

Chapter 6

Managing FTA/State Secured Property

NOTES

Chapter 6 Overview

- ✓ Proper **management** of Federal Transit Authority (FTA) and State secured **property**.
- ✓ Steps for **titling and licensing transit vehicles** and proper **inspection procedures**.
- ✓ Getting the best **insurance coverage**.

The responsible agency for FTA/State secured property, whether that agency is the CTD or individual transit providers, must guarantee that the property is appropriately titled, inspected, and insured.

Table 6.1: Titling Section 5310 and 5311 Vehicles

Procedures	
Steps to Title and License a Vehicle	<ul style="list-style-type: none"> ❑ The vehicle and a Certificate of Origin are delivered to the agency by the vendor. ❑ The Certificate of Origin is signed by the manufacturer and the vendor. The provider is then assigned the vehicle. At this time, the Secretary of Transportation of the State of Kansas is shown as the security lien holder. ❑ The provider sends a copy of the Certificate of Origin to KDOT to be reimbursed for the cost of the vehicle. ❑ The provider takes the Certificate of Origin to the local County Treasurer's Office or the Motor Vehicle Department (where applicable) to register the vehicle and get a license or transfer the license from a vehicle that is being replaced. ❑ If the provider agency is not tax-exempt, it must pay sales taxes at this time on the vehicle. ❑ The Kansas Department of Revenue will then issue the title in the name of the provider agency and the Secretary of Transportation will be shown as the lien holder. ❑ A thirty-day permit is required if the vehicle is not immediately tagged. Only one thirty-day permit per vehicle is allowed.
Responsibility for Titling Vehicles	<ul style="list-style-type: none"> ❑ Although CTDs are party to the 5310 or 5311 agreement, the CTD does not hold title to the vehicle. ❑ Titles to vehicles purchased with Section 5310, 5311, or state funds are held by the subrecipient, with a security lien to the Secretary of Transportation of the State of Kansas.

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A. Titling and Licensing Vehicles

Table 6.1 above outlines the necessary steps for titling and licensing a vehicle to be used for Section 5310 or 5311 programs as well as the responsible agents for titling the vehicles.

- 1) When a new vehicle is delivered by the vendor to a provider, a **Certificate of Origin** is also delivered that is signed by the vendor and the manufacturer. This certificate, issued by the manufacturer, has all of the same information that a title has, including:
 - a) the vehicle identification number (VIN)
 - b) make of the vehicle
 - c) model of the vehicle
 - d) year of the vehicleAt this point, the **Secretary of Transportation for the State of Kansas** is shown as the security lien holder. The vendor or the provider is responsible for securing the lien with the Secretary of Transportation prior to the vehicle registration.
- 2) The provider agency **sends a copy of the Certificate of Origin to KDOT** to be reimbursed for the cost of the vehicle.
- 3) The provider agency then takes the Certificate of Origin to the local **County Treasurer's office** or, in some counties, to the **Motor Vehicle Department** to register the vehicle and get a license or transfer the license from a vehicle that is being replaced.
- 4) If the provider agency is not tax-exempt, it is necessary at this time to pay sales tax on the vehicle. With a recent ruling by the Kansas Department of Revenue, sales tax is paid only on the local match percentage. For more information or assistance about sales tax payments, please contact KDOT.
- 5) Once the vehicle is registered, the Kansas Department of Revenue will issue the title in the name of the provider agency and the Secretary of Transportation for the State of Kansas will be listed as the lien holder.
- 6) If the Secretary of Transportation is not listed as the lien holder, the registration will need to be resubmitted to have the lien holder added.

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- 7) A thirty-day permit is required if the vehicle is not immediately tagged. Only one thirty-day permit per vehicle is allowed.
- 8) Be sure to keep this document in a safe place.

B. Inspection of Vehicles

◆ Types of Inspections

1) The Delivery Inspection

The delivery inspection occurs when the vehicle is delivered by the manufacturer or the vendor. During this time, the agency should check to make sure that the delivered vehicle meets the prescribed specifications. Previously, KDOT personnel were responsible for conducting delivery inspections. However, due to changes in vehicle bidding procedures, Kansas rural and specialized transit providers have become increasingly responsible for inspection of vehicles at the time of delivery from the vendor. Providers should not accept a vehicle that does not meet the specified requirements.

2) The Pre-Trip Inspection

The Pre-Trip Inspection should occur on a daily basis before the vehicle is placed into service. Each day, the driver or other qualified staff should walk around the bus to make sure that no new defects have arisen since the previous time the vehicle was in service. Wheelchair lifts should also be cycled each day prior to use.

3) The Annual Inspection

All vehicles purchased with federal or state funds require annual inspection by the KDOT District Office maintenance personnel. The inspector will examine the condition of the vehicle and maintenance records for the past year.

- ◆ KDOT's *Transit Vehicle Inspections: A Handbook for Rural Transportation Providers*, is included as an attachment, and is a good resource, providing

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all necessary paperwork and guidelines.

◆ *The Importance of Inspecting Transit Vehicles*

Vehicle inspections ensure that all systems of the vehicle are in operational use and are safe for use. The inspection process also ensures that all participating agencies using the vehicle are maintaining it properly.

◆ *Inspection Records*

- 1) Conduct a Delivery Inspection Checklist, included in the *Transit Vehicle Inspections* attachment, and keep this checklist with the vehicle maintenance records.
- 2) Keep accurate records of Pre-Trip Inspections daily to help guarantee that maintenance problems are identified early. These records also aid in the billing of each agency for use and maintenance of the vehicle when agencies are sharing within the CTD.

C. Insurance

Insuring vehicles is one of the most important functions an agency must complete prior to operation and is an integral part of risk management, protecting the agency against a variety of liability issues. In the event of accident or injury, the agency must be covered against suits and liability.

◆ *Minimum Coverage*

The capital agreement states that the provider shall maintain, in amount and form satisfactory to the secretary, such insurance or self-insurance as will be adequate to protect project equipment through the period of required use. KDOT strongly encourages providers to carry full coverage for liability, collision and comprehensive. At a minimum, an agency needs a general liability policy that covers accidents that occur once the

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passenger has boarded the vehicle. Special riders can be attached to the policy to cover volunteers or special activities. Contact your insurance company to determine appropriate volunteer coverage for your agency. **Kansas law requires** you, at a minimum, to be insured with:

- 1) **Bodily Injury Liability**
 - \$25,000 per person
 - \$50,000 per accident for bodily injury
- 2) **Property Damage Liability**
 - \$10,000 per accident for property damage
- 3) **Personal Injury Liability**
 - \$4500 per person for medical expenses
 - \$900 per month for one year for disability or loss of income
 - \$25 a day for in-home services
 - \$2000 for funeral, burial or cremation expenses
 - \$4500 for rehabilitation expenses
 - Survivor Benefits
 - Disability and loss of income up to \$900 a month for one year
 - In-home services up to \$25 a day for one year
- 4) **Uninsured/Underinsured Motorist Protection**
 - \$25,000 per person
 - \$50,000 per accident

◆ *Components of Insurance Contracts*

Insurance contracts have three standard components that make up the legal contract and should be carefully studied prior to determining coverage. These components are a declarations page, coverage forms, and endorsements. It may be beneficial to conduct a thorough contract review within the agency or with a lawyer, paying particular attention to any exclusions or definitions within the contract. Table 6.2 outlines briefly the contents of these three components.

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Table 6.2: The Insurance Contract

Insurance Contract Components	Major Contents
Declarations Page	Contains the name and address of the individual or organization insured under the policy, the name of the insuring company, and a description of the coverage provided.
Coverage Forms (The Insuring Agreement)	All coverage provided by the contract is described in detail, including exceptions and exclusions.
Endorsements	Endorsements are usually attachments to the document that modify the insuring agreement by expanding the agreement.

- ✓ *The Declarations Page*
 - The Declarations Page is the first page of the insurance contract that contains the name and address of the individual or organization insured under the policy, the name of the insuring company, and a description of the coverage provided. The description of coverage should contain a detailed listing or schedule of the property that is insured under the contract. For your own protection, make sure that all the vehicles and any other insured property are described correctly and check to make sure that everything covered is listed.
 - Compare the property and liability risks, which the agency will face with the amount of coverage to make sure that the coverage is sufficient.
- ✓ *Coverage Forms: The Insuring Agreement*
 - The Insuring Agreement is the body of the insurance agreement where all coverage provided by the contract is described in detail.
 - Any exceptions or exclusions will be listed in this section and the responsibilities of both parties in the event of loss will be detailed.

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- This section should conclude with a glossary of key terms as they apply to the policy.
- ✓ *Endorsements*
 - Endorsements and Exceptions are found as attachments to the policy. Such items modify the insuring agreement by using an endorsement to expand the agreement or an exclusion to restrict the agreement.

Chapter 6 Checklist

- Have you followed all of the steps outlined for titling and licensing your vehicles? 6-1, 6-2
- Have you had all of your vehicles properly inspected and have you kept accurate records of those inspections? 6-3
- Have you shopped around for the best insurance coverage? 6-3, 6-4
- Have you met all of the minimum insurance requirements for your vehicles? 6-3, 6-4

Chapter 6 Resources

Kansas Insurance Department, *Auto Shoppers Guide*, 1997-98.

KDOT, *A Handbook for Rural Transit Providers: Transit Vehicle Inspections*, 1997.

“Minimum Insurance Coverage Required in Kansas,” <http://www.insure.com/states/ks>