NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD)  
FINANCE SUBCOMMITTEE  

August 26, 2016  
9:00 a.m. - 11:00 a.m.  

Executive Conference Room 1327 N.  
Riverside Drive  
Espanola, NM 87532  

AGENDA  

CALL TO ORDER: Councilor Pete Sheehy, Chair  

Roll Call:  

ITEMS FOR DISCUSSION/RECOMMENDATION  

A. **Audit Entrance Conference**  
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.  
*No Attachment.*  

B. **Discussion and Review of Disposition of Obsolete Property Policy**  
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director, Peter Dwyer, Legal Counsel and Troy Bingham, Finance Director.  
*Attachment.*  

C. **Discussion and Review of NCRTD Investment Policy Procedure**  
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.  
*No Attachment.*  

D. **Discussion and Review of Budget Amendment – Tribal Transit Funds**  
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.  
*Attachment.*  

E. **Minutes from June 30, 2016**  
*Attachment*  

MATTERS FROM THE SUBCOMMITTEE  

ADJOURN  

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.
Memorandum

To: Finance Committee
From: Peter Dwyer, Legal Counsel
Thru: Anthony J. Mortillaro, Executive Director
Date: August 19, 2016
Re: Policy on Disposition of Obsolete Property

Background:

The NCRTD is a “Local Government” for purposes of the state statutes regarding sale of public property (NMSA 1978, Sections 13-6-1 through 13-6-4). The attached draft policy was created because the District wanted a uniform and fair way to sell or donate its old property (and specifically its old vehicles) to member entities. The policy covers all personal property owned by the district and allows a great deal of flexibility on items valued under $5,000.00.

Current Process:

At present the district typically prepares a brief inventory of vehicles that are obsolete due to age, mileage, or high repair costs. The Finance Director creates a list with recommended disposition. Then the “Property Disposal Committee” meets and reviews and approves the list. Staff keeps a handwritten record of requests for excess property and periodically a member is given obsolete property. There has been little or no conflict to date over the donation of property.

Proposed Process:

In order to avoid possible conflicts over the donation of property the new policy provides a simple system for equitable distribution of the property in the event more than one member wants a vehicle or other obsolete District property. The rule is simply that the last person to receive District property goes to the back of the line.

In addition, the new policy integrates the Capital Asset Policy and Procedures so that the obsolete property can be removed from the District’s inventory in an orderly fashion that will make it possible to properly account for the disposition of all its property. Many of the procedural requirements included in the new policy are mandated by statute and imposed to ensure strict accounting for public assets.

The new policy divides up the roles and responsibilities to ensure that there are checks and balances in place to ensure that valuable property is not declared obsolete and to ensure that both the staff and the board have assessed the property critically before selling or donating it.
The policy calls for specific written findings on criteria that are set forth in the statutes. The main findings are regarding whether an item is worth less than $5,000.00 or nothing and whether the property is obsolete and unusable by the District. These findings trigger procedural requirements under the law. For example, if a vehicle is not useful to the District but is valued over $5,000.00 the District can still dispose of the vehicle but requires Department of Finance and Administration approval.

The law does require some authentications that are unwieldy. The District is supposed to submit a signed and notarized instrument verifying the list to the Auditor. I do not believe this is standard practice followed by other local governments and the draft policy delegates authority to the staff to perform these duties.

The last section of the policy is intended to ensure that district property does not generate "legacy" issues. The primary concerns are branding and liability. In terms of branding the District wishes to preserve its image as the "blue bus" by requiring recipients to change the appearance of the buses to break up the predominant color scheme. In terms of liability the District intends to take steps to ensure that the transfer of the vehicle does not leave an open title or the possibility of District liability for subsequent uses of the vehicle.

Recommendation:

It is recommended that the Finance Committee discuss and review the policy and make recommendations on any needed changes. Staff could use guidance on the following issues:

1. Is the policy too restrictive? Will it result in too much cost to the recipient to make sale/donation of District property viable?
2. Is the provision on equitable distribution (Section 9.0) adequate or do we need a more detailed system of priorities that creates a specific queue for donated vehicles?
3. Is the policy flexible enough or too flexible on the equitable distribution issue? On the one hand there is merit in allowing flexibility so that board members can simply agree on the distribution of property where possible. On the other hand too much flexibility could be a problem if there is a dispute among the board members.
4. Is the board comfortable delegating authority to staff to authenticate the inventory and provide notices to the auditor?

Attachments:

- Resolution 2015-26
- Resolution 2012-25
- Old Form Disposition Resolution
- New Form Disposition Resolution
- Example of Property Inventory
North Central Regional Transit District (NCRTD)
Resolution 2012 - 25

A RESOLUTION AUTHORIZING THE CREATION OF THE PROPERTY DISPOSAL COMMITTEE

WHEREAS, the NCRTD was created through legislative enactment (NMSA 1978, Section 73-25-1 et seq.); and

WHEREAS, the NCRTD is a sub-division of the State of New Mexico; and

WHEREAS, the NCRTD was approved and certified by the New Mexico Department of Transportation on the 14th day of September 2004; and

WHEREAS, the NCRTD is entering its 5th year of providing public transit services in North Central New Mexico and, from time to time, has property that is worn-out, unusable or obsolete to the extent that the item or items are no longer economical or safe for continued use by the NCRTD; and

WHEREAS, pursuant to Section 13-6-1 NMSA, NCRTD is required to designate a committee of at least three (3) members of the Board to approve and oversee the disposal of worn-out, obsolete or otherwise unusable property; and

WHEREAS, the NCRTD would follow Federal Transit Administration guidelines for disposal as applicable,

NOW, THEREFORE, BE IT RESOLVED by the NCRTD Board of Directors that a standing committee, with members to be appointed by the Chair, serve as the Property Disposal Committee. Membership on the committee shall consist of a minimum of three (3) members of the Board and not more than five (5) members. Membership on the committee shall commence upon the date of appointment by the Chair and shall continue until the Board meeting of November, 2013.

FURTHER, the duties of the Property Disposal Committee shall be to oversee the disposal of worn-out, obsolete or otherwise unusable property.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT that the Property Disposal Committee is hereby established.

PASSED, APPROVED AND ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS 2ND DAY OF NOVEMBER 2012.

Daniel Barrone, Chairman

Approved as to form:

Peter Dwyer, Counsel
North Central Regional Transit District (NCRTD)

Resolution 2015-26

A Resolution Updating the December 7, 2012 Adopted Inventory/Capital Asset Policy

WHEREAS, the Board of Directors is the statutory governing body in and for the NCRTD and finds it in the best interest of the constituents of the NCRTD to establish polices to ensure the financial stability of the District; and

WHEREAS, the current Inventory/Capital Asset Policy was adopted on December 7, 2012; and

WHEREAS, the Finance Committee at their August 28, 2015 meeting reviewed draft changes to the District’s Inventory/Capital Asset Policy and have recommended consideration of those changes to the Board of Directors; and

WHEREAS, the Board, after thorough consideration and upon recommendation of the Finance Committee and staff, find that it is prudent to amend the District’s Inventory/Capital Asset Policy attached hereto.

NOW THEREFORE BE IT RESOLVED, BY THE NCRTD BOARD THAT THE ATTACHED INVENTORY/CAPITAL ASSET POLICY SHALL BE AND ARE HEREBY ADOPTED, AND ARE APPROVED AND ADOPTED THIS 4TH DAY OF SEPTEMBER 2015.

NOW THEREFORE LET IT BE FURTHER RESOLVED, THAT THE NCRTD BOARD DOES HEREBY DIRECT MANAGEMENT TO IMPLEMENT AND DEVELOP PROCEDURES TO INSURE APPROPRIATE ACCOUNTING AND MAXIMUM ACCOUNTABILITY IN ACCORDANCE WITH ALL LAWS AND REGULATION THAT PERTAIN TO THE INVENTORY/CAPITAL ASSET POLICY.

Approved as to form:

[Signature]

Peter Dwyer, Counsel
1.0 **Objective:** The objective is to establish standards for the accounting for and the controlling of the fixed asset assets acquired and owned by NCRTD. To accomplish this, subsequent sections of this policy describe the procedures for the acquisition of fixed asset assets, the methods for assigning values to acquired assets (valuation), the methods of depreciating fixed asset assets whether required or optional, the establishment of internal controls on fixed asset assets, the procedures for conducting the annual inventory of fixed asset assets, and the allowable methods for the disposition of fixed asset assets.

2.0 **Coverage:**

This policy applies to all employees of the NCRTD. The NCRTD Finance Department is responsible for the implementation of this policy and procedures. All managers and supervisors are responsible for knowing, understanding and adhering to the provisions of this policy as applicable to their operations.

3.0 **Inventory Criteria for Tangible Personal Property**

**A. Current and accurate inventory records shall be maintained for the following:**

1. Tangible Personal Property-$5,000 or more per item including improvements and renovations; or if donated, a fair market value at the time of donation of $5,000 per item. Tangible personal property intentionally acquired for resale or used in NCRTD activities as supplies are excluded.

2. Licensed vehicles and rolling stock regardless of cost or donated market value at the time of donation.

3. Sensitive property with an individual cost or fair market value at the time of donation of $1000 or more per item.

4. Computer components with an individual cost of $500 or more per item.

5. Leased property totaling $5,000 or more throughout the life of the lease.

**B. Tangible Personal Property Composed of Internal Parts**

1. Assets that have internal parts that are necessary to the functioning of the asset are not required to be separately inventoried, and can be considered to be all one asset (inventory record) provided all of the following apply:
a) The internal parts are acquired to place the asset into service and function is required;
b) The life and utility of the internal parts are mainly independent on that of the asset, even if the acquired dates and vendors are different for each item;
c) The cost of each part is included in the aggregate total of the inventory record;
d) The internal parts are included in the description of the inventory record.
2. Should a Department acquire and install an internal part for an asset with an acquisition cost, of at least $500, after it has been placed into service and is functioning as intended, then any subsequent internal parts are considered as separate components and are inventoried separately as a component record. The same asset identification number (ID) is to be used as the original asset, except a suffix is to be added to the ID number that is unique only to the component.

4.0 Inventory Criteria for Real Property
A. Current and accurate inventory records shall be maintained for the following.
   1. Land, regardless of cost
   2. Buildings and land improvements with an actual or estimated cost, or if donated, a market value of $5,000 or more per item.
   3. Real property intentionally acquired through a lease at an insignificant cost and solely as a legal mechanism to disburse bond monies is excluded.
   4. Improvements and renovations to an existing building with an actual or estimated cost, or if donated a market value of more than $100,000 per building component.
   5. Leased property totaling $5,000 or more throughout the life of the lease.
B. The Finance Department will keep a record of infrastructure.

5.0 Use of Property
A. Items acquired should be used for the departments business only. Additional requirement apply if items were purchased with federal grant money. Refer to the Federal Transit Administration (FTA).

6.0 Annual Physical Inventories
A. It is the NCRTD policy to complete timely physical inventories for all assets on an annual basis to ensure the accuracy and reliability of the inventory. Physical inventories should be completed in accordance with the frequency and dates prescribed by the Finance Department.

7.0 Inventory Valuation Basis
A. **Fixed Capital** assets, including leased items, are entered in the inventory at the cost arrived at after deducting trade discounts and without considering any trade-ins.
B. Parts, supplies and materials are valued on the weighted average basis. Each time such items are purchased at a price different from the average price of the quantity remaining on hand, a new average cost must be computed.

8.0 DISPOSAL OF EXCESS/Obsolete Inventory
A. Use the most practical and cost effective method of disposal. The Requirements set forth in NMSA 1978 Chapter 13-6-1 and NCRTD Resolution 2012-25, must be followed when disposing of fixed capital assets and inventory.
B. When disposing of property acquired through the use of federal funds, additional steps are required. Please refer to the Federal Transit Authority.

C. Excess computer-related equipment/software should be offered to other departments, within the NCRTD first.

D. Inter-department Transfers
   1. Managers should ensure excess items are no longer needed before transferring to another department.
   2. A fixedcapital asset transfer form must be completed and forwarded to the Finance Department.

E. Public Auction/Public sale
   1. Items not otherwise disposed of through other means should be sold at public auction or public sale, as provided by NMSA 13-6-1.

F. On-site Disposal
   1. The on-site destruction method of disposal of property is applicable to obsolete inventory either damaged beyond repair or where it is otherwise not fiscally feasible to dispose of via any other method. In the situation where items are disposed of on site, the following steps must take place:
      a. Items should be damaged beyond repair before being disposed.
      b. An impartial individual should witness the destruction and sign appropriate documentation stating they witnessed the item was destroyed beyond repair.
      c. All documentation related to such destruction should be maintained on site for a minimum of three years.

9.0 Stolen/Missing Property

A. All NCRTD personnel involved in or responsible for any task of maintaining NCRTD property inventories, including a physical inventory, shall notify the department supervisor of any tangible property shown on the current active property report, but cannot be found and/or is suspected of being stolen.

B. A reasonable amount of effort should be made by the department supervisor to determine the whereabouts of the missing items or the reason(s) for their disappearance prior to taking further action.

C. The notified department supervisor shall review the reported inventory exceptions and, if necessary, will contact the local police requesting an investigation/report. As a guide, the local police should be contacted if the total dollar value of the missing property is in excess of $300. This dollar amount is being provided as a guide only, if the department supervisor feels there is a need to contact the local police; they may do so regardless of the dollar value of the missing items; or the notice a repeated behavior or pattern of missing items.

10.0.10.0 Capitalization of Fixed Capital Assets

A. The capitalized cost of a capital asset should include all taxes, fees, permit cost, shipping, and installation. Donated assets will be recognized at Fair Market Value at time of acquisition.
B. Repair and replacement type activities should not be recognized as capital assets unless removal of asset value is possible and reflects a significant increase in the useful life of the resulting asset from the initial asset effected.

C. In accordance with Governmental Accounting Standards Board Statement 51 (GASB 51), the District will recognize intangible assets as clarified. Computer software is considered an intangible asset since it represents competitive advantages developed or acquired by an organization. Computer software is considered an intangible asset since it represents competitive advantages developed or acquired by an organization. Therefore, computer software does not meet the NCRTD's capitalization of fixed asset criteria.

D. Modular furniture (parts requiring assembly with other parts) does not meet the NCRTD’s capitalization of capital fixed assets criteria; only individual fixed assets (quantities of one that exceed $5,000) are reflected in the official financial statements of the District recorded. Every effort will be made to recognize assets individually to reflect accurate useful lives and depreciation.

11.0 Federal Common Rule Authority and the NCRTD’s Capital Fixed Asset Accounting Policies

A. Departments are responsible for adhering to these policies. They are applicable when NCRTD property meets the criteria of a capital fixed asset as established and defined by the Finance Department.

B. Each department is responsible for adhering to the Federal Common Rule Section 32 and FTA, related to equipment obtained through Federal Grants and FTA.

Training:

There is no training mandated for the implementation of this policy or the statutes identified as the authority for this function.

Definitions:

Equipment: Rolling stock, office equipment, computers, cameras, garage equipment, tools or any other item used to conduct NCRTD business.

1. “Betterment” means a replacement or major renovation of an existing asset or unit of an existing asset by an improved or superior asset or unit, the effect of which is to improve the efficiency of the primary asset or lengthen the remaining service life.

2. “Component” means a separably identifiable part of an asset that is more meaningfully defined as an aggregate assembly.

3. Depreciation means the method applied to allocating the cost of a fixed capital asset over the duration of its useful life.

4. “Fixed Capital Asset” means any property or equipment that has an initial value to NCRTD, whether in cash or trade value, of more than five thousand
dollars ($5,000). It is not acquired for subsequent sale or consumption but for utilization in the course of a department’s normal operations in producing and distributing goods or rendered services. The asset is expected to be used or held beyond the fiscal year in which it was acquired with being consumed by its use. FixedCapital assets include those assets constructed by department personnel. This $5,000 threshold for capitalization is a minimum and does not preclude departments from controlling assets of lesser value through their fixedcapital systems when such control is desirable or appropriate.

5. “FixedCapital Asset Coordinator” means an individual within a department or a section of a department who is responsible for controlling and accounting for the fixedcapital assets in the custody and use of the department or section.

6. “General fixedcapital assets” means those assets acquired by governmental funds, and not accounted for directly in the real accounts of such funds.

7. “General fixedcapital asset account group” means those accounts used to record and track fixedcapital assets acquired by “governmental funds.” These “funds” include the Gross Receipts Tax fund, the Federal grants fund, and the capital project fund. Assets are recorded in these accounts, along with any betterments, impairments or depreciation. Assets are carried in this account group to recognize that they are not a component of fund balance available for appropriation.

8. “Object code” means the expenditure accounting code that indicates the category of benefits for which money was spent.

9. “Physical inventory” means the process of verifying that fixedcapital assets owned by NCRTD, are present in their assigned custody and location, and evaluating their condition.

10. “Proprietary funds” means those funds used to account for the provision of services by a government entity to other government entities or to the public. The financial objective of such funds is to recover through user charges to full cost (including depreciation) of operations.

11. “Tag” means any label or marking that is permanently affixed to a fixedcapital asset, including indelible ink or dyes, numbers physically stamped into the fixedcapital asset, adhesive labels or barcodes, and metal tags.

Inventory Label: a self-adhesive tag or comparable electronic medium device used to safeguard and identify inventoried tangible personal property with a department unique serialized asset ID number by affixing it to an asset.

Lease FixedCapital Assets: a lease is an agreement between two parties in which the NCRTD makes periodic payments to another party for the right to use the property for a stated period of time. The item is considered a ‘capital lease’ and should be included in the fixedcapital asset system if the lease meets at least one of the four criteria listed below:

1. Lease transfers ownership to the NCRTD during or at the end of the lease term.

2. Lease contains a bargain purchase option which is a provision to buy the property at a very favorable price.

3. Lease term is equal to or greater than 75% of the estimated economic life of the leased property. (Not applicable if the beginning of the lease term falls
within the last 25% of the total estimated economic life of the leased property.

4. Present value of the minimum lease payment equals or exceeds 90% of the fair market value of the leased property. Minimum lease payments generally equal the property rental payments excluding executory costs such as maintenance and insurance.

**Licensed Vehicles:** all NCRTD vehicles, including renovations and improvements, having a useful life of more than one year, including trailers whether self-propelled or not, that are capable of being licensed through the Motor Vehicle Division, and can be used for over-the-road transportation.

**Obsolete Items:** Equipment or supplies that are worn out or no longer needed because they are outdated and can no longer be used anywhere within NCRTD.

**Property:** assets that are owned, subject to ownership, or in effect are owned by the NCRTD. Assets subject to ownership or in effect are owned by the NCRTD would include items being acquired by lease purchase, where the lease purchase contract transfers ownership of property to the NCRTD during or at the end of the lease term. Additionally, assets that are acquired by a capital lease are included where the lease meets one of the four criteria used for determining if a lease is a capital lease.

**Real Property:** Land and whatever is erected or affixed to land, excluding infrastructure. Major classifications of real property are land, land improvements and buildings. Land improvements include, but are not limited to landscape, sidewalks, parking lots, shelters, storm sewers, towers, storage tanks, etc. Buildings include, but are not limited to, improvements and renovations.

**Sensitive Property:** Tangible personal property that is highly popular and vulnerable to theft. This includes, but is not limited to, internal components. See Appendix I.

**Supplies:** Items consumed or expended when used in the operation of NCRTD activities, or acquired for resale, or have a useful life of less than one year.

**Tangible Personal Property:** all property that has a real existence (physical) and a useful life of one year or more, excluding real property and intangible personal property, such as software and copyrights. Tangible personal property includes, but is not limited to, equipment, machinery, tools, furniture, office furniture and non-licensed vehicles including renovations and improvements. Tangible personal property is considered real property (building fixtures) when permanently attached and made part of a building in such a way that removal alters the intended use of the facility or site. Thus, it becomes subject to the real property inventory reporting threshold.
APPENDIX 1

North Central Regional Transit District Sensitivity List

Each Department is required to inventory the sensitive property included on this list. The list should not be considered as all inclusive, but is intended to be used as a guide. There may be other items in the general classifications not listed which are subject to the $100 sensitivity threshold.

AUDIO VISUAL EQUIPMENT (example: televisions, VCRs, overhead projector/camcorder, cameras)

COMMUNICATION EQUIPMENT (example: mobile radio/walkie-talkie/scanners, cellular phones)

GARAGE TOOLS (example: photo volt meters, battery chargers/testers, jack (10-12 ton), Pellet, show shovel plows, trash cans, air compressors, tire balancer, tool boxes, dolly, step ladders, pressure washers)

HAND TOOLS (example: drills, sanders, grinders, circular saws, chain saws, small electronic hand tools, etc.)

MISCELLANEOUS OFFICE EQUIPMENT (example: microwaves, refrigerators, air conditioners, dishwashers, small household appliances, etc.)

OFFICE EQUIPMENT (example: calculators, electric staplers, digital telephones, electronic binder machines, laminators, etc.)

OFFICE MACHINES (example: computers, printers-computer connected/pc related, facsimile machines)
**Fixed Capital Asset Inventory Procedures and Guidelines**

I. Inventory records for licensed vehicles should be maintained via the Finance Department.

II. All tangible personal property required to be inventoried by this policy shall each be affixed with at least one inventory label, except where the following items or conditions apply:
   a. Licensed/owned vehicles;
   b. Internal components of an original asset;
   c. Items not having an appropriate outside surface area or other physical configuration to allow placement of an inventory label;
   d. Assets subject to environmental conditions not allowing the inventory label to remain affixed to the items throughout their useful life;
   e. Modular furniture that requires attachment to other modular furniture in order to perform its intended function;
   f. Antiques and/or museum items

III. Inventory numbers, once assigned, shall not be transferred from one asset to another or altered in any way.

IV. In order to facilitate the property identification and physical inventories the following apply to inventory labels and/or security labels: (See GUIDELINES FOR THE PLACEMENT OF INVENTORY LABELS)

V. Inventory Record Activity
   a. Transactions related to fixed capital assets and supply inventories shall be recorded on the appropriate inventory form and inventory system.
   b. Physical inventories shall be reported on the inventory form. Each Department shall complete and sign an inventory form upon the completion of the physical inventory for the respective inventory types. All forms shall be signed by the department Manager & Supervisor and submitted to the Finance Department.
   c. The physical inventory does not relieve staff members of the responsibility for making intermittent checks to determine correctness of the inventory.
   d. Maintenance items (signage schedule holders and material related to maintaining bus shelters) need to be maintained regardless of cost. Garage inventory items are defined by the Finance Department.

VI. Suggested Procedures for the Various Methods of Disposal
   The NCRTD Disposal form will be completed, the appropriate method indicated, and the inventory ID label attached (if available) and submitted to the Finance Department.
Guidelines for the Placement of Inventory Labels

Labels should be uniformly located on similar types of property. Recommended placement is prescribed below:

a. Inventory labels should be easily visible with moving the asset;

b. Inventory labels should not impede regular use of the asset;

c. Place inventory labels on the permanent part of the asset;

d. Whenever possible, do not place inventory labels on the bottom, back, or inside drawers of an asset;

e. In executive areas, or areas with furniture, do not deface the décor, or exterior facades;

f. An alternate method of etching, stenciling or painting the inventory number onto the asset can be used instead of an inventory label when a department chooses not affix an inventory label due to items noted in section IV of these procedures;

g. Weather proof paint or weather proof paint markers must be used if painting the inventory number onto the asset.

Examples of placement on Assets:

1. Desks, credenzas – affix where easily accessible, on the front, inside, right side of the item.

2. Table, chairs, stools, sofas, etc. – affix where easily accessible, placed vertically on the front, right leg.

3. Files, cabinets, lockers, racks, bookcases, etc. – affix on the right side, the front, top left corner of the item.

4. Office equipment/machines, computer/accessories and audio/visual equipment – affix to a clean, flat surface, on the front right top corner.

5. Power tools, machinery – affix or etch on a place which is easily accessible on clean flat surface.

6. Small hand tools – affix or etch onto a clean, flat surface, on a place which is easily accessible.

7. Rolling stock- Label will be affixed on the inside seam of the driver door jam, near VIN number plate.
1.0 **Objective:** The objective is to establish standards for the accounting for and the controlling of the capital assets acquired and owned by NCRTD. To accomplish this, subsequent sections of this rule describe the procedures for the acquisition of capital assets, the methods for assigning values to acquired assets (valuation), the methods of depreciating capital assets whether required or optional, the establishment of internal controls on capital assets, the procedures for conducting the annual inventory of capital assets, and the allowable methods for the disposition of capital assets.

2.0 **Coverage:**

This policy applies to all employees of the NCRTD. The NCRTD Finance Department is responsible for the implementation of this policy and procedures. All managers and supervisors are responsible for knowing, understanding and adhering to the provisions of this policy as applicable to their operations.

3.0 **Inventory Criteria for Tangible Personal Property**

A. **Current and accurate inventory records shall be maintained for the following:**
   1. Tangible Personal Property-$5,000 or more per item including improvements and renovations; or if donated, a fair market value at the time of donation of $5,000 per item. Tangible personal property intentionally acquired for resale or used in NCRTD activities as supplies are excluded.
   2. Licensed vehicles and rolling stock regardless of cost or donated market value at the time of donation.
   3. Sensitive property with an individual cost or fair market value at the time of donation of $1000 or more per item.
   4. Computer components with an individual cost of $500 or more per item.
   5. Leased property totaling $5,000 or more throughout the life of the lease.

   1. Assets that have internal parts that are necessary to the functioning of the asset are not required to be separately inventoried, and can be considered to be all one asset (inventory record) provided all of the following apply:
a) The internal parts are acquired to place the asset into service and function is required;
b) The life and utility of the internal parts are mainly independent on that of the asset, even if the acquired dates and vendors are different for each item;
c) The cost of each part is included in the aggregate total of the inventory record;
d) The internal parts are included in the description of the inventory record.

2. Should a Department acquire and install an internal part for an asset with an acquisition cost, of at least $500, after it has been placed into service and is functioning as intended, then any subsequent internal parts are considered as separate components and are inventoried separately as a component record. The same asset identification number (ID) is to be used as the original asset, except a suffix is to be added to the ID number that is unique only to the component.

4.0 Inventory Criteria for Real Property
A. Current and accurate inventory records shall be maintained for the following.
   1. Land, regardless of cost
   2. Buildings and land improvements with an actual or estimated cost, or if donated, a market value of $5,000 or more per item.
   3. Real property intentionally acquired through a lease at an insignificant cost and solely as a legal mechanism to disburse bond monies is excluded.
   4. Improvements and renovations to an existing building with an actual or estimated cost, or if donated a market value of more than $100,000 per building component.
   5. Leased property totaling $5,000 or more throughout the life of the lease.
B. The Finance Department will keep a record of infrastructure.

5.0 Use of Property
A. Items acquired should be used for the departments business only. Additional requirement apply if items were purchased with federal grant money. Refer to the Federal Transit Administration (FTA).

6.0 Annual Physical Inventories
A. It is the NCRTD policy to complete timely physical inventories for all assets on an annual basis to ensure the accuracy and reliability of the inventory. Physical inventories should be completed in accordance with the frequency and dates prescribed by the Finance Department.

7.0 Inventory Valuation Basis
A. Capital assets, including leased items, are entered in the inventory at the cost arrived at after deducting trade discounts and without considering any trade-ins.
B. Parts, supplies and materials are valued on the weighted average basis. Each time such items are purchased at a price different from the average price of the quantity remaining on hand, a new average cost must be computed.

8.0 Disposal of Excess/Obsolete Inventory
A. Use the most practical and cost effective method of disposal. The Requirements set forth in NMSA 1978 Chapter 13-6-1 and NCRTD Resolution 2012-25, must be followed when disposing of capital assets and inventory.
B. When disposing of property acquired through the use of federal funds,
additional steps are required. Please refer to the Federal Transit Authority.

C. Excess computer-related equipment/software should be offered to other departments, within the NCRTD first.

D. Inter-department Transfers
   1. Managers should ensure excess items are no longer needed before transferring to another department.
   2. A capital asset transfer form must be completed and forwarded to the Finance Department.

E. Public Auction/Public sale
   1. Items not otherwise disposed of through other means should be sold at public auction or public sale, as provided by NMSA 13-6-1.

F. On-site Disposal
   1. The on-site destruction method of disposal of property is applicable to obsolete inventory either damaged beyond repair or where it is otherwise not fiscally feasible to dispose of via any other method. In the situation where items are disposed of on site, the following steps must take place:
      a. Items should be damaged beyond repair before being disposed.
      b. An impartial individual should witness the destruction and sign appropriate documentation stating they witnessed the item was destroyed beyond repair.
      c. All documentation related to such destruction should be maintained on site for a minimum of three years.

9.0 Stolen/Missing Property

A. All NCRTD personnel involved in or responsible for any task of maintaining NCRTD property inventories, including a physical inventory, shall notify the department supervisor of any tangible property shown on the current active property report, but cannot be found and/or is suspected of being stolen.

B. A reasonable amount of effort should be made by the department supervisor to determine the whereabouts of the missing items or the reason(s) for their disappearance prior to taking further action.

C. The notified department supervisor shall review the reported inventory exceptions and, if necessary, will contact the local police requesting an investigation/report. As a guide, the local police should be contacted if the total dollar value of the missing property is in excess of $300. This dollar amount is being provided as a guide only, if the department supervisor feels there is a need to contact the local police; they may do so regardless of the dollar value of the missing items; or the notice a repeated behavior or pattern of missing items.

10.0 Capitalization of Capital Assets

A. The capitalized cost of a capital asset should include all taxes, fees, permit cost, shipping, and installation. Donated assets will be recognized at Fair Market Value at time of acquisition.

B. Repair and replacement type activities should not be recognized as capital assets unless removal of asset value is possible and reflects a significant increase in the asset value of the existing equipment.

C. In accordance with Governmental Accounting Standards Board Statement 51
(GASB 51), the District will recognize intangible assets as clarified. Computer software is considered an intangible asset since it represents competitive advantages developed or acquired by an organization.

D. Parts requiring assembly with other parts do not meet the NCRTD’s capitalization of capital assets criteria; only individual assets (quantities of one that exceed $5,000) are reflected in the official financial statements of the District. Every effort will be made to recognize assets individually to reflect accurate useful lives and depreciation.

11.0 Federal Common Rule Authority and the NCRTD’s Capital Asset Accounting Policies

A. Departments are responsible for adhering to these policies. They are applicable when NCRTD property meets the criteria of a capital asset as established and defined by the Finance Department.

B. Each department is responsible for adhering to the Federal Common Rule Section 32 and FTA, related to equipment obtained through Federal Grants and FTA.

Training:

There is no training mandated for the implementation of this policy or the statutes identified as the authority for this function.

Definitions:

Equipment: Rolling stock, office equipment, computers, cameras, garage equipment, tools or any other item used to conduct NCRTD business.

1. “Betterment” means a replacement or major renovation of an existing asset or unit of an existing asset by an improved or superior asset or unit, the effect of which is to improve the efficiency of the primary asset or lengthen the remaining service life.

2. “Component” means a separately identifiable part of an asset that is more meaningfully defined as an aggregate assembly.

3. “Depreciation” means the method applied to allocating the cost of a capital asset over the duration of its useful life.

4. “Capital Asset” means any property or equipment that has an initial value to NCRTD, whether in cash or trade value, of more than five thousand dollars ($5,000). It is not acquired for subsequent sale or consumption but for utilization in the course of a department’s normal operations in producing and distributing goods or rendered services. The asset is expected to be used or held beyond the fiscal year in which it was acquired with being consumed by its use. Capital assets include those assets constructed by department personnel. This $5,000 threshold for capitalization is a minimum and does not preclude departments from controlling assets of lesser value through their capital systems when such control is desirable or appropriate.

5. “Capital Asset Coordinator” means an individual within a department or a section of a department who is responsible for controlling and accounting for the capital assets in the custody and use of the department or section.
6. “General capital assets” means those assets acquired by governmental funds, and not accounted for directly in the real accounts of such funds.

7. “General capital asset account group” means those accounts used to record and track capital assets acquired by “governmental funds.” These “funds” include the Gross Receipts Tax fund, the Federal grants fund, and the capital project fund. Assets are recorded in these accounts, along with any betterments, impairments or depreciation. Assets are carried in this account group to recognize that they are not a component of fund balance available for appropriation.

8. “Object code” means the expenditure accounting code that indicates the category of benefits for which money was spent.

9. “Physical inventory” means the process of verifying that capital assets owned by NCRTD, are present in their assigned custody and location, and evaluating their condition.

10. “Proprietary funds” means those funds used to account for the provision of services by a government entity to other government entities or to the public. The financial objective of such funds is to recover through user charges to full cost (including depreciation) of operations.

11. “Tag” means any label or marking that is permanently affixed to a capital asset, including indelible ink or dyes, numbers physically stamped into the capital asset, adhesive labels or barcodes, and metal tags.

**Inventory Label:** a self-adhesive tag or comparable electronic medium device used to safeguard and identify inventoried tangible personal property with a department unique serialized asset ID number by affixing it to an asset.

**Lease Capital Assets:** a lease is an agreement between two parties in which the NCRTD makes periodic payments to another party for the right to use the property for a stated period of time. The item is considered a ‘capital lease’ and should be included in the capital asset system if the lease meets at least one of the four criteria listed below:

1. Lease transfers ownership to the NCRTD during or at the end of the lease term.
2. Lease contains a bargain purchase option which is a provision to buy the property at a very favorable price.
3. Lease term is equal to or greater than 75% of the estimated economic life of the leased property. (Not applicable if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property.)
4. Present value of the minimum lease payment equals or exceeds 90% of the fair market value of the leased property. Minimum lease payments generally equal the property rental payments excluding executor costs such as maintenance and insurance.

**Licensed Vehicles:** all NCRTD vehicles, including renovations and improvements, having a useful life of more than one year, including trailers whether self-propelled or not, that are capable of being licensed through the Motor Vehicle Division, and can be used for over-the-road transportation.

**Obsolescent Items:** Equipment or supplies that are worn out or no longer needed because they are outdated and can no longer be used anywhere within NCRTD.
Property: assets that are owned, subject to ownership, or in effect are owned by the NCRTD. Assets subject to ownership or in effect are owned by the NCRTD would include items being acquired by lease purchase, where the lease purchase contract transfers ownership of property to the NCRTD during or at the end of the lease term. Additionally, assets that are acquired by a capital lease are included where the lease meets one of the four criteria used for determining if a lease is a capital lease.

Real Property: Land and whatever is erected or affixed to land, excluding infrastructure. Major classifications of real property are land, land improvements and buildings. Land improvements include, but are not limited to landscape, sidewalks, parking lots, shelters, storm sewers, towers, storage tanks, etc. Buildings include, but are not limited to, improvements and renovations.

Sensitive Property: Tangible personal property that is highly popular and vulnerable to theft. This includes, but is not limited to, internal components. See Appendix 1.

Supplies: Items consumed or expended when used in the operation of NCRTD activities, or acquired for resale, or have a useful life of less than one year.

Tangible Personal Property: all property that has a real existence (physical) and a useful life of one year or more, excluding real property and intangible personal property, such as software and copyrights. Tangible personal property includes, but is not limited to, equipment, machinery, tools, furniture, office furniture and non-licensed vehicles including renovations and improvements. Tangible personal property is considered real property (building fixtures) when permanently attached and made part of a building in such a way that removal alters the intended use of the facility or site. Thus, it becomes subject to the real property inventory reporting threshold.
APPENDIX 1

North Central Regional Transit District Sensitivity List

Each Department is required to inventory the sensitive property included on this list. The list should not be considered as all inclusive, but is intended to be used as a guide. There may be other items in the general classifications not listed which are subject to the $100 sensitivity threshold.

AUDIO VISUAL EQUIPMENT (example: televisions, VCRs, overhead projector/camcorder, cameras)

COMMUNICATION EQUIPMENT (example: mobile radio/walkie-talkie/scanners, cellular phones)

GARAGE TOOLS (example: photo volt meters, battery chargers/testers, jack (10-12 ton), Pellet, snow shovel plows, trash cans, air compressors, tire balancer, tool boxes, dolly, step ladders, pressure washers)

HAND TOOLS (example: drills, sanders, grinders, circular saws, chain saws, small electronic hand tools, etc.)

MISCELLANEOUS OFFICE EQUIPMENT (example: microwaves, refrigerators, air conditioners, dishwashers, small household appliances, etc.)

OFFICE EQUIPMENT (example: calculators, electric staplers, digital telephones, electronic binder machines, laminators, etc.)

OFFICE MACHINES (example: computers, printers-computer connected/pc related, facsimile machines)
Capital Asset Inventory Procedures and Guidelines

I. Inventory records for licensed vehicles should be maintained via the Finance Department.

II. All tangible personal property required to be inventoried by this policy shall each be affixed with at least one inventory label, except where the following items or conditions apply:
   a. Licensed/owned vehicles;
   b. Internal components of an original asset;
   c. Items not having an appropriate outside surface area or other physical configuration to allow placement of an inventory label;
   d. Assets subject to environmental conditions not allowing the inventory label to remain affixed to the items throughout their useful life;
   e. Modular furniture that requires attachment to other modular furniture in order to perform its intended function;
   f. Antiques and/or museum items

III. Inventory numbers, once assigned, shall not be transferred from one asset to another or altered in any way.

IV. In order to facilitate the property identification and physical inventories the following apply to inventory labels and/or security labels: (See GUIDELINES FOR THE PLACEMENT OF INVENTORY LABELS)

V. Inventory Record Activity
   a. Transactions related to capital assets and supply inventories shall be recorded on the appropriate inventory form and inventory system.
   b. Physical inventories shall be reported on the inventory form. Each Department shall complete and sign an inventory form upon the completion of the physical inventory for the respective inventory types. All forms shall be signed by the department Manager & Supervisor and submitted to the Finance Department.
   c. The physical inventory does not relieve staff members of the responsibility for making intermittent checks to determine correctness of the inventory.
   d. Maintenance items (signage schedule holders and material related to maintaining bus shelters) need to be maintained regardless of cost. Garage inventory items are defined by the Finance Department.

VI. Suggested Procedures for the Various Methods of Disposal
The NCRTD Disposal form will be completed, the appropriate method indicated, and the inventory ID label attached (if available) and submitted to the Finance Department.
Guidelines for the Placement of Inventory Labels

Labels should be uniformly located on similar types of property. Recommended placement is prescribed below:

a. Inventory labels should be easily visible with moving the asset;
b. Inventory labels should not impede regular use of the asset;
c. Place inventory labels on the permanent part of the asset;
d. Whenever possible, do not place inventory labels on the bottom, back, or inside drawers of an asset;
e. In executive areas, or areas with furniture, do not deface the décor, or exterior facades;
f. An alternate method of etching, stenciling or painting the inventory number onto the asset can be used instead of an inventory label when a department chooses not affix an inventory label due to items noted in section IV of these procedures;
g. Weather proof paint or weather proof paint markers must be used if painting the inventory number onto the asset.

Examples of placement on Assets:
1. Desks, credenzas – affix where easily accessible, on the front, inside, right side of the item.
2. Table, chairs, stools, sofas, etc. – affix where easily accessible, placed vertically on the front, right leg.
3. Files, cabinets, lockers, racks, bookcases, etc. – affix on the right side, the front, top left corner of the item.
4. Office equipment/machines, computer/accessories and audio/visual equipment – affix to a clean, flat surface, on the front right top corner.
5. Power tools, machinery – affix or etch on a place which is easily accessible on clean flat surface.
6. Small hand tools – affix or etch onto a clean, flat surface, on a place which is easily accessible.
7. Rolling stock- Label will be affixed on the inside seam of the driver door jam, near VIN number plate.
North Central Regional Transit District (NCRTD)

Resolution No. 2016-23

APPROVAL TO DISPOSE AND DONATE NCRTD OBSOLETE FLEET

WHEREAS, the NCRTD was created through legislative enactment (NMSA 1978, Section 73-25-1 et seq.); and

WHEREAS, the NCRTD is a sub-division of the State of New Mexico; and

WHEREAS, the NCRTD was approved and certified by the New Mexico Department of Transportation on the 14th day of September 2004; and

WHEREAS, the NCRTD staff is entering its 9th year of providing public transit services in North Central New Mexico and, from time to time, has property that is worn-out, unusable or obsolete to the extent that the item or items are no longer economical or safe for continued use by the NCRTD; and

WHEREAS, the NCRTD Property Disposal Committee met on June 10, 2016 to inspect the recommended disposal of obsolete fleet and certain miscellaneous District Property in which it was determined to be obsolete and has met its useful life. The attached list “2016 Rolling Stock Disposal Priority Justification” describes all items approved by the committee and categorized by the proposed method of disposal.

NOW, THEREFORE BE IT RESOLVED THAT the North Central Regional Transit District Board adopts the disposal and donation of all reviewed and recommended obsolete fleet (attachment 2016 Rolling Stock Disposal Priority Justification), by the NCRTD Property Disposal Committee on June 10, 2016.

ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS 10th DAY OF JUNE, 2016.

Daniel Barrone, Chairman

Approved as to form:

Peter Dwyer, Counsel
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**JUSTIFICATION CODES**

A = MEETS OR EXCEEDS NMDOT REPLACEMENT AGE CRITERIA  
B = MEETS OR EXCEEDS NMDOT REPLACEMENT MILEAGE CRITERIA  
C = EXCESSIVE REPAIR COSTS AND/OR MAJOR REPAIRS

**NMDOT REPLACEMENT CRITERIA**

VANS/CUTAWAYS (16-28 FEET) (6,000-40,000) GVW (8-22) PASSENGERS 4 YEARS OR 100,000 MILES  
SMALL BUSES (25-38 FEET) (10,000-16,000) GVW (16-29) PASSENGERS 5 YEARS OR 150,000 MILES  
MEDIUM BUSES 30 FEET (16,000-26,000) GVW (22-30) PASSENGERS 7 YEARS OR 200,000 MILES  
HEAVY DUTY SMALL BUSES 30 FEET (26,000-33,000) GVW (25-35) PASSENGERS 10 YEARS OR 350,000 MILES  
HEAVY DUTY LARGE BUSES (35-48 FEET) (33,000-40,000) GVW (27-40) PASSENGERS 12 YEARS OR 500,000 MILES
North Central Regional Transit District (NCRTD)
Resolution 2016 - XX

DESIGNATING AND AUTHORIZING OFFICIAL REPRESENTATIVES TO ACT ON
BEHALF OF THE DISTRICT REGARDING STATE OF NEW MEXICO CAPITAL
APPROPRIATIONS

WHEREAS, the North Central Regional Transit District ("District") is a duly formed regional
transit district and a separate political subdivision of the State of New Mexico pursuant to NMSA 1978,
Section 73-25-4 and NMSA 1978, Section 13-6-4 (A); and

WHEREAS, the District has authority to dispose of its property pursuant to NMSA 1978, Section
13-6-1; and

WHEREAS, the District has duly formed a Property Disposal Committee pursuant to NMSA 1978,
Section 13-6-1 (B) (1) to make recommendation to the Board regarding the disposition of worn out, obsolete
or otherwise unusable property; and

WHEREAS, the Property Disposal Committee has met and reviewed the property on the attached
inventory; and

WHEREAS, the Board wishes to adopt and approve the specific findings of the Property
Disposal Committee and authorize notification of the disposal of the listed property, deletion of the
property from the District Inventory and disposal of the listed property.

NOW, THEREFORE BE IT RESOLVED by the NCRTD Board of Directors that:

1. The Board approves the findings of the Property Disposal Committee.

2. The Board further instructs the staff to send a copy of this resolution and the attached inventory to
the state auditor and (for items over $5,000 requiring the state’s approval to the Department of
Finance and Administration, Local Government Division) at least thirty days prior to deleting the
property from the District’s inventory.

3. A Copy of this resolution along with the attached inventory shall be deemed a permanent part of
the official minutes of the District and a maintained as a public record.

4. By means of this resolution the Board delegates authority to the Finance Director to authenticate,
sign and deliver the notices and actions authorized hereunder.

Authorized
Daniel Barone, Chairman

Approved as to form:

Peter Dwyer, Counsel
1.0 Objective:

The goal of this policy is to dispose of NCRTD property including but not limited to vehicles that the District has determined to be obsolete, worn-out or unusable in a manner that: 1.) allows for proper depletion of the item from the District’s inventory; 2.) compliments and complies with the Districts Inventory & Capital Asset Policy and Procedures (See Resolution 2015-26); 3.) integrates the role and duties of the “Property Disposal Committee” (See resolution 2012-25); assures that the District complies with relevant state and federal statutory, regulatory and contractual requirements, 4.) optimizes the benefit to the District, District riders, and the Members of the District of publicly owned assets; and 5.) allows for the fair and equitable distribution of property once it has been determined to be worn-out, obsolete, or otherwise unusable for District purposes.

2.0 Coverage:

The district is a “local public body” within the meaning of NMSA 1978, Section 13-6-4 and as such is required to sell, lease, trade or donate its property pursuant to the statutory provisions of NMSA 1978, Sections 13-6-1 through 13-6-4. This policy covers all personal property, licensed vehicles and rolling stock regardless of cost or value listed on the District’s Inventory & Capital Assets list.

3.0 Roles and Responsibilities

The Board Chair is responsible for appointing between three and five members of the Board annually to serve as the District’s Property Disposal Committee. The Fleet Manager is responsible for creating and maintaining a list of vehicles that are potentially worn-out, obsolete, or otherwise unusable for District purposes. The Finance Director is responsible for deleting any property, disposed of pursuant to this policy, ensuring that any sale, lease, trade or donation complies with relevant regulatory and contractual requirements. The Board is responsible for ensuring the fair and equitable distribution of property once it has been determined to be worn-out, obsolete, or otherwise unusable for District purposes. The Finance Director is responsible for deleting any property, disposed of pursuant to this policy,
from the District’s inventory and for providing notifications of disposal to the state auditor.

4.0 Preparation of Annual Preliminary List of Obsolete Property

At least once annually the Fleet Manager shall review the District’s vehicle inventory and make a preliminary list of all vehicles he or she deems obsolete, worn-out or otherwise unusable for District purposes. The Finance Director shall add to the list other personal property deemed obsolete, worn-out or otherwise unusable for District purposes. The list shall designate the property with sufficient specificity to ensure that the District’s Property Disposal Committee and the Finance Director and all other District employees and agents can perform their duties in compliance with this policy.

5.0 Presentation of Preliminary List for Initial Review

The preliminary list of property shall be submitted to the Board Chair, the Executive Director and the Finance Director for review prior to convening a meeting of the District’s Property Disposal Committee. The Executive Director shall confer with the Finance Director and the Board Chair and may remove any property from the preliminary list if he or she deems the property to be useful to the District or finds that disposition of the property would not be in the best interest of the District for any reason. During the preliminary review the Finance Director shall provide the Board Chair and the Executive Director with any information they request (such as data on comparable auctions and sales) to ascertain the estimated current resale value of the property.

6.0 Meeting of the District’s Property Disposal Committee

Following receipt and review of the preliminary list, and upon the Direction of the Board Chair the Executive Director shall place the item “Appointment of District Property Disposal Committee” upon a Board Agenda. The Board Chair shall solicit volunteers from the Board at the Board meeting to fill the roles of committee members. To the extent possible the committee members shall represent diverse communities including, where possible, rural and urban members along with tribe and pueblo members. The Property Disposal Committee shall meet at a time and location of its choosing so long as the meeting facilitates the inspection and review of the property that the District intends to dispose of and provides a reasonable opportunity to determine the values of the property including physical inspection of vehicles. The Board may confer with staff and appropriate outside professionals on matters such as useful life, maintenance history and potential resale value of the property.

7.0 Committee Review of the Preliminary Inventory List

The Property Disposal Committee shall make recommended findings based upon its meeting and review of the inventory of property proposed for disposition under this policy. Findings shall include: 1.) whether the property is valued at $5,000 or less; 2.) whether the property is valued at “no value” 3.) whether the property is worn out, unusable or obsolete to the extent that the property is no longer economical or safe for continued use by the District; 4.) whether the property contains hazardous materials and may not be used safely under any circumstances; 5.) whether the property is valued at more than $5,000 but is still proposed for disposal following state approval.

8.0 Member’s Recommendations on Disposal

Once the Property Disposal Committee has made its preliminary list of property and recommended
findings the Executive Director shall circulate the entire preliminary list and findings to each Board member for review and shall solicit comments on the proposed disposition of property. Each Board member shall have the right to make a recommendation on the allocation of property and may request property from the list. Options for disposition of the property shall include in descending order of priority: 1.) negotiated sale to a member of the District; 2.) negotiated sale to a public entity that is not a member of the District (an Indian nation, tribe or pueblo, a state agency or local public body, school district, state educational institution or municipality); 3.) donation to a member of the District; 4.) donation to a public entity that is not a member of the District; 5.) donation to a Section 501 (c) (3) entity¹; 6.) destruction or permanent disposal of the vehicle. If no member seeks or recommends negotiated sale of the property in question, then the District shall donate or destroy the property.

9.0 Equitable Distribution of Property

When more than one member of the District wishes to obtain or allocate a particular piece of property to itself or a third party the equitable allocation of property shall be performed as follows. Members who have not previously obtained or allocated property from the District shall have priority over those who have obtained or allocated property in reverse chronological order with the Member who has most recently received or allocated property having the lowest priority. Nothing herein shall prohibit members from agreeing to the allocation and distribution of property by mutual consent or consent of multiple parties and this policy shall only be utilized where the members cannot agree on the allocation of property.

10.0 Prohibited Disposal

No tangible personal property shall be donated to an employee or relative of an employee of a state agency, local public body, school district or state educational institution; provided that nothing in this subsection precludes an employee from participating and bidding for public property at a public auction.

11.0 Disposal by Public Auction or Sale

Nothing herein shall be interpreted as prohibiting the District from optimizing District revenues by selling property pursuant to the authorization and restriction of NMSA 1978, Section 13-6-2 where the District deems the sale of property to be viable.

12.0 Board Approval of Disposal of Property

The Board shall consider the recommended findings of the Property Disposal Committee and may make such changes to the findings as it deems appropriate. The Board may approve, disapprove, or approve with modification the final list of property for disposal and shall dispose of any property in accordance with the law and this policy by a resolution of the Board. The Board shall provide in its resolution 1.) the list of property to be disposed; 2.) the values of the items of property; 3.) findings on each item where the Property Disposal Committee made a recommended finding pursuant to section 6.0 of this policy; 4.) notification to appropriate state review bodies; 5.) delegation of authority to staff to sign, authenticate, and preserve all records required by law. The resolution may be in a form substantially consistent with the attached Exhibit A.

¹ Note the donation to a private entity requires a finding that the property has no value.
13.0 Prerequisites for Transfer of Property

Because the District wishes to preserve and maintain its brand and image as the “blue bus” and in order to ensure that there is no confusion regarding the registration, licensure, ownership, use and liability for former District property, the following requirements are prerequisite to the transfer of District property.

13.1 All recipients of district property must agree in writing to remove, at recipient’s expense, all District logos, advertisements and other identifying information or insignias from the property. The District will generally remove decals and logos but the ultimate responsibility for removal shall lie with the recipient.

13.2 All recipients of District property must agree in writing to repaint or refinish any district property they receive to eliminate the predominate color scheme (the “blue bus” look) from the property.

13.3 All recipients of district property must agree to assume liability for the property, acknowledge that they receive the property in “as is” condition free of all express or implied warranties and verify upon request that the recipient has obtained any and all necessary licenses, permits and insurance for the ownership, operation, use or maintenance of the property.

13.4 In the case of motor vehicles, the District will clear the original title of liens and encumbrances imposed by the New Mexico Department of Transportation (NMDOT) by providing NMDOT with proof that the vehicle has exceeded its useful life. NMDOT will then provide the District with a release of any lien on the property. The District will then obtain a “clean” title from New Mexico Department of Motor Vehicles (NMMVD) and will provide the recipient with both the clean title and a bill of sale (for actual or nominal consideration) to ensure that the recipient is able to close title and obtain appropriate title, registration, licensure, and insurance. The District shall also return to NMMVD any existing license plates for the vehicle.

13.5 In the case of motor vehicles that are going to be operated and driven following transfer, the recipient shall be responsible for registration, licensing and insurance of the vehicle following transfer and shall confirm in writing its agreement to take all necessary steps to ensure the legal operation of the vehicle following transfer.
Memorandum

To: Finance Sub-committee
From: Troy Bingham, Finance Director
Thru: Anthony J. Mortillaro, Executive Director
Date: August 26, 2015
Re: Proposed Budget Amendment for the September 9th Board Meeting

Background:

Staff is seeking a Budget Amendment to transfer tribal transit operational expenses to capital expenses in the FY2017 Budget. As part of the FY2017 Budget it was anticipated that the District would receive $3,684,876 of federal grant revenue which consists of the following sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5311 Administration Funds</td>
<td>$636,655</td>
</tr>
<tr>
<td>5311 Operations Funds</td>
<td>$1,409,483</td>
</tr>
<tr>
<td>5311 Capital</td>
<td>$932,832</td>
</tr>
<tr>
<td>5310 Capital</td>
<td>$204,280</td>
</tr>
<tr>
<td>5311(c) Tribal Transit</td>
<td>$307,584</td>
</tr>
<tr>
<td>Transportation Alternative Projects</td>
<td>$194,042</td>
</tr>
</tbody>
</table>

The 5311(c) Tribal Transit funds are received from 5 of our 6 member pueblos (Nambé, Pojoaque, San Ildefonso, Santa Clara, and Tesuque) and are 100% reimbursements. Those revenues have historically been used for covering a portion of the operational cost of the routes that serve those specific pueblos. The Pueblo of Santa Clara has received sufficient funds from Federal Fiscal Year (FFY) 2014 to FFY2015 to cover all of the operational cost of the route for FY2015 and FY2016. In FFY2012 the Pueblo of Santa Clara received funding for the purchase of 18-passenger bus. That bus was a 2010 Chevy/Glaval cutaway that now has 188,288 miles, which is past the FTA useful life of 175,000 miles. The Pueblo of Santa Clara currently has enough prior grant funds to cover the purchase of a new 14-passenger cutaway bus which is on the State of NMDOT purchase contract for about $95,000 and which takes 6+ months to build. Staff is requesting that the transfer of $95,000 from the current operational budget to the capital budget for the purchase of this new bus. The FTA has concurred with these funds being used to buy this capital purchase.

<table>
<thead>
<tr>
<th>Transfer Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers Salary</td>
<td>($95,000)</td>
</tr>
<tr>
<td>Capital Passenger Bus</td>
<td>$95,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$-0-</td>
</tr>
</tbody>
</table>
**Recommendation:**

It is recommended that the Finance Committee discuss and review the information and recommend to the Board of Directors a final budget amendment to transfer the funds to capital.

**Attachment:**

Application for FFY2016 Santa Clara Tribal Transit Funds
Application

Federal Award Identification Number (FAIN)  NM-2016-007-00
Temporary Application Number  6953-2016-1
Application Name  Santa Clara 6953 Tribal Transit Formula Allocation for FFY2016
Application Status  FAIN Assigned / Ready for Submission
Application Budget Number  0

Part 1: Recipient Information

Name: Santa Clara, Pueblo Of

<table>
<thead>
<tr>
<th>Recipient ID</th>
<th>Recipient OST Type</th>
<th>Recipient Alias</th>
<th>Recipient DUNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>6953</td>
<td>Indian Tribe</td>
<td>SANTA CLARA, PUEBLO OF</td>
<td>075762740</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location Type</th>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters</td>
<td>1 KEE ST</td>
<td>ESPONOLA</td>
<td>NM</td>
<td>87532</td>
</tr>
<tr>
<td>Physical Address</td>
<td>P.O. BOX 580</td>
<td>ESPANOLA</td>
<td>NM</td>
<td>87532</td>
</tr>
<tr>
<td>Mailing Address</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Union Information
There are no union contacts for this application

Part 2: Application Information

Title: Santa Clara 6953 Tribal Transit Formula Allocation for FFY2016

<table>
<thead>
<tr>
<th>FAIN</th>
<th>Application Status</th>
<th>Application Type</th>
<th>Date Created</th>
<th>Last Updated Date</th>
<th>From TEAM?</th>
</tr>
</thead>
<tbody>
<tr>
<td>NM-2016-007-00</td>
<td>FAIN Assigned / Ready for Submission</td>
<td>Grant</td>
<td>5/4/2016</td>
<td>5/4/2016</td>
<td>No</td>
</tr>
</tbody>
</table>

Application Executive Summary
This grant will provide the Pueblo of Santa Clara funds for buying a new 14-passenger bus to replace the current 18-passenger bus on route that is 2010 and has 188,288 miles which is past the FTA useful life of 6 years 175,000 miles. NCRTD’s (our operator) current 14-passenger bus spec is on State of NM DOT contract for about $95,000 and takes 6+

The Pueblo of Santa Clara is located in North Central New Mexico and borders the City of Española on the southwest. The Pueblo of Santa Clara is a member of the North Central Regional Transit District. These services will provide greater opportunity for tribal and community members to access employment, medical, educational, and recreational facilities within the service area of the district.
Funds will be used for partial reimbursement of continued transit services, but most for a capital purchase of a bus. The Award Start Date 10/1/15. The Award End Date is 9/30/2017. This Application does NOT include funds for Research and/or Development Activities. Indirect Costs Will NOT be applied to this application and its scope of work.

Delinquent Federal Debt
No, my organization does not have delinquent federal debt.

Requires E.O. 12372 Review
No, this application does not require E.O. 12372 Review.

Subject to Pre-Award Authority
Yes, this application is subject to Pre-Award Authority.

Will this Grant be using Lapsing Funds?
No, this Grant does not use Lapsing Funds.

Frequency of Milestone Progress Reports (MPR)
Annual

Frequency of Federal Financial Reports (FFR)
Annual

### Application Point of Contact Information

<table>
<thead>
<tr>
<th>First Name</th>
<th>Last Name</th>
<th>Title</th>
<th>E-mail Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abel</td>
<td>Ayala</td>
<td></td>
<td><a href="mailto:Abel.Ayala@dot.gov">Abel.Ayala@dot.gov</a></td>
<td>(817) 978-0560</td>
</tr>
<tr>
<td>Troy</td>
<td>Bingham</td>
<td>Finance Director</td>
<td><a href="mailto:troyb@norld.org">troyb@norld.org</a></td>
<td>505-629-4701</td>
</tr>
</tbody>
</table>

### Application Budget Control Totals

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Section of Statute</th>
<th>CFDA Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 USC 5311 - (MAP 21) TTP Formula - Pub Trans on Indian Res (FY2013 &amp; Fwd)</td>
<td>5311-1B</td>
<td>20509</td>
<td>$103,220</td>
</tr>
<tr>
<td>Local</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Local/In-Kind</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>State/In-Kind</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Other Federal</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Transportation Development Credit</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Eligible Cost</strong></td>
<td></td>
<td></td>
<td><strong>$103,220</strong></td>
</tr>
</tbody>
</table>

### Application Budget

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Budget Item</th>
<th>FTA Amount</th>
<th>Non-FTA Amount</th>
<th>Total Eligible Amount</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>NM-2016-007-01-00</td>
<td>111-00 (111-A2) BUS - ROLLING STOCK</td>
<td>$95,000.00</td>
<td>$0.00</td>
<td>$95,000.00</td>
<td>1</td>
</tr>
<tr>
<td>NM-2016-007-01-00</td>
<td>11.12.04 BUY REPLACEMENT &lt;30 FT BUS&gt;</td>
<td>$95,000.00</td>
<td>$0.00</td>
<td>$95,000.00</td>
<td>1</td>
</tr>
<tr>
<td>NM-2016-007-01-00</td>
<td>300-00 (300-A1) OPERATING ASSISTANCE UP TO 50% FEDERAL SHARE</td>
<td>$8,220.00</td>
<td>$0.00</td>
<td>$8,220.00</td>
<td>1</td>
</tr>
<tr>
<td>NM-2016-007-01-00</td>
<td>30.09.01 FEDERAL SHARE</td>
<td>$8,220.00</td>
<td>$0.00</td>
<td>$8,220.00</td>
<td>1</td>
</tr>
</tbody>
</table>
Earmark and Discretionary Allocations
This application does not contain earmarks or discretionary allocations.

Sources of Federal Financial Assistance
This application does not contain any sources of federal financial assistance.

Part 3: Project Information

Project Title: Tribal Transit Formula Allocation FFY2016

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Temporary Project Number</th>
<th>Date Created</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NM-2016-007-01-00</td>
<td>6953-2016-1-P1</td>
<td>5/4/2016</td>
<td>10/1/2015</td>
<td>9/30/2017</td>
</tr>
</tbody>
</table>

Project Description
This grant will provide the Pueblo of Santa Clara funds for services as depicted in the District's recently adopted service plan. The Pueblo of Santa Clara is located in North Central New Mexico and borders the City of Española on the southwest. Rolling stock (under 30ft) will also be purchased.

Project Benefits
These services will provide greater opportunity for tribal and community members to access employment, medical, educational, and recreational facilities within the service area of the district.

Additional Information
Funds will be used for partial reimbursement of continued transit services.

Location Description
The Pueblo of Santa Clara is located in North Central New Mexico and borders the City of Española on the southwest.

Project Location (Urbanized Areas)

<table>
<thead>
<tr>
<th>UZA Code</th>
<th>Area Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>350000</td>
<td>New Mexico</td>
</tr>
</tbody>
</table>

Congressional District Information

<table>
<thead>
<tr>
<th>State</th>
<th>District</th>
<th>Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>1</td>
<td>Bradley Byrne</td>
</tr>
</tbody>
</table>

Project Control Totals

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Section of Statute</th>
<th>CFDA Number</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>49 USC 5311 - (MAP 21) TTP Formula - Pub Trans on Indian Res (FY2013 &amp; Fwd)</td>
<td>5311-1B</td>
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</tr>
<tr>
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<td></td>
<td></td>
<td>$0</td>
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<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
<td>$0</td>
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<td>Other Federal</td>
<td></td>
<td></td>
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<td><strong>Total Eligible Cost</strong></td>
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<td></td>
<td><strong>$103,220</strong></td>
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</tbody>
</table>
## Project Budget

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Budget Item</th>
<th>FTA Amount</th>
<th>Non-FTA Amount</th>
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<th>Quantity</th>
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</thead>
<tbody>
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<td>$95,000.00</td>
<td>$0.00</td>
<td>$95,000.00</td>
<td>1</td>
</tr>
<tr>
<td>NM-2016-007-01-00</td>
<td>11.12.04 BUY REPLACEMENT &lt;30 FT BUS&gt;</td>
<td>$95,000.00</td>
<td>$0.00</td>
<td>$95,000.00</td>
<td>1</td>
</tr>
<tr>
<td>NM-2016-007-01-00</td>
<td>300-00 (300-A1) OPERATING ASSISTANCE</td>
<td>$8,220.00</td>
<td>$0.00</td>
<td>$8,220.00</td>
<td>1</td>
</tr>
<tr>
<td>NM-2016-007-01-00</td>
<td>30.09.01 UP TO 50% FEDERAL SHARE</td>
<td>$8,220.00</td>
<td>$0.00</td>
<td>$8,220.00</td>
<td>1</td>
</tr>
</tbody>
</table>

## Project Budget Activity Line Items

**Budget Activity Line Item: 11.12.04 - BUY REPLACEMENT <30 FT BUS>**

<table>
<thead>
<tr>
<th>Scope Name / Code</th>
<th>Line Item #</th>
<th>Custom Item Name</th>
<th>Activity</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUS - ROLLING STOCK (111-00)</td>
<td>11.12.04 BUY REPLACEMENT &lt;30 FT BUS&gt;</td>
<td>BUY REPLACEMENTS - CAPITOL BUS</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**Extended Budget Description**

This grant will provide the Pueblo of Santa Clara funds for buying a new 14-passenger bus to replace the current 18-passenger bus on route that is 2010 and has 188,288 miles which is past the FTA useful life of 6 years 175,000 miles. NCRTD's (our operator) current 14-passenger bus spec is on State of NM DOT contract for about $95,000 and takes 6+ month to build.

**Will 3rd Party contractors be used to fulfill this activity line item?**

Yes, 3rd Party Contractors will be used for this line item.

**Propulsion**

N/A

**Fuel Type**

Gasoline

**Vehicle Condition**

New

**Vehicle Size (ft.)**

14-Passenger Cutaway

**Funding Source**

<table>
<thead>
<tr>
<th>Section of Statute</th>
<th>CFDA Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 USC 5311 - (MAP 21) TTP Formula - Pub Trans on Indian Res (FY2013 &amp; Fwd)</td>
<td>5311-1B</td>
<td>20509</td>
</tr>
<tr>
<td>Local</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Local/In-Kind</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>$0</td>
<td></td>
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<tr>
<td>State/In-Kind</td>
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<tr>
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<td></td>
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<tr>
<td>Transportation Development Credit</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

**Eligible Cost**

$95,000

**Milestone Name**

Use State Purchasing Agreement for Transit Bus

**Est. Completion Date**

8/31/2016

**Description**

14-Passenger buses are already procured per FTA standards on the NM State Purchasing Agreement for Transit Buses, so final configuration will be confirmed to place order
Due to the special order spec of NCRTD for 14-passenger buses the estimated build time could be 6-9 months from the dealer.

Budget Activity Line Item: 30.09.01 - Up To 100% Federal Share

<table>
<thead>
<tr>
<th>Scope Name / Code</th>
<th>Line Item #</th>
<th>Custom Item Name</th>
<th>Activity</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING ASSISTANCE (300-00)</td>
<td>30.09.01</td>
<td>UP TO 50% FEDERAL SHARE</td>
<td>OPERATING ASSISTANCE</td>
<td>0</td>
</tr>
</tbody>
</table>

Extended Budget Description
Funds will be used for partial reimbursement of continued transit services

Will 3rd Party contractors be used to fulfill this activity line item?
Yes, 3rd Party Contractors will be used for this line item.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Section of Statute</th>
<th>CFDA Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 USC 5311 - (MAP 21) TTP Formula - Pub Trans on Indian Res (FY2013 &amp; Fwd)</td>
<td>5311-1B</td>
<td>20509</td>
<td>$8,220</td>
</tr>
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<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Local/In-Kind</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>State/In-Kind</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Other Federal</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Transportation Development Credit</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Total Eligible Cost</td>
<td></td>
<td></td>
<td>$8,220</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Milestone Name</th>
<th>Est. Completion Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start Date</td>
<td>10/1/2015</td>
<td>Funds will be used for partial reimbursement of continued transit services in the NCRTD’s FY2016 Budget</td>
</tr>
<tr>
<td>End Date</td>
<td>9/30/2017</td>
<td>Funds will be used for partial reimbursement of continued transit services in the NCRTD’s FY2017 Budget</td>
</tr>
</tbody>
</table>

Project Environmental Findings

Finding: Class II(c) - Categorical Exclusions (C-List)

Class Level Description
Class II(c) consists of projects called categorical exclusions (CEs) which are known not to have, either individually or cumulatively, a significant environmental impact on the human or natural environment and are therefore categorically excluded from the requirement to prepare an environmental assessment or an environmental impact statement. Class II(c) does not require documentation.

Categorical Exclusion Description
Type 04: Planning and administrative activities which do not involve or lead directly to construction, such as: training, technical assistance and research, promulgation of rules, regulations, directives, or program guidance; approval of project concepts; engineering; and operating assistance to transit authorities to continue existing service or increase service to meet routine demand.

Class IIc CE Approved
**Part 4: Fleet Details**

No fleet data exists for this application.

**Part 5: FTA Review Comments**

**Application Review Comments**

<table>
<thead>
<tr>
<th>Comment By</th>
<th>Abel Ayala</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comment Type</strong></td>
<td>FTA Post Review Comments for Grantee</td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td>7/7/2016</td>
</tr>
</tbody>
</table>

**Comment**

- FY16 Certifications and Assurances
  - PIN and attach the CertAssur to the recipient documents. The required groups are 1, 6, 9 and 17. See attached.

- Executive Summary
  - In the application, address all four components on the attached template.
  - Enter the year and amount being applied for. (Ex. This application is applying for FY14 formula $xxx, FY15 $xxx,...)
  - Select Yes for Pre-award authority, since cost have been incurred since 2013.

- Budget
  - The correct 3L1 for operating is 30.09.01. It reads 60% but the Tribal formula is 100%.
  - Attach a 3-5 year operating budget to the application documents. See example attached.

- Environmental Finding
  - The EF for operating assistance is Class IIc, Type 04

<table>
<thead>
<tr>
<th>Comment By</th>
<th>Abel Ayala</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comment Type</strong></td>
<td>FTA Post Review Comments for Grantee</td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td>8/5/2016</td>
</tr>
</tbody>
</table>

**Comment**

- Grantee is revising projects.
Finance Subcommittee  
Meeting June 30, 2016  
9:00 a.m.

Board Members Present: Councilor Pete Sheehy—Los Alamos County, Christy Van Buren—Ohkay Owingeh, Commissioner Miguel Chavez, Santa Fe County (telephonic)

Staff Present: Anthony Mortillaro, Troy Bingham, Annette Granillo, Peter Dwyer, Jackie Trujillo

Guest(s) Present: None

Absent: Commissioner Miguel Chavez—Santa Fe County, Alex Naranjo—Rio Arriba County, Leandro Cordova-Taos County, Henry Roybal—Santa Fe County, County. Philo Shelton—Los Alamos County, Jim Fambro-Taos County, Tessa Jo Mascareñas—Santa Fe County, Thomas Campos—Rio Arriba County

Transcribed by: Jackie Trujillo—Executive Assistant

ROLL CALL

APPROVAL OF AGENDA

CALL TO ORDER

A regular Finance Subcommittee meeting was called to order at 9:07 a.m. on the above date by Councilor Sheehy.

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Charter Policy Amendment

Ms. Granillo began by proposing to change the current Charter Policy to define clarification of year to fiscal year means and to correct Exhibit from B to A.

Commissioner Chavez asked to outline the two amendment proposals to the current Charter Policy.

Ms. Granillo referenced page 6 explained to propose to change and to define year as fiscal year as that is how it is budgeted for the specials as opposed to just a year; the second change is on page 10 changing Exhibit B to reflect Exhibit A as stated in the Policy.

Ms. Van Buren asked if the numbers on page 10 for “A factor of 61.20% is added for Social Security” is the correct number.

Mr. Mortillaro responded it should be 6.20% and correction will be made.

Ms. Van Buren made a motion to recommend the changes for discussion and review by the Board. Commissioner Chavez seconded the motion and it passed by a unanimous voice vote.

B. Insurance Bid Update

Mr. Bingham referenced page 19 on packet; referring to the last October Board meeting in which it was recommended to look into the market for competitive rates with New Mexico Municipal League; overall
insurance bids were close to what the District is currently paying. It was then brought back to the Finance Subcommittee for review and it was recommended to go back out and look thoroughly at the market on insurance if we are at the market or should we switch to a private insurer or stay with Municipal League. The insurance was broken up into two different parts due to timing, what is presented is the workmen’s comp insurance which expires on June 30, 2016; if we are to change to a different insurer, now would be the time to do so.

Presented is a bid of $84,831 which is the lowest of two bidders the other bidder was at $109 thousand dollars; currently paying $84 thousand dollars to the New Mexico Municipal League, an equal costing insurance but two different markets.

He added with a private insurer we get charged transaction fees as well as they have a higher deductible for vehicle insurance; paying $1,000.00 up front on any accidental claim. Although they are giving an equal cost insurance, the possible transaction fees make this option less desirable. At the New Mexico Municipal League conference, it was noted the District has a .79 index for workers comp., their lowest is .73 and highest 2.74; the company wants the clients to be around 1 if not lower, making the District one of their best insured client even though we haven’t done all of the safety training they desire in the Municipal League; although we have kept the insurance low because of insurance claim history. The private insurer provides specific training by coming to the facility to do training, versus the Municipal League, we are asked to go to other localities to get training they are providing; drivers are required to get 16 hours and admin. is required to get 8 hours of training per year to get the low premium we get from the Municipal League.

Mr. Mortillaro stated as far as the training which was mentioned; we do most of the specific training every quarter; due to the employees work schedule, most trainings take place on Saturday.

Councilor Sheehy asked if there is any difference in who is backing this up, assuming they all have some pool assets that cover most claims then add more insurance for larger claims.

Mr. Bingham responded the Municipal League has a setup where a number of entities are in a pool together, if one entity has an insurance claim against them, then all entities pay the premium; insurance claims over premiums will cause the cost of the pool to go up for all of the members.

Further discussion continued on this topic.

Commissioner Chavez made a motion to accept recommendation to include staffs research in the market and continue with the New Mexico Municipal League insurance pool. Ms. Van Buren second the motion and it passed by unanimous voice vote.

Councilor Sheehy asked if the concerns raised about transaction fees would this also apply to the other insurance.

Mr. Bingham responded

C. Budget Amendment

Mr. Bingham gave a brief overview of an additional document added to the packet; explained the District is talking about doing a carry forward at the next Board meeting; due to timing issues regarding the consolidation study. He explained the document presented is a carry forward item which is similar to what was done last year, regarding budgeting problems which were done in FY16; District didn’t get to complete and need to move that
money into FY17 to complete the project. The first being the Transit Merger Consolidation Analysis, the RFP process has been completed and we will be bringing a recommendation to the Board on July 8, 2016 to award contract. This budget is needed in FY17 to complete the project. The bid came in at $150,000 inclusive of GRT; original budget in FY16 was $150,000 and would like to move $172,500 into FY17; $22,500 is for project contingency.

Mr. Bingham went on to explain the carryover for the TAP funds Phase Two; project was carried forward from FY15 to FY 16, it has been bid out twice and has been rejected by NMDOT; project will be carried over to FY17 being the third time taken out to bid. Hoping NMDOT will approve project, this is for ADA compliant bus shelters for 9 bus shelters in Espanola. Budget for Phase II is at $165,000; asking to move it out of FY16 and move to FY17; TAP would be paying 85.44% of that project which is $140,976. The Districts portion of the project is $24,024 which will come out of the fund balance. These items will require to a budget amendment and since the fund balance is being used; we would have to do a secondary resolution that will authorize the use of fund balance. The total amount of these two projects is $327,500 that would add to the budget of $12 million approved for FY17.

Further discussion continued on this topic.

It is recommended that the Board to increase the RTD budget for the two projects by $337,500 and approve use of fund balance.

**Commissioner Chavez made a motion and Ms. Van Buren second the motion and it passed by unanimous voice vote.**

**D. Minutes from May 27, 2016**

Mr. Mortillaro asked the Finance Subcommittee to review and approve the minutes from May 27, 2016.

**Ms. Van Buren made a motion to approve the minutes for the Finance Subcommittee from May 27, 2016 meeting. Commissioner Chavez seconded the motion and it passed by a unanimous voice vote.**

**MATTERS FROM THE SUBCOMMITTEE**

**ADJOURN**

**Ms. Van Buren motioned to adjourn the meeting. Commissioner Chavez second the motion and it passed by a unanimous voice vote.**

Next Finance Subcommittee will be held July 22, 2016 at 9:00 AM.