



U.S. Department
of Transportation

**Urban Mass
Transportation
Administration**

CIRCULAR

UMTA C 9040.1B

July 1, 1988

Subject: SECTION 18 PROGRAM GUIDANCE AND
GRANT APPLICATION INSTRUCTIONS

1. PURPOSE. This circular is a reissuance of guidance on the administration of the transit assistance program for nonurbanized areas under Section 18 of the Urban Mass Transportation Act of 1964, as amended, and guidance for the preparation of grant applications. This revision incorporates current statutory and programmatic requirements and includes changes based on the Surface Transportation and Uniform Relocation Assistance Act of 1987 and the "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" published in the Federal Register on March 11, 1988.
2. CANCELLATION. This circular cancels the following:
 - a. UMTA Circular 9040.1A, "Section 18 Program Guidance and Grant Application Instructions," dated 5-23-85; and
 - b. UMTA Notice, "Eligibility of Rural Bus Service Provided by Private Intercity Carriers for Section 18 Funding," dated 2-11-88.
3. REFERENCES.
 - a. Urban Mass Transportation Act of 1964, as amended, 49 U.S.C. Section 1601, Et Seq.
 - b. Surface Transportation and Uniform Relocation Assistance Act of 1987 (Pub. L. 100-17).
 - c. 48 U.S.C. 1469a, "Omnibus Territories Act."
 - d. 23 CFR 771, Federal Highway Administration and Urban Mass Transportation Administration, "Environmental Impact and Related Procedures."
 - e. 49 CFR Part 18, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments."
 - f. 49 CFR Part 23, "Participation by Minority Business Enterprise in Department of Transportation Programs."

- g. 49 CFR Parts 27 and 609, "Nondiscrimination on the Basis of Handicap in Financial Assistance Programs; Final and Proposed Rules.
- h. 49 CFR Part 604, "Charter Service, Final Rule."
- i. Federal Register Notice, "Private Enterprise Participation in the Urban Mass Transportation Program," dated 10-22-84.
- j. OMB Circular A-21, "Cost Principles for Educational Institutions."
- k. OMB Circular A-87, "Principles of Cost Accounting for State and Local Governments."
- l. OMB Circular A-110, "Uniform Administrative Requirements-Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations."
- m. OMB Circular A-122, "Cost Principles for Nonprofit Organizations."
- n. OMB Circular A-128, "Audits of State and Local Governments."
- o. UMTA Circular 4220.1B, "Third Party Contracting Guidelines," dated 5-5-88.
- p. UMTA Circular 4702.1, "Title VI Program Guidelines for UMTA Recipients," dated 5-26-88.
- q. UMTA Circular 4704.1, "Equal Employment Opportunity Policy and Requirements for Grant Recipients," dated 7-26-88.
- r. UMTA Circular 4716.1A, "Disadvantaged Business Enterprise Requirements for Recipients and Transit Vehicle Manufacturers," dated 7-26-88.
- s. UMTA Circular 5010.1A, "Urban Mass Transportation Project Management Guidelines for Grantees," dated 9-18-87.
- t. UMTA Circular 9030.1A, "Section 9 Formula Grant Application Instructions", dated 9-18-87.

- u. UMTA Circular 9041.1, "Rural Transit Assistance Program Guidance and Application Instructions," dated 2-8-88.
- v. UMTA Circular 9100.1B, "Standard Assurances for Urban Mass Transportation Administration Applications," dated 7-1-88.
- w. UMTA Circular 9500.1, "Intergovernmental Review of UMTA Planning, Capital and Operating Programs and Activities," 3-30-84.

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SECTION 18 CIRCULAR

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CHAPTER I

GENERAL OVERVIEW

1. PROGRAM SUMMARY. Section 18 of the Urban Mass Transportation Act of 1964, as amended (UMT Act), authorizes the Secretary of Transportation to apportion funds to the Governor of each State for public transportation projects in nonurbanized areas. The funds, appropriated annually, are apportioned on a population-based formula and may be used for all projects included in the State's Section 18 program of projects. The annual program of projects must provide for fair and equitable distribution of funds within the State, including Indian reservations, and must provide for maximum feasible coordination with transportation services assisted by other Federal sources.

Program funds may be used for planning, capital, and operating assistance to State agencies, local public bodies, non-profit organizations, Indian Tribes and groups, and operators of public transportation services. An amount not to exceed 15 percent of the State apportionment may be used for State administration, planning, and technical assistance activities.

The code assigned to the Section 18 program in the Catalogue of Federal Domestic Assistance is 20.509.

2. PROGRAM GOALS. The goals of the Section 18 program are: to enhance the access of people in non-urbanized areas to health care, shopping, education, employment, public services and recreation; to assist in the maintenance, development, improvement, and use of public transportation systems in rural and small urban areas; to encourage and facilitate the most efficient use of all Federal funds used to provide passenger transportation in non-urbanized areas through the coordination of programs and services; and to provide for the participation of private transportation providers in non-urbanized transportation to the maximum extent feasible.
3. FEDERAL MATCHING REQUIREMENTS.
 - a. General. The Federal share of eligible capital and project administrative expenses is not to exceed 80 percent of the net cost of the project. The Federal share of net operating costs shall not exceed 50 percent. The Federal share for State administration and technical assistance expenses is 100 percent, not to exceed 15 percent of the State's total apportionment.

- b. Exceptions. There are two exceptions to the 80 percent match for capital projects. The Federal share is 90 percent for those capital projects used to provide access for bicycles to mass transit facilities, or to install racks or other equipment for transporting bicycles on mass transit vehicles. The Federal share is 95 percent for each capital improvement project which enhances the accessibility for elderly and handicapped persons to public transportation service and which is not required by Federal law. The State, in conjunction with its planning and documentation for compliance with the Department of Transportation (DOT) regulations implementing Section 504 of the Rehabilitation Act of 1973, as amended, will determine which capital projects for the elderly and handicapped are eligible for the increased Federal share.
4. STATE ROLE IN PROGRAM ADMINISTRATION. To the extent permitted by law, it is UMTA's intent to give the States the maximum discretion possible in designing and managing the Section 18 program to meet nonurbanized public transportation needs. Where possible, UMTA will defer to States in developing program standards, criteria, procedures and policies in order to provide the States flexibility to standardize its management of Section 18 and related State programs. Effective October 1, 1988, States may rely on their own laws and procedures instead of Federal procedures in the areas of financial management systems, equipment, and procurement, and will be able to administer funds to their subgrantees following the same State procedures in these areas rather than Federally prescribed procedures.

The Governor designates a State agency which will have the principal authority and responsibility for administering the Section 18 program. Specifically, the role of the State agency includes: notifying eligible local entities of the availability of the program; soliciting applications; developing project selection criteria; reviewing and selecting projects for approval; forwarding an annual program of projects and grant application to UMTA; certifying eligibility of applicants and project activities; ensuring compliance with Federal requirements by all local recipients; monitoring local project activity; and overseeing project audit and closeout. In addition, the State agency may carry out a project directly.

In administering the program, the State is also responsible for the following: providing for appropriate technical assistance for nonurbanized areas; ensuring that there is a fair and equitable distribution of program funds within the State; ensuring a process whereby private transit operators are provided an opportunity to participate to the maximum extent feasible; and providing for maximum feasible coordination of public transportation services assisted by Section 18 with transportation services assisted by other Federal sources.

UMTA obligates funds based on the program of projects included in a statewide grant application. Once the application is reviewed and approved, funds are available for State administration and technical assistance activities and for allocation to individual local recipients within the State. Before Federal funds can be expended on individual local projects, however, the State must certify to UMTA that the local recipient has met all statutory and program requirements and must enter into an agreement with the local recipient. The State's certification may be completed at the time of Federal approval of the program of projects, or as individual recipients satisfy all program requirements.

5. UMTA ROLE IN PROGRAM ADMINISTRATION. The UMTA Headquarters office is responsible for: providing overall policy and program guidance for the Section 18 program; allocating funds annually to the States; developing and implementing financial management procedures; initiating and managing program support activities; and conducting national program review and evaluation.

The UMTA Regional Offices have the day-to-day responsibility for administration of the program. Regional office activities include: reviewing and approving State grant applications; obligating funds; working with States to implement the annual program; receiving State certifications and revisions to the program of projects; review and approval of State Management Plans; oversight of State management responsibilities; and overall grant management.

6. RELATIONSHIP TO OTHER UMTA PROGRAMS.

- a. Rural Transit Assistance Program. In Fiscal Year 1987, a new section 18(h) of the UMT Act was authorized, creating the Rural Transit Assistance Program (RTAP). The purpose of this program is to provide financial assistance for training, technical assistance, research and support services related to public transportation in nonurbanized areas. The program has two components. A State program element provides an annual allocation to each State to develop and implement training and technical assistance programs in conjunction with the State's administration of the Section 18 formula assistance program. A national program element will develop information and materials for use by local operators and State administering agencies. Program guidelines for the State RTAP program are contained in UMTA Circular 9041.1. Each State's RTAP allocation is announced concurrently with the Section 18 annual apportionment. States develop an RTAP program of projects and apply for RTAP funds as an element of the annual Section 18 grant application.

- b. Section 16(b)(2) Elderly and Handicapped Program. The Section 16(b)(2) program makes Federal funds available to the Governor of each State to assist private nonprofit organizations in the purchase of vehicles and related equipment to provide transportation services which meet the special needs of elderly and handicapped persons. Many of the Section 16(b)(2) program recipient organizations serve clients in rural and small urban areas. While the overall objectives of the Sections 18 and 16(b)(2) programs differ--that is, the former is to provide transportation to the general public in nonurbanized areas and the latter is to serve the elderly and handicapped in both rural and urbanized areas--there are parallels which make it desirable for States to consider both resources and plan for their use in a complementary way. With a few exceptions, the two programs are administered by the same State agency. Many of the Section 18 local recipients are private nonprofit organizations, and in some cases a single agency receives both Section 18 and Section 16(b)(2) funding. In other cases, recipients of Section 18 funds seek to participate in coordinated service arrangements which also include Section 16(b)(2) funded organizations. UMTA encourages the participation in such coordinated efforts as long as both program resources continue to serve their primary clientele or program purposes.

UMTA has attempted to make the guidelines for both programs consistent, to simplify program administration. This is not intended to imply that the State should consolidate the Section 18 and Section 16(b)(2) programs at the State level, since the statutory basis and purpose of the two programs is clearly different. It is UMTA's intent to make them more administratively compatible and consistent for the State and for local recipients.

- c. Section 9 Formula Assistance Program. The Section 9 program provides funding for urbanized areas for planning, capital and operating assistance purposes. Funds for urbanized areas under 200,000 population are made available to the Governor or the Governor's Designee(s). For urbanized areas over 200,000 population, they are available to a local designated recipient(s). A number of urbanized area recipients of Section 9 funds also receive Section 18 funds to carry out projects in outlying nonurbanized areas.

The Governor has the authority to transfer Section 9 funds apportioned to the State for urbanized areas between 50,000 and 200,000 to supplement the State's Section 18 apportionment. The Governor may also transfer Section 18 funds to supplement the State's apportionment under the Section 9 program. The transfer provisions were established to give the Governors greater flexibility in allocating formula transit funds in both urbanized

and nonurbanized areas, to ensure that funds available to the State are fully utilized. UMTA encourages States to make use of the transfer provisions where formula transit funds are not fully utilized in the areas to which they were originally apportioned.

- d. Section 3 Discretionary Grant Program. Section 3 funding is derived from the Mass Transit Account of the Highway Trust Fund, and provides capital assistance for rail system modernization, construction and extension of new fixed guideway systems, and bus and bus related equipment and construction projects. Urbanized and nonurbanized areas are eligible to receive Section 3 funding. However, only a small percentage of the Section 3 funds are available on a discretionary basis for buses and bus related facilities, and demand for this discretionary funding is high. Among the factors UMTA takes into consideration in reviewing applications are: availability of formula funding which could be used to support the proposed project; degree of local (and State) funding commitment; whether the project is critical to the safety, reliability and efficiency of transit services; and whether the proposed project supports UMTA's policy initiatives. Eligible applicants for Section 3 funds are States and local public bodies. States may apply on behalf of local entities.
- e. Section 8 Planning. Section 8 planning and technical studies funds are available to States and local public bodies to conduct planning and other technical studies related to mass transportation services. Funds are allocated for each urbanized area, and planning activities are generally carried out through the local metropolitan planning organization (MPO), and are contained in a planning work program. The State also has the option of receiving Section 8 funds for urbanized areas of 50,000 to 200,000 population. Under this option, the State becomes responsible for reallocating these funds among the small urbanized areas in collaboration with the MPO's. Urbanized areas may not receive Section 3, 9, or 16(b)(2) funds unless the projects are contained in a transportation improvement program, a product of the ongoing planning process.

A portion of UMTA's Section 8 annual planning program appropriation is allocated to States to conduct special studies, statewide planning and other technical assistance activities, and, at State option, to provide planning support for nonurbanized areas. There are no Federal planning requirements as prerequisites for receiving Section 18 assistance, although States may establish their own. In addition to Section 8 funds allocated to the States, a State may use up to 15 percent of its Section 18 apportionment for planning assistance. While RTAP funds are also available to the States for technical assistance, training, research, and support services, it is not intended that RTAP be viewed as a planning resource.

However, the State may use RTAP for special projects which support its planning program for rural and small urban areas. Similarly, the State may use its Section 8 funds to support or supplement the technical assistance program it provides through RTAP. States are encouraged to develop a coordinated program of planning, research, training, and technical assistance, taking Sections 8, 18, and RTAP resources into consideration.

7. COORDINATION WITH OTHER FEDERAL PROGRAMS. The U.S. Department of Transportation (DOT) has signed an interagency agreement with the U.S. Department of Health and Human Services (DHHS) to improve the coordination of programs funded by the two Departments. An interagency coordinating council has been established to oversee implementation of the objectives of the agreement, and regional Federal officials have established Regional Working Groups to undertake a series of Regional Initiatives addressing specific areas of coordination. States are encouraged to participate in these Regional Initiatives and to encourage their local recipients of Section 18 and Section 16(b)(2) funds to participate in coordinated systems at the local level, along with recipients of funds from the programs of DHHS. Section 18, RTAP, and Section 8 funds may be used to support eligible expenses involved in the development and administration of coordinated activities at the State and local level. Other Federal agencies are also encouraged to participate in the Regional Working Groups.

CHAPTER II

APPORTIONMENTS

1. NOTIFICATION. The Section 18 program apportionments to the States are published in the Federal Register on an annual basis, following the enactment of the annual DOT Appropriation Act.
2. AUTHORIZATION. The amount of funds authorized for the Section 18 program is equal to 2.93 percent of the amounts appropriated for UMTA formula grant programs. In some years, Congress has appropriated additional funds to increase the overall program funding level.
3. FORMULA. Section 18 funds are apportioned to the States by a statutory formula based on the ratio of the nonurbanized population of each state to the nonurbanized population of all of the States, according to the latest U.S. Census.
4. FUNDS AVAILABILITY. Section 18 funds remain available to the States for three fiscal years--the year apportioned plus two additional years. Thus, for example, unobligated funds from FY 1988 will lapse to a State at the end of FY 1990 unless they are obligated for Section 18 projects or transferred to the Section 9 program to be obligated that year in areas between 50,000 and 200,000 population. Unobligated funds which have lapsed to a particular State are reapportioned among the States based on the formula.

Funds which are deobligated from an approved program of projects are available to the State for reobligation during the time period in which the funds were originally available to the State. If funds are deobligated after that time period, they lapse to that State and also will be reapportioned among all the States.

If a State has carryover funds available, in most cases the oldest funds will be obligated first when the State's program of projects is approved. If a program of projects contains funds from more than one fiscal year allocation, UMTA will generally disburse the oldest funds first. An exception might occur if, for example, a capital project were involved and Section 9 funds restricted to non-operating projects were included in the program of projects. In this case restricted funds would be disbursed before non-restricted funds.

Procedures for revising an approved program of projects are described in Chapter IV. Many revisions can be made without changing the scope of the program of projects. Those revisions which do change the scope can only be made so long as there are sufficient undisbursed funds remaining which are within their period of availability.

5. TRANSFER OF APPORTIONMENTS BETWEEN URBANIZED AND NONURBANIZED AREAS.

- a. Transfer of Section 9 Funds. The Governor may transfer any amount of the State's apportionment for urbanized areas of less than 200,000 population to any urbanized area in the State, or to supplement the State's Section 18 program. The Governor may make such transfers only after consultation with responsible local elected officials and publicly owned operators of mass transportation services in each area to which the funding was originally apportioned. The Governor may transfer funds without consultation within the last 90 days in which the funds are available for obligation.

If Section 9 funds are transferred to supplement a State's Section 18 allocation, the funds are treated as additional Section 18 funding and all the application requirements of Section 18 apply. Three conditions, however, follow the Section 9 funds when they are transferred to Section 18.

First, the transferred funds are subject to the capital and operating limitations applicable to the original Section 9 apportionment. The Governor must designate whether the funds being transferred are unrestricted, that is, available for both capital and operating assistance purposes, or whether they are restricted to non-operating purposes. If unrestricted funds are transferred, the State's Section 9 operating cap is reduced accordingly.

Second, the transfer of Section 9 funds to Section 18 does not increase the amount of Section 18 funds which can be used for State administration at the 100 percent Federal share. This is limited to 15 percent of the State's Section 18 apportionment. However, Section 9 transferred funds may be used for planning activities with a Federal share not to exceed 80 percent.

Third, the period of availability of the transferred funds remains that of the Section 9 apportionment, one year longer than the same year's Section 18 apportionment.

- b. Transfer of Section 18 Funds. The Governor may also transfer Section 18 funds to supplement Section 9 funds apportioned to the State for urbanized areas under 200,000 population. UMTA expects that any transfers would be made in consultation with the State agency which administers Section 18. The amount transferred is not subject to local consultation but is subject to any limitations applicable to the original apportionments of such amounts, such as

limitations on operating expenses which might exist if funds from the Mass Transit Account of the Highway Trust Fund were appropriated for Section 18 in a given year. The transferred Section 18 funds are not subject to operating limitations applicable to Section 9 apportionments, so that all of the transferred Section 18 funds could be applied to operating projects without affecting the amount of Section 9 funds available for operating projects, for example. The transfer of Section 18 funds to Section 9 does not reduce the amount of Section 18 funds which can be used for State administration of the Section 18 program at the 100 percent level. The period of availability of the transferred funds is that of the Section 18 apportionment (three years).

- c. UMTA Notification of Transfer. The UMTA Regional Manager must be notified of each transfer of funds in order that the change be reflected in UMTA's program account records. For transfers of Section 9 funds to the State's apportionment for Section 18, this notice should include the following: amount of funds to be transferred; fiscal year in which they were apportioned; whether they are restricted to capital projects or not; and, unless it is within the last 90 days of the period of availability of the funds, a statement by the Governor or designated representative that responsible local officials and operators have been consulted prior to the transfer. For transfers of Section 18 funds to the State's apportionment for Section 9, the notice must indicate the amount of funds transferred and the fiscal year in which they were apportioned.
6. CONSOLIDATION OF GRANTS TO INSULAR AREAS. Certain UMTA grants to Insular Areas may be consolidated under the provisions of 48 U.S.C. 1469a. This provision permits Federal agencies to streamline and consolidate certain grant-in-aid programs available to the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. These Insular Areas receive Section 18 apportionments, RTAP and Section 16(b)(2) allocations annually. Specifically, 48 U.S.C. 1469a permits:
 - a. Agencies to consolidate any or all grants to each of the Insular Areas and to waive requirements for matching funds, applications, and reports with respect to the consolidated grants, and
 - b. Each Insular Area to use the consolidated grant funds for any purpose or program authorized for any of the consolidated grants.

UMTA permits interested Insular Areas to consolidate Section 16(b)(2), Section 18, RTAP funding into a single grant. This should improve the efficiency of grant making and grant management for these areas which have small staff resources and receive small amounts of funds under each

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of these programs. In addition, 48 U.S.C. 1469a(d) allows an agency to waive any local matching share requirements of less than \$200,000 for grants to Insular Areas. Those Insular Areas interested in submitting applications for consolidated grants and/or local share waivers should notify the appropriate UMTA Regional Office for application procedures and consolidation requirements. Among other things, the Area should identify the intended use of consolidated funds and should show that the transportation of the elderly and handicapped will not be adversely affected. Applications should be submitted in accordance with the appropriate program circular, as determined by UMTA.

CHAPTER III

ELIGIBILITY

1. DESIGNATED STATE AGENCY. The Governor of each State is required to designate an agency with the requisite legal, financial and staffing capabilities to receive and administer Federal funds under this program. The designated State agency is the grantee for all Section 18 funds within the State whether it applies on its own behalf or on behalf of other local recipients. Existing designations remain in effect until changed by the Governor by official notice of redesignation to the UMTA Regional Manager.
2. LOCAL RECIPIENTS. Eligible recipients include State agencies, local public bodies and agencies thereof, private-nonprofit organizations, Indian Tribes and groups, and operators of public transportation services. Private for-profit operators of transit services may participate in the program through contracts with eligible recipients. State agencies may further define recipient eligibility requirements in order to comply with State laws or to further program goals.
3. ELIGIBLE SERVICE AND SERVICE AREAS. Section 18 funds are available for expenditure for public transportation projects in areas other than urbanized areas. Public transportation is defined to mean mass transportation by bus, rail, or other conveyance, either publicly or privately owned, which provides to the public general or special service on a regular and continuing basis. Charter or sightseeing or exclusive school bus transportation is not included in this definition. Public transportation services funded by Section 18 may be designed to maximize usage by transportation disadvantaged persons, provided that the general public is afforded an equal opportunity to utilize the transportation services.

The terms "nonurbanized areas" and "rural and small urban areas" are used synonymously to mean any area outside an urbanized area, as designated by the U.S. Census Bureau. An urbanized area consists of a core area and the surrounding densely populated area with a population of 50,000 or more, with boundaries fixed by the Census Bureau or extended by State and local officials.

Since the goal of Section 18 is to enhance access of people living in nonurbanized areas to activities, Section 18 projects may include the transportation of nonurbanized area residents to and from urbanized areas.

4. JOINT SECTIONS 9 AND 18 PROJECTS. In some localities, a recipient receives both Section 9 and Section 18 funding to provide public transportation for an urbanized area and surrounding nonurbanized areas. Section 18 funds should be used only to assist the nonurbanized portion. Because of the wide range of circumstances under which an operator could be providing services in both urbanized and nonurbanized areas, UMTA expects the local recipient to develop a reasonable basis for allocating the costs between the two funding sources which is related to the service provided. This procedure should also be applied to "joint" capital projects. Where there is a question, UMTA would look to the State to make a determination as to the reasonableness of the cost allocation methodology. Section 9 program information is contained in UMTA Circular 9030.1A, dated 9-18-87.
5. BUS SERVICE PROVIDED BY PRIVATE INTERCITY CARRIERS. Private intercity bus services are eligible to receive Section 18 assistance, both capital and operating, to the extent that they provide public transportation which serves residents of nonurbanized areas. Intercity service which does not directly serve nonurbanized areas is not eligible for assistance. Where private intercity bus operators are providing rural public transportation, they are to be treated as any other private rural transit provider, and are not considered to be a new category of eligible providers.

The priority-setting and selection of nonurbanized transportation projects for funding is the responsibility of the State Agency administering Section 18, consistent with their State Management Plan and Section 18 program criteria. Where States elect to use Section 18 funding for contracts with intercity bus carriers, they should have a method for allocating the costs attributable to rural public transportation as distinct from urban-to-urban intercity service. All contracts with private carriers are subject to Section 18 program requirements, including those for competitive procurement and civil rights, including the Disadvantaged Business Enterprise Program.

6. ELIGIBLE ASSISTANCE CATEGORIES.
 - a. State Administration and Technical Assistance. The State may use an amount not to exceed 15 percent of its apportioned funds to administer the program and to provide technical assistance to local recipients. Allowable administrative costs include salaries, overhead expenses, supplies, and office equipment used to administer the program. Technical assistance may include project planning, program development, development of vehicle and equipment specifications, management development, coordination of public

transportation programs (public and private for-profit and non-profit), and such research as the State may deem appropriate to promote effective means of delivering public transportation service in nonurbanized areas. These expenses are funded at 100 percent Federal share. The State may pass any portion of these funds on to local recipients for the same purposes and, at its discretion, may impose a local share requirement.

While many of these activities may also be funded as RTAP projects, those technical assistance activities more directly related to the administration of the Section 18 program, such as development of equipment specifications, and specific project planning are more appropriately funded as State administration expenses.

b. Capital expenses. Capital expenses include the acquisition, construction and improvement of public transit facilities and equipment needed for a safe, efficient and coordinated public transportation system. The Federal share of eligible facilities and equipment shall not exceed 80 percent of the net capital cost, except for certain projects for the elderly and handicapped which may have a 95 percent Federal share and bicycle facilities projects which may have a 90 percent Federal share. Examples of eligible capital expenditures include, but are not limited to:

- (1) buses;
- (2) vans or other paratransit vehicles;
- (3) radios and communications equipment;
- (4) passenger shelters;
- (5) wheelchair lifts and restraints;
- (6) vehicle rehabilitation;
- (7) operational support such as computer hardware/software;
- (8) other durable goods such as spare components or parts with a unit cost over \$300 and a useful life of more than one year;
- (9) initial installation costs;
- (10) vehicle procurement, testing, inspection and acceptance costs;
- (11) construction or rehabilitation of transit facilities including design, engineering and land acquisition;

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- (12) facilities to provide access for bicycles to mass transit facilities or equipment for transporting bicycles on mass transit vehicles; and
- (13) lease of equipment or facilities when lease is more cost effective than purchase.

When lease of equipment or facilities is treated as a capital expense, the State must establish criteria for determining cost effectiveness, including non-economic factors such as management efficiency, availability of equipment, and staffing capabilities.

- c. Operating Expenses. Operating expenses are considered those costs directly related to system operations. For the Section 18 program only, the State has the option of classifying certain expenses as either operating or non-operating. At a minimum, the following items must be considered operating expenses: fuel, oil, replacement tires, replacement parts which do not meet the criteria for capital items, maintenance and repairs, drivers' and mechanics' salaries and fringe benefits, dispatcher salaries, and licenses. Net operating expenses are those expenses that remain after operating revenues are subtracted from eligible operating expenses. At a minimum, operating revenues must include farebox revenues. States may further define what constitute operating revenues. Farebox revenues include fares paid by riders who are later reimbursed by a human service agency, or other user-side subsidy arrangements, but do not include payments made directly to the transit provider by human service agencies. The Federal share for net operating expenses may not exceed 50 percent.
- d. Project Administrative Expenses. The Section 18 program has historically had the option to treat project administrative expenses incurred by a local recipient as a separate cost category from either capital or operating expenses. This allows these expenses to be considered "non-operating" and funded up to the 80 percent Federal share. This is consistent with congressional intent that smaller communities be given greater flexibility in matching requirements than larger cities.

Eligible project administrative costs may include, but are not limited to, general administrative expenses such as salaries of the project director, secretary, and bookkeeper, marketing expenses, insurance premiums or payments to a self-insurance reserve, office supplies, facilities and equipment rental, or standard overhead rates. Administrative costs for promoting and coordinating ridesharing may be eligible if the activity is part of a coordinated

public transportation program. Interest on short-term loans for operating assistance is an eligible administrative expense if approved by the State.

Each State, at its discretion, may decide whether to treat administrative costs as a separate cost category funded up to an 80 percent Federal match, or as part of operating expenses for which the Federal share is up to 50 percent.

7. ELIGIBLE LOCAL MATCH.

- a. General. With respect to operating expenses, Section 18(e) of the UMT Act provides in effect that the Federal share shall not exceed 50 percent of a system's deficit, as an outside limit. Fifty percent of the remainder of the deficit must be financed from sources other than Federal funds or revenues of the system. A grant for operating assistance need not reach the statutory ceiling (i.e., 50 percent of the deficit), in which case the Federal share is limited to 50 percent of the defined net cost of the operating expense project. The other 50 percent is local match.

In defining local match, Section 18(e) allows funds received by recipients pursuant to service agreements with a State or local social service agency or a private social service organization to be so considered, even though the original source of such funds may have been another Federal program. In addition, there may be certain cases where Federally appropriated funds are specifically permitted to be treated as local funds for the purposes of matching share for other Federal programs. This was true, for example, of funds under the now-discontinued General Revenue Sharing Program.

Other examples of non-Federal sources of local match which may be used for any or all of the local share include: State or local appropriations; dedicated tax revenues; private donations; and net income generated from advertising and concessions. Non-cash shares such as donations, volunteered services or in-kind contributions are eligible to be counted towards the local match only if the value of each is formally documented and supported. Guidance on this subject is treated in 49 CFR Part 18, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments."

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- b. Application of Social Service Contract Income to Section 18 Projects. The manner in which a local recipient applies income from human service agencies to a local project--that is, whether it is treated as local match, or is used to offset operating expenses, will affect the calculation of net operating expenses and, therefore, the amount of Section 18 operating assistance the project is eligible to receive. A State's method of sub-allocating its apportionment among its local recipients is a discretionary action, subject only to the statutory requirements described in this circular. A State may not prohibit a local recipient from using income from human service agency contracts as local match for Section 18 funds as a matter of law. However, a State may elect to regard the degree to which a local recipient demonstrates local financial commitment to the project from other sources of local funds as a rating factor in its discretionary allocation decisions.

CHAPTER IV

PROGRAM OF PROJECT DEVELOPMENT AND REVISION

1. PROGRAM OF PROJECTS. The Section 18 annual program of projects should identify each local recipient, give a brief description of each project, and indicate the total project cost and the Federal share for each project. The program of projects should also include the funding level programmed for State administration, planning and technical assistance. The total funding level for the projects programmed cannot exceed the total amount of Section 18 funds available--funds from the current fiscal year apportionment, unobligated carryover funds from previous years, and funds transferred from Section 9. RTAP projects should be described in either a separate or combined program of projects. Information for developing an RTAP program of projects is contained in UMTA Circular 9041.1, "Rural Transit Assistance Program Guidance and Application Instructions."

It is recognized that all projects in a State program of projects are not necessarily at the same stage of development, and therefore, all applications to the State may not be complete at the time the State forwards its annual program of projects to UMTA. In order to facilitate the grant development and approval process, UMTA allows projects to be listed in three different categories in the program of projects, depending on how completely requirements have been met. Funds will be obligated for the total amount in all categories. In general, States should not program local projects that will extend for more than two years in duration. Exceptions to this should be discussed with the Regional Office.

- a. Category A. This category includes those projects certified by the State as having met all the statutory and administrative requirements for approval. Therefore, the approval of the annual program of projects allows the State to start drawing down funds for implementation of projects in Category A. Most, if not all, of the projects included in the State's program of projects are expected to be in this category.
- b. Category B. Projects in Category B are those the State anticipates approving during the current year, but that have not yet met all statutory and/or administrative requirements. As the necessary requirements are satisfied, these projects may be advanced to Category A. However, the State must notify the UMTA Regional Office as a project is advanced to Category A and provide the certifications described in Chapter V, paragraph 2d. Upon notification, cash drawdowns can commence for these projects. In addition, any Category B project that does not qualify as a

categorical exclusion under 23 CFR 771.117(b) requires environmental clearance from UMTA before being advanced to Category A (see Chapter IX for information regarding categorical exclusions). If a State can program all of its projects in Category A, it would not list any projects in Category B.

- c. Category C. This optional category represents a "program reserve" and is designed to accommodate unanticipated project and program needs. This program reserve may include no more than 10 percent of the total amount programmed in the program of projects.

This category was established in response to several States which indicated that it was difficult to anticipate all of the funding requests they would be receiving during the year, and thus, they could not identify those projects in an annual program. Funds in this category may also supplement identified projects where original cost estimates were inadequate. A limited amount of funding is permitted for such circumstances. It is expected that all funds in this category will be allocated either to new approvable projects or to budget adjustments in Category A and B projects within twelve months. In any case, Category C funds must be allocated to specific projects within the period of availability of the funds. Any Category C funds in an approved program of projects not so allocated within the period of availability of the funds will be deobligated and redistributed to all the States. In such a case, if the grant contains multi-year funds, it will be assumed that the funds remaining in Category C are the newest funds.

As with Category B projects, when a new project is identified for Category C funds and meets all of the statutory and administrative requirements, the State may advance the project to Category A by notifying UMTA and providing the necessary certifications. Any new project that does not qualify as a categorical exclusion under 23 CFR 771.117(b) requires environmental clearance from UMTA before funds can be advanced from Category C to Category A. If a State can program all of its available funds in Category A and B, it would not list any funds in Category C.

2. APPROVAL. Upon receipt of a complete and acceptable application from the State, UMTA will approve and obligate funds for the total level of funding requested in all three categories, and the RTAP program of projects. Those projects in Category A are approved and may receive Federal funds. Those projects in Category B are approved on the condition that all requirements will be met. That is, UMTA must be notified that they have met the necessary requirements before funds can be drawn down for their use. Those funds in Category C are approved on

the condition that they be allocated within the period of availability of the funds to new or existing projects which have met or will meet all of the necessary statutory and administrative requirements.

Operating costs and administrative costs (State and local) incurred prior to grant award, may be reimbursed as of the beginning of the local fiscal year, subject to the availability of funds.

3. REVISIONS TO PROGRAM OF PROJECTS.

a. Revisions Not Requiring UMTA Approval. The State may make the following revisions which do not constitute change of scope without any prior notification to or approval by UMTA:

- (1) Deletion of projects from the program of projects;
- (2) Allocation of Category C funds to existing projects, if they are within their period of availability; and
- (3) Reallocation of funds within an approved program of projects among approved projects within a local area or from one local area to another. This includes adjustments of local project funding levels to accommodate changes in vehicle or equipment requirements, including number and type of vehicles and changes in operating costs.

b. Revisions Requiring Notification, But Not Approval. The State must notify UMTA and make the necessary certifications (see Chapter V, paragraph 2e) prior to making the following revisions, which do not constitute a change in scope:

- (1) Advancing projects from Category B to Category A;
- (2) Allocation of Category C funds to new operating assistance projects or capital projects under \$250,000, within the period of availability of funds; and
- (3) Creation of new operating assistance projects or capital projects under \$250,000 with funds reprogrammed from approved projects.

c. Revisions Requiring UMTA Approval. The following changes require prior approval by UMTA of an amended program of projects:

- (1) Reprogramming of funds for any new capital project over \$250,000; and

- (2) Addition of Federal funds. The addition of Federal funds requires an amendment of the grant contract.
- d. Projects in X001. Ongoing projects which were approved by the Federal Highway Administration (FHWA) prior to October 1, 1983, were consolidated into one program of projects and assigned the grant number 18-X001. States were given a one-time opportunity to revise this program of projects, and no further revisions can be made. Any funds remaining which will not be used for the purpose programmed should be deobligated and made available for redistribution to all the States.
- e. Update of Program of Projects. The most recently updated program of projects submitted by the State to UMTA in its annual program status report or in the course of making revisions will be considered the approved program of projects, incorporated by reference in the grant contract. Only the addition of Federal funds requires amendment of the grant contract.

CHAPTER V

APPLICATION INSTRUCTIONS

1. GENERAL. The application procedures are intended to provide a simple grant application and review process which provides grantees maximum flexibility in the use of funds for eligible project purposes. The program of projects and budget format provides for a single, annual application. Presented in this chapter are the procedures that should be followed by the State and local recipients in applying for Section 18 funds. The Chapter is divided into two parts. The first part, State Application, sets forth guidelines for the contents of a State agency's application to UMTA. The second part, Recipient Application, sets forth minimal guidelines for the local recipient's application to the State agency. Local recipients should refer to the State Management Plan and/or State application instructions for additional application requirements established by the State.

2. STATE APPLICATION.
 - a. Office of Management and Budget (OMB) Budget Information Forms and Instructions. The OMB Standard Form 424 is multi-purpose and should be used by the State applicant as a fact sheet for grant applications. A copy of the standard form is provided as Exhibit A. It should be completed in its entirety. A supply of these forms is available in the UMTA Regional Offices.

 - b. Program of Projects. A format for an annual Section 18 program of projects is provided in Exhibit B. Operating assistance projects of up to two years' duration may be included in the annual program of projects. Since RTAP funds would normally be approved in the Section 18 application, the RTAP program of projects may be combined with the Section 18 program of projects as illustrated in Exhibit B.

In Exhibit B, Category A represents the projects for which all statutory and administrative requirements have been met. Category B represents projects for which the applications are not yet complete, but which the State agency expects to be able to approve. Category C is a reserve category for projects that may arise. This category cannot exceed 10 percent of the total annual program of projects. The Federal share of the total amount programmed cannot exceed the amount listed under Total Funds Available.

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- c. Program Budget. A program budget (Exhibit C) should be included in the State application for grant approval.
- d. Expenditure Detail. So that UMTA can include Section 18 program capital acquisitions in its program reports and analyses of Federal transit funding, grantees are asked to provide details of proposed capital purchases according to the categories contained in the expenditure detail of Exhibit D. This exhibit provides examples of the level of detail requested and the codes by which the items are tracked in UMTA's Grants Management Information System (GMIS). Where appropriate, the expenditure detail does not have to be a separate form or submission, but can be included in the program budget.
- e. State Assurances. In order to receive a grant under Section 18, the designated State agency must assure UMTA that certain requirements have been met or will be met by the State and local recipients. In this regard, the State agency acts as an authorized representative of the local recipient. The State assurances must be submitted with every grant application. The State should maintain adequate files documenting the basis for all assurances which it makes.

The State agency need submit only one signed and dated document to UMTA making the assurances for all projects within Category A of the annual program of projects. As other projects are advanced to Category A after approval of the program of projects, the State must provide to the UMTA Regional Office the assurances for those projects.

For all projects in Category A (or being advanced to Category A), the State must assure to UMTA the following:

- (1) The State and local recipients are in compliance with all applicable civil rights requirements and have signed the UMTA Civil Rights Assurance and the DOT Title VI Standard Assurance.
- (2) The local recipient has certified to the State that "special efforts are being made in its service area to provide transportation that handicapped persons, unable to use the recipient's service for the general public, can use. This transportation service shall be reasonable in comparison to the service provided to the general public and shall meet a significant fraction of the actual transportation needs of such persons within a reasonable time."

- (3) The State applicant and all local recipients have the requisite fiscal, managerial, and legal capability to carry out the Section 18 program and to receive and disburse Federal funds.
 - (4) Some combination of State, local or private funding sources has been or will be committed to provide the required local share.
 - (5) The local recipient has, or will have by the time of delivery, sufficient funds to operate and maintain the vehicles and/or equipment purchased under this project, as applicable.
 - (6) Private for-profit transit operators have been afforded a fair and timely opportunity by the local recipient to participate to the maximum extent feasible in the planning and provision of the proposed transportation services.
 - (7) The local recipient has, to the maximum extent feasible coordinated with other transportation providers and users, including social service agencies capable of purchasing service.
 - (8) The State has provided for a fair and equitable distribution of funds within the State, including Indian reservations within the State.
 - (9) The local recipient has complied, as applicable, with the labor protection provisions of Section 13(c) of the Urban Mass Transportation Act, as amended, and the State has certified this compliance to the Department of Labor for each project in Category A.
 - (10) The local recipient has certified to the State that "it shall comply with 49 CFR Part 604 in the provision of any charter service provided with UMTA funded equipment or facilities," and will also comply with applicable provisions of the regulations regarding school bus operations.
 - (11) The State applicant hereby certifies that it has complied with the provision of 49 CFR 17, Intergovernmental Review of the Department of Transportation Programs and Activities.
- f. State Intergovernmental Review. The certification in paragraph 2e(11) above satisfies the certification requirement of UMTA Circular 9500.1, "Intergovernmental Review of UMTA Planning, Capital and Operating Programs and Activities." States are not

required to submit the actual State clearinghouse documentation. Should there be no State process, or if Section 18 grants are not included in the State process, States should indicate this in their application.

- g. Standard Assurances. Several laws and administrative requirements apply in common to all Federal grant-in-aid programs, and therefore apply to the Section 18 program. To cover these requirements in making grants, UMTA employs a "One Time Submission of Standard Assurances" which applicants place on file with the UMTA Regional Office. This is a statement that the State applicant and local recipients will comply with the laws and regulations cited therein to the extent they may apply to the grant project. A sample format for this assurance and the laws and regulations to which it refers are contained in UMTA Circular 9100.1B "Standard Assurances for Urban Mass Transportation Administration Applications." Once a standard assurance has been submitted to UMTA, it does not have to be re-submitted with each new State application. Instead, the State should submit a statement of continuing validity of the standard assurances as described in UMTA Circular 9100.1A. The standard assurance on file can be referenced and amended as required.

3. RECIPIENT APPLICATION TO THE STATE. Before a State agency can provide UMTA with the required assurances in the preceding subparagraphs, the State agency should receive sufficient documentation from all local recipients to support the assurances. In addition to any other documentation the State agency may require, the State should receive from each local recipient, either as a one-time submission or with each application, as appropriate, the following:

- a. Documentation of the Process for Private Enterprise Participation. Requirements for Private enterprise participation are detailed in Chapter VIII of this circular. The local recipient must document its compliance with these requirements.
- b. A Labor Warranty. For each project, the recipient must agree in writing to the terms and conditions of the special 13(c) warranty for the Section 18 program. This warranty is contained in the Rural Transportation Employee Protection Guidebook, published by the U.S. Department of Labor, September, 1979. Once the warranty has been signed, it may be incorporated by reference in subsequent applications to the State if it is still valid and labor conditions have not changed. It is the State's responsibility to certify to the Department of Labor (DOL) that the recipient has signed the agreement. The State must send this certification directly to DOL for each project before it is included in Category A of the program of projects. In addition, the State must assure

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UMTA that the local recipient has complied with the labor protection provisions of Section 13(c). A newly signed warranty or validation of a previous warranty on file with the State should be included in the recipient's application to the State as a basis for the State's certification to DOL and assurance to UMTA. In addition to the standard warranty, DOL has established procedures for the local recipient to request alternative arrangements or a waiver of the protections. Any such requests should be transmitted to DOL through the State.

- c. Charter Compliance Certification. "(Name of subrecipient) certifies that it shall comply with 49 CFR Part 604 in the provision of any charter service provided with UMTA funded equipment or facilities."
- d. Coordination. A description of efforts to coordinate with social service agencies in the service area.
- e. Public Hearing. A description of the extent of public involvement in preparing the local application as required by Section 3(d)(1) of the UMT Act. This section requires the recipient to afford the opportunity for a public hearing for capital assistance projects. There is no public hearing requirement for operating assistance grants.
- f. A signed UMTA Civil Rights Assurance and signed DOT Title VI Assurance, and maintenance of Civil Rights information as described in UMTA Circular 4202.1, "Title VI Program Guidelines for UMTA Recipients."

CHAPTER VI

PROGRAM MANAGEMENT AND ADMINISTRATIVE REQUIREMENTS

1. GENERAL. Effective October 1, 1988, the basic grant management requirements for State and local governments are contained in 49 CFR Part 18, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments." This common grants management rule, herein referred to as the "common rule," will supercede the requirements contained in OMB Circular A-102 dated January 1981, including Attachments A-N. The provisions of the common rule apply except where inconsistent with Federal statutes or authorizing legislation.

The common rule identifies three areas in which the administrative requirements for State grantees and their subrecipients are less prescriptive than those for local government grantees. The basic intent in these areas is to shift the emphasis from national uniformity to uniformity of procedures and requirements within a State, in order to provide greater flexibility to the States in standardizing the management of related State and Federal programs. The three areas are equipment, procurement, and financial management systems. They are discussed in detail later in this chapter.

Unless an issue is specifically addressed in this circular, in the common rule, or in other UMTA guidance specific to the Section 18 program, UMTA Circular 5010.1A, "Urban Mass Transportation Project Management Guidelines for Grantees" which provides Project Management Guidelines for other UMTA programs, should be used as guidance for project management issues relating to Section 18. The Federal requirements stated in the following OMB Circulars are also applicable unless specific exceptions have been made: A-110, "Uniform Administrative Requirements--Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations;" A-128, "Audits of State and Local Governments;" A-87, "Principles of Cost Accounting for State and Local Governments;" A-122, "Cost Principles for NonProfit Organizations;" and A-21, "Cost Principles for Educational Institutions."

2. EQUIPMENT MANAGEMENT.
 - a. General. Effective October 1, 1988, the common rule permits a State to use, manage, and dispose of equipment acquired under a Section 18 grant in accordance with State laws and procedures. Common rule procedures and requirements for grant recipients that are not States and their subrecipients are more explicit. States may elect to adopt the procedures established for these other grantees or use

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them as a guide in developing State procedures for equipment use, management, and disposition after October 1, 1988, but are not required to do so.

- b. Vehicle Useful Life and Replacement Standards. In keeping with the intent of the common rule that States be given greater flexibility in managing and disposing of equipment under the Sections 16(b)(2) and 18 programs, UMTA is electing not to apply to these State administered programs its policies regarding useful life standards for vehicles, vehicle replacement, or the requirement to use the straight line depreciation method for determining fair market value and UMTA reimbursement. It is UMTA's view that the equipment standards and policies which were established primarily to govern the maintenance and replacement of transit bus rolling stock for the Section 3 and 9 programs should not be applied to State administered programs where standard size transit buses constitute less than ten percent of the vehicles purchased under Section 16(b)(2) and 18. Rather, States should have the responsibility for establishing and implementing their own rolling stock requirements for all categories of vehicles. Therefore, UMTA is permitting State grantees to do the following:
- (1) establish their own minimum useful life standards for vehicles;
 - (2) use their own procedures for determining fair market value; and
 - (3) develop their own policies and procedures for maintenance and replacement of vehicles.
- c. Disposition. Effective March 12, 1988, items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to UMTA. This threshold applies to all grantees, including States and their subrecipients until October 1, 1988. Consistent with the preceding section, States may use their own standards for determining fair market value.

As of October 1, 1988, States and their subrecipients follow State laws and procedures for disposing of equipment. States do not have to return to UMTA proceeds from the disposition of equipment, regardless of the fair market value at the time the equipment is sold, but are to follow their own procedures regarding the use of proceeds, so long as the proceeds remain in use for mass transit purposes. This applies to all equipment currently in use which was purchased with Section 18 funds.

3. PROCUREMENT. Effective October 1, 1988, when procuring property, supplies, equipment or services under an UMTA grant, the State will follow the same policies and procedures it uses for procurements from its non-Federal funds. States must comply with the requirements for competition described in UMTA Circular 4220.1B, "Third Party Contracting Guidelines." The State will ensure that every purchase order or other contract includes all clauses required by Federal statutes and executive orders and their implementing regulations. States shall also follow State law and procedures when awarding and administering subgrants. In such instances, States shall ensure that every subgrant includes any clauses required by Federal statutes and implementing regulations, and that subgrantees are aware of requirements imposed upon them by Federal statutes and regulations. These clauses are identified in the grant contract documents, and UMTA Circular 4220.1B.

4. FINANCIAL MANAGEMENT.
 - a. State Financial Management Systems. Effective October 1, 1988, the common rule requires a State to expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors must be sufficient to:
 - (1) Permit preparation of reports described in this circular and reports necessary to comply with other program and statutory requirements, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions applicable to the program.

 - b. UMTA Payment Procedure. UMTA uses two procedures for making cash payments to grantees: Letter of Credit (LOC) and reimbursement by Treasury check. In either case, payments may be based on actual cash outlays or on advances estimated to cover immediate disbursement needs of the State and its subrecipients. States may request advance payments provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of funds and disbursement. Treasury regulations require that funds be disbursed within two or three days after receipt.
 - (1) Letter of Credit. Under the LOC method, UMTA payments to grantees are made by electronic transfer of funds to the State's financial institution. An LOC establishes an approved

amount with the U.S. Treasury, enabling the State to draw down approved program funds from the Treasury through its financial institution.

- (2) Requisition. If a State does not utilize an LOC, it must request reimbursement from UMTA under the requisition procedure. A request for payment voucher is sent to the UMTA Regional Office, approved, and forwarded for processing in the Washington office. The requisition procedure normally requires three to four weeks for payment.
- c. State Financial Records. UMTA does not maintain detailed financial records on individual projects within a program of projects. Financial records, supporting documentation, and all other records pertinent to a grant must be retained by the designated State agency (and its subrecipients) and must be made readily available to authorized representatives of the U.S. Department of Transportation and the Comptroller General of the United States for a period of three years. The retention period starts on the date of forwarding the final financial status report (SF-269). If any litigation, claim or audit is started before the expiration of the three-year period, the records must be retained beyond three years, until all litigation, claims, or audit findings involving the records have been resolved.
- The State's financial records should adequately document the computation of the Federal share and the provision of the required local share for each kind of project. The eligibility of any elderly and handicapped or bicycle projects for which the increased Federal share is claimed should be adequately documented.
5. AUDIT. State agencies are responsible for: ensuring that audits are performed pursuant to the requirements of the Single Audit Act of 1984, as implemented in OMB Circular A-128; resolving audit findings; and bringing problems to UMTA's attention.
 6. REAL ESTATE ACQUISITION. Real property acquisition standards are included in UMTA Circular 5010.1A, "Urban Mass Transportation Project Management Guidelines." Local recipients may use the State's staff appraisers to prepare required independent appraisals.
 7. CONSTRUCTION MANAGEMENT AND OVERSIGHT. The responsibility for construction management and oversight lies with the State. UMTA does not approve design plans for construction projects.

8. CLOSEOUT. States should initiate project closeout with subrecipients immediately after all funds are expended and all work activities for the project are completed. The States should similarly initiate program of project closeout with UMTA immediately after all work activities for the program of projects are completed. A Final Financial status Report (SF-269) is required at the time of closeout.

It is UMTA's expectation that grants are awarded for a specific program of projects to be completed within a reasonable, specified time frame. Although this circular provides the State a great deal of flexibility in developing and subsequently revising programs of projects, it is not UMTA's intent that grants be continually revised or amended in ways which will excessively prolong the life of the grant, and consequently result in a large number of active Section 18 grants.

UMTA is placing a priority on closing out grants for which activity has ceased. If small amounts of funds remain in an inactive grant, the State should request that the funds be deobligated and the project closed out. If the deobligated funds are still within their period of availability, they can be applied to a new program of projects in a new grant action. Otherwise they will lapse to the State and will be reapportioned among all the States.

9. REPORTING REQUIREMENTS.

- a. Annual Program of Projects Status Reports. The State should submit to UMTA an annual program status report for the program of projects of every active grant. These reports should cover the 12-month period ending September 30. The reports should be sent to the Regional Office within 30 days after the end of the reporting period. Status reports are intended to meet minimal program information needs at the regional and national levels. Reports should consist of an updated program of projects and revised budget for each approved program of projects which contains active projects. The updated versions should reflect revised project descriptions, changes in projects from one category to another, and adjustments within budget categories.
- b. Financial Status Report. On an annual basis, with the September 30 program status report, the State should provide a Financial Status Report (SF 269) for each active grant.
- c. Title VI Report. UMTA Circular 4702.1, "Title VI Program Guidelines For Applicants and Recipients." requires States administering the Section 18 program to provide "annual reports regarding the State's efforts to assure subrecipients' compliance with Title VI."

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- d. DBE Reports. Annually, States meeting or exceeding a \$250,000 threshold must submit their overall goal for the utilization of DBE's. On a semi-annual basis, States are required to submit reports that document their efforts and those of subrecipients meeting or exceeding a \$250,000 threshold, to utilize DBE's. For subrecipients receiving less than \$250,000 annually, the State must provide annual progress reports showing actual utilization of DBEs.

10. PROGRAM MANAGEMENT DOCUMENTATION AND REVIEW.

- a. State Management Plan. The State Management Plan (SMP) is a document which describes the State's policies and procedures in administering the Section 18 program. At the State's option it may also include the Section 16(b)(2) program in its SMP. All States are required to have an approved SMP on file in the UMTA Regional Office. Additions or amendments to the SMP must be made and submitted to UMTA for approval whenever a State significantly changes its management of the program, or when new program management requirements are imposed by UMTA. Guidance on the contents of the SMP is included in Chapter X. Any changes to the SMP necessary as a result of new guidance in this circular should be forwarded to the UMTA Regional Office within six months of the date of issuance of this circular.
- b. UMTA Management Review. UMTA's administration of Section 18 results in relatively little Federal involvement in the day-to-day program activities, or the review of individual applications from local recipients. In order to ensure that the program objectives are being carried out, UMTA Regional staff will conduct periodic State level management reviews of the program. The SMP will be the basic background document used in reviewing the State program. This review will include an inspection of the procedures the State uses in administering the program, and may include local site visits if warranted.

CHAPTER VII

CIVIL RIGHTS REQUIREMENTS

1. GENERAL. UMTA is responsible for insuring that recipients of its funds are in compliance with all civil rights requirements applicable to transit related projects, such as Title VI of the Civil Rights Act of 1964, Equal Employment Opportunity (EEO), Section 504 of the Rehabilitation Act of 1973, and Disadvantaged Business Enterprise (DBE) program requirements. The specific obligations of both States and local recipients of Section 18 funds in each of the areas of civil rights compliance are summarized in this chapter, with details found in the specific circulars referenced below.
2. REVIEW PROCESS. The designated State agency is responsible both for complying with civil rights requirements and for monitoring compliance by local recipients of Section 18 funding. The information submitted or maintained by the State or subrecipients may be reviewed by the UMTA Office of Civil Rights during a routine compliance review or as a result of a complaint investigation, or during a Triennial Review. When such a review is conducted, the information required by UMTA, as well as public hearing and other relevant information, will form the basis for a civil rights assessment of compliance or noncompliance. Where problems may appear or information is inadequate, additional data may be requested or an on-site review may be conducted before a final determination can be rendered.

If UMTA makes a finding of noncompliance, emphasis is placed upon resolving findings informally or through voluntary means. Submission of an acceptable affirmative action plan may be required for areas of noncompliance before Section 18 funds can be released to a particular project. However, a finding of compliance for all subrecipients is not required prior to UMTA approval of the State's annual program of projects. Post grant compliance review may be conducted.

3. TITLE VI PROGRAM REQUIREMENTS. Title VI of the 1964 Civil Rights Act, Section 601, states:

No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

UMTA's Title VI requirements for States and local recipients are described in UMTA Circular 4702.1, and this document should be referred to for detailed guidance. In brief, the requirements are as follows:

- a. State Requirements. The State must document how it administers the Section 18 program to comply with Title VI and monitor compliance by subrecipients. This documentation should be included as part of the State Management Plan, but ongoing information may be submitted separately as part of a State's ongoing Title VI compliance assessment program. The State must also submit annual reports regarding its efforts to assure compliance by subrecipients.
- b. General Requirements. The following information must be maintained by local recipients and made available to UMTA upon request: a list of any active lawsuits or complaints alleging discrimination; a description of all other Federal financial assistance received or applied for; and a summary of all civil rights compliance review activities conducted in the last three years. For construction projects, a fixed-facility impact analysis is required.

Both the State and local recipients must have on file a signed DOT Title VI Standard Assurance and signed UMTA Civil Rights Assurance.

4. EQUAL EMPLOYMENT OPPORTUNITY REQUIREMENTS. The State is responsible both for its own compliance and for assuring UMTA that all local recipients are in compliance with UMTA's Equal Employment Opportunity objectives, as detailed in UMTA Circular 4704.1. If the State meets the threshold specified in that circular (receipt of \$1,000,000 or more in the previous Federal Fiscal Year, and 50 or more mass transit related employees) it must submit an EEO program and may require any documentation it deems necessary from subrecipients to ensure that they do not discriminate on the basis of race, color, creed, national origin, sex, or age.
5. DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REQUIREMENTS.
 - a. Both State and local recipients of Section 18 funds must meet the requirements of the DOT's Minority Business Enterprise Regulations (49 CFR, Part 23) dated March 31, 1980, and amended April 21, 1981, July 21, 1983, and October 21, 1987. The October 1987 amendment implements Section 106(c) of the Surface Transportation and Uniform Relocation Assistance Act (STURAA) which includes a major change that now presumes women to be socially and economically disadvantaged. Accordingly, a recipient's projected utilization of women-owned firms would be included in a single DBE goal. Requirements for UMTA recipients are described in greater detail in UMTA Circular 4716.1A, "Disadvantaged Business Enterprise Requirements for Recipients and Transit Vehicle Manufacturers."

Certain applicants for UMTA funds are required to submit a DBE program. This program contains the steps the recipient has taken to: locate DBE's; make available contracting opportunities; increase the level of DBE participation; remove contracting barriers; and otherwise encourage the development of such business enterprises. For State Departments of Transportation and State highway departments, DOT has designated the Federal Highway Administration (FHWA) as lead agency to receive and review DBE programs.

For applicants over the following thresholds, the regulation requires the submission of DBE programs which include, among other elements, the setting of goals for DBE participation:

- (1) Applicants for funds in excess of \$250,000 exclusive of transit vehicle purchases under Sections 3, 5, 9, 9A, 16(b)(2), and 18 of the UMT Act, and Federal Aid Urban Systems; and
- (2) Applicants for planning funds in excess of \$100,000 under Sections 8 or 9 of the UMT Act.

Several additional DBE program elements are required of applicants for capital or operating funds in excess of \$500,000 exclusive of transit vehicle purchases or planning funds in excess of \$200,000.

Separate goals are required for highway and transit programs. The State should submit its transit goals directly to the UMTA Regional Office for approval, while the Statewide DBE program and highway goals should be submitted to FHWA. Any components of the DBE program

submitted to FHWA which impact transit are subject to review and approval by UMTA. UMTA will respond directly to the State in instances where UMTA cannot concur in application of a particular component to the transit program.

- b. All contracting opportunities which involve the expenditure of UMTA funds are covered by Section 23.43(a)(2) of the DOT regulation which requires that all "necessary and reasonable steps be taken in accordance with 49 CFR Part 23 to ensure that DBEs have the maximum opportunity to compete for and perform contracts."

Local recipients which receive less than \$250,000, and therefore are not required to submit a DBE program or goal must nonetheless take the "necessary and reasonable steps" to ensure the maximum utilization of DBE's pursuant to Section 23.43(a)(2) of the DOT regulation. Local recipients also have the obligation to track and report DBE participation levels achieved, including sufficient documentation in the recipient's, subrecipient's, or contractor's files to substantiate efforts undertaken to meet these obligations.

At a minimum, the "necessary and reasonable steps" include:

- (1) Identification of all contracting opportunities, if any, associated with the UMTA assistance. The overall project budget might serve as the overall source document for this step.
 - (2) Analysis of DBE availability (known and projected) to provide the products or services identified for contracting at either the prime or subcontract levels. This step includes making contact with organizations which may be expected to have information regarding availability including at a minimum, the Small Business Administration and the Minority Business Development Agency (U.S. Department of Commerce).
 - (3) Establishment of contract goals for all UMTA-assisted contracts based upon the availability analysis.
 - (4) Use of good faith efforts to achieve the contract goals established. Good faith efforts criteria are described in 49 CFR Part 23, Appendix A., and in UMTA Circular 4716.1A.
 - (5) Use of DBE firms certified under the eligibility criteria of 49 CFR Part 23.
 - (6) Recordkeeping and reporting sufficient for verification of steps taken and participation achieved.
- c. The State must submit to UMTA a Statewide DBE goal covering funds received from UMTA. The State may elect to limit the base for computation of the overall goal submitted for UMTA approval to:
- (1) Contracting opportunities to be made available by the State as primary recipient; and
 - (2) Contracting opportunities to be made available by recipients which receive in excess of the \$100,000 and \$250,000 thresholds.

Contracting opportunities to be made available by subrecipients which receive less than the threshold amount need not be included in the overall goal submitted. States electing to exclude contracting opportunities of small subrecipients in the primary recipient's overall goals, as described above, must still provide a mechanism in the approved DBE program to enforce the obligations assumed by subrecipients under Section 23.43(a)(2), and for tracking and reporting actual DBE participation levels achieved.

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d. The State must provide semiannual reports to UMTA on its DBE contracting activities and those of its subrecipients that meet or exceed the \$250,000 threshold. Contracting activities of subrecipients below this threshold must be reported annually. UMTA reserves the right to require quarterly reports from a State or subrecipient which fails to achieve its approved goal or which is implementing a major construction project.

6. SECTION 504 PROGRAM REQUIREMENTS. Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794, prohibits discrimination on the basis of handicap by recipients of Federal financial assistance. Formal complaints will be handled by the DOT through its established complaint process.

Section 18 recipients must meet the requirements of DOT's regulation implementing Section 504 of the Rehabilitation Act of 1973 (49 CFR Part 27) dated May 31, 1979, and the Final Rule: Nondiscrimination on the Basis of Handicap in Financial Assistance Programs, dated May 23, 1986, which replaces subpart E of 49 CFR Part 27. The Final Rule requires that "each recipient shall certify that special efforts are being made in its service area to provide transportation that handicapped persons, unable to use the recipient's service for the general public, can use. This transportation service shall be reasonable in comparison to the service provided to the general public and shall meet a significant fraction of the actual transportation needs of such persons within a reasonable time." Recipients who have a current certification to this effect are not required to recertify.

The Final Rule also required that each recipient ensure by March 23, 1987 "that handicapped persons and groups representing them have adequate notice of and opportunity to comment on the present and proposed activities of the recipient for achieving compliance," and submit an initial report to the State by June 23, 1987. Every three years each recipient must submit an update report to the State including the following information:

- (1) A description of the service currently provided to handicapped persons, as compared to the service for the general public;
- (2) Any significant modifications made in the service since the previous report, or planned for the next three-year period;
- (3) Copies of a summary of the comments on any significant changes made in the service since the previous report; and
- (4) A description of the resources that have been devoted to service for handicapped persons each year since the previous report and that are planned to be devoted to this purpose in each of the next three years.

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In addition, each recipient is required "at all times, (to) provide the service called for...under its certification...to all eligible handicapped persons." This obligation includes the following:

- (1) Ensuring that vehicles and equipment are capable of accommodating all the users for which the service is designed, and are maintained in proper operating condition;
- (2) Ensuring that sufficient spare vehicles are available to maintain the levels of service provided under the certification;
- (3) Ensuring that personnel are trained and supervised so that they operate vehicles and equipment safely and properly and treat handicapped users of the service in a courteous and respectful way;
- (4) Ensuring that adequate assistance and information concerning the use of the service is available to handicapped persons, including those with vision or hearing impairments; and
- (5) Ensuring that service is provided in a timely manner, in accordance with scheduled pickup times. A recipient shall not, on the basis of handicap, deny any handicapped person the opportunity to use the recipient's system of mass transportation for the general public, if the handicapped person is capable of using that system, even if the recipient also provides special service to handicapped persons.

CHAPTER VIII

PRIVATE SECTOR PARTICIPATION

1. BACKGROUND. On January 24, 1986, Guidance was published in the Federal Register describing the applicability of UMTA's private sector policy of October 22, 1984, to the Section 18 and Section 16(b)(2) programs. In that Notice, UMTA invited comments and stated its intention to issue permanent guidance. In addition to the official comments to the Docket which resulted from that Notice, comments on the guidance were also received from the States at UMTA's State Programs Workshop, held August 5-6, 1986, and from a group of State Officials who volunteered to meet to review the guidance on October 30, 1986, as a result of discussions at the August meeting. The experience of the States in implementing the guidance during the first year after it was published was thus taken into consideration. The guidance in this chapter replaces the guidance previously published in the Federal Register on January 24, 1986.
2. GUIDANCE.
 - a. Notification. Local entities should provide reasonable notice to transportation providers, including private for-profit, private nonprofit, and public agencies, regarding proposed services and opportunities for private transportation providers to participate in order that they may present their views concerning the development of local plans and programs. To the extent possible, it is also desirable to make known in advance the criteria which will be taken into account in making public/private service decisions.
 - b. Coordination. Wherever possible, Section 18 recipients should coordinate with other local entities, both public, private, and nonprofit, in the provision of coordinated transportation services, in order to enhance opportunities for private sector participation and facilitate the accomplishment of the other provisions of this policy.
 - c. Early Consultation. A fair appraisal of private sector views and capabilities should be assured by affording private providers an early opportunity to participate in the development of new transportation services. Private providers should be given opportunity to present their views concerning the development of local transportation plans and programs and to offer their own service proposals for consideration.
 - d. Consideration of Private Sector Service. When the need for new services is defined or services are significantly restructured, consideration first should be given to whether private carriers could provide such service in a manner which is consistent with local

objectives with or without public subsidy. Where feasible such consideration should be given pursuant to a competitive bid process if services involve public subsidy.

- e. Periodic Review of Existing Services. All transit services should be periodically reviewed to determine if they can be provided more efficiently by the private sector.
- f. Barriers to Private Participation. If there are local impediments to competition by private providers, public officials should encourage possible adjustments in local regulations or existing service requirements in order to permit private carriers to perform service with or without subsidy.
- g. Comparison of Costs. When comparing the service proposals made by public and private entities, the fully allocated costs of public and nonprofit agencies should be disclosed. Subsidies provided to public and private nonprofit carriers, including operating subsidies, capital grants and the use of public facilities should be reflected in the cost comparisons. If a private for-profit carrier receives public subsidies, these should be indicated.
- h. Local Decision Making. UMTA recognizes that in the local decision making process, factors other than cost must also be considered. Such factors may include safety considerations, service quality and reliability, and sources of volunteer support. Nothing in this policy guidance is intended to impose particular results on that local decision making process, but rather to ensure that private for-profit providers can compete fairly with public and non-profit-providers when decisions are being made, and that decision makers are aware of all costs involved in service provision.
- i. Complaint Procedures. Since the underlying spirit of the UMT Act is to afford communities maximum flexibility in local decisionmaking, it is appropriate that questions dealing with the fairness of local procedures and decisions be addressed at the local level. Accordingly, a discrete local mechanism, preferably independent, should be devised for resolving disputes in a manner which assures fairness to all parties. In the absence of a locally developed process, the State may prescribe and/or be party to a local process. Complaints which cannot be resolved at the local level should be resolved at the State level. State agencies are required, as part of their State Management Plan, to have in place a mechanism for resolving conflicts or complaints from private transportation providers, including appeal procedures.

- j. UMTA Review of Complaints. UMTA will entertain complaints from private enterprise organizations only upon procedural grounds based on the following claims: that the local project development process has not established procedures for the maximum feasible participation of private transportation providers; or that the local procedures were not followed; or that the State appeals procedures do not provide for fair resolution of local disputes. UMTA will not review disputes concerning the substance of local decisions regarding service or who should provide the service. Nor will UMTA entertain procedural protests prior to a disposition of complaints at the local and State level.
 - k. Documentation. Grantees are expected to maintain public records that document private participation in the project development process and the rationale used in making public/private service decisions. This information, along with State documentation, will be the primary evidence of compliance with the policy if a complaint is sent to UMTA.
 - l. "Private nonprofit organization". Private nonprofit organizations which are exempt from taxation under 26 U.S.C. 501(c), or which have been determined under State law to be private nonprofit entities, are encouraged to participate in the competitive process to select service providers. Nothing in this guidance is meant to exclude private nonprofit organizations from the opportunity to compete to provide service. Rather competition is enhanced by the inclusion of all potential service providers, whether they be private for-profit, private non-profit, or public agencies. Where private nonprofit agencies are the subrecipients of Section 18 funds, they have the responsibility for complying with this guidance.
3. STATE ROLE. The State agency administering the Section 18 program is responsible for having in place policies and procedures for achieving compliance with UMTA's private sector policy. In order to receive a Section 18 grant, State agencies are required to certify to UMTA that local recipients have afforded private transit operators a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of the proposed transportation services. This assurance is one of the "State Assurances" contained in Chapter V of this Circular. In making this assurance, the State is henceforth assuring to UMTA that the provisions of the policy guidance contained in this chapter have been complied with. As is the case with other assurances for this program, local projects must be placed in Category B of the State's program of projects until all the assurances, including private sector policy compliance, can be made.

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The State may satisfy private sector participation requirements for the Section 16(b)(2) program in the same way it does for the Section 18 program, where appropriate. The Section 18 State Management Plan (SMP) may be referenced in documentation for Section 16(b)(2) if the State does not have an SMP for Section 16(b)(2).

4. INFORMATION REQUIREMENTS.

a. State Agencies. Each State's SMP for the Section 18 program must fully address the areas listed below:

- (1) The State's procedures and requirements for achieving participation by private providers in local services at the beginning of the service development process and in the provision of service.
- (2) The State's guidance to and requirements of local applicants to address implementation of the private sector policy.
- (3) The State's process for resolving conflicts or complaints from private transportation providers that cannot be resolved at the local level, including appeal procedures.
- (4) Any technical assistance that the State provides to assist local recipients to involve the private sector; or technical assistance that is provided to private operators to assist them to participate in UMTA assisted services.

b. Local Recipients. In order for the State to make the required assurance to UMTA, each local applicant should provide to the State agency information about the local process for private sector participation. This may be a one time submission, to be updated as necessary, and should address the following areas, as applicable:

- (1) The current level of participation by private providers in Section 18 supported services.
- (2) The process for providing notice to private providers of proposed services.
- (3) All forums, meetings, hearings, or other opportunities for involving the private sector early in the service development process.
- (4) The process for reviewing private sector proposals, if any, offered for consideration, and the rationale for inclusion or exclusion.

- (5) Methods for periodically reviewing services to determine whether they can be provided more efficiently by the private sector.
- (6) Any locally established criteria for making public/private service decisions.
- (7) The local methodology for making cost comparisons when there are two or more operators interested in providing service.
- (8) A description and status report for any unresolved complaints received from private operators.
- (9) The local mechanism for resolving conflicts or complaints involving private operators.

5. RELATIONSHIP TO COORDINATION INITIATIVE. Since the original private sector guidance was published, the DOT has entered into a working relationship with the Department of Health and Human Services (DHHS) to facilitate the coordination of transportation services funded by the two departments. The agreement signed by the Secretaries of the two departments on October 24, 1986, includes as a goal: "To encourage the most efficient system of providing service, including consideration of private sector providers and use of competitive bidding." A new section on coordination has been included in this guidance because the coordination of funds for transportation from DOT and DHHS through a single agency at the local level may enhance opportunities for private sector participation. Interested private providers could have a single point of contact for federally funded programs rather than having to deal with the diverse requirements and procedures of multiple agencies. By contracting to serve the collective needs of a coordinated service, rather than the small and scattered transportation demands of individual agencies, private providers may be able to provide more efficient service at correspondingly lower costs. Both public and private sectors can thus benefit from coordination. In its role as broker, a coordinated service can assess which transportation services could be more economically contracted to the private sector. Human service agencies which do not have the staff or expertise to contract services directly may be willing to allow a coordinated system in which they participate to determine the best way to provide transportation service. By participating in coordinated systems with other agencies, therefore, recipients of Section 18 funds may also influence the use of other funding sources to contract with private providers.



CHAPTER IX

OTHER PROVISIONS

1. PROTECTION OF THE ENVIRONMENT. UMTA's environmental protection process is based on compliance with a number of environmental laws, executive orders, and implementing procedures. Primary among these is the National Environmental Policy Act (NEPA). This law, applying to all Federal agencies is implemented by the Council on Environmental Quality's regulation governing the procedural provisions of NEPA (40 CFR 1500), and UMTA's environmental impact regulation published jointly with the Federal Highway Administration (23 CFR 771). To the extent that other environmental laws and regulations apply to a proposed project or action (e.g. historic sites protection, wetlands preservation, etc.), UMTA's policy is to achieve compliance with these requirements within the general framework of the NEPA compliance process.

UMTA's environmental impact regulation requires different levels of analysis and documentation for the various types of projects funded through its programs. Environmental Impact Statements (EIS) are normally prepared for fixed rail projects which involve significant environmental impacts. Environmental Assessments (EA) are briefer than EIS's and are prepared for many types of transit projects when the significance of the probable impacts of a project cannot be readily determined. The purpose of the EA is to aid UMTA and the applicant in reaching a judgement on the significance of the impacts. Thus, this document would only be required for projects involving construction and potential on-site or off-site impacts, such as transit malls, terminals, certain storage and maintenance facilities, and other ancillary facilities.

The great majority of projects and actions funded through the Section 18 program do not normally involve significant environmental impacts. Such projects are termed "categorical exclusions" in UMTA's procedures because they are types of projects which have been determined to be categorically excluded from the requirement to prepare an environmental document. UMTA's regulation lists categorically excluded actions and projects in two groups. The first group (23 CFR 771.117(c)) contains activities and projects which have very limited or no environmental effects at all such as: planning and technical studies, preliminary design work, program administration, operating assistance, and transit vehicle purchases. Because environmental impacts of these activities are either nonexistent or minimal, they are presumed to be excluded.

The second group of projects which are normally categorically excluded are projects involving more construction and greater potential for off-site impacts. Examples are: new construction or expansion of transit terminals, storage and maintenance garages, office facilities, and parking facilities. Experience has shown that these projects can be built and operated without causing significant impacts if they are located in areas with compatible land use and if the primary access routes are adequate to handle the additional transit vehicle traffic. These projects are listed in the regulation along with specific conditions or criteria which must be met in order to qualify as a categorical exclusion (23 CFR 771.117(d)).

For these construction projects, however, no presumption exists concerning the significance of environmental effects. It is the applicant's responsibility to provide documentation which clearly demonstrates that the stated conditions or criteria are met. Such documentation is usually narrowly focused on one or a limited number of environmental concerns or questionable areas, and should not be confused with what is normally required for an EIS or EA. Some technical analysis may be required, such as a noise impact assessment or a street capacity analysis; but in most cases, the documentation will focus on consistency with local land-use plans, zoning and any State or local plans or programs governing the protection and management of environmental resources, such as air quality, water quality and noise abatement. The documentation will provide a written record of coordination with those State and local agencies having jurisdiction or a special interest in some aspect of the project.

In addition to the construction projects given as examples above, UMTA's procedures allow the flexibility to treat other projects as categorical exclusions which are not identified in the regulation. As with the projects listed in Section 771.117(d), it is essential that UMTA be consulted early in the project development process so that any questions or concerns about environmental effects can be addressed and documented in support of a categorical exclusion.

There are a number of environmentally related statutes, orders, and compliance procedures which may apply to a given project even if it is properly classed as a categorical exclusion. The environmental requirements which come into play most frequently for the projects funded under Section 18 are: Section 4(f) of the DOT Act (public parkland and historic sites protection); Section 10(c) of the Historic Preservation Act (protection of historic and archaeological resources); executive orders on wetlands preservation and floodplain protection; and Section 404 of the Clean Water Act (Corps of Engineers' permitting for dredge and fill activities in "waters of the United States.")

UMTA's procedures allow the flexibility to categorically exclude most of the projects typically funded under Section 18. States administering Section 18 funds should screen potential projects to make an initial determination as to which projects clearly meet the FHWA/UMTA criteria for categorical exclusions and which projects may require additional documentation. The latter projects should be coordinated with the UMTA Regional Office early in the project development so that any necessary environmental analysis and review will not delay implementation. Those projects or activities with no environmental impact or minimal impact require no individual review by UMTA. However, a project involving new construction of a facility or substantial rehabilitation of an existing facility must be discussed with UMTA to determine the need for information supporting a categorical exclusion and whether any additional environmental requirements apply. Early coordination is also necessary to identify those projects for which an EA will have to be prepared. If an EA is required, further steps to develop the project will not be authorized (e.g., property acquisition, final design, and construction) until UMTA makes a final environmental finding for the project. Any Category B or C project that does not qualify as a categorical exclusion requires environmental clearance from UMTA before being advanced to Category A.

2. BUY AMERICA. Section 165 of the Surface Transportation Assistance Act of 1982 provides that, with exceptions, Federal funds may not be obligated for mass transportation projects unless steel and manufactured products used in such projects are produced in the United States. There are four exceptions to this basic requirement. First, the requirement will not apply if its application is not in the public interest. Second, the requirement will not apply if materials and products being procured are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality. Third, the requirement will not apply in a case involving the procurement of buses and other rolling stock (including train control, communication, and traction power equipment) if the cost of components and subcomponents which are produced in the United States is more than 50 percent of the cost of all components and subcomponents of the vehicles or equipment, and if final assembly takes place in the United States (to increase to 55 percent on October 1, 1989 and 60 percent on October 1, 1991, except for some existing companies grandfathered at the 50 percent requirement until April 1, 1992). Fourth, the requirement will not apply if the inclusion of domestic material will increase the overall project contract by more than 25 percent. Buy America waiver requests must be approved by UMTA.
3. CHARTER OPERATIONS. Section 3(f) of the UMT Act places limits on the charter services which may be provided by federally funded public transportation operators. These limitations are specified in the implementing regulation.

The Final Rule for Charter Service, dated April 13, 1987, (49 CFR Part 604) prohibits UMTA recipients from providing any charter service using UMTA funded equipment or facilities if there is at least one private charter operator willing and able to provide the charter service that the recipient proposes to provide. The rule applies to both buses and vans. Any Section 18 recipient desiring to provide charter service must publish a notice annually and determine whether there are any private charter operators willing and able to provide the service. The State may conduct this process for itself and subrecipients or delegate this responsibility for the subrecipients to any or all of the subrecipients. The State must have a charter agreement on file with UMTA and obtain and retain in its records a certification of compliance with the charter rule from its subrecipients.

The Charter Rule lists five exceptions to the general prohibition on providing charter service. One exception allows UMTA recipients in non-urbanized areas to petition UMTA for an exception if the charter service that would be provided by willing and able private charter operators would result in a hardship on the customer because there are minimum durations pursuant to a State regulatory requirement or because the private charter operator is located too far from the origin of charter service. The rule specifies the process for requesting an exception, which, if granted, is effective for no more than twelve months.

The discussion of the Charter Rule included in the Federal Register on April 13, 1987, provides some helpful guidelines on how to distinguish prohibited charter service from permissible mass transportation special service. Service provided under contract to a social service agency will usually be mass transportation, not charter service, if the service is under the control of the recipient, is open door, and the recipient can put any rider on the vehicle in addition to the agency's clients. The Charter Rule should not discourage Section 18 recipients from using UMTA funded equipment in coordinated systems, or from providing service under contract to social service agencies.

4. SAFETY JURISDICTION. UMTA's authority in the area of transit safety is set forth in Section 22 of the UMT Act. Under Section 22, UMTA may withhold further financial assistance from any grantee who fails to correct any condition which UMTA believes "creates a serious hazard of death or injury." UMTA's authority to investigate and make findings in certain safety-related areas is permissive, not mandatory.
5. SCHOOL BUS OPERATIONS. Section 3(g) of the UMT Act places limits on school bus service which may be provided by federally funded public transportation operators. These limitations are specified in the implementing regulation, 49 CFR Part 605.

6. NEW MODEL BUS TESTING. The Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA) provided that beginning with FY 1990 funds, any new bus models must be tested at an UMTA sponsored test facility before funds can be expended to purchase them.
7. PREAWARD AND POSTDELIVERY AUDIT OF BUS PURCHASES. The STURAA requires the DOT to issue regulations requiring a preaward and postdelivery audit with respect to any grant for the purchase of buses and other rolling stock. This is for the purpose of ensuring compliance with Federal motor vehicle safety requirements, Buy America provisions, and grantee specifications. For the purposes of such audit, manufacturer certification is not sufficient and independent inspections and auditing are required. The regulations, when issued, will provide detailed guidance on the implementation of this requirement.



CHAPTER X

STATE MANAGEMENT PLAN

1. GENERAL. The State Management Plan (SMP) is a document which describes the State's policies and procedures for administering the Section 18 Rural and Small Urban Public Transportation Assistance Program. Each State is required to have an approved SMP on file with the appropriate UMTA Regional Office and to update it regularly to incorporate any changes in program management or new requirements. The original SMP was to have been prepared with an opportunity for public comment, and the State should also seek public comment in making significant revisions. The SMP may, but is not required to, include Section 16(b)(2). Any changes to the SMP necessitated as a result of new guidance in this circular should be forwarded to the UMTA Regional Office within 120 days of the date of issuance.
2. BACKGROUND. From the inception of the Section 18 program in 1978, it was envisioned that the designated State agencies would have principal responsibility for administering the program in accordance with an approved SMP. In 1982, the Federal Highway Administration (FHWA), which managed the program from 1978 through 1983, issued a Federal Register Notice which offered a State management plan approach as an option under which States would have increased program authority and responsibility and FHWA's involvement in project by project review and approval would be reduced. Several States elected to prepare and seek Federal approval of SMP's under these 1982 guidelines. The majority of States, however, chose to manage the Section 18 program without an approved SMP, with much more Federal oversight.

When UMTA assumed responsibility for the Section 18 program from FHWA, it significantly streamlined the Federal role in the application review and approval process and provided increased responsibility to the States in program administration. In light of these administrative changes, submission of an SMP was made a requirement, rather than an option for Section 18.

3. PURPOSE. The SMP is intended to facilitate both State management and UMTA oversight by documenting the State's procedures and policies for administering the Section 18 program in a single reference. The SMP should be a document which is useful to the State and subrecipients, as well as to UMTA. At a minimum, this document is to include the State's objectives, policies, procedures, and administrative requirements, in a form readily accessible to potential local recipients of assistance, State staff, UMTA, and the public. Its primary purposes are to serve as the basis for UMTA State level management reviews of the program, and to provide public information on the State's administration of the Section 18

program. It may also be used internally by the State as a program guide for local project applicants. If the State has other relevant documentation that provides the same information requested for the SMP, it may be included by reference, as an attachment.

4. STATE MANAGEMENT PLAN CONTENT. While there is no prescribed format for the SMP, the following content areas should be addressed within the plan.
 - a. Program Goals and Objectives. Describe the philosophy and policy underlying the State's management of the Section 18 program. Include a description of any process which exists for establishing long term rural transportation service goals in the State.
 - b. Roles and Responsibilities. Specify the agency designated by the Governor to administer the Section 18 program. The respective roles and responsibilities of the State agency and its subdivisions, other State agencies or review boards, local governments, private providers, local applicants, and other involved parties should be clearly explained.
 - c. Eligible Recipients. Describe who is eligible to apply for funds, and identify any ways this is more restricted than Federal eligibility. Describe methods for others who cannot be direct applicants to participate, including private intercity bus operators.
 - d. Eligible Services and Services Areas. Describe any limitation the State imposes in addition to Federal rules.
 - e. Eligible Assistance Categories. Describe, particularly when more explicit or more restrictive than Federal categories. Include any restrictions on eligible expenses and the State's policy on allocation of costs between administrative and operating categories.
 - f. Local Share and Local Funding Requirements. Describe any State policies on provision of local matching share. Include any State programs which provide matching funds for Section 18.
 - g. Project Selection Criteria and Method of Distributing Funds. Describe the State's criteria for selecting projects and distributing funds fairly and equitably among various applicants for funding, including Indian reservations. Whether the State uses a formula for allocation, or imposes its own limitations on use of the funds (e.g., capital only), or uses an entirely discretionary selection process, the policy rationale and the methods used should be explained. This description should cover the State's procedures for assuring equity of distribution of benefits among groups within the State, as required by Title VI.

- h. Annual Program of Projects Development and Approval Process. The State's process for soliciting, reviewing, and approving applications for local projects to be included in the State's annual Program of Projects should be described and a time table set forth. Instructions to potential recipients on how to prepare local project applications may be included. In addition, describe any policy the State has for transfer of Section 9 and/or Section 18 apportionments between urbanized and nonurbanized areas.
- i. Coordination. Describe how the State coordinates with other agencies at the State level and encourages and enhances coordination at the project level. This could include description of any State level coordinating mechanisms, legislation, review boards, and State policies that encourage or mandate coordination at the local level.
- j. Private Sector Participation. Describe the State's procedures for complying with UMTA's private sector participation policy for the Section 18 program, as described in Chapter VIII of this Circular.
- k. State Administration and Technical Assistance. Describe the resources and technical and management assistance the State makes available to local areas. Also describe the allocation of Section 18 money reserved by the State for administration, planning, technical assistance, and research. Distinguish between the use of funds for State administration and the RTAP allocation.
- l. Civil Rights. Describe how the State meets Federal Civil Rights requirements and monitors local recipients to ensure compliance with the requirements of Title VI, EEO, and Section 105(f) [DBE]. Required one-time submissions described in Chapter VI may be included as part of the State Management Plan.
- m. Section 504 Reporting. Describe the State's methods for monitoring local recipients' compliance with Section 504 and for processing the reports and certifications submitted to it under the provisions of the Final Rule.
- n. Charter Rule. Describe the State's procedures for administering the Final Rule on Charter Service. Include the process used to determine if there are any willing and able private providers of charter service, any review process for local recipients requesting exceptions from UMTA, and any process the State has for reviewing complaints and appeals.
- o. Other Provisions. Describe the process by which the State complies with other Federal requirements such as the labor protection provisions of Section 13(c), environmental protection, and Buy America provisions.

- p. State Program Management. Describe how the State administers its program management responsibilities in such areas as procurement, financial management, property management, vehicle use, maintenance and disposition, construction or renovation of facilities, accounting systems, audit and close-out. In addition, include any State procedures for management or financial reviews, and project monitoring or on-site reviews. Describe any standards set by the State for matters such as productivity, cost-effectiveness, or service standards. Detail any State reporting requirements.
- q. RTAP Program Management. Describe the State's procedures for administering the RTAP program, including project selection criteria, any local match requirements imposed by the State, goals and objectives, methods for involving operators in program development and implementation.
5. SMP REVISIONS. All States have an approved SMP on file with the UMTA Regional Office. Additions or amendments to an UMTA approved SMP are to be made whenever a State significantly changes its management of the program or when new program documentation requirements are imposed by UMTA. Periodically, it would be appropriate for a State to review the entire SMP to make sure it encompasses all the areas described above. When major changes to the SMP are made an opportunity to comment should be given at the minimum to potential local recipients of assistance, potential service providers, other State agencies and representatives of other funding sources, and any relevant State associations and professional organizations. An approved SMP will remain valid until the State submits a new one for approval, or an UMTA State level program review results in a specific request to the State by UMTA for a revised SMP, or when new program documentation requirements are announced by UMTA. In many cases, it will not be necessary to submit the entire SMP to UMTA for approval, if the changes and additions are in discrete page changes which can be approved by UMTA and incorporated into the SMP already on file. The State is responsible for ensuring that UMTA has a complete copy of the current SMP.

EXHIBIT A

SF424

OMB Approval No. 0348-0043

**APPLICATION FOR
FEDERAL ASSISTANCE**

1. TYPE OF SUBMISSION: <i>Application</i> <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction <i>Preapplication</i> <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		2. DATE SUBMITTED	Applicant Identifier														
		3. DATE RECEIVED BY STATE	State Application Identifier														
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier														
5. APPLICANT INFORMATION																	
Legal Name		Organizational Unit															
Address (give city, county, state and zip code)		Name and telephone number of the person to be contacted on matters involving this application (give area code)															
6. EMPLOYER IDENTIFICATION NUMBER (EIN): <div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; margin-bottom: 5px;"></div> - <div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; margin-bottom: 5px;"></div>		7. TYPE OF APPLICANT: (enter appropriate letter in box) <input type="checkbox"/> <table style="width: 100%; font-size: small;"> <tr> <td>A State</td> <td>H Independent School Dist</td> </tr> <tr> <td>B County</td> <td>I State Controlled Institution of Higher Learning</td> </tr> <tr> <td>C Municipal</td> <td>J Private University</td> </tr> <tr> <td>D Township</td> <td>K Indian Tribe</td> </tr> <tr> <td>E Interstate</td> <td>L Individual</td> </tr> <tr> <td>F Intermunicipal</td> <td>M Profit Organization</td> </tr> <tr> <td>G Special District</td> <td>N Other (Specify) _____</td> </tr> </table>		A State	H Independent School Dist	B County	I State Controlled Institution of Higher Learning	C Municipal	J Private University	D Township	K Indian Tribe	E Interstate	L Individual	F Intermunicipal	M Profit Organization	G Special District	N Other (Specify) _____
A State	H Independent School Dist																
B County	I State Controlled Institution of Higher Learning																
C Municipal	J Private University																
D Township	K Indian Tribe																
E Interstate	L Individual																
F Intermunicipal	M Profit Organization																
G Special District	N Other (Specify) _____																
8. TYPE OF APPLICATION: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) <input type="checkbox"/> <input type="checkbox"/> A Increase Award B Decrease Award C Increase Duration D Decrease Duration Other (specify) _____		9. NAME OF FEDERAL AGENCY:															
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: <div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; margin-bottom: 5px;"></div>		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:															
TITLE																	
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.)																	
13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICTS OF															
Start Date	Ending Date	a Applicant	b Project														
15. ESTIMATED FUNDING		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? a YES THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____ b NO <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW															
a Federal	\$.00																
b Applicant	\$.00																
c State	\$.00																
d Local	\$.00																
e Other	\$.00																
f Program Income	\$.00																
g TOTAL	\$.00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes If "Yes," attach an explanation <input type="checkbox"/> No															
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.																	
a Typed Name of Authorized Representative		b Title	c Telephone number														
d Signature of Authorized Representative		e Date Signed															

Previous Editions Not Usable

Standard Form 424 (REV. 4-88)
Prescribed by OMB Circular A-102

Authorized for Local Reproduction

INSTRUCTIONS FOR THE SF 424

This is a standard form used by applicants as a required facesheet for preapplications and applications submitted for Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

- | Item: | Entry: | Item: | Entry: |
|-------|--|-------|--|
| 1. | Self-explanatory. | 12. | List only the largest political entities affected (e.g., State, counties, cities). |
| 2. | Date application submitted to Federal agency (or State if applicable) & applicant's control number (if applicable). | 13. | Self-explanatory. |
| 3. | State use only (if applicable). | 14. | List the applicant's Congressional District and any District(s) affected by the program or project. |
| 4. | If this application is to continue or revise an existing award, enter present Federal identifier number. If for a new project, leave blank. | 15. | Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines as applicable. If the action will result in a dollar change to an existing award, indicate <i>only</i> the amount of the change. For decreases, enclose the amounts in parentheses. If both basic and supplemental amounts are included, show breakdown on an attached sheet. For multiple program funding, use totals and show breakdown using same categories as item 15. |
| 5. | Legal name of applicant, name of primary organizational unit which will undertake the assistance activity, complete address of the applicant, and name and telephone number of the person to contact on matters related to this application. | 16. | Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. |
| 6. | Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service. | 17. | This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes. |
| 7. | Enter the appropriate letter in the space provided. | 18. | To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.) |
| 8. | Check appropriate box and enter appropriate letter(s) in the space(s) provided:
— "New" means a new assistance award.
— "Continuation" means an extension for an additional funding/budget period for a project with a projected completion date.
— "Revision" means any change in the Federal Government's financial obligation or contingent liability from an existing obligation. | | |
| 9. | Name of Federal agency from which assistance is being requested with this application. | | |
| 10. | Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested. | | |
| 11. | Enter a brief descriptive title of the project. If more than one program is involved, you should append an explanation on a separate sheet. If appropriate (e.g., construction or real property projects), attach a map showing project location. For preapplications, use a separate sheet to provide a summary description of this project. | | |

EXHIBIT B

SECTION 18 PROGRAM OF PROJECTS

State: _____
FY _____ Apportionment: \$ _____
Carryover: _____
Transfer Funds (plus or minus): _____
Total Funds Available: _____

Total number of recipients funded in this POP: _____

In the following list, identify with an asterisk (*) those recipients which are Indian tribes or groups.

STATE ADMINISTRATION, PLANNING AND TECHNICAL ASSISTANCE
Federal Share (100%) \$ _____

CAPITAL AND OPERATING ASSISTANCE

CATEGORY A

<u>Recipient</u>	<u>Project Description(s)</u>	<u>Net Project Cost</u>	<u>Federal Share</u>
(1) _____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
(2) _____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
(10) _____	_____	_____	_____
	_____	_____	_____

SUBTOTAL _____

CATEGORY B

(1) _____	_____	_____	_____
	_____	_____	_____
(2) _____	_____	_____	_____
	_____	_____	_____

SUBTOTAL _____

CATEGORY C

Program Reserve (Not to exceed 10% of
total apportionment) _____ (assume
80%)
TOTAL PROGRAMMED (SECTION 18) _____

RTAP PROGRAM OF PROJECTS
(SAMPLE FORMAT)

STATE: _____
FY ___ ALLOCATION: \$ _____
CARRYOVER FUNDS : \$ _____
TOTAL RTAP FUNDS AVAILABLE: _____

	<u>Project Description</u>	<u>Federal Share</u>
A.	<u>TRAINING</u>	
1.		\$ _____
2.		\$ _____
	TRAINING -SUBTOTAL	\$ _____
B.	TECHNICAL ASSISTANCE	
1.		\$ _____
2.		\$ _____
	TECHNICAL ASSISTANCE - SUBTOTAL	\$ _____
C.	TRANSIT RESEARCH	
1.		\$ _____
2.		\$ _____
	TRANSIT RESEARCH - SUBTOTAL	\$ _____
D.	RELATED SUPPORT SERVICES	
1.		\$ _____
	SUPPORT SERVICES - SUBTOTAL	\$ _____
E.	PROGRAM RESERVE (Not to exceed 10% of programmed RTAP funds)	\$ _____
	TOTAL PROGRAMMED (RTAP)	\$ _____

EXHIBIT C

SECTION 18 BUDGET

State: _____

Grantee: (designated State Agency)

SECTION 18

A. State administration, Planning
and Technical Assistance

S.18 Fed. Share (100%)
S. 9 Transfer (80%)

B. Project Administration

(net cost) Fed. Share (80%)

C. Capital

(net cost) Fed. Share (80%)

-(E & H) Fed. Share (95%)

-(bicycle) Fed. Share (90%)

D. Operating

(net cost) Fed. Share (50%)

E. Program Reserve
(Category C)

(net cost) Fed. Share (80%)

TOTAL SECTION 18 FUNDS REQUESTED

\$ _____

=====

RTAP

A. Training

B. Technical Assistance

C. Research

D. Support Services

E. Program Reserve

TOTAL RTAP FUNDS REQUESTED

\$ _____
Fed. Share (100%)

=====

TOTAL GRANT FUNDS REQUESTED
(SECTION 18 AND RTAP)

\$ _____



EXHIBIT D

EXPENDITURE DETAIL

The following codes are used for UMTA's Grants Management Information System (GMIS).

30.30.00	OPERATING ASSISTANCE	\$ _____
11.80.00	STATE ADMINISTRATION	\$ _____
11.79.00	PROJECT ADMINISTRATION	\$ _____
10.73.00	PROGRAM RESERVE (CATEGORY C)	\$ _____
43.50.XX	RTAP	
.01	TRAINING	\$ _____
.02	TECHNICAL ASSISTANCE	\$ _____
.03	RESEARCH	\$ _____
.04	SUPPORT SERVICES	\$ _____
.05	PROGRAM RESERVE	\$ _____

11.XX.XX CAPITAL (Codes are given here for many capital items acquired under Section 18. Codes for items not on this list may be obtained from the UMTA Regional Office.)

ROLLING STOCK

Purchase - Replacement 11.12.XX	Purchase - Expansion 11.13.XX	Rehabilitation 11.14.XX
11.1X.01	Bus Standard 40 Ft. (<u>number</u>)	\$ _____
.02	Bus Standard 35 Ft. (_____)	\$ _____
.03	Bus 30 Ft. (_____)	\$ _____
.04	Bus < 30 Ft. (_____)	\$ _____
.05	Bus School (_____)	\$ _____
.06	Bus Articulated (_____)	\$ _____
.07	Bus Commuter/Suburban (_____)	\$ _____
.08	Bus Intercity (_____)	\$ _____
.09	Bus Trolley STD (_____)	\$ _____
.12	Bus Used (_____)	\$ _____
.15	Vans (_____)	\$ _____
.16	Sedan/Station Wagons (_____)	\$ _____
.33	Ferry Boats (_____)	\$ _____
.39	Transferred Vehicles (_____)	\$ _____
.40	Spare Parts	\$ _____

STATIONS/STOPS/TERMINALS

Engineering & Design 11.31.XX	Acquisition 11.32.XX	Construction 11.33.XX	Rehab/Renovation 11.34.XX
11.3X.01 Terminal, Bus (<u>number</u>)			\$ _____
.03 Terminal, Intermodal (_____)			\$ _____
.04 Park and Ride Lot (_____)			\$ _____
.05 Ferry Terminal (_____)			\$ _____
.08 Furniture and Graphics			\$ _____
.09 Route Signing			\$ _____
.10 Passenger Shelters (_____)			\$ _____

SUPPORT EQUIPMENT AND FACILITIES

Engineering & Design 11.41.XX	Acquisition 11.42.XX	Construction 11.43.XX	Rehab/Renovation 11.44.XX
11.4X.01 Administration Building (<u>number</u>)			\$ _____
.02 Maintenance Facility (_____)			\$ _____
.03 Admin./Maint. Facility (_____)			\$ _____
.04 Storage Facility (_____)			\$ _____
.06 Shop Equipment			\$ _____
.07 ADP Hardware (_____)			\$ _____
.08 ADP Software (_____)			\$ _____
.10 Fare Collection (Mobile)			\$ _____
.11 Support Vehicles (_____)			\$ _____
.20 Miscellaneous Equipment			\$ _____

SIGNALS AND COMMUNICATION

Acquisition 11.62.XX	Rehabilitation/Renovation 11.64.XX	
11.6X.02 Communications Systems		\$ _____
.03 Radios (<u>number</u>)		\$ _____
.20 Miscellaneous Equipment		\$ _____

OTHER CAPITAL PROGRAM ITEMS

11.76.00 Real Estate (Other than Right of Way)	\$ _____
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