

Reference : Finance and Administration
Section : ADMINISTRATIVE SERVICES
Title : Service Removal Notification Policy – Federal Transit Administration Funded Assets
Policy Number : 03-02-12
Issue Date : 06/10/2011
Revision Date :

I PURPOSE

The purpose of this policy is to provide a notification procedure for accidents that involve Federal Transit Administration (FTA) funded assets.

II APPLICABILITY

This policy applies to all NFTA/NFT Metro employees.

III POLICY

The NFTA will notify FTA Region II when a federally funded asset is withdrawn from service due to an accident or any severe damage that would result in an insurance or accident claim, rendering the asset out of service for an extended period of time. Most commonly, the asset is a revenue vehicle or a bus shelter. This request is consistent with Region II's interpretation of FTA Circular 5010.1D – "Grant Management Requirements". If Region II staff is not properly notified, the NFTA may be required to refund the FTA for the asset's remaining federal value and/or be subject to a triennial review finding.

IV PROCEDURE

Notification of Service Removal

- The Bus Maintenance or Facilities Maintenance Department has two weeks from the point of service removal to assess damage. An initial decision to repair, dispose, or further evaluate the asset should be made at this point.
- The Bus Maintenance or Facilities Maintenance Department will notify the Government Affairs, and Accounting Departments if the asset must remain out of service beyond the two week evaluation period, and remove the asset from service. Per the Governmental Accounting Standards Board, temporary impairment of an asset will not be recognized in the financial statements.
- The Legal Department will notify the Bus Maintenance or Facilities Maintenance, Claims, Accounting, and Government Affairs Departments if a notice to preserve or inspect the asset is issued as part of the legal proceeding.
- The Government Affairs Department will send written correspondence to FTA Region II, stating the vehicle number and type/location date of accident, the asset's value at the date of service removal, based on straight line depreciation, and remaining useful life. The Bus Maintenance or Facilities Maintenance, Legal, Claims, Accounting Departments, and Metro Management will receive a copy of the correspondence sent to FTA Region II.
- The NFTA will provide FTA Region II with bi-annual status reports on assets removed from service as part of the spring and winter Capital Projects Progress Meeting Book. This report will also

include the date that the repaired assets are put back into service.

Insurance Proceeds

- The NFTA will use a claim award to repair the asset or replace it if it is permanently taken out of service. The claim award should be allocated to the Business Center responsible for these actions. If the NFTA chooses not to repair or replace the asset, it must return the remaining federal interest to the FTA.
- Ideally, absent any culpable conduct or comparative fault on the part of NFTA/NFT Metro and/or NFTA/NFT Metro employees that may potentially reduce the amount of recovery against a third party, any subsequent claim awards will be equal to or more than the asset's remaining federal value. If the claim award is less than the asset's remaining federal value, FTA Region II can require the NFTA to pay the difference between the claim amount and the remaining federal value of the asset.

Disposition Proceeds

- The NFTA can retain or sell a FTA funded asset at the end of its useful life. The FTA is entitled to reimbursement if the asset is sold for over \$5,000 and must be notified. FTA Region II asks that the sale proceeds be deposited in an FTA restricted account and dedicated to a future eligible transit project. The NFTA cannot earn interest on funds that are directly related to a federal asset. The Government Affairs Department will work with the Metro Management to locate a future project to dedicate these funds to, and attach the project to the next appropriate federal grant application. Assets with less than a \$5,000 value at the end of its useful life can be disposed of with no FTA reimbursement obligation.