

Transit Vehicle Disposition Replacement Policy

The Transit Vehicle Disposition Replacement Policy is intended to provide Transit Agencies the latest guidance regarding ALDOT's procedures for vehicle disposition and replacement.

1. Official request to dispose of vehicle/s
 - a. The provider shall submit a formal written vehicle disposal request on provider letterhead to ALDOT. At a minimum, the request will include the information below:
 - Vehicle identification number
 - Make and model
 - Mileage
 - Is the vehicle to be replaced
 - Condition of vehicle
 - Federal Program that provided funding for the vehicle and funding ratio (80/20)
 - Has the vehicle exceeded the useful life threshold for age
 - b. ALDOT will review the providers request and transmit a letter approving or declining the vehicle disposition request
 - c. If approved, the provider may dispose of the transit vehicle(s) after determining fair market value. Fair market value may be established by any of three methods noted below:
 - First method is by obtaining three bids, with the highest bid establishing fair market value;
 - Second method is by advertising in a newspaper of local circulation or other medium requesting bids, with the highest bid establishing fair market value;
 - Third method is by public auction, with the highest bid establishing fair market value;
2. After determining fair market value of the transit vehicle by one of the methods noted in 1.c.
 - a. Vehicles valued at less than \$5000.00 and past the useful life threshold, as determined by ALDOT and FTA guidelines, may be disposed. All proceeds from the transit vehicle disposition may remain with the agency and should be used to reduce the costs associated with the purchase of new transit vehicles, or other operating expenses, as determined to be in the best interest of the transit provider.
 - b. Vehicles valued at more than \$5000.00 and past the useful life threshold, as determined by ALDOT and FTA guidelines, may be disposed. The Infrastructure Investment and Jobs Act (IIJA) changed the provisions for transit asset disposition [49 USC § 5334(h)(4)(B)]. For rolling stock, equipment and aggregate supplies that have met their minimum useful life and were (1) purchased with federal assistance (2) with a fair market value of more than \$5,000 and (3) sold after November 15, 2021, the recipient may retain a portion of the funds -- \$5,000 plus the percentage of its local share in the original award. Any remaining federal share must be returned to ALDOT for transfer to FTA. The federal share of the sales proceeds cannot be retained for public transportation use.

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EXAMPLE: The distribution of the local and federal shares starts with the sales proceeds of the item sold for fair market value. Of that amount, the recipient retains \$5,000. Of the remaining amount of the sales proceeds, the recipient retains the amount calculated by its percentage of participation in the cost of the original purchase. For example, if a bus, purchased with federal assistance at an 80/20 split, is sold for the fair market value of \$12,000, the recipient retains \$5,000 plus 20% of the remaining \$7000, or \$1,400, for a total of \$6,400. The recipient is required to return 80% of \$7,000, or \$5,600, to ALDOT for transfer to FTA.

- c. Vehicles of any value within the useful life threshold, as determined by ALDOT and FTA guidelines, shall be returned to ALDOT for the facilitation of reassignment to other transit providers. Upon agreement for reassignment, ALDOT will solicit valuations for the specific vehicle from bus manufactures and assign the fair market value based upon the highest quote received. Both agencies will meet in Montgomery to execute the transfer of the vehicle. The receiving transit provider shall reimburse the disposing transit provider an amount equal to percentage of match (generally 20%) of the determined fair market value and is responsible for any work related to retitling the vehicle.
3. All Transit markings are to be removed from the vehicle prior to the completion of the sale.
4. Required forms to be completed by the provider upon disposal or transfer of the vehicle and returned to ALDOT within 45 days of the date of the vehicle disposition approval letter;
 - a. "Vehicle Bid Sheet"
 - b. "Disposition of Project Equipment"
 - c. A copy of the back portion of the title that shows the "Assignment of Title by Registered Owner." (This will serve as ALDOT's assurance that this equipment has been removed from public transportation service)
 - d. Provider Check (if applicable) for 80% of proceeds after subtracting handling fee

The intent of this revised process is to allow transit providers to retain maximum allowable proceeds from the sale of applicable transit vehicles to offset future vehicle procurement expenses or operating expenses and hopefully allow the continued and/or expansion of public transportation services to the citizens of Alabama, while complying with all applicable FTA and ALDOT requirements. If you should have any questions or comments, please contact Mr. Tommy Thomson at (334) 242-6773.

ALABAMA DEPARTMENT OF TRANSPORTATION

VEHICLE BID/QUOTE SHEET

AGENCY INFORMATION

LEGAL NAME OF CURRENT VEHICLE OWNER: _____

NAME OF AGENCY REPRESENTATIVE: _____

TELEPHONE NUMBER: _____

VEHICLE INFORMATION

MANUFACTURER OF VEHICLE BODY: _____

MODEL YEAR: _____ DESIGNED SEATING CAPACITY: _____

ADA ACCESSIBILITY FEATURES: YES ___ NO ___ CURRENT MILEAGE: _____

COMPLETE VEHICLE ID NUMBER: _____

BID OR QUOTE

NAME OF PERSON OR AGENCY: _____
(Type or Print)

AMOUNT BID/QUOTE \$ _____

Signature of person submitting bid/quote

Date

TRANSIT VEHICLE DISPOSITION REPLACEMENT POLICY

SAMPLE CALCULATIONS

VEHICLE #1 (EXAMPLE)	
(Less than \$5,000.00)	
Sale Price	\$4,999.00
Net Proceeds	\$4,999.00
Federal Share	0.00
Local Share	\$4,999.00
AMOUNT REMITTED TO ALDOT	0.00
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VEHICLE #1 (EXAMPLE)	
(Greater than \$5,000.00)	
Sale Price	\$6,000.00
Net Proceeds	\$1,000.00
Federal Share (80%)	\$800.00
Local Share (20%)	\$200.00
AMOUNT REMITTED TO ALDOT	\$800.00
TOTAL PROCEEDS REMITTED TO ALDOT	\$800.00

