

Connecticut Department of Transportation

Office of Transit and Rideshare

Section 5310 Vehicle Disposition Policy

April 2024

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) have 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 FTA. The federal share of the sales proceeds cannot be retained for public transportation use.

To comply with the above requirement, the CTDOT must ensure any proceeds from the sale of the 5310 vehicles in excess of \$5,000 less the percentage of any local share paid if applicable, are returned to the federal government through the CTDOT.

For example, a 5310-vehicle purchased with federal assistance at an 80% federal/20% local 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 CTDOT. The DOT returns the funds to the FTA.

The CTDOT no longer releases vehicle titles based solely on the vehicle reaching its minimum useful life. The title will only be released if the subrecipient intends to dispose of the vehicle through a sale of the vehicle, scrapping or donating the vehicle. Any proceeds from the sale of the asset that are retained by the subrecipient (\$5,000 plus percentage of local share) are to be re-invested back into transportation.

Instructions:

Section 5310 Subrecipient must submit a **CTDOT Vehicle Disposition Request Form (VDRF)** to the CTDOT's Section 5310 Team for approval. The signed VDRF must be accompanied by a proof that the vehicle met the minimum useful life and two independent vehicle appraisals. *(SPECIAL NOTE: All 5310 Quarterly reports must be both submitted and accepted by CTDOT. No vehicle title will be released without confirmation that every quarterly report has been received over the CT DOT 5310 life span of the vehicle.)*

Here are the step-by-step instructions:

A. Subrecipient

- a. Completes and signs CTDOT Section 5310 Vehicle Disposition Request Form (VDRF). *This signed correspondence to CTDOT's Traditional Section 5310 Program Manager attests to the accuracy of the vehicle appraisal and acknowledges the subrecipient's obligation to return the proceeds in excess of \$5,000 less the percentage of your local share in the original award directly to the CTDOT Traditional Section 5310 Program.*
- b. Proof that the vehicle has met its minimum useful life *(May use the most recent Quarterly Report which indicates the 5310 vehicle's mileage or Vehicle Title, if already received).*
- c. Two independent vehicle appraisals used to estimate the fair market value of the vehicle*

B. CTDOT

- a. CTDOT will release vehicle title, providing the subrecipient has supplied to the vehicle once these instructions have been followed.

C. Subrecipient

- a. Once the title has been released, the vehicle sold, and sales proceeds collected, the sub-recipient provides a copy of the sales invoice indicating vehicle sale price to CTDOT.
- b. If the vehicle is sold for less than the fair market value, Subrecipient needs to provide an explanation why the sale was accepted at a lower price.
- c. If the vehicle was sold for more than \$5,000, the sub-recipient must provide copy of the invoice and return the applicable proceeds in excess of \$5,000 to CTDOT.

*Please note that the FTA defines Fair Market Value as the most probable price that project property would bring in a competitive and open market.