

Charlottesville-Albemarle  
Regional Transit Authority Plan

Appendix F

*Prior Investment in CTS*

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## Table of Contents

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<b>1</b>	<b>Executive Summary .....</b>	<b>1</b>
<b>2</b>	<b>Introduction .....</b>	<b>2</b>
<b>3</b>	<b>CTS Asset Types and Methodology .....</b>	<b>3</b>
<b>4</b>	<b>Asset Values .....</b>	<b>4</b>
4.1	Fleet.....	4
4.2	Bus Equipment .....	6
4.3	Bus Stop Facilities .....	6
4.4	Shop Equipment .....	7
4.5	Downtown Transit Station.....	7
4.6	CTS Administration, Maintenance, & Operations Facility.....	8

## List of Tables

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<b>Table No.</b>	<b>Description</b>	<b>Page</b>
1	Total CTS Assets - Original Acquisition Costs and 2009 Values.....	1
2	FTA Useful Life Guidelines by Asset Type .....	3
3	Total CTS Assets - Original Acquisition Costs and 2009 Values.....	4
4	FTA Useful Life Guidelines for Vehicles .....	5
5	Projected 2009 Vehicle Fleet - Original Acquisition Costs and 2009 Values.....	5
6	Bus Equipment - Original Acquisition Costs and 2009 Values .....	6
7	Bus Stop Facilities - Original Acquisition Costs and 2009 Values .....	6
8	Shop Equipment - Original Acquisition Costs and 2009 Values .....	7
9	Downtown Transit Station - Original Acquisition Costs and 2009 Values.....	8
10	CTS AMO Facility - Original Acquisition Costs and Current Values .....	8

## 1 Executive Summary

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The City of Charlottesville currently owns all CTS assets, which includes vehicles, bus equipment, bus stop facilities, shop equipment, the new downtown transportation center, and will soon include a new maintenance facility. Most of the costs of these assets were funded with federal and state funds. However, the City provided the required local matches for all capital assets, including those that were acquired for Albemarle County services.

With the development of a Regional Transit Authority, it is likely that the new RTA would acquire CTS' assets and liabilities. As part of this process, it may be determined that the County should reimburse the City for a portion of the local costs that it has incurred to develop Albemarle County services.

In summary, in 2009, which is when CTS assets could be transferred to a new RTA, the total present value of CTS' assets will be \$34.9 million, and the present value of Charlottesville's contribution to the cost of those assets will be \$5.1 million (see Table 1).

**Table 1: Total CTS Assets: Original Acquisition Costs and 2009 Values**

	Date Acquired	Original Acquisition Cost		2009 Depreciated Value	
		Acquisition Cost	City Local Match	Total Value	City Local Match Value
Vehicles	Various	\$9,876,121	\$1,158,211	\$6,049,562	\$778,516
Bus Equipment	Various	\$946,338	\$784,519	\$784,519	\$129,653
Bus Stop Facilities	Various	\$367,439	\$40,240	\$185,008	\$25,745
Shop Equipment	Various	\$389,364	\$58,250	\$251,291	\$35,414
Downtown Transit Station	2007	\$11,795,122	\$1,965,000	\$11,139,781	\$1,855,824
CTS Administration, Operations and Maintenance Facility	2009	\$16,513,162	\$2,250,000	\$16,513,162	\$2,250,000
<b>Total</b>		<b>\$39,887,546</b>	<b>\$6,256,220</b>	<b>\$34,923,322</b>	<b>\$5,075,152</b>

## 2 Introduction

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The City of Charlottesville currently owns all CTS assets, which includes vehicles, bus equipment, bus stop facilities, shop equipment, the new downtown transportation center, and will soon include a new maintenance facility. Most of the costs of these assets were funded with federal and state funds. However, the City provided the required local matches for all capital assets, including those that were acquired for Albemarle County services.

With the development of a Regional Transit Authority, it is likely that the new RTA would acquire CTS' assets and liabilities. As part of this process, it may be determined that the County should reimburse the City for a portion of the local costs that it has incurred to develop Albemarle County services.

So that those discussions can take place, this technical report documents CTS assets, the original cost of the assets and the City's contributions to those costs (as stated above, most capital costs for both City and County service were funded by the federal government and the state), and the current value of CTS assets and the City's contributions.

### 3 CTS Asset Types and Methodology

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CTS has six types of assets, which are:

1. Vehicles
2. Bus equipment
3. Bus stop facilities
4. Shop equipment
5. Downtown Transit Station
6. CTS Administration, Maintenance, & Operations (AMO) Facility

CTS acquired its current assets between 1977 and 2007, and as the case with all assets, the value of these assets has depreciated over time. CTS estimates the depreciated value of its assets using straight-line depreciation and estimated useful asset lives that are based on FTA guidelines (see Table 2). This is a straight-forward methodology in which the value of each asset is assumed to decline at a constant rate over a finite lifetime. As an example, if CTS purchased \$100,000 of bus equipment that had a useful life of 10 years, it would depreciate at a rate of \$10,000 per year. Thus, when that equipment was three years old, it would have a depreciated value of \$70,000.

**Table 2: FTA Useful Life Guidelines by Asset Type**

<b>Asset Type</b>	<b>Useful Life</b>
Vehicles	4-12 <sup>1</sup>
Bus equipment	10
Bus stop facilities	10
Shop equipment	10
Transportation center	30
Maintenance facility	30

This document presents the projected depreciated value of CTS assets in 2009, which is the year that the assets could be transferred to a new RTA. It also presents the depreciated value of the City's contributions, with the depreciation of those contributions calculated in the same manner as for the asset values. These 2009 depreciated values for the City's contributions would represent the then value of City-funded assets that would be transferred to an RTA, and for which it may be appropriate for the County to partially reimburse the City.

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<sup>1</sup> Depending upon vehicle type.

## 4 Asset Values

In 2009, the total present value of CTS' assets will be \$34.9 million, and the present value of Charlottesville's contribution to the cost of those assets will be \$5.1 million (see Table 3). Most of these costs will be attributable to the new Administration, Operations and Maintenance Facility (\$16.5 million), the new Downtown Transit Station (\$11.1 million) and the CTS fleet (\$6.0 million). Similarly, the current value of City contributions is the highest for those assets (at \$2.3 million, \$1.9 and \$779,000, respectively).

**Table 3: Total CTS Assets: Original Acquisition Costs and 2009 Values**

	Date Acquired	Original Acquisition Cost		2009 Depreciated Value	
		Acquisition Cost	City Local Match	Total Value	City Local Match Value
Vehicles	Various	\$9,876,121	\$1,158,211	\$6,049,562	\$778,516
Bus Equipment	Various	\$946,338	\$784,519	\$784,519	\$129,653
Bus Stop Facilities	Various	\$367,439	\$40,240	\$185,008	\$25,745
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Downtown Transit Station	2007	\$11,795,122	\$1,965,000	\$11,139,781	\$1,855,824
CTS Administration, Operations and Maintenance Facility	2009	\$16,513,162	\$2,250,000	\$16,513,162	\$2,250,000
<b>Total</b>		<b>\$39,887,546</b>	<b>\$6,256,220</b>	<b>\$34,923,322</b>	<b>\$5,075,152</b>

Additional detail on the cost and value of these assets is provided in the following sections.

### 4.1 Fleet

At the start of 2009, CTS projects that it will have 39 buses in its fleet, and five service vehicles:

- **Buses in Revenue Service:** CTS currently has 33 buses in revenue service that range in size from small "body on chassis" buses to full size transit buses. These vehicles range in age from nine years to new.
- **Buses on Order:** CTS has 11 new transit buses on order, which also range in size and type. Five of the new buses will replace existing buses, and six will be to expand service. These new buses will expand the total size of the revenue fleet to 39 vehicles.
- **Service Vehicles:** CTS has five service vehicles, which are a mix of pick-up trucks, vans, and SUVs. These vehicles currently range in age from two to seven years.

The useful lives of CTS' vehicles vary depending upon vehicle type. The FTA's useful life guideline for these vehicles is shown in Table 4.

**Table 4: FTA Useful Life Guidelines for Vehicles**

Vehicle Type	Useful Life
Large, Heavy-Duty Transit Bus (approximately 35-foot to 40-foot, and articulated buses)	12 years of service or 500,000 miles
Medium, Heavy-Duty Transit Bus (approximately 30-foot)	10 years or 350,000 miles
Medium, Medium-Duty Transit Bus (approximately 30-foot)	7 years or 200,000 miles
Medium, Light-Duty Transit Bus (approximately 25-foot to 35-foot)	5 years or 150,000 miles
Other light-duty vehicles such as small buses, regular and specialized vans, and service vehicles	4 years or 100,000 miles

CTS's fleet was largely acquired using federal funds, with state and city local matches. The original purchase cost of the existing fleet (including vehicles currently on order) was \$9.9 million (see Table 5). Of these costs, the City provided local matches of \$1.2 million.

Using the FTA useful life guidelines, the total depreciated value of the fleet in 2009 will be \$4.5 million, and the value of the City's contribution will be \$595,000.

**Table 5: Projected 2009 Vehicle Fleet: Original Acquisition Costs and 2009 Values**

Model	Model Year	Number in Fleet	Service Life	Original Acquisition Cost		2009 Depreciated Value	
				Acquisition Cost	City Local Match	Total Value	City Local Match Value
<b>Revenue Vehicles</b>							
Chevrolet Supreme BOC	2006	2	5	\$122,714	\$4,909	\$49,086	\$1,963
Ford BOC	2007	3	5	\$188,644	\$23,392	\$188,644	\$14,035
New Flyer Low Floor	1998	10	12	\$2,540,800	\$315,059	\$211,733	\$26,255
Chance Heritage trolley	2000	2	10	\$558,962	\$68,193	\$55,896	\$6,819
Chance Heritage trolley	2004	1	10	\$298,210	\$35,785	\$149,105	\$17,893
New Flyer Low Floor	2001	2	12	\$528,360	\$60,233	\$176,120	\$20,078
Chance Opus	2001	6	10	\$1,456,296	\$58,252	\$291,259	\$11,650
Chance Heritage trolley	2002	1	10	\$279,481	\$11,179	\$83,844	\$3,354
Optima Chance Opus	2004	1	10	\$253,422	\$30,411	\$126,711	\$15,205
Gillig 35-ft DLF (On-Order)	2008	8	12	\$2,513,408	\$392,092	\$2,303,957	\$359,417
Gillig 30-ft DLF (On-Order)	2008	1	12	\$332,862	\$51,926	\$305,124	\$47,599
BOC (On Order)	2007	1	5	\$356,591	\$55,628	\$213,954	\$33,377
Opus Lo-Floor trolley (On Order)	2008	1	10	\$315,975	\$39,181	\$284,378	\$35,263
Subtotal		39		\$9,745,725	\$1,146,240	\$4,439,811	\$592,908
<b>Non-Revenue Vehicles</b>							
Ford Escape	2006	3	4	\$81,711	\$10,023	\$20,428	\$2,506
Chevrolet Silverado	2001	1	4	\$25,801	\$1,032	\$0	\$0
Ford Explorer	2002	1	4	\$22,885	\$915	\$0	\$0
Subtotal		5		\$130,397	\$11,971	\$20,428	\$2,506
<b>Total</b>		44		\$9,876,122	\$1,158,210	\$4,460,239	\$595,414

BOC: Body on truck chassis.

## 4.2 Bus Equipment

CTS' bus equipment consists of fareboxes, radios, automatic vehicle location (AVL) and miscellaneous safety equipment. The original value of this equipment was \$946,000, of which the City paid \$155,000 (see Table 6). The value of this equipment in 2009 will be \$642,000, and the 2009 value of the city's cost will be \$96,000.

**Table 6: Bus Equipment: Original Acquisition Costs and 2009 Values**

Model	Date Acquired	Original Acquisition Cost		2009 Depreciated Value	
		Acquisition Cost	City Local Match	Total Value	City Local Match Value
<b>Existing Bus Fleet Equipment</b>					
Fareboxes	Various	\$185,729	\$49,386	\$38,289	\$11,308
Radios	Various	\$19,201	\$2,381	\$5,639	\$699
AVL Equipment	Various	\$483,635	\$72,545	\$386,908	\$58,036
Safety Equipment	Various	\$207,795	\$24,935	\$166,236	\$19,948
Subtotal		\$896,360	\$149,247	\$597,072	\$89,991
<b>On-Order Bus Fleet Equipment</b>					
GFI Fareboxes	2008	\$49,980	\$6,198	\$44,982	\$5,578
<b>TOTAL</b>		<b>\$946,340</b>	<b>\$155,445</b>	<b>\$642,054</b>	<b>\$95,569</b>

## 4.3 Bus Stop Facilities

CTS' bus stop facilities consist of bus shelters, benches, bus stop signs, and other miscellaneous items such as map cases and trash cans. These items were acquired at various times between 1977 and 2007. The original value of this equipment was \$367,000, of which the City paid \$40,000 (see Table 7). The depreciated value of this equipment in 2009 will be \$185,000, and the depreciated value of the city's cost will be \$19,000.

**Table 7: Bus Stop Facilities: Original Acquisition Costs and 2009 Values**

Model	Date Acquired	Original Acquisition Cost		2009 Depreciated Value	
		Acquisition Cost	City Local Match	Total Value	City Local Match Value
<b>Bus Stop Facilities</b>					
Total	Various	\$367,439	\$40,240	\$185,008	\$18,709

## 4.4 Shop Equipment

CTS' shop equipment consists of a variety of maintenance-related items that range from lifts and tools to office furniture. The original value of this equipment was \$389,000, of which the City paid \$58,000 (see Table 8). The depreciated value of this equipment in 2009 will be \$227,000, and the value of the city's cost will be \$32,000.

**Table 8: Shop Equipment: Original Acquisition Costs and 2009 Values**

Model	Date Acquired	Original Acquisition Cost		2009 Depreciated Value	
		Acquisition Cost	City Local Match	Total Value	City Local Match Value
<b>Shop Equipment</b>					
Total	Various	\$389,364	\$58,250	\$226,711	\$32,183

## 4.5 Downtown Transit Station

CTS' single most valuable existing asset is the new Downtown Transit Station, which was completed in 2007 at a cost of \$11.8 million (see Table 1). The City's contribution to this facility, which largely consisted of the land upon which the facility was constructed, was \$2.0 million, or 16.7% of the total project cost.

The value of the downtown Transit Station consists of the facility itself and the land upon which it is located. According to Federal Transit Administration (FTA) grant guidelines, when land is used to provide the local match, the value of the land becomes the proportionate share of local "ownership" of the project.<sup>2</sup> In other words, the FTA and local partners all assume financial shares of the entire project, including the land. In the case of the Downtown Transit Center, the City used the land to provide a local match of 16.7%, and thus its remaining financial interest in the entire project, including its share of the land is 16.7% of it value.

With the transfer of the Downtown Transit Station to an RTA or other similar entity, the City's financial contribution to the project would then be considered to be 16.7% of the depreciated value of the building and associated equipment, and 16.7% of the current value of the land.<sup>3</sup> For the purposes of this document, the value of the building and the City's share were depreciated in the same manner as other physical assets. The current value of land, however, is more speculative. For most of the period between the time that the land was used for the local match and today, land values had been appreciating.

<sup>2</sup> FTA Grant Management Guidelines Circular 5010.1C, Chapter II: Management of Real Property, Equipment & Supplies.

<sup>3</sup> FTA guidelines related to changes in ownership and use are fairly liberal, and as long as the facility continues to be used as a transit center or for other transit uses, there should be no difficulties in obtaining FTA approval to transfer ownership to an RTA or other similar entity.

Now, however, they are declining, and general market trends indicate that they will continue to do so through 2009. Considering these recent ups and downs, for this analysis, the 2009 value of the land is assumed to be the same as the 2007 local match value.

On this basis, the depreciated 2009 value of the transit center will be \$11.1 million, and the 2009 value of the City share will be \$1.9 million (see Table 9).

**Table 9: Downtown Transit Station: Original Acquisition Costs and 2009 Values**

Model	Date Acquired	Original Acquisition Cost		2009 Depreciated Value	
		Acquisition Cost	City Local Match	Total Value	City Local Match Value
<b>Downtown Transit Station</b>					
Facility	2007	\$9,830,122	\$1,637,642	\$9,174,781	\$1,528,466
Land	2007	\$1,965,000	\$327,358	\$1,965,000	\$327,358
Total	2007	\$11,795,122	\$1,965,000	\$11,139,781	\$1,855,824

#### 4.6 CTS Administration, Maintenance, & Operations Facility

CTS is planning to construct a new administration, maintenance, and operations (AMO) facility that is scheduled for completion in 2009. The estimated total cost of this facility is \$16.5 million. As was the case for the Downtown Transit Center, the City will provide the local match through the contribution of the land upon which the facility will be located. For the AMO facility, the land was purchased in 2004 for \$2.3 million, which is 13.6% of the cost of the entire project.

Since the AMO facility is scheduled for completion in 2009, the depreciated value of the facility and related equipment will be the same as the acquisition costs since everything will be new. As was done for the Downtown Transit Center, considering recent real estate value trends, the 2009 value of the land was assumed to be the same as the local match value. On this basis, City's local contribution to the project would be the same as the value of the land, or \$2.3 million.

**Table 10: CTS AMO Facility: Original Acquisition Costs and Current Values**

Model	Date Acquired	Original Acquisition Cost		2009 Depreciated Value	
		Acquisition Cost	City Local Match	Total Value	City Local Match Value
<b>CTS AMO Facility</b>					
Facility	2009	\$14,263,162	\$1,943,426	\$14,263,162	\$1,943,426
Land	2009	\$2,250,000	\$306,574	\$2,250,000	\$306,574
Total	2009	\$16,513,162	\$2,250,000	\$16,513,162	\$2,250,000