



Alameda-Contra Costa Transit District

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## STAFF REPORT

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**TO:** Finance and Audit Committee  
AC Transit Board of Directors

**FROM:** David J. Armijo, General Manager

**SUBJECT:** Equipment Disposal

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### ACTION ITEM

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**RECOMMENDED ACTION(S):**

Consider approval to dispose of retired buses through sale, or by means most advantageous to the District.

**EXECUTIVE SUMMARY:**

The buses identified herein have surpassed their useful equipment life expectancy for the District's needs. Rehabilitation or repair costs for the vehicles outweigh their net book value and are recommended for disposal in accordance with methods outlined in Board Policy 356. Concessions to the applicable Federal Transit Administration (FTA) funding source are not required from the District on fully depreciated equipment.

**BUDGETARY/FISCAL IMPACT:**

It is anticipated that, depending on what method the District selects to dispose of the buses, this should result in a reimbursement of \$650 to \$3,500 per vehicle, based on the fair market value at time of sale.

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**BACKGROUND/RATIONALE:**

The FTA requires that transit agencies operate transit buses funded by that agency for a period of 12 years or 500,000 miles to fulfill all financial obligations.

The sale of the buses in the following disposition list is expected to result in proceeds of approximately \$650 to \$3,500 per bus depending on the condition of the equipment. Fair market value is calculated on the basis of straight-line depreciation, which is an acceptable method of depreciation under FTA Circular 5010.1D, Chapter IV, "Grant Management Requirements."

**Disposition List**

ID	Equipment Number	Year	Description	Asset Tag	Mileage	Acquisition Cost	Funding Source
2015	42901	2003	Bus: Van Hool, 60'	42901	397,141	\$459,454	District Capital
1038	42850	2003	Bus: Van Hool, 40'	42850	470,785	\$283,894	District Capital
4067	42670	2002	Bus: NABI, 40'	42670	486,794	\$269,641	CA-90-X542, CA-90-X597, CA-90-X690, CA-03-0438

**ADVANTAGES/DISADVANTAGES:**

**Advantages:** The disposal of this equipment will ensure compliance with the FTA's 20 percent spare ratio requirements and make parking spaces available at the operating division for replacement vehicles.

**Disadvantages:** Failure to dispose of this equipment may result in a violation of the FTA spare ratio requirements and a reduction in the operating area at the divisions.

**ALTERNATIVE ACTIONS:**

The Board can decide not to act; however, this alternative is not recommended as the District will be procuring additional buses to replace vehicles that have surpassed their life cycle. In addition, division operating areas will be impacted, as space will be needed to store retired buses and to accommodate new buses which are anticipated to arrive in Fiscal year 2015-16.

**PRIOR RELEVANT BOARD ACTIONS/POLICIES:**

Staff Report 14-027 – Equipment Disposal  
 Board Policy 356 – Disposition of Surplus Equipment

**ATTACHMENTS:**

None

**Department Head Approval:** James D. Pachan, Chief Operating Officer/Interim Chief Financial Officer

**Reviewed by:** Denise C. Standridge, General Counsel

**Prepared by:** Stuart Hoffman, Technical Service Manager