**Agency Name**

**Transit Policies and Procedures**

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| **Subject** | Capital Replacement |
| **Section**  | Financial |
| **Effective Date** |  |
| **Approved By** |  |
| **Approval Date** |  |

**Purpose**

Develop a method to track capital costs and approve capital expenditures.

**Definitions**

*Capital Costs:* Fixed expenses for equipment and facilities that are needed to provide transit services.

*Capital Expenditures:* Money spent to acquire or maintain transit equipment and facilities.

**Procedure**

Establish a method to track capital costs. Require the Transit Director to keep a detailed log of all funds spent on equipment and facilities. Detailed receipts for each purchase should be included in the log.

Require that all capital expenditures receive prior approval from the Governing Board in accordance with the Procurement Policy. The Transit Director shall calculate past and expected capital costs annually and include a capital replacement surcharge in all negotiated contracts.

**Responsibilities**

The Transit Director is responsible for tracking capital costs, projecting capital expenditures, and negotiating a capital replacement surcharge in all negotiated contracts.