

NJ TRANSIT Equipment / Vehicle Dispositions Guidelines

Due to the Bipartisan Infrastructure Law, effective November 15, 2021 the disposition requirements 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 or the net proceeds of more than \$5,000, the recipient may retain a portion of the funds. Any remaining amount must be returned to the Federal Transit Administration (FTA). (See Division of Proceeds below).

Minimum Useful Life

Vehicles will be eligible to be considered for replacement or disposal when the minimum useful life has been met. If a vehicle is requested to be disposed before the end of useful life, NJ TRANSIT staff will review on a case by case basis.

Equipment (Rolling Stock) Minimum Requirements for Dispositions/Replacements

Vehicles will be eligible to be considered for replacement or disposal when the following minimum useful life has been met:

Rolling Stock/Vehicles Use and Dispositions (all programs)	Useful Life
Vans - straight, modified, sedans, lowered floor and other vehicles - minivans	6 years or 150,000 miles
25' - 35' Light duty <u>gasoline</u> transit buses, cutaways (small, standard and extended cutaways)	7 years or 200,000 miles
25' - 35' Light duty <u>electric</u> transit buses, cutaways (small, standard and extended cutaways)	10 years or 250,000 miles
30' Medium duty transit bus	10 years or 250,000 miles

Recipients are required to submit a written request for disposal of a vehicle(s) or equipment they wish to dispose. The recipient must receive written authorization from NJ TRANSIT before disposing of federally funded equipment, including vehicles. The recipient has 90 days to process and close the disposition request from the date of the approved authorization.

Disposition Procedures:

A recipient may dispose of a vehicle in either of two ways:

1. A vehicle may be sold outright to a third party through a variety of approved processes. These include advertised sealed bids, auto auction or the average of two competitive appraisals.

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2. A recipient may choose to purchase the federal interest in a vehicle(s), the buyback option. In this case, NJ TRANSIT will contract with two independent appraisal companies to determine the value of the vehicle. The average of the two appraisals will be deemed the fair market value (FMV) of the vehicle.

Divisions of proceeds are as follows:

1. If a vehicle is sold outright to a third party (advertised bids, auto auction, etc.), the recipient may retain up to \$5,000, exceeding the net proceeds. The balance must be paid to NJ TRANSIT within 30 days after the sale of the vehicle.
2. If a recipient chooses the buyback option, the recipient may retain up to \$5,000. The balance must be paid to NJ TRANSIT within 30 days after the sale of the vehicle.
3. Insurance proceeds: The federal interest due to NJ TRANSIT is based on the Actual Cash Value (ACV) exceeding \$5,000 due to NJ TRANSIT.

Subrecipient **must submit** documentation for **all sales** to determine the federal interest due to NJ TRANSIT and to close the file. Forms will be provided for documentation.

Expected Life Cycle

When a vehicle reaches the Transit Asset Management (TAM) useful life benchmark, NJ TRANSIT may determine the FMV. If the FMV is \$5,000 or less, the title and lien release may be mailed to the recipient. The recipient may dispose of the vehicle and keep the sale proceeds or continue to use the vehicle within the program until no longer needed. Once the federally funded vehicle has been removed from the active inventory, the vehicle is no longer considered a federally funded vehicle through NJ TRANSIT and will no-longer be considered as a replacement vehicle through a grant application.

Dispositions (all programs)	TAM PLAN – Useful Life Benchmark (ULB)
Vans - straight, modified, sedans, lowered floor and other vehicles - minivans	8 years
25' - 35' Light duty <u>gasoline</u> transit buses, cutaways (small, standard and extended cutaways)	10 years
25' - 35' Light duty <u>electric</u> transit buses, cutaways (small, standard and extended cutaways)	10 years
30' Medium duty transit bus	14 years

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Equipment (non vehicle)

Useful service life for equipment (non-vehicle) is **five** years on non-related computer equipment and **three** years on computer related equipment. Service life begins when equipment is received. Subrecipients are required to submit a written request to remove the federal interest once the useful life has been met on (non-vehicle) equipment.