the vehicle in a lettering color that contrasts with the background. On light-duty buses and larger vehicles, this number must be in lettering at least four inches (4") in height and in a color that contrasts with the background. Vans and smaller vehicles must have lettering that is at least two inches (2") in height and in a color that contrasts with the background. The ID number must be the same number that is submitted for the Iowa DOT's transit inventory. Minor deviations from the specified lettering dimensions may be approved on a case-by-case basis by the Director of the Public Transit Team.	Requirement	Requirement	Exempt	Exempt
Vehicle ID (Interior)	Each vehicle must display the vehicle ID number on the inside of all vehicles. The ID number must be in a location that is visible to as many passengers as possible without obscuring the vision or safety of the driver. The number must be in lettering at least 2 inches (2") in height in a color that contrasts with the interior color of the vehicle. The ID number must be the same number that is submitted for the Iowa DOT's transit inventory. Minor deviations from the specified lettering dimensions may be approved on a case-by-case basis by the Director of the Public Transit Team.	Requirement	Requirement	Exempt	Exempt
Phone Number	Each vehicle must display the transit agency phone number for ride requests / route information. The information must be displayed on each side of the vehicle in lettering at least four inches (4") in height and in a color that contrasts with the background (light-duty buses and larger vehicles). Vans and smaller vehicles must have lettering that is at least two inches (2") in height and in a color that contrasts with the background.	Requirement	Requirement	Exempt	Exempt
Website Address	It is recommended the transit agency website be displayed on each side of the vehicle in lettering at least four inches (4") in height and in a color that contrasts with the background (light-duty buses and larger vehicles). Vans and smaller vehicles must have lettering that is at least two inches (2") in height and in a color that contrasts with the background.	Recommended	Recommended	Recommended	Recommended
Ethanol Sticker	All public agencies in Iowa are required to use ethanol-blended gasoline in any gas engine vehicles and to display a gasohol or ethanol bumper sticker. This includes transit vehicles.	State Law	State Law	State Law	State Law
Contracted Provider Name	Those agencies choosing to contract with other agencies to operate vehicles as part of the transit program, may at their option, allow the display of the name or nickname of the contracted provider at the lower rear corner on each side of the vehicle, following the words "Operated by:" or "Vehicle Owned and Operated by", as appropriate. Lettering for this signage can not exceed 50% of the height of the lettering used for the transit agency name. No other signage will be allowed for contracted providers unless included as part of paid advertising.	Optional	Optional	Optional	Optional
Rail Crossing Stop	All transit vehicles are required to stop at railroad crossings. The rear of each vehicle must bear a sign saying: "This vehicle stops at all RR Crossings." Agencies may choose to supplement this with an additional sign saying: "This vehicle makes frequent stops".	Requirement	Requirement	Requirement	Requirement
Access Sign	The vehicle entrance which is accessed by wheelchairs is required to be denoted with a universal accessibility symbol.	Requirement	Requirement	Requirement	Requirement
Securement Location Sign	Wheelchair securement location(s) are required to be signed.	Requirement	Requirement	Requirement	Requirement
Priority Seating Sign	Front seats are required to be signed as priority seating for elderly persons and persons with disabilities.	Requirement	Requirement	Requirement	Requirement
Emergency Exit Sign	All emergency exits must be signed, including any specific directions to operate the exit, as needed.	Requirement	Requirement	Requirement	Requirement
No Smoking Sign	All public transit vehicles in Iowa are required to be signed with No Smoking stickers. The sign must be visible to passengers when boarding the vehicle. For more information, refer to http://www.iowasmokefreeair.gov/	State Law	State Law	State Law	State Law
Paid Advertising	Advertising cannot obscure required vehicle signage.	Requirement	Requirement	Optional	Optional
Title VI Notice to the Public	The transit system's Title VI Notice to the Public must be displayed in each vehicle.	Requirement	Requirement	Requirement	Requirement

Labeling Publicly Owned Motor Vehicles

Regardless of funding source – local, state, or federal – in accordance with [Iowa Code Chapter 721.8](#), "All publicly owned motor vehicles shall bear at least two labels in a conspicuous place, one on each side of the vehicle. This label shall be designed to cover not less than one square foot of surface. This section does not apply to a motor vehicle which is specifically assigned by the head of the department or office owning or controlling it, to enforcement of police regulations or to motor vehicles issued ordinary registration plates pursuant to section 321.19, subsection 1." This section would apply to such public transit agency vehicles as staff cars and maintenance trucks, etc. Violation of 721.8 is a serious misdemeanor.

Allowed and Prohibited Uses of Federally Funded Vehicles

Incidental Use – Vehicles and equipment purchased with state and federal transit assistance funding is justified solely on the basis of proposed use for public passenger transportation. FTA does allow incidental use of vehicles and equipment under the following conditions:

- the incidental use does not interfere with the public transit services for which it was originally obtained
- the incidental use does not exceed 20-percent of the total use of a vehicle.

Incidental use may include meal and parcel delivery, and FTA allowable charters. [Chapter 15](#) explains allowable charter services by transit systems. (NOTE: Incidental use does not count toward attainment of useful life thresholds.)

Staff Car Prohibition – PTT policy does not allow statewide capital funds to be used to purchase staff vehicles. Staff transportation is permissible as incidental use. However, incidental use should not exceed 20-percent of total vehicle use. Staff transportation will not be considered part of justification for additional vehicles. High-mileage backup vehicles may be used for staff transport as long as it does not preclude vehicle availability for backup service.

Systems may use formula or local funding to purchase vehicles for staff use. Staff vehicles used for transit purposes are eligible for transit bus plates. (NOTE: Incidental use does not count toward attainment of useful life thresholds.)

Emergency Leases Between Systems – If emergency situations arise and a vehicle will be out of service for several months, a transit system may want to lease another vehicle to replace the "out-of-service" vehicle. If available, a vehicle may be leased short-term from another transit system to maintain needed service within a service area. PTT should be notified of any pending lease agreement. Any lease must be approved by the TPA and a copy kept on file at PTT.

Intercity Shuttles – Intercity shuttles may be offered by the transit system when: services are not available from private-for-profit intercity carriers, or, schedules offered by intercity carriers are not realistically usable for medical or shopping trip purposes (single day round trips unavailable).

Any intercity shuttle service offered by a transit system must be open to the general public and advertised with individual fares.

Contract Uses – Transit systems may allow subcontractors to use vehicles on an "as needed", incidental use basis during off hours, as long as it doesn't violate FTA charter rules and is no more than twenty percent of the total vehicle use. Drivers of the transit system or drivers from the contractor's agency may drive the vehicles as long as insurance coverage is adequate for these uses and the drivers are in compliance with FTA's Drug and Alcohol Testing Program requirements.

Vehicle Use Agreements with Subcontractors – PTT encourages transit systems to retain direct control of their vehicles. Therefore, PTT discourages placing vehicles or equipment under the control of

other agencies and reserves the right to approve or disapprove all vehicle/equipment use agreements that involve vehicles or equipment purchased with state or federal dollars. All vehicle/equipment use agreements must be written under a "purchase of service" contract. When a transit system has justified that the best use of the vehicles or equipment would be under a vehicle use agreement ([Purchase of Service](#)), several issues should be addressed before the [Vehicle User Agreement](#) is signed. Some issues that should be discussed with the subcontractor are:

- the transit system must retain the right to rotate the transit system's vehicle, as necessary, to obtain the minimum 10,000 miles per vehicle, per year;
- the vehicle use agreement must state who is responsible for such items as insurance, maintenance, drivers, emergencies, backups, etc.;
- the vehicles must be operated open to the general public without discrimination;
- incidental service ridership and revenue miles must be reported as such, separate from the service open to the general public;
- driver licensing requirements; and
- drug and alcohol testing requirements.

It is proper to use the term "vehicle user agreement" when vehicles are provided to a subcontractor to perform contracted services, rather than the term "lease". Under state law, a vehicle "leased" for six months or more must be registered and licensed by the lessee.

The transit system remains responsible to PTT and FTA for compliance with all state and federal rules and regulations. The office must be notified of the location of the vehicle or equipment in your annual inventory form.

In addition to the items listed above, the Vehicle User Agreement for vehicles funded with FTA Section 5310 formula money distributed by the Iowa DOT and used by a transit agency's subcontractor must also specify:

- That the leased vehicle(s) shall be used to provide transportation service to seniors and people with disabilities;
- That the vehicle may be used for incidental purposes only after the needs of these individuals have been met; and,
- That the transit system (or Iowa DOT when the useful life has not been met) will retain title to the vehicle.

The Iowa DOT must agree in writing, prior to finalization, to the terms and details of Vehicle User Agreements for 5310-funded vehicles to ensure the bulleted items above are included. Transit agencies will send the draft Agreements to their TPA for review.

Useful Life Standard and Utilization

FTA establishes minimum useful life standards to ensure that vehicles, other equipment and facilities are maintained for transit use for their normal service lives and to ensure that the vehicles and equipment purchased are necessary for public transit service. If PTT determines that a transit system is failing to use or maintain any equipment item or facility properly, the office will notify the transit system and may withhold further state and federal assistance. This may be done until adequate measures are taken to correct the inadequate use or maintenance of the federally funded asset. In some instances, PTT may ask that the equipment be offered for transfer to another transit system or that the state and/or federal share of the item purchased be returned to PTT.

Service life of rolling stock begins on the date the vehicle is placed in revenue service and continues as long as it is in service. If a vehicle is out of service for an extended period, the time out of service does not count toward the minimum useful life. Incidental service mileage also does not count toward the minimum useful life. If a vehicle is rehabilitated with federal funds, the useful life is extended by fifty percent and a new replacement threshold is in effect. FTA regulations allow vehicles to be replaced with

FTA funding once a vehicle has met either the age or mileage standards. FTA does allow for replacement of vehicles prior to reaching the useful life threshold, but the federal share on the replacement project will be prorated based on the percent of useful life attained.

Iowa uses slightly different standards in prioritizing vehicle replacement/rehabilitation projects for statewide funding through the Public Transit Management System (PTMS) process which can be accessed on PTT's Policies [webpage](#). The Iowa scoring method considers both age and mileage of the vehicle.

Fleet Utilization Standards – PTT encourages full utilization of every vehicle within your fleet throughout its useful life, especially vehicles purchased with funds administered by PTT.

The US DOT's Office of Inspector General (OIG) established a minimum fleet utilization standard of 10,000 miles that must be accumulated per vehicle each year. Implementation of policies to rotate equipment in a manner that assures compliance with the OIG's fleet utilization standard for each vehicle that has not met one of FTA's minimum useful life criteria is expected of each agency, unless other measures are approved. Each transit manager is expected to ensure that agency policies and procedures result in intensive vehicle use. The 10,000 mile per year requirement drops down to 3,000 miles per year once a vehicle has reached its **useful life threshold**.

To ensure that all vehicles receive maximum utilization, PTT suggests rotating vehicles within the service area or between service areas, or from lightly traveled routes to heavily-traveled routes. Any system failing to meet the minimum standard for its primary fleet (excluding backup vehicles) may be denied replacement or rehabilitation funds until:

1. the OIG's minimum utilization standard is met; or
2. the director of PTT approves a "case-by-case" waiver. (This will only be done after PTT has reviewed justification and is satisfied that all measures have been taken to meet this standard.)

Note that 10,000 miles per year is a minimum. Vehicles with only 10,000 miles per year will take a long time to accumulate PTMS priority points. Low use vehicles will have to be maintained for a long time and could become problematic before PTMS points are high enough for replacement. Systems should rotate all vehicles to achieve a higher degree of utilization than the minimum. When purchasing vehicles, usefulness and flexibility should be considered when specifications are developed. For reference, the Iowa DOT's PTMS Policy on low-vehicle usage is as follows:

PTMS Policy on Low-Vehicle Usage

For those vehicles that have not met their useful life and have accumulated less than an average of 10,000 miles per one-year period or for vehicles that have met their useful life and have accumulated less than an average of 3,000 miles per year over a two-year period, if no justification is provided or the provided justification is not considered acceptable by PTT after consulting with the Public Transit Advisory Council (PTAC):

- 12 age points will be removed from the vehicle for every year in which the minimum mileage was not accumulated.
- In addition, for every four low-mileage vehicles without acceptable justification, one, otherwise justified, eligible vehicle will be dropped out of the current year's PTMS selections, beginning from the top of the priorities list.

Acceptable justification includes: 1) evidence the low usage is temporary, and 2) the mileage reported for the second year shows significant increases, particularly if it goes over the threshold.

Contingency fleet vehicles are exempt from this policy as long as an approved Contingency Fleet Plan is on file with the Iowa DOT, including the vehicle ID numbers and justification of need. A vehicle disposition request must also be approved by PTT

each year. It is strongly suggested that Contingency Fleet Plans be submitted to PTT by July 1 each year. In order to assist Iowa's public transit agencies in creating a Contingency Fleet Plan, a checklist has been developed:
www.iowadot.gov/transit/handbook/PDFs/Contingency_fleet_plans_checklist.pdf.

State-funded Vertical Infrastructure Useful Life – The Iowa DOT Public Transit Team has established useful life standards for facilities and vertical infrastructure funded through the Public Transit Infrastructure Grant (PTIG) Program. In order to protect the state's investment, the following useful life thresholds will apply to projects funded under the PTIG program:

- Passenger shelters – 15 years
- Renovations to existing facilities – 15 years
- HVAC, water heaters, other associated equipment – 15 years
- Parking garage – 30 years
- Wood frame building, built entirely onsite – 30 years
- Pole building, prefabricated and erected onsite – 30 years
- Brick and mortar building – 40 years

Public transit system recipients of PTIG funding are expected to maintain in a state of good repair the facilities funded under this program for at least the number of years listed above. If the public transit system finds a need to replace or sell the PTIG-funded facility prior to the useful life threshold being met, the system must work with the Iowa DOT Public Transit Team on a repayment schedule to buyout the remaining useful life. If a project is funded with both Federal Transit Administration (FTA) dollars and with PTIG funds, the FTA useful life thresholds will take precedence, if longer.

Utilization Standards for Other Equipment – Equipment such as computers, radios and fareboxes purchased with state or federal dollars must also be used to its maximum capacity.

Vehicle Rehabilitation

A vehicle owned by a transit system may be replaced or rehabilitated when it reaches the FTA minimum useful life standard. Rehabilitation may be a cost-effective alternative to replacement. The decision whether to replace or rehabilitate is up to the transit system. PTT policy allows a system to spend up to thirty percent of the program ceiling for vehicle replacement on project to rehabilitate that vehicle. FTA rules require vehicles rehabilitated with federal funds to be operated for an additional one-half of the original useful life.

Projects for vehicle rehabilitation or vehicle replacement are prioritized exactly the same under the PTMS process. Systems may at any time choose to convert a programmed project for vehicle replacement to a rehabilitation project, with the amount of funding for the programmed project being adjusted appropriately.

Systems are encouraged to consider the rehabilitation alternative but are reminded of the commitment to operate the vehicle for an additional 50 percent of the original useful life.

Procedures for Completing Rehabilitation Projects – A written request to proceed with vehicle rehabilitation must be prepared by the transit manager and submitted to the TPA. This must include the results of an inspection identifying needed work (the inspection must include, at a minimum, the items covered in the [Vehicle Rehabilitation Checklist](#). See [Chapter 9](#) for Procurement Procedures.

Federal and PTT policies require that a rehabilitated vehicle be restored to a condition that significantly extends the vehicle's useful life. A vehicle rehabilitation project must include:

1. a complete overhaul or replacement of two or more major drive-train subsystems (engine, transmission, rear end); or

2. a complete overhaul or replacement of one major drive-train subsystem (engine, transmission or rear end) and a thorough overhaul or rehabilitation of two or more of the following:
 - a. front suspension (must include more than shocks);
 - b. brakes (not just routine surface turning and shoe or pad replacement);
 - c. air conditioning system (must involve blower fan switches, motor, resistor, and wiring replacement and include more than freon recharge or leak repairs);
 - d. electrical system (must involve every subcomponent);
 - e. exterior body work and repainting (not just minor touch-up work or accident repair);
 - f. wheel bearings and axles;
 - g. interior (thorough upholstery recovering, refinishing the walls and replacement of or resurfacing the floor); or
 - h. exhaust system (engine back replaced).

Replacement of expendables, i.e., tires, batteries, filters, lights, mufflers, or brake shoes can be part of the rehabilitation project; but these items cannot be the predominant scope of the project.

If the rehabilitation work proposed is done in-house or by another transit system, justification and two quotes from "for-profit" vendors for the same work are required. If in-house rehabilitation work is approved by PTT, detailed records of the labor and materials must be maintained and only the cost of "direct" staff time will be reimbursable. PTT must have all documentation on file prior to project close-out.

The transit manager or an inspector designated by the manager should oversee work while in progress. The transit manager is responsible for verifying that parts supplied and repairs performed are as agreed upon. Thorough documentation of actual parts installed, outside repair costs incurred, and work-order changes must be maintained by the transit system.

After completion of the vehicle rehabilitation, the TPA may arrange a vehicle inspection to ensure that all work was performed properly and according to contract requirements. A [Vehicle Rehabilitation Checklist](#) must be completed and submitted, along with an updated property inventory form, to the TPA upon completion of the rehabilitation project. The property inventory form needs to have the following items completed for rehabilitated vehicles:

- Property ID Number
- Fund Source
- Project Number
- Acquisition (Completion) Date
- Acquisition (Rehabilitation) Cost
- Federal Dollars
- Percent Federal Dollars
- Odometer Reading (at Completion)
- Date of Odometer Reading

Requests for payment must be supported with invoices of all work performed by the vendor(s) involved, or by internal billings or timesheets for the direct cost of work performed in-house on a vehicle. Administrative costs are not eligible for reimbursement under vehicle rehabilitation projects funded under grants PTT administers.

Computers and Other Office Equipment

Computers, copiers, and other office equipment are eligible items for capital funding to the extent that they are used for support of the recipient's public transit program. The availability of statewide funding for this type of project will depend on the annual PTMS prioritization process. Formula funds or STBG funds may also be available for this purpose based on local programming.

Recipients that may be multi-purpose agencies (cities, Council of Governments, etc.) must either affirm that the equipment will be dedicated to public transit use or prepare and submit for PTT review a **cost allocation proposal**. Such a proposal must either show what percentage use of the proposed equipment will be dedicated to transit or show the transit percentage of use of an overall multiple equipment package. (Example: Transit might buy a network printer used by others, but in return is proposed to have free use of a color copier or phone system funded by another program.)

Disposition of Federally Funded Equipment

Transit systems are required to dispose of any federally funded equipment or facilities that are no longer needed for support of the public transit program. This would normally include equipment that has been replaced, as well as any equipment that is no longer used to capacity. It is essential to cost containment that any underused equipment be identified, especially excess rolling stock. Changing equipment needs are customary at any transit agency due to loss of contracts, service cuts, modifications to a route or mix of passengers on a route or because of dissatisfaction with an equipment make or floor plan. PTT's staff will usually be able to provide suggestions for improving fleet utilization or making vehicle transfer arrangements.

No vehicles or equipment funded through Section 5310, 5311, statewide 5309, 5316 (Job Access/Reverse Commute), 5317 (New Freedom), or statewide ICAAP or 5339 grants may be disposed of or transferred without advance written permission from PTT. The PTT procedures require that any vehicle or equipment no longer needed for a transit system's public transit program, and has met its useful life, must be advertised to all other Iowa transit systems by posting notice of vehicle availability on PTT website's [Classified Ad System](#). A username and password is required to post or view any vehicles on this site. Each of Iowa's 35 transit systems have been given a username and password to access this system.

If no other transit system has expressed interest after 30 days from the date an item was advertised on PTT's website, the transit system with the unneeded equipment may request PTT concurrence to dispose of the item locally.

Advertising Equipment to Other Iowa Transit Systems – A transit system may notify other Iowa transit systems of available excess equipment by posting it on the [Classified Ad System](#) of PTT's web site.

Any equipment funded under Sections 5309, 5310, statewide 5309, 5316 or 5317 grants must be advertised to other Iowa transit systems prior to requesting PTT permission for local disposition.

Systems with excess equipment funded through direct FTA grants or other funding sources are also encouraged to use this method to notify peers of available equipment that could benefit public transit programs in Iowa.

Transfer of Federal Share – If vehicles are disposed of prior to meeting the FTA established useful life standards, the federal interest in the vehicle must:

- be transferred to another transit system who commits to operate the equipment up to the minimum useful life;
- be credited against the cost of the replacement vehicle thereby reducing the federal participation by a like amount; or,
- be refunded to FTA.

PTT's policy is to arrange transfers for any vehicles purchased under FTA programs administered by PTT so that they will continue to be used in public transit throughout their useful life. If any transit system has equipment purchased with FTA funds administered by PTT that is no longer needed for use by the public transit program, the equipment needs to be made available for transfer to any other Iowa transit system willing to use the equipment to the end of its useful life.

If more than one transit system seeks to obtain an item of equipment, preference will be given to transit systems eligible for the FTA program under which it was originally funded. If necessary, PTT may make the determination of which transit system has documented or demonstrates the greatest need for the equipment, based on the following criteria:

- emergency needs due to problems with the fleet;
- emergency needs due to problems with existing fleet;
- emergency needs due to service expansion;
- anticipated needs due to proposed expansion; proposed level of utilization;
- capability to maintain transferred equipment;
- consistency with system's planning and programming; or,
- other factors that may be appropriate.

The federal interest in equipment transferred prior to meeting useful life standards will be transferred outright to the recipient system. Compensation for local share in the equipment shall not be required but may be negotiated between the transit systems if the recipient agrees.

Transferring Federally Funded Vehicles/Equipment – The transfer of property is documented through a completed [Memorandum of Transit Vehicle Transfer](#). Each party and PTT receives an original copy in any transfer involving PTT administered federal funds. Direct recipients of FTA Section 5307 or 5309 funds must have FTA concurrence prior to transferring federal equipment. The transferred equipment is added to an existing grant, as a zero-dollar project, or is listed as a project with zero federal funds in a new grant.

The transit system transferring the vehicle signs the title and gives it to the system receiving the vehicle. The transit system transferring the vehicle must also provide the system receiving the vehicle with a signed odometer statement when the vehicle is less than 16,000 pounds and less than 10 years old. The system receiving the vehicle is responsible for titling, insuring and licensing the vehicle. Instructions for "Titling and Licensing Your Public Transit vehicle" appear earlier in this chapter. The system transferring the vehicle must delete the equipment from its system's inventory and submit an equipment disposition report to PTT. The system receiving the vehicle must add the transferred equipment to its inventory, and submit a properly prepared Add Inventory Form to PTT.

If the system transferring the vehicle has a federal contract to fund the transfer, certain costs are eligible make-ready expenses. The federal share of the vehicle is transferred with the vehicle and federal funds cannot match other federal funds. The cost of repainting the vehicle to the system's color scheme and adding the system's logo are eligible make-ready expenses. If the transit system requires additional equipment, the cost of purchasing and installing such items will also generally be eligible as make-ready costs. General repair and maintenance costs are not eligible as make-ready costs with one exception: a new set of tires may be considered part of make-ready costs for the transferred vehicle. If extensive repair is needed and the vehicle qualifies, it may be appropriate to request a rehabilitation project for the transferred vehicle.

Systems desiring to obtain items offered for transfer for the value of the parts may express interest but must identify that their interest is in the parts rather than in keeping a vehicle in continued revenue service. Requests to secure a vehicle through transfer to make use of its parts shall not be approved by PTT unless prior use of that vehicle exceeds FTA's minimum useful life threshold in years or miles of use. If an item of equipment does not meet an FTA useful life criteria every alternative for transferring the item to another Iowa public transit agency must be exhausted prior to PTT's approval of some competitive means of disposition to private parties.

Local Disposal of Federally Funded Equipment – There are four methods by which FTA funded equipment may be disposed. If the equipment was purchased with funding administered by PTT, no local disposition is allowed until the equipment has been offered to all other Iowa transit systems, no other

transit system wanted the equipment, and PTT has authorized local disposal. The four disposal methods are:

1. **Sealed bid** – The transit system may sell equipment by sealed bid. The equipment to be disposed of should be advertised in a paper that, at a minimum, covers the transit service area. A time and date must be set for the bids to be received and opened. An analysis of the bids received should be prepared to justify the award to the highest bidder. If the equipment was purchased with funds administered by PTT, a copy of the bid analysis should be provided to your TPA. PTT concurrence must be received prior to award. The advertisement must address the fact that if any transit system expresses interest, that transit system would be given a chance to exceed the high bid.
2. **Sale by Public Auction** – Selling equipment at a public auction is also a way to dispose of federally-funded equipment. Check with county or city officials to find out if they have a public auction scheduled. The Iowa DOT holds vehicle auctions several times during the year. If you want your vehicle sold at an Iowa DOT auction, contact your TPA for upcoming auction dates, or check the [Iowa DOT Auction web site](#). If the equipment was purchased with funds administered by PTT, PTT concurrence is needed to dispose of a vehicle at a public auction.
3. **Sale to Public or Private Nonprofit Agency** – If an agency wishes to purchase equipment no longer needed for transit, a fair market value for the equipment needs to be established. This is done by getting at least two appraisals of the equipment. If the equipment was purchased with funds administered by PTT, PTT must concur in the sale of the equipment.
4. **Buyout of federal interest for non-revenue use by recipient** - Buyout by the original recipient for parts to be used to support their transit program shall have priority over interest for parts from other systems. However, keeping the equipment in use for transit programs is always the first priority. Offers from other systems, auto salvage firms, or private parties shall also be considered in:
 - a. deciding whether to part out a vehicle; and
 - b. establishing the fair market value of the vehicle.

If the equipment was purchased with funds administered by PTT, PTT concurrence in this method of disposition is required.

Insurance Settlements – When a vehicle funded through PTT has been in an accident and totaled, or can no longer be used as a safe public transit vehicle, the office must be notified at once. Insurance information and a letter stating damages and the amount of the proposed settlement to the transit system should be sent to PTT. The office must concur with the decision to 'total out' any vehicle funded through programs administered by PTT. The settlement funds can be used for purchase of a vehicle of similar age, mileage, capacity and condition for continued transit use. PTT must concur with this purchase. If the vehicle has not met the replacement threshold and a replacement is not purchased, the federal share of the vehicle must be returned. This is based on straight-line depreciation or settlement value whichever is greater. If the vehicle has met the replacement threshold and is not replaced, any insurance funds should be used in the public transit program.

If a system settles with an insurance company on damages to the vehicle and does not use the full amount of the settlement for costs related to the damage, the remainder must be put back in the public transit program. However, vehicles must be repaired to the point where they are mechanically sound, safe and in presentable condition.

Repayment of Federal Share – As noted above, if any FTA funded equipment is disposed of prior to reaching its minimum useful life, the residual federal interest must be refunded or credited toward purchase of another piece of equipment.

If equipment purchased with funds administered by PTT are used to the minimum useful life or beyond prior to disposition, no repayment of federal share is required, but sale proceeds must be retained in the system's public transit program.

For direct recipients of FTA funding, however, repayment of federal share is required on any item with a disposition value of \$5,000 or more, though a credit for sales cost is allowed. Smaller disposition amounts must be retained in the public transportation program.

Reporting the Disposition of Equipment

The Capital Equipment Disposition form (Disposal/LKS form) must be completed and sent to PTT when any federally-funded equipment is sold, transferred, or disposed of in any other way. The form can be found in the [Transit System Portal](#). This form is intended for the use of Iowa's transit systems and requires a Personal Identification Number to submit. Disposal of a vehicle prior to PTT selecting the project for funding may result in the elimination of the project.

The disposition report must be filed to finalize the federal inventory and document the value of the equipment at disposition. The report includes a certification that the full proceeds from the sale will be retained to benefit the public transit program. Systems are asked to document the use of such funds in their own files and have such information available for future review by this office or FTA.

Disposition Deadlines – Transit systems are required to post a notice that they have equipment available for sale/transfer on the [Classified Ad System](#) on the PTT website within 45 days after accepting a replacement for a vehicle funded under a statewide grant or a like-kind substitution has been approved, unless an exemption is given as discussed below. The equipment will remain on the Classified Ad System web site for 30 days. Then the transit system, along with PTT staff will review any transfer requests. The transit system will have 45 days to proceed with the transfer of the equipment to another transit system or dispose of the equipment locally.

If the transit system has other equipment that is no longer actively being used, the transit system is required to notify PTT, and discuss the likelihood of the equipment being used in the future. The transit system may be asked to offer the equipment to other transit systems via the website.

Delayed Disposition – Sometimes the most appropriate opportunity for vehicle disposition may be a few months away or a transit system may have need to use the replaced vehicle for a short while until another vehicle gets delivered. With PTT approval the transit system may delay disposition for up to one year. If, at the end of this period, the need for the delay still exists, a new request for delayed disposition must be submitted. (PTMS points do not accumulate on delayed disposition vehicles) The Delayed Disposition Request form (Disposal/LKS form) can be found in the [Transit System Portal](#). This form is intended for the use of Iowa's transit systems and requires a Personal Identification Number to submit.

Retention of Vehicles - With PTT approval, vehicles may be retained indefinitely and will be treated the same under the PTMS process as replaced/used vehicles purchased or transferred from other transit systems, when prioritizing projects for vehicles replacements or expansion. The Request for Vehicle Retention password protected form for Iowa's transit systems can be found at the [Transit System Portal](#).

Like-Kind Substitution (LKS) of Vehicles – If a vehicle cannot be kept in service until it is successfully programmed for replacement through the statewide PTMS process, a vehicle deemed by PTT staff to be substantially similar may be purchased entirely with local funds as a replacement vehicle. Such a request shall be submitted in conjunction with a request for advanced disposition. The Disposal/LKS Form can be found in the [Transit System Portal](#). LKS requests must justify why the vehicle should be considered comparable in terms of miles, age, passenger capacity, ADA features and mechanical condition. Please note: a disposal form for the vehicle being replaced must be completed.

Advanced Disposition – Transit systems are encouraged to review the utilization of the vehicles in their fleet and to contact PTT regarding disposition of any equipment which is not needed or not being actively used. Disposal of such unneeded vehicles may require repayment of the federal share, if they cannot be transferred to another transit system that will commit to utilize them for the remainder of their minimum useful life. The Advanced Disposition form (Disposal/LKS form) can be found in the [Transit System](#)

[Portal](#). This form is intended for the use of Iowa's transit systems and requires a Personal Identification Number to submit.

Generally, disposing of a vehicle prior to receipt of a replacement vehicle is considered an indication that the vehicle was not needed for the delivery of public transit services and can result in the cancellation of any programmed project for purchase of a replacement. Under limited circumstances, PTT may authorize disposition of a vehicle in advance of the delivery of a replacement. Such an advanced disposition may be allowed to facilitate transfer to another system with urgent equipment needs, or it may be allowed when a vehicle is in such bad condition that the transit system has acquired (by transfer or outright purchase) a used vehicle to meet its equipment needs until the original vehicle's replacement arrives. In this instance, a Like-kind Substitution (LKS) request should be made in conjunction with the Advance Disposition request. These forms can be found in the [Transit System Portal](#). As noted above, LKS requests must justify why the vehicle should be considered comparable in terms of miles, age, passenger capacity, ADA features and mechanical condition.

Transit Asset Management

The purpose of transit asset management (TAM) is to help achieve and maintain a state of good repair (SGR) for the nation's public transportation assets. The TAM rule (49 CFR § 625.45), published in July 2016, develops a framework for transit agencies to monitor and manage public transportation assets, improve safety, increase reliability and performance, and establish performance measures.

The regulations apply to all Transit Providers that are recipients or subrecipients of Federal financial assistance under 49 U.S.C. Chapter 53 and own, operate, or manage transit capital assets used in the provision of public transportation.

Tier I providers are defined as those agencies who operate rail OR have more than 101 vehicles across all fixed route modes OR have 101 vehicles in one non-fixed route mode.

Tier II providers are either a subrecipient of 5311 funds OR an American Indian Tribe OR have less than 100 vehicles across all fixed route modes OR operate less than 100 vehicles in one non-fixed route mode.

Tier I providers must develop and carry out their own TAM plans. Tier II providers may develop their own plans or participate in a group plan, which is compiled by a group plan sponsor such as the state DOT. Tier II §5307 sub-recipients are not required to be offered a group plan but may participate in one if a sponsor invites them. Each transit provider must designate an Accountable Executive to ensure that the necessary resources are available to carry out the TAM plan and the Transit Agency Safety Plan, regardless of whether it develops its own TAM Plan or participates in a group plan. In Iowa, the state DOT will be a group sponsor for all regional and small urban transit agencies. All §5307 sub-recipients will develop their own TAM plans.

Performance Management - Asset performance is measured by asset class, which means a subgroup of capital assets within an asset category. The following table shows assets for which performance needs to be reported to the NTD and the measure which will be reported.

Transit agencies are required to develop TAM plans and submit their performance measures and targets to the [National Transit Database](#) by specific deadlines (see below).

Assets: <i>Only those for which agency has direct capital responsibility</i>	Performance Measure
Equipment: Non-revenue support-service and maintenance vehicles	Percentage of non-revenue vehicles met or exceeded Useful Life Benchmark
Rolling Stock: Revenue vehicles by mode	Percentage of revenue vehicles met or exceeded Useful Life Benchmark
Infrastructure: Only rail fixed-guideway, track, signals and systems	Percentage of track segments with performance restrictions
Facilities: Maintenance and administrative facilities; and passenger stations (buildings) and parking facilities	Percentage of assets with condition rating below 3.0 on FTA TERM Scale

Useful Life Benchmark - The expected lifecycle of a capital asset for a particular transit provider's operating environment, or the acceptable period of use in service for a particular transit provider's operating environment.

Target Setting - Targets should be set by each transit provider or TAM plan sponsor for each applicable asset class for the coming year. Initial targets were required to be set by January 1, 2017 and then every fiscal year thereafter. It is recognized that transit providers may not have complete data while setting initial targets. To the extent feasible, targets should be supported by data such as the most recent condition data and reasonable financial projections for the future, but the overall end goal is to be in a system-wide SGR.

Timeframes/Reporting -

TAM Plans

A TAM plan must be updated in its entirety at least every 4 years, and it must cover a horizon period of at least 4 years. An initial TAM plan was to have been completed by October 1, 2018.

NTD

Each entity developing a TAM Plan will have to report annually to FTA's National Transit Database (NTD). This submission should include: (1) projected targets for the next fiscal year; (2) condition assessments and performance results; and (3) a narrative report on changes in transit system conditions and the progress toward achieving previous performance targets.

Guidance on transit asset management and the plans can be found at <https://www.transit.dot.gov/TAM/>.