



Disposition Procedures

March 2025

Introduction

The Federal Transit Administration (FTA) and Pennsylvania Department of Transportation (PennDOT) Bureau of Public Transportation (BPT) retains an interest in all capital assets purchased with state and/or federal pass-through funds.

For Vehicle Purchases using PennDOT state funding, BPT requires both years **and** miles be met for a vehicle to reach its [estimated service life \(ESL\)](#).

Traditional transit agencies must update disposition information into the [Capital Planning Tool](#) (CPT). Private nonprofit agencies must submit disposition request information to BPT Program Manager.

Disposition Procedures for Capital Assets

1. Before ESL

If an asset is removed from service before its ESL, the grantee must refund the state and federal share based on BPT's [depreciation model](#). Without PennDOT approval to dispose of an asset before its ESL, the grantee must refund the entire state and/or federal share of the asset. All approved disposition funds must be placed in an interest-bearing account for future capital purchases or operating expenses supporting public transportation services.

2. Transfer Disposition

If the asset is no longer needed due to operational changes and can be used in transit service, the grantee must contact their BPT Program Manager to:

Traditional transit agencies—receive BPT approval, then enter transfer request in the [CPT](#).

Private non-profits—request and complete Vehicle Transfer Process.

BPT will only transfer the asset to another Pennsylvania program grantee. If BPT approves an asset transfer, no refund of state and/or federal funds will be required of the original grantee.

3. Extenuating Circumstance Disposition:

If the asset experiences major and/or continuous equipment failure before its ESL and exceeds its benefit to retain, the grantee must contact their BPT Program Manager to:

Traditional transit agencies—enter disposition request in the [CPT](#), receive BPT approval, dispose of asset, and retain [proceeds](#) for replacement or use asset for [spare parts](#).

Private non-profits—receive BPT approval, dispose of asset, and retain [proceeds](#) for replacement or use asset for [spare parts](#).

During a Federal Section 5310 and 5311 compliance review, BPT will request maintenance and/or warranty records to ensure compliance with maintenance plan.

4. Disposition of Property After Fire, Natural Disaster, or Other Major Incident

If the asset experiences damage due to fire, natural disaster, or other major incident, the grantee must contact their BPT Program Manager and:

Traditional transit agencies—update asset in the [CPT](#).

Private non-profits—provide asset details.

No refund of state and/or federal funds is required if the grantee uses insurance proceeds for asset replacement. If asset is not replaced, the grantee must use the insurance proceeds to refund the state and/or federal share in accordance with funding percentages in the original grant award.

If any damage to the asset results from intentional abuse or misuse by the grantee, the grantee must refund the entire state and/or federal share of the asset.

5. After Expiration of ESL

After the ESL of a federal or state-funded asset, the grantee can use the asset for spare parts (in accordance with [Spare Parts Criteria](#)) or dispose of the asset and retain the proceeds from the sale of the asset (in accordance with [Sale or Insurance Proceeds Usage Criteria](#)). Sold assets must follow grantee's written procedures for determining fair market value. Proceeds from the sale must be greater than or equal to the fair

market value of the asset.

Rolling stock and equipment with a fair market value of \$10,000 or **more** per unit and unused supplies with a total aggregate fair market value of \$10,000 or **more** that are no longer needed for public transportation purposes, were purchased with federal funds, and have a fair market value of \$10,000 or **more**:

Grantee retains \$5,000 and a percentage of the remaining balance. The percentage is the local or state share committed in the original purchase. Grantees cannot deduct selling and handling expenses from the federal share of sales proceeds. Grantees must return the federal share via [pay.gov](https://www.pay.gov).

Rolling stock and equipment with a fair market value of \$10,000 or **less** per unit and unused supplies with a total aggregate fair market value of \$10,000 or **less** that are no longer needed for public transportation purposes, were purchased with federal funds, and have a fair market value of \$10,000 or **less**, grantee retains the full amount of the sale proceeds, which must be placed in an interest-bearing account for future capital purchases or operating expenses supporting public transportation services.

When a grantee disposes of rolling stock, equipment, and unused supplies at a fair market value of \$10,000 or more, the grantee must provide BPT written notification within thirty (30) days after disposition.

6. Suggested Methods for Obtaining Fair Market Value

The following are suggested methods that grantees may use for obtaining fair market value:

- Solicit bids for the acquisition of the asset via newspaper or online marketplace. Send a description of the asset to at least three potential bidders. Both the advertisement and description need to include deadlines and instructions for bid submissions.
- Use as a trade-in during the purchase of a new capital asset.
- Have the asset appraised by two qualified appraisers and offer the asset for sale at the average appraised value or take the asset to auction and require a minimum offer equal to the average appraised value.

7. Spare Parts Criteria

If parts are valued greater than the asset as a whole, the grantee can use the asset for spare parts. Grantee must document and retain the estimated value of the spare parts and an appraised value of the asset.

8. Sale or Insurance Proceeds Usage Criteria

Sale or insurance proceeds from federal or state funded assets must be retained in an interest-bearing account and must be used for transit-related operating or capital projects. All interest earned on sale or insurance proceeds must be reported to BPT.

9. Depreciation Model

Example:

Original Purchase price of vehicle \$600,000

Useful Service Life = 12 years or 500,000 miles.

Remaining vehicle details at expiration of ESL: 6 years and 200,000 miles.

Depreciation Calculation:

Service Life (Years) = $\$600,000 - [(\$600,000/12 \text{ yrs.}) \times 6 \text{ yrs.}] = \$300,000$

Service Life (Miles) = $\$600,000 - [(\$600,000/500,000 \text{ mi}) \times 200,000 \text{ mi}] = \$360,000$

Conclusion:

The Service Life based on years is the lesser value and represents the remaining value of the asset (in this example, \$300,000).

The funding percentages used in the original purchase will be used to determine the remaining federal and state share of the depreciated asset.