

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 8/7/2019

Staff Report No. 19-230a

TO: AC Transit Board of Directors

FROM: Denise C. Standridge, General Counsel

SUBJECT: Donation of Surplus Transit Buses

ACTION ITEM

RECOMMENDED ACTION(S):

Consider adoption of Resolution No. 19-022 authorizing the General Manager to transfer ownership of three surplus transit buses to Those Angels, Inc. pursuant to Board Policy 461. *[Continued from the July 24, 2019, Board meeting.]*

BUDGETARY/FISCAL IMPACT:

Approximately \$3,000 per coach donated.

BACKGROUND/RATIONALE:

The District received a request from Claude Joseph, the founder of *Those Angels, Inc.* requesting a donation of 3 MCI coaches. This organization is a 501(c)(3) organization that focuses on education in Haiti. This request was first presented at the July 24, 2019 Board meeting at which time it was continued to allow staff to further research the organization and obtain further documents from Mr. Joseph. It was also suggested that staff look at the websites that evaluate charities such as Charity Watch and Charity Navigator.

Since the last Board meeting, staff has done the following research and received the following documents:

1. Checked the California Secretary of State's website and confirmed the organization was listed. (See Attachment A) Although an updated Statement of Interest was not listed, Mr. Joseph provided confirmation that it was filed on July 30, 2019. (See Attachment B)
2. Confirmation of federal tax exemption from IRS. (See Attachment C)
3. Confirmation of filing IRS Form 990. Because of the limited income, Those Angels, Inc. did not need to file a full return and was allowed to file a postcard. (See Attachment D) It did file the postcard on July 30, 2019. (See Attachment E)
4. Confirmation of state tax exemption from Franchise Tax Board (FTB). (See Attachment F, which was printed by staff on July 31, 2019)
5. Confirmation of filing FTB Form 199. Because of the limited income, Those Angels, Inc. did not need to file a full return and was allowed to file a postcard. (See Attachment G) It did file the postcards for 2017 and 2018 on July 30, 2019. (See Attachment H)
6. Checked California Attorney General's website for registration. As of July 25, 2019, the website showed that it was not registered. (See Attachment I) However, Mr. Joseph filed the registration on July 30,

2019 (See Attachment J) and explained that his failure to file it previously was due to an oversight on his part. Although the organization had no gross receipts in 2017, it did have \$9,313 in online donations in 2018, some of which were in California and triggered the filing requirement.

7. A website search for Those Angels, Inc. on charitywatch.org showed that Those Angels, Inc. was not rated. However, the website states that it rates approximately 600 charities that generally have at least \$1,000,000 in public support annually. As such, it is not alarming that Those Angels, Inc. is not listed.
8. Charity Navigator was also checked and, while it showed a listing for Those Angels, Inc., but stated that it was not rated because a full 7 years of IRS Forms 990 were needed to complete a rating. Those Angels, Inc. is simply too new to be rated. (See Attachment K)
9. Mr. Joseph provided the projected budget for 2019-2020 for the Board's review. (See Attachment L)

As discussed at the last meeting, Mr. Joseph is going to apply with the U.S. Air Force to transport these buses to Haiti. However, as he indicated that while this is his intention, he cannot guarantee the application will be approved. As a back-up plan, he contacted the San Francisco Labor Council who may have a shipper who will ship the buses for him. He also requested that letters of support he received from Sacramento Central Labor Council and Sacramento City Unified School District be presented to the Board. (See Attachment M)

The three vehicles under consideration for this transfer are as follows:

<u>Coach #</u>	<u>Model</u>	<u>Purchase Price</u>	<u>Purchase Date</u>
6003	MCI 102DL3,2000	\$445,600	07/19/00
6016	MCI 102DL3,2000	\$445,600	06/28/00
6041	MCI 102DL3,2001	\$441,391	02/03/03

According to Board Policy 461 - Disposition of District Owned Surplus, Equipment, Supplies, and Other Tangible District Property, once the useful service life requirements have been met, equipment with a unit market value of \$5,000 or less may be retained, sold or otherwise disposed of without the need of reimbursing FTA. The approved methods of disposal include trading in the property as part of a new procurement; transfer or selling the property to another public agency; transfer the property to a non-profit agency or organization consistent with established legal parameters; solicitation of sealed bids or negotiated sale, whichever maximizes the disposal value to the District; or disposal of the property through scrapping. The above three coaches meet the criteria to be disposed of via transfer to a non-profit agency.

As discussed at the last Board meeting, provided that Those Angels, Inc. is a valid non-profit and if the buses are indeed used to transport students to school, even in Haiti, the donation would be acceptable under the Board's policy. Staff continues to recommend that Mr. Joseph be allowed up to six months to secure the transport. If the buses cannot be transported to Haiti and used in school service, staff recommends that the matter come back to the Board to discuss the designated buses being disposed of at auction.

ADVANTAGES/DISADVANTAGES:

The advantage of this donation to *Those Angels, Inc.* is that Haitian school children will benefit and no longer have to walk long distances to get to school. The disadvantage of the donation is that the District may lose approximately \$9,000 from not selling the coaches at auction.

ALTERNATIVES ANALYSIS:

The alternative is to deny the donation request. This alternative would only be recommended if Mr. Joseph cannot secure transportation of the buses to Haiti or if he cannot guarantee they will be used to transport children to school.

PRIOR RELEVANT BOARD ACTION/POLICIES:

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Board Policy 461 - Disposition of District Owned Surplus, Equipment, Supplies, and Other Tangible District Property

ATTACHMENTS:

1. Resolution No. 19-022
2. Charter Bus Project
3. A - Business Search - Entity Detail
4. B - Updated Statement of Interest
5. C - Confirmation of Federal Tax Exemption
6. D - Confirmation of filing IRS Form 990
7. E - Postcard Tax filing (due to limited income
8. F - Confirmation of State Tax Exemption from Franchise Tax Board (FTB)
9. G - Confirmation of Filing FTB Form 199
10. H - Confirmation of Filing FTB Form 199 for 2017 and 2018 on July 31, 2019
11. I - CAAG website showing Those Angels were not registered
12. J - Filing of Registration on July 30, 2019
13. K - Charity Navigator page showing that Those Angels, Inc. was not rated.
14. L - Projected Budget for 2019-2020
15. M - Letters of Support

Approved by:

Salvador Llamas, Chief Operating Officer

Michael A. Hursh, General Manager

Reviewed by:

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Cecil Blandon, Director of Maintenance

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Prepared by:

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