

5310/5311 GRANT MANAGEMENT MANUAL

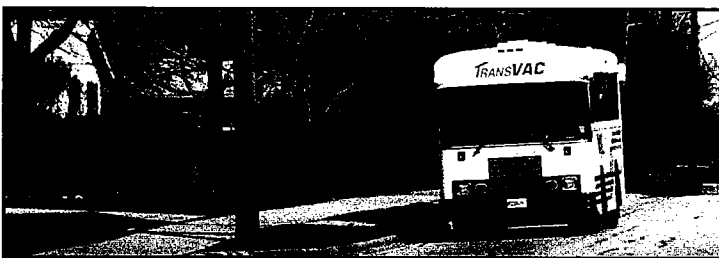


TABLE OF CONTENTS

1 DEFINITIONS

2 STATE MANAGEMENT PLAN

2/1 FOREWORD

2/2 PROGRAM GOAL AND OBJECTIVES

2/2.1 SECTION 5310 PROGRAM

2/2.2 SECTION 5311 PROGRAM

2/3 ROLES AND RESPONSIBILITIES

2/3.1 FEDERAL TRANSIT ADMINISTRATION

2/3.2 STATE ADMINISTRATIVE AGENCY

2/3.3 GRANTEES

2/4 ELIGIBLE APPLICANTS

2/4.1 SECTION 5310

2/4.2 SECTION 5311

2/5 LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

2/5.1 SECTION 5310

2/5.2 SECTION 5311

2/6 PROJECT SELECTION AND METHOD OF DISTRIBUTING FUNDS

2/6.1 SECTION 5310

2/6.2 SECTION 5311

2/7 ELIGIBLE SERVICES AND SERVICE AREAS

2/7.1 SECTION 5310

2/7.2 SECTION 5311

2/8 ELIGIBLE ASSISTANCE CATEGORIES

2/8.1 SECTION 5310

2/8.2 SECTION 5311

2/9 ANNUAL PROGRAM DEVELOPMENT AND APPROVAL PROCESS

2/9.1 SECTION 5310

2/9.2 SECTION 5311

2/10 PROGRAM REQUIREMENTS

2/10.1 COORDINATION

2/10.2 PRIVATE SECTOR PARTICIPATION

2/10.3 CIVIL RIGHTS AND DISADVANTAGED BUSINESS ENTERPRISE (DBE)

2/10.4 SECTION 504 AND ADA REPORTING

2/10.5 RULES FOR CHARTER SERVICE

2/10.6 OTHER PROVISIONS

2/11 RURAL TRANSIT ASSISTANCE PROGRAM (RTAP)

2/12 STATE PROGRAM MANAGEMENT

3 PROGRAM MANAGEMENT

3/1 INTRODUCTION

3/1.1 PROGRAM GUIDANCE

3/2 OVERVIEW

3/2.1 LOCAL IMPLEMENTATION

3/2.2 APPLICANTS

3/2.3 GRANTEES

3/2.4 ILLINOIS DEPARTMENT OF TRANSPORTATION

3/3 RURAL TRANSIT ASSISTANCE PROGRAM (RTAP)

3/3.1 SECTION 5311

3/3.2 SECTION 5310

3/4 FUNDING, DISTRIBUTION AND ELIGIBILITY

3/4.1 FEDERAL DISTRIBUTION OF FUNDS

3/4.2 IDOT DISTRIBUTION OF FUNDS

3/5 APPLICATIONS

3/5.1 FILING PERIODS

3/5.2 JOINT APPLICATIONS (SECTION 5311)

3/5.3 REVIEW OF FINANCIAL ASSISTANCE APPLICATIONS

3/5.4 APPROVAL OF A PROGRAM OF PROPOSED EXPENDITURES

3/5.5 ACKNOWLEDGMENT OF APPLICATIONS

3/5.6 NOTIFICATION OF EVALUATION AND REVIEW

3/6 CONTRACTS AND FINANCIAL MANAGEMENT

3/6.1 THIRD PARTY CONTRACTING

3/6.2 STANDARDS

3/6.3 METHODS OF COMPETITIVE PROCUREMENT

PREFACE

The Federal Transit Administration (FTA) of the United States Department of Transportation provides limited federal financial assistance to support the operation and capital investment needs of public transportation systems in rural and small urban areas (Section 5311 Program) as well as capital assistance for both rural and urban providers of specialized elderly and disabled transportation (Section 5310 Program). Funds for these purposes are apportioned by FTA among the states and each state in turn is given primary responsibility for administering the programs. The Illinois Department of Transportation (IDOT) is authorized by state statute to receive and expend federal Section 5311 and Section 5310 funds allotted to Illinois.

This Grant Management Manual/State Management Plan is designed to assist current and potential grant recipients in fulfilling the various requirements of receiving federal financial assistance generally, and the Federal Transit Administration's Section 5311 (Circular 9040.1D) and Section 5310 (Circular 9070.1B) in particular. Its purpose is to outline IDOT's plan for administering the two programs and as a source of guidance to current grantees and interested parties.

Inquiries concerning the Section 5310 Program should be directed to:

Attn: Program Manager
Downstate Area Programs
Illinois Department of Transportation
Division of Public Transportation
310 South Michigan Avenue - Suite 1608
Chicago, Illinois 60604
312-793-2116

Inquiries concerning the Section 5311 Program should be directed to:

Attn: Section Chief
Statewide Non-Metro Program
Illinois Department of Transportation
Division of Public Transportation
310 South Michigan Avenue - Suite 1608
Chicago, Illinois 60604
312-793-2116

DEFINITIONS

1

5310/5311 GRANT MANAGEMENT MANUAL



Illinois Department
of Transportation



DEFINITIONS

1

This section identifies common terms and definitions as used in this Manual. Many such terms are recurring to both the Section 5311 and Section 5310 Programs. Unless otherwise indicated, the following definitions are to be used interchangeably under either program.

ACT *Section 1* -- The Downstate Public Transportation Act (30 ILCS 740/1 et seq.).

APPLICANT A temporary designation for an entity which has submitted or proposes to submit a financial assistance application to IDOT as provided for in this Manual; and which has not achieved the status of grantee through approval of a financial assistance application.

CAPITAL COST A nonrecurring expenditure for either real or personal property having an initial acquisition cost greater than \$300; or any approved expenditure for physical facilities such as land acquisition, construction, major alterations, and landscaping; fixed equipment or systems; revenue and non-revenue rolling stock and any of the related costs of an approved capital acquisition program -- which can be classified under FTA guidelines, IDOT guidelines, or standard accounting practices as a capital asset.

CONSOLIDATED VEHICLE PROCUREMENT (CVP) PROGRAM The state program under which Section 5310 and 5311 grantees apply for and receive paratransit vehicles. Under this program grantees are not directly involved in the design and procurement of the paratransit vehicles. This program was developed to ensure that all vehicles purchased with Section 5310 and 5311 grantees meet federal and state procurement and ADA requirements.

ELIGIBLE ADMINISTRATIVE EXPENSES *Section 5311* -- Expenses required to provide public transportation, other than those defined as "eligible operating expenses", including, but not limited to, general, administrative and overhead costs such as salaries of the project director, office personnel such as secretary and bookkeeper, office supplies, facilities, rental, insurance, marketing, and interest on short-term loans for operating assistance.

ELIGIBLE CAPITAL EXPENSES *Section 5311* -- Any approved expenditure of moneys for capital items necessary for the provision of public transportation services, including expenditures for the purchase of revenue and non-revenue rolling stock; the purchase of maintenance and support equipment directly related to the support of such service operations (e.g. maintenance tools, fareboxes, wheelchair lifts, ramps, radios, etc.); and the purchase or construction of fixed facilities.

ELIGIBLE OPERATING EXPENSES Section 5311 -- Expenses required to provide public transportation, including drivers' wages and benefits, mechanics' wages and benefits, contract maintenance service, materials and supplies directly related to transit and maintenance of vehicles, fuels and lubricants, rentals or leases of vehicles, taxes other than income taxes, payment made for debt service (including principal and interest) on publicly owned equipment and facilities, and any other expenditure which is an operating expense according to standard accounting practices for the providing of public transportation.

ELIGIBLE RURAL PUBLIC TRANSIT SERVICE Section 5311 -- Any transportation service provided by bus, shared-ride taxi, or other publicly or privately owned conveyance, primarily serving the general public, on a regular basis, by or on behalf of an eligible grantee. Projects may constitute an entire public transit system, a particular service or function within that service, or an individual route or route segment. Service may include the transportation of nonurbanized residents to and from urbanized areas. However, such services may not include operations entirely within an urbanized area.

FEDERAL FISCAL YEAR (FFY) The fiscal year of the United States -- October 1 through September 30.

FTA The Federal Transit Administration of the US Department of Transportation.

GRANTEE The recipient of IDOT project funds or assets as evidenced by statutory or administrative authority to act as a grantee under a grant agreement with IDOT.

IDOT The Illinois Department of Transportation.

LEAD APPLICANT The primary applicant responsible for executing and thereby administering the requirements of an IDOT funded grant agreement under a joint application where two or more applicants have agreed upon and designated one such applicant to act as "lead".

NONURBANIZED, RURAL OR SMALL URBAN AREAS Section 5311 -- These terms are used synonymously for any area outside an urbanized area with a population of less than 50,000 inhabitants, as defined by the US Bureau of the Census.

OPERATING DEFICITS Section 5311 -- The amount by which eligible operating expenses exceed revenues from non-reimbursable fares, rental of properties, advertising, and any other amounts collected or received in the process of providing Section 5311 funded public transportation which, under FTA guidelines, IDOT guidelines, or standard accounting practices, are properly classified as operating revenue or operating income attributable to providing public transportation under the Act.

OPERATOR The entity or entities charged with the implementation, administration and ongoing management of a public or specialized transportation service. Operators may be either an instrumentality of a grantee or a third party contractor or contractors which provide both project management and transportation service.

DEFINITIONS

OPERATING REVENUE The revenues from non-reimbursable fares, reduced fare reimbursements, rentals of properties, advertising, contract income from for-profit entities and any other amounts collected or received in the process of providing public transportation which, under FTA guidelines, IDOT guidelines, or standard accounting practices, are properly classified as operating revenue or operating income; and any unrestricted federal, state or local funds received as a result of providing transportation services which are not used to match grant funds.

PASS THROUGH OPERATOR A not for profit agency that is the operator for a Section 5311 grantee whose services are not procured through third party contracting guidelines. This arrangement is only available to grantees which are County's or municipalities. Under this arrangement,

PUBLIC TRANSPORTATION Coordinated transportation service within the approved service area which is not designed nor operated in a manner which restricts service to any particular group or class of individuals; and which is openly marketed to the general public.

PROGRAM OF PROJECTS (POP) The federal programming document detailing the annual listing of local projects to be partly financed with FTA funds. The Program of Projects consists of brief project descriptions and proposed funding shares. It is submitted to FTA annually by IDOT for FTA approval.

PROGRAM OF PROPOSED EXPENDITURES As approved by IDOT, the services to be provided and the budget for the provision of those services by a grantee (i.e. Approved Project Budget).

PROVIDER The source of public or specialized transportation services typically provided on a unit or trip cost basis under a purchase of service contract with a grantee who retains implementation and grant administration responsibilities.

SECTION 5310 Section 5310 (formerly known as Section 16) of the Federal Transit Act of 1992, as amended.

SECTION 5311 Section 5311 (formerly known as Section 18) of the Federal Transit Act of 1992, as amended.

STATE The State of Illinois.

STATE FISCAL YEAR (SFY) The fiscal year of the State of Illinois -- July 1 through June 30.

STATE MANAGEMENT PLAN (SMP) The State Management Plan (also known as the Grants Management Manual) is a document which describes the state's policies and procedures for administering the Section 5311 and Section 5310 Transportation Assistance Programs. The SMP is intended to facilitate both state management and FTA oversight by documenting IDOT's implementation and management methods in a single reference.

DEFINITIONS

SUBRECIPIENT Also commonly referred to as subgrantee, this is the federal designation for the local recipient of financial assistance. For the Section 5310 and 5311 programs this grant methodology is employed through a designated state agency (IDOT) acting as the primary recipient which agrees to assume local funding distribution and oversight responsibilities over local project implementors or “subrecipients”. At the state implementation level, subrecipients are commonly referred to as Grantees.

THIRD-PARTY CONTRACT Any purchase order or contract awarded by a grantee to a vendor or contractor using financial assistance funds awarded by IDOT.

URBANIZED AREA Typically multi-jurisdictional areas (governed by more than one governmental entity) of equal to or greater than 50,000 inhabitants defined by the US Bureau of the Census as being Urbanized.

URBAN PLACE Typically single-jurisdictional areas of 2,500 inhabitants or more defined by the US Bureau of the Census as an Urban Place.

STATE MANAGEMENT PLAN

2

5310/5311 GRANT MANAGEMENT MANUAL



2/1 FOREWORD

Beginning with the Urban Mass Transit Act of 1964 and subsequent amendments, the United States Department of Transportation (USDOT) through its Urban Mass Transit Administration (UMTA), was charged with implementing various public transportation initiatives in urban areas. The Federal Surface Transportation Assistance Act of 1978 broadened the scope of the original legislation by providing operating and capital assistance to public transportation systems in rural and small urban areas and capital assistance for the enhancement of transportation alternatives for targeted mobility limited individuals such as elderly persons and persons with disabilities.

Known as the Section 5311 and Section 5310 Programs respectively (due to their placement in the Federal Transit Act), these specialized transit funding programs were again amended in 1991. Through enactment of the Federal Transit Act which is administered by the USDOT's Federal Transit Administration (FTA, formerly UMTA) the amendment language provided greater flexibility and program delivery options. The Federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) reauthorized various sections of the Federal Transit Act including Sections 5311 and 5310 for federal funding.

2/2 PROGRAM GOAL AND OBJECTIVES

2/2.1 SECTION 5310 PROGRAM

Due to funding constraints, a continuously increasing demand and a large base of elderly, disabled and other specialized services, IDOT has determined that the immediate needs of the statewide Section 5310 eligible pool of applicants is best served through implementation of a rolling stock only procurement program. Within this larger program principle, state program management is achieved through implementation of the following objectives:

- Within existing funding limitations, support and develop a safe fleet of vehicles to service the statewide transportation needs of the elderly and other mobility impaired persons.
- Provide for the equitable distribution of capital assistance resources to enhance the continuation of existing services as well as the limited growth of new or expanded services as warranted.
- Optimize the distribution and allocation of resources so as to strengthen regional coordination among grantees and other complimentary transportation programs.
- Promote local transportation initiatives which provide safe, efficient and accessible mobility options for targeted groups.

2/2.2 SECTION 5311 PROGRAM

IDOT's program goals and objectives conform with the national goals for Section 5311. Specifically, IDOT's goals are as follows:

- To enhance the access of people in nonurbanized areas to health care, employment, other transportation services, education, public services, shopping and recreation.
- Assist in the development, improvement, maintenance and use of public transportation in nonurbanized areas.
- Encourage and facilitate the efficient use of all federal, state, and local funds to provide public transportation in nonurbanized areas.
- Encourage the coordination of programs and services.
- Encourage the improvement of public transportation services essential to meet the needs of the transportation disadvantaged.
- Facilitate and encourage improvements to service delivery and cost effectiveness of systems.
- Maximize federal dollar investments.
- Assist in the development and implementation of effective management and marketing strategies.

2/3 ROLES AND RESPONSIBILITIES

2/3.1 FEDERAL TRANSIT ADMINISTRATION

As the principal funding agency, FTA has (through its Region V Office in Chicago) federal oversight responsibilities over local public and specialized transportation assistance programs. Region V responsibilities include reviewing and approving state applications, state management plans and grant management activities.

2/3.2 STATE ADMINISTRATIVE AGENCY

The Governor of Illinois has designated IDOT as the agency responsible for administering the Section 5310 and 5311 programs. The state statutory authority to receive and expend Section 5310 funds is provided in 20 ILCS 2705 et. seq. The authority to receive and expend Section 5311 funds is provided in 30 ILCS 740/1 et. seq.

The Department's responsibilities include, but are not limited to, soliciting applications, reviewing and selecting applications for funding, developing an annual Program of Projects and grant applications for FTA, distributing grant funds, program planning, certifying the eligibility of applicants and project activities, monitoring project activity for compliance with federal requirements as well as the use of program assets by grantees, monitoring local project activity, and overseeing project audit and close-out.

2/3.3 GRANTEES

The grantee is responsible for completing IDOT's grant application materials and any other supporting documentation as required by IDOT. The grantee may provide the intended services directly or contract for service with an operator or service provider. The grantee is also responsible for compliance with all post award program requirements including, but not limited to, project management and financial oversight, maintenance, and ongoing service planning.

2/4 ELIGIBLE APPLICANTS

2/4.1 SECTION 5310

Private Nonprofit Corporations and associations meeting the special needs of elderly persons and persons with disabilities for whom mass transportation services are unavailable, insufficient or inappropriate;

Designated Coordinated Service Provider (except townships and counties) A public body that is providing general public transportation service and is seeking designation by the Illinois Department of Transportation to be the primary coordinated paratransit service provider to elderly persons or persons with disabilities in their service area.

Designated Public Paratransit Provider-Existing Service (except townships and counties) A public body that is providing some level of specialized or paratransit service and is seeking designation by IDOT as the sole source provider of transportation service to elderly persons or persons with disabilities in their service area because no other local agency has been identified or readily available to provide the service.

Designated Public Paratransit Provider-Proposed Service (except townships and counties): A public body that is proposing to provide some level of specialized or paratransit service and is seeking designation by IDOT as the sole source provider of transportation service to elderly persons or persons with disabilities in their service area because no other local agency has been identified or readily available to provide the service.

2/4.2 SECTION 5311

Transit Districts not within a federally recognized urbanized area which are also authorized under the Illinois Compiled Statutes to receive Section 5311 Program assistance;

Counties outside of the Regional Transportation Authority (RTA) region in Northeastern Illinois (Cook, DuPage, Lake, Kane, Will and McHenry counties) or the Metro East portion of the Bi-State Development Authority (which includes portions of Madison, St. Clair and Monroe counties); and

Cities or Towns of between 20,000 and 50,000 inhabitants not within an urbanized area or the RTA and Bi-State regions.

2/5 LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

2/5.1 SECTION 5310

Applicants may be required to show a commitment to the program by demonstrating their ability and willingness to provide the nonfederal share of any grant funded vehicle or equipment procurement in the event that adequate state resources are not available to provide the requisite nonfederal share.

2/5.2 SECTION 5311

Grantees are responsible for providing the nonfederal share of their operating and administration expenditures. The nonfederal share can be provided from a variety of sources including, but not limited to, state public transportation operating assistance funds, local appropriations, donations or dedicated revenues, in-kind services, and contract revenue including contracts with non-profit local or state human service organizations, even though the source of funds may be through contracts funded by other federal programs.

2/6 PROJECT SELECTION AND METHOD OF DISTRIBUTING FUNDS

2/6.1 SECTION 5310

In keeping with IDOT's funding priorities, applications are designed so as to facilitate funding requests on a unit or per vehicle basis. Each individual vehicle request is first classified by service type priority and subsequently scored according to the following criteria:

Level of Existing Service -- Quantitatively Define present and potential clients, serving those, or offering specialized transport.

Applicant's Experience -- A qualitative measure of fleet and grant administration, other client services and duration of service.

Operations – Utilization -- A quantitative measure of clients, trips, mileage and variety of services offered.

Operations – Administration -- Complete, accurate policies, budgets, staffing documents transportation staff training.

Operations – Maintenance -- Published plans, execution and documenting vehicle repair and preventive action schedules.

Coordination – Qualitative measurement of efforts by applicant to coordinate service to area client groups. No effort by applicant could preclude grant.

In addition, proposed projects must meet the following conditions:

Vehicles considered for replacement must meet minimum mileage criteria at the time of application. If a vehicle has deteriorated, through no fault of the applicant, to a point where it is a safety hazard and is more than five years old, the vehicle may be considered for replacement based on its condition and not mileage.

There are several concurrent funding programs for obtaining vehicles in Illinois. IDOT has consolidated the application of the various funding sources into a single CVP Program. The Department ensures that vehicles funded under any of the other financial assistance programs are eliminated from funding consideration under Section 5310.

2/6.2 SECTION 5311

Given existing funding limitations, IDOT's principal Section 5311 program goal is to continue to enhance public transportation service in rural and small urban areas and to maintain established levels of service through the continuation of operating assistance grants. If the program incurs an overall change in available funds in any state fiscal year, funding levels to existing grantees may be adjusted.

To meet stated goals and objectives, IDOT prioritizes its available resources as follows:

First - for operating assistance projects (including intercity bus) in order to maintain existing service levels;

- Second - for operating assistance projects (including intercity bus) for new or expanded service requests;
- Third - for capital assistance projects (including intercity bus) in order to maintain existing service levels; and
- Fourth - for operating assistance projects (including intercity bus) for new or expanded service requests.

2/6.2.1 INTERCITY BUS TRANSPORTATION

IDOT's Intercity Bus implementation strategy is consistent with federal policy whereby Intercity Bus or Section 5311(i) grant services are primarily targeted to existing Section 5311 eligible grantees who provide Section 5311(i) service as a component of existing Section 5311 service.

Subject to current funding limitations for the Section 5311 Program in general, IDOT's Section 5311(i), Intercity Bus Program component goals and objectives are as follows:

- First- maintain current levels of Section 5311 category services by funding existing Section 5311 projects which have been providing Intercity Bus eligible service as an established component of their approved service;
- Second- implement an intercity bus program that is broad, flexible and consistent with FTA requirements; and
- Third- support intercity bus service in Illinois to the greatest extent feasible.

2/7 ELIGIBLE SERVICES AND SERVICE AREAS

2/7.1 SECTION 5310

Implementation of projects with Section 5310 program funds is not restricted according to minimum population thresholds as is the case with other FTA programs. Proposed projects must conform to established criteria for applicant eligibility and be designed so as to maximize service to the targeted mobility limited groups according to federal Section 5310 guidance. As such, IDOT neither expands nor restricts the minimum federal requirements in the designation of eligible services and service areas.

2/7.2 SECTION 5311

Funds are available for expenditure for public transportation projects in the nonurbanized areas of Illinois. Charter service is generally not restricted if it is incidental to general public transportation and also meets the conditions and stipulations as further herein described. In addition, service to or from an urbanized area is eligible for funding if such service includes either the origin or destination in a nonurbanized area.

In determining whether an applicant's proposed program should be classified as public transportation, IDOT will consider all transportation services included in an application as one program. Although some client specific transportation services may be included as part of a proposed program, some portion of transportation services to be funded under any single program must be available to the general public or groups of the general public with special needs in order for that program, as a whole to be classified as public transportation.

2/8 ELIGIBLE ASSISTANCE CATEGORIES

2/8.1 SECTION 5310

In order to maximize available funds in conformity with stated program goals and objectives for the Section 5310 program, IDOT categorizes vehicle grant requests by service types as follows:

Replacement denotes either the planned or unplanned withdrawal of a vehicle which is either considerably past its useful life, dangerously deteriorated or otherwise rendered unusable;

New denotes the implementation of service with granted vehicles where none previously existed such a totally new paratransit route or new periods of availability; or the services to be provided by a newly proposed paratransit system or provider; and

Expanded which is a either a capacity improvement with granted vehicles or the planned extension of existing routes or period of availability by an existing paratransit system or provider.

2/8.2 SECTION 5311

Operating expenses are those expenses required to provide public transportation as defined in 30 ILCS 740/3-1.04. Administrative expenses are those expenses required to provide public transportation other than those defined as eligible operating expenses in 30 ILCS 740/3-1.04. Capital Expenses are expenditure of moneys for equipment or facilities necessary for provision of public transportation services as defined in 30 ILCS 740/3-1.08.

2/9 ANNUAL PROGRAM DEVELOPMENT AND APPROVAL PROCESS

2/9.1 SECTION 5310

Annually, IDOT notifies potential applicants of the availability of applications and the requirements of the application process annually. All applications are reviewed and funding levels are established. Final approval of the application is through transmittal of a letter of award from the Governor and a grant agreement properly executed by the grantee and by IDOT.

At the federal level, IDOT is responsible for submitting the annual Program of Projects (POP) to FTA. The annual POP will identify each grantee, describe the proposed project, and indicate the total project cost and the estimated federal share. The POP will also include the funding level programmed for state administration, planning and technical assistance.

The POP by reference will also be included in IDOT's Statewide Transportation Improvement Program (STIP) as required by the Federal Highway Administration (FHWA) and FTA. In addition, state and local applicants will work with metropolitan planning organizations (MPOs) to include any Section 5310 projects being proposed within the MPO's planning/study area boundaries in the Transportation Improvement Program (TIP) according to federal guidance.

In order to maintain flexibility between all of the available funding sources and to ensure that no federal funds are lapsed or lost to the state, IDOT may request the transfer of funds among various FTA funding programs on a case by case basis and to the extent allowable by law. IDOT will notify FTA of any POP changes according to federal guidelines.

2/9.2 SECTION 5311

Annually IDOT updates its multi-year funding program. This program has four elements: operating assistance funding to existing grantees (as of FY 2000), operating assistance to new or expanded service areas (since FY 2000), special operating assistance needs, and the intercity bus program. For existing programs, IDOT determines annually the funding level based on prior year expenditures and available federal funds. This funding level is transmitted to the existing program grantees along with their application.

Periodically, the Department may undertake an initiative to expand the Section 5311 program if additional federal or state funds become available. The Divisions established goals and objectives for service expansion are:

- ◆ Expand service in as many new counties as possible
- ◆ Fund services that have a legitimate chance of success
- ◆ Equitable statewide distribution and meet Illinois Administrative Code regional equity requirements
- ◆ Use a competitive process in selecting new services
- ◆ Minimize bias towards project readiness and current operators
- ◆ A funding methodology this is fair, equitable and consistent with current funding distribution

When these initiatives occur, it is the Department's policy to :

1. Identify and notify all eligible participants
2. Have a formal proposal process
3. Evaluate the proposals on the basis of Service Objectives, Sponsor/Operator Experience, Program Coordination, Local Planning Efforts, and Local Financial Commitments
4. Rank the proposals
5. Fund the highest scoring proposal based on available funds and statewide regional distribution of funds.

Special operating assistance needs are selected and funded at the discretion of the Director and based on the unique needs of the service area.

Annually, IDOT distributes application materials to current grantees. Applications are reviewed based on the funding levels established above. Final approval of the application is through transmittal of a letter of award and a grant agreement, properly executed by the grantee and by IDOT.

At the federal level, IDOT is responsible for submitting the annual POP to FTA. The annual POP will identify each grantee, briefly describe the proposed project, and indicate the estimated cost and federal share of each project. The POP will also include the funding level programmed for state administration, planning and technical assistance as well as Rural Transit Assistance Program (RTAP) and Intercity Bus funds. Since IDOT's POP may not exceed the total amount of Section 5311 funds available, it is IDOT's responsibility, to notify each applicant of the amount of Section 5311 funding that each applicant is eligible to receive for the following fiscal year. In order to maintain flexibility between all available funding sources and to ensure ^{that} ~~no~~ federal funds are lapsed or lost to the state, IDOT may participate in the transfer of funds between existing projects or to fund new projects on a case by case basis to the extent allowable by law. IDOT will notify FTA of any POP changes according to federal guidance.

2/10 PROGRAM REQUIREMENTS

2/10.1 COORDINATION

IDOT encourages the coordination of public and specialized transportation services to enhance the mobility of persons in nonurbanized areas; and within urbanized areas, mobility limited individuals and groups for whom existing resources are insufficient, inadequate or inappropriate. In order to maintain a dimensional awareness of mobility limited persons, IDOT maintains on-going, informal contacts with other state and local agencies -- including Area Agencies on Aging as well as the Departments of Mental Health, Developmental Disabilities, Rehabilitation Services and Public Aid - - to provide for broader input regarding the allocation of Section 5310 and 5311 funds. Also, application for funding requires an inventory of local transportation resources, written notification of local transportation providers and a detailed presentation of the local planning and coordination process employed. These efforts are intended to supplement the mandated public hearing and State Clearinghouse notification.

In addition, proposed Section 5311 projects located within the planning jurisdiction of an MPO must also coordinate their project with the Transportation Improvement Program (TIP) process -- a federally mandated local planning, review and approval mechanism for urbanized areas. Interested agencies and transportation providers respond as appropriate.

2/10.2 PRIVATE SECTOR PARTICIPATION

IDOT encourages private sector participation through the maximum extent feasible. Private sector participation is specifically addressed through statewide and local planning organizations. Private sector participants are given timely information about transportation issues and an opportunity to comment throughout the transportation planning process. They are also provided with access to technical and policy information used in the development of plans and transportation improvement programs, as well as access to public meetings where matters related to transit programs are being considered. Grantees are required to certify compliance with this provision through the standard assurances certification.

2/10.3 CIVIL RIGHTS AND DISADVANTAGED BUSINESS ENTERPRISE (DBE)

DBE goals and requirements for IDOT funded projects are established by IDOT's Office of Civil Rights. IDOT is responsible for ensuring compliance with civil rights requirements and for monitoring DBE performance of grantees. These requirements include, but are not limited to, The Illinois Human Rights Act, Title VI of the Civil Rights Act of 1964, Equal Employment Opportunity (EEO), and the Disadvantaged Business Enterprise (DBE) program requirements. IDOT's Office of Finance and Administration also employs Title VI and DBE contract compliance specialists to monitor compliance. IDOT provides assistance to participants in civil rights and DBE compliance and encourages grantees to adopt guidance similar to those used by IDOT. Grantees are required to certify compliance with this provision through the standard assurances certification.

2/10.4 SECTION 504 AND ADA REPORTING

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination on the basis of handicap by recipients of federal financial assistance. In addition, the Americans with Disabilities Act of 1990 imposed specific requirements on public and private providers of transportation. IDOT requires all grantees to comply with these two acts through the timely submittal of updated annual transit or paratransit plans and through the standard assurance certification process.

2/10.5 RULES FOR CHARTER SERVICE

Grantees must certify compliance with the FTA charter rule as described in federal guidance through the state standard assurances certification. Applicants proposing to provide charter service must conform to the process outlined in the FTA regulations and meet one of the seven exceptions outlined in Exhibit E.5. Compliance for these requirements are monitored through IDOT's site visits and program reviews.

2/10.6 OTHER PROVISIONS

The state's standard assurances certification requires the grantee to comply with the requirements of various state and federal laws such as, but not limited to, the Special 13(c) warranty, drug-free workplace, Suspension, Debarment and Applicable Provisions through an annual certification process. Compliance for these requirements are monitored through IDOT's site visits and program reviews.

2/11 RURAL TRANSIT ASSISTANCE PROGRAM (RTAP)

The Department provides for various services including training, technical assistance, research, and support services for participants under the auspices of the Rural Transit Assistance Center (RTAC). The RTAC is located at Western Illinois University and funded through an interagency agreement with the University. For more information contact:

**Executive Director
Rural Transit Assistance Center
1 University Circle
Macomb, IL 61455
Phone: 800-526-9943
Fax: 309-298-2162**

In addition IDOT has established a Rural Transit Assistance Program Advisory Council to provide guidance and ongoing review of program development, implementation, and delivery. The council is made up of representatives from private nonprofit specialized providers(Section 5310), private for-profit providers, public transit providers (Section 5311), and state agencies. Power to appoint Advisory Council members is delegated to the Director of the Division of the Public Transportation by the Secretary of the Illinois Department of Transportation. The Advisory Council by-laws are provided in Exhibit E.6.

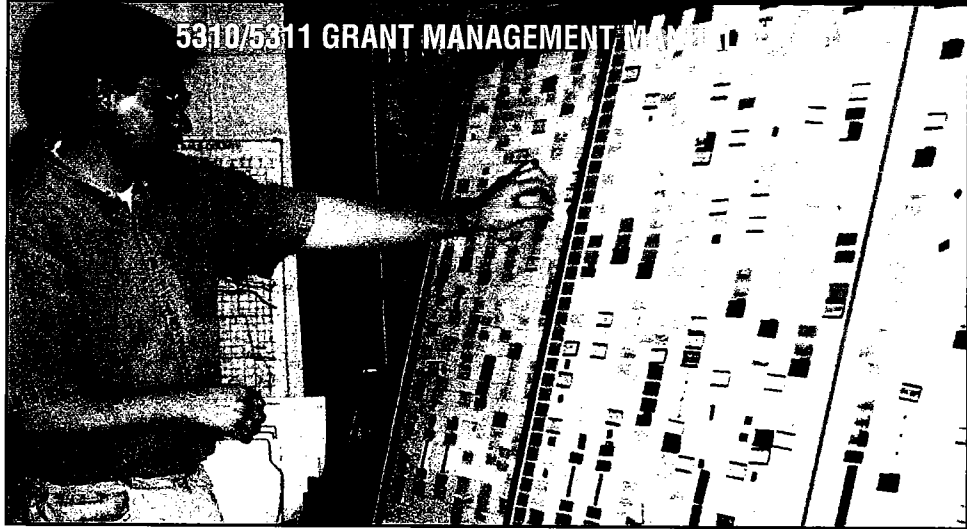
2/12 STATE PROGRAM MANAGEMENT

The Section 5310 and 5311 programs are administered by IDOT according to state statute, the State Management Plan, FTA and Office of Management and Budget (OMB) guidance, and internal policies and guidance. Any administrative changes to the program will be reflected in these documents as required.

IDOT will perform on-site program compliance monitoring either with in-house staff or through consultant contracts as detailed in Section 5, Compliance Monitoring. A brief report which summarizes findings and recommendations will be issued to all interested parties as a result of these program compliance reviews.

PROGRAM MANAGEMENT

3



3/1 INTRODUCTION

This section provides project management guidance for grantees in carrying out assistance projects pursuant to Sections 5310 and 5311 of the Federal Transit Act. While federal regulations apply directly to IDOT as the designated first level grantee of federal funds, prospective applicants are hereby notified (unless indicated otherwise) that applicable federal requirements and regulations invariably apply to the state's grantees and their third party contractors as well.

Accordingly, the procedures outlined herein are intended to assist grantees in meeting the various state and federal grant management responsibilities and reporting requirements of IDOT funded projects. For additional guidance on specific areas of state and federal laws and other regulations, grantees are at a minimum, advised to consult the original sources provided herein.

In addition, IDOT further recommends that current grantees and potential applicants review this manual and other program related materials such as local regulations, executive orders and pertinent literature published by academic and other institutions in order to avail themselves of the full scope of requirements and pre-conditions to receiving such financial assistance. Also, since IDOT has found that initial project planning and research significantly improves both the feasibility of receiving assistance and henceforth, of implementing a successful public transportation project, prospective applicants are encouraged to meet with IDOT staff in the early planning stages of a proposed project to discuss the specifics of funding availability and other requirements.

3/1.1 PROGRAM GUIDANCE

Prior to the submission of a completed application for financial assistance for either operating, capital or technical assistance, prospective applicants are advised of the applicability of the following additional sources of guidance:

3/1.1.1 FEDERAL SOURCES

- Federal Transit Act, as amended, 49 US app. Section 1601, et seq.
- Intermodal Surface Transportation Efficiency Act of 1991 (Pub. L. No. 102-240)
- 48 USC. 1469a, "Congressional Declaration of Policy Respecting Insular Areas."
- 29 USC. 794, Section 504 of the Rehabilitation Act of 1973.
- "Americans with Disabilities Act of 1990," Pub. L. No. 101-336, July 26, 1990.
- National Environmental Policy Act, 42 USC. Section 4321 et seq. h.16 USC. Section 470, "National Historic Preservation Act."
- 49 CFR Part 17, "Intergovernmental Review of Department of Transportation Programs and Activities."

- 49 CFR Part 18 "Uniform Administrative Requirements of Grants and cooperative Agreements to State and Local Governments."
- 49 CFR Part 20, "New Restrictions on Lobbying"
- 49 CFR Part 23, "Participation by Minority Business Enterprise in Department of Transportation Programs."
- 49 CFR Part 24, "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs."
- 49 CFR Part 27, "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance."
- 49 CFR Part 37, "Transportation Services for Individuals with Disabilities (ADA)."
- 49 CFR Part 38, "Americans with Disabilities Act (ADA) "Accessibility Specifications for Transportation Vehicles."
- 49 CFR Part 39, "Governmentwide Debarment and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-free Workplace (Grants)."
- 49 CFR Part 604, "Charter Services."
- 49 CFR Part 605, "School Bus Operations."
- 49 CFR Part 622, Environmental Impact and Related Procedures."
- 49 CFR Part 639, "Capital Leases," 56 Fed. Reg. 51786, October 15, 1991
- 49 CFR Part 661, "Buy America Requirements: Surface Transportation Assistance Act of 1982, as amended."
- 49 CFR Part 663, "Pre-Award and Post-Delivery Audits of Rolling Stock Purchases," (and additional guidance published in the Federal Register, March 31, 1992.)
- 49 CFR Part 665, "Bus Testing."
- OMB Circular A-87, "Principles of Cost Accounting for State and Local Governments," as amended.
- OMB Circular A-122, "Cost Principles for Nonprofit Organizations," as amended.
- OMB Circular A-128, "Audits of State and Local Governments," as amended.
- OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," as amended.
- Department of the Treasury Circular 1075, Part 205, "Withdrawal of Cash from the Treasury for Advances Under Federal Grants and Other Programs."
- FTA Circular 4220.1D, "Third Party Contracting Guidelines," August 4, 1998.
- FTA Circular 4702.1, "Title VI Program Guidelines for FTA Participants," May 26, 1988.
- FTA Circular 4704.1, "Equal Employment Opportunity Program Guidelines for Grant Participants," July 26, 1988.

- FTA Circular 4715.1, "Human Resource Programs (Section 20) Application and Project Management Guidelines," July 26, 1988.
- FTA Circular 4716.1A, "Disadvantaged Business Enterprise Requirements for Participants and Transit Vehicles Manufacturers," July 26, 1988.
- FTA Circular 5010.1C, "Grant Management Guidelines," October 1, 1998.
- FTA Circular 7010.1, "Capital Cost of Contracting", December 5, 1986.
- FTA Circular 9030.1C, "Urbanized Area Formula Program: Grant Application Instructions", October 1, 1998.
- FTA Circular 9040.1E, "Nonurbanized Area Formula Program Guidance and Grant Application Instructions", October 1, 1998.
- FTA Circular 9070.1E, "The Elderly and Persons With Disabilities Program Guidance and Application Instructions", October 1, 1998.
- FTA Circular 9100.1B, "Standard Assurances for FTA Applications," July 1, 1988.
- FTA Circular 9300.1A, "Capital Program: Grant Application Instructions," October 1, 1998.
- FTA Circular 9500.1, "Intergovernmental Review of FTA Planning, Capital and Operating Programs and Activities," March 30, 1984.
- "Interim Guidance on the ISTEA Metropolitan Planning Requirements," 51 Fed. Reg. 14943, April 23, 1992.
- "Interim Guidance on Statewide Transportation Planning and Programming," dated May 28, 1992.

3/1.1.2 LOCAL SOURCES

- 30 ILCS 505/1-13 Illinois Purchasing Act
- 30 ILCS 740/1-1/4-5 Downstate Public Transportation Act
- 65 ILCS 5/3.1-55-20 Municipalities -- Accounts and Auditing
- 50 ILCS 305-340 Local Government Finances
- 50 ILCS 505-510 Local Government Purchases and Contracts

3/2 OVERVIEW

3/2.1 LOCAL IMPLEMENTATION

The goals and objectives outlined in the SMP set forth the principles under which various entities -- federal, state and local -- support, promote and maintain safe, efficient and accessible transit and paratransit service in Illinois. Without the continued support of such partnerships, Illinois' transit and paratransit alternatives would be severely limited. However, the requisite local relationships needed to continue financial assistance programs are often accompanied by inherent complexities. For instance, each of the participating entities typically employs management tools and related procedures such as progress and financial status reports. While most employ common practices, in some instances, projects have been subject to differing standards and accounting periods, laws, regulations and requirements. Prior to undertaking a proposed project, applicants, operators and providers should recognize that IDOT's legal, financial and programmatic environment imposes certain roles and responsibilities upon participating entities. Accordingly, the following section details IDOT's recommended procedures and minimum requirements of achieving those goals and objectives.

3/2.2 APPLICANTS

With respect to the elemental requirements of receiving financial assistance, applicants are at a minimum, responsible for developing the grant application and supporting documentation as required by IDOT. Prior to the submittal of a financial assistance application however, prospective applicants are also expected to assess and identify the nature and dimensions of transit need including the sources of service demand, plan an appropriate service delivery mechanism, develop an overall project management system including a plan for project financing and ultimately, a safe, efficient and feasible transit or paratransit service.

3/2.3 GRANTEES

If an application for financial assistance is approved, grantees may plan to operate the system directly by a pass-through agreement with a non-for-profit agency or contract for service with a third party. Pass-through or third party type management contracts may be entered into with one or more operators -- for complete operation and system management or alternatively under a third party purchase of service agreement with a provider to provide only transportation services whether on a unit (per trip) basis or other service costing method. Additionally, operators or providers may be either for-profit or nonprofit. In either case, the grantee is ultimately responsible for the following items:

- compliance with program requirements (federal, state and local);
- project management and management oversight;
- monitoring budgets, service, and subcontracts; and
- ongoing service planning and ensuring that audits are performed in accordance with IDOT requirements.

3/2.4 ILLINOIS DEPARTMENT OF TRANSPORTATION

The Illinois Department of Transportation's responsibilities include the following:

- development of procedures for the fair and equitable distribution of funds;
- insuring adherence of grantees to federal and state program guidance;
- notification of eligible applicants about the availability of funding;
- soliciting applications; and
- monitoring and improving coordination of public transportation services at the local and state levels.

3/3 RURAL TRANSIT ASSISTANCE PROGRAM (RTAP)

3/3.1 SECTION 5311

RTAP funding is directly linked to the Section 5311 Program. Since most rural public transit operators are funded in part with Section 5311 capital and operating assistance funds, they are the primary focus of RTAP funded efforts. IDOT uses Section 5311 administrative funds and specially earmarked RTAP funds to provide direct technical and grant management assistance to Section 5311 potential applicants and grantees through the Rural Transit Assistance Center.

In addition to the above assistance, RTAC can arrange to provide assistance in other functional areas such as marketing and promotion, accounting and reporting, coordination, and personnel and labor relations. Please contact the Rural Transit Assistance Center or IDOT for further information concerning the RTAP Program.

3/3.2 SECTION 5310

Many Section 5310 funded agencies also provide transportation services in small urban and rural areas. Agencies which provide rural transportation services also participate in the RTAP program.

3/3.3 REGIONAL TRAINING

The Illinois Rural Transit Assistance Center (RTAC) provides training for drivers and support personnel of Section 5311 and Section 5310 grantees/operators and other rural transit providers. Courses in defensive driving, emergency procedures, and passenger assistance are offered at eight regional training sites and at various on-site locations, with each course consisting of classroom instruction and hands-on practice.

The regional training sites are located strategically to allow easy access by transit agencies, thus minimizing the need for on-site (demand-response) trainings. Course dates are announced in advance to allow agencies to plan for employee attendance at the sessions.

In addition, RTAC has partnered with the Illinois Department on Aging (DoA) to provide a minimum of 13 on-site trainings, 1 in each of the 13 DoA provider service areas. This partnership will allow not only the training of employees from DoA-funded agencies, but also allow extra training sites for the employees of IDOT-funded agencies that have been unable to attend regional trainings.

Course curricula are periodically reviewed and updated by RTAC staff, with input from the trainers. Trainers are transit professionals, many of them employed at rural transit agencies.

3/4 FUNDING, DISTRIBUTION AND ELIGIBILITY

3/4.1 FEDERAL DISTRIBUTION OF FUNDS

3/4.1.1 SECTION 5310

FTA apportions Section 5310 funds to each state on the basis of a formula administered by the Secretary of the US Department of Transportation which takes into consideration the number of elderly persons and persons with disabilities in each state.

3/4.1.2 SECTION 5311

FTA apportions Section 5311 funds to each state based on a federal, population based formula as mandated by Congress. The formula is determined by the ratio of a state's nonurbanized population to the total nonurbanized population of all 50 states plus US territories. The data used in the formula are derived from the most current census.

3/4.2 IDOT DISTRIBUTION OF FUNDS

3/4.2.1 SECTION 5310

IDOT typically utilizes Federal Section 5310 apportionments to meet eighty (80) percent of program costs. IDOT also pursues state funding under the provisions of the Illinois Compiled Statutes (30 ILCS 740/3-1.02) to meet the federal requirement for a local twenty (20) percent share. In the event that state funding for the full twenty (20) percent nonfederal share is not available, applicants should be prepared to furnish the balance of funds needed to complete individual Section 5310 Program projects.

3/4.2.1.1 Project Selection

Given existing funding constraints, IDOT administers distribution of funding for awards in a three step process.

First, an applicants application is scored based on the following criteria:

- ◆ Level of Existing Service (maximum 3 points)
- ◆ Applicants Experience (maximum 3 points)
- ◆ Operations-Utilization of Equipment (maximum 3 points)
- ◆ Operations-Administration: capabilities of the applicant to implement and run their transportation program (maximum 3 points)
- ◆ Operation-Maintenance: capability of the applicant to properly maintain equipment requested (maximum 3 points).
- ◆ Service Coordination (maximum 5 points)

Second, all applications are ranked by application score and need of vehicle requested (replacement, service expansion, new service). Accordingly, each vehicle requested -- whether replacement, expansion or new -- competes against all others requested under the same category. At this point IDOT reviews past awards to ensure that any vehicles requested for replacement has not been replaced in previous grants.

Third, each agency that ranks above a score of 13 is programmed for funding. The Department has determined that a score of 13 is a reasonable cut-off threshold to ensure that applicants can meet the basic requirements of operating, utilizing, and maintaining the vehicle(s) requested. If, however, an applicant receives a zero on Service Coordination, they are deemed ineligible for funding no matter what their score. Every agency that scores above a 13 is programmed for at least one vehicle. Additional vehicles will only be awarded if there is sufficient funding. In this case all eligible applicants will receive the same number of vehicles if they have sufficient need as demonstrated in their application.

In any given year, IDOT's final Section 5310 Program funding distribution is devised so as to conform with the following goals:

- a) 80% funding for replacement service vehicles;
- b) 10% funding for expansion service vehicles; and
- c) 10% funding for new service vehicles.

3/4.2.1.2 IDOT Administrative Costs

In addition, up to 10 percent of the state's total fiscal year apportionment may be used as the 80% federal share of program administration costs. Program administration costs consist of those costs incurred by IDOT in implementing and managing the entire Section 5310 program. The remaining 20% must come from state general revenue sources.

3/4.2.1.3 Other Acquisition Costs

IDOT also reserves a share of the annual Section 5310 program apportionment to contract with consultants for the preparation of vehicle specifications, bid review and other technical services in connection with IDOT's Consolidated Vehicle Procurement program. Typically, this amount represents less than five (5) percent of annual apportionments.

3/4.2.2 SECTION 5311

Between 1985 and 1990, Section 5311 systems increased from nine (9) to the twenty-six (26) grantees. This growth was met in large part through the utilization of reserve and carryover Section 5311 funds from previous years. By 1993, requests for Section 5311 funds (exclusive of local contributions) exceeded federal apportionments by a four to one ratio. As a result, Section 5311 Program apportionments have been allocated exclusively to operating assistance grants. Until 2000, inclusion as a grantee was limited to those systems receiving FTA funding in SFY 1993.

With the passage of TEA-21, funding for rural public transportation systems increased significantly over the five year authorization period. With this increase was the expectation from FTA that rural public transportation service would be increased in the rural areas. In response to this, IDOT held a competitive service proposal process to increase service. As a result, in 2002 the number of rural counties served by public transportation will increase by 14 and the number of grantees increased by 6 to 32. The selection of the expanded services was undertaken in accordance with the process outlined in Section 2.9.2

3/4.2.2.1 Amounts of and Limits on Operating Assistance Grants

IDOT is authorized under the Act to make operating assistance grants to any applicant to offset a portion of the applicant's proposed operating and administrative deficits. If the total of all requests exceed the total amount of funds apportioned, then IDOT will make grants from apportioned funds for less than such deficits. In any event, operating assistance grants are calculated upon approved project deficits as follows:

- Operating Deficits - IDOT will make grants from apportioned funds for up to 50% of such deficits.
- Administrative Deficits - IDOT will make grants from apportioned funds for up to 80% of such deficits.

3/4.2.2.2 Amounts of and Limits on Capital Assistance Grants

IDOT is authorized under the Act to make grants to any applicant for an amount not to exceed 80% of the proposed eligible capital expenses from the grantee's approved program of proposed expenditures. IDOT will make grants to applicants for 80% of such capital expenses to the extent that sufficient discretionary funds are available.

3/4.2.2.3 Intercity Bus Set-A-Side Funding

Under Section 5311(f) of ISTEA, IDOT is required to earmark a portion of the annual Section 5311 apportionment to implement a program for the development and support of Intercity Bus transportation. The set aside percentage is not less than 15 percent of the state's annual apportionment. This percentage set-a-side is effective unless the Governor certifies that the Intercity Bus service needs of Illinois are being adequately met.

Funding must support Intercity Bus service in small urban and rural areas. Eligible activities include, but are not limited to the following: planning and marketing; capital grants for shelters, joint-use stops and depots; operating grants to existing Section 5311 grantees; operating grants through purchase-of-service agreements, user-side subsidies, demonstration grants, and coordination of small urban/rural transit operations and Intercity Bus carriers. Charter and tour services are not eligible for assistance in accordance with federal regulation 49 CFR PART 604.

3/4.2.2.4 Discretionary Funds

Funds not allocated among grantees will be classified as Discretionary Funds to be used for capital and operating assistance grants.

3/4.2.2.5 State Administration

IDOT may use up to 15 percent of the state's annual apportionment to administer the program and provide technical assistance to applicants and existing transit systems. Technical assistance may include project planning and development, management and operations, maintenance, and coordination of public transportation resources and programs (public and private). The federal funds can be used to pay for 100% of expenses with no state match requirement.

3/5 APPLICATIONS

Application materials for both the Section 5310 and 5311 programs are attached hereto as Exhibits. Administrative requirements related to application submittal and preparation not specifically detailed in the individual program applications are as follows:

3/5.1 FILING PERIODS

3/5.1.1 SECTION 5310 CAPITAL ASSISTANCE GRANTS

Applications are distributed annually by February 1. Any applicant requesting funding must return the completed application to IDOT within ten weeks.

3/5.1.2 SECTION 5311 OPERATING & CAPITAL ASSISTANCE GRANTS

Applications are distributed annually by February 1st. Any applicant requesting funding for the next fiscal year must complete an application.

3/5.1.3 NONMETRO SMALL CAPITAL PROGRAM

There is no set date, but annually if there are sufficient general revenue funds, IDOT will send out notification of the small capital program. This program is to purchase small capital items such as computers, shop equipment, and office equipment. All items must have a unit value of greater than \$300 (although shop and office equipment may contain several items that individually are below \$300 but as a group exceed this threshold). Applications will then be sent to those grantees by request and funding will be distributed between the grantees based on available funds and need.

3/5.2 JOINT APPLICATIONS (SECTION 5311)

The unique nature of public transportation needs of small urban and rural areas may lead to the formation of proposed programs that extend beyond the geographic boundaries of any single applicant. Therefore, in cases where two or more applicants are located within one county, or where a program to serve two or more adjoining counties is being proposed, the applicants involved may submit a Joint Application. Any applicant who wishes to submit an application that includes the provision of transportation service outside its geographic boundaries may do so provided that the assurances submitted by the applicant as part of the application for Section 5311 assistance cover the entire service area proposed in the application including assurances and joint agreements by any eligible applicants in that area.

3/5.2.1 JOINT APPLICATION AGREEMENTS

Joint Applications filed with IDOT must contain copies of agreements between the Lead Applicant and each other applicant. Each agreement must contain the following information:

- a) A description of the service to be provided within the service area of each applicant.
- b) The amount that each applicant will contribute to the program to be funded under the Joint Application.

- c) That all applicants included under a Joint Application have agreed upon and designated one applicant to be the Lead Applicant responsible for executing all of the requirements of the grant agreement.
- d) A certified copy of the resolution passed by each applicant's governing board authorizing the applicant to execute the agreement.
- e) Copies of all the assurances required by IDOT's application form; signed by an authorized official of the lead applicant.

3/5.3 REVIEW OF FINANCIAL ASSISTANCE APPLICATIONS

IDOT reviews applications according to criteria and procedures herein described and further detailed in state and federal laws, regulations and circulars. Prospective applicants should consult those publications, this manual and appendices for specific information regarding IDOT's application review criteria. In general, the applications are an excellent source for determining the extent and applicability of the minimum standards for receiving financial assistance. While IDOT recognizes the inherent diversity of local conditions affecting transit and paratransit service provision state-wide, it is not only responsible for promoting such services but for ensuring that financial assistance funds are spent in a safe and efficient manner. Fully completed applications for such financial assistance provide the basis for IDOT's review of such requests. However, whether a request is for either operating, capital or technical assistance, the following criteria depict the typical indicators employed by IDOT where an in-depth analysis is warranted. Prospective applicants are encouraged to use these indicators to measure the effectiveness of proposed projects prior to the submission of a completed application.

Applicants for Section 5311 funds must prepare a project budget for approval by IDOT. The project budget must separate project expenses into allowable project administrative and operating expenses. 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; standard overhead rates; and the costs of administering drug and alcohol testing.

Operating expenses are considered those costs directly related to system operations. At a minimum, the following items must be considered operating expenses: fuel, oil, drivers' salaries and fringe benefits, dispatcher salaries and fringe benefits, and licenses.

Grantees are required to have an independent audit prepared for Section 5311 Operating Assistance Grants. The audit must be prepared by an independent CPA, and if not based on the state's fiscal year, must include a schedule of costs, revenues, and expenditures in comparison with the approved project budget that is based on the state's fiscal year in the schedule of exhibits.

3/5.3.1 NEED, SERVICE AND EFFICIENCY

1. The adequacy of planning activities performed to substantiate the need for the proposed service and its capability of meeting those needs as demonstrated by the following:
 - a) The formal planning process followed in developing the plan for the proposed service, including - involvement of user groups, local and regional planning agencies, and existing transit providers in

- the development of the plan of the proposed program; and use of existing local or regional planning documents in the development of the plan for the proposed program (for example, comprehensive development plans).
- b) Assessment made of existing transportation service and equipment currently available in the applicant's service area based upon the following:
 - i) Inventories of public and private agencies currently operating transportation services (including social service agencies, taxi operators, and school bus operators); and
 - ii) surveys of the general population and of special user groups (such as the elderly and disabled) to solicit information as to major travel destinations and current transit service needs.
 2. The level of local support for the proposed program as demonstrated by letters of support and minutes of public meetings and of other meetings of local agencies.
 3. If proposed eligible capital expenses are to be incurred for the replacement of existing vehicles, whether the age, condition or mileage of the existing vehicles justifies such replacement and to what extent such vehicles or equipment could meet the demonstrated transportation needs of the system.
 4. Whether the transportation needs and proposed method of operating equipment and vehicles indicate that such equipment and vehicles will be fully utilized.
 5. If proposed eligible capital expenses are to be incurred for purchase or construction of fixed facilities, in addition to the other criteria listed in this Section:
 - a) whether the proposed fixed facilities are necessary in relation to the applicant's current level of service;
 - b) whether it can be expected that the applicant will utilize the fixed facility in the provision of transit services beyond the period of the Section 5311 program and for the useful life of the facility; and
 - c) whether the amount of funds requested for such fixed facilities is so great as to prevent compliance by IDOT with federal requirements that funds be expended on a fair and equitable basis.

3/5.3.2 MANAGERIAL AND OPERATING CAPABILITIES

IDOT will review each application to assess the ability of the applicant's and proposed transit operator or provider(s) to provide transportation service outlined in the proposed program. In making this assessment IDOT will consider the following:

- a) The ability to dispatch and operate the proposed service.

- b) The ability to maintain equipment, vehicles and facilities to be used in providing transportation service.
- c) The ability to complete and submit the forms and information as required by IDOT.
- d) The past performance of an applicant or proposed transit provider as it relates to the scope and nature of the proposed program.

3/5.3.3 COORDINATION EFFORTS

IDOT will review proposed transportation programs to determine the amount of pooling of equipment, technical skill, and financial resources available in the community. For example, IDOT will evaluate efforts by the applicant to utilize existing vehicles owned by private transit providers or equipment owned by public or private nonprofit agencies purchased under other federal and state funded transportation and social service programs. The degree of support and cooperation from other federal and state agencies and the extent of participation by user groups, social service agencies, planning agencies, and existing private and public transit service providers in the planning and implementation of the proposed program will be considered when evaluating the level of coordination to be achieved in the proposed program.

3/5.3.4 OTHER FUNDING SOURCES

IDOT grant funds are intended to supplement, rather than to replace funding sources for small urban and rural transportation programs. Specifically, IDOT will assess an applicant's intention to maximize the level of operating assistance for transit service in the applicant's service area from other funding sources.

3/5.4 APPROVAL OF A PROGRAM OF PROPOSED EXPENDITURES

3/5.4.1 OPERATING ASSISTANCE

After the comparison and selection of programs (in whole or in part) to receive operating assistance, IDOT will review the proposed budget of each selected applicant's proposed program to assess the reasonableness of the relationship between the level of proposed services and the projected costs of such services. As part of this review, IDOT will consider these items:

- a) The comparison of the applicant's projected costs for proposed services with the actual costs of providing similar transportation services in comparable non urbanized areas (new service requests only);
- b) The effect of any proposed expansion of transportation services above the previously approved Section 5311 program of proposed expenditures, upon overall operating ratios including but not limited to the following:
 - passenger per vehicle mile;
 - fare box revenue per vehicle mile;
 - deficit per vehicle mile; and
 - operating expense per vehicle mile.
- c) Where no expansion of service is proposed, the proposed budget will be compared with the program budget approved for the previous fiscal year so

as to determine the cause of any rapid escalation in the cost of providing transportation services under the proposed program.

If after IDOT has completed the review as provided and has determined that the applicant's proposed budget is unreasonably high in relation the proposed services to be provided, IDOT will work with the applicant to modify the proposed budget to achieve a reasonable level. As a result of this process, particular line items of an applicant's proposed budget will be increased or decreased and a final program of proposed expenditures will be approved by IDOT.

3/5.4.2 CAPITAL ASSISTANCE

After the comparison and selection of programs (in whole or in part) to receive capital assistance based on the criteria herein, IDOT will review the proposed project budget of each applicant's proposed program to assess the reasonableness of the relationship between the proposed capital items and the projected cost of such items. As part of this review, IDOT will consider the comparison of the applicant's proposed capital items and costs with the actual costs of purchasing or constructing comparable capital items for other transportation programs. If after IDOT has completed the review provided herein and has determined that the applicant's proposed project budget is unreasonably high or low in relation to the capital items to be purchased or constructed, IDOT will work with the applicant to modify the proposed project budget. As a result of this process, particular line items of an applicant's proposed project budget will be increased or decreased and a final program of proposed expenditures will be approved by IDOT.

3/5.5 ACKNOWLEDGMENT OF APPLICATIONS

IDOT will acknowledge receipt of formal applications for operating or capital assistance. Acknowledgment of an application is an assurance that IDOT will review the application. It does not obligate IDOT to approve the application. During the review and evaluation of an application, IDOT may require the applicant to provide further information or to file additional supporting documents by a date set by IDOT. The nature of these documents will vary with the particular application and will be specified by IDOT.

3/5.6 NOTIFICATION OF EVALUATION AND REVIEW

The applicant will be notified in writing of IDOT's approval or disapproval, in whole or in part, of the proposed programs based on its review of the applications. In cases where IDOT notified the applicant of its disapproval of a proposed program the applicant may request IDOT to reconsider the proposed program based on any additional relevant information the applicant can provide IDOT. In cases where IDOT recommends approval of an application, IDOT will notify the applicant of the level of funding and the program of proposed expenditures recommended for approval. IDOT will process the application and depending upon the source of funds requested, include such project in the state's Program of Section 5311 or 5310 Projects. No application is officially approved until the applicant and IDOT fully execute a formal grant agreement. All disapprovals by IDOT or FTA of proposed programs shall be final.

3/5.7 APPLICATION ASSISTANCE CLASS (SECTION 5310)

To assist nonprofit applicants that are operated by minorities or groups serving predominately minority communities in understanding and properly completing the Section 5310 application, IDOT conducts an application assistance review class in Chicago. If demand warrants, a second class is held in Springfield.

Each year all public and private nonprofit organization on IDOT's current Section 5310 mailing list are notified of the next application cycle. As part of the notification process, all organizations that request an application are also asked to indicate if they would like to attend the assistance class. All applicants that indicate an interest in the class are notified in writing as to when and where the class will be held. While the class is designed to assist minority organizations, any applicant is encouraged to attend.

3/6 CONTRACTS AND FINANCIAL MANAGEMENT

3/6.1 THIRD PARTY CONTRACTING

This section applies to all IDOT grantees that contract with outside sources under IDOT assistance programs. If a grantee accepts operating assistance, the requirements of this manual apply to all third party purchase orders and contracts. These requirements do not apply to procurements undertaken without IDOT provided funds.

3/6.1.1 GRANTEES

Grantee means the public or private entity to which a grant agreement is awarded by IDOT. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant agreement and other documents. For the purposes of this Third Party Contracting guidance, "grantee" also includes any subcontractor of the grantee. Furthermore, a grantee is responsible for assuring that its subcontractors comply with the requirements and standards of this manual, and that subcontractors are aware of requirements imposed upon them.

When procuring property and services a grantee will follow the same procurement policies and procedures that it uses for procurements using non-IDOT provided funds provided that those procedures do not contradict or lower the minimum contracting requirements of this section. Grantees must, as a minimum, comply with the requirements of this section and ensure that every purchase order and contract executed by it or a subcontractor using IDOT provided funds includes all clauses required by federal statutes and executive orders and their implementing regulations.

3/6.1.2 OPERATORS AND PROVIDERS AS SUBCONTRACTORS

Subcontractors of grantees acting as either an operator or provider, which are institutions, hospitals or other nonprofit organizations, will administer contracts in accordance with these Third Party Contracting guidelines.

3/6.1.3 POLICY

IDOT's and FTA's role in grantee procurements is reflective of Executive Order 12612, Federalism, which directs federal agencies to refrain from substituting their judgment for that of their grantees unless the matter is primarily a federal concern and to defer, to the maximum extent feasible, to the grantees to establish standards rather than setting national standards. However, to ensure compliance with federal procurement requirements, IDOT makes guidance and technical assistance accessible to its grantees consistent with oversight responsibilities delegated to IDOT by agreements with FTA.

3/6.1.4 PROCUREMENT SYSTEM REVIEWS

IDOT is required to perform reviews and evaluations of grant programs and to perform a full review and evaluation of the performance of grantees in carrying out grant programs with specific reference to their compliance with statutory and administrative requirements. Accordingly, IDOT will perform procurement system reviews as part of its on-going oversight responsibility. IDOT may recommend "best practices" in order to assist a grantee in improving its procurement practices. In such cases, IDOT will identify such recommendations as "advisory."

3/6.1.5 IDOT PROCUREMENT TECHNICAL ASSISTANCE

In addition to ongoing review and concurrence practices, IDOT will also provide procurement training and technical assistance by offering or facilitating various instructional courses either directly or through its Rural Transit Assistance Center.

3/6.1.6 CONTRACT CLAUSES AND PROVISIONS

The grant agreement lists all IDOT and other state and federal requirements applicable to IDOT's grantees. Many of these requirements are related to grantee procurements. Grantees are advised to consult the grant agreement for additional guidance and requirements.

3/6.2 STANDARDS

The following minimum procurement standards to be attained in the conduct of an IDOT assisted grant are provided so as to facilitate a grantee's cursory review of the required provisions and practices of Third Party Contracting as implemented by grantees. For a more thorough description of the contractual obligations applicable to grantees, applicants are advised to consult the specific terms of the grant agreement relating to Third Party Contracting.

3/6.2.1 CONTRACT ADMINISTRATION SYSTEM

Grantees shall maintain a contract administration system that ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

3/6.2.2 WRITTEN STANDARDS OF CONDUCT

Grantees shall maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer, agent, immediate family member, or board member of the grantee shall participate in the selection, award, or administration of a contract supported by IDOT funds if a conflict of interest real or apparent would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- a) The employee, officer, agent, or board member,
- b) Any member of his/her immediate family,
- c) His or her partner, or
- d) An organization that employs, or is about to employ, any of the above.

The grantee's officers, employees, agents, or board members will neither solicit nor accept gifts, gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by grantee or local law or regulations, such standards of conduct will provide for penalties, sanctions, or other disciplinary action for violation of such standards by the grantee's officers, employees, or agents, or by contractors or their agents.

3/6.2.3 ENSURING MOST EFFICIENT AND ECONOMIC PURCHASE

Grantee procedures shall provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach.

3/6.2.4 INTERGOVERNMENTAL PROCUREMENT AGREEMENTS

To foster greater economy and efficiency, grantees are encouraged to enter into intergovernmental agreements for procurement or use of common goods and services. The requirements and standards of this manual apply to procurements entered into under such agreements using IDOT funds. An example of such an intergovernmental agreement is IDOT's Consolidated Vehicle Procurement (CVP) program whereby local governments in addition to IDOT grantees are eligible to purchase vehicles under a state contract administered by the Illinois Department of Central Management Services.

3/6.2.5 USE OF VALUE ENGINEERING IN CONSTRUCTION CONTRACTS

Grantees are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lowest cost.

3/6.2.6 AWARDS TO LOWEST RESPONSIVE, RESPONSIBLE CONTRACTOR

Grantees shall only consider bids and proposals from responsive contractors meeting the minimum submittal requirements of the Invitation for Bids. Of those submittals deemed responsive, grantees shall only consider bids and proposals from responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. In determining responsibility, consideration shall be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

3/6.2.7 WRITTEN RECORD OF PROCUREMENT HISTORY

Grantees shall maintain records detailing the history of a procurement. At a minimum, these records shall include the following:

- a) the rationale for the method of procurement,
- b) selection of contract type,

- c) reasons for contractor selection or rejection, and
- d) the basis for the contract price.

3/6.2.8 USE OF TIME AND MATERIALS TYPE CONTRACTS.

Grantees will use time and material type contracts only in the following instances:

- a) After a determination that no other type of contract is suitable; and
- b) If the contract specifies a ceiling price that the contractor shall not exceed except at its own risk.

3/6.2.9 RESPONSIBILITY FOR SETTLEMENT OF CONTRACT ISSUES/DISPUTES.

Grantees alone will be responsible in accordance with good administrative practice and sound business judgment for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the grantee of any contractual responsibility under its contracts. IDOT will not substitute its judgment for that of the grantee or subcontractor, unless the matter is primarily a state or federal concern. Violations of the law will be referred to the local, state, or federal authority having proper jurisdiction.

3/6.2.10 WRITTEN PROTEST PROCEDURES.

Grantees shall have written protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to IDOT. A protester must exhaust all administrative remedies with the grantee before pursuing a protest with IDOT. Reviews of protests by IDOT will be limited to a grantee's failure to have or follow the grantee's protest procedures, or its failure to review a complaint or protest. An appeal to IDOT must be received by DPT within five (5) working days of the date the protester was notified of an adverse decision by the grantee.

Violations of federal law or regulation will be handled by the complaint process stated within that law or regulation. Violations of grantee or local law or regulations will be under the jurisdiction of grantee or local authorities.

3/6.2.11 CONTRACT PERIOD OF PERFORMANCE LIMITATION.

IDOT concurrence will not be granted for any proposed third-party contract which includes a period of performance exceeding five (5) years inclusive of options.

3/6.2.12 COMPETITION

All procurement transactions will be conducted in a manner providing full and open competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

- a) unreasonable requirements placed on firms in order for them to qualify to do business;
- b) unnecessary experience and excessive bonding requirements;
- c) noncompetitive pricing practices between firms or between affiliated companies; and

- d) noncompetitive awards to any person or firm on retainer contracts that are procured in a noncompetitive manner.

3/6.2.13 ORGANIZATIONAL CONFLICTS OF INTEREST

An organizational conflict of interest means that because of other activities, relationships, or contracts, a contractor is unable, or potentially unable, to render impartial assistance or advice to the grantee; a contractor's objectivity in performing the contract work is or might be otherwise impaired; or a contractor has an unfair competitive advantage.

3/6.2.14 PROHIBITION AGAINST GEOGRAPHIC PREFERENCES

Grantees shall conduct procurements in a manner that prohibits the use of statutorily or administratively imposed geographical preferences in the evaluation of bids or proposals. This does not preempt grantee licensing laws. However, geographic location may be a selection criterion in procurements for architectural and engineering (A&E) services provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

3/6.2.14.1 Written Procurement Selection Procedures

Grantees shall have written selection procedures for procurement transactions. All solicitations shall do the following:

- a) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use.
 - i) Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used.
 - ii) A grantee shall use a "brand name or equal" description only when it cannot provide an adequate specification or more detailed description, without performing an inspection and analysis, in time for the acquisition under consideration. Further, a grantee wishing to use "brand name or equal" must carefully identify its minimum needs and clearly set forth those salient physical and functional characteristics of the brand name product in the solicitation.
- b) Identify all requirements that offerors must fulfill and all other factors to be used in evaluating bids or proposals.

3/6.2.14.2 Prequalification Criteria

Grantees shall ensure that all lists of prequalified persons, firms, or products that are used in acquiring goods and services are current and include

enough qualified sources to ensure maximum full and open competition. Also, grantees shall not preclude potential bidders from qualifying during the solicitation period, which is from issuance of the solicitation to its closing date.

3/6.3 METHODS OF COMPETITIVE PROCUREMENT

The following methods of procurement may be used as appropriate:

3/6.3.1 PROCUREMENT BY SMALL PURCHASE PROCEDURES

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$5,000. Grantees are advised however that local small purchase procedures prevail. If a grantee does not have a minimum cost threshold governing small purchases, IDOT staff should be consulted for guidance. In any event if small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources by use of telephone, facsimile, catalogs, or the Internet.

3/6.3.2 PROCUREMENT BY SEALED BIDS OR INVITATION FOR BID

Commonly referred to as an IFB, bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. This bid method is the preferred method for construction and procuring other equipment. In order for sealed bidding to be feasible, the following conditions should be present:

- a) A complete, adequate, and realistic specification or purchase description is available;
- b) Two or more responsible bidders are willing and able to compete effectively for the business;
- c) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price; and
- d) No discussion with individual bidders.

3/6.3.2.1 Applicable Requirements

- i) The IFB will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time to prepare bids prior to the date set for opening the bids;
- ii) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services sought in order for the bidder to properly respond;
- iii) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- iv) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. When specified in bidding documents, factors such as discounts, transportation costs, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will

only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

- v) Any or all bids may be rejected if there is a sound documented business reason;
- vi) Prior to award to the selected bidder, a price analysis should be conducted to verify that the price quoted is fair and reasonable.

3/6.4 PROCUREMENT BY COMPETITIVE REQUEST FOR PROPOSALS

Commonly referred to as an RFP, the competitive proposal method of procurement is normally conducted with more than one source submitting a written proposal. Either a fixed price or cost reimbursement type contract is awarded. This method of procurement is generally used when conditions are not appropriate for the use of sealed bids such as in the selection of an operator. If this procurement method is used the following requirements apply:

- a) Requests for proposals will be publicized;
- b) All evaluation factors will be established along with their relative importance prior to the receipt of proposals;
- c) Proposals will be solicited from an adequate number of qualified sources;
- d) Grantees will have a method in place for conducting technical evaluations of the proposals received and for selecting awardees; and
- e) Awards will be made to the responsible firm whose proposal is most advantageous to the grantee's program with price and other factors considered.

3/6.5 PROCUREMENT OF ARCHITECTURAL AND ENGINEERING (A&E) SERVICES

Grantees shall use competitive proposal procedures based on the Brooks Act when contracting for A&E services as defined in 40 USC. 541. Other types of services considered A&E services include program management, construction management, feasibility studies, preliminary engineering, design, surveying, mapping, and services which require performance by a registered or licensed architect or engineer.

The Brooks Act requires that the following apply:

- a) An offeror's qualifications be evaluated;
- b) Price be excluded as an evaluation factor;
- c) Negotiations be conducted with only the most qualified offeror; and
- d) Failing agreement on price, negotiations with the next most qualified offeror be conducted until a contract award can be made to the most qualified offeror whose price is fair and reasonable to the grantee.

This "qualifications based procurement method" can only be used for the procurement of A&E services. This method of procurement cannot be used to obtain other types of services even though a firm that provides A&E services is also a potential source to perform other types of services.

These requirements apply except to the extent any grantee adopts or has adopted by statute a formal procedure for the procurement of architectural and engineering services that is not in conflict with state or federal contracting requirements.

3/6.6 PROCUREMENT BY NONCOMPETITIVE PROPOSALS (SOLE SOURCE)

Sole source procurements are accomplished through solicitation or acceptance of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. A contract amendment or change order that is not within the scope of the original contract is considered a sole source procurement that must comply with this subparagraph.

3/6.6.1 APPLICATION OF SOLE SOURCE METHOD

Procurement by noncompetitive proposals may be used only when IDOT authorizes noncompetitive negotiations and the award of a contract is infeasible under normal purchase procedures, sealed bids, or competitive proposals and at least one of the following circumstances applies:

- a) The item to be acquired has a total acquisition cost of less than \$5,000;
- b) The item is available only from a single source;
- c) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- d) After solicitation of a number of sources, competition is determined inadequate;
- e) The item is an associated capital maintenance item that is procured directly from the original manufacturer or supplier of the item to be replaced.

Prior to the use of this method, the grantee must first certify the following items in writing to IDOT:

- i. That such manufacturer or supplier is the only source for such item;
- ii. That the price of such item is no higher than the price paid for such item by like customers.

A cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profit must also be conducted.

3/6.7 CONTRACT OPTIONS

Grantees may include options in contracts. An option is a unilateral right in a contract by which, for a specified time, a grantee may elect to purchase additional equipment, supplies, or services called for by the contract, or may elect to extend the term of the contract. If a grantee chooses to use options, the requirements below apply:

3/6.7.1 APPLICATION OF OPTIONS CONTRACTING

If required in the solicitation, the option quantities or periods contained in the contractor's bid or offer must be evaluated in order to determine contract award. When options have not been evaluated as part of the award, the exercise of such options will be considered a sole source procurement.

3/6.7.2 EXERCISE OF OPTIONS

- a) A grantee must ensure that the exercise of an option is in accordance with the terms and conditions of the option in the initial contract awarded.
- b) An option may not be exercised unless the grantee has determined that the option price is better than prices available in the market or that the option is the more advantageous offer at the time the option is exercised.

3/6.8 CONTRACT COST AND PRICE ANALYSIS

Grantees must perform a cost or price analysis in connection with every procurement action, including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals.

3/6.8.1 COST ANALYSIS

A cost analysis must be performed when the offeror is required to submit the elements (i.e., labor hours, overhead, materials, etc.) of the estimated cost, e.g., under professional consulting and architectural and engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking and for sole source procurements, including contract modifications or change orders.

3/6.8.2 PRICE ANALYSIS

A price analysis may be used in all other instances to determine the reasonableness of the proposed contract price. Price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or on the basis of prices set by law or regulation.

3/6.8.3 PROFIT

Grantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of the contractor's record of past performance, and industry profit rates in the surrounding geographical area for similar work.

3/6.9 FEDERAL COST PRINCIPLES

Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with federal cost principles. Grantees may reference their own cost principles that comply with applicable federal cost principles.

3/6.9.1 COST PLUS PERCENTAGE OF COST

The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

3/6.10 BONDING REQUIREMENTS

For those construction or facility improvement contracts or subcontracts not subject to the negotiated procurement threshold, grantees may request to use local bonding policy and requirements, provided that the minimum requirements for construction contracts are met as follows:

1. A bid guarantee (i.e. bid bond) from each bidder equivalent to five (5) percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified;
2. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract; and
3. A payment bond on the part of the contractor. A payment bond is one executed in connection with a contract to assure payment, as required by law, of all persons supplying labor and material in the execution of the work provided for in the contract. Payment bond amounts required from contractors are as follows:
 - a) 50% of the contract price if the contract price is not more than \$1 million;
 - b) 40% of the contract price if the contract price is more than \$1 million but not more than \$5 million; or
 - c) \$2.5 million if the contract price is more than \$5 million.
4. A cash deposit, certified check or other negotiable instrument may be accepted by a grantee in lieu of performance and payment bonds, provided the grantee has established a procedure to assure that the interest of IDOT is adequately protected.

3/6.11 PAYMENT PROVISIONS IN THIRD PARTY CONTRACTS

3/6.11.1 ADVANCE PAYMENTS

IDOT does not authorize and will not participate in funding payments to a contractor prior to the incurrence of costs by the contractor unless prior written concurrence is obtained from IDOT.

3/6.11.2 PROGRESS PAYMENTS

Grantees may use progress payments provided the following requirements are followed:

- a) Progress payments are only made to the contractor for costs incurred in the performance of the contract.
- b) When progress payments are used, the grantee must maintain evidence of ownership of property (materials, work in progress, and finished goods) for which progress payments are made. Alternative security for progress payments by irrevocable letter of credit or equivalent means to protect the grantee's interests in the progress payments may be used in lieu of obtaining title.

3/6.12 LIQUIDATED DAMAGES PROVISIONS

A grantee may use liquidated damages if it may reasonably expect to suffer damages (increased costs on project involved) from late completion and the extent or amount of such damages can be reasonably determined. The assessment for damages shall be at a specific rate per day for each day of overrun in contract time, and the rate must be specified in the third party contract. Any liquidated damages recovered shall be credited to the project account involved unless IDOT permits otherwise.

3/6.13 CONTRACT AWARD ANNOUNCEMENT

If a grantee announces contract awards with respect to any procurement for goods and services (including construction services) having an aggregate value of \$5,000 or more, the grantee shall:

- a) Specify the amount of IDOT provided funds that will be used to finance the acquisition in any announcement of the contract award for such goods or services; and
- b) Express the said amount as a percentage of the total costs of the planned acquisition.

3/6.14 CONTRACT PROVISIONS

All contracts shall include provisions to define a sound and complete agreement. In addition, contracts and subcontracts shall contain contractual provisions or conditions that allow for:

- a) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, including sanctions and penalties as may be appropriate.

- b) Termination for cause and for convenience by the grantee or subcontractor including the manner by which it will be effected and the basis for settlement.

3/6.15 STATUTORY AND REGULATORY REQUIREMENTS

A current and comprehensive list of statutory and regulatory requirements applicable to grantee procurements is contained in the IDOT grant agreement. Grantees are responsible for evaluating these requirements for relevance and applicability to each procurement. For example, procurements involving the purchase of iron, steel and manufactured goods will be subject to the "Buy America" requirements in 49 CFR Part 661. Further guidance concerning these requirements and suggested wording for contract clauses can be found in the grant agreement, as detailed herein; and in the event of uncertainty -- requested from IDOT directly. For specific guidance concerning the applicable requirements of other funding agencies, grantees are advised to contact those agencies.

3/6.16 SPECIAL PROVISIONS

Prospective applicants are advised to carefully review the requirements of participating in IDOT funded programs. In addition to state and local contractual provisions, grantees must comply with the various federal requirements governing federal financial assistance programs. Accordingly, prospective applicants and grantees are advised to review the required federal provisions (and source documents) which at a minimum, include the following:

3/6.16.1 TITLE VI NONDISCRIMINATION

Requires that no person because of race, color, creed, national origin, sex, age, or disability be excluded from participation in, or denied the benefits of any project funded in whole or in part with federal funds.

3/6.16.2 EQUAL EMPLOYMENT OPPORTUNITY (EEO)

Requires that any recipient of FTA funds shall not discriminate against any employee or applicant for employment based on race, color, religion, sex, or national origin.

3/6.16.3 SECTION 504 OF THE FEDERAL TRANSIT ACT

Requires recipients of FTA funds to make special efforts to provide transportation that is accessible to individuals with disabilities.

3/6.16.4 AMERICANS WITH DISABILITIES ACT

Requires that equivalent services are provided to meet the needs of individuals with disabilities.

3/6.16.5 BUS TESTING REGULATIONS

Requires grantees to certify compliance with the federal bus testing requirements before accepting any new bus model.

3/6.16.6 RESTRICTIONS ON LOBBYING

Requires that no federal funds are used for lobbying and if other funds are used that specific reporting requirements are met.

Requires that all recipients of FTA funds receiving \$250,000 for planning, operating or capital assistance (excluding vehicle procurements) dedicate a portion of their annual budgets to business contracts with firms owned and controlled by socially and economically disadvantaged individuals or firms.

3/6.16.7 SECTION 13(C)

Requires grantees to comply with applicable labor requirements and protective provisions for employees of surface transportation providers.

3/6.16.8 CHARTER RULE (49 CFR PART 604)

Prohibits grantees from providing any charter service using FTA funded equipment or facilities if there is at least one private charter service operator willing and able to provide the proposed service.

3/6.16.9 SCHOOL BUS OPERATIONS

Grantees must certify that they do not engage in exclusive school bus operations.

3/6.16.10 ENVIRONMENTAL PROTECTION

Grantees must comply with FTA's environmental impact regulation for capital projects. Appropriate categorization of the project must be identified.

3/6.16.11 FLOOD PLAIN EVALUATION (CAPITAL TRANSIT FACILITIES)

Grantees must conduct thorough analysis of flood hazards if construction is within a flood plain.

3/6.16.12 REAL ESTATE ACQUISITION AND RELOCATION (CAPITAL TRANSIT FACILITIES)

Grantees must meet federal requirements for acquisition and relocation of private residents and businesses.

3/6.16.13 BUY AMERICA PROVISION

Requires that steel and manufactured products procured under FTA funded contracts be of domestic manufacture or origin. There are four conditions under which the Administrator of FTA may waive this requirement. These conditions are explained in the final rule, 49 CFR PART 661.

3/6.16.14 FTA'S SAFETY JURISDICTION

Failure to correct any condition FTA believes "creates a serious hazard of death or injury" will result in loss of federal assistance.

3/6.16.15 DRUG AND ALCOHOL TESTING

Regulations have been issued in 1993 on drug and alcohol testing for transit systems that receive federal assistance. Grantees of federal funds are required to have drug and alcohol testing programs covering "sensitive safety employees".

3/6.16.16 CLEAN AIR

For all contracts in excess of \$100,000, Grantees must comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. 7401 et seq.

3/6.16.17 BREACHES AND DISPUTES RESOLUTION

For all contracts in excess of \$100,000, Grantees must provide provisions which allow for administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate, including but not limited to, provisions for bonding, penalties for late or inadequate performance, retained earnings, or liquidated damages.

3/6.16.18 INCORPORATION OF FTA TERMS

Grantees must include in all contracts specific language which notes that all contractual provisions required by FTA as set forth in Circular 4220.1C are incorporated by reference and applicable to all contracts.

3/7 COST PRINCIPLES AND COST ALLOCATION

This section provides principles for determining costs applicable to service provision performed by operators or providers under third party contracts with an IDOT funded grantee; and where applicable, under such grants when the grantee is a multi-purpose organization which provides funded transportation services directly.

These principles make no attempt to identify the circumstances or dictate the extent of agency and subcontractor participation in the financing of a particular project. The principles are designed to provide recognition of the full allocated costs of such an operating assistance project work under generally accepted accounting principles.

No provision for profit or other increment above cost is intended. In addition, wherever the term subcontractor is used in this section, it shall have the same meaning as provider, operator and third party contractor.

3/7.1 POLICY

The successful application of these principles requires development of mutual understanding between IDOT, grantees and their third party contractors as to their scope, implementation, and interpretation.

It is recognized that -

- The arrangements for participation in the financing of an operating assistance project are properly subject to negotiation between the subcontractor and the grantee in accordance with whichever state, federal and local laws and regulations as may be applicable.
- Each grantee, possessing its own unique combination of staff, facilities, and experience, should be encouraged to provide services in a manner consistent with its approved service plan and objectives.
- Each grantee, in the fulfillment of its obligations, should employ sound management practices.
- The application of the principles established herein should require no significant changes in the generally accepted accounting practices of grantees. Where wide variations exist in the treatment of a given cost item, the reasonableness of such treatments will be fully considered during the rate negotiations and audit.

3/7.2 APPLICATION

IDOT will apply these principles and related policy guides in determining the costs incurred for such work under operating assistance projects funded in any part under an IDOT grant agreement. These principles should also be used as a guide in the pricing of fixed-price contracts or lump sum agreements with subcontractors.

The cost of an operating assistance project is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable indirect costs of the operator or provider, less applicable credits.

3/7.3 ALLOWABILITY OF COSTS

These are the tests of allowability of costs under these principles:

- a) They must be reasonable;
- b) They must be allocable to an operating assistance project under the standards and methods provided herein;
- c) They must be accorded consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and
- d) They must conform to any limitations or exclusions set forth in these principles or in the operating assistance project agreement as to types or amounts of cost items.

3/7.4 REASONABLE COSTS

A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefor, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

3/7.5 ALLOCABLE COSTS

A cost may be allocable to the Section 5311 program if the following apply: a) it can be substantiated by a cost allocation plan; b) it can be fully documented; and c) the benefits received are realized by the Section 5311 program.

3/7.6 DIRECT COSTS

Direct costs are those costs which can be identified specifically with a particular project objective or activity which can be directly assigned to the project, relatively easily and with a high degree of accuracy.

3/7.7 INDIRECT COSTS

Indirect costs are those that have been incurred for common or joint objectives and therefore cannot be identified specifically (in whole or in part) with a particular program. Such costs are normally classified under the following functional categories:

- a) general administration and general expenses;
- b) operating assistance project administration expenses;
- c) fixed facility operation and maintenance expenses; and
- d) departmental administration expenses.

For additional detail regarding cost allocation principles, grantees should refer to either OMB Circular A-87, "Principles of Cost Accounting for State and Local Governments," as amended or OMB Circular A-122, "Cost Principles for Nonprofit Organizations," as amended.

3/8 GRANT MANAGEMENT

3/8.1 CONTRACTS AND GRANT AGREEMENTS

Upon notification to IDOT from FTA that a proposed operating or capital program has been approved, IDOT will transmit two (2) copies of a grant agreement to each grantee specifying the terms and conditions of the grant awarded. Within thirty (30) days of the receipt of the contract, each grantee must execute (but not date) and return both copies of such contract to IDOT together with the following (unless they have been provided in the approved application):

- a) An attested resolution of the governing board(s) of the grantee(s) agreeing to the terms of the contract, and authorizing the execution of the contract; and
- b) A legal opinion from a licensed attorney representing the grantee(s) certifying that the agreement is valid and binding upon the grantee(s); and
- c) Standard and other assurances and certifications as required by FTA or IDOT.

IDOT will execute the contract and will return one executed copy to the grantee. Excepting operating assistance, grant costs incurred by the grantee(s) prior to the execution of a grant contract by both the grantee(s) and IDOT are not reimbursable by IDOT.

3/8.2 REIMBURSEMENTS - OPERATING ASSISTANCE GRANTS

Within thirty (30) days following the end of each quarter of any fiscal year for which reimbursement is sought, each grantee shall submit to IDOT on forms provided by IDOT for that purpose, a report of the actual operating deficit incurred during the selected period.

3/8.2.1 REQUISITION REVIEWS

IDOT will review the periodic reports to determine if the expenditures and the resulting operating deficits were incurred in conformity with the approved program of proposed expenditures, based on the following criteria:

- a) Whether the expenditures were made only for line items specifically listed in the approved program of proposed expenditures. Items not specifically listed in the approved program of proposed expenditures will not be accepted as eligible for Section 5311 assistance;
- b) Whether obligations incurred to date exceed the amount listed in the approved program of proposed expenditures;
- c) Whether the expenditures appear appropriate and reasonable for the reimbursement period;
- d) Whether the expenditures are within the amounts budgeted in the approved program of proposed expenditures; and
- e) For selected requisitioning periods, IDOT may require grantees to submit documentation in support of certain requisitioned amounts. In addition, IDOT will undertake site visits to further discuss requisitioned amounts and support documentation.

3/8.2.2 PAYMENT OF REQUISITIONS

After review and approval of the grantee's submitted requisition, IDOT will process the grantee's request for payment. To allow sufficient time for state and federal review and approval of reimbursement requests, grantees should have the capability of continuing to incur expenditures for up to sixty (60) days following the close of the period for which reimbursement is sought.

3/8.3 REIMBURSEMENTS - CAPITAL ASSISTANCE GRANTS

On forms provided by IDOT for that purpose, grantees shall request payment for approved eligible capital expenses.

At no greater frequency than once per month, grantees shall submit requisitions for reimbursement of actual approved capital expenditures and for advances for payment of approved capital expenditures. Department approval of each requisition is contingent upon the following:

- a) Submission of documents to verify expenditure of funds for eligible capital expenses or to verify need for thirty (30) day advances for payment of approved capital expenses;
- b) Determination by IDOT that capital expenditures were made in conformity with approved programs of proposed expenditures;
- c) Determination by IDOT that the grantee has met all terms of the capital grant contract; and
- d) Determination by IDOT as to the eligibility of the expenses.

3/8.4 IDOT CONCURRENCE ON ELIGIBLE CAPITAL EXPENSES

IDOT has provided funding to accomplish scope requested by the grantee based on estimates provided by the grantee. In consideration of receiving state funding, the grantee has agreed to accomplish the scope. The grantee is committed to completing all the scope even if the state and/or federal funds are insufficient; local resources are required to fulfill the grantee's commitment. It is incumbent on the grantee to maintain fiscal control of contract awards so that all scope can be accomplished within the funds available

To ensure conformance with IDOT requirements, IDOT concurrence is necessary at certain steps along the implementation process. IDOT concurrence will be subject to the thoroughness of documentation for such plans and specifications including but not limited to estimates of cost, contract language, proposal forms and any addenda. In addition, bid advertisements, solicitations, and awards shall be conducted in conformity with the requirements prescribed in either the Illinois Municipal Code or the statutory requirements governing purchases by county governments whichever is applicable.

3/8.4.1 CONCURRENCE REQUIREMENTS FOR EACH PROCUREMENT OR CONSTRUCTION CONTRACT ESTIMATED TO COST LESS THAN \$5,000

The grantee may award this type of contract without public advertising or competitive bidding; that is, the contract may be negotiated. The grantee is prohibited from subdividing contracts which could be let as a single contract in order to

avoid informal or formal bidding. IDOT concurrence is not required to advertise (if the grantee wishes to advertise) or award this contract. Upon the grantee's award of the contract, a copy of the contract must be sent to IDOT as notification of the obligation against the grant. The grantee must retain full documentation of the solicitation and award of the contract in the project file for future auditing.

3/8.4.2 CONCURRENCE REQUIREMENTS FOR EACH PROCUREMENT OR CONSTRUCTION CONTRACT ESTIMATED TO COST BETWEEN \$5,000 AND \$10,000

This type of contract may be awarded without public advertising but must at least be informally competitively bid (such as quotations by letter, fax or telephone). Bids must be obtained from at least three suppliers and the contract awarded to the lowest bidder. IDOT concurrence is not required to award the contract if it will be awarded to the low bidder; if the grantee wishes to award to other than the low bidder or on a sole source basis, IDOT's written concurrence is required prior to awarding the contract. Upon the grantee's award of the contract, a copy of the contract must be sent to IDOT as the grantee's award of the contract, a copy of the contract must be sent to IDOT as notification of the obligation against the grant. The grantee must retain full documentation of the solicitation and award of the contract in the project file for future auditing.

3/8.4.3 CONCURRENCE REQUIREMENTS FOR EACH PROCUREMENT OR CONSTRUCTION CONTRACT ESTIMATED TO COST GREATER THAN \$10,000

This type of contract must be competitively bid through a public solicitation. IDOT's written concurrence is required prior to advertising and solicitation of bids. IDOT concurrence is not required to award the contract if it will be awarded to the low bidder; if the grantee wishes to award to other than the low bidder, or on a sole source basis, or if only a single bid is received, IDOT's written concurrence is required prior to awarding the contract. Costs incurred without the appropriate IDOT written concurrence or written waiver may be found ineligible for payment from grant funds. Upon the grantee's award of the contract, a copy of the contract must be sent to IDOT as notification of the obligation against the grant. The grantee must retain full documentation of the solicitation and award of the contract in the project file for future auditing.

3/8.5 LOCAL SHARE AND MATCHING REQUIREMENTS

3/8.5.1 OPERATING ASSISTANCE GRANTS

Local commitment is a critical element of public transit service. In determining Section 5311 funding levels for operating assistance requests, IDOT will consider the availability of local matching sources as well as the proposed project's ability to generate revenues to the system. An additional consideration is the continued delivery of services if federal funding were to be discontinued or greatly diminished. Accordingly, Section 5311 funds are intended to augment and enhance existing revenue sources and not to replace other revenues or financial assistance programs.

The grantee must provide local funding for a Section 5311 operating assistance grant. The local share must be from non-FTA sources of funding, and can include any local or state sources, or unrestricted federal funds. At least one half (50%) of the local share must be provided in cash or cash equivalent from sources other than unrestricted federal funds. Contract revenues from a purchase of transit service agreement funded by unrestricted federal funds, may be used as the local cash share. Examples of local share which constitute cash include:

- a) Local grants, appropriations, and dedicated tax revenues.
- b) Income from purchase of transit service contracts with nonprofit organizations/agencies (including contracts funded with unrestricted federal funds).
Note: Income/revenue from purchase of transit service contracts with for-profit organizations must be treated as project income/revenue.
- c) Downstate Public Transportation Assistance Fund (i.e. Downstate Operating Assistance Program)
- d) Other state funds eligible to match federal funds. For other state funds to be used as match, they must be approved by the appropriate state grantor agency.
- e) In-kind contributions as defined in 49 CFR PART 5311-Uniform Administrative Requirements For Grants And Cooperative Agreements to State And Local Governments (formerly known as OMB Circular A-102). Contributed services may be considered an eligible expense or local match as long as the amount or rate charged is documented and reasonable; and where, if the party receiving the contribution were to pay for that contribution, the payments would have been allowable costs.
 - i) The value of in-kind contributions (such as volunteer services) may be included in total period expenses to determine the total expenses eligible for reimbursement but the actual federal reimbursement is limited to actual cash outlays.
 - ii) If in-kind contributions are included as an expense, an equal amount must be included as a local match revenue.
 - iii) Third party in-kind contributions may count towards satisfying the match requirement.

3/8.5.2 CAPITAL ASSISTANCE GRANTS

FTA Section 5311 financial assistance requires a twenty percent (20%) local match for eligible capital projects. Normally, IDOT provides the requisite local share for such projects. Depending on the cost and useful life of the capital improvement(s), state matching funds are provided from either the General Revenue Fund (GRF) or the Series B Bond Fund. With the limited federal funds available in recent years, local capital requests are increasingly being funded with either one-hundred percent (100%) state funds, local funds or both.

3/8.6 GRANT CLOSE-OUT

3/8.6.1 OPERATING ASSISTANCE GRANTS

The grantee shall furnish to IDOT a complete audit of the eligible operating expenses approved under the Section 5311 Program. The audit shall be prepared by an independent certified public accountant; shall be based on state's fiscal year; shall be performed in accordance with standard accounting principles; shall include a calculation of the approved operating deficit for the previous year; and shall include a complete schedule of costs, revenues and expenditures in conformity with the grantee's Approved Section 5311 Project Budget.

3/8.6.2 CAPITAL ASSISTANCE GRANTS

The grantee shall notify IDOT in writing or by final requisition when all eligible capital project activities have been completed and all eligible capital expenses incurred. IDOT will then initiate final settlement of capital grant funds for the project subject to the following :

- a) On-site inspection of the project by a Department representative, where appropriate;
- b) Final financial audit of the books and accounts by IDOT and settlement of any audit findings;
- c) Submission of a list of vehicles or equipment purchased, identified individually by serial number or other distinguishing designation, and such other comparable information regarding fixed facilities as IDOT may require;
- d) Submission of a final requisition requesting payment of the balance of the approved capital grant, or a check payable to IDOT for the full amount of any overpayment of capital grant funds based on the final audit; and
- e) Notification to the grantee by IDOT that final settlement has been reached.

Any proceeds from the sale of disposed capital equipment need not be considered operating revenue. It can be put in a capital reserve account or used for any other public transportation purpose.

3/8.7 DEOBLIGATION OF OPERATING ASSISTANCE FUNDS

In response to the limited availability of Section 5311 program funds, IDOT employs programming methods which provide for the greatest availability and reallocation of unspent funds. One such method is the deobligation of unspent operating assistance funds from the previous state fiscal year.

The procedure for such deobligations is as follows:

- a) IDOT notifies the grantee in writing that based on the final requisition or other reliable documents that referenced project has been completed according to the terms of the grant agreement.
- b) Remaining unspent balances are identified and that according to IDOT's determination, no further request for reimbursement is anticipated.
- c) The designated official of the grantees signs the letter acknowledging that grant activity has ended and no additional funds will be requisitioned from the specified grant.
- d) Or, if no further documentation is provided by the grantee to the contrary within 30 days, the subject unspent funds are deobligated from the grant agreement thereby becoming unavailable to the grantee for the specified project.
- e) After IDOT's final audit has determined the actual eligible expenses, and if necessary, reconciled, the subject grant will undergo formal close-out.

3/8.8 PROTECTION OF PROGRAM FUNDS

Each grantee shall establish separate accounts for both operating and capital assistance funds received under Section 5311 grants, either to be maintained within its existing accounting system or to be established independently. The accounts shall be in conformity with the uniform accounting requirements established by IDOT and FTA and must be deposited in a bank or trust company which is a member of the Federal Deposit Insurance Corporation. Any interest earned by program funds remaining on an account for more than 30 days must be used as project income to reduce the operating or capital expenditures to be paid by IDOT or FTA, unless otherwise directed by IDOT.

3/9 CONSOLIDATED VEHICLE PROCUREMENT

3/9.1 CONSOLIDATED VEHICLE PROCUREMENT PROGRAM

To ensure that all the federal and state procurement requirements are met by the subrecipients of Section 5310 and 5311 capital rolling stock funds, the Department in conjunction with the Illinois Department of Central Management Services procures all paratransit vehicles on behalf of these recipients. This is called Consolidated Vehicle Procurement program (CVP). Because of the technical nature of the program, the Department hires consultants to assist with various aspects of the program. The following procurement activities are all included in this program;

- vehicle specification development
- competitive bidding
- federal pre-award and post-delivery audit compliance
- vehicle inspections during manufacturing
- assistance to subrecipients with vehicle problem or fleet wide defects

Through a joint purchasing provision in the vendor contracts, other qualified public and non-profit organizations may purchase the same vehicles without having to go through the extensive procurement process. Typically, the vehicles are purchased from multi-year term contracts with the vendors. This provides continuity with vehicle production and allows vehicles to be purchased and delivered in a timelier manner.

PROJECT MANAGEMENT

4

5310/5311 GBANTM/VE



4/1 SECTION 5311 OPERATING AND SMALL CAPITAL COSTS - FLEXIBLE FUNDING

IDOT recognizes the need for flexibility in the funding of needed capital items. In addition to the traditional capital assistance grant funding mechanism, certain capital costs have been deemed to be also allocable to IDOT funded operating assistance grants. Concurrence requirements, procedures, limits of participation and funding thresholds for such grants are depicted in the following table:

<u>Category</u>	<u>Funding Source</u>	<u>Limits</u>	<u>Procurement Procedure</u>	<u>Records</u>
Operating Capital	Operating Grant	Unit cost ≤ \$300	Local Only	Local Methods or 5 Years Minimum
Small Capital	Operating Grant ----- Capital Grant	Unit cost between \$300 to \$5,000	Local with IDOT Notification ----- IDOT Specified	Document, inventory and certify continued use for useful life of asset
Regular Capital	Capital Grant	Unit cost ≥ \$5,000 and ≥ 3 yr. useful life	IDOT Specified	

1. IDOT share of Operating or Small Capital costs to an Operating Grant will be considered operating expenses and may not exceed 50% of item cost, even if used for administrative purposes.
2. Cumulative Operating or Small Capital costs to an Operating Grant may not exceed 10% of the Operating Grant.
3. The following items must be completed for all capital items charged to an Operating Grant:
 - a) be obligated during that Operating Grant's state fiscal year; costs shall be considered obligated if the grantee has entered into a third-party agreement (contract or vendor purchase order) or completed a force account activity.
 - b) be used exclusively for public transit purposes; and
 - c) have vendor payment confirmation within three months of the end of the state fiscal year for that Operating Grant.

4/1.1 OPERATING CAPITAL

Operating Capital may be funded from a Section 5311 operating grant. Items or activities must have a total cost of \$300 or less. A grantee may follow its own procurement procedures. Documentation of an Operating Capital purchase/activity should be kept for audit purposes but the item/activity need not be recorded as part of the grantee's Capital Asset Inventory. No prior IDOT approval is required. All items must be used exclusively (100%) for transit purposes. The grantee is the owner of any capital asset resulting from the use of Operating Capital even if the user of the asset is an operating entity other than the grantee.

4/1.1.1 COMMERCIAL DRIVERS LICENSE

Any driver operating a vehicle designed to seat 16 or more passengers, including the driver, or weighing more than 26,000 pounds, must have a commercial drivers license. If the vehicle is classified as commercial and has air brakes, the driver of such vehicle must also have the required air brake classification.

4/1.1.2 PHYSICAL QUALIFICATIONS FOR DRIVERS

Any driver operating a commercial vehicle, weighing more than 10,001 pounds, must carry on his/her person, a current medical examiner's certificate that he/she is physically qualified to operate the vehicle, as determined by an annual physical examination, as noted in Federal Motor Carrier Safety Regulations, Part 391.41.

4/1.2 SMALL CAPITAL

Small Capital may be funded either from a Section 5311 operating grant or a separate IDOT capital grant. Items or activities must have a total cost between \$300 and \$5,000. This category of funding does NOT include vehicles, new or used, revenue or non-revenue. The grantee will determine which funding source is appropriate. If an operating grant is used, then the grantee will follow its own procurement procedures. However, IDOT must be notified of the procurement/activity and the grantee must record the item/activity as part of the grantee's Capital Asset Inventory. If the grantee elects to request a separate capital grant, IDOT will consider the request. Standard IDOT procedures for capital programs will then apply and the item/activity must be recorded as part of the grantee's Capital Asset Inventory.

All items must be used exclusively (100%) for transit purposes. The grantee is the owner of any capital asset even if the user of the asset is an operating entity other than the grantee. It is the grantee's responsibility to maintain the documentation of the item/activity on the Capital Asset Inventory.

If the item or activity is funded from an operating grant, the grantee must notify IDOT (with supporting documentation) at the time the purchase is made. IDOT will revise the grantee's grant budget to show the obligation as "capital" rather than "operating" and send a copy of the revised budget to the grantee. The grantee will be reimbursed after IDOT has revised the budget, the grantee has incurred the expense for the activity, and the grantee has requisitioned the expense as a capital item on the Section 5311 requisition.

4/1.3 REGULAR CAPITAL

Regular Capital may not be funded from a section 5311 operating grant. If applied for and approved, a separate IDOT capital grant will be provided for the item/activity. Standard IDOT procedures for capital programs will apply, and the item/activity must be recorded as part of the grantee's Capital Asset Inventory.

All items must be used exclusively (100%) for transit purposes. The grantee is the owner of any capital asset even if the user of the asset is an operating entity other than the grantee. It is the grantee's responsibility to maintain all documentation of the item/activity for audit purposes. This category of funding may be used for the purchase of non-revenue vehicles; revenue vehicles are acquired through the Consolidated Vehicle Program.

4/2 SECTION 5311 CAPITAL ASSISTANCE GRANTS

Subject to availability, IDOT will provide funds for capital expenses, including but not limited to the following:

- a) Buses, vans, or other paratransit vehicles
- b) Radios and communications equipment
- c) Bus shelters
- d) Wheelchair lifts
- e) Computer hardware and software
- f) Maintenance equipment with a unit cost over \$300 and a useful life of more than one year
- g) Construction or rehabilitation of transit facilities including design, engineering, and land acquisition

4/2.1 IDOT RESPONSIBILITIES

- a) Function as grantee to FTA on behalf of the project;
- b) Provide administrative guidance to grantee;
- c) Prepare grant agreement;
- d) Assist in the selection of consultants;
- e) Provide draft contract language for procurements, consultant services agreements and construction contracts;
- f) Provide guidance during acquisition of real property;
- g) Review procurement specifications, notices, architectural and engineering plans and proposed awards; and
- h) Administer reimbursement of costs for state funds and the pass through of federal funds.

4/2.2 GRANTEE RESPONSIBILITIES

The grantee is wholly responsible for the administration of the project, compliance with the terms and conditions of the grant contract and supervision and inspection of work performed or items purchased. This includes, but is not limited to the following:

- a) Provide continuous administrative direction of project activities;
- b) Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress;
- c) Assure conformance to plans, specifications, contract terms, applicable codes, ordinances and safety standards;
- d) Maintain an adequate program schedule;
- e) Request reimbursement of approved costs; and
- f) Monitor projects within constraints of the approved project budget.

4/2.3 CONCURRENCE REQUIREMENTS

Where applicable, IDOT review and concurrence are required before certain activities may be undertaken. These include the following:

- a) Solicitation of bids and award of third party contracts;
- b) Purchasing of land, facilities and equipment;
- c) Start-up of force account work;
- d) Execution of change-orders;
- e) Additions to consultant services agreements;
- f) Disposal of scrap or used equipment and materials;
- g) Award of other contracts or agreements relating to procurement, construction, professional services, or acquisition;
- h) Entering into agreements for use or lease of project facilities by an operator or carrier, or use by other than the grantee;
- i) Interchange of project equipment or combined use of project facilities between carriers, operators or agencies;
- j) Scope revisions and scope amendments;
- k) Budget revisions and budget amendments;
- l) Sale or conversion to other use of project facilities during the post-settlement period;
- m) Reduction or termination of service during the project or the post-settlement period;
- n) Continued use of scrap, used, or disposable facilities after replacement by project facilities; and
- o) Any action which may limit the continued public use of project facilities, or limit the best possible use of grant funds.

4/2.4 REIMBURSABLE COSTS

Costs incurred prior to grant approval and costs incurred prior to the execution by the grantee and IDOT of the grant agreement are ineligible as reimbursable project costs, except as specifically authorized in advance in writing. When so authorized, reimbursement will be subject to project approval and full compliance with the provisions of the grant agreement. Actions taken that result in costs allocated to grant activities that have no prior approval from IDOT will result in the ineligibility of such costs for state funding.

The grant agreement with the accompanying Approved Project Budget provide the necessary legal authorization for the grantee to incur eligible project costs.

4/2.5 GRANT AGREEMENT AND OBLIGATIONS

Specific instructions for executing grant agreements are included with the transmittal that accompanies the proposed grant documents. The following summarizes the sequence of events.

When a firm estimate of the procurement activity or work to be performed is determined and duly presented (including preliminary concurrences for notices and specifications and tentatively approved third party contracts), the grantee requests from IDOT a grant agreement for the previously approved scope of work to be awarded if such grant agreement has not already been executed. This request is typically included with the grantee's request for concurrence to either award to a third party or to directly incur grant reimbursable costs. IDOT prepares the grant agreement and Approved Project Budget and transmits two (2) unexecuted copies to the grantee. The grantee executes and returns the two undated copies of the grant agreement and a single copy of any additional documentation (draft contracts with third parties) if applicable.

IDOT signs and dates both copies of the grant agreement. IDOT returns one (1) copy of the executed grant agreement to the grantee along with any final concurrences. The grantee then executes the proposed third party contracts, issues a Notice to Proceed if applicable, and transmits copies of any fully executed third party contracts to IDOT.

4/2.6 APPROVED PROJECT BUDGET

Only items specifically listed in the Approved Project Budget are eligible for state and federal funds. Proceeds from earned interest on investments and sale of disposable material, equipment and land shall be credited to the project.

Commitments against any budget line item shall not exceed the amount shown for that item in the Approved Project Budget. Transfers between line items, or from contingencies to any line item require the prior approval of IDOT. Budget overruns (expenses in excess of a budgeted line-item) or failure to obtain IDOT approval for budget revisions will result in ineligible costs.

4/2.7 BUDGET AND SCOPE REVISIONS OR AMENDMENTS

Budget revisions require prior IDOT concurrence. Budget revisions are defined as any proposed changes in project activities which require moving funds from one line item to another such as from Contingencies to Construction. If a scope change is involved, and/or additional funds (which have been previously authorized by state and federal grant approval) are being added to the grant, an amendment to the grant agreement is required as well.

To obtain concurrence for a budget revision, the grantee shall submit the following:

- a) A cover letter;
- b) A statement justifying the proposed changes; and
- c) Supporting documentation as required; and
- d) A request for amendment to grant agreement, if necessary.

4/2.8 ELIGIBLE COSTS

Costs and charges are eligible if they meet all the following general criteria:

- They are necessary and reasonable for proper and efficient execution of the project in accordance with the grant agreement and the Approved Project Budget;
- They are not prohibited under federal, state and local statutes or regulations;
- They are treated uniformly and consistently in accounting policies and procedures approved or prescribed by IDOT for the grantee, and those approved or prescribed by the grantee for its contractors;
- They are not allocable to or included as a cost of any other state-financed program in either the current or prior period;
- They represent net costs, deducting all applicable credits (such credits are to be set forth separately);
- They are in accord with budgetary or other restrictions on expenses established by IDOT; and
- They are fully documented.

4/2.9 REPORTING REQUIREMENTS

Regular progress reports may be required for the project. Special reports may also be required if considered necessary due to unique or questioned circumstances.

4/2.9.1 QUARTERLY PROGRESS REPORTS

If required, reports are due as follows:

Quarter Ending	Due Date
March 31	April 30
June 30	July 31
September 30	October 31
December 31	January 31

4/2.9.2 ANNUAL STATUS REPORT

Following completion of the project or acquisition of equipment or vehicles, an annual report is required describing the operation of the facility or continued use of equipment with financial documentation and a certification of use on forms provided by IDOT.

4/2.10 REQUISITIONS

In order to request reimbursement for expenses that have been properly incurred, the grantee is required to submit the following:

- a) "Requisition for Capital Grant Payment" form;
- b) "Request for Payment" form. On this, the state share of the amount requested from the requisition form is recorded.
- c) "Request for Payment - Federal Share" form. On this, the federal share of the amount requested from the requisition form is recorded.
- d) Documentation to support this request such as invoices, engineer's pay request, proof of purchase, etc.

From this request, IDOT will prepare and submit necessary documents so that direct payment can be made to the grantee. This takes the form of two state checks, one representing the state share and the other representing the federal share.

In addition to adequate documentation of costs and proper completing of forms, IDOT approval of each requisition for payment is contingent upon submitting progress reports and compliance with all the terms of the grant agreement.

If a grantee obtains rolling stock from IDOT's combined vehicle procurement program, no requisition is to be submitted by the grantee. For these purchases, IDOT will pay the vendor directly.

4/3 OPERATING ASSISTANCE GRANTS

4/3.1 IDOT RESPONSIBILITIES

- a) Function as grantee to FTA on behalf of the project;
- b) Provide administrative guidance to the grantees;
- c) Prepare grant agreement;
- d) Provide guidance in the preparation of required forms and documentation;
- e) Provide draft language for service agreements and certifications;
- f) Provide technical and planning assistance; and
- g) Administer reimbursement of costs for state funds and the pass through of federal funds.

4/3.2 GRANTEE RESPONSIBILITIES

The grantee is wholly responsible for the administration of the project, compliance with the terms and conditions of the grant contract and supervision and inspection of work performed or items purchased. This includes, but is not limited to the following:

- a) Provide continuous administrative direction of project activities;
- b) Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress;
- c) Assure conformance to plans, specifications, contract terms, applicable codes, ordinances and safety standards;
- d) Maintain an adequate program schedule;
- e) Request reimbursement of approved costs; and
- f) Monitor projects within constraints of the approved project budget.

4/3.3 CONCURRENCE REQUIREMENTS

IDOT review and concurrence are required before entering into any third party contract for goods and property costing between \$300 and \$5,000 or for services costing in excess of \$10,000 and where any material change is proposed which would substantially alter the proposed program as detailed in the application or the Approved Project Budget.

4/3.4 REIMBURSABLE COSTS

The grant agreement with the accompanying Approved Project Budget provides the necessary legal authorization for the grantee to incur eligible project costs. However, costs may be reimbursed if the final fully executed grant agreement encompasses the effective date of the beginning of the subject fiscal year and if claimed costs are otherwise eligible under the terms of the grant agreement.

4/3.5 APPROVED PROJECT BUDGET

Only categorical line items listed in the Approved Project Budget are eligible for state and federal funds. Proceeds from earned interest of investments and sale of disposable material, equipment and land shall be credited to the project.

Commitments against any budget line item shall not exceed the amount shown for that item in the Approved Project Budget. Budget overruns (expenditures in excess of a budgeted line item) or failure to obtain IDOT approval for budget revisions will result in ineligible costs.

4/3.6 BUDGET REVISIONS

In general, budget revisions that will cause a line item to be adjusted by more than 10% of the Approved Project Budget's amount for that line item require prior IDOT concurrence. Budget revisions are defined as any proposed changes in project activities in the Approved Project Budget which require moving funds from one line item to another. For budget revisions with less than 10% adjustments, the grantee is required to notify IDOT; concurrence is not required. If additional funds (which have been previously authorized by state and federal grant approval) are being added to the grant, an amendment to the grant agreement is required.

To obtain concurrence for the budget revision, the grantee shall submit the following:

- a) A cover letter;
- b) A statement justifying the proposed changes; and
- c) Supporting documentation as required; and
- d) A request for amendment to grant agreement, if necessary.

A budget revision may also be required at the end of the funding year to adjust the Approved Project Budget to reflect actual reimbursements of regular Section 5311 funding and Section 5311(f) - Intercity Bus. Provided a grantee's total operating assistance for the grant period is unchanged, an adjustment to reflect actual reimbursements of regular and intercity bus funding is allowable and, in fact, is required if actual expenses differ from the budgeted amount.

A budget revision is also required if a grantee elects to utilize a portion of its operating assistance for "Small Cap" capital projects. In that case, the grantee must notify IDOT (with supporting documentation) at the time the obligation is made. IDOT will revise the grantee's Approved Project Budget to show the obligation as "capital" rather than "operating" and send a copy of the revised Approved Project Budget to the grantee. See Chapter 4/1 for additional requirements regarding the use of operating assistance for capital purposes.

4/3.7 OPERATING PROJECT COSTS

Project costs shall be clearly related to the purposes specified in the grant agreement and the Approved Project Budget. Care shall be exercised in incurring costs to assure that all expenditures are in accordance with these general standards and meet the following criteria of eligible costs. Failure to exercise this discretion may result in expenditures for which grant funds cannot be used.

4/3.7.1 ELIGIBLE COSTS

Costs and charges are eligible if they meet all the following general criteria:

- They are necessary and reasonable for proper and efficient execution of the project in accordance with the grant agreement and the Approved Project Budget;
- They are not prohibited under federal, state and local statutes or regulations;
- They are treated uniformly and consistently in accounting policies and procedures approved or prescribed by IDOT for the grantee, and those approved or prescribed by the grantee for its contractors;
- They are not included as a cost to any other state or federally financed program (unless part of an approved cost allocation plan);
- They represent net costs, deducting all applicable credits (such credits are to be set forth separately);
- They are in accord with budgetary or other restrictions on expenses established by IDOT; and
- They are fully documented (with time sheets, invoices, etc.) or substantiated in a cost allocation or indirect cost rate plan (if applicable). Guidance on cost allocation and indirect cost plans can be found in Exhibit E.7.

4/3.7.2 ELIGIBLE OPERATING EXPENSES

In order to provide further guidance on determining eligible cost; IDOT has developed guidelines which are found in Exhibit E.8.

Are those expenses required to provide public transportation, including drivers' wages and benefits, mechanics' wages and benefits, contract maintenance service, materials and supplies directly related to transit and maintenance of vehicles, fuels and lubricants, rentals or leases of vehicles, taxes other than income taxes, payment made for debt service (including principal and interest) on publicly owned equipment and facilities, and any other expenditure which is an operating expense according to standard accounting practices for the providing of public transportation and which is not defined as an "eligible administrative expense" as herein defined.

Engine and transmission rebuild costs which meet the following criteria are also considered eligible operating expenses:

- a) They are necessary to maintain a grantee's rolling stock in safe mechanical and operating condition, and to fulfill the grantee's obligation to maintain the asset in service for its useful life; and
- b) They do not materially increase the value or useful life of the capital asset.

Lease and lease/purchase agreements may also be considered operating assistance subject to the following exception: If at the inception of a proposed lease, the total cost of the item, including all lease payments, is

greater than \$5,000, and one or more of the following criteria is present, the cost is a capital expense, and is not an eligible operating expense:

- a) Ownership of the property is transferred to the grantee at the end of the lease term as a term of the agreement.
- b) The lease contains a bargain purchase option. A bargain purchase option is when the lessee's option to purchase the leased item at the end of the lease is set at a sufficiently low price so it makes the purchase almost certain. Typically, this price is far below the fair market value of the leased item as determined at the end of the lease term.
- c) The lease term is for a period of time which is greater than 75% of the estimated useful life of the leased property.

4/3.7.3 INELIGIBLE OPERATING EXPENSES

Include the following:

- a) depreciation whether funded or
- b) amortization of any intangible costs;
- c) debt service on capital acquired with the assistance of capital grant funds provided by the State of Illinois;
- d) profits or return on investments;
- e) excessive payments to associated entities;
- f) costs reimbursed under Section 26 of the "Federal Transit Act of 1992", as amended;
- g) entertainment expenses;
- h) charter expenses;
- i) fines and penalties;
- j) charitable donations;
- k) interest expense on long term borrowing and debt retirement other than on publicly owned equipment and facilities;
- l) income taxes;
- m) expenses based on time studies which extrapolate costs (either direct or indirect) from a sample time period to a larger time period;
- n) travel and per diem expenses greater than state limits
- o) expenses defined as "eligible administrative expenses" as herein defined; or
- p) for such other expenses as IDOT may determine as consistent with federal Department of Transportation regulations and requirements.

4/3.7.4 ELIGIBLE ADMINISTRATIVE EXPENSES

In order to provide further guidance on determining eligible cost; IDOT has developed guidelines which are found in Exhibit ____.

Are expenses required to provide public transportation, other than those defined as "eligible operating expenses" herein, including, but not limited to, general, administrative and overhead costs such as salaries of the project director, office personnel such as secretary and bookkeeper, office supplies, facilities, rental, insurance, marketing, and interest on short-term loans for operating assistance.

4/3.7.5 INELIGIBLE ADMINISTRATIVE EXPENSES

Include the following:

- a) depreciation, whether funded or unfunded;
- b) amortization of any intangible costs;
- c) debt service on capital acquired with the assistance of capital grant funds provided by the state of Illinois;
- d) profits or return on investments;
- e) excessive payments to associated entities;
- f) costs reimbursed under Section 26 of the "Federal Transit Act of 1992", as amended;
- g) entertainment expenses;
- h) charter expenses;
- i) fines and penalties;
- j) charitable donations;
- k) interest expense on long term borrowing and debt retirement other than on publicly owned equipment and facilities;
- l) income taxes;
- m) expenses based on time studies, which extrapolate costs (either direct or indirect) from a sample time period to a larger time period is not an acceptable method of substantiating costs;
- n) expenses based on time studies which extrapolate costs (either direct or indirect) from a sample time period to a larger time period;
- o) travel and per diem expenses greater than state limits
- p) expenses defined as "eligible administrative expenses" as herein defined; or
- q) for such other expenses as IDOT may determine as consistent with federal Department of Transportation regulations and requirements.

4/3.8 REQUISITIONS

In order to request reimbursement for expenses that have been properly incurred, the grantee is required to submit the following:

- a) "Section 5311 Operating Assistance - Request For Payment" (RFP Form);
- b) "Section 5311 Request for Payment Summary";
- c) "Section 5311 Operating Data Report"; and
- d) "Financial Data Report"

From this request, IDOT will prepare and submit necessary documents so that direct payment can be made to the grantee. This takes the form of one state check representing the state administered federal share of operating assistance.

In addition to adequate documentation of costs and proper completing of forms, IDOT approval of each requisition for payment is contingent upon submitting progress reports and compliance with all the terms of the grant agreement.

4/3.9 ANNUAL FINANCIAL REPORT

As part of each grantee's annual Single Agency Audit, a separate schedule relating to Section 5311 expenses and revenues is required. The format for this Annual Financial Report is included as an Exhibit to this Grant Management Manual. Also included is a sample for XYZ Transit District.

4/3.10 AUDITS- OPERATING ASSISTANCE PROJECTS

The purpose of these instructions is to prescribe these items:

- a) The objectives of the audits;
- b) The standards to be followed by the grantee in selecting auditors to conduct audits; and
- c) The minimum scope of audits and report formats which will meet IDOT requirements.

4/3.10.1 AUDIT OBJECTIVES

The audit objectives are to ensure the following:

- a) That the accounting system and related internal controls of the grantee are operating effectively and that adequate records and safeguards are being maintained over grantee funds.
- b) That costs charged to the contract and approved program are reasonable, applicable to the contract and approved program, not prohibited by the contract and approved program, and are determined in accordance with accounting procedures prescribed by IDOT for the grantee and in accordance with generally accepted accounting principles.

4/3.10.2 STANDARD FOR SELECTION OF AUDITORS

- a) The selection of the auditor, together with all necessary arrangement letters, will be made directly by the grantee.

- b) The grantee shall not select any outside auditor to conduct required audits who is not independent from any grantee or operator who has now, or ever during the period covered by the audit, had any relationship which creates a substantial interest, including (but not limited to) the following: officer, employee (voluntary or paid), stockholder or bookkeeper.

4/3.10.3 SCOPE OF AUDITS

- a) The scope of each audit shall include an examination of the records and test of transactions sufficient to enable the audit firm to express an opinion as to the following: a) whether or not the records of receipts, disbursements, assets and liabilities and the presentation thereof in the financial statements of the grantee are in accordance with generally accepted accounting principles, consistently applied, and present fairly the financial positions of the grantee and the results of its operations for the period covered by the audit; b) whether costs incurred are eligible under the contract and c) the degree of compliance with the terms and conditions of the contract, approved program and IDOT guidance.
- b) It is expected that the audit of the grant will require an examination of the records of contractors which may be providing direct services paid for through the Section 5311 program as well as the grantee's records. IDOT will advise the grantee when it is determined that audits of contractors are not necessary.

4/3.10.4 AUDIT REPORT FORMAT

The form of audit report to be furnished by the grantee is as follows:

- a) A short form report as prescribed by the American Institute of Certified Public Accountants including the grantee's financial statement and the auditor's certificate (scope of audit and opinion) on the financial statements. Based on the grantee's Approved Project Budget, the report shall also include the following:
 - i) a calculation of the approved operating deficit;
 - ii) a calculation of the eligible Section 5311 share; and
 - iii) an identification of all sources of local share.
- b) In addition to the audit report described above, IDOT audit requirements require the auditor to submit comments on:
 - i) Accounting principles and practices followed by the grantee which may have a significant effect on statement of financial condition and the Income Statement for the period covered by the audit.
 - ii) The auditor's evaluation of particulars on the management internal controls afforded by the grantee's accounting, financial, and operating procedures and practices particularly as they relate to funds received and costs chargeable to the contract and approved program.

- iii) Significant and unusual accounts pertaining to, and significant and unusual transactions affecting, the contract and approved program.
- iv) The grantee's compliance or noncompliance with the provisions of IDOT guidance, the grantee's contract and the approval letter issued to the grantee. The grantee's noncompliance in a material respect to these provisions or the occurrence of any event of default specified in these provisions shall be immediately discussed with the grantee and notification given IDOT in writing without awaiting the completion of the audit and the preparation of the audit report.
- v) Whether the costs incurred by the grantee are in accordance with contractual terms and accounting principles appropriate to the particular circumstances.
- vi) The comments shall include an expression of the auditor's opinion and recommendations pertaining to eligibility of costs charged to the contract and the approved program. The comments shall clearly indicate whether the grantee agrees with the audit conclusions and recommendations. If the grantee does not agree, the auditor should so state, furnishing the reasons for the nonconurrence and the auditor's response thereto. The report shall include the name and official capacity of the person within the company who does or does not concur with the finding of the audit.

4/3.10.4.1 Inspection of Working Papers

There may be instances where IDOT would wish to communicate directly with the auditors. Accordingly, when the grantee engages the auditor or audit firm it shall include in the letter of engagement the authorization for the auditor to communicate directly to IDOT.

4/3.10.4.2 Filing Deadline

The grantee shall file said audit with IDOT no later than one hundred eighty (180) days after the close of the state fiscal year.

4/4 VEHICLES, EQUIPMENT, AND REAL PROPERTY

4/4.1 USE OF VEHICLES AND EQUIPMENT

Equipment is defined as tangible, non-expendable, personal property having a useful life of more than one year and a unit price of \$300 or more. Typically, equipment includes such items as major spare parts, computer systems, communication systems, major maintenance tools, passenger shelters, etc.

Vehicles and equipment shall be used in the program for which it was acquired as long as it is needed for service, until it is replaced, or until it is uneconomical to continue to use. This is true even if IDOT does not continue to fund the program. All grantees are required to submit an "annual certificate of use" for all vehicles and equipment acquired under IDOT provided financial assistance until they are no longer used in service.

The grantee may make vehicles or equipment available for use in other programs or projects currently or previously supported by federal funds. However, this use may not interfere with its use on the program or project for which it was originally acquired. User fees shall be considered appropriate in this situation. Federally funded vehicles and equipment may not be used to provide services for a fee to compete unfairly with private companies.

Any change in the use or ownership of vehicles or equipment must have prior written approval of IDOT.

4/4.2 STANDARDS

The grantee shall provide management of all vehicles and equipment based on the following:

1. Vehicle and equipment control records must be maintained. These records shall include:
 - a) description of vehicle or equipment
 - b) serial or identification number
 - c) source of property
 - d) title holder (owner)
 - e) federal participation
 - f) physical location
 - g) current use and condition
 - h) disposal data
 - i) disposal price
2. A physical inventory of vehicles and equipment must be taken and the results reconciled with the grantee's Capital Asset Inventory of federally funded assets at least every two years.

3. A control system must be developed to safeguard against loss, damage, or theft of vehicles and equipment.
4. Adequate maintenance procedures and programs must be developed to keep vehicles and equipment in good condition. Preventive maintenance programs are required for all federal and state funded vehicles. IDOT has a sample maintenance program document available upon request.
5. For all rolling stock, individual files must be by vehicle containing vehicle repair and maintenance records.

4/4.3 DISPOSITION

When vehicles, equipment, and/or real property are no longer needed for the original project or program, disposition of said items must be made in accordance with governing law or ordinance of the grantee.

4/4.3.1 REAL PROPERTY

Real property is defined as land and buildings, including any accessories added to the land or buildings. Real property and items of equipment with a current per-unit fair market value of less than \$5,000 may be disposed with no further obligation to IDOT. However, IDOT must be notified of all disposition actions and prior written concurrence is required.

Real property and equipment with a current per-unit fair market value of \$5,000 or greater requires the submittal of a written disposition plan for IDOT review. At IDOT's discretion, income from the disposition may be retained by the grantee for the transit program. Documented evidence that the income is being used for the transit program must be provided to IDOT.

4/4.3.2 VEHICLE DISPOSITION

Disposition actions for vehicles must be submitted to IDOT. If the vehicle is in good mechanical condition, the preferred method of disposition is the transfer of vehicles to another IDOT grantee.

4/4.3.3 DETERMINATION OF FAIR MARKET VALUE

The fair market value for vehicles and equipment may be determined by its sale price, the use of the straight line depreciation method, or an independent appraisal. If straight line depreciation is used for valuing vehicles, then it should be based on the useful life years and mileage herein specified. The fair market value of real property should be based on two independent appraisals.

4/4.3.4 LIKE-KIND EXCHANGE- VEHICLES

Grantees may elect to use the trade-in value or the sales proceeds from a vehicle to acquire a replacement vehicle of a like kind. This option may be under taken before the end of the useful life of the vehicle. If a grantee chooses to re-invest the proceeds, 100 percent of the net proceeds must be applied to the acquisition of the replacement vehicles. This initiative was published in the August 28, 1992 Federal Register. It is known as 49 CFR Change VI-Change in Policy on Sale and Replacement of Transit Vehicles Rule. This policy is an effort to stimulate the economy and develop a secondary, used-bus market. It is expected to increase the rate of new vehicle acquisitions, thereby accelerating the

introduction of "cleaner" vehicles in terms of air quality and vehicles that comply with the Americans With Disabilities Act.

4/4.3.5 INSURANCE SETTLEMENTS

In the event of loss due to casualty, fire, or theft, the insurance settlement may be used toward the replacement of the lost items. If the items are determined to be no longer necessary, then the settlement may at IDOT's discretion be returned to the state or used for the transit program. Documented evidence that the settlement is being used for the transit program must be provided to IDOT.

4/4.3.6 PASSENGER VEHICLE CLASSIFICATION AND USEFUL LIFE

IDOT has developed the following passenger vehicle classifications for its Consolidated Vehicle Procurement Program:

Converted Mini-Van --- a standard mini-van which has undergone some body or structural changes to meet ADA requirements. Typical changes include a lowered floor, wheelchair securement positions, flip up center passenger seating, and a fold-away access ramp.

Light Duty Vehicle --- a standard van or maxi-van which has undergone some body or structural change to meet ADA requirements. Typical changes include raised tops, widened bodies and passenger entry doors, extended step wells at passenger entrances, and wheelchair lifts.

Medium Duty Paratransit Vehicle --- a passenger vehicle built on a truck chassis and designed to meet ADA requirements. MDPV's have wider and/or longer bodies than the light duty vehicles and accommodate more passengers and wheelchairs. Typically these vehicles are built by specialty vehicle manufacturers and include raised tops, widened bodies and passenger entry doors, extended step wells at passenger entrances, and wheelchair lifts.

Super Medium Duty Paratransit Vehicle --- Super Medium Duty Paratransit Vehicle --- a passenger vehicle built on a truck chassis and designed to meet ADA requirements. SMDPV's have longer bodies than the MDPV's and accommodate more passengers. Typically these vehicles are built by specialty vehicle manufacturers and include raised tops, widened bodies and passenger doors, extended step wells at passenger entrances, air brakes, and wheelchair lifts.

Heavy Duty Paratransit Vehicle -- a vehicle under 35 feet in length and specially designed for paratransit service that requires large passenger seating capacities (i.e., purpose built). The construction of the body and chassis is integrated and normally done by one manufacturer and meet ADA requirements. Typically, these buses include diesel engines, air ride suspensions, air brakes, widened passenger entry doors, extended step wells at passenger entrances, and wheelchair lifts. This bus is also suited for certain small urban fixed route applications.

4/4.3.7 VEHICLE USEFUL LIFE

IDOT has developed the following vehicle useful life policy for the purpose of evaluating vehicle disposition requests and capital replacement applications. However, merely obtaining sufficient miles and years on a vehicle does not guarantee capital assistance for its replacement. Vehicle procurement grant

applications are competitively evaluated according to criteria such as project justification, coordination, fiscal capabilities, and capital project priorities. The primary criterion in determining useful life is mileage. The age of the vehicle will be considered only after the vehicle's mileage has been determined to be at or greater than the mileage categories listed in the following table:

VEHICLE USEFUL LIFE STANDARDS

Classification	Miles	Years
Mini Van	120,000	5
Raised Roof Van / Light Duty Vehicle	120,000	5
Medium Duty Vehicle	150,000	7
Super Medium Duty Vehicle	200,000	7
Heavy Duty Paratransit Vehicle < 35'	200,000	7
Heavy Duty Transit Vehicle < 35'	300,000	10

The age of the vehicle is calculated from the date the vehicle is actually placed into service, and not from the vehicle model year. On rare occasions, a grantee may have a vehicle which needs replacement prior to reaching its designated mileage. IDOT will consider these exceptions on a case by case basis.

4/4.3.8 VEHICLE REPLACEMENT PLANNING

Grantees are required to develop and submit to IDOT a passenger vehicle replacement plan. The plan shall use the vehicle useful life mileage as the basis for determining the replacement of vehicles. The plan shall cover a five year period and be updated biennially (after the original submission an updated plan will be due every other year). The plan shall show the number, classification, and the estimated cost of the vehicles to be replaced or added.

For planning and funding application purposes, vehicles may be considered eligible for replacement based on the following mileage criteria:

VEHICLE REPLACEMENT STANDARDS

Classification	Miles	Years
Mini Van	95,000	4
Raised Roof Van/Light Duty Vehicle	95,000	4
Medium Duty Vehicle	120,000	6
Super Medium Duty Vehicle	180,000	7
Heavy Duty Paratransit Vehicle < 35'	180,000	7
Heavy Duty Transit Vehicle < 35'	280,000	10

4/5 DISPUTES OR COMPLAINTS

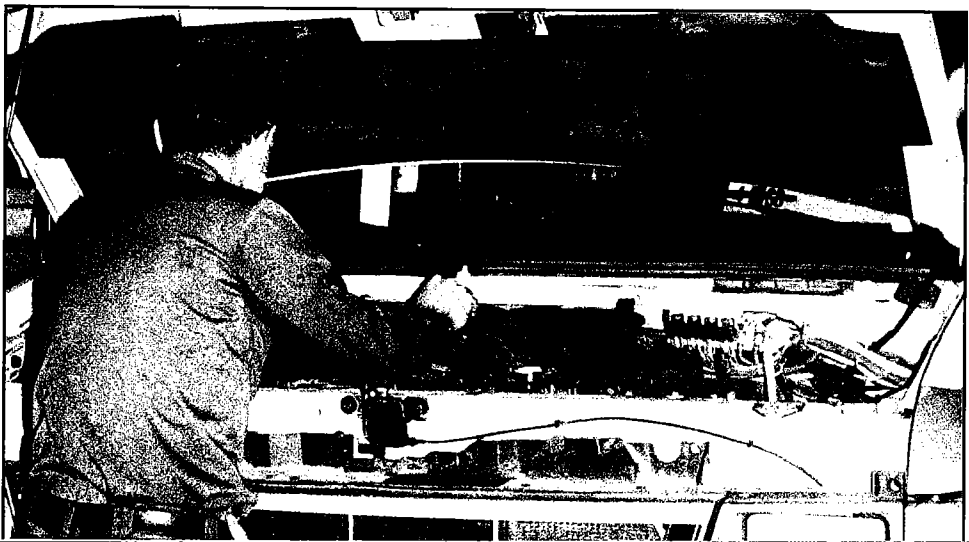
The grantee is required to resolve any complaints from a local decision or interpretation concerning IDOT funded grant programs. The grantee is required to keep a record of all correspondence related to the issue, information used in making its decision, and the process used in resolving the issue. If an operator or provider is involved, the grantee must inform those parties of the local appeal process and their rights under the process. If the complaint is not satisfactorily resolved, the originating party may appeal the grantee's decision to IDOT.

4/5.1 APPEALS TO IDOT

The originating party must file with IDOT a written request for an appeal within 15 calendar days following the grantee's final decision. The appeal request must be made by certified mail and contain a brief description of the issues and copies of all relevant information. IDOT will conduct a preliminary review within five working days and, if necessary, request by certified mail additional information from the originating party or the grantee. IDOT will allow five working days for receipt of additional material. IDOT will make a final decision within 15 calendar days from the receipt of the appeal request or, if additional material was requested, within 15 calendar days from the receipt of the additional material. IDOT will notify the originating party and the grantee of its decision within five calendar days.

COMPLIANCE MONITORING

5



5/1 SECTION 5311

Administration of the state's Section 5311 program includes program compliance monitoring of grantees. In order to ensure conformity with federal program requirements, IDOT will monitor the following:

- a) General program
- b) Financial management
- c) Equipment use and condition
- d) Vehicle maintenance practices
- e) Competitive procurement clauses
- f) Integrity certifications
- g) Restrictions of lobbying certifications
- h) ADA compliance
- i) DBE/Title VI compliance
- j) Charter service compliance
- k) School bus compliance

5/1.1 MONITORING MECHANISMS

The documents and mechanisms used to monitor each of the referenced elements are summarized and defined below.

- On-site visit: Each calendar year, IDOT staff, or a representative of IDOT, will visit Section 5311 grantees and perform a limited program review (s). Site visit requirements can be found in Exhibit E.9.
- Grantee application: The application used by Section 5311 grantees to apply to IDOT for operating, capital, intercity bus or technical assistance.
- Pre-award contract concurrence: Review of documents, information or assurances that are either missing from an application, or not required in the application but necessary before a contract can be executed.
- Grantee contract: The agreement between IDOT and the Section 5311 grantee.
- Annual submittals: Information required to be submitted annually to IDOT from the Section 5311 grantee.
- Grantee staff: The use of grantee staff to review specific program elements and provide necessary documentation concerning this review to IDOT.
- On-site audit: This is a special program review audit performed by IDOT's Audit Section.
- Requisition documentation: Support documentation submitted by the grantee or reviewed by IDOT staff to substantiate incurred expenses and revenues.
- Program review: Once every three years, IDOT staff, or a representative of IDOT, will visit section.

5/1.2 NON-COMPLIANCE NOTIFICATION

If IDOT becomes aware of circumstances where a grantee is not meeting the program requirements, IDOT will notify the grantee in writing and work with the grantee to correct the deficiencies. If a grantee has not corrected the deficiency after a sufficient period of time, IDOT will investigate and take appropriate measures to ensure compliance on a case by case basis.

5/2 SECTION 5310

Administration of IDOT's Section 5310 program includes the program compliance monitoring of grantees. In order to ensure conformity with federal program requirements, IDOT will monitor the following:

- a) Financial management
- b) Technical capacity
- c) Equipment use and condition
- d) Vehicle maintenance practices
- e) Competitive procurement compliance
- f) Debarment and suspension
- g) Restrictions on lobbying certifications
- h) Bus testing compliance
- i) Pre-award and pose delivery compliance
- j) Transportation services for individuals with disabilities
- k) School bus compliance
- l) Civil Rights

Note: Items e), h), and i) are the responsibility of IDOT through its CVP program. These items will not be monitored during any on-site program reviews or vehicle inspections.

5/2.1 MONITORING MECHANISMS

The documents and mechanisms used to monitor each of the referenced elements are summarized and defined below:

- On-site program review: Each calendar year, IDOT staff, or a representative of IDOT will visit a sample of the active Section 5310 grantees (i.e., still operating Section 5310 funded equipment) and perform a review of the monitoring items listed above.
- Grantee application: The application used by Section 5310 grantees to apply to IDOT for rolling stock funding.
- Annual submittals: Information required to be submitted annually to IDOT from each active Section 5310 grantee.
- Grantee staff: The use of grantee staff to review specific program elements and provide necessary documentation concerning an IDOT review.
- IDOT's Consolidated Vehicle Program documentation: The documented process used by IDOT to procure rolling stock on behalf of the Section 5310 grantees.

5/2.2 NON-COMPLIANCE NOTIFICATION

If IDOT becomes aware of circumstances where a grantee is not meeting the program requirements, IDOT will notify the grantee in writing and work with the grantee to correct the deficiencies. If a grantee has not corrected the deficiency after a sufficient period of time, IDOT will investigate and take appropriate measures to ensure compliance on a case by case basis.

5/3 PERFORMANCE STANDARDS

5/3.1 SERVICE STANDARDS

The provision of service provided by a grantee will be reviewed according to the following measures:

5/3.1.1 MARKETING (SECTION 5311 ONLY)

During the on-site visit, the marketing efforts of the grantee, or operator, will be reviewed for the previous six months. These efforts will include any on-going activities such as printed route maps or schedules or periodic newspaper or local advertising.

5/3.1.2 SPECIALIZED SERVICE PROVISION

IDOT will undertake efforts to ensure that specialized services provided by a grantee, or its operator do not interfere with providing service to the general public. As part of the grant application, IDOT will receive a detailed description of the service provided by the grantee. This information will be reviewed by IDOT staff prior to grant award. In addition, a review of the service descriptions provided in the application will be performed as part of the annual on-site visit to identify any changes that may have occurred and to analyze the impact.

5/3.2 FINANCIAL MANAGEMENT STANDARDS

5/3.2.1 FISCAL CAPACITY (SECTION 5311 ONLY)

IDOT must ensure that any corrective action resulting from an audit finding is implemented, and that project expenses can be tracked to a source document (i.e., bill invoice etc.). In addition to the review of documentation submitted with requisitions, the tracking of expenses to source documents will be performed on a random sampling basis during the on-site reviews. IDOT review staff will select line items from a requisition submitted within the last year and review grantee documents to ascertain whether or not the expenses can be substantiated.

5/3.2.2 CONTINUING CONTROL

IDOT must ensure that facilities and equipment are used in the approved transit service. As part of the application, the grantee will submit its Capital Asset Inventory, including all federally funded capital assets with an original purchase cost of greater than \$300. This inventory will include a brief description of the asset, its original purchase price, its current condition and mileage (for rolling stock), and a signed assurance that the federally funded assets are still being used and maintained according to federal guidelines. During the on-site visit, a sample of the assets will be visually inspected to verify information on the application inventory.

5/3.2.3 COMPETITIVE PROCUREMENT

Grantees must follow state procurement practices and include FTA required clauses in their procurement process for contracts in excess of \$10,000. IDOT will ensure that Section 5311 grantees include Federally-required competitive procurement clauses in their contracts and purchase of service agreements. As

part of the pre-award contract concurrence process, each grantee is to submit any third party contracts in excess of \$10,000 to IDOT for review and approval. These contracts will be checked by IDOT staff for inclusion of the proper Federally-required competitive procurement clauses. This element will also be monitored according to standard accounting practices during any on-site audits.

5/3.3 MAINTENANCE STANDARDS

Federally-funded equipment and facilities must be kept in good working order. IDOT will monitor maintenance practices and records of the grantees and their operators to ensure preventive maintenance plans are in place and that they are being followed. As part of the application process for an operating or CVP rolling stock assistance contract, each grantee will submit to IDOT information concerning the maintenance practices and records of its operator(s). If the service or maintenance is contracted out, the grantee will use its own staff to review the contractor's maintenance practices and records. If the service is operated and equipment maintained by the grantee, the grantee will self-certify that proper preventative maintenance practices are established and being followed. During any on-site visit, IDOT staff will check to see if those grantees who self certify have a preventative maintenance plan in place and have evidence of following it.

5/3.4 PRINCIPLES AND STATUTORY REQUIREMENTS

5/3.4.1 INTEGRITY

To prevent fraud, waste, and abuse in federal transactions, persons or entities which, by defined events or behavior potentially threaten the integrity of federally-administered nonprocurement programs, are excluded from participation in FTA-assisted programs. IDOT will ensure that signed nonprocurement debarment and suspension certifications are on file at IDOT for each Section 5311 grantee receiving over \$25,000 and ensure that the grantees have evidence of compliance with these certifications in all third party contracts over \$25,000. The required certifications are to be part of all IDOT grantee contracts and will be checked for proper signature prior to execution of a contract by IDOT. As part of the pre-award contract concurrence process, each grantee is to submit all third party contracts in excess of \$10,000 to IDOT for review and approval. Those contracts in excess of \$25,000 will be checked by IDOT staff for properly signed integrity certifications. This element will also be monitored according to standard accounting practices during any on-site IDOT audit.

5/3.4.2 RESTRICTIONS ON LOBBYING

Recipients of federal grants and contracts exceeding \$100,000 must certify compliance with P.L. 101-121, Section 319, Restrictions on Lobbying, before they can receive their funds. IDOT must ensure that Section 5311 grantees certify compliance with P.L. 101-121, Section 319, Restrictions on Lobbying for any contracts exceeding \$100,000. IDOT must ensure that the grantees have evidence of compliance with this certification in all third party contracts exceeding \$100,000.

The required certification is included in all IDOT grantee contracts. As part of the pre-award contract concurrence process, each grantee is to submit all third party contracts in excess of \$5,000 to IDOT for review and approval. Those contracts

in excess of \$100,000 will be checked by IDOT staff for a properly signed Restriction on Lobbying certification. This element will also be monitored according to standard accounting practices during any on-site IDOT audit.

5/3.4.3 TRANSPORTATION SERVICE FOR INDIVIDUALS WITH DISABILITIES

Title II and III of the Americans with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of complementary paratransit service. IDOT will monitor grantee compliance with ADA by ensuring that facilities and vehicles are accessible to the extent required by law and service is provided on a non-discriminatory basis. The accessibility of facilities and vehicles will be reviewed during any on-site visit. During the visit a sample of the fixed facilities will be inspected to see if they are accessible and if the accessibility requirements are in working order from a common sense perspective. An example of this would be to see if proper ramps and handrails have been installed and are in safe working condition (e.g., the ramps are not full of holes or cracks and handrails are not falling apart). In addition, a sample of the active vehicle fleet will also be inspected from a common sense perspective. This would include such things as testing wheelchair lifts and ramps to see if they are in working condition, and checking to see if wheelchair securement belts are on the vehicle and priority seating signs are in the proper location. Review of general and special transportation services will be used to verify that the provision of this service does not conflict with ADA requirements.

5/3.4.4 CIVIL RIGHTS

Grantees must ensure that no person shall on the grounds of race, color, creed, national origin, sex, age, or disability be excluded from participating in, or denied the benefits of, or be subject to discrimination under any project, program, or activity funded in whole or in part through financial assistance under the Federal Transit Act, as amended. IDOT must ensure that grantee Title VI and FTA civil rights assurances are on file before executing a grant contract. In addition, IDOT will ensure that grantees receiving more than \$250,000 in federal funds, exclusive of rolling stock, have DBE plans on file with IDOT and that they are following the plans. For Title VI and FTA civil rights, IDOT's annual grantee operating assistance contract contains all the required assurances. At time of contract execution IDOT staff will ensure the assurances have been properly executed. Since these assurances are also required in all grantee third party contracts, IDOT staff will review those third party contracts submitted to IDOT for proper language and execution. In addition, operating assistance applications will require applicants to identify any lawsuits or complaints alleging discrimination in service delivery filed against the applicant within the last year in accordance with FTA Circular 4702.1

5/3.4.5 CHARTER BUS PROTECTIONS

FTA grantees and their service operators are prohibited from using federally-funded equipment and facilities to provide charter service except on an incidental basis and then only in accordance with the charter service regulation in 49 CFR Section 604. According to the CFR, charter service means providing transporta-

tion with federally funded equipment for a group of persons who have acquired the exclusive use of the vehicle by contract to travel together for a specific common purpose with a specific itinerary. Incidental charter service means charter service that does not interfere with or detract from the provision of mass transportation service; and does not shorten the useful life of the vehicle. IDOT will ensure that all grantees have signed charter bus certifications on file with IDOT and any charter service provided by the grantee is in accordance with one of the statutory exceptions and is incidental to the provision of mass transportation service. During the Section 5311 program reviews any charter contracts undertaken in the previous 12 months will be reviewed to determine 1) if the procedure employed was in accordance with the CFR, and 2) if there was anything in providing the service that appeared to interfere with regular scheduled service.

5/3.4.6 SCHOOL BUS PROTECTIONS

Grantees are prohibited from using federal operating or capital assistance funds to provide exclusive school bus service. The implementing regulation (49 CFR PART 605) does permit regular service to be modified to accommodate school students along with the general public. IDOT will ensure that all grantees have signed school bus agreements on file with IDOT and monitor grantee compliance with school bus requirements. During any on-site visit any service that was funded with Section 5311 operating or capital assistance and appears to be providing school bus service will be investigated further. Also included will be the review of transportation services being provided by the grantee under contract to see if any of the contracts appear to be for school bus service.

EXHIBITS

6

2003-04 GRANT MANAGEMENT MANUAL

E.1 Consolidated Vehicle
Procurement Application

E.2 Section 5301 Operations
Assistance Application

E.3 Non-Motorized Program
Operational Assistance Application

E.4 Section 5302 Transit
Operational Assistance Application

E.5 Federal Single-Proposals

E.6 Grant Administration Conflict of Laws

E.7 Grants for Urban and Inner-City
Cost-Plan Guidelines

E.8 Single-Cost Guidelines

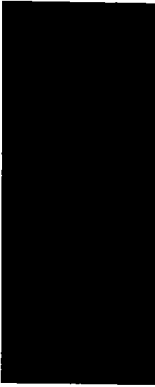
E.9 Site Visit Requirements

EXHIBITS

6

EXHIBITS

E.1 Consolidated Vehicle Procurement Application



ILLINOIS DEPARTMENT OF TRANSPORTATION

2001 CONSOLIDATED VEHICLE PROCUREMENT

ROLLING STOCK

CAPITAL ASSISTANCE

APPLICATION

STOP! IF YOU ARE REQUESTING A REPLACEMENT VEHICLE(S), VERIFY THAT YOU MEET THE ELIGIBILITY REQUIREMENTS LISTED ON PAGE 5 (PART IV, SECTION E).

IF YOU DO NOT MEET THESE REQUIREMENTS, DO NOT SUBMIT THIS APPLICATION.

Legal Name of Applicant Agency	Date of Application Filing
Street Address, City, State, County and Zip Code	County
Area Served by Applicant (List counties, city, portions, areas as applicable)	Type of Applicant (from pg. 3 B)
Federal Tax Identification Number	Illinois State Tax Exempt Number E-
Contact Person	Contact: Tel. ()
E-Mail Address	Fax.()
Title	

DOES A MINORITY GROUP MANAGE YOUR ORGANIZATION OR IS OPERATION MINORITY BASED?	<input type="radio"/> YES	<input type="radio"/> NO
ASSISTANCE TO MINORITY COMMUNITY: DOES YOUR AGENCY PROVIDE SERVICE TO MINORITIES?	<input type="radio"/> YES	<input type="radio"/> NO

By this application, it is the intent of _____ to procure the requested
(Applicant name)
 vehicles utilizing the State of Illinois' Consolidated Vehicle Procurement (CVP) program; and thereby meet all applicable state, federal and local procurement requirements. I certify that the information and statements provided in the application and supporting documents are correct and complete.

Officer or Official Signature	Title	Date
Print Officer or Official Name		

February 2001

PART I

GENERAL INFORMATION

A. Introduction

The Illinois Department of Transportation - Division of Public Transportation makes grants to municipalities, mass transit districts, counties and private non-profit organizations to purchase vehicles and equipment. Funding for these grants comes from a number of different sources including the Federal Transit Administration (FTA) Section 5309 (3) and 5310 (16) programs, as well as State of Illinois General Revenue Funds (GRF). These different funding sources had required some agencies to submit numerous applications with redundant information. To make it easier for the agencies to apply for funds, and for Department review of applications, this single consolidated vehicle procurement application was developed.

Agencies applying for FTA Section 5309 (3) Discretionary Bus funds, Section 5310 (16) Elderly and Disabled funds, and State of Illinois GRF will complete the following application. See page 3 to determine which items of information are required for your application submittal.

Following initial review of an application, the Department will acknowledge receipt to the applicant by letter or E-Mail. In the acknowledgment, the applicant will be advised of any missing or supplemental information required with respect to checklist items, or other supporting documentation. In the course of its review and evaluation of an application, the Department may require the applicant to submit additional information in support of the proposed project. Only when all information necessary for evaluation of the application has been submitted, will a final review be undertaken. Projects will be judged on the basis of consistency, achievement of program goals and objectives, public transportation system needs, regional impact, and funding availability.

While application acknowledgement is an assurance that the Department will review the application; it does not obligate the Department to approve a project. The Department does consider the application as representing the applicant's intent to undertake the proposed project promptly if approved, and when the vehicle is delivered.

When review of the application is complete, the Department will recommend its approval to the Governor. With approval by the Governor, grant contracts will be forwarded to the applicant for signature, then executed by the Department. We can then proceed to order vehicles. The Department, on behalf of the grant recipients, develops the vehicle specifications, purchases the vehicles and insures that the procurement process conforms to all state and federal requirements. This is called the Consolidated Vehicle Procurement process.

B. Submittal Deadline and Address

Send One (1) completed application to arrive by **April 16,2001** at the following address,

**Section 5310 Program Manager
Illinois Department of Transportation
Division of Public Transportation
310 S. Michigan Avenue- Room 1608
Chicago, IL 60604**

If you have any questions or need additional information please contact Mr. Thomas Ochal at (312) 793-3507, by fax at (312) 793-1251 or at E-Mail ochahta@nt.dot.state.il.us

PART II

REQUIRED SUBMITTALS

TO BE COMPLETED BY ALL APPLICANTS

Applicant Name

Use the submittal matrix (A) and checklist (B) to help you meet all requirements of the application process.

A. Submittal Matrix An "X" represents the information that must be submitted by each type of agency.

Type of Applicant	Part II	Part III	Part IV	Part V	Part VI	Part VII	Part VIII	Part IX	Part X	Appendices				Support
										A Letters	B	C	MPO	
Non-Profit Non-Governmental Agency	X	X	X	X	X	X	X(b)	X	X	X	X	X	X (c)	X
Federal Section 5311 Grantee	X	X	X			X	X(b)			X(a)	X(a)	X		
IDOT-Certified Public Body	X	X	X	X	X(a)	X	X(b)		X(a)	X(a)	X(a)	X	X (c)	

- (a) this data not required if applicant agency has applied for another grant within the last nine months.
- (b) subsection information is required ONLY if applicant is applying for a vehicle for new or expanded service.
- (c) If applicant is in an urbanized area outside the Chicago region, see page 36.

B. Submittal Checklist Check the appropriate boxes. All items are required unless otherwise indicated.

ITEM	ENCLOSED
Signed Application (front cover)	
Part II Application Checklist (page 3)	
• Part III Vehicle Inventory (page 4)	
• Part IV Vehicle Request Form, Project Budget (pages 5 & 6)	
• Part V Project Justification (page 7)	
• Part VI Description of Applicant Services and Experience (pages 8 –10)	
• Part VII Fleet Control, Maintenance and Training (pages 11 & 12)	
• Part VIII Proposed New or Expanded Service (pages 13 & 14)	
• Part IX Coordination Efforts (if applicable, page 15 & 16)	
• Part X Financial Administration (if applicable, page 17 & 18)	
• Appendix A Signed FTA and IDOT Assurances and signed Attorney's Affirmation (page 18)	
• Appendix B Public hearing published notice, report and public written comments	
• Appendix C Executed Board Resolution authorizing official representative	
• Appendix D Application Preparation Guidance	
• Appendix E Paratransit Vehicle Catalog	
• Letter from MPO placing project in TIP (not applicable in Cook, Lake, DuPage, Kane, Will and McHenry Counties, or any non-urbanized area)	
• Letters of support from County Boards	
• Letters of support from local Legislators, others	

Note: When submitting your application: (1) **Remove:** instructions, vehicle catalog, other guidance and informational material; and (2) **Include this Checklist** (Indicate any missing items, noting whether pending, subject to third party submittal /approval, or delayed.)

PART IV

VEHICLE REQUEST FORM & BUDGET TO BE COMPLETED BY ALL APPLICANTS

Note: Attach a completed copy of this form for EACH vehicle requested

A. Applicant Name	Form ____ of
-------------------	--------------

- B. Vehicle Category Requested: see vehicle catalog to check appropriate unit by passenger size:**
- Mini-Van w/ramp (6 pass.) Light Duty Paratransit w/lift (10 pass.) Medium Duty Paratransit w/lift (14 pass.)
 - Super Medium Duty Paratransit w/lift (22 pass.) Requires supplemental justification, well documented requirements, maintenance program and large client base experience.
 - Heavy Duty Paratransit w/lift (30 pass.) *available to Section 5311 applicants only*
 - Heavy Duty Fixed Route Paratransit w/lift (31 pass/2wheelchair with destination signs and passenger signal/PA system) *available to Section 5311 applicants only*

- C. Category of Request (Check appropriate category)**
- | | |
|---|---|
| <input type="radio"/> Replacement of owned vehicle | <input type="radio"/> Service Expansion |
| <input type="radio"/> Replacement of leased vehicle | <input type="radio"/> New Service |

D. Vehicle Request Prioritization
Based on needs, the requested vehicle on this form is to be considered for funding (1st, 2nd, etc.) _____
No two requested vehicles may have the same priority ranking.

- E. Vehicle replacement criteria (enclose all required documentation)**
To be eligible for replacement, vehicles must meet the following criteria at time of application:
- Minivans/raised roof vans/automobiles: have been driven at least 95,000 miles OR be over five years old and in documented unsafe or poor operating condition.
 - Medium-duty/school bus: have been driven at least 120,000 miles OR be over seven years old and in documented unsafe or poor operating condition.
 - Super medium-duty/heavy- duty paratransit: have been driven at least 150,000 miles OR be over seven years old and in documented unsafe or poor operating condition.
 - Heavy-duty transit: have been driven at least 350,000 miles OR be over ten years old and in documented unsafe or poor operating condition.
 - Any 1991 or 1993 EIDorado MST heavy-duty vehicle regardless of mileage or condition.

F. Please provide Replacement Vehicle Identification Information for the vehicle being replaced:

Yr.	Manufacturer	Type	Mileage	Vin #	IDOT Contract #
Justification (i.e. exceeds mileage criteria, or documented as unsafe or in poor condition -incl. photos, receipts)					

Applicant Name _____

G. Estimated Project Budget

Vehicle Type	Capacity (Approx.)	Number of Units Requested			(d) Line Total (a+b+c)	(e) Estimated Unit Cost	Estimated Total Cost (Line Total X Unit Cost) (d x e)
		Replace (a)	Expansion (b)	New (c)			
Mini-Van Paratransit (w/ ramp) MVP	6 pass.					\$ 42,000	\$
Light Duty Paratransit Vehicle (w/lift) LDPV	10 pass.					\$ 42,000	\$
Medium Duty Paratransit Vehicle (w/lift) MDPV	14 pass.					\$ 63,000	\$
Super Medium Duty Paratransit Vehicle (w/lift) SMDPV	22 pass.					\$ 95,000	\$
Heavy Duty Paratransit Vehicle (w/lift) HDPV (Sec 5311 only)	31 pass.					\$ 140,000	
Heavy Duty Fixed Route Paratransit Vehicle (w/lift) HDFPV (Sec 5311 only)	31 pass.					\$ 145,000	\$

Total Cost \$ _____

PART V

PROJECT JUSTIFICATION

TO BE COMPLETED BY ALL NON-PROFIT AND IDOT-CERTIFIED PUBLIC BODY APPLICANTS

Applicant Name

Project Justification

Describe the transportation needs of individuals in your current or proposed service area. Identify how these needs are currently being met. Explain how the current transportation program will change if this grant is not approved. Project justification focuses within the context of socio-economic and service enhancement benefits to the geographic area, the transportation disadvantaged, and agency clients. Note that the approval of this grant is dependent upon demonstrated need and subsequent IDOT/DPT concurrence with the applicant's determination that existing transportation services are insufficient, inappropriate, or unavailable. Please add extra sheets as needed with all appropriate detail.

PART VI

APPLICANT'S CURRENT SERVICES, EXPERIENCE TO BE COMPLETED BY ALL NON-PROFIT AND CERTAIN IDOT-CERTIFIED PUBLIC BODY APPLICANTS.

Applicant Name

A. Geographic Areas Served

List the Cities, Towns, Counties, etc. served by your current transportation program. Attach a map showing the service area if you feel it would clarify or help understanding.

B. Service Area Population Information (from 1990 census data)

Total Population of the Current Service Area	
Elderly (60+) Population of Service Area	
Disabled Population of Service Area	

C. Service to Minority Group Persons

Please indicate in the table below the number and percentage of minority group persons in your transportation service area and the number and percentage of estimated riders of your service in each minority group.

Racial/Ethnic Group	Service Area		Applicant's Proposed Service	
	Total	% of Total	Total	% of Total
American Indian/Alaskan Native				
Asian/Pacific Islander				
Black				
Hispanic				
White				
Other:				

Applicant Name

J. Description of Applicant's Current Services and Experience

Briefly describe below your organization's primary and transportation services, and experience providing these services; including types of services, types of clients served, and the number of years providing these services. Especially note the agency's transportation service for persons with disabilities, seniors, or others with eligibility to receive transportation service. Include number of vehicles regularly operated, program staffing, days and hours of service, annual operating budget and sources of funding. Attach additional page or pages if necessary.

Annual Certifications: Submitted Promptly and Completely in 2000?

Yes _____ No _____ No IDOT Vehicle owned in 2000 _____

Table I. Transportation Program Employees and Staffing

Please indicate in the table below the number of paid employees and/or volunteers that were used in the operation of your transportation service for a typical week in the most recent operating year. Also indicate the total number of hours by day of the week worked by all of these employees/volunteers.

E.g. If a bookkeeper works on the agency's transportation program 1 hour each weekday (on average), show in the table, for the total number of staff /administrative staff -1, and for each day insert 1 hour.

	Total Number of Staff	Total # of Hours Worked by Transportation Staff by Day						
		Mon.	Tues.	Wed	Thurs.	Fri.	Sat	Sun
Paid Drivers								
Volunteer Drivers								
Reservationists/ Schedulers/Dispatchers								
Maintenance Staff								
Administrative Staff								

Applicant Name

Table II. Current Transportation Service Information

THIS TABLE IS VERY IMPORTANT!! PLEASE READ IT CAREFULLY AND FILL IT OUT COMPLETELY.

Please provide the following transportation service data for your most recent year (either calendar or fiscal) of operation. Indicate the time period covered below.

Total Number of Individual Clients Served	Annual Totals
Elderly Riders without Disabilities	_____
Elderly Riders with Disabilities	_____
Non-Elderly Riders with Disabilities	_____
Other Riders	_____
TOTAL CLIENTS SERVED	_____

Total Number of one-way Passenger Trips ¹ by Trip Purpose <i>(Eg.#1 If one client is transported to a medical appointment and transported home, this counts as two one-way passenger trips for each day served. Transporting a client to a doctor, then to a pharmacy, then home counts for three such passenger trips. Eg.#2 If the agency takes 10 clients for a meal at a nutrition center, and takes those 10 clients back home, this counts as 20 one-way passenger trips.)</i>	Annual Totals
---	---------------

Medical Trips	_____
Work Trips	_____
Education Trips	_____
Nutrition Trips	_____
Shopping Trips	_____
Social/Recreational Trips	_____
Other Trips	_____
TOTAL ONE-WAY PASSENGER-TRIPS	_____

Average number of vehicles used on a daily basis to provide this service	_____
--	-------

Data is for the annual period from _____ to _____

PART VII
FLEET CONTROL, MAINTENANCE & TRAINING
TO BE COMPLETED BY ALL APPLICANTS

Applicant Name _____

A. Fleet Control

Do you maintain individual vehicle records for each vehicle in the fleet? Y ___ N ___
If yes, does the file include copies of the title, warranties, inspections, repairs, insurance and current condition)? Yes ___ No ___.

Do you have vehicle repair manuals for all vehicles? Y ___ N ___
Do you have repair manuals for all ADA equipment? Y ___ N ___

Do you have an inspection schedule for all fleet vehicles? Yes ___ No ___ If yes, attach an example.
Do you keep records of all inspections? Y ___ N ___ If yes, attach an example.
How long do you keep copies in vehicle file? 1 yr. ___ 6mos. ___ 1 mo. ___ No ___.

Are agency vehicles garaged on site? Indicate if storage is inside ___ or outside ___.

Maintenance

Does your agency have a current written maintenance policy? Y ___ N ___
If yes, please include documentation to support this. (E.g. Table of Contents and Policy Statement).

Does your maintenance program include: Maintenance Goals Y ___ N ___, Monthly Reports Y ___ N ___
Appropriate forms Y ___ N ___, Vehicle Repair Tracking Y ___ N ___

Do you perform daily or pre-trip inspections on all paratransit vehicles? Y ___ N ___
Do inspections include operating all ADA and checking all access equipment? Yes ___ No ___
Do inspections include repair or adjustment advisories/orders? Y ___ N ___
If any are Yes, please enclose a copy of a completed set of forms.

Who is responsible for routine vehicle maintenance _____

Who is responsible for major repairs _____

Are either employed by the applicant? _____

Do you use outside contractor/ service shop? Y ___ N ___. Please describe: _____

Is the shop experienced in servicing the type of vehicle(s) owned and being applied for? Y ___ N ___

Who performs maintenance and repair on ADA

Equipment? _____

Are any repairs done on site? Which _____

Applicant Name

C. Driver Transportation Training

Describe your driver transportation training efforts, your published policy on training, and your administration procedures. Attach documentation/examples: Policy contents sheet, Master training plan, Training schedules, Individual personnel training file, etc.

Are all agency drivers certified in the required courses:

Client assistance Y___N___,

Emergency response Y___N___,

Defensive driving Y___N___. If no, please explain your training schedule and cycle.

Please list any other formal course(s) you offer by or through the agency:

Does training include ADA policy and access equipment operation? Y___ N___.

Do you have formal 'enroute to agency' communications procedures for drivers? Y___ N___

Do you offer regular updates/refreshers? Yes ___ No ___

PART VIII

PROPOSED NEW OR EXPANDED TRANSPORTATION SERVICE

**TO BE COMPLETED BY NON-PROFIT AND IDOT-CERTIFIED PUBLIC BODY APPLICANTS
THAT ARE REQUESTING VEHICLES FOR NEW SERVICE OR SERVICE EXPANSION.**

Applicant Name

1. **Proposed New or Expanded Service Area - E.g., Cities, Towns, Counties to be Served?**
(If same as current service area, indicate "SAME").

2. **Proposed New Schedule (Days and Hours of Operation)?**
(If same as current schedule, indicate "SAME").

3. **Proposed new client group receiving the New or Expanded Transportation Service?**

4. **Is there a change in how eligible clients request and schedule rides? (E.g., as needed, by phone request, trips scheduled by the agency, or as participation in a primary service program, etc.)**

5. **THIS INFORMATION IS VERY IMPORTANT!! PLEASE READ IT CAREFULLY AND FILL IT OUT COMPLETELY, WITH AS MUCH DETAIL AS IS AVAILABLE.**

Annual Totals	<u>Clients now Served</u>	<u>New or Additional Clients</u>	<u>Annual Totals</u>
Elderly Clients without Disabilities	_____	_____	_____
Elderly Clients with Disabilities	_____	_____	_____
Non-Elderly Clients with Disabilities	_____	_____	_____
Other Clients	_____	_____	_____
TOTAL CLIENTS	_____	_____	_____

Applicant Name _____

Estimate the Number of New Total Passenger-TRIPS to be Provided, by Type. Additional Annual Totals
 Each time a client gets on, rides and gets off is a Passenger-Trip
 (E.g. Transporting a client to a medical appointment, then to a food store, then home, counts as three one-way passenger trips for each person served)

Medical Trips
 Work Trips
 Nutrition/ Food Trips.....
 Shopping Trips
 Other Trips.....

TOTAL ONE-WAY PASSENGER-TRIPS _____

7. Proposed Staffing

Please indicate in the table the number of paid employees and/or volunteers to be used in your new or expanded transportation service for a typical week during the year. Show the total number of hours by day of the week worked by all employees/ volunteers (NOTE: If same as current, indicate "SAME").

E.g. Your bookkeeper will average an extra hour each weekday on the new program. The total new/additional staff (administrative staff) will be 0, but for each weekday you would insert 1 hr.

New or Additional Staff	Total Number of New or Added Staff	Sum of Hours Worked by All New or Added Staff by Day						
		Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Sun.
aid Drivers								
Volunteer Drivers								
Reservationists/ Schedulers/Dispatchers								
Maintenance Staff								
Administrative Staff								

Comments or Questions?

8. New or Expanded Service to Minority Group Persons

Please indicate in the table the number and percentage of minority group persons in the expanded/new service area and the number and percentage of estimated riders of your service in each minority group.

Racial/Ethnic Group	Service Area		Applicant's Proposed Service	
	Total	% of Total	Total	% of Total
American Indian/Alaskan Native				
Asian/Pacific Islander				
Black				
Hispanic				
White				
Other:				

PART IX

COORDINATION EFFORTS

THIS PART TO BE COMPLETED BY ALL NON-PROFIT & IDOT-CERTIFIED PUBLIC BODY APPLICANTS

Applicant Name

A. COORDINATION with Other Available Transportation Services

Coordination between transportation services is vital to the most effective use of paratransit vehicles. It is required that agencies receiving federal and state grants contact and coordinate with all services in their geographic service area to provide the most beneficial services to those in need.

Indicate in the table below **all other public and non-profit transportation services** for the general public, elderly persons and persons with disabilities operating your current or proposed service area.

As an applicant, you must notify each provider, in writing, of your intent to apply for vehicle(s) under this program, including copies of those letters with this application. A good faith effort must be made to obtain a letter of support or non-support from each entity listed. Allow sufficient time for response, for written or phone follow-up – which also must be documented.

Agency/Provider	Phone #	Days	Hours	Type of Service

B. Coordination with Existing Transportation Providing Agencies (add pages if necessary)

Please provide copies of your efforts with any other agencies to develop a coordinated service plan. Include communications with agencies serving client needs in your service area, as well as those listed in the table above, are IDOT-funded transit authorities, currently recognized as IDOT-Certified Public Bodies (CPB), or currently operate IDOT program vehicles.

Your letters should seek to determine if your clients' transportation needs could be met through accommodation with these existing services, and ensure maximum vehicle utilization. Please describe existing as well as proposed efforts in your area. A current list of CPB's is provided in Appendix D. Detail why you feel a separate service is needed.

(NOTE: If you are in the Chicago Metropolitan area, letters of support are not required from CATS. Include any letters of support from other local agencies or specialized service providers.

PART X

FINANCIAL PLAN

THIS PART TO BE COMPLETED BY NON-PROFIT AND IDOT CERTIFIED PUBLIC BODY APPLICANTS.

Applicant Name

A. Please detail the expenses and revenues associated with funding your transportation services by service type. Refer to Appendix D for further guidance on completing this plan.

Applicant's Fiscal Year Budget Period _____ to _____

PLEASE NOTE: TOTAL REVENUES SHOULD EQUAL TOTAL EXPENSES

SERVICE TYPE >	Replacement or Service Expansion Requests		NEW SERVICE Request
Activity/Line-Item V	Projected Annual Budget for Fiscal Yr.2001 for Operation of All Transportation Services	Projected Annual Budget for Fiscal Yr. 2002 for Operation of All Transportation Services Including Requested Vehicle(s)	Projected Annual Budget for Fiscal Yr. 2002 for Operation of All Transportation Services Including Requested Vehicle(s)
Revenues:			
Passenger Fares			
Operating Income from Service Contracts (see section B on next page)			
Operating Income from other Grants (see section B on next page)			
Donations			
General agency funds			
Other			
Total Revenues			
Expenses – Operations			
Driver Salaries and Fringe Benefits			
Dispatch/Supervisor Salaries and Fringe Benefits			
Maintenance (Parts and Labor)			
Materials and Supplies			
Fuel, Oil, Tires			
Insurance			
Vehicle Storage			
Other			
Expenses – Administration			
Management Salaries and Fringe			
Clerical/Bookkeeping Wages			
Rent, Utilities, Taxes			
Marketing (Printing/Advertising)			
Other			
Total Expenses			

Applicant Name

3. Funding Sources

In the table below, please identify the specific sources of revenue income from "Service Contracts" and "other Grants" included in the budget table above.

Service Contracts: are contracts the applicant has with other "for profit" or "non-profit" organizations to provide service for specific transportation disadvantaged clientele to specific activities (work, shopping, nutrition programs, medical, etc.).

Other Grants: these are grants that the applicant receives to provide transportation service for specific transportation disadvantaged clientele to specific activities (from Area Agency on Aging, Medicare, etc.).

Funding Sources:	Replacement or Service Expansion Requests		New Service Request
	Projected Annual Budget for Fiscal Year 2001 for Operation of All Transportation Services	Projected Annual Budget for Fiscal Year 2002 for Operation of All Transportation Services Including Requested Vehicle(s)	Projected Annual Budget for 2002 Operation of All Transportation Services Including Requested Vehicle(s)
Service Contract Funding:			
Other Grant Funding:			

Please offer any additional financial detail that could assist in evaluating the application.

APPENDICES

Appendix A

ILLINOIS DEPARTMENT OF TRANSPORTATION ("IDOT") AND FEDERAL TRANSIT ADMINISTRATION ("FTA") ASSISTANCE PROGRAMS JOINT CERTIFICATIONS AND ASSURANCES FOR GRANTEEES

Name of Applicant/Grantee

By signing the attached AFFIRMATION OF GRANTEEES ATTORNEY and JOINT CERTIFICATIONS AND ASSURANCES FOR IDOT & FTA PROGRAMS, the Applicant/Grantee agrees to comply with the following applicable requirements (attached) of IDOT and FTA Assurance Programs Joint Certifications and Assurances for Grantees:

CERTIFICATION	CVP APPLICATION
1. Certifications and Assurances Required of each grantee	Applicable
2. Lobbying Certification (if application is for more than \$100,000)	Applicable
3. Certification for Effects on Private Mass Transportation Companies	Applicable (for public bodies only)
4. Public Hearing Certification for Major Projects with substantial Impacts	Not Applicable
5. Certification for the Purchases of Rolling Stock	Not Applicable
6. Bus Testing Certifications	Not Applicable
7. Charter Bus Agreement	Not Applicable
8. School Bus Agreement	Applicable
9. Certification for Demand Responsive Service	Not Applicable
10. Substance Abuse Certifications	Not Applicable
11. Assurance Projects Involving Real Property	Not Applicable
12. Certifications for the Urbanized Area Formula Program	Not Applicable
13. Certifications for the Elderly and Persons with Disabilities Program	Applicable
14. Certifications for the Non-urbanized Area Formula Program	Not Applicable
15. Certifications and Assurances for the State Infrastructure Bank Program	Not Applicable

The attached signature pages (Grantee and Grantee's attorney) must be appropriately completed and signed where indicated.

AFFIRMATION OF GRANTEE'S ATTORNEY

or _____ (Name of Grantee)

As the undersigned legal counsel for the above named Grantee, I hereby affirm that the Grantee has authority under state and local law to make and comply with the certifications and assurances as indicated on the foregoing pages. I further affirm that, in my opinion, the certifications and assurances have been legally made and constitute legal and binding obligations on the Grantee.

I further affirm that, to the best of my knowledge, there is no legislation or litigation pending or threatened that might adversely affect the validity of these certifications and assurances, or of the performance of the project.

Grantee's Attorney's Signature

Date

Print Grantee's Attorney's Name

JOINT CERTIFICATION AND ASSURANCES FOR IDOT & FTA PROGRAMS

Name of Grantee: _____

Name of Authorized Representative: _____

Relationship of Authorized Representative: _____

BY ENDORSING THIS SIGNATURE PAGE, I, _____, declare that I am duly authorized by the Grantee to make the certifications and assurances on behalf of the Grantee and bind the Grantee to comply with them. Thus, by the undersigned executing this document, the Grantee agrees to comply with all state and federal statutes, regulations, executive orders, and administrative guidance, now and hereafter required, with respect to any application for funding it makes to the Federal Transit Administration (FTA) and/or the Illinois Department of Transportation (IDOT).

IDOT, FTA and grantee intend that the required certifications and assurances apply to each project for which the Grantee seeks now, or may later seek, FTA or IDOT financial assistance.

The Grantee affirms the truthfulness and accuracy of the certifications and assurances it has made herein, in the statements submitted with this document, and in any other submission made to FTA or IDOT, and acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, 31 U.S.C. 3801, *et seq.*, as implemented by U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR part 31 apply to any certification, assurance or submission made to IDOT or FTA. The grantee further acknowledges that the criminal fraud provisions of 18 U.S.C. 1001 apply to any certification, assurance, or submission made in connection with the FTA and IDOT formula assistance program for urbanized areas, and may apply to any other certification, assurance, or submission made in connection with any program administered by FTA or IDOT.

In signing this document, I declare under penalties of perjury that the foregoing certifications and assurances, and any other statements made by me on behalf of the Grantee are true and correct.

Date: _____

Authorized Representative of Grantee

1. CERTIFICATIONS AND ASSURANCES REQUIRED OF EACH GRANTEE

A. *Authority of Grantee and Its Representative*

The authorized representative of the Grantee and the legal counsel who sign these certifications, assurances, and agreements attest that both the Grantee and its authorized representative have adequate authority under state and local law and the by-laws or internal rules of the Grantee organization to:

- (1) Execute and file the applications for federal assistance on behalf of the Grantee,
- (2) Execute and file the required certifications, assurances, and agreements on behalf of the Grantee binding the Grantee, and
- (3) Execute grant and cooperative agreements with FTA or IDOT on behalf of the Grantee.

B. *Standard Assurances*

The Grantee assures that it will comply with all applicable state & federal statutes, regulations, executive orders, FTA circulars, and other federal administrative requirements in carrying out any grant or cooperative agreement awarded by FTA. The Grantee acknowledges that it is under a continuing obligation to comply with the terms and conditions of the grant or cooperative agreement issued for its approved Project with IDOT or FTA. The Grantee understands that federal laws, regulations, policies, and administrative practices might be modified from time to time and affect the implementation of the Project. The Grantee agrees that the most recent state & federal requirements will apply to the Project, unless IDOT or FTA issues a written determination otherwise.

C. *Debarment Suspension and Other Responsibility Matters Primary Covered Transactions*

In accordance with U.S. Department of Transportation (U.S. DOT) regulations on Government wide Debarment and Suspension (Nonprocurement) at 49 CFR 29.510, the Grantee certifies to the best of its knowledge and belief, that it and its principals:

- (1) Are not presently debarred, suspended, proposed for Debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- (2) Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (3) Are not presently indicted for or otherwise criminally charged or by civil action by a governmental entity (federal, state or local) with commission of any of the offenses listed in paragraph (2) of this certification; and,
- (4) Have not within a three year period preceding this Agreement had one or more public transactions (federal, state, or local) terminated for cause or default.

The Grantee certifies that if it becomes aware of any later information that contradicts the statements in paragraphs (1) through (4) above, it will promptly inform IDOT. Should the Grantee be unable to certify to statements set forth in paragraphs (1) through (4) above, it shall so acknowledge with its signature and provide a written explanation to IDOT.

D. *Drug-Free Workplace Certification*

In accordance with Illinois and U.S. DOT regulations on Drug-Free Workplace Requirements (Grants) at 30 ILCS 580/1 *et seq.* and 49 CFR 29.630, the Grantee certifies that it will provide a drug-free workplace by:

- (1) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (2) Establishing an ongoing drug-free awareness program to inform employees about:
 - (a) the dangers of drug abuse in the workplace;
 - (b) the Grantee's policy of maintaining a drug-free workplace;
 - (c) any available drug counseling, rehabilitation, and employee assistance programs; and,

- (d) the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- (3) Making it a requirement that each employee to be engaged in the performance of the grant or cooperative agreement be given a copy of the statement required by paragraph (1);
 - (4) Notifying the employee in the statement required by paragraph (1) that, as a condition of employment financed with federal and state assistance provided by the grant or cooperative agreement, the employee will:
 - (a) abide by the terms of the statement, and
 - (b) notify the employer in writing of his or her conviction of a criminal drug statute occurring in the workplace no later than 5 calendar days after such conviction.
 - (5) Notifying IDOT in writing, within 10 calendar days after receiving notice under paragraph (4)(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every project officer or other designee on whose project activity the convicted employee was working. Notice shall include the identification number(s) of each affected grant or cooperative agreement.
 - (6) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (4)(b), with respect to any employee who is so convicted:
 - (a) taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency.
 - (7) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (1), (2), (3), (4), (5), and (6). The Grantee has or will provide to IDOT a list identifying its headquarters location and each workplace it maintains in which project activities supported by IDOT are conducted.

E. Intergovernmental Review Assurance

If required, the Grantee assures that each project application submitted to IDOT for assistance has been or will be submitted, as required by each state, for intergovernmental review to the appropriate state and local agencies. Specifically, the Grantee assures that it has fulfilled or will fulfill the obligations imposed on FTA by U.S. DOT regulations, "Intergovernmental Review of Department of Transportation Programs and Activities." 49 CFR part 17.

F. Nondiscrimination Assurance

In accordance with 49 U.S.C. 5332 and title VI of the Civil Rights Act of 1964, as amended, 2000d; U.S. DOT regulations, "Nondiscrimination in Federally Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act," at 49 CFR 21.7, the Grantee assures that it will comply with all requirements pursuant to 49 CFR 21; FTA Circular 4702.1, "Title VI Program Guidelines for Federal Transit Administration Recipients", and other applicable directives so that no person in the United States, on the basis of race, color, national origin, creed, sex, or age will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in any program or activity (particularly in the level and quality of mass transportation services and mass transportation related benefits) for which the Grantee receives federal financial assistance from the U.S. DOT or FTA.

The Grantee assures that the project or program will be conducted, property acquisitions will be undertaken, and project equipment will be operated in compliance with all requirements of 49 CFR 21 and 49 U.S.C. 5332. The Grantee understands that this assurance extends to its entire facility and to equipment operated in connection with the Project.

The Grantee assures that it will take appropriate action to ensure that any transferee receiving property financed with federal assistance derived from U.S. DOT or FTA will comply with the provisions of 49 CFR 21 and 49 U.S.C. 5332. As required by 49 CFR 21.7(a)(2), the Grantee will include in each third party contract, subgrant, or sub-agreement appropriate clauses to impose the requirements of 49 CFR 21, and 49 U.S.C. 5332; and include appropriate provisions imposing those requirements in deeds and instruments recording the transfer of real property, structures, improvements.

The Grantee assures that it will promptly take the necessary actions to effectuate this assurance. In particular, the Grantee will notify the public that complaints pertaining to discrimination in the provision of mass transportation-related services or benefits may be filed with U.S. DOT or FTA. Upon request by U.S. DOT or FTA, the Grantee assures that it will submit the requisite information pertaining to its compliance with these requirements. The Grantee assures that

it will make such changes in its 49 U.S.C. 5332 and Title VI implementing procedures as U.S. DOT or FTA may request.

G. Assurances of Nondiscrimination on the Basis of Disability

In accordance with U.S. DOT regulations, "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance," 49 CFR 27 (updated May 21, 1996, Federal Register p. 25416), which implement the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, the Grantee assures that, as a condition to the approval or extension of any federal financial assistance from FTA or U.S. DOT to construct any facility, obtain any rolling stock or other equipment, undertake studies, conduct research, or to participate in or obtain any benefit from any program administered by FTA or IDOT, no otherwise qualified person with a disability shall be, solely by reason of that disability, excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in any program or activity receiving or benefiting from federal financial assistance administered by the FTA or IDOT or any entity within U.S. DOT.

Specifically, the Grantee assures it will implement any program or operate any facility so assisted in compliance with all applicable requirements imposed by U.S. DOT regulations implementing the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990 (and any subsequent amendments thereto) at 49 CFR parts 27, 37, and 38, as well as all applicable regulations and directives issued in accordance thereto by other federal departments or agencies.

H. Procurement Compliance

The Grantee certifies that its procurements and procurement system that involved FTA assistance will comply with all applicable requirements imposed by federal and state laws, executive orders, or regulations and the requirements of FTA Circular 4220.1D, "Third Party Contracting Requirements," and other implementing guidance or manuals FTA may issue. The Grantee certifies that it will include in its contracts financed in whole or in part with FTA assistance all clauses required by federal and state laws, executive orders, or regulations, and will ensure that each subrecipient and contractor will also include in its subagreements and contracts financed in whole or in part with FTA assistance all applicable clauses required by federal laws, executive orders, or regulations.

Certifications Prescribed by the Office of Management and Budget (SF-424B and SF-424D)

The Grantee certifies that it:

- (1) Has the legal authority to apply for Federal assistance and the institutional, managerial, and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management, and completion of the project described in its application.
- (2) Will give FTA, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
- (3) Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.
- (4) Will initiate and complete the work within the applicable project time periods following receipt of FTA approval.
- (5) Will comply with all statutes relating to nondiscrimination including, but not limited to:
 - (a) Title VI of the Civil Rights Act, 42 U.S.C. 2000d, which prohibits discrimination on the basis of race, color, or national origin;
 - (b) Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681, 1683, and 1685 through 1687, which prohibits discrimination on the basis of sex;
 - (c) Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handicaps;
 - (d) The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 through 6107, which prohibit discrimination on the basis of age;
 - (e) The Drug Abuse Office and Treatment Act of 1972, Pub. L. 92-255, March 21, 1972, and amendments thereto, relating to nondiscrimination on the basis of drug abuse;
 - (f) The Comprehensive Alcohol Abuse and Alcoholism Prevention Act of 1970, Pub. L. 91-616, Dec. 31, 1970, and amendments thereto, relating to nondiscrimination on the basis of alcohol abuse or alcoholism;

- (g) The Public Health Service Act of 1912, as amended, 42 U.S.C. 290dd-3 and 290ee-3, related to confidentiality of alcohol and drug abuse patient records;
 - (h) Title VIII of the Civil Rights Act, 42 U.S.C. 3601 et seq., relating to nondiscrimination in the sale, rental, or financing of housing;
 - (i) Any other nondiscrimination provisions in the specific statutes under which Federal assistance for the project may be provided including, but not limited to section 1101(b) of the Transportation Equity Act for the 21st Century, 23 U.S.C. 101 note, which provides for participation of disadvantaged business enterprises in FTA programs; and
 - (j) The requirements of any other nondiscrimination statute(s) that may apply to the project.
- (6) Will comply, or has complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (Uniform Relocation Act) 42 U.S.C. 4601 et seq., which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases. As required by U.S. DOT regulations, "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs," at 49 CFR 24.4, and sections 210 and 305 of the Uniform Relocation Act, 42 U.S.C. 4630 and 4655, the Grantee assures that it has the requisite authority under applicable state and local law and will comply or has complied with the requirements of the Uniform Relocation Act, 42 U.S.C. 4601 et seq., and U.S. DOT regulations, "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs," 49 CFR part 24 including, but not limited to the following:
- (a) The Grantee will adequately inform each affected person of the benefits, policies, and procedures provided for in 49 CFR part 24;
 - (b) The Grantee will provide fair and reasonable relocation payments and assistance required by 42 U.S.C. 4622, 4623, and 4624; 49 CFR part 24; and any applicable FTA procedures, to or for families, individuals, partnerships, corporations or associations displaced as a result of any project financed with FTA assistance;
 - (c) The Grantee will provide relocation assistance programs offering the services described in 42 U.S.C. 4625 to such displaced families, individuals, partnerships, corporations or associations in the manner provided in 49 CFR part 24 and FTA procedures;
 - (d) Within a reasonable time before displacement, the Grantee will make available comparable replacement dwellings to displaced families and individuals as required by 42 U.S.C. 4625(c)(3);
 - (e) The Grantee will carry out the relocation process in such a manner as to provide displaced persons with uniform and consistent services, and will make available replacement housing in the same range of choices with respect to such housing to all displaced persons regardless of race, color, religion, or national origin;
 - (f) In acquiring real property, the Grantee will be guided to the greatest extent practicable under state law, by the real property acquisition policies of 42 U.S.C. 4651 and 4652;
 - (g) The Grantee will pay or reimburse property owners for necessary expenses as specified in 42 U.S.C. 4653 and 4654, understanding that FTA will participate in the Grantee's costs of providing those payments and that assistance for the project as required by 42 U.S.C. 4631;
 - (h) The Grantee will execute such amendments to third party contracts and subagreements financed with FTA assistance and execute, furnish, and be bound by such additional documents as FTA may determine necessary to effectuate or implement the assurances provided herein; and
 - (i) The Grantee agrees to make these assurances part of or incorporate them by reference into any third party contract or subagreements, or any amendments thereto, relating to any project financed by FTA involving relocation or land acquisition and provide in any affected document that these relocation and land acquisition provisions shall supersede any conflicting provisions.
- (7) Will comply, as applicable, with provisions of the Hatch Act, 5 U.S.C. 1501 through 1508, and 7324 through 7326, which limit the political activities of state and local agencies and their officers and employees whose principal employment activities are financed in whole or part with federal funds including a Federal loan, grant, or cooperative agreement, but does not apply to a nonsupervisory employee of a transit system (or of any other agency or entity performing related functions) receiving FTA assistance to whom the Hatch Act does not otherwise apply.
- (8) To the extent applicable will comply with the Davis-Bacon Act, as amended, 40 U.S.C. 276a through 276a(7), the Copeland Act, as amended, 18 U.S.C. 874 and 40 U.S.C. 276c, and the Contract Work Hours and Safety Standards Act, as amended, 40 U.S.C. 327 through 333, regarding labor standards for federally-assisted subagreements.
- (9) To the extent applicable, will comply with flood insurance purchase requirements of section 102(a) of the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4012a(a), which requires recipients in a special flood

hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.

- (10) Will comply with environmental standards that may be prescribed to implement the following Federal laws and executive orders:
 - (a) Institution of environmental quality control measures under the National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321 et seq. and Executive Order No. 11514, as amended, 42 U.S.C. 4321 note;
 - (b) Notification of violating facilities pursuant to Executive Order No. 11738, 42 U.S.C. 7606 note;
 - (c) Protection of wetlands pursuant to Executive Order No. 11990, 42 U.S.C. 4321 note;
 - (d) Evaluation of flood hazards in floodplains in accordance with Executive Order 11988, 42 U.S.C. 4321 note;
 - (e) Assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972, as amended, 16 U.S.C. 1451 et seq.
 - (f) Conformity of Federal actions to State (Clean Air) Implementation Plans under section 176(c) of the Clean Air Act of 1955, as amended, 42 U.S.C. 7401 et seq.;
 - (g) Protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300h et seq.;
 - (h) Protection of endangered species under the Endangered Species Act of 1973, as amended, Endangered Species Act of 1973, as amended, 16 U.S.C. 1531 et seq.; and
 - (i) Environmental protections for Federal transit programs, including, but not limited to protections for a park, recreation area, or wildlife or waterfowl refuge of national, state, or local significance or any land from a historic site of national, state, or local significance used in a transit project as required by 49 U.S.C. 303.
- (11) Will comply with the Wild and Scenic Rivers Act of 1968, as amended, 15 U.S.C. 1271 et seq. relating to protecting components of the national wild and scenic rivers systems.
- (12) Will assist FTA and IDOT in assuring compliance with section 106 of the National Historic Preservation Act of 1966, as amended, 16 U.S.C. 470f, Executive Order No. 11593 (identification and protection of historic properties), 16 U.S.C. 470 note, and the Archaeological and Historic Preservation Act of 1974, as amended, 16 U.S.C. 469a-1 et seq.
- (13) Will comply with the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4801, which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
- (14) Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities on which a construction project supported with FTA assistance takes place without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with FTA directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure nondiscrimination during the useful life of the project.
- (15) Will comply with FTA requirements concerning the drafting, review, and approval of construction plans and specifications of any construction project supported with FTA assistance. As required by U.S. DOT regulations, "Seismic Safety," 49 CFR 41.117(d), before accepting delivery of any building financed with FTA assistance, it will obtain a certificate of compliance with the seismic design and construction requirements of 49 CFR part 41.
- (16) Will provide and maintain competent and adequate engineering supervision at the construction site of any project supported with FTA assistance to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by FTA or IDOT.
- (17) Will comply with the National Research Act, Pub. L. 93-348, July 12, 1974, as amended, regarding the protection of human subjects involved in research, development, and related activities supported by the FTA assistance and IDOT regulations, "Protection of Human Subjects." 49 CFR part 11.
- (18) Will comply with the Laboratory Animal Welfare Act of 1966, as amended, 7 U.S.C. 2131 et seq. pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by FTA assistance.
- (19) Will have performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996, 31 U.S.C. 7501 et seq. and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and Department of Transportation OMB A-133 Compliance Supplement, March 2000.
- (20) Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing the project.

2. LOBBYING CERTIFICATION REQUIRED FOR EACH APPLICATION EXCEEDING \$100,000

In accordance with U.S. DOT regulations, "New Restrictions on Lobbying," at 49 CFR 20.110, for each application for federal assistance exceeding \$100,000, the Grantee's authorized representative certifies to the best of his or her knowledge and belief that:

- A. No federal appropriated funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal grant or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal grant or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal grant or cooperative agreement, the Grantee shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions as amended by "Government wide Guidance for New Restrictions on Lobbying," including the information required by the form's instructions, which may be amended to omit such information as permitted by 31 U.S.C. 1532.
- C. The Grantee shall require that the language of this certification be included in the award documents for each sub-award at any tiers (including subcontracts, subgrants, sub-agreements and contract under grants and cooperative agreements financed with FTA assistance) and that each grantee shall certify and disclose accordingly.

The Grantee understands that this certification is a material representation of fact upon which reliance is placed and that the submission of this certification is a prerequisite for providing Federal assistance for a transaction covered by 31 U.S.C. §1352; and the Grantee also understands that any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

3. CERTIFICATION FOR EFFECTS ON PRIVATE MASS TRANSPORTATION COMPANIES

As required by 49 U.S.C. 5323(a)(1), the Grantee certifies that before it acquires property or an interest in property of a private mass transportation company or operates mass transportation equipment or a facility in competition with or in addition to transportation service provided by an existing mass transportation company it has or will have:

- A. Found that the assistance is essential to carrying out a program of projects as determined by the plans and programs of the metropolitan planning organization;
- B. Provided for the participation of private mass transportation companies to the maximum extent feasible, consistent with applicable FTA requirements and policies; and
- C. Paid or will pay just compensation under state or local law to a private mass transportation company for its franchises or property acquired.
- D. The assistance falls within the labor standards compliance requirements of 49 U.S.C. 5333(a) and 5333(b).

8. SCHOOL TRANSPORTATION AGREEMENT

- A. As required by 49 U.S.C. 5323(f) and FTA regulations, "School Bus Operations," at 49 CFR 605.14, the Grantee agrees that it:
 - (1) Engage in school transportation operations in competition with private school transportation operators only to the extent permitted by an exception provided by 49 U.S.C. 5323(f), and implementing regulations, and
 - (2) Comply with the requirements of 49 CFR part 605 before providing any school transportation using equipment or facilities acquired with Federal assistance awarded by FTA and authorized by 49 U.S.C. chapter 53 or Title 23 U.S.C. for transportation projects.
- B. The Grantee understands that the requirements of 49 CFR part 605 will apply to any school transportation it provides, the definitions of 49 CFR part 605 apply to this school transportation agreement, and a violation of this agreement may require corrective measures and the imposition of penalties, including debarment from the receipt of further Federal assistance for transportation.

13. CERTIFICATIONS AND ASSURANCES FOR THE ELDERLY AND PERSONS WITH DISABILITIES PROGRAM

Based on its own knowledge the Grantee, administering the Elderly and Persons with Disabilities Program authorized by 49 U.S.C. 5310, certifies and assures that the following requirements and conditions will be fulfilled:

- A. The Grantee has or will have the necessary legal, financial, and managerial capability to apply for, receive, and disburse federal assistance authorized for 49 U.S.C. 5310, and to implement and manage the project.
- B. The Grantee assures that it either is recognized under state law as a private nonprofit organization with the legal capability to contract with the state to carry out the proposed project, or is a public body that has met the statutory requirements to receive federal assistance authorized for 49 U.S.C. 5310.
- C. The Grantee's application for 49 U.S.C. 5310 assistance contains information from which the state concludes that the transit service provided or offered to be provided by existing public or private transit operators is unavailable, insufficient, or inappropriate to meet the special needs of the elderly and persons with disabilities.
- D. The Grantee assures that sufficient non-federal funds have been or will be committed to provide the required local share.
- E. The Grantee has, or will have by the time of delivery, sufficient funds to operate and maintain the vehicles and equipment purchased with federal assistance awarded for this project.
- F. The Grantee has, to the maximum degree feasible, coordinated with other transportation providers and users, including social service agencies authorized to purchase transit service, and has provided an opportunity for a public hearing in connection with any capital assistance.
- G. The Grantee is in compliance with all applicable civil rights requirements, and has signed the Nondiscrimination Assurance.
- H. The Grantee will comply with applicable requirements of U.S. DOT regulations on participation of disadvantaged business enterprises in U.S. DOT programs.
- I. The Grantee will comply with all existing federal requirements regarding transportation of the elderly and persons with disabilities. The Grantee has provided to the state an Assurance of Nondiscrimination on the Basis of Disability, as set forth in the Certifications and Assurances required of each Grantee for FTA assistance. If non-accessible vehicles are being purchased for use by a public entity in demand responsive service for the general public, the Grantee will provide a "Certification of Equivalent Service," which states that the public entity's demand responsive service offered to persons with disabilities, including persons who use wheelchairs, meets the standard of equivalent service set forth in 40 CFR 37.77
- J. The Grantee will comply with the transit employee protective provisions of 49 U.S.C. 5333 (b).
- K. The grantee will comply with 49 CFR part 604 in the provision of any charter service provided with equipment or facilities acquired with FTA funds.
- L. The grantee has certified to the state that it will comply with applicable provisions of 49 CFR 605 and 20 ILCS 2705/49.19(6) pertaining to school bus operations.
- M. Unless otherwise noted, each of the Grantee's projects qualifies for a categorical exclusion and does not require further environmental approvals, as described in the joint FHWA/FTA regulations, "Environmental Impact and Related Procedures," at 23 CFR 771.117(c). The Grantee certifies that financial assistance will not be provided for any project that does not qualify for a categorical exclusion described in 23 CFR 771.117(c) until FTA has made the required environmental finding. The Grantee further certifies that no financial assistance will be provided for a project requiring a conformity finding in accordance with the Environmental Protection Agency's Clean Air Conformity regulations at 40 CFR parts 51 and 93, until FTA makes the required conformity finding.

- N. The Grantee has submitted (or will submit) all applicable certifications and assurances currently required, including, but not limited to: a certification that its procurements and procurement system will comply with all applicable requirements imposed by Federal laws, executive orders, or regulations, and the requirements of FTA Circular 4220.1D, "Third Party Contracting Requirements," and other implementing requirements FTA may issue; a certification that its project provides for the participation of private mass transportation companies to the maximum extent feasible; a certification that it has paid or will pay just compensation under state or local law to each private mass transportation company for its franchise or property acquired under the project, a nonprocurement suspension and debarment certification, a bus testing certification for new models; a pre-award and post-delivery review certification, and a lobbying certification for each application exceeding \$100,000.
- O. The Grantee recognizes FTA's and IDOT's authority to conduct audits to verify compliance with the foregoing requirements and stipulations.

Appendix B Public Hearing Notice

(Sample Language)
Notice of Public Hearing

NOTE: To be published 14 days before the scheduled hearing

(Fill in Name of Applicant)

RE: State of Illinois Paratransit Vehicle Grant for, (Geographic Description of Service Area)

Notice is hereby given that a public hearing will be held by (Name of Applicant).

On: (Date)

At: (Time)

(Name of Place)

(Specific Location or Room)

- I. For the purpose of considering a project for which financial assistance is being sought from the Illinois Department of Transportation, pursuant to the Illinois Department of Transportation's general authority to make such Grants, and which is generally described as follows:

A. Description of Project (Brief Description of the Project including requested types, capacities and costs of vehicles requested; and a description of the services to be provided)

This project will be included in a Consolidated Vehicle Procurement Program undertaken by the State of Illinois on behalf of (Name of Applicant), with State and Federal Funds.

B. Relocation Relocation Assistance will not be required.

C. Environment This project is being implemented to minimize environmental impacts.

D. Comprehensive Planning This project is in conformance with comprehensive transportation planning in the area.

E. Elderly and Disabled All new equipment included in this project will meet ADA accessibility rules for the elderly and disabled.

- II. At the hearing the (Name of Applicant) will afford an opportunity for interested persons or agencies to be heard with respect to the social, economic and environmental aspects of the project. Interested persons may submit orally or in writing, evidence and recommendations with respect to said project.
- III. A copy of the application for a state grant for the proposed project for the intended service area will be made available for public inspection at (Name and Address of Applicant).

(Contact Person Name), (Title)

(Address)

(Telephone)

*** Note to Applicants:** Submit minutes, written and verbal comments of the proceedings along with the completed Application.

Appendix C

SAMPLE BOARD RESOLUTION/ORDINANCE

Note: Please follow this format, or verify including all elements.

NO. _____

(Insert Resolution or Ordinance Title) authorizing application for and execution of a Public Transportation Capital Assistance Grant under the Illinois Department of Transportation's general authority to make such Grants.

WHEREAS, the provision of specialized paratransit service is essential to the transportation of elderly, disabled and other transportation disadvantaged persons; and

WHEREAS, The Illinois Department of Transportation's general authority to make such Grants, makes funds available to offset certain capital costs of a private non-profit or a IDOT Certified Public Body transportation system providing specialized paratransit service; and

WHEREAS, grants for said funds will impose certain obligations upon the recipient.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE (Insert Name of Applicant) :

Section 1. That an application be made to the Division of Public Transportation, Department of Transportation, State of Illinois, for a financial assistance grant under The Illinois Department of Transportation's general authority to make such Grants, for the purpose of off-setting certain Elderly and isabled Transportation Program capital costs of (Name of Applicant).

Section 2. That (Insert Name of Designated Official) , an employee or board member of the (Insert Name of Applicant) , is hereby authorized and directed to execute and file such application on behalf of the (Insert Name of Applicant).

Section 3. That (Insert Name of Designated Official) of the (Insert Name of Applicant) is authorized to furnish such additional information as may be required by the Division of Public Transportation in connection with the aforesaid application for said grant.

Section 4. That (Insert Name of Designated Official) of the (Insert Name of Applicant) is hereby authorized and directed to execute and file on behalf of the (Insert Name of Applicant) any grant agreement pursuant to said application

PRESENTED and ADOPTED this _____ day of _____, 2001

(Signature of Official)

ATTEST: _____

(Printed Name of Official)

Title

Title

Appendix D

PREPARATION GUIDE FOR NOT-FOR-PROFIT AND IDOT-CERTIFIED PUBLIC BODY APPLICANTS REQUESTING SECTION 5310 FUNDING

Preparation Guidelines

INTRODUCTION.....	34
Evaluation Criteria.....	34
GENERAL.....	34
Application Preparation.....	34
Financial Plan.....	35
Notifying Other Transportation Providers.....	36
Notifying Existing Transit System.....	37
Notifying County Boards.....	37
Local Conflicts.....	37
PURCHASING PROCEDURES.....	38
SERVICE PROVISIONS IN URBANIZED AREAS.....	38
Metropolitan and Regional Planning Organizations.....	38
Urbanized Area Reference Map.....	39
PUBLIC BODY APPLICANTS.....	39
Program Goal.....	39
Eligible Recipients.....	40
General Procedures.....	40
CATEGORICAL REQUIREMENTS.....	40
Public Body Applicants Where No Non-Profit Corporations Exist.....	40
Public Body Applicants as locally designated CSP.....	41

INTRODUCTION

Administrative procedures promulgated by FTA require the State to review all applications for conformance with legal eligibility requirements, to develop project selection criteria, to choose local project applications based upon these criteria, and to submit a statewide application to FTA for Federal grant assistance. The Illinois Department of Transportation, Division of Public Transportation (the "Division") has been given responsibility for carrying out these activities in Illinois.

This guidebook provides information to help applicants comply with the planning and coordination requirements of the program, and to complete the application. Prospective applicants are urged to begin the process of completing the application and securing the appropriate third party reviews and approvals in a timely manner.

Section 5310 Program

The Transportation Grant Program for the Elderly and Disabled provides capital assistance grant funds to Private Nonprofit Corporations and specially designated Governmental Entities and Public Bodies for the purchase of vehicles to be used in transporting elderly and disabled persons. It is anticipated that eighty (80) percent Federal funding will be available from the United States Department of Transportation's Federal Transit Administration (FTA) under the provisions of Section 5310 (16) of the FTA Act of 1992 as amended. The Division of Public Transportation will also pursue State funding under the provisions of the Illinois Compiled Statutes (1992) (20 ILCS 2705/49.19a). In the event that State funding for the full twenty (20) percent nonfederal share is not available, applicants should be prepared to furnish the balance of funds needed to make up the full twenty (20) percent nonfederal share.

Evaluation Criteria

The following criteria are used to evaluate the technical merit of the Section 5310 applications:

- The CAPABILITY of the applicant to manage, finance, operate and maintain the proposed service and equipment, as well as, the extent to which equipment would be utilized.
- The applicant's EXPERIENCE and TRAINING in providing specialized transportation service.
- The extent and urgency of UNMET NEED for transportation service.
- The type of SERVICE the requested vehicle(s) will provide.
- The quality of ADMINISTRATION and thoroughness of PLANNING for the project, and the extent to which the application reflects COORDINATION of all transportation services in the service area.

GENERAL

APPLICATION PREPARATION

These instructions have been developed to assist agencies in completing the application form and in complying with the program requirements. Applicants should review the requirements carefully. Failure to comply with any requirements may delay or disqualify applications from inclusion in the review process. The information requested is used by the Division to evaluate and rank all proposed projects and to complete the state's application to the Federal Transit Administration.

FINANCIAL PLAN

Below an explanation of the column headings as well as a definition of the Activity/Line-Item elements. **Please note that revenues should be equal to or exceed expenses.**

Fiscal Budget Period - Identify the budget period used to calculate the budget. If a fiscal year budget is used, show July 1 to June 30. If a calendar year budget is used, show January 1 to December 31.

- The first column (Activity/Line Item) details the revenue and expense elements to be detailed.
- The second column (Projected Annual Budget for this Fiscal Year) is where the applicant requesting a replacement vehicle or service expansion vehicle is to detail the amount of revenue or expense budgeted by the applicant for all transportation services for the year identified, based on the current fleet of vehicles.
- The third column (Projected Annual Budget for the next Fiscal Year) is where the applicant requesting a replacement vehicle or service expansion vehicle is to detail the amount of revenue or expense to be budgeted by the applicant for all transportation services for the following year based on receiving all vehicles requested.
- The fourth column (Projected Annual Budget for the next Fiscal Year) is where the applicant requesting a vehicle for NEW service is to detail the amount of revenue or expense budgeted by the applicant for all transportation services for the following year based on receiving all vehicles requested.

Revenues:

Passenger Fares - Passenger revenues include cash fares, monthly passes, discount passes, and other charges for using the applicant's transportation program. If clients are charged a monthly fee for transportation, show this as passenger revenues.

Operating Income from Service Contracts - Amount of revenue received from another agency for transportation services provided by the applicant on contract. Identify the agency and the total revenue for this service in Part X, Section B.

Operating Income from Other Grants - Amount of revenue received from state or federal Operating grants only for the applicant's transportation program. **Do Not** include the amount of federal funds requested in this or any other capital grants applications. Identify the source and the total revenue for this service in Part X, Section B.

Donations - Amount of revenue received from donations. Some agencies accept donations from passengers in the vehicles rather than charging a fare. Show these here. Also show other revenues from donations for the transportation program.

Other - Identify any other revenue source and amount for the transportation program.

Total Revenue - Add the revenues for each column. This amount should equal or exceed the amount shown as total expenses.

Expenses - Operations

Driver Salaries & Fringe Benefits - Calculate the cost of drivers for the transportation program. Include salaries and benefits. Only show operating expenses associated with driving the vehicle(s). If individuals have other duties, only show the portion of the cost budgeted for driving duties here.

Dispatcher/Supervisor Salaries & Fringe Benefits - Calculate the cost of dispatchers and supervisors for the transportation program. Include salaries and benefits. Only show operating expenses associated with dispatching drivers and supervising drivers. If an individual has other duties, only show the portion of the cost budgeted for driving duties here.

Maintenance (Parts and Labor) - Calculate the cost of mechanics, repair parts, repair supplies, maintenance contracts, and repair orders. Include salaries and benefits. Only show operating expenses associated with vehicle maintenance. If an individual has other duties, only show the portion of the cost budgeted for vehicle maintenance.

Fuel, Oil, Tires - Amount for fuel, oil, and tires for the transportation program.

Materials and Supplies - Amount for materials and supplies associated with the operation of the transportation program. This includes cleaning products, uniforms, etc.

Insurance - Amount for vehicle insurance for the transportation program. Insurance for administrative items, such as buildings, contents, or board of directors should be shown as an administrative expense. (Example: EXPENSES-ADMINISTRATION, Other - Insurance \$1,000.)

Other - List any other expenses associated with the operation of the transportation program.

Expenses-Administration

Management Salary & Fringe Benefits - Calculate these costs of the manager for the transportation program. Only show administrative expenses associated with managing the transportation program. If an individual has other duties, only show the portion of the cost budgeted for transportation.

Clerical /Bookkeeping Wages - Calculate the cost of secretaries and bookkeepers for the transportation program. Include salaries and benefits. Only show administrative expenses associated with the transportation program. If individuals have other duties, show the portion of the cost budgeted for transportation.

Rent, Utilities, Taxes - Amount for rent or lease of office space, electricity, water, sewer, heating oil, natural gas, telephone, garbage, etc., associated with the transportation program. If other programs not related to transportation are operated at the same location, calculate that portion associated with the transportation program.

Marketing (Printing/Advertising) - Amount for marketing, printing and advertising. This includes any amount for bus schedules, passes, tokens, advertisements, posters, flyers, newsletters, etc., associated with the transportation program.

Other - Identify any items shown as an administrative expense.

Total Expenses - Add the expenses for each column. Total expenses should be equal to or less than total revenues.

NOTIFYING OTHER TRANSPORTATION PROVIDERS (NOT FOR PROFIT APPLICANTS ONLY)

In order to protect the interests of all-existing public and private transit and paratransit operators, the applicant must take the following action:

- STEP 1 Prepare a mailing list of other transportation providers in your service area. (The following headings in the telephone directory will help provide the names, addresses, and phone numbers of operators: Bus lines, Private buses, Social service organizations, Taxi-cab companies, Transportation, Wheelchair transportation) Send providers an individual letter advising them of your Section 5310 application. In the letter, describe the proposed service, number of vehicles to be used, population to be served, and boundaries of the service area. The letter should state the following:

In accordance with federal grant program requirements, all public and private transit operators must be given a fair and timely opportunity to participate in the provision of the proposed services and to submit written comments on the proposed project to the Division of Public Transportation – IDOT. All other area public and private transit operators are encouraged to submit written comments indicating:

- whether the services they are now providing or are prepared to provide are designed to meet the special needs of elderly and disabled persons in the service area of the Section 5310 project;
- whether they wish to participate in some way in the provision of the services proposed in the Section 5310 application;
- any other comments they have about the application that they wish the Division to consider.

The applicant should indicate in its letter(s) where and by what date (within 15 days) written comments should be submitted.

STEP 2 Prepare and publish a public notice in a newspaper of general circulation (see Appendix B). **A copy of the notice and any written comments must be forwarded to the Division with the application.**

NOTIFYING EXISTING PUBLIC TRANSIT SYSTEMS (NOT FOR PROFIT APPLICANTS ONLY)

In areas served by a public transit system or IDOT Certified Public Body (CPB), a letter of support from the transit system or CPB must be included in the application. This letter must state that the transit system or CPB cannot provide the service described in the application and it supports the application. Below is a list of the current CPB's along with their address, contact person and area served.

AGENCY NAME	CONTACT PERSON/PHONE #	AREA SERVED
SOUTH CENTRAL ILLINOIS MASS TRANSIT DISTRICT	Tom Ashby 618-532-8076	Clinton, Washington, Franklin, Marion, and Jefferson Counties
SPRINGFIELD MASS TRANSIT DISTRICT	Linda Tisdale 217-522-6087	City of Springfield
RIDES MASS TRANSIT DISTRICT	Betty Green 618-285-3342	Hardin, Hope, Saline, Gallatin, and White Counties
ST. CLAIR COUNTY MASS TRANSIT DISTRICT	Deloris Lysakowski 618-632-3712	St. Clair County and part of Monroe County
THE CITY OF MORRIS	Mayor Robert Feeney 815-942-5438	The City of Morris
MACOUPIN COUNTY	Kent Tarrow 217-854-3223	Macoupin County
CITY OF NORTHLAKE	Mayor Jeffrey T. Sherwin 708-343-8700	City of Northlake
ROCKFORD MASS TRANSIT DISTRICT	Rick McVinnie 815-961-2232	City of Rockford

NOTIFYING COUNTY BOARDS (ALL NOT FOR PROFIT APPLICANTS ONLY)

Applicants proposing projects in nonurbanized areas must submit a copy of the letter sent to the applicant's county board notifying them of the proposed Section 5310 project.

LOCAL CONFLICTS

Any conflicts that arise between the applicant and another operator in the service area as a result of applicant's proposed service and capital grant request will be addressed as follows:

STEP 1 the private operator and the applicant will be encouraged to resolve differences directly on an informal basis. Such efforts may include telephone conversations and informal meetings.

STEP 2 if these efforts fail to resolve the problem; the applicant must contact the Division for further instructions.

PURCHASING PROCEDURES

The Division will purchase all equipment awarded under this program. A consultant assists the Division in the procurement process. The procurement of each vehicle type is achieved through a competitive bidding process and award is made to the lowest responsive and responsible bidder. The Division is also responsible for inspection of the vehicles and meeting all the federal pre-award and post-award audit requirements.

SERVICE PROVISIONS IN URBANIZED AREAS

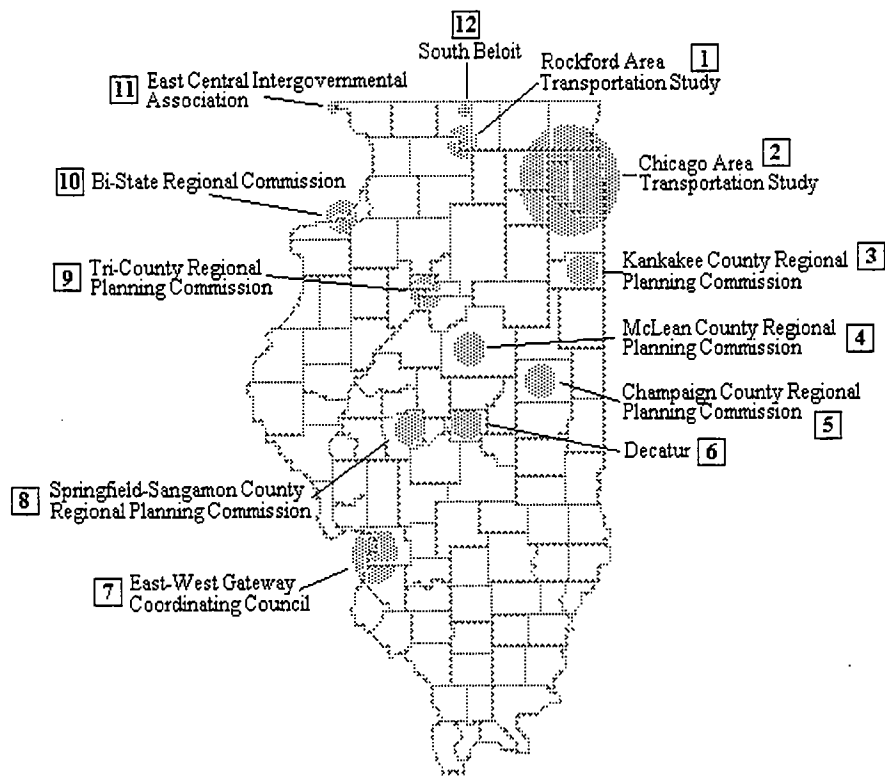
If vehicles being requested through this application will be used to provide service (either wholly or in part) in a Federally designated Urbanized Area (population 50,000 or more) local planning requirements and approvals must be met and obtained. The entity charged with providing this local planning function is the local Metropolitan Planning Organization (MPO). In such areas, applicants must notify their respective MPO of their intent to apply for funding by submitting a copy of their application to the MPO for local review and comment. Refer to the following table listing of MPO contacts and the accompanying map to determine jurisdiction.

METROPOLITAN AND REGIONAL PLANNING ORGANIZATIONS

- | | | | |
|---|---|----|---|
| 1 | Rockford Area Transportation Study
Mr. Russ Petrotte
425 East State Street-Rm. 307
Rockford, IL 61101
(815) 987-5600 | 7 | Sangamon County Regional Planning Commission
Mr. Harry A. Hopkins, Director
200 South Ninth Street, Rm. 212
Springfield, IL 62701
(217) 535-3110 |
| 2 | Chicago Area Transportation Study
Ms. Janet Bright
300 West Adams
Chicago, IL 60606
(312) 793-3456 | 8 | East-West Gateway Coordinating Council
Mr. Les Sterman, Executive Director
Lammert Building
911 Washington Avenue
St. Louis, Missouri 63101
(314) 421-4220 |
| 3 | Kankakee County Regional Planning Commission
Mr. Thomas E. Palzer, Executive Director
189 East Court Street
Kankakee, IL 60901
(815) 937-2940 | 9 | Tri-County Regional Planning Commission
Mr. John Boyle, Director
100 North Main, Suite 301
East Peoria, IL 61611
(309) 694-9330 |
| 4 | McLean County Regional Planning Commission
Mr. Herman Dirks, Director
207 West Jefferson Street
Bloomington, IL 61701
(309) 828-4331 | 10 | Bi-State Metropolitan Planning Commission
Mr. Gary Vallem, Director
1504 Third Avenue
Rock Island, IL 61201
(309) 793-6300 |
| 5 | Champaign County Regional Planning Commission
Mr. James M. Friedlander, Director
117 West Elm Street
Urbana, IL 61801
(217) 328-3313 | 11 | East Central Intergovernmental Association
Mr. William Baum, Executive Director
Suite 330, Nesler Centre
P.O. Box 1140
Dubuque, Iowa 52001
(319) 556-4166 |
| 6 | Macon County Regional Planning Commission
Mr. Hobart H. Riley, Director
253 East Wood Street
Decatur, IL 62523
(217) 423-6342 | 12 | City of Beloit
Mr. John Adams
100 State Street
Beloit, WI 53511
(608) 364-6600 |

URBANIZED AREA REFERENCE MAP

Note: MPO Area boundaries are subject to change. Accordingly, the MPO is the final authority on jurisdictional boundaries. In cases of uncertainty, prospective applicants are advised to consult with the local MPO. In cases of marginal boundary incursions (very small portion of MPO area included in proposed service area) where local MPO review may be non-applicable or unfeasible, applicants are further advised to solicit a written finding from the MPO.



PUBLIC BODY APPLICANTS FOR SECTION 5310 FUNDING

This section is provided as guidance for applicants that are eligible public bodies to receive Section 5310 funding as defined in the Illinois Compiled Statutes Section 20 ILCS 2705/49.19a.

PROGRAM GOAL

The goal of the Section 5310 program is to provide assistance in meeting the special transportation needs of elderly persons and persons with disabilities. The Section 5310 program is designed to supplement FTA's other capital assistance programs by funding transportation projects for elderly persons and persons with disabilities in all areas-- urbanized, small urban, and rural. Accordingly, the program seeks to enhance coordination of federally assisted programs and services in order to encourage the most efficient use of

Federal resources, and achieve the national goal of improved mobility for elderly persons and persons with disabilities.

ELIGIBLE RECIPIENTS

The Illinois Department of Transportation is authorized to make Section 5310 grants to the following:

- private nonprofit corporations and associations for the specific purpose of assisting them in providing transportation services meeting the special needs of elderly persons and persons with disabilities for whom mass transportation services are unavailable, insufficient or inappropriate;
- public bodies approved by the state to coordinate services for elderly persons and persons with disabilities;
- Public bodies that certify to the Governor that no nonprofit corporations or associations are readily available in an area to provide the service.

GENERAL PROCEDURES-

To be considered for funding as an eligible public body, the Illinois Department of Transportation must first approve an applicant's proposed designation as an IDOT-Certified Public Body (CPB). The scope of such designation shall at a minimum encompass the levels or types of paratransit services generally fundable under the Section 16 (5310) Elderly and Disabled capital assistance program. Recognizing however that coordination and coordinated services are locally derived, prospective applicants under this funding eligibility category shall first attain Certified Public Body recognition and or approval through local review mechanisms. Depending upon the population densities of the service area, the local review mechanism will be undertaken by either an MPO in the urbanized areas or an RPO/RPC in areas that are not encompassed by or contain a contiguous area of 50,000 or more inhabitants. In those rare cases where a public body applicant seeks to attain Certified Public Body status in an area not serviced by either an MPO, RPO or an RPC, the Illinois Department of Transportation will entertain local review and approval efforts as herein further described; and which have been approved by a consortium of local governments within the proposed service area.

CATEGORICAL REQUIREMENTS

PUBLIC BODY APPLICANTS WHERE NO NON-PROFIT CORPORATIONS EXIST

- complete the IDOT Certified Public Body Application (an application may be obtained by contacting the individual identified in Part I, Section B of this application)
- conduct surveys of potential non-profit providers
- publish intent (to ensure suitability, publication language should be submitted for IDOT concurrence prior to publication) in a local publication of general circulation in the proposed service area, including ample notification of a public hearing and procedures for the submittal of written comments
- conduct a public hearing regarding the proposed certification
- MPO/RPC (or local government consortium if applicable) review and certification that a thorough analysis and an appropriate survey of resources has been conducted
- certification that no eligible private-non-profit providers exist or are willing to provide the service on forms provided by Illinois Department of Transportation, Division of Public Transportation

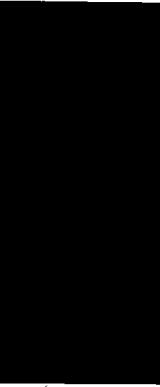
PUBLIC BODY APPLICANTS AS LOCALLY DESIGNATED CSP

- complete the IDOT Certified Public Body Application (an application may be obtained by contacting the individual identified in Part I, Section B of this application)
- publish intent (to ensure suitability, publication language should be submitted for IDOT concurrence prior to publication) in a local publication of general circulation in the proposed service area including ample notification of a public hearing and procedures for the submittal of written comments
- MPO/RPC review and certification that a thorough analysis and an appropriate survey of resources has been conducted
- conduct a public hearing regarding the proposed designation
- recognition by the MPO/RPC as a Coordinated Service Provider (CSP)
 - submittal of copies of all proceedings along with a request for concurrence from the Illinois Department of Transportation, Division of Public Transportation.

Appendix E

PARATRANSIT VEHICLE CATALOG

E. 2 Section 5311 Operating
Assistance Application



ILLINOIS DEPARTMENT OF TRANSPORTATION

STATE FISCAL YEAR 2002

SECTION 5311 NON-METRO PUBLIC TRANSPORTATION

OPERATING ASSISTANCE GRANT APPLICATION

AND

INTERCITY BUS GRANT APPLICATION

SUBMITTED BY

PLEASE NOTE

**THE FY2002 APPLICATION HAS BEEN
REVISED**

DO NOT USE THE FY2001 APPLICATION

TABLE OF CONTENTS

INTRODUCTION	4
Section 5311 Operating Assistance Checklist	5
APPLICANT'S CERTIFICATION OF INTENT	6
SAMPLE BOARD RESOLUTION	7
SAMPLE ORDINANCE	8
PART I - OPERATING ASSISTANCE APPLICATION	9
State and Regional Planning Requirements	9
Service Plan Characteristics	10
Project Service Area	10
Service Provision and Operators	11
Service Coordination Method	11
Service Marketing Plan	11
Proposed Level of Transportation Service	12
Proposed Method of Accessibility	13
Existing Services and Resources	13
Coordination and Private Sector Participation	13
Union Involvement	14
Local Planning Efforts	14
Ridership and Service Demand Surveys	14
Operating and Management Plans	15
Operating Entity Certification	15
Agency Contacts	16
Contracting Method	16
Solicitation Methods	17
Management Review	17
Service Monitoring	17
Program Costs	18
Program Cost Comparison	18
Operator's Proposed Program Budget Activity Report: FY 2002	18
Employee Utilization	19
Operator's Proposed Employee Utilization: FY 2002	19
Indirect Cost Proposal	20
Applicability	21
Expected Contracts and Grants	22
Fare Structure	22
Non-Vehicle Capital Asset Inventory	22
Vehicle Asset Inventory	23
Financial Data	23
PART II - INTERCITY BUS APPLICATION	24
Operating Assistance Requests	24
Proposed Intercity Bus Project Budget	25
Estimated Project Financing	25
Exhibit A: Proposed FY 2002 Budget	
Exhibit B: Standard Form 424	
Exhibit C: IDOT & FTA Assistance Programs Certifications and Assurances for Grantees	
Exhibit D: Detailed Accounts and Definitions	
Exhibit E: Regulations for Public Transportation Assistance to New Programs in Nonurbanized Areas	
Exhibit F: Intercity Bus Program Guidelines	
Exhibit G: Non-Vehicle Capital Asset Inventory	
Exhibit H: Vehicle Asset Inventory	
Exhibit K: Preparation of an Indirect Cost Proposal	

INTRODUCTION

The United States Department of Transportation, Federal Transit Administration provides federal financial assistance funds for public transportation in non-urbanized areas (Section 5311 NonMetro Public Transportation Program – formerly Section 18). Funds for this purpose are apportioned among the states and each state in turn is given primary responsibility for administering the program. Article III of the Downstate Public Transportation Act (30 ILCS 740/2-1 et seq., formerly Ill. Rev. Stat. ch. 111 2/3, Section. 661 et seq.) authorizes the Illinois Department of Transportation to receive and expend Section 5311 funds allotted to Illinois.

Prospective applicants are advised that the Department has published administrative regulations for the Illinois Section 5311 program under Part 601 of the Illinois Department of Transportation Rules and Regulations entitled "Regulations for Public Transportation Assistance to New Programs in Nonurbanized Areas." These regulations, which prescribe procedures and requirements to be followed by applicants for Section 5311 funding, should be carefully reviewed prior to an applicant's submission of a Section 5311 Application. In order to be considered for funding, prospective grantees must submit a **fully completed application**(Part I - General Public & Part II - Intercity Bus) that includes the following:

1. **Applicant's Certificate of Intent;**
2. **A fully executed Resolution/Ordinance for both Application and Agreement;**
3. **Fully executed Operating Entity Certification(s);**
4. **Documentation describing Coordination and Private Sector Participation as Attachment A;**
5. **Lists and Surveys of Applicable Unions and Associations as Attachment B;**
6. **Indirect Costs Proposal as Attachment C;**
7. **A draft Purchase of Service Agreement(s) between the applicant and the service provider(s) as Attachment D (if applicable);**
8. **A fully completed Exhibit A - Proposed FY 01 Budget;**
9. **A fully completed Exhibit B - Standard Form 424;**
10. **A fully executed Exhibit C - Certifications and Assurances for Grantees;**
11. **A fully completed Exhibit G - Non-Vehicle Capital Asset Inventory;**
12. **A fully completed Exhibit H - Vehicle Asset Inventory,**
13. **A fully completed Application Checklist.**

Inquiries concerning the Section 5311 Program should be directed to:

Mr. Edwin Burke
Statewide NonMetro Program Section
Division of Public Transportation
Illinois Department of Transportation
310 South Michigan Avenue - Suite 1608
Chicago, Illinois 60604
(312) 793-2111

SECTION 5311 OPERATING ASSISTANCE CHECKLIST
(Must be completed and Submitted with Application)

- Applicant's Certificate of Intent
- Fully executed Resolution/Ordinance for both Application and Agreement
- Fully executed Operating Entity Certification(s)
- Documentation describing Coordination and Private Sector Participation as Attachment A
- Lists and Surveys of Applicable Unions and Association attached as Attachment B
- Indirect Costs Proposal as Attachment C
- Draft Purchase of Service Agreement(s) between the applicant and the service provider(s) as Attachment D (if applicable)
- Fully completed Exhibit A - Proposed FY 2001 Budget
- Fully completed Exhibit B - Standard Form 424
- Fully executed Exhibit C - Certifications and Assurances for Grantees
- Fully completed Exhibit G - Non-Vehicle Capital Asset Inventory
- Fully completed Exhibit H - Vehicle Asset Inventory

COMMENTS

SAMPLE BOARD RESOLUTION

Number _____

Resolution authorizing application for Public Transportation Financial Assistance under Section 5311 of the Federal Transit Act of 1991.

WHEREAS, the provision of public transit service is essential to the transportation of persons in the non-urbanized area; and

WHEREAS, Section 5311 of the Federal Transit Act of 1991, makes funds available to help offset certain operating deficits of a system providing public transit service in non-urbanized areas; and

WHEREAS, grants for said funds will impose certain obligations upon the recipient, including the provision by it of the local share of funds necessary to cover costs not covered by funds provided under Section 5311 of the Federal Transit Act of 1991.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE *(Name of Applicant)*:

Section 1. That an application be made to the Division of Public Transportation, Department of Transportation, State of Illinois, for a financial assistance grant under Section 5311 of the Federal Transit Act of 1991, for the purpose of off-setting a portion of the Public Transportation Program operating deficits of *(Name of Applicant)*.

Section 2. That while participating in said operating assistance program the *(Name of Applicant)* will provide all required local matching funds.

Section 3. That *(Title of Designated Official)* of the *(Name of Applicant)* is hereby authorized and directed to execute and file on behalf of the *(Name of Applicant)* such application.

Section 4. That the *(Title of Designated Official)* of the *(Name of Applicant)* is authorized to furnish such additional information as may be required by the Division of Public Transportation and the Federal Transit Administration in connection with the aforesaid application for said grant.

Section 5. That *(Title of Designated Official)* of the *(Name of Applicant)* is hereby authorized and directed to execute and file on behalf of the *(Name of Applicant)* all required Grant Agreements with the Illinois Department of Transportation.

PRESENTED and ADOPTED this _____ day of _____, 20____

(Signature of Official)

ATTEST: _____

Title

Date

SAMPLE ORDINANCE

ORDINANCE NUMBER _____
AN ORDINANCE TO PROVIDE FOR PUBLIC TRANSPORTATION
IN _____ COUNTY (or CITY OF _____), ILLINOIS

Whereby, public transportation is an essential public purpose for which public funds may be expended under Article 13, Section 7 of the Illinois Constitution; and

WHEREAS, _____ County (or CITY OF _____) wishes to provide public transportation for its citizens and become eligible for grants from the State of Illinois or any department or agency thereof, from any unit of local government, from the Federal government or any department or agency thereof; and

WHEREAS, Illinois Compiled Statutes 740/2-1 et seq. authorizes a county to provide for public transportation within the (county, city or counties) limits:

NOW, THEREFORE, BE IT ORDAINED by the President (or Mayor) and the County Board (or City Council) of _____ County (or City of) that:

Section 1. _____ County (or City of) shall hereby provide public transportation within the (county city or counties) limits.

Section 2. The County (or City) Clerk of the County (or City) of _____ shall file a certified copy of this Ordinance, within sixty days after passage of this ordinance.

Section 3. This Ordinance shall be in full force and effect from and after its passage and approval, as required by law.

Section 4. That (Title of Designated Official) of the (Name of Applicant) is hereby authorized and directed to execute and file on behalf of the (Name of Applicant) a Grant Application to the Illinois Department of Transportation.

Section 5. That (Title of Designated Official) of the (Name of Applicant) is hereby authorized and directed to execute and file on behalf of the (Name of Applicant) all required Grant Agreements with the Illinois Department of Transportation.

PASSED by the President (or Mayor) and the Board (or City Council) of _____ County (or City) on the _____ day of _____, 2001, and deposited and filed in the office of the County Clerk (or City) of said County (or City) on that date.

Elected Board Members _____

PRESENT _____

AYE _____

NAY _____

Clerk (or City) of _____ County (or City), Illinois

APPROVED by the President (or Mayor) of the _____ County Board (or City Council), this _____ day of _____, 20__.

Board President (or Mayor) of _____ County (or city), Illinois

PART I

Illinois Department of Transportation State Fiscal Year 2002 Section 5311 Operating Assistance Application

STATE AND REGIONAL PLANNING REQUIREMENTS

Illinois Executive Order #12372 requires a review of all Federal grants to ensure compliance with local and state planning processes. Therefore, using the standard federal Form 424 (Exhibit B), applicants must notify both the State and local (if applicable) review agencies of their intent to apply for a Section 5311 Rural General Public Transportation financial assistance grant. The purpose of this review is to identify any positive or negative facts that should be considered in the review of the grant application by the funding agency. Financial Assistance Agreements between the applicant and IDOT are subject to a favorable review from the State Clearinghouse.

Please complete **Exhibit B - Standard Form 424** form and forward one copy to:

Illinois State Clearinghouse Review
James R. Thompson Center
100 W. Randolph
Suite 3-400
Chicago, IL 60601-3270

As a part of this application to the Illinois Department of Transportation, attach the completed SF 424 as **Exhibit B**. This is to be completed by the applicant; not the operator.

SERVICE PLAN CHARACTERISTICS

PROJECT SERVICE AREA

In the space below, please identify the geographic area that is to be served by this Section 5311 grant. The service area is defined as the geographic area in which Section 5311 service is provided by this grant, as supported by the grantees Board Resolution and any Intergovernmental Agreements with other governmental entities. In addition, any frequent routine transit routes that the grantee provides, that either begin or end within the geographic service area, but that extend outside of the geographic service area must be noted below as a **Frequent Extension**, but must not be included in the Project Service Area. For example, if the grantee provides repeated frequent service from the Project Service area to hospitals in St. Louis, please include this as a **Frequent Extension**.

If existing maps are available, that show the dimensions of the geographic service area, please attach to the application. If no existing maps are available, please draw a reasonable representation of the service area that clearly shows geographic limits of the service area. Please indicate on the map the street or road names where service is provided. The map does not need to be an exact or official representation; rather, it is mainly intended to convey the project service area.

Frequent Extension Routes

To: _____ From: _____

Total square miles of service area _____

Population of service area _____

If service area is comprised of multiple counties, please provide this information for each county.

County Served	Square Mileage	Population
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SERVICE PROVISION AND OPERATORS

Please identify the agency or agencies that will be directly providing and operating the service proposed in this application and the Target Service Groups to be served. If the applicant will be the operator of the service, so indicate. If more than one transit operator will be involved in the provision of the proposed services, indicate which portion of the service and/or which portion of the service area each operator will handle. Also, please describe the method that is to used to coordinate service between operators to guarantee all target service groups are accommodated, as well as the marketing plan proposed for use to ensure that all target service groups (including the general public) will be made aware of the transit service.

Notes: Operator is the name of the entity providing service; Target Service Group(s) is the specific target group (60+, disabled, general public, etc.) If more space is needed, please attach additional pages.

Operator	Target Service Group	Service Area
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Service Coordination Method

Service Marketing Plan

**PLEASE TRANSMIT, WITH THE COMPLETED APPLICATION,
SERVICE AGREEMENTS WITH ALL LISTED OPERATORS**

PUBLIC TRANSPORTATION SERVICE

Proposed Level of Transportation Service

Below, please give a detailed description of the proposed type and schedule of transportation services to be provided by operator(s).

Notes: Operator name(s) should correspond to listed operators from the previous question. Service Type is the method of provision (fixed route, deviated fixed route, demand response, subscription, etc.); Schedule is the proposed days and hours of service availability. If more space is needed, please attach additional pages.

Operator	Service Type	Schedule
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SERVICE PROJECTIONS

Projected number of total passenger trips:

Please provide the number of projected total passenger trips by Operator:

Operator:	Projected total passenger trips
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

5311 service miles (estimated) _____

Intercity bus service miles (estimated) _____

If service area is multiple counties, please provide this information for each county.

County Served	Passenger Trips	5311 Miles	Intercity Bus Miles
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

PROPOSED METHOD OF ACCESSIBILITY

Below, please give a detailed description of the proposed method of system access or service request by the general public and transportation disadvantaged groups. Attach the proposed marketing plan used to ensure that the system provides access or service to the general public and transportation disadvantaged groups.

Notes: Proposed Request Method is the method a user would use to request or obtain the bus service (e.g. telephone reservation, scheduled subscription, planned group transportation, regularly scheduled public access or open fixed route systems, etc.). Percentage of Total Service is the percentage of total service requests that each Request Method is expected to generate. Attach additional pages if necessary.

Operator	Proposed Request Method	% of Total Service
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXISTING SERVICES AND RESOURCES

In order to fulfill Federal Department of Transportation regulations, the Illinois Department of Transportation must maintain, at all times during the project, an accurate up-to-date listing of all potential transportation service contractors and any labor organizations that may represent employees of such contractors. Therefore, the following actions and/or information are required.

COORDINATION AND PRIVATE SECTOR PARTICIPATION

Each applicant must notify all private providers in the service area to inform them of the intended service plan and ascertain whether they would be interested in participating in any contracts or agreements for service arising from a funding agreement under the Section 5311 Rural Public Transportation Funding Assistance Program. The applicant must also establish a process by which contractor disputes or conflicts arising out of the Section 5311 program are properly heard and settled.

Also, the applicant must detail what steps have been taken and the procedures established to include other transit agencies or providers located within the service area for which Section 5311 funds are being requested.

Attach copies of requests for proposals, letters, meeting minutes, comments received and proceedings held relating to these requirements as Attachment A to the application.

UNION INVOLVEMENT

List all unions or associations representing employees of transit operators such as Non-Profit Agencies, For-Profit Transit Operators, and Public Transit within the applicant's service area or attach lists and surveys of applicable unions and associations as Attachment B to the application.

Union or Association	Transit Operator Represented
_____	_____
_____	_____
_____	_____
_____	_____

LOCAL PLANNING EFFORTS

Describe what role, if any, local planning activities/initiatives played in the development of the proposed FY02 Section 5311 program. Also, what general area development plans, if any, were used in the development of this program. (Example: county comprehensive plans, ridership surveys, technical studies, etc.)

Describe your planning efforts over the past 5 years.

RIDERSHIP AND SERVICE DEMAND SURVEYS

Describe what surveys of potential riders were conducted in an effort to determine the general travel needs of the service area population. How many people were surveyed? How have the findings of the surveys been used in developing the routing and scheduling of the proposed transit program? Please summarize.

OPERATING AND MANAGEMENT PLANS

OPERATING ENTITY CERTIFICATION

For each proposed operator(s) please provide a fully completed and executed copy of the following (*this document should be completed and signed by the operator, if different from the grantee/applicant*):

I _____ hereby certify that _____ is:
(Name of authorized official of operator) *(Name of operator)*

(Check one)

An individual

a partnership

A private non-profit

a private for-profit

A municipal corporation

other (specify)

And that _____ 's
(Name of operator)

Federal Employer's Identification Number

is _____

Officer or Official Signature

Title

Date

AGENCY CONTACTS

Grantee's contact person responsible for project and financial oversight:

Name: _____

Title: _____

Phone: _____

Fax Number: _____

E-Mail: _____ Please provide the E-mail address,
NOT the internet web-site address.

Operator's contact person responsible for project and financial management:

Operator	Contact Person	Title	Phone	E-Mail
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

CONTRACTING METHOD

Identify the system used for the selection of operator(s) (check only one for each operator):

- Not applicable, grantee is the operator
- Pass Through Operator (Operator is a not-for-profit agency that is providing some or all of the local match)
- Qualifications-based proposal
- Performance-based proposal
- Low Bid proposal
- Negotiated Bid
- Sole Source
- Other

If other, please describe:

SOLICITATION METHODS (IF APPLICABLE)

If the grantee is not the operator, or the operator is not a pass through operator, describe the methods the applicant used for the solicitation of the proposed services and identification of potential operator(s):

MANAGEMENT REVIEW

If grantee is not the operator, please describe the methods employed by the applicant to ensure that the selected operator(s) has the requisite fiscal, managerial and financial capability to provide and or manage the proposed service as required by state and federal regulations and funding agreements:

SERVICE MONITORING

Please describe any planned and regularly scheduled monitoring methods to be employed by the applicant to ensure compliance with service delivery and contract(s) compliance:

PROGRAM COSTS

PROGRAM COST COMPARISON

For each proposed operator involved in the project, please provide the information requested below.

Note: Programmed Services are all of the operator's services provided on a regular basis including transportation. Annual Program Budget is the total amount budgeted for the listed program. Percentage of Total Budget is the percentage of the operator's Total Programmed Services budget represented by the listed program. Attach additional pages if necessary. Include all programmed service: transportation, nutrition, training, etc.

OPERATOR'S PROPOSED PROGRAM BUDGET ACTIVITY REPORT: FY 2002

Operator: _____

<u>Programmed Services</u>	<u>Annual Program Budget</u>	<u>% of Total Budget</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Totals:

EMPLOYEE UTILIZATION - SECTION 5311 TRANSPORTATION PROGRAM

Please provide the following "Transportation Employee Utilization" information for the grantee and each proposed operator.

Note: In cases where the operator(s) provide multiple types of services, the information requested is for Section 5311 and other transportation programs only. Each permanent (part/full-time) employee allocated to Transportation must be listed by Job Title. Job Title is the specific work description of all of the operator's employees allocated to Transportation Programs. "General" and "administrative" pool employees may be grouped as a "class". These pool employees are those who have a variety of responsibility in the office that can not be tracked as program specific. Examples are secretaries, receptionists, and timekeepers. "Management" and "supervisory" employees must be listed separately. Hourly Wage Rate is the unit cost of the listed Job Title including fringe and other benefits. Total Annual Wage is the cumulative proposed wages for the listed Job Title for the proposed Fiscal Year. Percent of Time Allocated is the percentage of work units allocated to 5311 transportation by the listed Job Title. 5311 Program Wages is the total cost of the listed employee/job title to the 5311 Transportation Program. Use the last column to depict cumulative totals for any other transportation wages. Attach additional pages if necessary.

Grantee's Proposed Transportation Employee Utilization: FY 2002

Grantee: _____

Job Title	Hourly Wage Rate	Total Annual Wage	%Time Allocated to 5311	5311 Program Wages	Other Transportation Wages
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
TOTAL			_____	_____	_____

Operator's Proposed Transportation Employee Utilization: FY 2002

Operator: _____

Job Title	Hourly Wage Rate	Total Annual Wage	%Time Allocated to 5311	5311 Program Wages	Other Transportation Wages
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
TOTAL			_____	_____	_____

INDIRECT COST PROPOSAL

IDOT specifically allows indirect costs consistent with State and Federal policy. In order for grantees and operators to claim indirect costs, they must meet the following:

- Indirect costs are allowable only to the extent they conform to grantees certified indirect cost allocation plans.
- Grantees and/or operators may utilize the services of the independent CPA to prepare indirect cost proposals; however, this will no longer be a program requirement.
- Indirect cost proposals must be certified by the submitting entity.
- Proposals will normally be submitted with the grant application.
- Provisional rates will be approved and adjusted to a final rate following the grantees or operator's own independent audit.
- IDOT will not require the submittal of documentation for claims for indirect expenses if the grantee/operator has an IDOT approved indirect cost rate.

Grantees and operators that are units of local government transit districts, or nonprofit organizations that wish to claim indirect costs are encouraged to submit indirect cost proposals prepared in accordance with these guidelines.

DEFINITION OF COSTS

Direct costs are those expenses incurred by the grantee or operator that are directly related and strictly benefit only the Section 5311 program. Such expenses are totally allocable to the Section 5311 program.

OMB Circular A-87 makes it clear that there are no universal rules for classifying costs as direct or indirect under every governmental accounting system. The essential difference is the degree of ease with which a cost can be readily assigned to a particular cost objective with a high degree of accuracy. Such readily assigned costs are **direct costs**.

Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective or program and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved.

Organizations whose sole purpose is the provision of rural public transit will not have indirect costs; all costs incurred would be directly attributable to the Section 5311 program. Other grantees, such as units of local governments, or operators such as a council on aging, perform multiple functions and would likely incur indirect expenses associated with public transportation service delivery.

There is one key rule that grantees and operators should take into account when preparing cost allocation proposals. A cost may not be allocated to the Section 5311 program as an **indirect cost** if any other cost incurred for the same purpose, in like circumstances, has been assigned to another Federal award as a **direct cost**. **Costs must be accorded equal treatment under all of the organization's Federal awards.**

Indirect costs are normally charged to Federal awards by the use of an **indirect cost rate**. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards. Guidelines and illustrations of indirect cost proposals are provided in a brochure published by the Department of Health and Human Services entitled, "*A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government.*"

Applicable Credits. Applicable credits are reduction of expenditures that offset or reduce the expenses items that are attributable to Section 5311 program as either direct or indirect costs. Examples of such credits include purchase discounts, rebates, or allowances.

APPLICABILITY

This guidance applies to all Section 5311 grantees and operators who are either:

- (1) eligible recipients; or
- (2) Receive funds from an otherwise eligible recipient of funds through a pass-through arrangement.

This policy does not apply to operators selected by the grantee through formal competitive procurements or any private, for-profit operator. Grantees that utilize private, for profit operators, consistent with the procurement requirements of the Section 5311 program, must secure these services through competitive means. This typically would mean a formal Invitation for Bids (IFB) or Request for Proposal (RFP). IDOT recommends that grantees adopt unit pricing strategies (e.g., cost per trip, cost per mile, cost per hour) under these contracts rather than utilizing cost reimbursement type contracts.

EXPECTED CONTRACTS AND GRANTS

Detail all contracts, agreements, grants and non-passenger donations (including in-kind) that are to be used in the provision of Section 5311 Transportation Service: (attach additional pages if necessary)

Note: All program contract income from for-profit agencies must be recorded as Section 5311 program revenue and not used as local match.

Contract Entity/Funding Source	Type Of Entity Private Or Non-Profit	Amount Received	Sec 5311 Share	Revenue Item Number In Project Budget
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTALS		_____	_____	_____

FARE STRUCTURE

Please describe your proposed fare structure by passenger category, e.g. adult, senior, disabled, student, child or other) and include or attach a copy of fare structure.

Passenger Category	Base Fare	Multi-Ride Discount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

NON-VEHICLE CAPITAL ASSET INVENTORY

In order to fulfill both United States Department of Transportation and State of Illinois regulations, the Division of Public Transportation must maintain an accurate listing of all capital assets funded through either the Federal Transit Administration or the State of Illinois with an original purchase cost of greater than \$300. This inventory shall include a brief description of the asset, its original purchase price, contract number, and approximate date of purchase. Please complete attached Exhibit G and submit with this application.

VEHICLE ASSET INVENTORY

The Illinois Department of Transportation must maintain a comprehensive record of all vehicles used to provide transportation under the FTA Section 5311 program. Enclosed, as Exhibit H is a blank Vehicle Data Sheet, and a Vehicle Inventory Summary. The grantee should ensure that all the vehicles used by it and its operators are accounted for, and all information is updated or added.

Please review the information, make any corrections necessary, update the mileage and the date the mileage figure was obtained, and the vehicle status. For vehicles that do not appear on the inventory summary, a Vehicle Data Sheet must be completed. Cross out any vehicle listings that appear on the Inventory Summary that are not operated by the grantee or an operator.

FINANCIAL DATA

PROPOSED FY 2002 BUDGET INSTRUCTIONS – EXHIBIT A

Using the Detailed Accounts and Definitions attached as Exhibit D and the Illinois Department of Transportation's Regulations for Public Transportation Assistance to New Programs in Nonurbanized Areas attached as Exhibit E, complete the following Proposed FY 2002 Budget detailed in Exhibit A.

The appended Detailed Accounts and Definitions, (Exhibit D) was prepared by the Rural Transportation Accounting Consortium with funding from the Federal Transit Administration. It is widely used by recipients of Section 5311 funding in other states. Carefully review Exhibit D. For most systems, many of the listed accounts will not be applicable. However, its use provides for a full range of cost reporting and budgeting options for Section 5311 Applicants. Also, the diversity of system configurations requires a Standardized Chart of Accounts in order to meet reporting and system comparison requirements.

The appended Departmental Rules (Exhibit E) define Operating Deficits, Eligible Operating Expenses, Eligible Administrative Expenses, and the Grantee's reporting requirements. In accordance with this Article, the Department will reimburse an amount not to exceed 50% of the Grantee's Eligible Operating Deficit and 80% of the Grantee's Eligible Administrative Expenses up to the Grantee's Section 5311 allocation for FY 2002.

The Proposed Program Budget must reflect all revenues and expenses anticipated for FY 2002 regardless of the Grantee's Section 5311 allocation. Additionally, Total Revenues must equal Total Expenses for this Proposed FY 2002 Budget. Once accepted by the Department, the Grantee's approved FY 2002 Section 5311 Budget may only be revised through the budget revision process outlined in the Grantee's FY 2002 Section 5311 operating assistance contract.

Finally, if this application includes more than one prospective operator, prepare separate Budgets for each operator and label them accordingly. A cumulative Proposed Budget should then be compiled and included with this application as Exhibit A. If necessary, please make photocopies of the budget worksheets provided. Attach the completed Proposed FY 2002 Section 5311 Budget as Exhibit A to the application.

PART II

Illinois Department of Transportation State Fiscal Year 2002 Section 5311 Intercity Bus Application

OPERATING ASSISTANCE REQUESTS

Existing Component Expanded New

Detailed Description of Proposed Intercity Bus Service. For existing service the applicant must submit a printed schedule or timetable for intercity bus service. (Attach additional pages if necessary)

Geographical Areas to be served (attach additional pages if necessary)

Project Justification (attach additional pages if necessary)

PROPOSED INTERCITY BUS PROJECT BUDGET

OPERATING ASSISTANCE

Use the following budget format for Proposed Intercity Bus Operating Assistance requests.

Preparers of this application are advised to consult section VI of the Intercity Bus Interim Program Guidelines attached as Exhibit F for further guidance.

ESTIMATED PROJECT FINANCING

FY02 Mileage Share Calculation

A.	Projected Total Section 5311 Program Mileage	D
B.	Projected Total InterCity Bus Mileage	E
C.	Percentage InterCity Bus (D divided by E)	F
G.	Total Section 5311 Operating Assistance (50% of deficit maximum)	\$
H.	Intercity Bus Operating Component (F x G)	\$
I.	Total Section 5311 Adm. Assistance(80% of cost maximum)	\$
J.	Intercity Bus Administrative Component (F x I)	\$
K.	Total Local Share (total non FTA/IDOT funds)	\$
L.	Total Intercity Bus Component (H + J)	\$
M.	Total Non InterCity Bus (G+I-L)	\$
	Total Program Cost (K+ L+ M)	\$

EXPENSES

501. LABOR

501.01 Operators' Salaries and Wages

The documented labor of employees of the transit system who are classified as revenue vehicle operators or crew workers.

501.02 Training Salaries and Wages

The documented labor of employees of the transit system who are being trained.

501.03 Dispatchers' Salaries and Wages

The documented labor of employees of the transit system who are classified as vehicle dispatchers.

501.04 Administrative Salaries and Wages

The documented labor of employees of the transit system who are classified as administrative (e.g. managers, bookkeeper).

501.99 Other Salaries and Wages

502. FRINGE BENEFITS

502.01 Fringe Benefits - FICA

Payments or accruals to the federal social security or railroad retirement fund required to be made by the employer on behalf of the employee.

502.02 Fringe Benefits - Pension Plans (including long-term disability insurance)

Payments or accruals to pension funds required to be made by the employer on behalf of the employee under the terms of pension plans.

502.03 Fringe Benefits - Hospital, Medical and Surgical Plans

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under the terms of group health insurance plans.

502.04 Fringe Benefits - Dental Plans

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under the terms of group dental insurance plans.

502.05 Fringe Benefits - Life Insurance Plans

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under terms of group or individual life insurance policies wherein the employee is the beneficiary.

502.06 Fringe Benefits - Short-Term Disability Insurance Plans

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under terms of group short-term disability insurance plans.

502.07 Fringe Benefits - Unemployment Insurance

Payments or accruals to state and federal agencies required to be made by the employer on behalf of the employee to provide continued compensation for the employee for a period of time in the event the employee is laid off.

502.08 Fringe Benefits - Worker's Compensation Insurance of Federal Employee's Liability Act Contribution

Payments or accruals to insurance companies to indemnify the transit system against statutory damages arising from injuries or death to employees while in the employ of the transit system; or

Payments or accruals to or for employees for uninsured losses for statutory damages arising from injuries or death to employees while in the employ of the transit system.

502.09 Fringe Benefits - Sick Leave

Payments or accruals to employees for periods of time when absent from work due to personal or family illness.

502.10 Fringe Benefits - Holiday

Payments or accruals to employees for periods of time when absent from work due to recognized holidays.

502.11 Fringe Benefits - Vacation

Payments or accruals to employees for periods of time when absent from work due to vacation earned and taken.

Payments or accruals to employees for vacation time earned, but paid off rather than taken.

502.12 Fringe Benefits - Other Paid Absence

Payments or accruals to employees for periods of time when absent from work due to military duty, jury duty, death in the family, etc.

502.13 Fringe Benefits - Uniform and Work Clothing Allowances

Payments or accruals to employees to offset the cost of uniforms or work clothing the employee must wear when engaged in his/her occupation.

The cost of uniforms and work clothing provided to employees for their wear while engaged in their occupation.

502.99 Fringe Benefits - Other

Other payments or accruals to or on behalf of an employee arising from employment, but not from the performance of a piece of work and not fitting any of the other fringe benefits categories, items 502.01 through 502.13.

503. SERVICES

503.01 Management Services Fees

The labor and services provided by a management service company (MSC) engaged to provide operating management to the transit system. This category covers both the continuing labor and services of MSC personnel devoted full time to the transit system and the occasional consulting and special purpose studies provided by MSC.

503.02 Advertising Services Fees

The labor and materials provided by an advertising agency in the development and production of advertising campaigns. Advertising media fees, regardless of whether they are paid to the advertising agency or direct to the media, are included in object class 509.08.

503.03 Professional and Technical Services

The labor and services provided by attorneys, accountants and auditors, investment bankers, computer service companies, engineering firms, management consultants, transit industry consultants, medical facilities for required testing, etc. These services generally require specialized technical knowledge and are usually performed under the supervision of the outside organization, rather than transit system personnel.

503.04 Temporary Service Help

The labor of persons who are not employees of the transit system, but who work for a temporary period in the capacity of a transit system employee under the supervision of transit system personnel. These people are normally obtained to perform general clerical duties (employment services, etc.).

503.05 Contract Maintenance Services

The maintenance of the plant and equipment, under contract or on a single job basis with an outside organization. This category is differentiated from "Professional and Technical Services," 503.03, in that the services offered are basically of a repair or maintenance nature, such as for an oil change or for an administrative office machine maintenance contract. It is also differentiated from "Custodial Services," 503.06, which deals exclusively with janitorial labor.

503.06 Custodial Services

The performance of janitorial services, under contract or on a single job basis with an outside organization.

503.07 Security Services

The patrolling of vehicles, stations, yards and buildings to detect and prevent criminal activity, fires, unsafe conditions, etc., such patrolling being performed by an outside security agency rather than by transit system employees.

503.99 Other Services

For purposes of the standard reporting form, include in "Other Services" all costs for services except for advertising fees.

504. MATERIALS AND SUPPLIES CONSUMED

504.01 Fuel and Lubricants Consumed

Costs of gasoline, diesel fuel, propane, lubricating oil, transmission fluid, grease, etc., for use in vehicles.

504.02 Tires and Tubes Consumed

Lease payments for tires and tubes rented on a time period or mileage basis.

Cost of tires and tubes purchased for replacement of tires and tubes on vehicles. Cost for tire repair is included in object class 503.05.

504.03 Inventory Purchases

Items purchased to establish bench stock e.g., vehicle maintenance parts, cleaning supplies, office forms, etc.

504.99 Other Materials and Supplies Consumed

Cost of materials and supplies not specifically identified in object classes 504.01 and 504.03 purchased for immediate consumption, such as vehicle maintenance parts, cleaning supplies and eligible office materials.

505. UTILITIES

505.01 Utilities - Propulsion Power

The electrical power purchased from an outside utility company and used for propelling electrically driven vehicles.

505.02 Utilities - Telephone

Telephone service purchased from the telephone company, including long distance and leased lines. Does not include yellow pages advertising.

505.99 Utilities - Other

The electrical power purchased from an outside utility company and used for all purposes, except telephone and propelling electrically driven vehicles.

506. CASUALTY AND LIABILITY COSTS

506.01 Premiums for Physical Damage Insurance

Premiums applicable to an accounting period to insure the transit system from losses through damage to its own property caused by collision, fire, theft, flood, earthquake, etc.

506.03 Premiums for Public Liability and Property Damage Insurance

Premiums applicable to an accounting period to insure the transit system against loss from liability for its acts which cause damage to the person or property of others.

506.04 Payouts for Uninsured Public Liability and Property Damage Settlements

Payments or accruals of actual liability to others arising from culpable acts of the transit system and which are not covered by public liability insurance.

506.05 Provisions for Uninsured Public Liability and Property Damage Settlements

Periodic estimates of liability to others arising from culpable acts of the transit system that relate to the current or a prior reporting period and which are not covered by public liability insurance. This object class also includes lump sum payments not covered by public liability insurance.

506.06 Recoveries of Public Liability and Property Damage Settlements

Payments or accruals of actual liability to others arising from culpable acts of the transit system and which are covered by public liability insurance.

506.08 Premiums for Other Corporate Insurances

Premiums applicable to an accounting period to insure the transit system from losses other than through damage to its property or liability for its culpable acts, e.g., fidelity bonds, business records insurance, etc.

506.99 Other Insurance

All costs for insurance not properly classified in categories 506.01 through 506.08.

507. TAXES

507.01 Federal Income Tax

The tax levied by the federal government against the transit system based on the net income of the transit system.

507.02 State Income Tax

The tax levied by the state government against the transit system based on the net income of the transit system.

507.03 Property Tax

The tax levied by the state and/or local government against the transit system based on a valuation of the property owned by the transit system.

507.04 Vehicle Licensing and Registration Fees

The fees assessed by federal, state and local governments for granting authority to operate a motor vehicle.

507.05 Fuel and Lubricant Taxes

Sales and excise taxes incurred on purchase of fuel and lubricants.

507.06 Electric Power Taxes

Utility taxes incurred on purchases of electric power used for propelling electrically driven vehicles.

507.99 Other Taxes

Taxes levied by federal, state and local governments against the transit system and not properly classifiable in categories 507.01 through 507.06.

508. PURCHASED TRANSPORTATION SERVICE

509. MISCELLANEOUS EXPENSES

509.01 Dues and Subscriptions

Fees for membership in industry organizations and subscriptions to eligible periodical publications.

509.02 Travel and Meetings

Fares and allowances for transportation of transit system employees and related officials of airplanes, trains, etc.

- * expenses for food and lodging
- * charges for participation in industry conferences
- * other related business meeting expenses

509.03 Bridge, Tunnel and Highway Tolls

Payments made to authorities and other organizations for the use of bridges, tunnels, highways and other similar facilities.

509.04 Entertainment Expense

These expenses are ineligible. Include under 550.

509.05 Charitable Donations

These expenses are ineligible. Include under 550.

509.06 Fines and Penalties

Payments made to cover the cost of fines and penalties incurred by the transit system. Finance charges incurred by the transit system for non-payment of bills are ineligible expenses.

509.07 Bad Debt Expense

Amounts owed to the transit system which have been determined to be uncollectible.

509.08 Advertising/Promotion Media

Advertising media fees and expenses, regardless of whether they are paid to an advertising agency or direct to the media. The labor and materials provided by an advertising agency in the development and production of advertising campaigns is included in object class 503.02.

511. Interest Expense

511.01 Interest on Long-Term Debt Obligations

Charges for the use of borrowed capital on a long-term basis (the liability for which is usually represented by debt instruments) employed in the operation of the transit system. Interest charges pertaining to construction debt which are capitalized will not be reflected as interest expense. This is an obligation that lasts longer than one year.

511.02 Interest on Short-Term Debt Obligations - Allowable

Charges for the use of borrowed capital on a short-term basis used in the operation of the transit system. This is an obligation that is for less than one year and is federally allowable.

511.03 Interest on Short-Term Debt Obligations - Unallowable

512. LEASES AND RENTALS

512.01 Leases and Rentals - Transit Way and Transit Way Structures and Equipment

Leases and rentals of the physical facilities of the types listed below that are located along the routes where transit services are offered:

- land
- roadway structures, i.e., tunnels, bridges, elevated structures, etc.
- guideways, i.e., track and roadbed

512.02 Leases and Rentals - Passenger Stations

Leases and rentals of the physical facilities of the types listed below that are used for passenger stations and terminals:

- land
- building and structures
- office equipment, such as cash registers
- other equipment
- furnishings, equipment other than office equipment
- passenger shelters without attendants

512.03 Leases and Rentals - Passenger Parking Facilities

Leases and rentals of the physical facilities of the types listed below that are used to provide parking space for the automobiles of transit patrons:

- land
- building and structures, including paved surfaces
- office equipment, such as cash registers
- other equipment, such as automatic entry and exit control gates
- furnishings, such as those for a parking fee collection
- booth

512.04 Lease and Rentals - Passenger Revenue Vehicles

Leases and rentals of rolling stock used exclusively or predominately for providing passenger transit services.

512.05 Leases and Rentals - Service Vehicles

Leases and rentals of rolling stock used for purposes other than providing passenger transit services.

512.06 Leases and Rentals - Operating Yards or Stations

Leases and rentals of the physical facilities of the below listed types that are used for storing revenue vehicles and for dispatching trains/runs for revenue service:

- land
- buildings and structures
- office equipment
- equipment other than office equipment
- furnishings

512.07 Leases and Rentals - Engine Houses, Car Shops and Garages

Leases and rentals of the physical facilities of the below listed types that are used as maintenance facilities for revenue vehicles:

- land
- buildings and structures
- office equipment
- equipment other than office equipment
- furnishings

512.08 Leases and Rentals - Power Generation and Distribution Facilities

Leases and rentals of the physical facilities of the types listed below that are used in the generation and distribution of power:

- land, if used only for power generation and distribution
- buildings, if used only for power generation and distribution
- office equipment
- power generation and distribution equipment
- furnishings

512.09 Leases and Rentals - Revenue Vehicle Movement Control Facilities

Leases and rentals of the physical facilities of the types listed below that are used to control the movement of revenue vehicles:

- * land, if a building devoted exclusively to revenue vehicle movement control is situated thereon
- * buildings, if devoted exclusively to revenue vehicle movement control
- * office equipment
- * other equipment, such as communication equipment, traffic control computers, etc.
- * furnishings

512.10 Leases and Rentals - Data Processing Facilities

Leases and rentals of the physical facilities of the types listed below that are used for performing data processing services:

- * land, if a building devoted exclusively to data processing services is situated thereon
- * buildings, if devoted exclusively to data processing services office equipment
- * office equipment
- * other equipment, particularly main frame and auxiliary computer equipment
- * furnishings

512.11 Leases and Rentals - Revenue Collection and Processing Facilities

Leases and rentals of the physical facilities of the types listed below that are used for collecting, counting, storing and transporting revenue collections:

- * land, if a building devoted exclusively to revenue collections and processing is situated thereon
- * building, if devoted exclusively to revenue collection and processing
- * office equipment
- * other equipment, including fareboxes, vaults, money counting and wrapping machines, etc.
- * furnishings

512.12 Leases and Rentals - Other General Administration Facilities

Leases and rentals of the physical facilities of the types listed below that are used for performing the general administrative functions of the transit system:

- * land
- * building
- * office equipment
- * equipment other than office equipment
- * furnishings

513. DEPRECIATION AND AMORTIZATION

513.01 Depreciation - Transit Way and Transit Way Structures and Equipment

Depreciation of the physical facilities of the types listed below that are located along the routes where transit services are offered:

- * roadway structures, i.e., tunnels, bridges, elevated structures, etc.
- * guideways, i.e., track and roadbed

513.02 Depreciation - Passenger Stations

Depreciation of the physical facilities of the types listed below that are used for passenger stations and terminals:

- * buildings and structures
- * office equipment
- * equipment other than office equipment
- * furnishings
- * passenger shelters without attendants

513.03 Depreciation - Passenger Parking Facilities

Depreciation of the physical facilities of the types listed below that are used to provide parking space for the automobiles of transit patrons:

- * buildings and structures, including paved surfaces
- * office equipment, such as cash registers
- * other equipment, such as automatic entry and exit control gates
- * furnishings, such as those for a parking fee collection booth

513.04 Depreciation - Passenger Revenue Vehicle

Depreciation of rolling stock used exclusively or predominantly for providing passenger transit services.

513.05 Depreciation - Service Vehicles

Depreciation of rolling stock used for purposes other than providing passenger transit services.

513.06 Depreciation - Operating Yards or Stations

Depreciation of the physical facilities of the types listed below that are used for storing revenue vehicles and for dispatching trains/runs for revenue service:

- * buildings and structures
- * office equipment
- * equipment other than office equipment
- * furnishings

513.07 Depreciation - Engine Houses, Car Shops and Garages

Depreciation of the physical facilities of the types listed below that are used as maintenance facilities for revenue vehicles:

- buildings and structures
- office equipment
- equipment other than office equipment
- furnishings

513.08 Depreciation - Power Generation and Distribution Facilities

Depreciation of the physical facilities of the types listed below that are used in the generation and distributions of power:

- buildings and structures
- office equipment
- equipment other than office equipment
- furnishings

513.09 Depreciation - Revenue Vehicle Movement Control Facilities

Depreciation of the physical facilities of the types listed below that are used to control the movement of revenue vehicles:

- buildings, if devoted exclusively to revenue vehicle movement control
- office equipment
- other equipment, such as communication equipment, traffic control computers, etc.

513.10 Depreciation - Data Processing Facilities

Depreciation of the physical facilities of the types listed below that are used for performing data processing services:

- buildings, if devoted exclusively to data processing services
- office equipment
- other equipment, particularly main frame and auxiliary computer equipment
- furnishings

513.11 Depreciation - Revenue Collection and Processing Facilities

Depreciation of the physical facilities of the types listed below that are used for collecting, counting, storing and transporting revenue collections:

- buildings, if devoted exclusively to revenue collection and processing
- office equipment
- other equipment, including fareboxes, vaults, money counting and wrapping machines, etc.
- furnishings

513.12 Depreciation - Other General Administration Facilities

Depreciation of the physical facilities of the types listed below that are used for performing the general administrative functions of the transit system:

- * buildings
- * office equipment
- * equipment other than office equipment
- * furnishings

513.13 Amortization of Intangibles

Amortization of the following types of intangible costs of the transit system:

- * organization costs
- * franchises
- * patents
- * goodwill
- * other intangible assets

530. CONTRIBUTED SERVICES - ALLOWABLE EXPENSES

550. INELIGIBLE EXPENSES

FINANCIAL DATA
PROPOSED FY 2001 BUDGET
REVENUES

Exhibit A

Item	Description	TOTAL BUDGETED	PROJECT INCOME (Proposed)	LOCAL MATCH (Proposed)
401.01	Full Adult Fare			
401.02	Senior Citizen Fares			
401.03	Student Fares			
401.04	Child Fares			
401.05	Disabled Rider Fares			
401.06	Parking Lot Fares			
401.99	Other Rider Fares			
402.00	Special Transit Fares			
403.00	School Bus Service			
404.00	Freight Tariffs			
405.00	Charter Service Revenues			
406.00	Auxiliary Revenues			
407.01	Sales of Maintenance Service			
407.02	Rental of Revenue Vehicles			
407.03	Rental of Buildings & Property			
407.99	Other Non-transportation Revenue			
408.00	Taxes Levied by Transit System			
409.00	Local Cash Grants			
410.01	Local Disabled Fare Assistance			
410.02	Local Senior Fare Assistance			
410.03	Local Student Fare Assistance			
410.99	Other Local Special Fare Assistance			
411.00	State Cash Grants			
412.00	State Special Fare Assistance			
413.00	Federal Cash Grants (Section 18)			
414.00	Interest Income			
430.01	Contributed Services - Allowable			
430.03	Contributed Services - Unallowable			
430.04	Contra Account for 430.03			
431.00	Contributed Cash			
440.00	Subsidy From Other Sources			
(Exclude grey areas from total)				
TOTAL REVENUE 401 - 440				

**PROPOSED FY 2001 BUDGET
EXPENSES**

Item	Description	TOTAL BUDGETED	ADMINISTRATION (Proposed)	OPERATING (Proposed)
LABOR				
501.01	Operator's Salaries & Wages	_____	_____	_____
501.02	Training Salaries & Wages	_____	_____	_____
501.03	Dispatcher's Salaries & Wages	_____	_____	_____
501.04	Administrative Salaries & Wages	_____	_____	_____
501.99	Other Salaries & Wages	_____	_____	_____
	TOTAL	=====	=====	=====
FRINGE BENEFITS				
502.01	FICA	_____	_____	_____
502.02	Pensions & Long Term Disability	_____	_____	_____
502.03	Health Insurance	_____	_____	_____
502.04	Dental Plans	_____	_____	_____
502.05	Life Insurance	_____	_____	_____
502.06	Short Term Disability	_____	_____	_____
502.07	Unemployment Insurance	_____	_____	_____
502.08	Worker's Compensation	_____	_____	_____
502.09	Sick Leave	_____	_____	_____
502.10	Holiday	_____	_____	_____
502.11	Vacation	_____	_____	_____
502.12	Other Paid Absence	_____	_____	_____
502.13	Uniform Allowance	_____	_____	_____
502.99	Other Fringe Benefits	_____	_____	_____
	TOTAL	=====	=====	=====
SERVICES				
503.01	Management Services	_____	_____	_____
503.02	Advertising Services	_____	_____	_____
503.03	Professional & Technical Services	_____	_____	_____
503.04	Tempory Services	_____	_____	_____
503.05	Contract Maintenance	_____	_____	_____
503.06	Custodial Services	_____	_____	_____
503.07	Security Services	_____	_____	_____
503.99	Other Services	_____	_____	_____
	TOTAL	=====	=====	=====

Item	Description	TOTAL BUDGETED	ADMINISTRATION (Proposed)	OPERATING (Proposed)
MATERIALS & SUPPLIES				
04.01	Fuel & Lubricants Consumed	_____	_____	_____
504.02	Tires & Tubes Consumed	_____	_____	_____
504.03	Inventory Purchases	_____	_____	_____
504.99	Other Materials & Supplies	_____	_____	_____
	TOTAL	=====	=====	=====
UTILITIES				
505.02	Telephone	_____	_____	_____
505.99	Other, i.e. Natural Gas, Electric, etc.	_____	_____	_____
	TOTAL	=====	=====	=====
CASUALTY & LIABILITY				
506.01	Physical Damage Insurance	_____	_____	_____
506.03	Liability & Property Insurance	_____	_____	_____
506.04	Uninsured Settlements	_____	_____	_____
506.05	Provisions for Uninsured Settlements	_____	_____	_____
506.06	Recoveries of Settlements	_____	_____	_____
506.08	Other Corporate Insurance	_____	_____	_____
506.99	Other Insurance	_____	_____	_____
	TOTAL	=====	=====	=====
TAXES				
507.00	TOTAL	=====	=====	=====
PURCHASED TRANSPORTATION				
508.00	TOTAL	=====	=====	=====

PROPOSED FY 2001 BUDGET (Continued)

EXPENSES

MISCELLANEOUS				
509.01	Dues & Subscriptions	_____	_____	_____
509.02	Travel & Meetings	_____	_____	_____
509.03	Bridge, Tunnel, & Highway Tolls	_____	_____	_____
509.04	Entertainment Expense	_____	_____	_____
509.05	Charitable Donations	_____	_____	_____
509.06	Fines & Penalties	_____	_____	_____
509.07	Bad Debt Expense	_____	_____	_____
509.08	Advertising/Promotion Media	_____	_____	_____
	TOTAL (Excluding Grey Areas)	<u>_____</u>	<u>_____</u>	<u>_____</u>

Item	Description	TOTAL BUDGETED	ADMINISTRATION (Proposed)	OPERATING (Proposed)
INTEREST				
511.01	Long Term Debt Obligation	_____	_____	_____
511.02	Short Term Debt Obligation	_____	_____	_____
	TOTAL	<u>_____</u>	<u>_____</u>	<u>_____</u>

FACILITIES & RENTALS				
512.01	Transit Way Structures, etc.	_____	_____	_____
512.02	Passenger Stations	_____	_____	_____
512.03	Passenger Parking Facilities	_____	_____	_____
512.04	Passenger Revenue Vehicles	_____	_____	_____
512.05	Service Vehicles	_____	_____	_____
512.06	Operating Yards or Stations	_____	_____	_____
512.07	Maintenance Facilities	_____	_____	_____
512.10	Data Processing Facilities	_____	_____	_____
512.11	Revenue Collection Facilities	_____	_____	_____
512.12	Other Administrative Facilities	_____	_____	_____
	TOTAL	<u>_____</u>	<u>_____</u>	<u>_____</u>

DEPRECIATION & AMORTIZATION				
513.00	TOTAL	<u>_____</u>	<u>_____</u>	<u>_____</u>

CONTRIBUTED SERVICES

530.00 TOTAL

<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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**TOTAL
BUDGETED**

**ADMINISTRATION
(Proposed)**

**OPERATING
(Proposed)**

(Exclude grey areas from total)

TOTAL EXPENSES 501 - 530

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APPLICATION FOR FEDERAL ASSISTANCE		2. DATE SUBMITTED	Applicant Identifier						
1. TYPE OF SUBMISSION <table border="0"> <tr> <td><i>Application</i></td> <td><i>Preapplication</i></td> </tr> <tr> <td><input type="checkbox"/> Construction</td> <td><input type="checkbox"/> Construction</td> </tr> <tr> <td><input type="checkbox"/> Non-Construction</td> <td><input type="checkbox"/> Non-Construction</td> </tr> </table>		<i>Application</i>	<i>Preapplication</i>	<input type="checkbox"/> Construction	<input type="checkbox"/> Construction	<input type="checkbox"/> Non-Construction	<input type="checkbox"/> Non-Construction	3. DATE RECEIVED BY STATE	State Application Identifier
		<i>Application</i>	<i>Preapplication</i>						
<input type="checkbox"/> Construction	<input type="checkbox"/> Construction								
<input type="checkbox"/> Non-Construction	<input type="checkbox"/> Non-Construction								
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier						
5. APPLICANT INFORMATION		Organizational Unit							
Legal Name		Name and telephone number of the person to be contacted on matters involving this application (give area code)							
Address (give city, county, state, and zip code)									
6. EMPLOYER IDENTIFICATION NUMBER (EIN)		7. TYPE OF APPLICANT: (enter appropriate letter in box) <input type="checkbox"/>							
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. Increases Award B. Decreases Duration C. Increase Duration D. Decreases Duration Other: _____		A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School District I. State Controlled Institution (College) J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify) _____							
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER		9. NAME OF FEDERAL AGENCY Federal Transit Administration							
TITLE: 20-509 Section 5311 Operating Assistance Program		11. DESCRIPTION OF APPLICANT'S PROJECT Public transportation operating assistance grant program for the non-urbanized areas of the State of Illinois and a grant for the Rural Public Transportation Assistance Program.							
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.) Non-urbanized counties and cities in the downstate Illinois area.									
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. Federal	\$	a. YES THIS PREAPPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON							
b. Applicant	\$	DATE:							
c. State	\$	b. NO <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372							
d. Local	\$	<input type="checkbox"/> PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW							
e. Other	\$								
f. Program Income	\$	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?							
g. TOTAL	\$	<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 the Authorized Representative		b. Title	c. Telephone number						
d. Signature of Authorized Representative		e. Date Signed							

**EXHIBIT C
ILLINOIS DEPARTMENT OF TRANSPORTATION ("IDOT")
AND FEDERAL TRANSIT ADMINISTRATION ("FTA")
ASSISTANCE PROGRAMS
JOINT CERTIFICATIONS AND ASSURANCES FOR GRANTEEES**

Name of Grantee: _____

Each Grantee will execute the following applicable assurances and certifications to cover all applications and government agreements that include federal capital and operating assistance. The fifteen categories of certifications and assurances are listed by Roman numerals I through XV. All Grantees must make all certifications and assurances in Category I. Categories II through XIII will apply to some, but not all Grantees. The categories correspond to the following description or circumstances mandating submission of specific certifications, assurances, or agreements.

The Grantee agrees to comply with all the applicable requirements of IDOT and FTA Assurance Programs Joint Certifications and Assurances for Grantees hereinafter listed.
(The Grantee may make this selection instead of individual selections below.)

OR _____

The Grantee agrees to comply with the applicable requirements of the following categories it has selected:

- 1. Certifications and Assurances Required of Each Grantee _____
- 2. Lobbying Certification (If application exceeds \$100,000) _____
- 3. Effects on Private Mass Transportation Companies _____
- 4. Public Hearing Certification for Projects with Substantial Impacts _____
- 5. Certification for the Purchase of Rolling Stock _____
- 6. Bus Testing Certification _____
- 7. Charter Service Agreement _____
- 8. School Transportation Agreement _____
- 9. Certification for Demand Responsive Service _____
- 10. Substance Abuse Certifications _____
- 11. Certification for a Project Involving Interest or Other Financing Costs _____
- 12. Certifications for the Urbanized Area Formula Program, Job Access and Reverse Commute Program, and the Clean Fuels Program _____
- 13. Certifications and Assurances for the Elderly and Persons with Disabilities Program _____
- 14. Certifications for the Nonurbanized Area Formula Program _____
- 15. Certifications and Assurances for the State Infrastructure Bank Program (Not applicable in Illinois) _____

(The attached signature pages (Grantee and Grantee's attorney) must be appropriately completed and signed where indicated by both Grantee and Grantee's Attorney.)

1. CERTIFICATIONS AND ASSURANCES REQUIRED OF EACH GRANTEE

A. Authority of Grantee and Its Representative

The authorized representative of the Grantee and legal counsel who sign these certifications, assurances, and agreements attest that both the Grantee and its authorized representative have adequate authority under state and local law and the by-laws or internal rules of the Grantee organization to:

- (1) Execute and file the applications for federal assistance on behalf of the Grantee,
- (2) Execute and file the required certifications, assurances, and agreements on behalf of the Grantee binding the Grantee, and
- (3) Execute grant and cooperative agreements with FTA or IDOT on behalf of the Grantee.

B. Standard Assurances

The Grantee assures that it will comply with all applicable state & federal statutes, regulations, executive orders, FTA circulars, and other federal administrative requirements in carrying out any grant or cooperative agreement awarded by FTA. The Grantee acknowledges that it is under a continuing obligation to comply with the terms and conditions of the grant or cooperative agreement issued for its approved Project with IDOT or FTA. The Grantee understands that federal laws, regulations, policies, and administrative practices might be modified from time to time and affect the implementation of the Project. The Grantee agrees that the most recent state & federal requirements will apply to the Project, unless IDOT or FTA issues a written determination otherwise.

C. Debarment Suspension and Other Responsibility Matters Primary Covered Transactions

In accordance with U.S. Department of Transportation (U.S. DOT) regulations on Government wide Debarment and Suspension (Nonprocurement) at 49 CFR 29.510, the Grantee certifies to the best of its knowledge and belief, that it and its principals:

- (1) Are not presently debarred, suspended, proposed for Debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- (2) Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (3) Are not presently indicted for or otherwise criminally charged or by civil action by a governmental entity (federal, state or local) with commission of any of the offenses listed in paragraph (2) of this certification; and,
- (4) Have not within a three year period preceding this Agreement had one or more public transactions (federal, state, or local) terminated for cause or default.

The Grantee certifies that if it becomes aware of any later information that contradicts the statements in paragraphs (1) through (4) above, it will promptly inform IDOT. Should the Grantee be unable to certify to statements set forth in paragraphs (1) through (4) above, it shall so acknowledge with its signature and provide a written explanation to IDOT.

D. Drug-Free Workplace Certification

In accordance with Illinois and U.S. DOT regulations on Drug-Free Workplace Requirements (Grants) at 30 ILCS 580/1 *et seq.* and 49 CFR 29.630, the Grantee certifies that it will provide a drug-free workplace by:

- (1) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (2) Establishing an ongoing drug-free awareness program to inform employees about:
 - (a) the dangers of drug abuse in the workplace;

- (b) the Grantee's policy of maintaining a drug-free workplace;
 - (c) any available drug counseling, rehabilitation, and employee assistance programs; and,
 - (d) the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- (3) Making it a requirement that each employee to be engaged in the performance of the grant or cooperative agreement be given a copy of the statement required by paragraph (1);
 - (4) Notifying the employee in the statement required by paragraph (1) that, as a condition of employment financed with federal and state assistance provided by the grant or cooperative agreement, the employee will:
 - (a) abide by the terms of the statement, and
 - (b) notify the employer in writing of his or her conviction of a criminal drug statute occurring in the workplace no later than 5 calendar days after such conviction.
 - (5) Notifying IDOT in writing, within 10 calendar days after receiving notice under paragraph (4)(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every project officer or other designee on whose project activity the convicted employee was working. Notice shall include the identification number(s) of each affected grant or cooperative agreement.
 - (6) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (4)(b), with respect to any employee who is so convicted:
 - (a) taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency.
 - (7) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (1), (2), (3), (4), (5), and (6). The Grantee has or will provide to IDOT a list identifying its headquarters location and each workplace it maintains in which project activities supported by IDOT are conducted.

E. Intergovernmental Review Assurance

If required, the Grantee assures that each project application submitted to IDOT for assistance has been or will be submitted, as required by each state, for intergovernmental review to the appropriate state and local agencies. Specifically, the Grantee assures that it has fulfilled or will fulfill the obligations imposed on FTA by U.S. DOT regulations, "Intergovernmental Review of Department of Transportation Programs and Activities." 49 CFR part 17.

F. Nondiscrimination Assurance

In accordance with 49 U.S.C. 5332 and title VI of the Civil Rights Act of 1964, as amended, 2000d; U.S. DOT regulations, "Nondiscrimination in Federally Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act," at 49 CFR 21.7, the Grantee assures that it will comply with all requirements pursuant to 49 CFR 21; FTA Circular 4702.1, "Title VI Program Guidelines for Federal Transit Administration Recipients", and other applicable directives. so that no person in the United States, on the basis of race, color, national origin, creed, sex, or age will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in any program or activity (particularly in the level and quality of mass transportation services and mass transportation related benefits) for which the Grantee receives federal financial assistance from the U.S. DOT or FTA.

The Grantee assures that the project or program will be conducted, property acquisitions will be undertaken, and project equipment will be operated in compliance with all requirements of 49 CFR 21 and 49 U.S.C. 5332. The Grantee understands that this assurance extends to its entire facility and to equipment operated in connection with the Project.

The Grantee assures that it will take appropriate action to ensure that any transferee receiving property financed with federal assistance derived from U.S. DOT or FTA will comply with the provisions of 49 CFR 21 and 49 U.S.C. 5332. As required by 49 CFR 21.7(a)(2), the Grantee will include in each third party contract, subgrant, or sub-agreement appropriate clauses to impose the requirements of 49 CFR 21, and 49 U.S.C.

5332; and include appropriate provisions imposing those requirements in deeds and instruments recording the transfer of real property, structures, improvements.

The Grantee assures that it will promptly take the necessary actions to effectuate this assurance. In particular, the Grantee will notify the public that complaints pertaining to discrimination in the provision of mass transportation-related services or benefits may be filed with U.S. DOT or FTA. Upon request by U.S. DOT or FTA, the Grantee assures that it will submit the requisite information pertaining to its compliance with these requirements. The Grantee assures that it will make such changes in its 49 U.S.C. 5332 and Title VI implementing procedures as U.S. DOT or FTA may request.

G. Assurances of Nondiscrimination on the Basis of Disability

In accordance with U.S. DOT regulations, "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance," 49 CFR 27 (updated May 21, 1996, Federal Register p. 25416), which implement the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, the Grantee assures that, as a condition to the approval or extension of any federal financial assistance from FTA or U.S. DOT to construct any facility, obtain any rolling stock or other equipment, undertake studies, conduct research, or to participate in or obtain any benefit from any program administered by FTA or IDOT, no otherwise qualified person with a disability shall be, solely by reason of that disability, excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in any program or activity receiving or benefiting from federal financial assistance administered by the FTA or IDOT or any entity within U.S. DOT.

Specifically, the Grantee assures it will implement any program or operate any facility so assisted in compliance with all applicable requirements imposed by U.S. DOT regulations implementing the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990 (and any subsequent amendments thereto) at 49 CFR parts 27, 37, and 38, as well as all applicable regulations and directives issued in accordance thereto by other federal departments or agencies.

H. Procurement Compliance

The Grantee certifies that its procurements and procurement system that involved FTA assistance will comply with all applicable requirements imposed by federal and state laws, executive orders, or regulations and the requirements of FTA Circular 4220.1D, "Third Party Contracting Requirements," and other implementing guidance or manuals FTA may issue. The Grantee certifies that it will include in its contracts financed in whole or in part with FTA assistance all clauses required by federal and state laws, executive orders, or regulations, and will ensure that each subrecipient and contractor will also include in its subagreements and contracts financed in whole or in part with FTA assistance all applicable clauses required by federal laws, executive orders, or regulations.

I. Certifications Prescribed by the Office of Management and Budget (SF-424B and SF-424D)

The Grantee certifies that it:

- (1) Has the legal authority to apply for Federal assistance and the institutional, managerial, and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management, and completion of the project described in its application.
- (2) Will give FTA, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
- (3) Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.
- (4) Will initiate and complete the work within the applicable project time periods following receipt of FTA approval.
- (5) Will comply with all statutes relating to nondiscrimination including, but not limited to:
 - (a) Title VI of the Civil Rights Act, 42 U.S.C. 2000d, which prohibits discrimination on the basis of race, color, or national origin;

- (b) Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681, 1683, and 1685 through 1687, which prohibits discrimination on the basis of sex;
 - (c) Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handicaps;
 - (d) The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 through 6107, which prohibit discrimination on the basis of age;
 - (e) The Drug Abuse Office and Treatment Act of 1972, Pub. L. 92-255, March 21, 1972, and amendments thereto, relating to nondiscrimination on the basis of drug abuse;
 - (f) The Comprehensive Alcohol Abuse and Alcoholism Prevention Act of 1970, Pub. L. 91-616, Dec. 31, 1970, and amendments thereto, relating to nondiscrimination on the basis of alcohol abuse or alcoholism;
 - (g) The Public Health Service Act of 1912, as amended, 42 U.S.C. 290dd-3 and 290ee-3, related to confidentiality of alcohol and drug abuse patient records;
 - (h) Title VIII of the Civil Rights Act, 42 U.S.C. 3601 et seq., relating to nondiscrimination in the sale, rental, or financing of housing;
 - (i) Any other nondiscrimination provisions in the specific statutes under which Federal assistance for the project may be provided including, but not limited to section 1101(b) of the Transportation Equity Act for the 21st Century, 23 U.S.C. 101 note, which provides for participation of disadvantaged business enterprises in FTA programs; and
 - (j) The requirements of any other nondiscrimination statute(s) that may apply to the project.
- (6) Will comply, or has complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (Uniform Relocation Act) 42 U.S.C. 4601 et seq., which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases. As required by U.S. DOT regulations, "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs," at 49 CFR 24.4, and sections 210 and 305 of the Uniform Relocation Act, 42 U.S.C. 4630 and 4655, the Grantee assures that it has the requisite authority under applicable state and local law and will comply or has complied with the requirements of the Uniform Relocation Act, 42 U.S.C. 4601 et seq., and U.S. DOT regulations, "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs," 49 CFR part 24 including, but not limited to the following:
- (a) The Grantee will adequately inform each affected person of the benefits, policies, and procedures provided for in 49 CFR part 24;
 - (b) The Grantee will provide fair and reasonable relocation payments and assistance required by 42 U.S.C. 4622, 4623, and 4624; 49 CFR part 24; and any applicable FTA procedures, to or for families, individuals, partnerships, corporations or associations displaced as a result of any project financed with FTA assistance;
 - (c) The Grantee will provide relocation assistance programs offering the services described in 42 U.S.C. 4625 to such displaced families, individuals, partnerships, corporations or associations in the manner provided in 49 CFR part 24 and FTA procedures;
 - (d) Within a reasonable time before displacement, the Grantee will make available comparable replacement dwellings to displaced families and individuals as required by 42 U.S.C. 4625(c)(3);
 - (e) The Grantee will carry out the relocation process in such a manner as to provide displaced persons with uniform and consistent services, and will make available replacement housing in the same range of choices with respect to such housing to all displaced persons regardless of race, color, religion, or national origin;
 - (f) In acquiring real property, the Grantee will be guided to the greatest extent practicable under state law, by the real property acquisition policies of 42 U.S.C. 4651 and 4652;
 - (g) The Grantee will pay or reimburse property owners for necessary expenses as specified in 42 U.S.C. 4653 and 4654, understanding that FTA will participate in the Grantee's costs of providing those payments and that assistance for the project as required by 42 U.S.C. 4631;
 - (h) The Grantee will execute such amendments to third party contracts and subagreements financed with FTA assistance and execute, furnish, and be bound by such additional documents as FTA may determine necessary to effectuate or implement the assurances provided herein; and
 - (i) The Grantee agrees to make these assurances part of or incorporate them by reference into any third party contract or subagreement, or any amendments thereto, relating to any project financed by FTA involving relocation or land acquisition and provide in any affected document that these relocation and land acquisition provisions shall supersede any conflicting provisions.

- (7) Will comply, as applicable, with provisions of the Hatch Act, 5 U.S.C. 1501 through 1508, and 7324 through 7326, which limit the political activities of state and local agencies and their officers and employees whose principal employment activities are financed in whole or part with federal funds including a Federal loan, grant, or cooperative agreement, but does not apply to a nonsupervisory employee of a transit system (or of any other agency or entity performing related functions) receiving FTA assistance to whom the Hatch Act does not otherwise apply.
- (8) To the extent applicable will comply with the Davis-Bacon Act, as amended, 40 U.S.C. 276a through 276a(7), the Copeland Act, as amended, 18 U.S.C. 874 and 40 U.S.C. 276c, and the Contract Work Hours and Safety Standards Act, as amended, 40 U.S.C. 327 through 333, regarding labor standards for federally-assisted subagreements.
- (9) To the extent applicable, will comply with flood insurance purchase requirements of section 102(a) of the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4012a(a), which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
- (10) Will comply with environmental standards that may be prescribed to implement the following Federal laws and executive orders:
 - (a) Institution of environmental quality control measures under the National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321 et seq. and Executive Order No. 11514, as amended, 42 U.S.C. 4321 note;
 - (b) Notification of violating facilities pursuant to Executive Order No. 11738, 42 U.S.C. 7606 note;
 - (c) Protection of wetlands pursuant to Executive Order No. 11900 and the Interagency Wetland Policy Act (20 ILCS 830).
 - (d) Evaluation of flood hazards in floodplains in accordance with Executive Order 11988, 42 U.S.C. 4321 note;
 - (e) Assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972, as amended, 16 U.S.C. 1451 et seq.
 - (f) Conformity of Federal actions to State (Clean Air) Implementation Plans under section 176(c) of the Clean Air Act of 1955, as amended, 42 U.S.C. 7401 et seq.;
 - (g) Protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300h et seq.;
 - (h) Protection of endangered species under the Endangered Species Act of 1973, as amended, Endangered Species Act of 1973, as amended, 16 U.S.C. 1531 et seq.; and
 - (i) Environmental protections for Federal transit programs, including, but not limited to protections for a park, recreation area, or wildlife or waterfowl refuge of national, state, or local significance or any land from a historic site of national, state, or local significance used in a transit project as required by 49 U.S.C. 303.
- (11) Will comply with the Wild and Scenic Rivers Act of 1968, as amended, 15 U.S.C. 1271 et seq. relating to protecting components of the national wild and scenic rivers systems.
- (12) Will assist FTA and IDOT in assuring compliance with section 106 of the National Historic Preservation Act of 1966, as amended, 16 U.S.C. 470f, Executive Order No. 11593 (identification and protection of historic properties), 16 U.S.C. 470 note, and the Archaeological and Historic Preservation Act of 1974, as amended, 16 U.S.C. 469a-1 et seq.
- (13) Will comply with the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4801, which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
- (14) Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities on which a construction project supported with FTA assistance takes place without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with FTA directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure nondiscrimination during the useful life of the project.
- (15) Will comply with FTA requirements concerning the drafting, review, and approval of construction plans and specifications of any construction project supported with FTA assistance. As required by U.S. DOT regulations, "Seismic Safety," 49 CFR 41.117(d), before accepting delivery of any building financed with FTA assistance, it will obtain a certificate of compliance with the seismic design and construction requirements of 49 CFR part 41.
- (16) Will provide and maintain competent and adequate engineering supervision at the construction site of any project supported with FTA assistance to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by FTA or IDOT.

- (17) Will comply with the National Research Act, Pub. L. 93-348, July 12, 1974, as amended, regarding the protection of human subjects involved in research, development, and related activities supported by the FTA assistance, and DOT regulations, "Protection of Human Subjects," 49 CFR part II.
- (18) Will comply with the Laboratory Animal Welfare Act of 1966, as amended, 7 U.S.C. 2131 et seq. pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by FTA assistance.
- (19) Will have performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996, 31 U.S.C. 7501 et seq. and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and Department of Transportation OMB A-133 Compliance Supplement, March, 2000.
- (20) Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing the project.

2. LOBBYING CERTIFICATION REQUIRED FOR EACH APPLICATION EXCEEDING \$100,000

In accordance with U.S. DOT regulations, "New Restrictions on Lobbying," at 49 CFR 20.110, for each application for federal assistance exceeding \$100,000, the Grantee's authorized representative certifies to the best of his or her knowledge and belief that:

- A. No federal appropriated funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal grant or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal grant or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal grant or cooperative agreement, the Grantee shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions as amended by "Government wide Guidance for New Restrictions on Lobbying," including the information required by the form's instructions, which may be amended to omit such information as permitted by 31 U.S.C. 1532.
- C. The Grantee shall require that the language of this certification be included in the award documents for each sub-award at any tiers (including subcontracts, subgrants, sub-agreements and contract under grants and cooperative agreements financed with FTA assistance) and that each grantee shall certify and disclose accordingly.

The Grantee understands that this certification is a material representation of fact upon which reliance is placed and that the submission of this certification is a prerequisite for providing Federal assistance for a transaction covered by 31 U.S.C. §1352; and the Grantee also understands that any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

3. EFFECTS ON PRIVATE MASS TRANSPORTATION COMPANIES

As required by 49 U.S.C. 5323(a)(1), the Grantee certifies that before it acquires property or an interest in property of a private mass transportation company or operates mass transportation equipment or a facility in competition with or in addition to transportation service provided by an existing mass transportation company it has or will have:

- A. Found that the assistance is essential to carrying out a program of projects as determined by the plans and programs of the metropolitan planning organization;
- B. Provided for the participation of private mass transportation companies to the maximum extent feasible, consistent with applicable FTA requirements and policies; and
- C. Paid or will pay just compensation under state or local law to a private mass transportation company for its franchises or property acquired.
- D. The assistance falls within the labor standards compliance requirements of 49 U.S.C. 5333(a) and 5333(b).

4. PUBLIC HEARING CERTIFICATION FOR A CAPITAL PROJECT THAT WILL SUBSTANTIALLY AFFECT A COMMUNITY OR ITS TRANSIT SERVICE

As required by 49 U.S.C. 5323(b), the Grantee certifies that it has, or before submitting its application, will have:

- A. Provided an adequate opportunity for a public hearing with adequate prior notice of the proposed project published in a newspaper of general circulation in the geographic area to be served;
- B. Held that hearing and provided FTA and IDOT a transcript or detailed report summarizing the issues and responses, unless no one with a significant economic social, or environmental interest requests a hearing;
- C. Considered the economic, social, and environmental effects of the project; and
- D. Determined the project to be consistent with official plans for developing the urban area.

5. CERTIFICATION OF PRE-AWARD AND POST-DELIVERY AUDIT OF ROLLING STOCK REQUIRED FOR EACH GRANTEE THAT PURCHASES ROLLING STOCK.

As required by 49 U.S.C. 5323(m), and implementing FTA regulations at 49 CFR 663.7, the Grantee certifies that it will that it will comply with the requirements of 49 CFR part 663, in the course of purchasing revenue service rolling stock. Among other things, the Grantee will conduct or cause to be conducted the prescribed pre-award and post-delivery audits, and will maintain on file the certifications required by subparts B, C, and D of the regulations.

6. BUS TESTING CERTIFICATION REQUIRED FOR THE ACQUISITION OF NEW BUSES

In accordance with FTA regulations, "Bus Testing," at 49 CFR 665.7, the Grantee certifies that before authorizing final acceptance of the first bus of any new bus model or any bus model with a major change in configuration or components (as described in 49 CFR part 665) acquired or leased with federal assistance funds obligated by FTA, the following two conditions will have been met: (A) the model of the bus will have been tested at a bus testing facility approved by FTA; and (B) the Grantee will have received a copy of the test report prepared on the bus model.

7. CHARTER SERVICE AGREEMENT

In accordance with 49 U.S.C. 5323(d) and FTA regulations, "Charter Service," at 49 CFR 604.7, the Grantee agrees that it will provide charter service that uses equipment or equipment acquired with federal assistance authorized for 49 U.S.C. 5307, 5309, or 5311; or Title 23 U.S.C., only to the extent that there are no private charter service operators willing and able to provide the charter service that it or its recipients desire to provide unless one or more of the exceptions in 49 CFR 604.9 applies.

The Grantee further agrees that it will comply with the provisions of 49 CFR 604 before it provides any charter service using equipment or equipment provided with federal assistance authorized for the above statutes, that the requirements of 49 CFR 604 will apply to any such charter service that is provided, and that the definitions in 49 CFR 604 apply to this Agreement. The Grantee understands that a violation of this Agreement may require corrective measures and the imposition of penalties, including Debarment from the receipt of further federal assistance for mass transportation.

8. SCHOOL TRANSPORTATION AGREEMENT

- A. As required by 49 U.S.C. 5323(f) and FTA regulations, "School Bus Operations," at 49 CFR 605.14, the Grantee agrees that it:
 - (1) Engage in school transportation operations in competition with private school transportation operators only to the extent permitted by an exception provided by 49 U.S.C. 5323(f), and implementing regulations, and
 - (2) Comply with the requirements of 49 CFR part 605 before providing any school transportation using equipment or facilities acquired with Federal assistance awarded by FTA and authorized by 49 U.S.C. chapter 53 or Title 23 U.S.C. for transportation projects.

- B. The Grantee understands that the requirements of 49 CFR part 605 will apply to any school transportation it provides, the definitions of 49 CFR part 605 apply to this school transportation agreement, and a violation of this agreement may require corrective measures and the imposition of penalties, including debarment from the receipt of further Federal assistance for transportation.

9. CERTIFICATION REQUIRED FOR THE DIRECT AWARD OF FTA ASSISTANCE TO A GRANTEE FOR ITS DEMAND RESPONSIVE SERVICE

In accordance with U.S. DOT regulations, "Transportation Services for Individuals with Disabilities (ADA)," at 49 CFR 37.77, the Grantee certifies that its demand responsive service offered to persons with disabilities, including persons who use wheelchairs, is equivalent to the level and quality of service offered to persons without disabilities. Such service, when viewed in its entirety, is provided in the most integrated setting feasible and is equivalent with respect to: (1) response time; (2) fares; (3) geographic service area; (4) hours and days of service; (5) restrictions on trip purpose; (6) availability of information and reservation capability; and (7) constraints on capacity or service availability.

10. SUBSTANCE ABUSE CERTIFICATIONS REQUIRED BY JANUARY 1, 1996

A. Alcohol Testing Certification

As required by FTA regulations "Prevention of Alcohol Misuse in Transit Operations," at 49 CFR 654.83 the Grantee certifies that it has established and implemented an alcohol misuse prevention program complying with the requirements of 49 CFR part 654, and if the Grantee has employees regulated by the federal Railroad Administration (FRA), the Grantee also certifies that it has for those employees an alcohol misuse prevention program complying with the requirements of FRA's regulations, "Control of Alcohol and Drug Use," 49 CFR 219.

B. Anti-Drug Program Certification

As required by FTA regulations, "Prevention of Prohibited Drug Use in Transit Operations," at 49 CFR 653.83, the Grantee certifies that it has established and implemented an anti-drug program and has conducted employee training complying with the requirements of 49 CFR part 653, and if the Grantee has employees regulated by FRA, the Grantee also certifies that it has for those employees an anti-drug program complying with the requirements of FRA's regulations, "Control of Alcohol and Drug Use," 49 CFR part 219.

11. CERTIFICATION FOR A PROJECT INVOLVING INTEREST OR OTHER FINANCING COSTS

As required by 49 U.S.C. 5307(g), 49 U.S.C. 5309(g)(2)(B), 49 U.S.C. 5309(g)(3)(A), and 49 U.S.C. 5309(n), the Grantee certifies that it will not seek reimbursement for interest and other financing costs unless its records demonstrate it has used reasonable diligence in seeking the most favorable financing terms underlying those costs, to the extent FTA might require.

12. CERTIFICATIONS FOR THE URBANIZED AREA FORMULA PROGRAM, THE JOB ACCESS AND REVERSE COMMUTE PROGRAM, AND THE CLEAN FUELS PROGRAM

In addition to the following certifications listed in A., B. and C., a Grantee with a population of 200,000 or more awarded funds apportioned under 49 U.S.C. 5307(k) after June 9, 1998, must submit a report listing the Transit Enhancement projects carried out during Federal fiscal year 1998 with those funds.

A. Certifications required by statute.

As required by 49 U.S.C. 5307(d)(1) (A) through (J), the Grantee certifies that:

- (1) It has or will have the legal, financial, and technical capacity to carry out the proposed program of projects;

- (2) It has or will have satisfactory continuing control over the use of the equipment and facilities;
- (3) It will adequately maintain the equipment and facilities;
- (4) It will ensure that the elderly and handicapped persons, or any person presenting a Medicare card issued to himself or herself under title II or title XVIII of the Social Security Act (42 U.S.C. 401 et seq. or 42 U.S.C. 1395 et seq.), will be charged during non-peak hours for transportation using or involving a facility or equipment of a project financed with Federal assistance authorized for 49 U.S.C. 5307 or Section 3037 of the Transportation Equity Act for the 21st Century (TEA-21), 49 U.S.C. 5309 note, not more than 50 percent of the peak hour fare;
- (5) In carrying out a procurement financed with Federal assistance authorized for the Urbanized Area Formula Program at 49 U.S.C. 5307 or Section 3037 of TEA-21, 49 U.S.C. 5309 note, it will use competitive procurement (as defined or approved by the Secretary), it will not use a procurement using exclusionary or discriminatory specifications, and it will comply with applicable Buy America laws in carrying out a procurement;
- (6) It has complied or will comply with the requirements of 49 U.S.C. 5307(c); specifically, it has or before submitting its application it will: (a) make available to the public information on amounts available for the Urbanized Area Formula Program at 49 U.S.C. 5307 and, if applicable, the Job Access and Reverse Commute Grant Program, 49 U.S.C. 5309 note, and the program of projects it proposes to undertake with those funds; (b) develop, in consultation with interested parties, including private transportation providers, a proposed program of projects for activities to be financed; (c) publish a proposed program of projects in a way that affected citizens, private transportation providers, and local elected officials have the opportunity to examine the proposed program and submit comments on the proposed program and the performance of the Grantee; (d) provide an opportunity for a public hearing to obtain the views of citizens on the proposed program of projects; and (e) ensure that the proposed program of projects provides for the coordination of transportation services assisted under 49 U.S.C. 5336 with transportation services assisted by another Federal Government source; (f) consider comments and views received, especially those of private transportation providers, in preparing the final program of projects; and (g) make the final program of projects available to the public;
- (7) It has or will have available and will provide the amount of funds required by 49 U.S.C. 5307(e) and applicable FTA policy (specifying Federal and local shares of project costs);
- (8) It will comply with: (a) 49 U.S.C. 5301(a) (requirements to develop transportation systems that maximize mobility and minimize fuel consumption and air pollution); (b) 49 U.S.C. 5301(d) (requirements for transportation of the elderly and persons with disabilities); (c) 49 U.S.C. 5303 through 5306 (planning requirements); and (d) 49 U.S.C. 5310 (a) through (d) (programs for the elderly and persons with disabilities);
- (9) It has a locally developed process to solicit and consider public comment before raising fares or implementing a major reduction of transportation; and
- (10) As required by 49 U.S.C. 5307(d)(1)(J), unless the Grantee has determined that it is not necessary to expend one percent of the amount of Federal assistance it receives for this transit security projects, it will expend at least one percent of the amount of that assistance for transit security projects, including increased lighting in or adjacent to a transit system (including bus stops, subway stations, parking lots, and garages), increased camera surveillance of an area in or adjacent to that system, emergency telephone line or lines to contact law enforcement or security personnel in an area in or adjacent to that system, and any other project intended to increase the security and safety of an existing or planned transit system.

B. Certification Required for Capital Leasing

As required by FTA regulations, "Capital Leases," 49 CFR at 639.15(b)(1) and 639.21, to the extent that the Grantee uses federal assistance authorized for 49 U.S.C. 5307 or Section 3037 of TEA-21, 49 U.S.C. 5309 note, to acquire any capital asset by lease, the Grantee certifies that:

- (1) It will not use federal assistance authorized for 49 U.S.C. 5307 or Section 3037 of TEA-21, 49 U.S.C. 5309 note, to finance the cost of leasing any capital asset until it undertakes calculations demonstrating that it is more cost-effective to lease the capital asset than to purchase or construct similar assets;
- (2) It will complete these calculations before entering into the lease or before receiving a capital grant for the asset, whichever is later; and

- (3) It will not enter into a capital lease for which FTA can only provide incremental funding unless it has the financial capacity to meet its future obligations under the lease in the event federal assistance is not available for capital projects in subsequent years.

C. *Certifications Required for Sole Source Purchase of Associated Capital Maintenance Item*

As required by 49 U.S.C. 5325(c), to the extent that the Grantee procures an associated capital maintenance item under the authority of 49 U.S.C. 5307(b)(1), the Grantee certifies that it will use competition to procure an associated capital maintenance item unless the manufacturer or supplier of that item is the only source for the item and the price of the item is no more than the price similar customers pay for the item, and maintain sufficient records pertaining to each such procurement on file easily retrievable for FTA or IDOT inspection.

D. *Certification Required for Clean Fuels Program*

As required by 49 U.S.C. 5308 (c)(2), the Grantee certifies that, in connection with any application for assistance authorized for the Clean Fuels Formula Program, vehicles purchased with grant funds made available for 49 U.S.C. 5308 will be operated only with clean fuels.

13. CERTIFICATIONS AND ASSURANCES FOR THE ELDERLY AND PERSONS WITH DISABILITIES PROGRAM

Based on its own knowledge the Grantee, administering the Elderly and Persons with Disabilities Program authorized by 49 U.S.C. 5310, certifies and assures that the following requirements and conditions will be fulfilled:

- A. The Grantee has or will have the necessary legal, financial, and managerial capability to apply for, receive, and disburse federal assistance authorized for 49 U.S.C. 5310, and to implement and manage the project.
- B. The Grantee assures that it either is recognized under state law as a private nonprofit organization with the legal capability to contract with the state to carry out the proposed project, or is a public body that has met the statutory requirements to receive federal assistance authorized for 49 U.S.C. 5310.
- C. The Grantee's application for 49 U.S.C. 5310 assistance contains information from which the state concludes that the transit service provided or offered to be provided by existing public or private transit operators is unavailable, insufficient, or inappropriate to meet the special needs of the elderly and persons with disabilities.
- D. The Grantee assures that sufficient non-federal funds have been or will be committed to provide the required local share.
- E. The Grantee has, or will have by the time of delivery, sufficient funds to operate and maintain the vehicles and equipment purchased with federal assistance awarded for this project.
- F. The Grantee has, to the maximum degree feasible, coordinated with other transportation providers and users, including social service agencies authorized to purchase transit service, and has provided an opportunity for a public hearing in connection with any capital assistance.
- G. The Grantee is in compliance with all applicable civil rights requirements, and has signed the Nondiscrimination Assurance.
- H. The Grantee will comply with applicable requirements of U.S. DOT regulations on participation of disadvantaged business enterprises in U.S. DOT programs.
- I. The Grantee will comply with all existing federal requirements regarding transportation of the elderly and persons with disabilities. The Grantee has provided to the state an Assurance of Nondiscrimination on the Basis of Disability, as set forth in the Certifications and Assurances required of each Grantee for FTA assistance. If non-accessible vehicles are being purchased for use by a public entity in demand responsive service for the general public, the Grantee will provide a "Certification of Equivalent Service," which states that the public entity's demand responsive service offered to persons with disabilities, including persons who use wheelchairs, meets the standard of equivalent service set forth in 40 CFR 37.77

- J. The Grantee will comply with the transit employee protective provisions of 49 U.S.C. 5333(b).
- K. The Grantee will comply with 49 CFR part 604 in the provision of any charter service provided with equipment or facilities acquired with FTA funds.
- L. The Grantee has certified to the state that it will comply with applicable provisions of 49 CFR 605 and 20 ILCS 2705/49.19(6) pertaining to school bus operations.
- M. Unless otherwise noted, each of the Grantee's projects qualifies for a categorical exclusion and does not require further environmental approvals, as described in the joint FHWA/FTA regulations, "Environmental Impact and Related Procedures," at 23 CFR 771.117(c). The Grantee certifies that financial assistance will not be provided for any project that does not qualify for a categorical exclusion described in 23 CFR 771.117(c) until FTA has made the required environmental finding. The Grantee further certifies that no financial assistance will be provided for a project requiring a conformity finding in accordance with the Environmental Protection Agency's Clean Air Conformity regulations at 40 CFR parts 51 and 93, until FTA makes the required conformity finding.
- N. The Grantee has submitted (or will submit) all applicable certifications and assurances currently required, including, but not limited to: a certification that its procurements and procurement system will comply with all applicable requirements imposed by Federal laws, executive orders, or regulations and the requirements of FTA Circular 4220.1D, "Third Party Contracting Requirements," and other implementing requirements FTA may issue; a certification that its project provides for the participation of private mass transportation companies to the maximum extent feasible; a certification that it has paid or will pay just compensation under state or local law to each private mass transportation company for its franchise or property acquired under the project, a nonprocurement suspension and debarment certification, a bus testing certification for new models; a pre-award and post-delivery review certification, and a lobbying certification for each application exceeding \$100,000.
- O. The Grantee recognizes FTA's and IDOT's authority to conduct audits to verify compliance with the foregoing requirements and stipulations.

14. CERTIFICATIONS AND ASSURANCES FOR THE NONURBANIZED AREA FORMULA PROGRAM

The Grantee administering the Nonurbanized Area Formula Program authorized by 49 U.S.C. 5311 certifies and assures that the following requirements and conditions will be fulfilled:

- A. The Grantee will have the necessary legal, financial, and managerial capability to apply for, receive and disburse federal assistance authorized for 49 U.S.C. 5311; and to implement and manage the project.
- B. The Grantee assures that sufficient non-federal funds have been or will be committed to provide the required local share.
- C. The Grantee has, or will have by the time of delivery, sufficient funds to operate and maintain the vehicles and equipment purchased with federal assistance authorized for this project.
- D. The Grantee has, to the maximum extent feasible, coordinated with other transportation providers and users, including social service agencies authorized to purchase transit service.
- E. The Grantee is in compliance with all applicable civil rights requirements, and has signed the Nondiscrimination Assurance.
- F. The Grantee will comply with applicable requirements of U.S. DOT regulations on participation of disadvantaged business enterprise in U.S. DOT programs.
- G. The Grantee will comply with all existing federal requirements regarding transportation of elderly persons and persons with disabilities. The Grantee has provided to the IDOT an Assurance of Nondiscrimination on the Basis of Disability, as set forth in the Certifications and Assurances required of each Grantee for FTA

assistance in Category I of this document. If non-accessible vehicles are being purchased for use by a public entity in demand responsive service for the general public, the state will obtain from the Grantee a "Certification of Equivalent Service," which states that the public entity's demand responsive service offered to persons with disabilities, including persons who use wheelchairs, meets the standards of equivalent service set forth in 40 CFR Section 37.77(c).

- H. The Grantee has complied with the transit employee protective provisions of 49 U.S.C. 5333(b), by one of the following actions: (1) signing the Special Warranty for the Nonurbanized Area Formula Program, (2) agreeing to alternative comparable arrangements approved by the Department of Labor (DOL), or (3) obtaining a waiver from DOL, and the state has certified the Grantee's compliance to DOL.
- I. The Grantee has certified to the state that it will comply with 49 CFR 604 in the provision of any charter service provided with equipment or facilities acquired with FTA assistance, and will also comply with applicable provisions of 49 CFR part 605 pertaining to school transportation operations. (See Category VII, "Charter Bus Agreement" and Category VIII, "School Bus Agreement.")
- J. Unless otherwise noted, each of the Grantee's projects qualifies for a categorical exclusion and does not require further environmental approvals, as described in the joint FHWA/FTA regulations, "Environmental Impact and Related Procedures," at 23 CFR 771.117(c). The Grantee further agrees that no financial assistance will be provided for a project requiring a conformity finding in accordance with the Environmental Protection Agency's Clean Air Conformity regulations at 40 CFR parts 51 and 93, until FTA makes the required conformity finding.
- K. The Grantee has submitted (or will submit) all applicable certifications and assurances currently required, including but not limited to: a certification that its procurements and procurement system will comply with all applicable requirements imposed by Federal laws, executive orders, or regulations and the requirements of FTA Circular 4220.1D, "Third Party Contracting Requirements," and other implementing requirements FTA may issue; a certification that its project provides for the participation of private mass transportation companies to the maximum extent feasible; a certification it has paid or will pay just compensation under state or local law to each private mass transportation company for its franchise or property acquired under the project; a nonprocurement suspension and debarment certification, a bus testing certification for new bus models, a pre-award and post-delivery review certification, a lobbying certification for each application exceeding \$100,000, and if required by FTA, an anti-drug program certification and an alcohol testing certification, and the certification required for a project involving interest or other financing costs.
- L. The Grantee recognizes FTA's and IDOT's authority to conduct audits to verify compliance with the foregoing requirements and stipulations.

15. CERTIFICATIONS AND ASSURANCES for the State Infrastructure Bank Program (not applicable in Illinois.)

Illinois Department of Transportation

Division of Public Transportation

NonMetro Section

Section 531

Detailed Accounts and Definitions

for

Requisitions

301 - 305 Capital

401 - 440 Revenues

501 - 550 Expenses

CAPITAL

301. PUBLIC (GOVERNMENTAL) ENTITY OWNERSHIP

301.01 Public Entity Ownership - Investment in Transit System

The capital invested to acquire the ownership of the transit system as a public entity.

302. PRIVATE CORPORATION OWNERSHIP

302.01 Preferred Capital Stock

The par or stated value of nominally and actually issued share of preferred stock of the transit system.

302.02 Common Capital Stock

The par value of par value issues, the stated value of nonpar value issues having a stated value or the cash value of the consideration received for nonpar value issued without stated value for nominally and actually issued share of common stock of the transit system.

302.03 Premiums and Assessments on Capital Stock

The excess of the actual cash value of the consideration received upon sale of capital stock over the par or stated value of par or stated value issues.

The assessments against stockholders subsequent to original sale of capital stock. For par or stated value issues, this category covers only those assessments or parts of an assessment that represent aggregate payment for the issue in excess of the par or stated value.

302.04 Discount on Capital Stock

The excess of par value or stated value over the actual cash value of the consideration received upon sale of par value or stated value issues. Assessments subsequent to original sale on issues initially sold at a discount will be credited to this account until the total discount on the issue has been exhausted; further assessments will be credited to category 302.03.

302.05 Commission and Expense on Capital Stock

The expenses incurred in connection with the issuance and sale of capital stock.

302.06 Capital Stock Subscribed

The amount of legally enforceable subscriptions to capital stock of the transit system. The amount to be recorded herein is the subscription price. The debit for the entry is to asset object class 102.05 - Receivable Subscriptions to Capital Stock. The recognition of premium or discount will be recorded when the stock is actually issued.

302.07 Reacquired Securities

The par or stated value for par or stated value issues and the pro rata proportion of the carrying value of nonpar issues without stated value for shares actually issued and subsequently reacquired, but neither retired nor included in sinking or other funds. The difference between the reacquisition price, and the net of the amount recorded in this category plus any premium or less any discount pertaining to the reacquired stock, is to be debited or credited as appropriate to category 305.01 - Accumulated Earnings (Losses).

302.08 Nominally Issued Securities

The par value or stated value of capital stock that has been nominally, but not actually, issued by the transit system. This is a debt balance account to offset categories 302.01 and 301.02 in order to report the net amount of capital stock actually issued.

303. PRIVATE NONCORPORATE OWNERSHIP

303.01 Sole Proprietorship Capital

The investment in an unincorporated, single-owner transit system. This category shall reflect the owner's permanent investment in the transit system. The net cumulative results of operations accruing to the ownership are to be shown in category 305. - Accumulated Earnings (Losses).

303.02 Partnership Capital

The investment in an unincorporated, multiple-owner transit system. This category shall reflect the owner's permanent investment in the transit system. The net cumulative results of operations accruing to the ownership are to be shown in category 305. - Accumulated Earnings (Losses).

304. GRANTS, DONATIONS AND OTHER PAID-IN-CAPITAL

304.01 Federal Government Capital Grants

The amount received from agencies of the Federal government to assist the procurement of capital assets, i.e., generally the items includable in - Tangible Transit Operating Property.

304.02 State Government Capital Grants

The amount received from agencies of state governments that are independent of the transit system to assist the includable in - Tangible Transit Operating Property. Amounts originating from Federal revenue sharing funds are included in this category.

304.03 Local Government Capital Grants

The amount received from agencies of county, municipal or other political subdivision governments that are independent of the transit system to assist the procurement of capital assets, i.e., generally items includable in - Tangible Transit Operating Property. Amounts originating from Federal revenue sharing funds are included in this category.

the

304.04 Nongovernmental Donations and Other Paid-In Capital

The amount received as gifts, bequests, donations, etc., from nongovernmental parties to assist the procurement of capital assets, i.e., generally the items includable in category III - Tangible Transit Operating Property.

305. ACCUMULATED EARNINGS (LOSSES)

305.01 Accumulated Earnings (Losses)

The cumulative income or deficit transferred from the income statement to the balance sheet at the close of each accounting period. The difference between reacquisition price and carrying value for reacquisitions of the transit system's own capital stock is also to be debited or credited, as appropriate, to this category.

305.02 Dividend Appropriations

The amount of dividends declared on capital stock actually outstanding. This is a debit balance account to be netted with category 305.01 to obtain the net accumulated earnings (losses). The offsetting credit to entries in this account is to 205.03 - Dividends Declared and Payable.

305.03 Restricted Accumulated Earnings

The amount of accumulated earnings that has been restricted for specific purposes such as various contingency reserves, etc.

REVENUES

401. PASSENGER FARES FOR TRANSIT SERVICE

401.01 Full Adult Fares

The revenue earned from carrying passengers who pay the full adult fare.

401.02 Senior Citizens Fares

The revenue earned from carrying passengers who pay a special reduced fare because they are older than a prescribed age limit.

401.03 Student Fares

The revenue earned from carrying passengers who pay a special reduced fare because they are enrolled in an educational institution.

401.04 Child Fares

The revenue earned from carrying passengers who pay a special reduced fare because they are younger than a prescribed age limit.

401.05 Disabled Rider Fares

The revenue earned from carrying passengers who pay a special reduced fare because they are disabled.

401.06 Parking Lot Fares

The revenue earned from parking fees paid by passengers who drive to park-and-ride parking lots operated by the transit company in order to utilize transit services. Revenue earned from the operation of parking lots which are not normally park-and-ride locations is collected in object class 407.05.

401.99 Other Primary Rider Fares

The revenue earned from carrying passengers who pay a special reduced fare for some reason other than those specified in items 401.02 through 401.06.

402. SPECIAL TRANSIT FARES

402.01 Contract Fares for Postal Workers

The revenue earned by providing rides for postal workers with periodic contractual payments (rather than farebox collections) being made directly from the U.S. Postal Service to the transit system.

402.02 Contract Fares for Law Enforcement Officers

The revenue earned by providing rides for law enforcement officers with periodic contractual payments (rather than farebox collections) being made directly from the police authority to the transit system.

402.03 Special Route Guarantees

The amounts paid by industrial firms, shopping centers, public and private universities, etc., to guarantee a minimum revenue on a line operated especially for the benefit of the payer.

402.04 Other Special Contract Transit Fares - State and Local Government

The revenue earned under contractual arrangements with state and local governments for transit fares other than those arrangements specified in categories 402.01 through 402.03 above.

402.05 Other Special Contract Transit Fares - Other Sources

The revenue earned under contractual arrangements with nongovernment entities for transit fares other than those arrangements specified in categories 402.01 through 402.03 above.

402.06 Noncontract Special Services Fares

The revenue earned by providing special service rides for sporting events, sightseeing, etc., where fares are not guaranteed on a contractual basis.

403. SCHOOL BUS SERVICE REVENUES

404. FREIGHT TARIFFS

405. CHARTER SERVICE REVENUES

406. AUXILIARY TRANSPORTATION REVENUES

406.01 Station Concessions Revenue

The revenue earned from granting rights to concessionaires to operate news stands, candy counters, etc., in transit system stations.

406.02 Vehicle Concessions Revenue

The revenue earned from granting rights to concessionaires to operate food and beverage services, etc., on transit system vehicles.

406.03 Advertising Revenue

The revenue earned from displaying advertising materials on transit system vehicles and property.

406.04 Vehicle Ferriage Revenue

The revenue earned from transporting vehicles in ferryboat transit service.

406.99 Other Auxiliary Transportation Revenues

The revenue earned from auxiliary operations other than those specified in categories 406.01 through 406.04 above.

407. NONTRANSPORTATION REVENUES

407.01 Sales of Maintenance Services

The revenue earned from performing maintenance services on property not owned or used by the transit system.

407.02 Rental of Revenue Vehicles

The revenue earned from leasing transit system revenue vehicles to other organizations.

407.03 Rental of Buildings and other Property

The revenue earned from leasing transit system building and property (other than revenue vehicles) to other organizations.

407.05 Parking Lot Revenue

The revenue earned from parking fees generated from parking lots not normally used as "park-and-ride" locations. Revenue earned from operating "park-and-ride" lots is reported in object class 401.06.

407.99 Other Nontransportation Revenues

The revenue earned from nontransportation activities other than those listed in categories 407.01 through 407.05.

408. TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM

408.01 Property Tax Revenue

The revenue earned by taxing the property within the political subdivision constituting the transit system.

408.02 Sales Tax Revenue

The revenue earned by taxing sales of goods and/or services that occur within the political subdivision constituting the transit system.

408.03 Income Tax Revenue

The revenue earned by taxing the income of persons and/or organizations located within the political subdivision constituting the transit system.

408.04 Payroll Tax Revenue

The revenue earned by taxing the payrolls of employers for all work performed within the political subdivision constituting the transit system.

408.05 Utility Tax Revenue

The revenue earned by taxing the consumption of utilities (e.g., water and sewer, gas, electric, telephone, etc.) within the political subdivision constituting the transit system.

408.99 Other Taxes Levied by Transit System

The revenue earned by taxation on some basis other than those specified in categories 408.01 through 408.05 when the taxing authority is the transit system.

409. LOCAL CASH GRANTS AND REIMBURSEMENTS

409.01 Local General Operating Assistance

The receipt or accrual of local government payments to help cover the operating costs of providing transit services. This category covers general operating assistance, not that based on special fares or certain expense items as described in the following categories. It includes "purchase of service" payments from local government units.

409.02 Local Special Demonstration Project Assistance - Local Projects

The receipt or accrual of local government payments to help cover the operating costs for special demonstration projects which are fully funded at the local level.

409.03 Local Special Demonstration Project Assistance - Local Share for State Projects

The receipt or accrual of local government payments to help cover the operating costs for special demonstration projects which are partially funded at the state level.

409.04 Local Special Demonstration Project Assistance - Local Share for FTA Projects

The receipt or accrual of local government payments to help cover the operating costs for special demonstration projects which are partially funded by FTA.

409.05 Local Reimbursement of Taxes Paid

The receipt or accrual of local government payments to help cover the cost of taxes incurred by the transit system.

409.06 Local Reimbursement of Interest Paid

The receipt or accrual of local government payments to help cover the cost of interest on funds borrowed by the transit system.

409.07 Local Reimbursement of Transit System Maintenance Costs

The receipt or accrual of local government payments to help cover the cost of maintaining transit system rolling stock, building, grounds and equipment.

409.08 Local Reimbursement of Snow Removal Costs

The receipt or accrual of local government payments to help cover their cost of removing snow from transit system property and/or transit right-of-way.

409.09 Local Reimbursement of Security Costs

The receipt or accrual of local government payments to help cover the cost of providing security forces on transit system property and on operating revenue vehicles.

409.99 Other Local Financial Assistance

The receipt or accrual of local government payments to help cover the cost of operating transit service not included in categories 409.01 through 409.09.

410. LOCAL SPECIAL FARE ASSISTANCE

410.01 Local Disabled Rider Fare Assistance

The receipt or accrual of local government payments to help cover the difference between full adult fares and disabled rider fares.

410.02 Local Senior Citizen Fare Assistance

The receipt or accrual of local government payments to help cover the difference between full adult fares and special senior citizen fares.

410.03 Local Student Fare Assistance

The receipt or accrual of local government payments to help cover the difference between full adult fares and special student fares.

410.99 Other Local Special Fare Assistance

The receipt or accrual of local government payments to help cover the difference between full adult and special reduced fares other than for disabled riders, senior citizens and students.

411. STATE CASH GRANTS AND REIMBURSEMENTS

411.01 State General Operating Assistance

The receipt or accrual of state government payments to help cover the operating costs of providing transit services. This category covers general operating assistance, not based on special fares or certain expense items as described in the following categories. It includes "purchase of service" payments from state governmental units.

411.03 State Special Demonstration Project Assistance - State Projects

The receipt or accrual of state government payments too help cover the operating costs for special demonstration projects which are fully funded at the state or state and local level.

411.04 State Special Demonstration Project Assistance - State Share for FTA Project

The receipt or accrual of state government payments to help cover the operating costs for special demonstration projects which are partially funded by FTA.

411.05 State Reimbursement of Taxes Paid

The receipt or accrual of state government payments to help cover the costs of taxes incurred by the transit system.

411.06 State Reimbursement of Interest Paid

The receipt or accrual of state government payments to help cover the costs of interest on funds borrowed by the transit system.

411.07 State Reimbursement of Transit System Maintenance Costs

The receipt or accrual of state government payments to help cover the costs of maintaining transit system rolling stock, building, grounds and equipment.

411.09 State Reimbursement of Security Costs

The receipt or accrual of state government payments to help cover the costs of providing security forces on transit system property and on operating revenue vehicles.

411.99 Other State Financial Assistance

The receipt or accrual of state government payments to help cover the costs of operating transit service not included in categories 411.01 through 411.09.

412. STATE SPECIAL FARE ASSISTANCE

412.01 State Disabled Rider Fare Assistance

The receipt or accrual of state government payments to help cover the difference between full adult fares and disabled rider fares.

412.02 State Senior Citizen Fare Assistance

The receipt or accrual of state government payments to help cover the difference between full adult fares and special senior citizen fares.

412.03 State Student Fare Assistance

The receipt or accrual of state government payments to help cover the difference between full adult fares and special student fares.

412.99 Other State Special Fare Assistance

The receipt or accrual of state government payments to help cover the difference between full adult fares and special reduced fares other than for disabled riders, senior citizens and students.

413. FEDERAL CASH GRANTS AND REIMBURSEMENTS

413.01 Federal General Operating Assistance

The receipt or accrual of federal government payments to help cover the operating costs of providing transit services, including Sections 5307 and 5311 funds. This category covers general operating assistance, not that based on special fares or specific expense items as described in the following categories. It includes "purchase of service" payments from federal governmental units.

413.02 Federal Special Demonstration Project Assistance

The receipt or accrual of federal government payments to help cover their operating costs for special demonstration project.

413.04 Special Demonstration Project Assistance

The receipt or accrual of Federal government payments to help cover the operating costs for special demonstration projects.

413.99 Other Federal Financial Assistance

The receipt or accrual of federal government payments to help cover the operating transit service not included in categories 413.01 and 413.04.

414. INTEREST INCOME

430. CONTRIBUTED SERVICES

430.01 Contributed Services - Allowable Sources

The value of services provided at no cost to the transit operator where the value of the service can be claimed as an allowable source of revenue. The amount credited to this account should be equal to the amount debited to object class 530.

430.03 Contributed Services - Unallowable Source

The value of services provided at no cost to the transit operator where the value of the service cannot be claimed as an allowable source of revenue. The amount credited to this account should be equal to the amount debited to account 430.04.

430.04 Contributed Services - Contra Account for Unallowable Source

The amount debited to this account should be equal to the amount credited to account 430.03.

431. CONTRIBUTED CASH

431.01 Direct Donation

Contributions received from merchants.

431.02 Fund Raising

Efforts such as bingo events, direct mail, raffles and product sales. (Note that these categories are particularly useful for those receiving United Way Funds and reporting on them.)

440. SUBSIDY FROM OTHER SECTORS OF OPERATIONS

440.01 Subsidy from Utility Rates

The receipt or accrual of funds to help cover the cost of transit operations provided by revenues from another operation of a utility company that operates the transit service.

440.02 Subsidy from Bridge and Tunnel Tolls

The receipt or accrual of funds to help cover the cost of transit operations provided by revenue from tolls collected on bridges and/or tunnels owned and operated by the same entity that operates the transit system.

440.99 Other Subsidies

The receipt or accrual of funds to help cover the cost of transit operations from sources other than those described in 440.01 and 440.02 provided by the same entity that operates the transit system.

92 ILLINOIS ADMINISTRATIVE CODE

CH. 1, SEC. 651
SUBCHAPTER hTITLE 92: TRANSPORTATION
CHAPTER 1: DEPARTMENT OF TRANSPORTATION
SUBCHAPTER h: PUBLIC TRANSPORTATIONPART 651
REGULATIONS FOR PUBLIC TRANSPORTATION ASSISTANCE
TO NEW PROGRAMS IN NONURBANIZED AREAS

SUBPART A: GENERAL

Section	Introduction
651.101	Authority and Applicability
651.102	Definitions
651.103	Nonurbanized Area Transportation Assistance Regions
651.104	Nonurbanized Area Regional Apportionments
651.105	Use of Discretionary Funds
651.106	

SUBPART B: APPLICATION REQUIREMENTS

Section	Filing Deadlines for Operating Assistance Grants
651.201	Contents of Operating Assistance Applications
651.202	Filing Deadlines for Capital Assistance Grants
651.203	Contents of Capital Assistance Applications
651.204	Joint Applications
651.205	Place of Filing
651.206	

SUBPART C: REVIEW AND APPROVAL

Section	Criteria Considered in Review of Operating Assistance Applications
651.301	Approval of Operating Assistance Grant Program of Proposed Expenditures
651.302	Amounts of and Limits on Operating Assistance Grants
651.303	Criteria Considered in Review of Capital Assistance Applications
651.304	Approval of Capital Assistance Grant Project Budgets
651.305	Amounts of and Limits on Capital Assistance Grants
651.306	Acknowledgment of Applications; Additional Information Required
651.307	Notification of Results of Department Evaluation and Review
651.308	

SUBPART D: PROGRAM ADMINISTRATION

Section	Contract Requirements
651.401	Quarterly Reports and Quarterly Requisitions for Operating Assistance Grants
651.402	Operating Assistance Grant Close-Out
651.403	Capital Assistance Requisitions
651.404	Departmental Concurrence on Eligible Capital Expenses
651.405	

"Apportioned funds" means 75% of the funds appropriated by the General Assembly in any fiscal year for expenditure by the Department for operating assistance for new programs which the Department apportions among the non-urbanized area transportation assistance regions pursuant to Section 651.104 herein.

"Department" means the Illinois Department of Transportation, Division of Public Transportation.

"Discretionary funds" means 25% of the funds appropriated by the General Assembly in any fiscal year for expenditure by the Department for operating and capital assistance for new programs.

"Eligible capital expenses" means any expenditure of monies for capital items necessary for the provision of public transportation services, including expenditures for:
the purchase of vehicles for use in public transportation service;
the purchase of maintenance and support equipment directly related to the support of such service operations (e.g. maintenance tools, fareboxes, wheelchair lifts, ramps, radios, etc.);
the purchase or construction of fixed facilities.

"Eligible operating expenses" means eligible operating expenses as defined in Section 1.04 of Article III of the Act.

"FHWA" means the Federal Highway Administration of the U.S. Department of Transportation.

"Fiscal year" means the fiscal year of the State of Illinois for the period July 1 through June 30.

"New programs" means:
those public transportation programs operated by participants which did not receive financial assistance under the Act during fiscal year 1979 or did not receive demonstration project funds from the U.S. Department of Transportation during fiscal year 1979; and
those public transportation programs operating outside the geographic boundaries of service areas (as approved by the Department or by the U.S. Department of Transportation in fiscal year 1979) of those participants which received financial assistance under the Act during fiscal year 1979 or which received demonstration project funds from the U.S. Department of Transportation during fiscal year 1979.

"Nonurbanized area transportation assistance regions" means those regions established by the Department for apportioning 75% of the total Section 18 funds appropriated by the General Assembly for new

as public transportation. FHWA will review all proposed service provided under a participant's program to determine the eligibility of the service for funding under Section 18, and FHWA's decision as to the eligibility of the proposed service will be final.

"Section 18" means Section 18 of the Urban Mass Transportation Act of 1974, as amended.

"State" means the State of Illinois.

Section 651.104 Nonurbanized Area Transportation Assistance Regions

In accordance with Article III, Section 4 of the Act, the Department hereby establishes regions among which the Department shall apportion 75% of the total Section 18 funds appropriated by the General Assembly in any fiscal year for making operating assistance grants for new programs. These regions, which were determined on the basis of nonurbanized area population, square miles of land, and percentage of transportation disadvantaged, are as follows:

COUNTIES:

Region 1

Boone
Carroll
DeKalb
Grundy
Kankakee
Kendall
JcDaviess
Lee
Ogle
Stephenson
Whiteside
Minnebago

Region 2

Bureau
Ford
Henry
LaSalle
Livingston
Marshall
McLean
Mercer
Peoria
Putnam
Rock Island
Stark
Tazewell
Woodford

Region 3

Adams
Brown
Calhoun
Cass
Christian
Fulton
Greene
Hancock
Henderson
Jersey
Knox
Logan
McDonough
Mason
MacCoupin
Menard
Montgomery
Morgan
Pike
Sangamon
Scott
Schuyler
Warren

Region 4

Champaign
Clay
Clark
Coles
Crawford
Cumberland

Region 5

Alexander
Bond
Clinton
Effingham
Fayette
Franklin

region so as to insure that the regional apportionment percentages are approximately equal (i.e. approximately 20%).

Section 651.106 Use of Discretionary Funds

Discretionary funds will be used for capital and operating assistance grants to participants in any region under the circumstances described in Sections 651.303 and 651.306 herein. The comparison and selection of proposed programs to receive discretionary funds shall be based upon the same evaluation criteria listed in Sections 651.301 and 651.304 herein.

SUBPART B: APPLICATION REQUIREMENTS

Section 651.201 Filing Deadlines for Operating Assistance Grants

The following dates are established for the filing by participants of Section 18 operating assistance applications with the Department:

- a) Fiscal Year 1980
 - 1) Preliminary applications for operating assistance for deficits incurred in the fourth quarter of fiscal year 1980 must be received by the Department within thirty (30) days after the promulgation of these regulations.
 - 2) Formal applications for operating assistance for deficits incurred in the fourth quarter of fiscal year 1980 must be received by the Department within sixty (60) days after the promulgation of these regulations.
- b) Fiscal Year 1981 and Thereafter
 - 1) Preliminary applications for operating assistance grants for any fiscal year after fiscal year 1980 must be received by the Department no later than April 1 of the year immediately preceding such fiscal year.
 - 2) Formal applications for operating assistance grants for any fiscal year after fiscal year 1980 must be received by the Department no later than July 1, the first day of such fiscal year.
- c) Combined Applications for Fiscal Years 1980 and 1981.

Those applicants who wish to submit an application covering the period April 1, 1980 to June 30, 1981 may do so, provided the level of assistance requested for the period covering April 1, 1980 to June 30, 1980 is identified separately from the level of assistance requested for the period July 1, 1980 to June 30, 1981 within the combined application. The applications are due according to the application filing dates established for fiscal year 1980.

Section 651.202 Contents of Operating Assistance Applications

- a) Preliminary operating assistance applications shall contain the following information:
 - 1) The name of the participant and the name and address of the contact person for the participant.

by participants according to dates established in Section 651.201 herein.

Section 651.204 Contents of Capital Assistance Applications

- a) Preliminary capital assistance applications shall contain the following information:
- 1) The name of the participant and the name and address of the contact person for the participant.
 - 2) A brief description of the type of and number of vehicles, equipment or fixed facilities to be purchased or constructed and the name of the transit provider that will operate the vehicles or fixed facilities.
 - 3) A description of how the need for the vehicles, equipment, or fixed facilities was determined.
 - 4) An estimate of the cost of the vehicles, equipment, or fixed facilities.
 - 5) The sources of funding expected to provide the matching funds required under the Section 18 program.
- b) Formal capital assistance applications shall contain the following information:
- 1) A cover letter from the participant to the Department requesting Section 18 capital assistance funds.
 - 2) A detailed description of the capital items for which capital grant assistance is being requested.
 - 3) A detailed proposed project budget.
 - 4) A board resolution and certification by the participant that it will supply or cause to be supplied funds which, together with funds made available under the Section 18 program, will be sufficient to meet the total cost of the capital items described.
 - 5) Such other information as is required in the application forms provided by the Department, including information that is necessary for the Department to evaluate a proposed program based on the criteria provided in Section 651.304 and other documentation and assurances required by FTA.

Section 651.205 Joint Applications

- a) The unique nature of public transportation needs of small urban and rural areas may lead to the formation of proposed programs that extend beyond the geographic boundaries of any single participant. Therefore, in cases where two participants are located within one county, or where a program to serve two or more adjoining counties is being proposed, the participants involved may submit a joint application. Any participant who wishes to submit an application that includes the provision of transportation services outside its geographic boundaries may do so provided that the assurances submitted by the participant as part of the application for Section 18 assistance cover the entire service area proposed in the application.
- b) All participants included under a joint application shall agree upon and designate one participant to be the primary participant to be

based upon:

- 1) The adequacy of planning activities performed to substantiate the need for the proposed service and its capability of meeting those needs as demonstrated by:
 - A) The formal planning process followed in developing the plan for the proposed service, including:
 - i) involvement of user groups, local and regional planning agencies, human services agencies, and existing transit providers in the development of the plan of the proposed program
 - ii) use of existing local or regional planning documents in the development of the plan for the proposed program (for example, comprehensive development plans)
 - B) Assessment made of existing transportation service and equipment currently available in the participant's service area, based upon:
 - i) inventories of public and private agencies currently operating transportation services (including social service agencies, taxi operators, and school bus operators)
 - ii) surveys of the general population and of special user groups (such as the elderly and handicapped) to solicit information as to major travel destinations and current transit service needs
 - 2) The level of local support for the proposed program as demonstrated by letters of support and minutes of public meetings and of other meetings of local agencies.
- b) **Managerial and Operating Capabilities**
The Department will review each application to assess the ability of the participant and proposed transit provider(s) (if different from the participant) to provide the transportation service outlined in the proposed program. In making this assessment the Department will consider the following capabilities of the proposed transit provider(s):
- 1) The ability to dispatch and operate the proposed service.
 - 2) The ability to maintain equipment and vehicles to be used in providing transportation service.
 - 3) The ability to train the drivers of vehicles to handle the special transportation needs of elderly and handicapped.
 - 4) The ability to complete and submit the forms and information as required by the Department.
 - 5) The past performance of a participant or proposed transit provider as it relates to the scope and nature of the proposed program.
- c) **Coordination Efforts**
The Department will review proposed transportation programs to determine the amount of pooling of equipment, technical skill, and financial resources available in the community. For example, the Department will evaluate efforts by the participant to utilize existing vehicles owned by private transit providers or equipment

- B) Fare box revenue per vehicle mile.
 - C) Deficit per vehicle mile.
 - D) Operating expense per vehicle mile.
- 3) Where no expansion of service is proposed, the comparison of the proposed budget with the program budget approved for the previous fiscal year so as to determine the cause of any rapid escalation in the cost of providing transportation services under the proposed program.
- b) If after the Department has completed the review as provided in this Section and has determined that the participant's proposed budget is unreasonably high in relation to the proposed services to be provided, the Department will work with the participant to modify the proposed budget to achieve a reasonable level. As a result of this process, particular line items of a participant's proposed budget will be increased or decreased and a final program of proposed expenditures will be approved by the Department.

Section 651.303 Amounts of and Limits on Operating Assistance Grants

The Department is authorized under the Act to make operating assistance grants to any participant for an amount not to exceed 50% of the project operating deficit from the participant's approved program of proposed expenditures. The Department will make grants from apportioned funds for 50% of such deficits; however, if 50% of the total approved projected operating deficits of all participants from a region exceeds the total amount of funds apportioned to that region, then the Department will make grants from apportioned funds for less than 50% of such deficits to participants in that region. In such regions, available discretionary funds can be used by the Department for the purpose of supplementing a grant to be made to a participant from apportioned funds so that the total Section 18 operating assistance grant to such participant is closer to the full 50% of the participant's approved projected operating deficit.

Section 651.304 Criteria Considered in Review of Capital Assistance Applications

In addition to the criteria listed in Section 651.301 herein for the evaluation of operating assistance applications, the Department will consider the following additional criteria in evaluating the applications for capital assistance and comparing and selecting the proposed capital programs (in whole or in part) for Section 18 funding:

- a) If proposed eligible capital expenses are to be incurred for the replacement of existing vehicles, whether the condition of the existing vehicles justifies such replacement.
- b) Whether other vehicles or equipment are available within the proposed service area, and to what extent such vehicles or equipment could meet the transportation needs outlined in the application.
- c) Whether other funding sources are available to fund the eligible capital expenses for which Section 18 funds are being requested.
- d) Whether the participant has the ability to operate and maintain the

The Departments will acknowledge to participants receipt of formal applications for Section 18 operating or capital assistance. Acknowledgment of an application is an assurance that the Department will review the application. It does not obligate the Department to approve the application. During the review and evaluation of an application, the Department may require the participant to provide further information or to file additional supporting documents by a date set by the Department. The nature of these documents will vary with the particular application and will be specified by the Department.

Section 651.308 Notification of Results of Department Evaluation and Review

The participant will be notified in writing, within sixty (60) days of receipt by the Department of a complete formal application, of the Department's approval or disapproval, in whole or in part, of the proposed programs based on its review of the applications. In cases where the Department notified the participant of its disapproval of a proposed program the participant, within five (5) days after such notification, may request the Department to reconsider the proposed program based on any additional relevant information the participant can provide the Department. In cases where the Department recommends approval of an application to FHWA, the Department will notify the applicant of the level of funding and the program of proposed expenditures recommended for approval. Concurrently the Department will submit the application to FHWA and ask that the program be included in the State's Program of Section 18 Projects. No application is officially approved until such time as FHWA notifies the Department that the proposed program has been given FHWA approval. All disapprovals by the Department or FHWA of proposed programs shall be final.

SUBPART D: PROGRAM ADMINISTRATION

Section 651.401 Contract Requirements

- a) Upon notification to the Department from the FHWA that a proposed operating or capital program has been approved for inclusion in the Illinois Section 18 Program of Projects and that funding for such programs has been approved, the Department will send three copies of a Section 18 grant contract to each such participant specifying the terms and conditions of the grant awarded. Within thirty (30) days of the receipt of such contract, each participant must execute and return all three (3) copies of such contract to the Department together with:
 - 1) An attested resolution of the governing board of the participant(s) agreeing to the terms of the contract, and authorizing the execution of the contract; and
 - 2) A legal opinion from a licensed attorney representing the participant certifying that the agreement is valid and binding upon the participant(s).
- b) The Department will cause the contract to be executed on behalf of the State and will return one executed copy to each participant. No Section 18 financial assistance can be made available prior to the execution of such a grant contract by both the participant(s) and the

performed in accordance with standard accounting principles, and shall include a calculation of the approved operating deficit for the previous fiscal year.

- b) The audit shall be submitted to the Department no later than one hundred eighty (180) days following the close of the fiscal year for which an operating assistance grant was approved.

Section 651.404 Capital Assistance Requisitions

- a) The form "Requisition for Grant Payment" shall be used by participants to request the payment of Section 18 funds for approved eligible capital expenses. This form is available from the Department.
- b) The participant shall submit requisitions for reimbursements of actual approved capital expenditures and for advances for payment of approved capital expenses.
- c) Department approval of each requisition is contingent upon the following:
- 1) Submission of documents to verify expenditure of funds for eligible capital expenses or to verify need for advances for payment of approved capital expenses.
 - 2) Determination by the Department that capital expenditures were made in conformity with approved programs of proposed expenditures.
 - 3) Determination by the Department that the participant has met all terms of the capital grant contract.

Section 651.405 Departmental Concurrence on Eligible Capital Expenses

- a) **General Requirement**
The participant shall not initiate a formal public advertisement and solicitation of bids for approved capital items without receiving prior Departmental concurrence on the plans and specifications to be used in conjunction with the advertisement and solicitation of bids. All bid advertisement, solicitation, and award shall be conducted in conformity with the requirements and procedures prescribed in either the Illinois Municipal Code (Ill. Rev. Stat. 1981, ch. 24, pars. 1-1-1 et seq.) or the statutory requirements governing purchases by county governments County Executive Act (Ill. Rev. Stat. 1981, ch. 24, pars. 1001-1011), whichever is applicable.
- b) **Bid Award**
Participants shall notify the Department in writing of all awards, regardless of the amount. In connection with any grant for capital assistance neither the Department nor the State shall be obligated or liable to any person or organization other than the participant.

Section 651.406 Capital Assistance Grant Close-Out

- a) The participant shall notify the Department in writing immediately when all eligible capital project activities have been completed and all eligible capital expenses incurred. The Department will then

TITLE 92: TRANSPORTATION
CHAPTER 1: DEPARTMENT OF TRANSPORTATION
SUBCHAPTER h: PUBLIC TRANSPORTATION

PART 653.
REGULATIONS FOR STATE OPERATING ASSISTANCE TO DOWNSTATE AREAS

SUBPART A: GENERAL PROVISIONS

Section
653.10 Program Overview
653.20 Purpose
653.30 Definitions
653.40 Applicability: Effective Date

SUBPART B: GRANT APPLICATION REQUIREMENTS

Section
653.100 Notification of Grant Cycle
653.110 Application Contents
653.120 Filing Deadline
653.130 Place of Filing

SUBPART C: REVIEW AND APPROVAL OF APPLICATION

Section
653.200 Review of Application
653.210 Approval of Application
653.220 Grant Contract Requirements and Procedures
653.230 Amounts of and Limitations on Grants
653.240 Disapproval of Application

SUBPART D: PROGRAM MANAGEMENT

Section
653.300 Quarterly Reports/Requisitions for Advance Payment
653.310 Reporting of Actual Expenses for all Quarters
653.320 Payment
653.330 Notification of Change in Services
653.340 Filing of Reconciliation Report for Actual Expenses Accrued in Fiscal Year

SUBPART E: AUDIT PROCEDURES/GRANT CLOSEOUT

Section
653.400 Year End Operating Data Report
653.410 Independent Audit Requirements and Procedures
653.420 Review of Independent Audit
653.430 State Audit

"Application" means those materials required by the Department to be submitted by an applicant in support of its request for operating assistance including the following: cover letter requesting State operating assistance (Form OP-1), description of the applicant's organization (Form OP-2), summary of totals for expenses and revenues (Form OP-3), itemization of operating revenues (Form OP-4), itemization of operating expenses (Form OP-4), financial data and revenue and expense projections (Form OP-5), operating data and equipment inventory (Form OP-6), purchase of service information (Form OP-7), and notification of change in services, when applicable (Form OP-8).

"Department" means the Illinois Department of Transportation, Division of Public Transportation.

"Eligible operating expenses" means those expenses eligible for State operating expenses as defined in Section 2-2.04 of Article II of the Act and Section 653.110(c)(1)(A) of this Part.

"Fiscal year" means the fiscal year of the State of Illinois which begins on July 1 and ends on June 30.

"Ineligible operating expenses" means those expenses ineligible for State operating assistance as defined in Section 2-2.04 of Article II of the Act and Section 653.110 of this Part.

"OMB" means U.S. Office of Management and Budget.

"Operating deficits" means operating deficits as defined in Article II, Section 2-2.03 of the Act.

"Participant" means any eligible participant as defined in Section 2-2.02 of the Act who has applied for and received approval from the Department for an operating assistance grant under the Act.

"Public transportation" means the transportation or conveyance of persons within the urbanized area or in the non-urbanized area within the service area of each participant as approved by the Department by means available to the general public, including groups of the general public with special needs, except for transportation by automobiles not used for conveyance of the general public as passengers. "Means available to the general public" is "service available to any persons along a fixed route or flexible schedule route." "Special needs and disabilities" is "a specific permanent or temporary problem or incapacity, including aging, illness, injury, or congenital malfunction that causes a person to have more difficulty in using public transportation than a person without a problem. Public transportation includes transportation provided through purchase of service contracts, demand-responsive service and subsidized taxi service. Transportation for persons with special needs and

- (Form OP-2).
- 3) A summary consisting of total estimated operating expenses, revenues, income and deficits and 40% of eligible operating expenses for the fiscal year and a certification that the expenses are for public transportation in Illinois (Form OP-3).
 - 4) An itemization of operating revenues and expenses. OP-4 contains information on revenues, deficits and expenses as follows: passenger fares; special transit fares; school bus service revenues; freight tariffs; charter service revenues; auxiliary transportation revenues; non-transportation revenues; taxes levied directly by transit system, local cash grants and reimbursements; local special fare assistance; state cash grants and reimbursements; state special fare assistance; federal grants and reimbursements; contributed services; subsidies from other sectors of operations; labor costs; salaries and wages; fringe benefits; services; materials and supplies; utilities, casualty and liability costs; taxes; net purchased transportation services; miscellaneous expenses; interest expenses; and lease and rentals (Form OP-4).
 - 5) An itemization of projected revenues and expenses which summarizes the information contained in Form OP-4 (Form OP-5).
 - 6) Operating information including but not limited to route name and number, round trip length, daily round trips, miles, hours, schedules, number of vehicles, passengers and facilities and equipment inventory (Form OP-6).
 - 7) Purchase of service contract information including, but not limited to description of service, provider information, number and type of vehicles, wages and salaries (Form OP-7).
- c) The applicant shall itemize expenses according to the following conditions and limitations:
- 1) Eligible Operating Expenses
 - A) Operating assistance grants shall be made only for eligible operating expenses required for public transportation. Eligible operating expenses consist of the following:
 - i) employee wages and benefits;
 - ii) materials, fuels and supplies;
 - iii) rental of facilities;
 - iv) taxes other than income taxes;
 - v) payment for debt service (including principal and interest) on equipment or facilities owned by the applicant;
 - vi) equipment purchases which do not exceed \$300;
 - vii) administrative costs, i.e., costs incurred in capital grant record keeping, grant management, and the preparation of status reports as are required by the Department under its capital grant program, associated with capital projects which are not reimbursed elsewhere;
 - viii) repairs to buildings, equipment or vehicles which do not extend the useful life of same;

- P) expenses for freight haulage provided by the applicant;
 - Q) any expense which is reimbursed from insurance proceeds; and
 - R) maintenance of vehicles which are not used for public transportation or to support operations (e.g., supervisory and maintenance vehicles).
- 3) Accounting and Documentation
- A) Applicants shall use the accrual method of accounting when submitting the operating expense and revenue information called for in the application.
 - B) In the event that the applicant enters into a purchase of service contract, only the actual amounts paid by the applicant to the service provider shall be an eligible operating expense. The applicant shall document the actual purchase of service costs by cancelled checks or bills, invoices, or purchase orders that clearly show that the out of pocket expense was incurred.
 - 4) All expenses shall be documented by cancelled check or bills, invoices, or purchase orders that clearly show that the expense was incurred.
- d) Only those revenues and expenses attributable to providing public transportation for the fiscal year shall be contained in the application. Transportation services to groups with special needs and disabilities and tripper service are eligible operating expenses. Tripper service shall mean service open to the general public along published route schedules with service dictated by ridership patterns.

Section 653.120 Filing Deadline

Grant applications shall be submitted to the Department not later than April 1 prior to the fiscal year for which operating assistance is requested.

Section 653.130 Place of Filing

Grant applications and all submittals under the State operating assistance program shall be filed with the Department at the following address: Illinois Department of Transportation, 310 South Michigan Avenue, Room 1608, Chicago, Illinois 60604, Attn: Director of the Division of Public Transportation.

SUBPART C: REVIEW AND APPROVAL OF APPLICATION

Section 653.200 Review of Application

- a) The Department will date stamp the application upon its receipt. The Department will review and evaluate the application according to the criteria contained in Subpart B and will notify the applicant of any information missing from the application, any issues that require clarification, any errors or inaccuracies in the application and any expenses which are listed as ineligible by the applicant but which are ineligible under Section 653.110(c)(2).
- b) The applicant shall respond to the Department's request for additional

- 3) legally authorized to enter into the grant contract; and
 - 4) that the grant contract will be legally binding on the applicant.
- f) Upon receipt of the applicant's executed contract, the applicant's governing body resolution or ordinance and the legal opinion, the Department will execute the contract on behalf of the State and will return one executed copy to the participant.
 - g) The application and all other documents or materials requested by the Department, submitted by the applicant and accepted by the Department before and after grant contract execution shall become a part of and incorporated into the grant contract.

Section 653.230 Amounts of and Limitations on Grants

- a) The Department is authorized under the Act to make grants to a participant in an amount equal to 40% of the participant's eligible operating expenses. However, in no event shall the participant receive a grant for eligible operating expenses in excess of the amount appropriated for the participant for that fiscal year. Further, in the event that the participant reduces its operating expenses in direct response to a reduction in available federal operating assistance, then the participant shall receive in any fiscal year an amount not less than the amount received in the previous year, regardless of whether the amount received for the current year is in excess of 40% of eligible operating expenses for that year.
- b) The amount of operating assistance received from the State under the Act, together with any other operating assistance received from any Federal, State or local agency, shall not exceed the participant's operating deficit for that fiscal year.

Section 653.240 Disapproval of Application

- a) The Department shall not approve an application that contains:
 - 1) proposed expenditures not related to the actual operation, maintenance or improvement of an existing system of public transportation serving the residents of the applicant, for example, the Department would not fund the maintenance cost of city trucks which are not used exclusively in public transportation; or
 - 2) proposed expenditures for projects which are not included in the established comprehensive transportation plans for an applicant or a region of which it is a part. By way of example, proposed expenditures for a project must be consistent with long and short range planning documents which are approved by a metropolitan planning organization; or
 - 3) proposed expenditures or other information as required in the application which is not in compliance with the Act and Section 653.110 of this Part.
- b) The Department shall notify the applicant in writing of the parts of the application that cannot be approved and give the reasons. The applicant shall have 45 days from receipt of the notification to

Section 653.330 Notification of Change in Services

- a) The participant shall file a Notification of Change in Services on a form prescribed by the Department (Form OP-8) no later than 30 days prior to the participant's implementation of a change in services not included in the application. The Notification of Change in Services shall include, by way of example only and not by way of limitation, the following information:
- 1) nature of proposed change;
 - 2) whether the proposed change is in an approved planning document;
 - 3) and a description of and budgetary impact of the proposed change which includes an estimate of the increase or decrease in operational expenses, an estimate of an increase or decrease in ridership, an increase or decrease in revenues and an indication of the extent to which the service change will require additional equipment acquisition.
- b) A change in service means any of the following:
- 1) new routes; extension or discontinuance of routes;
 - 2) structural revision of routes;
 - 3) increase or decrease in service frequency;
 - 4) or a change in service period or an increase or decrease in fares or execution of purchase of service contracts.
- c) A change in service does not mean temporary changes, e.g., routing due to temporary road closures or any changes which will alter a route, schedule or fare by less than 25%.

Section 653.340 Filing of Reconciliation Report for Actual Expenses Accrued in Fiscal Year

- a) On or before August 1 following each fiscal year for which the participant has received operating assistance, the participant shall file with the Department on a form prescribed by the Department, a reconciliation statement for actual but unaudited revenues and expenses accrued during that fiscal year. This requirement is satisfied by filing the 4th Quarter Requisition and Financial Report (Form OP-5) if such Report contains the actual expenses and actual revenues for that fiscal year.
- b) Upon receipt of the report the Department shall reconcile the actual amounts paid to participant with the actual expenses accrued for the fiscal year and shall make payment to the participant for any amounts due.
- c) Payment to the participant under this Section is contingent upon submission of the fiscal year reconciliation report by August 1 as provided for in Section 653.340(a) for actual expenses and revenues. All funds in the Downstate Public Transportation Fund, except funds designated for payment of audit adjustments and 1st quarter estimated expenses, revert to the General Revenue Fund on September 30 following the fiscal year for which said funds were appropriated. Failure to timely file the fiscal year reconciliation payment under this Section may jeopardize the Comptroller's ability to make a payment during the

653.410(c)(2)(A-D)". These examinations are to determine whether:

- A) There is effective control over and proper accounting for revenues, expenditures, assets, and liabilities.
 - B) The financial statements are presented fairly in accordance with generally accepted accounting principles adopted by the American Institute of Certified Public Accountants (AICPA) (1981).
 - C) The financial reports contain accurate and reliable financial data.
 - D) State funds are being expended in accordance with the terms of the grant contract and those applicable provisions of state law and regulations.
- 3) Compliance with Audit Standards
The audit shall be made in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants (AICPA) (1981).
- d) Requirements for Independent Audit Reports
- 1) Audit Report Elements
The audit report shall contain the following elements:
 - A) Scope of audit
 - B) A description of audit procedures used
 - C) Opinion
 - D) Findings
 - E) Recommendations
 - F) Financial statements and analyses
 - G) Schedules of operating revenues and expenses on a form prescribed by the Department.
 - 2) Contents of Report
The audit report shall consist of the following:
 - A) Financial statements, including footnotes, of the participant.
 - B) The auditor's comments on the financial statements which shall:
 - i) Identify the statements examined, and the period covered.
 - ii) Express an opinion as to whether the financial statements are fairly presented in accordance with generally accepted accounting principles. If an unqualified opinion cannot be expressed, the nature of the qualification shall be stated.
 - C) Calculations, assurances, i.e., positive or negative assurances that something has been done, and certifications, i.e., statements by which it is declared that a fact is true or a requirement has been met, stating whether the requirements of Section 653.410(c)(2) have been met by the Department including, by the way of example only and not by way of limitation, the following:
 - i) A determination and calculation of eligible and ineligible operating expenses.

to extend the retention period. The period of the three years will be extended under the following conditions:

- A) When the State audit is not conducted within the three year period; and
- B) When there is litigation involving the provision of funds to the grantee.

Section 653.420 Review of Independent Audit

The Department will review the independent audit to assure that the requirements of Subpart E have been met and will notify the participant and the independent auditor of any errors or omissions in the audit and any issues raised by the independent audit requiring clarification or revision.

Section 653.430 State Audit

- a) The Department shall perform an audit, known as the State audit, of the participant's financial records and the audit performed by the independent auditor submitted by the participant with its own forces or by contracting with an independent certified public accountant solely at the expense of the Department. Any audit under this section shall begin no later than three years following the last day of the fiscal year that is being audited. The Department will perform a State audit on all grants. The State audit will be done after the Department receives the independent audit. The Department will give written notice to the participant of the date(s) scheduled for the State audit which shall be an agreed-upon time arrived at between the grantee and the Department.
- b) The independent auditor and the participant shall work with the Department in resolving any issues raised by the State audit. Any issues that cannot be resolved to the mutual agreement of the Department, the participant and/or independent auditor shall be decided by the Department consistent with the Act, these regulations and the Department's application and interpretation of generally accepted accounting principles adopted by the American Institute of Certified Public Accountants (AICPA) (1981). The Department's decisions shall be considered final.
- c) Upon resolution of the issues according to the procedures provided in paragraph b) above, the Department will issue a final state audit report to the participant. In the absence of fraud, payment issues, audit issues or any other matters pertaining to the grant may not be raised and are forever settled upon issuance of the final state audit.

Section 653.440 Corrective Action by Participant

Whenever the independent audit or State audit discloses significant weaknesses, irregularities and areas of noncompliance, i.e., failure by the grantee to act in accordance with any of the terms and conditions of the grant contract or State law, including by way of example and information only and not by way of limitation, conflicts of interest, falsification of records or reports and

- b) The participant shall maintain all financial records and documents pertaining to public transportation operating expenses and revenues for a minimum period of three years following the last day of the fiscal year or until notification by the Department that the grant is closed, whichever is later.

**ILLINOIS DEPARTMENT OF TRANSPORTATION
DIVISION OF PUBLIC TRANSPORTATION**

SECTION 18(i)

INTERCITY BUS PROGRAM GUIDELINES

EFFECTIVE: SEPTEMBER 1, 1995

INTERCITY BUS PROGRAM GUIDELINES

I. Program Summary

Section 18 of the Federal Transit Act, as amended, authorizes the Secretary of Transportation to apportion funds to the Governor of each state for public transportation projects in nonurbanized areas. The goals of the Section 18 program are: to enhance the access of people in nonurbanized 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; and to encourage and facilitate the most efficient use of all Federal funds used to provide passenger transportation in nonurbanized areas through the coordination of programs and services.

Under Section 18(i), which was authorized by the ISTEA, states are required to spend a portion of their Section 18 apportionment to carry out a program for the development and support of intercity bus transportation. The federal objectives of the funding intercity bus service under Section 18 are: support the connection between nonurbanized areas and the larger regional or national system of intercity bus service; meet the intercity travel needs of residents in nonurbanized areas; and support the infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities.

II. IDOT'S Strategy

The institution of the intercity bus setaside to the Section 18 program has created a situation where funding for regular Section 18 service has declined by 15%. Thus IDOT's strategy is to 1) try and keep the same level of Section 18 service statewide by funding any current Section 18 service that would qualify as intercity with Section 18(i) funds, 2) implement a intercity bus program that is broad, flexible, and meets the basic FTA requirements, and 3) support intercity bus service in Illinois to greatest extent feasible.

III. Applications

The Illinois Department of Transportation (IDOT) has a formal application process for prospective applicants. An application may be obtained by contacting IDOT in writing, or by fax. All inquiries should be directed to:

Illinois Department of Transportation
Section Chief, Nonurban Programs
310 S. Michigan Ave.
Chicago, IL. 60604
Telephone: (312)793-2119
Fax: (312)793-2251 IV. Eligible Participants

Due to the unique nature of this program, participants eligible to receive funding is broader in certain instances than the Section 18 program. The list of eligible IDOT participants by type of assistance is detailed below.

- A. Operating assistance projects: any participant eligible to receive funding under 30 ILCS 740/3-1.02 of the Illinois Compiled Statutes (ILCS).

Priority will be given to current Sec 18 recipients.

- B. Capital assistance projects: any participant eligible to receive funding under 30 ILCS 740/2-2.02 & 3-1.02 of the ILCS and the federal intercity bus guidelines (FTA Circular 9040.1C).

Priority will be given to current Sec 18 grantees and Downstate Operating Assistance (DOA) grantees who have eligible projects in TIP's.

- C. Technical assistance projects: any participant eligible to receive technical assistance funding under 20 ILCS 2705/49.18 & 49.19 of the ILCS and the federal intercity bus guidelines (FTA Circular 9040.1C).

Priority will be given to current Sec 18 grantees and the Illinois RTAP center.

V. Eligible Project Categories

Intercity bus funds may be used to support a variety of projects. The types of projects eligible for IDOT intercity bus funding are detailed below.

- A. Operating assistance: for a project to be eligible for operating assistance it must:

- provide intercity bus service as a component of an existing Sec 18 project.

An existing component is defined as service which currently meets all the intercity bus service requirements defined in section VI A.

- provide expanded service to an existing Sec 18 intercity bus project.

Service expansion is defined as either an increase in frequency (i.e., trips per day, hours per day, or days per week) or capacity (i.e., additional vehicles or larger vehicles) to an existing intercity bus service, or the increase in the frequency of an existing service which now makes it eligible for intercity bus funding.

- provide for new intercity bus service.

Any service not considered above as existing or expanded.

B. Capital assistance: for a project to be eligible for capital assistance it must:

- * be for rolling stock replacement or expansion and be used only for intercity service.
- * a fixed asset with a unit or joint use allocated cost greater than \$2000.00 and be used only for intercity bus.

C. Technical assistance: for project to be eligible for technical assistance it must:

- * be for planning and marketing of intercity bus service.

VI. Project Funding Requirements

In order to meet the objective of having a flexible program within FTA guidelines, projects must meet the following requirements to be considered for funding.

A. Operating assistance: for an eligible project to be considered for funding it must:

- * meet FTA requirements and be open to the general public. If a route is classified as intercity fixed route service it is exempt from the complementary paratransit requirements under ADA.

Source: FTA Circular 9040.1C.

- * meet Illinois Commerce Commission rules where applicable.
- * be regularly scheduled bus service which connects two or more urban locations (i.e., population greater than 2500), which are more than 10 miles apart, and makes a meaningful connection with other scheduled intercity bus service to more distant points, if such service is available.

Source: Urban definition from U.S. Census and FTA Circular 9040.1C. Distance between urban locations based on an analysis of rural work trip lengths (USDOT/FHA report on Travel Behavior Issues in the 90's) and mileage between stops for existing commercial intercity bus service in Illinois.

- * be a feeder service (i.e., fixed route or demand responsive bus service) which provides a meaningful connection (i.e., within two hours) to other scheduled intercity bus service.

Source: FTA Circular 9040.1C.

- * have printed timetables.
- * operate at least one day a week and make at least one round trip on each day of operation.
- * not be funded with any other FTA operating assistance funds.

- * not provide extensive circulation within a service area, nor be designed primarily to provide daily work trips within a service area (commuter service).

Source: FTA Circular 9040.1C.

B. Capital assistance: for an eligible project to be considered for funding it must:

- * meet FTA requirements and be open to the general public.
- * be used only for intercity bus service (except for joint use fixed facilities), and be clearly identifiable in an IDOT approved cost allocation plan for a joint use project.
- * (in urbanized areas) project elements that can be identified as directly benefiting and supporting service to and from nonurbanized areas and be in an approved TIP.

C. Technical assistance: for an eligible project to be considered for funding it must:

- * be necessary for the improvement of intercity bus service.

VII. Evaluation Criteria

Applications received by IDOT will be reviewed and ranked according to the following:

A. Factors considered in project selection:

- * demonstrated need for the project.
- * timetable for implementation (all projects considered for funding must be capable of being obligated to a Sec 18 POP within six months).
- * local funding sources (if required).
- * project type (operating, capital, technical assistance).

B. Funding priorities:

- 1st- operating assistance to provide intercity bus service which is a component of an existing Sec 18 project.
- 2nd- operating assistance to provide expanded service to an existing Sec 18 intercity bus project.
- 3rd- operating assistance for new intercity bus service.
- 4th- capital and technical assistance projects in support of intercity bus service.

Rolling stock capital projects will be given highest priority followed by technical assistance and non-rolling stock capital projects.

Eligible projects will be funded based on project type and availability of financial resources. If all eligible projects within a priority category can not be funded, the selection be at the discretion of the Department. Also, the Department has the discretion to approve any eligible project based on project readiness, avoiding lapsing federal funds, obtaining other federal funds (i.e., joint use facilities in urban areas), any other factors approved by the Director of DPT for the efficient use of the federal funds.

VIII. Eligible Costs

Following FTA guidelines, the funding percentages eligible for reimbursement of project costs are detailed below.

- A. Operating: up to 50% of the operating deficit and 80% of the project administration expenses in accordance with FTA Circular 9040.1C and the ILCS.

Option A (for existing service)- Eligible operating and administrative expenses as well as operating revenues for intercity bus service will be determined using a mileage allocation formula. By this method Sec 18 and 18(i) expenses and revenues would not be reported separately. Rather, the portion of the total Sec 18 service operating deficit and administrative expense would be determined by the ratio of intercity bus service mileage as a percentage of the total Sec 18 service mileage. For example, if the Sec 18(i) portion of a grantee's total Sec 18 service is 10%, then 10% of the total Sec 18 operating deficit and administrative expenses would be eligible for Sec 18(i) funding and requisitioned for reimbursement as such.

This method requires the grantee to accurately document the total Sec 18 and Sec 18(i) mileage for each requisition period. This would be accomplished by having each vehicle trip mileage recorded and identified as either intercity or regular. In order to avoid any confusion, a vehicle trip must be classified in whole as either intercity bus or regular service based on the definition provided in part II A above.

Option B (for existing, expanded, or new service)- Eligible operating and administrative expenses as well as operating revenues for intercity bus service will be detailed by the grantee under a separate budget or an amendment to their existing Sec 18 budget. Under this option operating and administrative expense line items for Sec 18(i) service would be determined by either the allocation formula detailed above or documented direct expenses. Also, intercity bus revenues would have to be kept track of separately and applied directly to calculating the intercity bus operating deficit.

This option requires the grantee to keep detailed records of all revenue and expenses and to submit two sets of data (Sec 18 and 18(i)) with each requisition.

- B. Capital: up to 80% in net costs in accordance with FTA Circular 9040.1C and Section 740/3-1.08 of the ILCS.
- C. Technical assistance: up to 100% in accordance with FTA Circular 9040.1C and the ILCS.
- D. Statewide planning: 100% of expenses up cap (15% of federal appropriation), then 80%.

NON-VEHICLE CAPITAL ASSET INVENTORY

To be submitted with
Section 5311 Operating Assistance Applications

Please complete the following section as thoroughly as possible. Include all capital assets funded either through the Federal Transit Administration or the State of Illinois, with an original purchase cost greater than \$300—excluding vehicles. Attach additional pages if necessary. All vehicles should be included on the attached Vehicle Asset Inventory (Exhibit H).

<u>Capital Asset</u>	<u>Contract Number</u>	<u>Original Cost</u>	<u>Date of Purchase</u>	<u>Condition Good/Fair/Poor</u>
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____
11. _____	_____	_____	_____	_____
12. _____	_____	_____	_____	_____
13. _____	_____	_____	_____	_____
14. _____	_____	_____	_____	_____
15. _____	_____	_____	_____	_____
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38. _____
39. _____
40. _____

Vehicle Inventory Data Sheet

Directions: Please submit a Vehicle Inventory Data Sheet for each vehicle that does not appear on the Vehicle Inventory Summary.

Date _____

Vehicle Identification Number (VIN) _____

Vehicle Operator _____

Vehicle Owner _____

Vehicle Purchasing Funds
(Check the box of the funding source and complete information)

Funded through Federal Transit Administration:

CAP - _____

IL - _____

Funded through the state only

CAP - _____

100% Local

Leased From _____

Vehicle Type
(check one)

- Car
- Minivan
- Raised Roof Van
- Medium Duty Paratransit
- Heavy Duty Paratransit
- School Bus
- Transit Bus (Please specify: _____)

Vehicle Status
(check one)

- 1: in-operable, vehicle unused and repairs too costly for worth of vehicle
- 2: poor condition, vehicle presents a safety hazard and is used sparingly
- 3: poor condition, significant repairs necessary
- 4: back-up, vehicle is used less than 50 miles per year
- 5: decent condition, minor repairs necessary
- 6: good condition, reliable
- 7: good condition, frequently used
- 8: new

Current Mileage _____ Mileage Date ____/____/____

Model Year _____ Chassis Manufacturer _____

Body Manufacturer _____ Body Type _____

Original Cost _____ Delivery Date ____/____/____

Number of Seats _____ Number of Wheel Chair Positions _____

Lifts or Ramps? (circle one) Lift Ramp None

Vehicle Length (transit only) _____

Comments _____

2001

IDOT/DPT FY 2000 SECTION 5311 VEHICLE INVENTORY SUMMARY

Exhibit H

- Vehicle Condition Code**
1. In-operable, repairs too costly
 2. Poor, safety hazard
 3. Poor, needs repairs
 4. Back-up, not used much
 5. Decent, minor repairs necessary
 6. Good, reliable
 7. Good, frequently used
 8. New

Directions: Please review the following information, make any corrections necessary, and update the mileage, corresponding mileage date (mm-dd-yy), and vehicle condition codes. Cross out any vehicles that appear on this inventory that are not operated by your agency. Please complete a Vehicle Data Sheet for each vehicle that does not appear on this inventory summary and that is operated by your agency. Please supply accurate data for any additional information that is missing on this summary inventory.

VIN	Owner	Chassis		Vehicle Type	Date		Current Vehicle Condition
		Year	Manufacturer		Mileage Obtained	Current Mileage	

Signature

EXHIBIT K

INDIRECT COSTS PROPOSALS

PREPARATION OF AN INDIRECT COST RATE PROPOSAL

Before reviewing how to calculate the indirect cost rate, the definitions of several key terms must be reviewed.

Definitions

1. "Indirect cost rate proposal" means the documentation prepared by the grantee or operator to substantiate its request for the establishment of an indirect cost rate.
2. "Indirect cost rate" is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.
3. "Indirect cost pool" is the accumulated costs that jointly benefit two or more programs or other cost objectives.
4. "Base" means the accumulated direct costs (normally total direct costs exclusive of any extraordinary or distorting expenditures) used to distribute indirect costs to individual Federal awards. The direct cost base selected should result in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from the costs.
5. "Provisional rate" means a temporary indirect cost rate applicable to a specified period that is used for funding, interim reimbursement, and reporting indirect costs on Federal awards pending the establishment of a "final" rate for that period.
6. "Final rate" means an indirect cost rate applicable to a specified past period which is based on the actual allowable costs of the period. A final audited rate is not subject to adjustment.
7. "Base period" for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to activities performed in that period. The base period normally should coincide with the governmental unit's fiscal year, but in any event, shall be so selected as to avoid inequities in the allocation of costs.

IDOT Procedures for Preparing an Indirect Cost Proposal

To facilitate the process for grantee preparation and IDOT approval of indirect cost proposals, IDOT has developed a simplified approach for grantees and operators.¹ For most grantees and operators, the use of the described approach will be appropriate, however, IDOT recognizes that the complexity of some organizations may require a more detailed approach. Additionally, nonprofit organizations that receive more than \$10 million in Federal assistance in any one accounting period will not be able to use

¹ Note to CPA's and accountants: The approach adopted by IDOT is based on the procedures outlined in *Cost Principles And Procedures For Developing Cost Allocation Plans And Indirect Cost Rates For Agreements With The Federal Government*, prepared by the U.S. Department of Health and Human Services (ASCM C10), April 9, 1997. Refer to Section 6 and the discussion of the "simplified method" for preparing and indirect cost rate proposal.

this approach. Alternative approaches, whether dictated by regulation or for consistency with current practices, will be acceptable to IDOT provided they conform to OMB guidelines, and will be handled on a case-by-case basis.

During the initial sample period, grantees will need to establish total direct and indirect costs for all agency operations. A schedule must be prepared showing each direct cost objective (e.g., each major agency function or Federal grant program) as a separate column in the schedule. Indirect costs, or costs that are not readily assignable directly to one of the Federal grant programs, will be shown in another column.

The following steps outline this procedure.

Step 1: Assemble Cost Data

Costs for a known accounting period are assembled. Initially, this period, will be January 1, 2000 through March 31, 2000. Thereafter, the accounting period or base period for which costs will be assembled will correspond to the grantee or operator's own fiscal year or period covered by audit.

The following outlines guidance on documentation requirements to support labor costs charged under the Section 5311 program:

Documentation Requirements for Personnel Expenses under IDOT Section 5311 Grants

Policy and Applicability

IDOT policies for allowable personnel expensed conform to the requirements set forth in OMB circular A-87.

When employees work on multiple activities for cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation which meets the standards set forth below, unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Grantees or operators who have such approval must submit documentation of cognizant/Federal agency approval to IDOT. Otherwise the following requirements apply to all grantees and operators:

DOCUMENTARY SUPPORT FOR LABOR CHARGES IS REQUIRED FOR ALL EMPLOYEES WHO WISH TO BE REIMBURSED BY THE SECTION 5311 PROGRAM.

Documentation Requirements

Personnel activity reports or equivalent documentation must be maintained by the grantee or operator meeting the following standards:

- They must reflect an after-the fact distribution of the actual activity of each employee,
- They must account for the total activity for which each employee is compensated,
- They must be prepared at least monthly and must coincide with one or more pay periods, and
- They must be signed by the employee and approved by a supervisor when applicable.

Step 2: Classify Costs as Direct or Indirect Costs

Once cost data are assembled, costs must be classified as either direct or indirect in accordance with the organization's policies and OMB Circular A-87 or OMB Circular A-122, as applicable (Attachment A). In classifying costs, the following "rules" must be followed:

- Costs must be treated consistently among all Federal awards.
- Costs must reflect all applicable credits.
- Direct costs must exclude capital expenditures and depreciation.

Step 3: Total Cost Data

Summary tabulations should be made regarding cost data. The following information should be calculated:

- Total Direct Costs, by Cost Objective or Program
- Total Indirect Costs

(See Attachment B)

Step 4: Calculate Indirect Cost Rate (see Attachment C: "Sample Calculation of Indirect Cost Rate")

Using the data from Step 3, the indirect cost rate should be calculated using the following formula:

$$\text{Indirect Cost Rate} = \text{Total Indirect Costs} / \text{Total Direct Costs}$$

The result of the calculation should be expressed as a percentage. For example:

Assume:

Total Indirect Costs = \$21,133 - January 2000 through March 2000
Total Direct Costs = \$341,728 - January 2000 through March 2000
The indirect cost rate would be:

$$\text{Indirect Rate} = \$21,133 / \$341,728 = 6.18\%$$

The indirect cost rate would then be applied to all direct costs during each requisition period. Total costs eligible for reimbursement would equal the sum of direct costs plus indirect costs less applicable credits. For example, if direct costs during the invoicing period were \$178,875, the following would apply:

$$\text{Total Eligible Section 5311 Cost} = \text{Direct Cost} + (\text{Direct Cost} \times \text{Indirect Cost Rate})$$

Using the figures cited above:

$$\text{Total Eligible Section 5311 Costs} = \$178,875 + (\$178,875 \times 0.0618)$$

$$\text{Total Eligible Section 5311 Costs} = \$178,875 + (\$11,054)$$

$$\text{Total Eligible Section 5311 Costs} = \$189,929$$

Total Section 5311 costs claimed would be \$189,929.

SUBMISSION AND DOCUMENTATION OF INDIRECT COST PROPOSALS

Contents of an Indirect Cost Proposal Submission

Most grantees and operators participating in the Section 5311 program do not meet Federal standards for direct submission of indirect cost proposals to a cognizant Federal agency. Federal requirements merely require that the grantee keep on file documentation to support its indirect cost rate computations. To claim indirect costs under the Section 5311 program, IDOT will require written submission of the indirect cost proposal.

If acceptable, IDOT will utilize the proposal to establish a provisional indirect cost rate that will be applicable to all requisitions for payment for a specified period (e.g., one-year). At the close of the period, actual data must be submitted to establish a final rate. Claims for reimbursement may be adjusted upward or downward, depending upon the final rate. In no instance, however, will the amount of Section 5311 financial assistance exceed that maximum amount provided for in the grant agreement.

Indirect cost proposal submissions to IDOT should include the following elements:

- (1) Cover letter indicating the rates proposed and any special circumstances in the development of your organization's indirect cost rate proposal.
- (2) A chart showing the organizational structure of the organization during the period for which the proposal applies, along with a functional statement(s) noting the duties and/or responsibilities of all units that comprises the agency. This statement should provide sufficient detail about the functions that are performed by component units to permit the proposal reviewer to differentiate levels of benefit provided and received within the organization.
- (3) A statement indicating the rate proposed, including subsidiary work sheets and other relevant data, cross-referenced and reconciled to the financial data must be submitted.
- (4) A table indicating labor hours for all direct and indirect functions for the time period.
- (5) A copy of the financial data upon which the rate is based.
- (6) The approximate amount of direct base costs incurred under Federal awards, broken out between salaries and wages and other direct costs.

Final Rate Adjustment

When the audited data is available for FY2000, the grantee and/or operator will calculate a provisional rate to submit with the FY2002 application, based on the actual audited data for FY2000. The provisional rate for the FY2002 application will be the final actual indirect cost rate for FY2000. Once the final rate for FY2000 becomes available, the applicant will compute the amount of eligible Section 5311 reimbursement

for FY2000 and make the adjustment on its final Section 5311 Annual Financial Report for FY2000.

Certification

Indirect cost rates must be certified by the submitting entity. The required certification is contained in Attachment D to this document. The certificate must be signed on behalf of the grantee and/or operator by an individual at a level no lower than chief financial officer of the organization that submits the indirect cost proposal.

Attachment A
Applicable Federal Cost Guidance

Grantee or Operator Organizational Status	Applicable Circular	Title	Date	Governing Cost Principles	Indirect Cost Guidance
Local Government	OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments	May 4, 1995 (with amendments on 8/29/97)	OMB Circular A-87, Attachment A	OMB Circular A- Attachments C &
Transit Districts	OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments	May 4, 1995 (with amendments on 8/29/97)	OMB Circular A-87, Attachment A	OMB Circular A- Attachments C &
Private Nonprofit Corporations	OMB Circular A-122	Cost Principles for Non-Profit Organizations	May 9, 1998	OMB Circular A-122, Attachment B	OMB Circular A-1 Attachment A
Educational Institutions	OMB Circular A-21	Cost Principles for Educational Institutions	October 27, 1998	OMB Circular A-21, Attachment J	OMB Circular A- Attachments E-

Attachment B
Suggested Guidelines for the Classification of Costs
Under the Section 5311 Program

Obj. Code	Description	Direct	Indirect	Other	Comments
501.01	Operator's Salaries & Wages	X			Operator's salaries dedicated to the Section 5311 program are direct expenses. If the driver engages in other services, such as home delivered meals, the direct labor expenses should be charged to the meals program. Salaries of a branch related trainer are direct expenses. Salaries of a dispatcher are directed expenses. Administrative salaries are direct expense if the personnel in these positions keep detailed timesheet so that actual activity spent on the Section 5311 program is recorded. If such time activity is not recorded as a matter of agency policy, costs would be eligible as an indirect expense. May vary depending upon position.
501.02	Training Salaries & Wages	X			
501.03	Dispatcher's Salaries & Wages	X			
501.04	Administrative Salaries & Wages	X	X		
501.99	Other Salaries & Wages	X	X		
502.01	FICA	X	X		The classification of fringe benefits as direct or indirect follows the same classification made under the 501 account codes. If a position is classified as direct, all associated fringe benefits would be direct expenses. If a position is indirect, all fringe benefits are similarly classified as indirect expenses.
502.02	Pensions & Long Term Disability	X	X		
502.03	Health Insurance	X	X		
502.04	Demal Plans	X	X		
502.05	Life Insurance	X	X		
502.06	Short Term Disability	X	X		
502.07	Unemployment Insurance	X	X		
502.08	Worker's Compensation	X	X		
502.09	Sick Leave	X	X		
502.10	Holiday	X	X		
502.11	Vacation	X	X		
502.12	Other Paid Absence	X	X		
502.13	Uniform Allowance	X	X		
502.99	Other Fringe Benefits	X	X		
503.01	Management Services	X			Transit management services are direct expenses Advertising is generally program specific and established as directly benefiting the transit program. This is a direct expense. Technical or consulting services performed exclusively for the transit program are direct expenses. Other professional services, such as accounting and audit services, performed for the benefit of the entire agency, are indirect expenses. Temporary services are generally hired to directly benefit a program (e.g., bus survey checkers). In such cases, the costs would be direct. If the temporary help is performing accounting or other functions that are included in indirect costs, the temporary services would also be indirect. Maintenance is performed on a per vehicle basis with vehicles being readily identifiable under the Section 5311 program. These are direct expenses. Custodial and security services, if related to a building that is shared among programs, is typically an indirect expense. Will vary depending upon the service provided.
503.02	Advertising Services	X			
503.03	Professional & Technical Services	X	X		
503.04	Temporary Services	X			
503.05	Contract Maintenance	X			
503.06	Custodial Services		X		
503.07	Security Services		X		
503.99	Other Services				
504.01	Fuel & Lubricants Consumed	X			Costs associated with the operation and maintenance of transit vehicles (both revenue and non-revenue vehicles) are direct expenses.
504.02	Tires & Tubes Consumed	X			
504.03	Inventory Purchases	X			
504.99	Other Materials & Supplies	X	X		

Obj. Code	Description	Direct	Indirect	Other	Comments
505.02	Telephone	X	X		If separate phone service exists for the transit program, all expenses are direct. If a single phone service is used for all programs, it may be that only the long distance charges are easily assignable to individual programs. Depending upon the phone company billing methods and the complexity to segregate charges, costs may direct or indirect.
505.99	Other, i.e. Natural Gas, Electric, etc.	X	X		Building utility charges should be treated in the same manner as building lease charges.
506.01	Physical Damage Insurance	X			Expenses associated with insurance obtained directly for the transit program (e.g., insurance on vehicles) General building liability, board member
506.03	Liability & Property Insurance	X			
506.04	Uninsured Settlements	X			
506.05	Provisions for Uninsured Settlements	X			
506.06	Recoveries of Settlements	X			
506.08	Other Corporate Insurance		X		
506.99	Other Insurance		X		
507.04	Licensing & Registration Fees	X			
508.00	Purchased Transportation	X			
509.01	Dues & Subscriptions	X			
509.02	Travel & Meetings	X			
509.03	Bridge, Tunnel, & Highway Tolls	X			
509.04	Entertainment Expense	X			
509.05	Charitable Donations	X			
509.06	Fines & Penalties	X			
509.07	Bad Debt Expense	X			
509.08	Advertising/Promotion Media	X			
511.01	Long Term Debt Obligation	X			
511.02	Short Term Debt Obligation	X			
512.01	Transit Way Structures, etc.	X			Costs associated with the operation of dedicated facilities and services are all direct costs.
512.02	Passenger Stations	X			
512.03	Passenger Parking Facilities	X			
512.04	Passenger Revenue Vehicles	X			
512.05	Service Vehicles	X			
512.06	Operating Yards or Stations	X			
512.07	Maintenance Facilities	X			
512.10	Data Processing Facilities	X			
512.11	Revenue Collection Facilities	X			
512.12	Other Administrative Facilities	X	X		
513.00	Depreciation & Amortization			X	Depreciation expenses on assets acquired with Federal funds are not allowable under the Section 5311 program.
530.00	Contributed Services	X	X		Will vary depending upon the nature of the contributed good or service.
550.00	Ineligible Expenses			X	

ATTACHMENT C

**SAMPLE
CALCULATION OF INDIRECT COST RATE
JANUARY 2000 THROUGH MARCH 2000**

	<u>DIRECT OUTREACH</u>	<u>DIRECT DEPT ON AGING</u>	<u>DIRECT TRANSPORTATION</u>	<u>TOTAL DIRECT</u>	<u>INDIRECT</u>	<u>TOTAL</u>
LABOR	28,378.00	109,312.00	150,780.00	288,471.00	15,500.00	\$303,971.00
FRINGE	4,374.00	15,906.00	31,999.00	52,279.00	3,250.00	\$55,529.00
SERVICES	230.00	87.00	463.00	780.00	100.00	\$880.00
MATERIALS/SUPPLIES	626.00	90.00	738.00	1,454.00	25.00	\$1,479.00
UTILITIES	137.00	138.00	698.00	971.00	438.00	\$1,409.00
CASUAL & LIABILITY	2,170.00	914.00	413.00	3,497.00	2,000.00	\$5,497.00
TAXES	72.00	42.00	48.00	162.00	-	\$162.00
INTEREST	50.00	38.00	88.00	176.00	-	\$176.00
LEASE & RENTALS	242.00	572.00	3,500.00	4,314.00	-	\$4,314.00
DEPRECIATION *	(421.00)	(105.00)	(9,850.00)	(10,376.00)	(180.00)	(10,556.00)
TOTAL FUNCTIONAL EXPENSES	\$35,861.00	\$128,992.00	\$178,675.00	\$341,728.00	\$21,133.00	\$362,861.00

TOTAL INDIRECT COSTS = \$21,133.00

TOTAL DIRECT COSTS = \$341,728.00

INDIRECT COST RATE = \$21,133.00 / \$341,728.00 = 6.18%

TOTAL ELIGIBLE SECTION 5311 COST = TRANSPORTATION DIRECT COST (\$178,675.00) + (DIRECT COST X INDIRECT COST RATE)

\$178,675 + (\$178,675 X 6.18%)

\$178,675 + \$11,054

TOTAL ELIGIBLE SECTION 5311 COST = \$189,729 - BROKEN DOWN BETWEEN OPERATING AND ADMINISTRATION

* NOT AN ELIGIBLE EXPENSE ITEM

Attachment D

Certificate of Indirect Costs

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

All costs included in this proposal [identify date] to establish billing or provisional indirect costs rates for [identify period covered by rate] are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Circular A-87, "Cost Principles for State and Local Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost rate proposal.

All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Section 5311 Grantee/Operator: _____

Signature: _____

Name of Official: _____

Title: _____

Date of Execution: _____

AFFIRMATION OF GRANTEE'S ATTORNEY

For _____ (Name of Grantee)

As the undersigned legal counsel for the above named Grantee, I hereby affirm that the Grantee has authority under state and local law to make and comply with the certifications and assurances as indicated on the foregoing pages. I further affirm that, in my opinion, the certifications and assurances have been legally made and constitute legal and binding obligations on the Grantee.

I further affirm that, to the best of my knowledge, there is no legislation or litigation pending or threatened that might adversely affect the validity of these certifications and assurances, or of the performance of the project.

Grantee's Attorney

Date

JOINT CERTIFICATION AND ASSURANCES FOR IDOT & FTA PROGRAMS

Name of Grantee: _____

Name of Authorized Representative: _____

Relationship of Authorized Representative: _____

BY ENDORSING THIS SIGNATURE PAGE, I, _____

declare that I am duly authorized by the Grantee to make the certifications and assurances on behalf of the Grantee and bind the Grantee to comply with them. Thus, when its authorized representative signs this document, the Grantee agrees to comply with all state and federal statutes, regulations, executive orders, and administrative guidance required for any application it makes to the Federal Transit Administration (FTA) and Illinois Department of Transportation (IDOT).

IDOT and FTA intend that the certifications and assurances apply, as required, to each project for which the Grantee seeks now, or may later seek FTA or IDOT assistance.

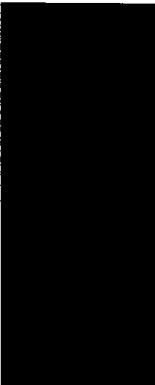
The Grantee affirms the truthfulness and accuracy of the certifications and assurances it has made in the statements submitted herein with this document and any other submission made to FTA or IDOT, and acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, 31 U.S.C. 3801 *et seq.*, as implemented by U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR part 31 apply to any certification, assurance or submission made to IDOT or FTA. The criminal fraud provisions of 18 U.S.C. 1001 apply to any certification, assurance, or submission made in connection with the FTA and IDOT formula assistance program for urbanized areas, and may apply to any other certification, assurance, or submission made in connection with any program administered by FTA or IDOT.

In signing this document, I declare under penalties of perjury that the foregoing certifications and assurances, and any other statements made by me on behalf of the Grantee are true and correct.

Date

Authorized Representative of Grantee

**E. 3 Non Metro Area Program
Capital Assistance Application**



ILLINOIS DEPARTMENT OF TRANSPORTATION
DIVISION OF PUBLIC TRANSPORTATION
DOWNSTATE NON-METRO AREAS
SMALL CAPITAL ASSISTANCE APPLICATION
FISCAL YEAR 2002

March 7, 2001

INTRODUCTION

Statutory Authority

Under provisions in the Civil Administrative Code of Illinois [20 ILCS 2705/49 et seq.], the Illinois Department of Transportation is authorized to make grants to municipalities, mass transit districts, and mass transit carriers for the improvement of mass transportation facilities.

Project Eligibility

Small capital grants are made for equipment other than spare parts, rolling stock or facilities that retain, upgrade, or expand existing nonmetro public transportation service. Local share is not required. In some instances however, capital assistance funding may constitute only a portion of total project costs based on a determination of transit benefit, delineation of a specific scope of work, or an allocated portion of total cost. Not eligible are fare subsidies, operating expenses, routine maintenance and service, administrative expenses, planning studies, vehicle acquisition which is available under separate grant programs and any other costs which are of a non-capital nature. Costs or obligations incurred prior to grant approval are ineligible for reimbursement unless specifically authorized in writing by the Department.

Application Processing

Required application items are listed on the attached checklist. Upon receipt of an application, the Department will issue a letter of acknowledgment. In the acknowledgment, the applicant will be advised of any missing or supplemental information required with respect to checklist items, or other supporting documentation. Acknowledgment of the application is an assurance that the Department will review the application; it does not obligate the Department to approve a project. However, the Department considers the application as representing the applicant's intent to undertake the proposed project promptly if approved.

In the course of its review and evaluation of an application, the Department may require the applicant to submit additional information in support of the proposed project. When the Department is satisfied that all information necessary for evaluation of the application has been submitted, a final review will be undertaken. Projects will be judged on the basis of consistency with, and achievement of program goals and objectives, public transportation system needs, regional impact, and funding availability.

Once review of the application is complete, the Department will recommend its approval to the Governor. Upon approval by the Governor, the Department will process grant contracts for execution by the applicant and the Department.

Application for Downstate Non-metro Areas Small Capital Assistance Grant

Checklist

Instructions for this application are contained in Appendix D.

Below is a checklist provided to assist preparers of applications in meeting all of the requirements of the application process. All items are required unless otherwise indicated. Completed applications should be sent to the following address.

Dale Fitschen
Section Chief, Downstate Urban Area Programs
Illinois Department of Transportation
Division of Public Transportation
310 S. Michigan Avenue, Room 1608
Chicago, IL 60604

Check List Key: Item Enclosed

- 1. Completed Application Form
 - A. Project Description
 - B. Project Justification
 - C. Proposed Project Budget
 - D. Implementation Schedule
 - E. Non-Participating Costs
- 2. Public Notice (Appendix A). A combined Public Notice may be used for both the operating assistance and small capital application.
- 3. Opinion of Counsel (Appendix B). A combined Opinion of Counsel may be used for both the Section 5311 operating assistance and small capital applications.
- 4. Applicant's Governing Board Resolution (Appendix C)) A combined Governing Board Resolution maybe used for both the operating assistance and small capital application.

Note: Include this checklist with the application submittal (indicate by cover letter items which are pending).

**State of Illinois
Department of Transportation
Division of Public Transportation**

**Downstate Non-metro Areas Grants Program
Application for Small Capital Assistance Grant**

Legal Name of Applicant	Date of Application	
Street Address, City, and Zip Code		
Contact Person	Title	Telephone Number

The _____ hereby applies to the Illinois Department of Transportation for a Capital Improvement Grant. Required resolutions, certifications and other documents in support of this grant request are attached and are considered a part of this application.

Project Description (attach additional pages if necessary)
--

In support of this application, I offer the above data and attached supporting documents as required. I certify that the statements herein and in the supporting documents are correct and complete.

Applicant

Date

Name of Authorized Official

Title

Signature

Attest

Project Justification (attach additional pages if necessary)

Proposed Project Budget

Project Element Description	Budget Amount
TOTAL	\$

Appendix A: Public Hearing Notice (Sample Language)

Notice of Public Hearing (Name of Applicant)

RE: Capital Assistance Grant, Illinois Downstate Non-metro Areas Grants Program for Capital Improvements to *(Description and Location of Project Facilities)*

I. Notice is hereby given that a public hearing will be held by the *(Name of Applicant)*.

Date:
Time:
Room:
Place:

For the purpose of considering a project for which financial assistance is being sought from the Illinois Department of Transportation, pursuant to their Downstate Non-metro Area Grants Program. The project is generally described as follows:

- A. Project Description: *(Brief Description of the Project Including Nature, Size, Location and Limits)*.
- B. Relocation: Relocation Assistance will not be required.
- C. Environment: This project is being implemented with no environmental impacts.
- D. Comprehensive Planning: This project is in conformance with comprehensive transportation planning in the area.
- E. Elderly and Handicapped: All new facilities included in this project will be accessible to the elderly and handicapped.

II. At the hearing, the *(Name of Applicant)* will afford an opportunity for interested persons or agencies to be heard with respect to the social, economic, and environmental aspects of the project. Interested persons may submit orally or in writing evidence and recommendations with respect to said project.

III. The *(Name of Applicant)* requests that any hearing impaired person wishing to attend this Public Hearing notify the *(Applicant Contact Person & Telephone No.)* at least one week before the scheduled hearing date so that arrangements can be made to provide an interpreter.

IV. A copy of the application for a state grant for the proposed project will be made available for public inspection at *(Name & Address of Applicant)*.

(Contact Person Name), (Title)
(Address)
(Telephone)

Appendix B: Opinion of Counsel (Sample Language)

Opinion of Counsel

I, the undersigned am an attorney, licensed by and duly admitted to practice law in the State of Illinois and am counsel for and attorney for the *(Name of Applicant)*. In this capacity, my opinion has been requested concerning the eligibility of the *(Name of Applicant)* for grant assistance under the provisions of the Civil Administrative Code of Illinois [20 ILCS 2705/49 et seq.]. You are hereby advised as follows:

1. The *(Name of Applicant)* is an eligible recipient as defined in state regulations.
2. There are no provisions in the *(Name of Applicant)*'s charter or by-laws or in the statutes of the State, the United States of America, or any other local ordinances that preclude or prohibit the *(Name of Applicant)* from making said application for or contracting with the State for the purpose of receiving a State capital improvement grant.
3. The undersigned has no knowledge of any pending or threatened litigation, in either Federal or State courts which would adversely affect this application, or which seeks to prohibit the *(Name of Applicant)* from contracting with the State for the purpose of receiving a State small capital improvement grant.

Based upon the foregoing, I am of the opinion that the *(Name of Applicant)* is an eligible recipient under the provisions of the Act, and that it is fully empowered and authorized to apply for and to accept the grant from the State.

Signature: _____
(Attorney's Name)

Attorney for: *(Name of Applicant)*

Date: _____

Appendix C: Governing Board Resolution (Sample Language)

Resolution

No. _____

Resolution authorizing application for a Public Transportation Capital Assistance Grant under the Illinois Department of Transportation's general authority to make such Grants.

WHEREAS, The provision and improvement of public transportation facilities is essential to the development of a safe, efficient, functional public transportation system; and

WHEREAS, The Illinois Department of Transportation's authority to make such Grants, makes funds available to offset certain capital costs of providing and improving public transportation facilities; and

WHEREAS, Grants for said funds will impose certain obligations upon the recipient.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE
(Name of Applicant) :

Section 1. That an application be made to the Division of Public Transportation, Department of Transportation, State of Illinois, for a financial assistance grant under the Illinois Department of Transportation's general authority to make such Grants, for the purpose of off-setting certain public transportation facility capital costs of (Name of Applicant).

Section 2. That (Designated Official) of the (Name of Applicant) is hereby authorized and directed to execute and file on behalf of the (Name of Applicant) such application.

Section 3. That the (Designated Official) of the (Name of Applicant) is authorized to furnish such additional information and to file such documents as may be required to perform the Agreement and to receive the Grant. **[NOTE: This should be the title(s) of the individual(s) who will actually submit and sign any required additional information, bid documents, requisitions in support of this grant, other than the state grant agreements.]**

Section 4. That (Designated Official) of the (Name of Applicant) is hereby authorized and directed to execute and file on behalf of the (Name of Applicant) all required Grant Agreements with the Illinois Department of Transportation.

PRESENT and ADOPTED the _____ day of _____, 19__

(Signature of Official)

ATTEST: _____

Title

Title

Appendix D Instructions

These instructions have been developed to assist agencies in completing the application form and in complying with program requirements. Applicants should review the requirements carefully. Failure to comply with any requirements may delay or disqualify applications from consideration.

CHECK-LIST

Use this page as a check-off list of the items enclosed in the application package. Mark each item with a check as it is completed. Mark any item(s) not required with "N/A" (not applicable).

PREPARING THE APPLICATION FORM

Applicant - Name of applicant organization, must be a municipality, county, or transit district.

Date of Application - Show the actual date the application is completed and mailed to the Department.

Address - Show the agency's complete mailing address.

Contact Person - Identify the name, title, and phone number of the person responsible for completing the application form.

Project Description - Describe the nature, size, location, and limits of all elements of the proposed project scope; for equipment, describe its use. If the scope-of-work proposed for Downstate Non-metro Areas grant funding is part of a larger project, describe its relationship to the larger project and whether this scope can function on a stand-alone basis.

Project Justification - Indicate why the proposed project is necessary. Current conditions including any operational, design and capacity deficiencies should be discussed. Describe how the proposed improvement will ameliorate such conditions. Describe how the equipment will either expand current capabilities or replace other equipment. Applicants are advised to focus on project justification within the context of benefits to the transit system and its patrons.

Proposed Project Budget - Show line items with estimated costs by project element (copier, bus shelter, tools, etc.). Explain the basis for the cost estimate. A 10% contingency line item should also be included.

Non-Participating Costs - If the proposed scope-of-work to be funded through Downstate Non-metro Areas will not function on a stand-alone basis, please indicate the source and amount of other funding.

PUBLIC NOTICE

Sample Opportunity for Public Hearing and Public Hearing notices are attached as Appendix A. For all capital projects funded through this program the applicant must afford the public an opportunity to comment on the proposed project. This may be accomplished by

conducting a public hearing, or by placing an advertisement describing the project in a newspaper with local circulation to determine the public's interest in holding a public hearing. Submit certificates of publication, and if a public hearing is held, an attendance list, written comments, and report (transcript) of proceedings

A combined public hearing may be used for both the Section 5311 operating assistance and small capital applications.

OPINION OF COUNSEL

An opinion of the applicant's legal counsel is required stating that the applicant is legally organized, is empowered (eligible) to apply for, and receive the requested grant, and that there is no pending or threatened litigation that would adversely affect the applicant's ability to receive the requested funds. A sample Opinion of Counsel is attached as Appendix B.

A combined opinion of counsel may be used for both the Section 5311 operating assistance and small capital applications.

GOVERNING BOARD RESOLUTION

A resolution must be passed by the applicant's governing board authorizing the filing of the application and execution of required grant agreement. A sample Governing Board Resolution is attached as Appendix C.

A combined governing board resolution may be used for both the Section 5311 operating assistance and small capital applications.

E. 4 Section 5311 Annual
Financial Report (and Sample)



 (Service Provider Name)
 Section 5311 Annual Financial Report
 Operating Period July 1, _____ to June 30, _____
 Contract Number _____

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	
402	Special Transit Fares	
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
440	Other:	
	Total Revenue	\$0
	Less: Non- 5311 Operating Revenues	
	Section 5311 Operating Revenue	\$0

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor			\$0.00
502	Fringe Benefits			0.00
503	Services			0.00
504.01	Fuel and Oil			0.00
504.02	Tires and Tubes			0.00
504.99	Other Materials			0.00
505	Utilities			0.00
506	Casualty and Liability			0.00
507	Taxes			0.00
509	Miscellaneous			0.00
511	Interest Expense			0.00
512	Lease and Rentals			0.00
	Other:			0.00
				0.00
				0.00
				0.00
	Total Expenses	\$0.00	\$0.00	\$0.00

(Service Provider Name)
Section 5311 Grant Reimbursement
 FY ____

	Administrative Expenses	Operating Expenses	Total	
1) Expenses: Per Single Audit			\$0	
2) Less: Ineligible Expenses per Single Au			\$0	
3) Net Eligible Expenses ((1)-(2))	\$0	\$0	\$0	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$0	\$0	
5) Section 5311 Operating Deficit ((3)-(4))		\$0		
6) Section 5311 Deficit ((3)-(4))			\$0	
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant
				Total
A) Eligible Reimbursement Per Percentage	\$0	\$0		\$0
B) Funding Limits per Contract				
C) Maximum Section 5311 Reimbursement (Lesser of Totals for (A) or (B))			\$0	\$0
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee				
E) Amount (Over) Under Paid ((C)-(D))				\$0
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$0	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	
Local Contracts	
In-Kind Services, Subsidies, Donations	
TOTAL LOCAL MATCH	\$0
(Must equal or exceed (F))	

I certify that the costs claimed for reimbursement are adequately supported and the approved cost allocation plan (if applicable) has been followed as provided in the project budget.

Prepared By: _____
 Title: _____
 Date: _____

XYZ TRANSIT DISTRICT
Section 5311 Annual Financial Report
Operating Period July 1, 1994 to June 30, 1995
Contract Number 1234

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$31,940.01
402	Special Transit Fares	0.00
405	Charter Service	0.00
406	Auxiliary Transportation	0.00
407	Non-Transportation Revenue	0.00
440	Other:	0.00
	Total Revenue	\$31,940.01

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$91,950.24	\$272,950.33	\$364,900.57
502	Fringe Benefits	28,541.32	99,972.21	128,513.53
503	Services	19,455.08	2,978.30	22,433.38
504.01	Fuel and Oil	0.00	47,048.58	47,048.58
504.02	Tires and Tubes	0.00	2,715.85	2,715.85
504.99	Other Materials	13,980.17	43,844.26	57,824.43
505	Utilities	18,245.67	0.00	18,245.67
506	Casualty and Liability	26,557.80	0.00	26,557.80
507	Taxes	84.00	0.00	84.00
509	Miscellaneous	34,248.05	0.00	34,248.05
511	Interest Expense	8,351.07	0.00	8,351.07
512	Lease and Rentals	26,317.58	60,870.51	87,188.09
	Other:			
	Total Expenses	\$267,730.98	\$530,380.04	\$798,111.02

XYZ TRANSIT DISTRICT
Section 5311 Grant Reimbursement
FY95

	Administrative Expenses	Operating Expenses	Total	
Expenses: Per Single Audit	\$267,731	\$530,380	\$798,111	
Less: Ineligible Expenses per Single Audit	\$0	\$0	\$0	
Net Eligible Expenses	\$267,731	\$530,380	\$798,111	
Less: Total Operating Revenues (Per Section 5311 Annual Report)		\$31,940	\$31,940	
Section 5311 Operating Deficit		\$498,440		
Section 5311 Deficit			\$766,171	
Section 5311 Reimbursement %	x 80%	x 50%		
				Grant Total
A) Eligible Reimbursement Per Percentages	\$214,185	\$249,220		\$463,405
B) Funding Limits per Contract	N/A	N/A		\$349,408
C) Maximum Section 5311 Reimbursement: (Lesser of (A) or (B))	N/A	N/A	\$349,408	\$349,408
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee	N/A	N/A		\$349,408
E) Amount (Over) Under Paid ((C)-(D))	N/A	N/A		\$0
Grantee Local Match Requirement			\$416,763	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$275,000
Local Contracts	118,909
In-Kind Services, Subsidies, Donations	22,854
TOTAL LOCAL MATCH	\$416,763

I certify that the costs claimed for reimbursement are adequately supported and the approved cost allocation plan of the grantee (if applicable) has been followed as provided in the project budget.

Prepared By: John Smith
Title: CPA
Date: 6/30/95

E. 5 Charter Service Exceptions



E. 5 Charter Service Exceptions

REGULATIONS

1. Charter Services

Charter Service means transportation using buses or vans, or facilities funded by the Federal Transit Administration of a group of persons who pursuant to a common purpose, under a single contract, at a fixed charge (in accordance with the carrier's tariff) for the vehicle or service, have acquired the exclusive use of the vehicle or service to travel together under an itinerary either specified in advance or modified after having left the place of origin.

FTA grantees are prohibited from using federally funded equipment and facilities to provide charter service except on an incidental basis and when one or more of the seven (7) exemptions set forth in 49 CFR Section 604.9 (b) apply.

- ◆ A Section 5311 grantee/operator may provide incidental charter service if it determines, on an annual basis, that there are no private charter operators willing and able to provide the service. An annual public participation process, including publication of a notice that describes the charter services proposed by the grantee/operator, is required before charter services can be performed. If no willing and able private charter operators exist, the grantee/operator can provide charter service for that year.
- ◆ A Section 5311 grantee/operator may provide FTA equipment or services to a private charter operator to satisfy a capacity need or a need for accessible service. In this instance, the grantee/operator must enter into a written agreement with the private charter operator, not the charter customer.
- ◆ A Section 5311 grantee/operator may provide incidental charter service directly to the customer if the service offered by willing and able private charter operators would create a financial hardship on the customer. Hardships may be caused by state required minimum durations or deadheading charges when the distance between the charter origin and the local of the private operator is significant. Service under this exception may be approved by the FTA Regional Administrator and the grantee/operator must provide notice of the request to all private operators at least 30 days in advance of the charter service.
- ◆ A Section 5311 grantee/operator may petition the FTA Regional Administrator provide incidental charter service directly to the customer for special events. The petition must be submitted 90 days prior to the event.
- ◆ A Section 5311 grantee/operator may execute a contract to provide incidental charter service directly to a government entity or private nonprofit organization that is exempt from taxation if one or more of the following conditions apply:
 - A significant number of disabled persons will be passengers on the charter trip;

- The entity is a qualified social service agency; or
- The entity receives or is eligible to receive directly or indirectly from a state or local government welfare assistance funds for purposes whose implementation may require transportation.

When this exception applies, the grantee/operator must obtain a certification from the entity attesting to the fact that one or more of the above conditions apply. A list of Federal funds under this third condition can be found in Appendix A, of 49 CFR part 604.

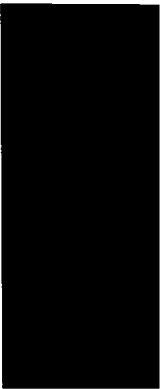
- ◆ A Section 5311 grantee/operator may execute a contract to provide incidental charter service directly to a government entity or private nonprofit organization after obtaining a certificate similar to above.
- ◆ A Section 5311 grantee/operator may execute a contract to provide incidental charter service directly to a charter customer if it has executed a formal agreement with all private charter operators determined to be willing and able to provide service.

Even if the service meets the exceptions noted above, the charter service still must be considered "incidental." Incidental charter service which does not interfere with or detract from the provision of public transportation service or shorten the life of equipment or facilities. Charter services must recover its fully allocated costs, as deficits from allowable incidental charter service are not an eligible operating expense under the Section 5311 program.

Exception	Requirement
<p>Exception 1 - no willing and able private operators (determined through annual notice)</p>	<p>Publish notice of service want to provide Send notice to all known local private operators Send notice to 2 bus industry associations Review evidence submitted by private operators w/in 30 days Make determination Notify each private operator that submitted evidence w/in 60 days Exception valid for one year</p>
<p>Exception 2 - providing FTA-funded vehicles or service to private operators to satisfy a capacity need or a need for accessible equipment (contract with private operator)</p>	<p>Execute contract with private operator to provide vehicles or service for each movement No exclusive arrangements</p>
<p>Exception 3 - in a non-urbanized area, the service offered by willing and able operators creates a hardship due to minimum duration requirements or distance between charter origin and operator location</p>	<p>Petition FTA Regional Administrator Provide notice of request to all private operators Exception valid for one year</p>
<p>Exception 4 – special events (by petition to FTA Administrator)</p>	<p>Petition to FTA Regional Administrator Exception valid for single event</p>
<p>Exception 5 – contract with private, non-profit organizations or governmental entities that certify</p> <ul style="list-style-type: none"> ▪ the trip serves a majority of persons with disabilities ▪ they are qualified social service agencies receiving funds (primarily HHS) as noted in 49 CFR Part 605, Appendix A, ▪ or serve persons receiving public welfare assistance funds (contract and certification) 	<p>Obtain certification from non-profit or governmental entity for each event Execute contract with non-profit or governmental entity Exception valid for single event</p>
<p>Exception 6 - in a non-urbanized area, contracts with a government entity or private, non-profit organization that certifies</p> <ul style="list-style-type: none"> ▪ more than 50 percent of passengers will be elderly (contract and certification) ▪ they are qualified social service agencies receiving funds (primarily HHS) as noted in 49 CFR Part 605, Appendix A 	<p>Obtain certification from non-profit or governmental entity for each event Execute contract with non-profit or governmental entity Exception valid for single event</p>

Exception	Requirement
Exception 7 - formal agreement with all private charter operators	Publish notice of service want to provide Send notice to all known local private operators Send notice to 2 bus industry associations Review evidence submitted by private operators w/in 30 days Make determination Enter into contract with ALL willing and able private operators Exception valid for one year

E. 6 RTAP Advisory Council By-Laws



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E. 6 RTAP Advisory Council By-Laws

ILLINOIS RURAL TRANSIT ASSISTANCE PROGRAM (RTAP)**ADVISORY COUNCIL****BY-LAWS****I. NAME**

The Illinois Rural Transit Assistance Program (RTAP) Advisory Council.

Illinois RTAP Advisory Council Mission: To advise and support the Illinois Rural Transit Assistance Program in the promotion and facilitation of safe and effective delivery of public transportation in non-urbanized (rural and small urban) areas and to more effectively use public and private resources.

II. PURPOSE

The purpose of the Illinois Rural Transit Assistance Program Advisory Council is to provide nonurbanized public transit operators, providers of specialized transportation, as well as public transit operators in small urbanized areas a mechanism for input, comments, suggestions on, and review of, the State of Illinois Rural Transit Assistance Program's development, implementation, and delivery.

III. OBJECTIVES and DUTIES

Specific objectives and duties of the RTAP Advisory Council include but are not limited to the following:

- A. Identify RTAP priorities;
- B. Recommend programs, seminars, conferences, and other devices which when implemented would address the identified priorities;
- C. Review and comment on the Program's development, delivery and progress;
- D. Evaluate and comment on specific components of the Program;
- E. Provide input on the allocation of RTAP resources; and
- F. Provide input and suggestions on additional funding sources.

IV. MEMBERSHIP

The RTAP Advisory Council shall be comprised of nine (9) voting members as follows:

Three Section 5311 representatives

Two Section 5310 representatives

One representative from a rural Mass Transit District

One Section 5310 or Section 5311 representative from the Illinois Public Transportation Association

One representative from the Department of Human Services: Office of Rehabilitation Services

One At Large representative

- A. The Section 5311 operators, Section 5310 grantees, the rural transit district representative, and the member at large shall be appointed by the Director of the Division of Public Transportation, Illinois Department of Transportation (IDOT). Appointments shall be for a term of five (5) years ending on August 31 of the fifth year.
 - B. The designating officials of the State Departments, Councils, and Associations may select their representatives to serve on the Council. These representatives may serve on the Council indefinitely.
 - C. The Advisory Council shall recommend individuals to fill operator and grantee vacancies as they occur.
 - D. The Director of the Division of Public Transportation may reappoint a member to consecutive terms.
 - E. Ad Hoc Members: The Advisory Council may appoint ad hoc members to serve the council. The number of ad hoc members shall not be counted in the number of council members and ad hoc members shall not have voting privileges.
- IDOT: A representative of IDOT shall be appointed to the council as an ad hoc member.

Secretary: A secretary may be appointed to the Council as an ad hoc member to take minutes of open meetings, keep Council records, and handle necessary correspondence.

RTAC: A representative of the RTAC may be appointed to the Council as an ad hoc member to assist in work plan development during open meetings.

V. RESPONSIBILITIES

All members are expected to:

- A. attend meetings as an expression of interest and support;
- B. actively participate in achieving the goals and objectives of the Council;
- C. solicit, accept, and relay input from their constituents; and
- D. select officers, committees, and ad hoc members of the Council;
- E. strive to improve and strengthen programs and research in an effort to improve rural transportation over the long term.

VI. GROUNDS FOR DISMISSAL

Whenever the Council, by majority vote, determines that a member has become injurious to RTAP or the Council, the Council may take action to dismiss the member. Any dismissal will need concurrence from IDOT.

VII. VOTING RIGHTS

Each voting member shall have the right to one vote on matters submitted to the Council for endorsement.

VIII. COMPENSATION

Voting members shall serve without compensation, but may be reimbursed for meals, mileage, and lodging expenses, at current state rates, incurred and related to approved Council meetings. Reimbursements are subject to IDOT approval.

IX. MEETINGS

Regular meetings shall be held at least three (3) times per year, once each in the spring, summer, and fall. During the course of each meeting, the location, time, and date of the next regular meeting shall be determined.

- A. The purpose of the spring meeting shall be to develop a work program for the following contract year.
- B. The purpose of the summer meeting shall be to review and comment on the RTAC proposed work program.
- C. The purpose of the fall meeting shall be to evaluate the prior year's program delivery.
- D. The Council may choose which ad hoc members to invite to any meeting. Conference calls or additional meetings may be called by the Chair of the Council or by majority vote of the Council. Written notice of all meetings shall be sent at least fifteen (15) days prior to the date of such meetings. The notice shall include an agenda, the purpose of the meeting, and the location, date, and time of the meeting.

X. QUORUM

No official business may be conducted unless a quorum of not less than five (5) of the voting members of the Council are present. A simple majority vote of those present is required for Council endorsement.

XI. OFFICES

Offices of the Council shall consist of a Chair and a Vice-Chair. Terms of office will be for a period of two (2) years, and a member may not hold the same office for more than two (2) consecutive terms.

XII. DUTIES OF OFFICERS

The duties of the Chair shall be:

- A. to convene and preside at all meetings;
- B. to develop agendas for meetings;
- C. to ensure submission to IDOT of recommended work programs, evaluations, and any other recommendations endorsed by the Advisory Council; and
- D. to inform the Director of IDOT's Division of Public Transportation of vacated seats on the Council.

XIII. APPROVAL

These By-Laws will be in effect after they are approved by a majority vote of the members of the Advisory Council and approved by IDOT.

XIV. AMENDMENTS

These By-Laws may be altered, amended, or repealed and new By-Laws adopted by a majority vote of Council members present and voting at any regular or special meeting of the Council provided that at least fifteen (15) days written notice is given to each member of the Council. The notice shall include the intent to alter, amend, repeal, or to adopt new By-Laws and shall include a statement of the contemplated changes. However, no amendment will be binding unless approved in writing by the Illinois Department of Transportation.

XV. DISSOLUTION OF ADVISORY COUNCIL

The Director of the Illinois Department of Transportation, Division of Public Transportation, may dissolve the Advisory Council by written notice given to each member of the Council.

Adopted and approved by a majority vote of the RTAP Advisory Council members present at a regular Council meeting held on

January 17, 2001

Date

Tom Zucker 2-16-01

Tom Zucker

Date

Chairperson, RTAP Advisory Council

Approved: [Signature] 2-16-01

David Spacek

Date

Illinois Department of Transportation

E. 7 Cost Allocation and Indirect
Cost Plan Guidelines

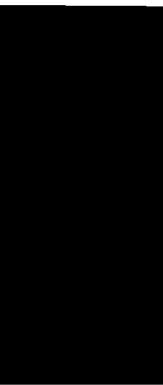


TABLE OF CONTENTS

INTRODUCTION 1

PROJECT BACKGROUND..... 1

TASK OVERVIEW 1

Objectives..... 3

IDOT POLICY AND PROCEDURES ON INDIRECT COSTS 4

POLICY 4

APPLICABILITY 4

DEFINITION OF COSTS 5

What are "Costs" Under the Section 5311 Program? 5

How Does a Grantee or Operator Recover Indirect Costs and Obtain Reimbursement of Indirect Costs Under the Section 5311 Program? 8

PREPARATION OF AN INDIRECT COST RATE PROPOSAL 8

Definitions..... 8

Implementation Timetable for IDOT's New Procedures 9

IDOT Procedures for Preparing an Indirect Cost Proposal 11

Where Should Indirect Costs be Shown on IDOT Requisition Forms? 14

SUBMISSION AND DOCUMENTATION OF INDIRECT COST RATE PROPOSALS..... 15

Contents of an Indirect Cost Proposal Submission..... 15

Certification..... 16

REQUISITIONS FOR PAYMENT WITH AN APPROVED INDIRECT COST RATE..... 16

SAMPLE INDIRECT COST PLAN 16

Table of Contents

Appendix A – Applicable Federal Cost Guidance

Appendix B – Suggested Guidelines for Classification of Costs and Cost Documentation Requirements

Appendix C – Indirect Cost Rate Proposal Certification

Appendix D – Sample Requisition (Reflecting Indirect Costs)

Appendix E – Sample Indirect Cost Rate Proposal

INTRODUCTION

PROJECT BACKGROUND

The Illinois Department of Transportation (IDOT), Division of Public Transportation, is undertaking a comprehensive analysis of compliance practices of its twenty-six (26) Section 5311 grantees and their associated subcontractors or subrecipients. While the focus of this assessment process will primarily address the Section 5311 program, IDOT recognizes that there are similar requirements under the Section 5310 program. Recommended compliance review procedures developed for the Section 5311 program will be adapted, as appropriate, for later IDOT use in the Section 5310 program.

IDOT selected the firm of RLS & Associates, Inc. of Dayton, Ohio to conduct the project.

This report provides guidance to grantees on the acceptable techniques for those projects wishing to claim indirect costs in the Section 5311 program.

TASK OVERVIEW

This task was undertaken in response to a general program review performed on IDOT procedures associated with administration of the Section 5311 program. This review determined that the timely processing of requisitions was not occurring. In processing requisitions, numerous questions regarding the allowability of costs under the Section 5311 program resulted in delays in rendering payments.

IDOT uses four primary tests to determine the allowability of costs:

1. The cost must be consistent with the grant agreement.
2. The cost must be incurred by the grantee or operator and reflect actual monies paid, less applicable credits.
3. The cost must be allowable under the principles defined in OMB Circular A-87.¹
4. The cost must be adequately documented.

¹ This Circular provides cost guidance to state and local governments, as well as Indian tribal organizations. Cost principles for nonprofit organizations are contained in OMB Circular A-122. Refer to the table contained as Appendix A to this report for the applicable cost guidance circular.

Project Background

Task Overview

These requirements are predicated on the principles in OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments." While applicable to all Federal grants received by state and local governments, there are problems with grantee compliance with these requirements. These problems can be classified two ways.

Requisition Process Problems

1. The IDOT requisition process is not automated, but is a manual process. Grantees/operators make math errors in preparing the requisitions.
2. The process of requiring grantees to compile, xerox, and organize source documentation for an off-site audit results in errors, omissions, and delays in the timely submittal of requisitions.

In addition to these process errors, the grantees and/or operators fail to adhere to the cost principles set forth in the contract. Based on our review and interviews, all accounting/requisition problems were subject to one of the six following problems:

Accounting Problems

1. Costs claimed were not supported by documentation.
2. Costs claimed were not necessary or reasonable for proper and efficient performance (administration) of a rural transit program (*e.g.*, ineligible costs are claimed).
3. Costs claimed were unreasonable for the good or service purchased (certain lease expenses).
4. Costs claimed were not accorded consistent treatment among the operator's different Federal grant awards. This is most applicable to indirect costs.
5. Costs claimed for indirect costs were not supported by an indirect cost plan with proper approval or certification.

6. Costs claimed for the procurement of goods and services in excess of \$10,000 did not receive the prior approval of IDOT or had not been procured in accordance with FTA Circular 4220.1D.

Item 5 is the most significant of the accounting problems, conservatively estimated to be the root cause of more than 50 percent of all requisition problems. As such, this topic deserves special attention in the compliance assessment process. This report addresses and provides specific guidance to grantees on how to comply with Federal guidelines on indirect costs. Other issues identified above will be addressed in other training and/or reports.

Objectives

The objectives for this report are:

- To ensure compliance with applicable Federal requirements;
- To reduce IDOT staff burden in the review and processing of requisitions
- To maintain appropriate grants management controls commensurate with risk;
- To provide technical assistance to grantees/operators in the area of cost allowability;
- To enhance grantee understanding of the cost principles associated with the Section 5311 program;
- To identify documentation requirements to support claims under the Section 5311 program; and
- To provide grantee with specific guidance on the preparation of indirect cost proposals.

Task Overview

IDOT POLICY AND PROCEDURES ON INDIRECT COSTS

POLICY

Policy

IDOT will specifically allow indirect costs consistent with Federal policy. In order for grantees and operators to claim indirect costs, they must follow the procedures outlined in this guide.

- **Indirect costs are allowable only to the extent they conform to certified indirect cost allocation plans.**
- **Grantees and/or operators may utilize the services of the independent CPA to prepare indirect cost proposals, however, this will no longer be a program requirement.**
- **Indirect cost proposals must be certified by the submitting entity.**
- **Proposals will normally be submitted with the grant application.**
- **Provisional rates will be approved and adjusted to a final rate following the grantee's or operator's own independent audit.**
- **IDOT will not require documentation for claims for indirect expenses if the grantee/operator has an approved indirect cost rate.**

Grantees and operators that are units of local government transit districts, or nonprofit organizations that wish to claim indirect costs are encouraged to submit indirect cost proposals prepared in accordance with these guidelines.

APPLICABILITY

This guidance applies to all Section 5311 grantees and operators who are either:

- (1) eligible recipients;² or

² Eligible recipients include any county outside the boundaries of the Regional Transportation Authority (RTA); any county outside the Bi-State Metropolitan Development District; any county or municipality with a population of greater than 20,000 not within an urbanized area or boundary of a mass transit district; any municipality with less than 20,000 population receiving state operating assistance during fiscal year 1979; and any rural mass transit district not included within the boundaries of an urbanized area or whose boundaries do not include an urbanized area.

- (2) receive funds from an otherwise eligible recipient of funds through a pass-through arrangement.³

This policy does not apply to operators selected by the grantee through formal competitive procurements or any private, for-profit operator. Grantees that utilize private, for-profit operators, consistent with the procurement requirements of the Section 5311 program, must secure these services through competitive means. This typically would mean a formal Invitation for Bids (IFB) or Request for Proposal (RFP). IDOT recommends that grantees adopt unit pricing strategies (e.g., cost per trip, cost per mile, cost per hour) under these contracts rather than utilizing cost reimbursement type contracts.

Finally, some grantees chose not to claim indirect costs under the Section 5311 program or, due to their organizational structure, do not incur indirect costs in the administration and operation of a rural public transportation program. In these cases, the grantee does not have to prepare an indirect cost rate proposal and would not claim indirect costs in the requisition process. While the sections of this document on indirect cost rate proposal preparation will not be applicable to these entities, nevertheless information on cost definition, eligibility, and documentation requirements should be read and understood.

DEFINITION OF COSTS

What are "Costs" Under the Section 5311 Program?

The total amount eligible for reimbursement under the Section 5311 program equals the allowable direct costs, plus the allocable portion of allowable indirect costs, minus the applicable credits for all items in the approved project budget.

$$\text{TotalAmountEligible} = \text{AllowableDirectCosts} + \text{AllocablePortionofIndirectCost} - \text{ApplicableCredits}$$

³ In a pass-through arrangement, IDOT elects to grant Section 5311 funds to a subrecipient through an intermediary subrecipient, a practice expressly permitted pursuant to FTA Circular 9040.1E, IV3. FTA uses the example of a state that might pass funds to a nonprofit organization through a local public body (a common occurrence in Illinois). The arrangement between the first tier (public entity) and second tier subrecipient (private nonprofit operator) is not a third party contract if the ultimate subrecipient would otherwise be eligible under Section 5311 to receive funds directly from the IDOT and the ultimate subrecipient intends to use those funds to pursue its own nonurbanized area transit project.

Policy

Definition of Costs

Direct Costs. Direct costs are those expenses incurred by the grantee or operator that are directly related and strictly benefit only the Section 5311 program. Such expenses are totally allocable to the Section 5311 program.

OMB Circular A-87 makes it clear that there are no universal rules for classifying costs as direct or indirect under every governmental accounting system. The essential difference is the degree of ease with which a cost can be readily assigned to a particular cost objective with a high degree of accuracy. Such readily assigned costs are **direct costs**.

**Definition of
Costs**

Defining Direct Costs

“Direct costs” are those that are readily assignable to the transit budget. Examples of “direct” costs defined in OMB Circular A-87 are:

- Compensation of employees for the time devoted and identified specifically to the performance of the grant.
- Cost of materials acquired, consumed, or expended specifically for the purpose of providing public transit service.
- Equipment and other approved capital expenditures.
- Travel expenses incurred specifically to carry out the award.

Most transit costs are direct costs. In the Section 5311 program, typical direct costs may include:

- 501.01 – Operator's Salaries & Wages
- 504.01 – Fuel & Lubricants Consumed
- 504.02 – Tires and Tubes Consumed

Indirect Costs. **Indirect costs** are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective or program and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved.

Organizations whose sole purpose is the provision of public transit will not have indirect costs; all costs incurred would be directly attributable to the Section 5311 program. Other grantees, such as units of local governments, or operators such as a council on aging, perform many multiple functions and would likely incur indirect expenses associated with public transportation service delivery.

There is one key rule that grantees and operators should take into account when preparing cost allocation proposals. A cost may not be allocated to the Section 5311 program as an **indirect cost** if any other cost incurred for the

same purpose, in like circumstances, has been assigned to another Federal award as a **direct cost**. **Costs must be accorded equal treatment under all of the organization's Federal awards.**

Indirect costs are normally charged to Federal awards by the use of an **indirect cost rate**. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards. Guidelines and illustrations of indirect cost proposals are provided in a brochure published by the Department of Health and Human Services entitled, "*A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government.*"

**Definition of
Costs**

Defining Indirect Costs

"Indirect costs" are those costs are incurred by the Section 5311 grantee or operator that benefit multiple programs or purposes. These costs are not easily assigned to the Section 5311 program because of the nature of the costs and the difficulty in assigning the cost to public transit relative to other benefited programs.

Typical examples of indirect costs may include:

- Certain central service costs
- General administration of the organization
- Accounting and personnel services performed within the grantee department or agency
- Costs of operating and maintaining facilities, etc.

In the Section 5311 program, typical indirect costs may include:

- *501.04 – Administrative Salaries & Wages.* Salaries of administrative staff performing accounting or personnel services for the grantee or operator, but whose time is not accounted for by functional activity. Because time records do not exist to support direct allocation of these costs, they are eligible under the indirect category.
- *512.12 – Other Administrative Facilities.* This would include leased buildings where transit functions were not performed in expressly dedicated portions of the building, making direct allocation of transit related expenses difficult or impossible.
- *505.02 – Telephone.* Utility charges for basic phone service when there is no logical method to directly allocate costs would also be a typical indirect cost.

Appendix B provides summary guidance on whether a cost should be classified as a direct expense or an indirect expense in the Section 5311 program.

Applicable Credits. Applicable credits are reduction of expenditures that offset or reduce the expenses items that are attributable to Section 5311 program as either direct or indirect costs. Examples of such credits include purchase discounts, rebates, or allowances.

How Does a Grantee or Operator Recover Indirect Costs and Obtain Reimbursement of Indirect Costs Under the Section 5311 Program?

Grantees and operators must use an **indirect cost rate** to assign a reasonable proportion of indirect costs to the Section 5311 program.

Indirect cost rates can be established after the grantee or operator prepares and submits to IDOT an **indirect cost rate proposal** that substantiates its request for an indirect cost rate.

PREPARATION OF AN INDIRECT COST RATE PROPOSAL

Before reviewing how to calculate the indirect cost rate, the definitions of several key terms must be reviewed.

Definitions

1. "*Indirect cost rate proposal*" means the documentation prepared by the grantee or operator to substantiate its request for the establishment of an indirect cost rate.
2. "*Indirect cost rate*" is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.
3. "*Indirect cost pool*" is the accumulated costs that jointly benefit two or more programs or other cost objectives.

**Definition of
Costs**

**Preparation of an
Indirect Cost
Rate**

**Preparation of an
Indirect Cost
Rate**

4. "*Base*" means the accumulated direct costs (exclusive of any extraordinary or distorting expenditures) used to distribute indirect costs to individual Federal awards. The direct cost base selected should result in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from the costs.
5. "*Provisional rate*" means a temporary indirect cost rate applicable to a specified period that is used for funding, interim reimbursement, and reporting indirect costs on Federal awards pending the establishment of a "final" rate for that period.
6. "*Final rate*" means an indirect cost rate applicable to a specified past period which is based on the actual allowable costs of the period. A final audited rate is not subject to adjustment.
7. "*Base period*" for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to activities performed in that period. The base period normally should coincide with the governmental unit's fiscal year, but in any event, shall be so selected as to avoid inequities in the allocation of costs.
8. "*Cognizant agency*" means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under OMB Circular A-87 or A-122 guidelines on behalf of all Federal agencies. OMB publishes a listing of cognizant agencies.

Implementation Timetable for IDOT's New Procedures

IDOT desires to move as quickly as possible to adopt these new procedures. As a result, a two-step implementation strategy will be utilized. In order to implement these procedures in the current fiscal year (FY 2000), IDOT will use a sampling approach in the calculations for indirect costs and indirect cost rate proposals. The sample will be drawn from the first quarter of calendar year 2000 (January 1, 2000 through March 31, 2000). Based on data from this three-month period, grantees and operators will prepare a provisional indirect cost proposal that will, after approval, be applicable to all FY 2000 requisitions. The provisional rate derived from these sample computations will be retroactively applicable to the first and second quarter of FY 2000 (July 1, 1999 – September 30, 1999 and October 1, 1999 – December 31, 1999).

**Preparation of an
Indirect Cost
Rate**

This provisional rate will also be applicable to all 2001 grants. This means the rate derived from the three-month sample will be used in all FY 2001 applications.

FY 2002 grant applications should use the *final rate* calculated on actual FY 2000 data for the full year, as determined by the grantee's own independent audit.

Thereafter, cost data from the most recent fiscal for which audited data are available will be applied to the upcoming fiscal year. The following table details the schedule for collection of base period data and the applicable Section 5311 grant year. In the table, it is assumed that grantee's fiscal year corresponds with the Section 5311 grant year. If this is not the case, the grantee will use its own fiscal year, based on data from the most recent audit period.

**Exhibit 1.
Illustrative Timetable for Indirect Cost Rate Base Period and
Application to IDOT Section 5311 Grant Years**

Base Period (1)		Grant Year in Which Approved Indirect Cost Rate is Applicable		
Start	End	Grant Year	Start	End
January 1, 2000	March 31, 2000	FY 2000 (2)	July 1, 1999	June 30, 2000
January 1, 2000	March 31, 2000	FY 2001 (2)	July 1, 2000	June 30, 2001
July 1, 1999	June 30, 2000	FY 2002 (3)	July 1, 2001	June 30, 2002
July 1, 2000	June 30, 2001	FY 2003	July 1, 2002	June 30, 2003

Notes:

- (1) Assumes grantee's fiscal year corresponds with IDOT Section 5311 grant period. Grantees will use their own fiscal year data as the "base period" for purposes of preparing indirect cost proposals (e.g., data corresponding to the grantee's audit period) beginning with FY 2003 grants.
- (2) During the first two years of implementation, indirect cost rate proposals will be based on a 100 percent sample of costs from a 3-month sample period. IDOT will use provisional rates, subject to adjustment following a grantee's audit that will establish a final rate.
- (3) At the end of FY 2000, all grantees/operators will prepare their own independent audit. At that time, the audit will establish the final indirect cost rate, based on actual audited data. The final rate calculated for FY 2000 will be used as the grantee's proposed indirect cost rate for FY 2002.

IDOT Procedures for Preparing an Indirect Cost Proposal

To facilitate the process for grantee preparation and IDOT approval of indirect cost proposals, IDOT has developed a simplified approach for grantees and operators.⁴ For most grantees and operators, the use of the described approach will be appropriate, however, IDOT recognizes that the complexity of some organizations may require a more detailed approach. Additionally, nonprofit organizations that receive more than \$10 million in Federal assistance in any one accounting period will not be able to use this approach. Alternative approaches, whether dictated by regulation or for consistency with current practices, will be acceptable to IDOT provided they conform to OMB guidelines, and will be handled on a case-by-case basis.

During the initial sample period, grantees will need to establish total direct and indirect costs for all agency operations. A schedule must be prepared showing each direct cost objective (*e.g.*, each major agency function or Federal grant program) as a separate column in the schedule. Indirect costs, or costs that are not readily assignable directly to one of the Federal grant programs, will be shown in another column.

Indirect costs will be allocated to the Section 5311 program as a ratio of total indirect cost to total direct costs.⁵ The rate should be expressed as the percentage which the total amount of allowable indirect costs bears to the total direct costs of the grantee and/or operator.

The following steps outline this procedure.

Step 1: Assemble Cost Data

First, costs for a known accounting period are assembled. Initially, this period will be January 1, 2000 through March 31, 2000. Thereafter, the accounting period or base period for which costs will be assembled will correspond to the grantee or operator's own fiscal year or period covered by audit.

⁴ Note to CPA's and accountants: The approach adopted by IDOT is based on the procedures outlined in *Cost Principles And Procedures For Developing Cost Allocation Plans And Indirect Cost Rates For Agreements With The Federal Government*, prepared by the U.S. Department of Health and Human Services (ASCM C10), April 9, 1997. Refer to Section 6 and the discussion of the "simplified method" for preparing an indirect cost rate proposal

⁵ Note for CPA's and accountants: Under OMB guidelines, indirect costs are typically allocated on the basis of total direct Salaries and Wages (S&W) or Modified Total Direct Costs (MTDC). IDOT has elected to use modified total direct costs in its procedures.

Preparation of an Indirect Cost Rate

**Preparation of an
Indirect Cost
Rate**

Grantees and operators should note that in classifying labor related expenses under this step, the assignment of costs needs to be based on actual data. When personnel in the organization s devote time to two or more cost objectives, an actual record of time, referred to as “personal activity reports,” must be maintained. Employees whose time is charged totally to one cost objective (e.g., only one agency activity or program) do not need to keep personal activity reports, however, some documentation, such as time cards, time sheets, payroll, register, etc., is necessary to support claims for reimbursement of these positions. Refer to the following text box for additional guidance on documentation requirements to support labor costs charged under the Section 5311 program.

***Documentation Requirements for Personnel Expenses Under IDOT
Section 5311 Grants***

Policy and Applicability

IDOT policies for allowable personnel expenses conform to the requirements set forth in OMB Circular A-87. All employees of an organization that receives Section 5311 program funds and whose time is charged to that program, either as a direct or indirect expense, must support claims for reimbursement of labor expenses with personnel activity reports or equivalent documentation which meets the standards set forth below, unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Grantees or operators who have such approval must submit documentation of cognizant Federal agency approval to IDOT

Documentation Requirements

Personnel activity reports or equivalent documentation must be maintained by the grantee or operator meeting the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee,
- They must account for the total activity for which each employee is compensated,
- They must be prepared at least monthly and must coincide with one or more pay periods, and
- They must be signed by the employee.

Step 2: Classify Costs as Direct or Indirect Costs

Once cost data are assembled, costs must be classified as either direct or indirect in accordance with the organization's policies and OMB Circular A-87 or OMB Circular A-122, as applicable. In classifying costs, the following "rules" must be followed:

- Costs must be treated consistently among all Federal awards.
- Costs must reflect all applicable credits.
- Direct costs must exclude capital expenditures, depreciation of assets acquired with Federal funds, and other ineligible costs..

Step 3: Total Cost Data

Summary tabulations should be made regarding cost data. The following information should be calculated:

- Total Direct Costs, by Cost Objective or Program
- Total Indirect Costs

Step 4:: Eliminate Ineligible Costs

Both the direct costs and the indirect costs shall exclude capital expenditures and other unallowable costs. An example of an unallowable cost would be depreciation of transit vehicles that have been acquired with Federal funds.

Step 5: Calculate Indirect Cost Rate

Using the data from Steps 1 – 4, the indirect cost rate should be calculated using the following formula

$$\text{IndirectCostRate} = \left[\frac{\text{TotalIndirectCosts}}{\text{TotalDirectCosts} - \text{IneligibleItems}} \right]$$

The result of this calculation should be expressed as a percentage. For example:

**Preparation of an
Indirect Cost
Rate**

Assume:

Total Indirect Costs = \$23,596 – January 2000 through March 2000
 Total Direct Costs = \$273,423 – January 2000 through March 2000
 Total Ineligible Items (Depreciation) = \$6,281 – January 2000 through March 2000

The indirect cost rate would be:

$$\begin{aligned} \text{IndirectCostRate} &= \$23,596 \div (\$273,423 - \$6,281) \\ \text{IndirectCostRate} &= \$23,596 \div \$267,142 \\ \text{IndirectCostRate} &= 8.83\% \end{aligned}$$

Grantees should calculate the indirect cost rate to two decimal place precision.

The indirect cost rate would then be applied to all direct costs, minus ineligible items, during each requisition period. Total ~~cost~~^{cost} eligible for reimbursement would equal the sum of direct costs plus indirect costs less applicable credits. For example, if direct costs during the invoicing period were \$70,790 under the transit program, the following would apply:

$$\text{TotalEligibleSection5311Cost} = \text{DirectCost} + (\text{DirectCost} \times \text{IndirectCostRate})$$

Using the figures cited above:

$$\begin{aligned} \text{TotalEligibleSection5311Costs} &= (\$74,790 - \$4,564) + [(\$74,790 - \$4,564) \times 8.83\%] \\ \text{TotalEligibleSection5311Costs} &= \$70,226 + \$6,203 \\ \text{TotalEligibleSection5311Costs} &= \$76,429. \end{aligned}$$

Where Should Indirect Costs be Shown on IDOT Requisition Forms?

IDOT has prepared revised requisition forms for use in submitting claims for Section 5311 costs with an approved indirect cost rate. The form (Appendix D) reflects the total of all direct costs claim and separate lines at the bottom of the form to list the approved indirect cost rate, the amount of indirect costs claimed (direct costs x indirect cost rate), and the total amount claimed.

SUBMISSION AND DOCUMENTATION OF INDIRECT COST RATE PROPOSALS

Contents of an Indirect Cost Proposal Submission

Most grantees and operators participating in the Section 5311 program do not meet Federal standards for direct submission of indirect cost proposals to a cognizant Federal agency. Federal requirements merely require that the grantee keep on file documentation to support its indirect cost rate computations. To claim indirect costs under the Section 5311 program, IDOT will require written submission of the indirect cost rate proposal.

If acceptable, IDOT will utilize the proposal to establish a provisional indirect cost rate that will be applicable to all requisitions for payment for a specified period (*e.g.*, one year). At the close of the period, actual data must be submitted to establish a final rate. Claims for reimbursement may be adjusted upward or downward, depending upon the final rate. In no instance, however, will the amount of Section 5311 financial assistance exceed that maximum amount provided for in the grant agreement.

Indirect cost proposal submissions to IDOT should include the following elements:

- (1) Cover letter indicating the rates proposed and any special circumstances in the development of your organization's indirect cost rate proposal.
- (2) A chart showing the organizational structure of the organization during the period for which the proposal applies, along with a functional statement(s) noting the duties and/or responsibilities of all units that comprise the agency. This statement should provide sufficient detail about the functions that are performed by component units to permit the proposal reviewer to differentiate levels of benefit provided and received within the organization.
- (3) A statement indicating the rate proposed, including subsidiary work sheets and other relevant data, cross-referenced and reconciled to the financial data must be submitted. Work sheets at a minimum should include a schedule of expenses, by function (or major Federal program).
- (4) A copy of the financial data upon which the rate is based.

Submission and Documentation of Indirect Cost Proposals

- (5) The approximate amount of direct base costs incurred under Federal awards.

Certification

Indirect cost rates must be certified by the submitting entity. The required certification is contained in Attachment C to this document. The certification must be signed on behalf of the grantee and/or operator by an individual at a level no lower than chief financial officer of the organization that submits the indirect cost proposal.

REQUISITIONS FOR PAYMENT WITH AN APPROVED INDIRECT COST RATE

Once a grantee or operator submits and obtains an approved indirect cost rate, indirect costs will be eligible for claims in the quarterly requisition process. Indirect costs are recovered through the application of the rate to the total direct costs claimed during the requisition period.

At periodic intervals throughout the grant year, IDOT requires submission of supporting documentation to justify costs claimed. Typically, two quarters during the year are selected and selected line items are identified that will require submission of supporting documentation. No supporting documentation will be required to support claims for indirect costs in this process (the indirect cost rate proposal will serve this purpose). This does not relieve the grantee, however, from maintaining the necessary supporting documentation in its own accounting records. IDOT reserves the right, as stipulated in the grant agreement, to periodically review this documentation and/or conduct its own audit of the grantee.

As grantees demonstrate increased adherence to all applicable Federal and state policies, IDOT may waive the documentation submission requirement in the requisition process. Nothing in this waiver mitigates the right of IDOT to selectively request documentation or to re-impose the documentation submittal requirements if necessary.

SAMPLE INDIRECT COST PLAN

A sample indirect cost proposal is included in Appendix E.

**Submission and
Documentation of
Indirect Cost
Proposals**

**Requisitions for
Payment with an
Approved
Indirect Cost
Rate**

**Sample Indirect
Cost Rate
Proposal**

**Exhibit A.
Applicable Federal Cost Guidance**

Grantee or Operator Organizational Status	Applicable Circular	Title	Date	Governing Cost Principles	Indirect Cost Guidance
Local Government	OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments	May 4, 1995 (with amendments on 8/29/97)	OMB Circular A-87, Attachment A	OMB Circular A-87, Attachments C & E
Transit Districts	OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments	May 4, 1995 (with amendments on 8/29/97)	OMB Circular A-87, Attachment A	OMB Circular A-87, Attachments C & E
Private Nonprofit Corporations	OMB Circular A-122	Cost Principles for Non-Profit Organizations	May 9, 1998	OMB Circular A-122, Attachment B	OMB Circular A-122, Attachment A
Educational Institutions	OMB Circular A-21	Cost Principles for Educational Institutions	October 27, 1998	OMB Circular A-21, Attachment J	OMB Circular A-21, Attachments E - H

**Appendix B.
Suggested Guidelines for the Classification of Costs and IDOT Requisition Documentation Requirements
Under the Section 5311 Program**

Obj. Code	Description	Direct	Indirect	Other	Comments	Documentation Requirements
501.01	Operator's Salaries & Wages	X			Operator's salaries dedicated to the Section 5311 program are direct expenses. If the driver engages in other services, such as home delivered meals, the direct labor expenses should be charged to the meals program.	Personal activity reports, payroll detail register for each position for which reimbursement is being claimed (direct labor).
501.02	Training Salaries & Wages	X			Salaries of a transit related trainer are direct expenses.	
501.03	Dispatcher's Salaries & Wages	X			Salaries of a dispatcher are directed expenses.	
501.04	Administrative Salaries & Wages	X	X		Administrative salaries are direct expense if the personnel in these positions keep detailed timesheet so that actual activity spent on the Section 5311 program is recorded. If such time activity is not recorded as a matter of agency policy, costs would be eligible as an indirect expense.	
501.99	Other Salaries & Wages	X	X		May vary depending upon position.	
502.01	FICA	X	X		The classification of fringe benefits as direct or indirect follows the same classification made under the 501 account codes. If a position is classified as direct, all associated fringe benefits would be direct expenses. If a position is indirect, all fringe benefits are similarly classified as indirect expenses.	Personal activity reports, payroll detail register for each position for which reimbursement is being claimed (direct labor).
502.02	Pensions & Long Term Disability	X	X			
502.03	Health Insurance	X	X			
502.04	Dental Plans	X	X			
502.05	Life Insurance	X	X			
502.06	Short Term Disability	X	X			
502.07	Unemployment Insurance	X	X			
502.08	Worker's Compensation	X	X			
502.09	Sick Leave	X	X			
502.10	Holiday	X	X			
502.11	Vacation	X	X			
502.12	Other Paid Absence	X	X			
502.13	Uniform Allowance	X	X			
502.99	Other Fringe Benefits	X	X			
503.01	Management Services	X			Transit management services are direct expenses.	Invoice from management company which shows management fees. The grantee must have a copy of the third party contract on file between the grantee and the management company. Contracts over \$10,000 require prior IDOT approve before execution.
503.02	Advertising Services	X			Advertising is generally program specific and established as directly benefitting the transit program. This is a direct expense.	Vendor invoice and receipts.
503.03	Professional & Technical Services	X	X		Technical or consulting services performed exclusively for the transit program are direct expenses. Other professional services, such as accounting and audit services, performed for the benefit of the entire agency, are indirect expenses.	Invoice from professional services firm which shows the fees and services rendered. The grantee must have a copy of the third party contract on file between the grantee and the management company. Contracts over \$10,000 require prior IDOT approve before execution.
503.04	Temporary Services	X			Temporary services are generally hired to directly benefit a program (e.g., bus survey checkers). In such cases, the costs would be direct. If the temporary help is performing accounting or other functions that are included in indirect costs, the temporary services would also be indirect.	Vendor invoice and receipts.
503.05	Contract Maintenance	X			Maintenance is performed on a per vehicle basis with vehicles being readily identifiable under the Section 5311 program. These are direct expenses.	Vendor invoice and receipts.
503.06	Custodial Services		X		Custodial and security services, if related to a building that is shared among programs, is typically an indirect expense.	Vendor invoice and receipts.
503.07	Security Services		X		Will vary depending upon the service provided.	Vendor invoice and receipts.
503.99	Other Services		X			

Appendix B.
Suggested Guidelines for the Classification of Costs and IDOT Requisition Documentation Requirements
Under the Section 5311 Program

Obj. Code	Description	Direct	Indirect	Other	Comments	Documentation Requirements
504.01	Fuel & Lubricants Consumed	X			Costs associated with the operation and maintenance of transit vehicles (both revenue and non-revenue vehicles) are direct expenses.	Vendor invoice and receipts.
504.02	Tires & Tubes Consumed	X				Vendor invoice and receipts.
504.03	Inventory Purchases	X				Vendor invoice and receipts.
504.99	Other Materials & Supplies	X	X			Vendor invoice and receipts.
505.02	Telephone	X	X		If separate phone service exists for the transit program, all expenses are direct. If a single phone service is used for all programs, it may be that only the long distance charges are easily assignable to individual programs. Depending upon the phone company billing methods and the complexity to segregate charges, costs may direct or indirect.	Monthly invoices including summary pages with detailed expenses and sales tax breakout.
505.99	Other, i.e. Natural Gas, Electric, etc.	X	X		Building utility charges should be treated in the same manner as building lease charges.	Monthly invoices including summary pages with detailed expenses and sales tax breakout.
506.01	Physical Damage Insurance	X				Vendor invoice and receipts.
506.03	Liability & Property Insurance	X			Expenses associated with insurance obtained directly for the transit program (e.g., insurance on vehicles	
506.04	Uninsured Settlements	X				
506.05	Provisions for Uninsured Settlements	X				
506.06	Recoveries of Settlements	X				
506.08	Other Corporate Insurance		X		General building liability, board member	
506.99	Other Insurance		X			
507.04	Licensing & Registration Fees	X				Vendor invoice and receipts.
508.00	Purchased Transportation	X				
509.01	Dues & Subscriptions	X				Copies of invoices or receipts.
509.02	Travel & Meetings	X				Copy of local expense voucher and receipts for meals and lodging, conference registration (where applicable), rental cars, etc.
509.03	Bridge, Tunnel, & Highway Tolls	X				Receipts
509.04	Entertainment Expense	X				Receipts
509.05	Charitable Donations	X				Receipts
509.06	Fines & Penalties	X				Receipts
509.07	Bad Debt Expense	X				
509.08	Advertising/Promotion Media	X				Vendor invoice or receipt
511.01	Long Term Debt Obligation	X				
511.02	Short Term Debt Obligation	X				
512.01	Transit Way Structures, etc.	X			Costs associated with the operation of dedicated facilities and services are all direct costs.	Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted.
512.02	Passenger Stations	X				
512.03	Passenger Parking Facilities	X				
512.04	Passenger Revenue Vehicles	X				
512.05	Service Vehicles	X				
512.06	Operating Yards or Stations	X				
512.07	Maintenance Facilities	X				
512.10	Data Processing Facilities	X				
512.11	Revenue Collection Facilities	X				
512.12	Other Administrative Facilities	X	X			

Appendix B.
Suggested Guidelines for the Classification of Costs and IDOT Requisition Documentation Requirements
Under the Section 5311 Program

Obj. Code	Description	Direct	Indirect	Other	Comments	Documentation Requirements
513.00	Depreciation & Amortization			X	Depreciation expenses on assets acquired with Federal funds are not allowable under the Section 5311 program.	Audit report
530.00	Contributed Services	X	X		Will vary depending upon the nature of the contributed good or service.	
550.00	Ineligible Expenses			X		

Appendix C

Certificate of Indirect Costs

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

All costs included in this proposal [identify date] to establish billing or final indirect costs rates for [identify period covered by rate] are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Circular A-87, "Cost Principles for State and Local Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Section 5311 Grantee/Operator: _____

Signature: _____

Name of Official: _____

Title: _____

Date of Execution: _____

FINANCIAL DATA REPORT FY'00		GRANTEE: ABC Multipurpose Agency, Inc.							
EXPENSES		REQUISITION		CUMULATIVE		DIRECT ADMINISTRATION		DIRECT OPERATING	
Item	Description	TOTAL BUDGETED	(E + G) To Date	(F + H) This Period	(E) To Date	(F) This Period	(G) To Date	(H) This Period	
LABOR									
501.01	Operator's Salaries & Wages	\$ 100,000	\$ 69,120	\$ 23,040	\$ -	\$ -	\$ 69,120	\$ 23,040	
501.02	Training Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
501.03	Dispatcher's Salaries & Wages	\$ 22,000	\$ 16,246	\$ 5,415	\$ -	\$ -	\$ 16,246	\$ 5,415	
501.04	Administrative Salaries & Wages	\$ 40,000	\$ 29,530	\$ 9,843	\$ 29,530	\$ 9,843	\$ -	\$ -	
501.99	Other Salaries & Wages	\$ 16,000	\$ 11,815	\$ 3,938	\$ 11,815	\$ 3,938	\$ -	\$ -	
FRINGE BENEFITS									
502.01	FICA	\$ 13,000	\$ 9,693	\$ 3,231	\$ 3,163	\$ 1,054	\$ 6,531	\$ 2,177	
502.02	Pensions & Long Term Disability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.03	Health Insurance	\$ 19,000	\$ 13,887	\$ 4,629	\$ 4,629	\$ 1,543	\$ 9,258	\$ 3,086	
502.04	Dental Plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.05	Life Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.06	Short Term Disability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.07	Unemployment Insurance	\$ 1,000	\$ 697	\$ 232	\$ 227	\$ 76	\$ 470	\$ 157	
502.08	Worker's Compensation	\$ 2,000	\$ 1,242	\$ 414	\$ 405	\$ 135	\$ 837	\$ 279	
502.09	Sick Leave	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.10	Holiday	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.11	Vacation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.12	Other Paid Absence	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
502.13	Uniform Allowance	\$ 1,000	\$ 375	\$ 125	\$ -	\$ -	\$ 375	\$ 125	
502.99	Other Fringe Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
SERVICES									
503.01	Management Services	\$ 3,000	\$ 1,875	\$ 625	\$ 1,875	\$ 625	\$ -	\$ -	
503.02	Advertising Services	\$ 2,000	\$ 900	\$ 300	\$ 900	\$ 300	\$ -	\$ -	
503.03	Professional & Technical Services	\$ 3,000	\$ 2,250	\$ 750	\$ 2,250	\$ 750	\$ -	\$ -	
503.04	Tempory Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
503.05	Contract Maintenance	\$ 8,000	\$ 5,625	\$ 1,875	\$ 5,625	\$ 1,875	\$ -	\$ -	
503.06	Custodial Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
503.07	Security Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
503.99	Other Services	\$ 2,000	\$ -	\$ 263	\$ 788	\$ 263	\$ -	\$ -	

Expenses, Financial Data Report

	TOTAL BUDGETED	CUMULATIVE			DIRECT ADMINISTRATION		DIRECT OPERATING	
		(E + G) To Date	(F + H) This Period	(E) To Date	(F) This Period	(G) To Date	(H) This Period	
MATERIALS & SUPPLIES								
504.01 Fuel & Lubricants Consumed	\$ 19,000	\$ 14,250	\$ 4,750			\$ 14,250	\$ 4,750	
504.02 Tires & Tubes Consumed	\$ 3,000	\$ 1,800	\$ 600			\$ 1,800	\$ 600	
504.03 Inventory Purchases	\$ 7,000	\$ 4,800	\$ 1,600			\$ 4,800	\$ 1,600	
504.99 Other Materials & Supplies	\$ -	\$ -	\$ -			\$ -	\$ -	
UTILITIES								
505.02 Telephone	\$ 1,000	\$ 188	\$ 63	\$ 188	\$ 63	\$ -	\$ -	
505.99 Other, i.e. Natural Gas, Electric, etc.	\$ -	\$ -	\$ -					
CASUALTY & LIABILITY								
506.01 Physical Damage Insurance	\$ 10,000	\$ 7,125	\$ 2,375	\$ 7,125	\$ 2,375	\$ -	\$ -	
506.03 Liability & Property Insurance	\$ 6,000	\$ 4,425	\$ 1,475	\$ 4,425	\$ 1,475	\$ -	\$ -	
506.08 Other Corporate Insurance	\$ 2,000	\$ 1,425	\$ 475	\$ 1,425	\$ 475	\$ -	\$ -	
506.99 Other Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TAXES								
507.03 Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
507.04 Licensing & Registration Fees	\$ 1,000	\$ 116	\$ 39	\$ 116.25	\$ 38.75	\$ -	\$ -	
507.05 Fuel & Lubricant Tax	\$ -	\$ -	\$ -			\$ -	\$ -	
507.99 Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
PURCHASED TRANSPORTATION								
508.00 TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
MISCELLANEOUS								
509.01 Dues & Subscriptions	\$ 1,000	\$ 38	\$ 13	\$ 37.50	\$ 12.50	\$ -	\$ -	
509.02 Travel & Meetings	\$ 1,000	\$ 375	\$ 125	\$ 375.00	\$ 125.00	\$ -	\$ -	
509.03 Bridge, Tunnel, & Highway Tolls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
509.07 Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
509.08 Advertising/Promotional Media	\$ 1,000	\$ 94	\$ 31	\$ 93.75	\$ 31.25	\$ -	\$ -	
INTEREST								
511.01 Long Term Debt Obligation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
511.02 Short Term Debt Obligation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Expenses, Financial Data Report

	TOTAL BUDGETED	CUMULATIVE		DIRECT ADMINISTRATION		DIRECT OPERATING	
		(E + G) To Date	(F + H) This Period	(E) To Date	(F) This Period	(G) To Date	(H) This Period
LEASES & RENTALS							
512.01 Transit Way Structures, etc.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.02 Passenger Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.03 Passenger Parking Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.04 Passenger Revenue Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.05 Service Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.06 Operating Yards or Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.07 Maintenance Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.10 Data Processing Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.11 Revenue Collection Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.12 Other Administrative Facilities	\$ 16,000	\$ 12,000	\$ 4,000	\$ 12,000	\$ 4,000	\$ -	\$ -
TOTAL DIRECT EXPENSES 501 - 512	\$ 300,000	\$ 209,891	\$ 70,226	\$ 86,992	\$ 28,997	\$ 123,686	\$ 41,229
INDIRECT COST RATE (ICR) (IDOT approved ICR from application)	8.83%	8.83%	8.83%	8.83%	8.83%	8.83%	8.83%
TOTAL INDIRECT EXPENSES (Total Direct Expenses X ICR)	\$ 26,498	\$ 18,539	\$ 6,203	\$ 7,684	\$ 2,561	\$ 10,925	\$ 3,642
TOTAL SECTION 5311 EXPENSES (Total Direct Expenses + Total Indirect Expenses)	\$ 326,498	\$ 228,430	\$ 76,429	\$ 94,676	\$ 31,559	\$ 134,611	\$ 44,870
<p>Rate is derived from the Grantee's approved Indirect Cost Rate Proposal.</p> <p>The amount of indirect cost is calculated by multiplying Total Direct Expenses (501 - 512) by the Indirect Rate.</p>							

Revenues, Financial Data Report

FINANCIAL DATA REPORT FY'00		REQUISITION		GRANTEE:				
REVENUES	Item Description	TOTAL BUDGETED	CUMULATIVE (A + C) To Date	(B + D) This Period	PROJECT INCOME (A) To Date	(B) This Period	LOCAL MATCH (C) To Date	(D) This Period
	401.01 Full Adult Fares							
	401.02 Senior Citizen Fares							
	401.03 Student Fares							
	401.04 Child Fares							
	401.05 Disabled Rider Fares							
	401.06 Parking Lot Fares							
	401.99 Other Rider Fares							
	402.00 Special Transit Fares							
	403.00 School Bus Service							
	404.00 Freight Tariffs							
	405.00 Charter Service Revenues							
	406.00 Auxiliary Revenues							
	407.01 Sales of Maintenance Service							
	407.02 Rental of Revenue Vehicles							
	407.03 Rental of Buildings & Property							
	407.99 Other Non-transportation Revenue							
	408.00 Taxes Levied by Transit System							
	409.00 Local Cash Grants							
	410.01 Local Disabled Fare Assistance							
	410.02 Local Senior Fare Assistance							
	410.03 Local Student Fare Assistance							
	410.99 Other Local Special Fare Assistance							
	411.00 State Cash Grants							
	412.00 State Special Fare Assistance							
	413.00 Federal Cash Grants (Section 18)							
	414.00 Interest Income							
	430.01 Contributed Services - Allowable							
	430.03 Contributed Services - Unallowable							
	430.04 Contra Account for 430.03							
	431.00 Contributed Cash							
	440.00 Subsidy From Other Sources							
	TOTAL BUDGETED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE 401 - 440 (exclude grey areas from total)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ABC Multipurpose Agency, Inc.

150 East Main Street
(312) 555-5555 (Voice)

Sometown, IL 61555
(312) 555-5556 (Fax)

April 15, 2000

Ed Burke, Rural Program Manager
Illinois Department of Transportation
Division of Public Transportation
310 S. Michigan Avenue
Chicago, Illinois 60604

Re: Indirect Cost Rate Proposal
FY 2000 Grant Year

Dear Mr. Burke:

Please find enclosed documentation supporting ABC Multipurpose Agency, Inc. proposed indirect cost rate for FY 2000 under the Section 5311 program. We are proposing that an indirect rate of 8.83 percent be used for the above referenced period.

Our organization has followed the guidelines promulgated by IDOT in the preparation of this proposal. No special circumstances or exceptions were taken to the recommended procedures. In our submission, please find enclosed the following:

- Background information on ABC Multipurpose Agency, Inc., including mission statement, organization chart, and functional statement of duties for all operating departments of our organization.
- A schedule showing the computations supporting the proposed rate of 8.83 for FY 2000.
- A schedule of expenses for the period January 1, 2000 through March 31, 2000.
- A schedule reflecting a breakout of direct and indirect expenses for the period.
- A certification executed by our chief financial officer, regarding the indirect cost rate proposal.

Your approval is requested.

Sincerely

Mary D. Smith
Executive Director

Mission Statement, Functional Descriptions, and Organizational Chart

Mission Statement

ABC Multipurpose Agency, Inc. was founded in 1982 as ABC Senior Services, Inc., a 501(c)(3) corporation. The name was changed in 1988 to reflect the diversity of services that were being delivered by the agency.

The primary mission of ABC Multipurpose Agency, Inc. is to provide community services to seniors, the needy, and the general public throughout Martin County, IL.

In January – March, 2000, ABC Multipurpose Agency, Inc., provided three (3) primary services:

- Senior services, including: congregate meals, home delivered meals, information and referral, social/recreation, and senior advocacy.
- Public transportation, including: demand response services to the general public and agency clientele in Martin County, IL
- Community services, including services for the homeless, community food bank, and temporary cash assistance.

Organizational Structure

An organizational chart for ABC Multipurpose Agency, Inc. is attached. The organization is led by an executive director. The executive director has clerical and financial support. These three positions support all programs operated by the agency.

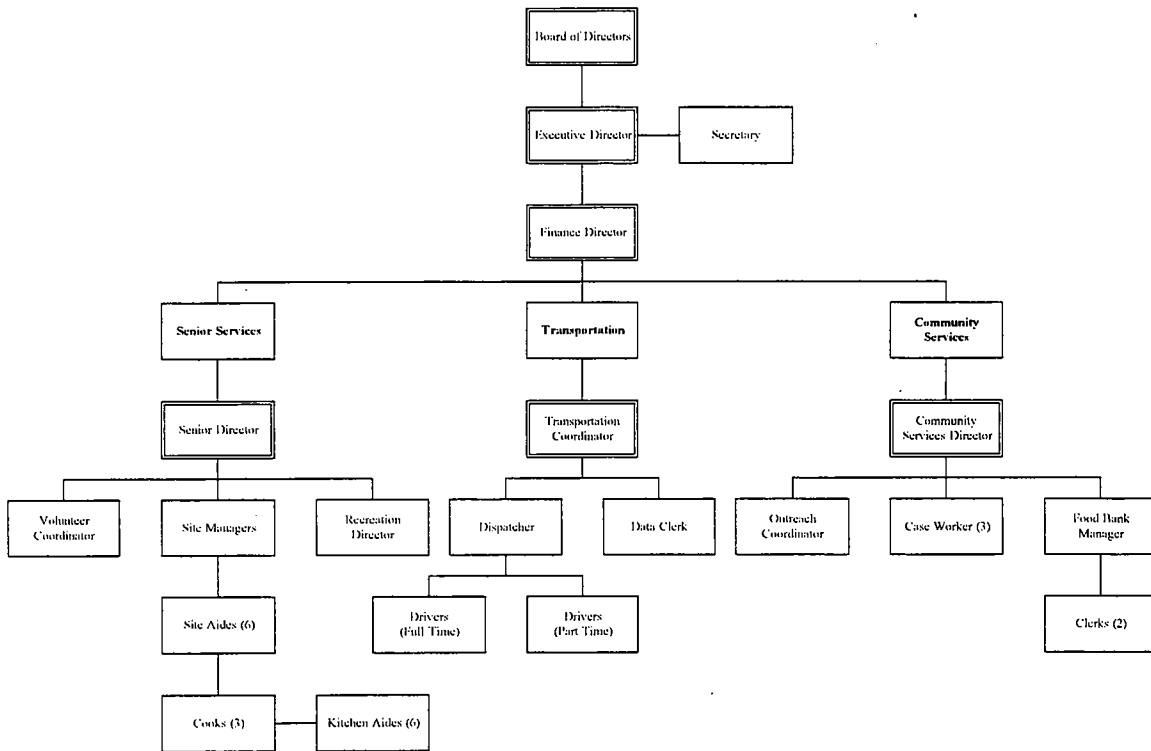
The Senior Services program is staffed by a program manager with a volunteer coordinator and caseworker providing field services. A major program operated by this department is the congregate meal program, offered at three sites throughout the county. Each site has a site manager and kitchen staff. A recreational director provides programming for all three sites. All employees in the Senior Services department are funded under Title III of the Older Americans Act.

The Transportation program provides general public transportation to citizens of Martin County, IL in demand response mode. The program is led by a Transportation Coordinator. The Coordinator is also responsible for building maintenance oversight at our main office headquarters in Sometown, IL. A dispatcher is responsible for all call-taking and scheduling. A data clerk performs data entry and billing/accounting functions on behalf of the transit program and will provide dispatching services in the absence of the dispatcher. There are three full-time drivers and four part-time drivers. All employees in the transit program are financed under the FTA Section 5311 program.

The community services program is managed by the Community Services Director. Several programs are offered in this department including outreach services, family services counseling, emergency cash assistance, and a food bank. The department has three case workers, one outreach coordinator, a food bank manager, and two clerks who work in the food bank.

The organizational chart for ABC Multipurpose Agency, Inc. is reflected below.

**Exhibit 1.
Organizational Chart
ABC Multipurpose Agency, Inc.**



Agency Approach to Indirect Cost Classification

All program related expenses that support a specific Federal cost objective (e.g., Senior Services, Transportation, or Community Services) are treated as directed expenses and are claimed as a direct expense under each respective Federal award. Certain agency administrative functions, provided by the executive director, the Finance Director, and the Secretary, support all three cost objectives and are treated as indirect expenses. Other indirect expenses include other administrative and facility related expenses that are not readily assignable to a particular Federal award. These expenses are also treated as indirect costs.

Exhibit 2
Financial Statement
p. 1
Budget for Fourth Revision.xls
Exhibit 2 – Financial Statement Worksheet

Exhibit 2
Financial Statement
p. 2
Budget for Fourth Revision.xls
Exhibit 2 – Financial Statement Worksheet

Exhibit 3
Financial Statement
p. 1
Budget for Fourth Revision.xls
Exhibit 3 – Functional Expense Worksheet

Exhibit 2
Financial Statement
p. 2
Budget for Fourth Revision.xls
Exhibit 3 – Functional Expense Worksheet

Exhibit 3
Financial Statement
p. 3
Budget for Fourth Revision.xls
Exhibit 3 – Functional Expense Worksheet

Exhibit 4
Indirect Rate Computation
p. 1
Budget for Fourth Revision.xls
Exhibit 4 – Functional Expense Worksheet

Exhibit 5
Certificate of Indirect Costs
ABC Multipurpose Agency Inc.

To the Illinois Department of Transportation:

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

All costs included in this proposal, dated April 15, 2000, to establish billing or final indirect costs rates for the period July 1, 1999 through June 30, 2000 are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Circular A-87, "Cost Principles for State and Local Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Section 5311 Grantee/Operator: ABC Multipurpose Agency, Inc.

Signature: _____

Name of Official: Ida B. Important

Title: Finance Director

Date of Execution: April 15, 2000

	Salary Level	No.	Total Salaries	Hours	Hourly Rate
Agency Administration					
Executive Director	40000	1	40000	2080	\$ 19.23
Finance Director	35000	1	35000	2080	\$ 16.83
Secretary	18000	1	18000	2080	\$ 8.65
Senior Services					
Director	28000	1	28000	2080	\$ 13.46
Volunteer Coordinator	24000	1	24000	2080	\$ 11.54
Site Managers	24000	3	72000	6240	\$ 11.54
Recreation Director	26000	1	26000	2080	\$ 12.50
Site Aides	16640	3	49920	6240	\$ 8.00
Cook	20000	1	20000	2080	\$ 9.62
Kitchen Aides	26640	2	53280	4160	\$ 12.81
Transportation					
Transportation Coordinator	28000	1	28000	2080	\$ 13.46
Dispatcher	22000	1	22000	2080	\$ 10.58
Data Clerk	16000	1	16000	2080	\$ 7.69
Drivers: Full-time	16640	4	66560	8320	\$ 8.00
Drivers: Part-time	13520	2	27040	2080	\$ 6.50
Community Services					
Community Services Director	28000	1	28000	2080	\$ 13.46
Outreach Coordinator	25000	1	25000	2080	\$ 12.02
Case Workers	24000	3	72000	6240	\$ 11.54
<u>Food Bank</u> Coordinator	24000	1	24000	2080	\$ 11.54
Total		30	674800	60320	

Exhibit 2.
Support Worksheet
ABC Multipurpose Agency, Inc.
Statement of Expenses
Special Sample Period for the Quarter Ended March 31, 2000

Acct Code	Description	<u>Total</u> <u>Jan - March</u> 2000	<u>Total</u> <u>Jan - March</u> 1999
501 Labor			
501.01	Operator's Salaries & Wages	\$ 23,040	\$ 21,433
501.02	Training Salaries & Wages	\$ -	\$ 1,000
501.03	Dispatcher's Salaries & Wages	\$ 5,415	\$ -
501.04	Administrative Salaries & Wages (1)	\$ 43,569	\$ 40,368
501.99	Other Salaries & Wages (2)	\$ 111,803	\$ 106,458
502 Fringe Benefits			
502.01	FICA	\$ 14,063	\$ 12,948
502.02	Pensions & Long Term Disability	\$ -	\$ -
502.03	Health Insurance	\$ 14,850	\$ 14,053
502.04	Dental Plans	\$ -	\$ -
502.05	Life Insurance	\$ -	\$ -
502.06	Short Term Disability	\$ -	\$ -
502.07	Unemployment Insurance	\$ 1,011	\$ 230
502.08	Worker's Compensation	\$ 1,802	\$ 1,659
502.09	Sick Leave	\$ -	\$ -
502.10	Holiday	\$ -	\$ -
502.11	Vacation	\$ -	\$ -
502.12	Other Paid Absence	\$ -	\$ -
502.13	Uniform Allowance	\$ 125	\$ 125
502.99	Other Fringe Benefits	\$ -	\$ -
503 Services			
503.01	Management Services	\$ 625	\$ 600
503.02	Advertising Services	\$ 300	\$ 300
503.03	Professional & Technical Services	\$ 3,000	\$ 4,100
503.04	Temporary Services	\$ -	\$ -
503.05	Contract Maintenance	\$ 1,925	\$ 1,800
503.06	Custodial Services	\$ 600	\$ 500
503.07	Security Services	\$ -	\$ -
503.99	Other Services	\$ 1,513	\$ 1,500
504 Materials and Supplies Consumed			
504.01	Fuel & Lubricants Consumed	\$ 4,750	\$ 4,632
504.02	Tires & Tubes Consumed	\$ 600	\$ 700
504.03	Inventory Purchases	\$ 1,600	\$ 1,550
504.99	Other Materials & Supplies	\$ 39,100	\$ 38,792
505 Utilities			
505.02	Telephone	\$ 863	\$ 853
505.99	Other, i.e. Natural Gas, Electric, etc.	\$ 1,191	\$ 1,200
506 Casualty and Liability Costs			
506.01	Physical Damage Insurance	\$ 2,375	\$ 2,375
506.03	Liability & Property Insurance	\$ 2,375	\$ 2,375
506.04	Uninsured Settlements	\$ -	\$ -
506.05	Provisions for Uninsured Settlements	\$ -	\$ -
506.06	Recoveries of Settlements	\$ -	\$ -
506.08	Other Corporate Insurance	\$ 525	\$ 500
506.99	Other Insurance	\$ -	\$ -

Exhibit 2.
Support Worksheet
ABC Multipurpose Agency, Inc.
Statement of Expenses
Special Sample Period for the Quarter Ended March 31, 2000

Acct Code	Description	<u>Total</u> <u>Jan - March</u> 2000	<u>Total</u> <u>Jan - March</u> 1999
	507 Taxes		
507.04	Licensing & Registration Fees	\$ 201	\$ 200
	508 Purchased Transportation	\$ -	\$ -
	509 Miscellaneous Expenses		
509.01	Dues & Subscriptions	\$ 75	\$ 75
509.02	Travel & Meetings	\$ 1,075	\$ 1,062
509.03	Bridge, Tunnel, & Highway Tolls	\$ -	\$ -
509.04	Entertainment Expense	\$ 63	\$ 60
509.05	Charitable Donations	\$ -	\$ -
509.06	Fines & Penalties	\$ -	\$ -
509.07	Bad Debt Expense	\$ -	\$ -
509.08	Advertising/Promotion Media	\$ 306	\$ 300
	512 Leases and Rentals		
512.01	Transit Way Structures, etc.	\$ -	\$ -
512.02	Passenger Stations	\$ -	\$ -
512.03	Passenger Parking Facilities	\$ -	\$ -
512.04	Passenger Revenue Vehicles	\$ -	\$ -
512.05	Service Vehicles	\$ -	\$ -
512.06	Operating Yards or Stations	\$ -	\$ -
512.07	Maintenance Facilities	\$ -	\$ -
512.10	Data Processing Facilities	\$ -	\$ -
512.11	Revenue Collection Facilities	\$ -	\$ -
512.12	Other Administrative Facilities	\$ 12,000	\$ -
	513 Depreciation & Amortization	\$ 6,281	\$ 6,841
	513 Contributed Services	\$ -	\$ -
	518 Indirect Expense	\$ -	\$ -
	Total Program Costs	<u>297,019</u>	<u>268,589</u>

Notes:

- (1) Includes salaries of agency administrative personnel when time is directly charged to the program and the program director.
- (2) Includes salaries and wages of all other personnel not classified elsewhere.

Exhibit 3.

Support Worksheet

ABC Multipurpose Agency, Inc.

Statement of Functional Expenses

Special Sample Period for the Quarter Ended March 31, 2000

Acct Code	Description	Total				Indirect Expenses
		Jan - March 2000	Direct Expenses - Program Services			
		(Column A)	(Column B)	(Column C)	(Column D)	(Column E)
504 Materials and Supplies Consumed						
504.01	Fuel & Lubricants Consumed	\$ 4,750	4,750	-	-	-
504.02	Tires & Tubes Consumed	\$ 600	600	-	-	-
504.03	Inventory Purchases	\$ 1,600	1,600	-	-	-
504.99	Other Materials & Supplies	\$ 39,100	-	29,500	9,000	600
505 Utilities						
505.02	Telephone	\$ 863	63	25	75	700
505.99	Other, i.e. Natural Gas, Electric, etc.	\$ 1,191	-	-	-	1,191
506 Casualty and Liability Costs						
506.01	Physical Damage Insurance	\$ 2,375	2,375	-	-	-
506.03	Liability & Property Insurance	\$ 2,375	1,475	-	-	900
506.04	Uninsured Settlements	\$ -	-	-	-	-
506.05	Provisions for Uninsured Settlements	\$ -	-	-	-	-
506.06	Recoveries of Settlements	\$ -	-	-	-	-
506.08	Other Corporate Insurance	\$ 525	475	-	-	50
506.99	Other Insurance	\$ -	-	-	-	-
507 Taxes						
507.04	Licensing & Registration Fees	\$ 201	39	100	-	63
508 Purchased Transportation						
509 Miscellaneous Expenses						
509.01	Dues & Subscriptions	\$ 75	13	-	-	63
509.02	Travel & Meetings	\$ 1,075	125	375	200	375
509.03	Bridge, Tunnel, & Highway Tolls	\$ -	-	-	-	-
509.04	Entertainment Expense	\$ 63	-	-	-	63
509.05	Charitable Donations	\$ -	-	-	-	-
509.06	Fines & Penalties	\$ -	-	-	-	-
509.07	Bad Debt Expense	\$ -	-	-	-	-
509.08	Advertising/Promotion Media	\$ 306	31	-	125	150

Exhibit 3.
Support Worksheet
ABC Multipurpose Agency, Inc.
Statement of Functional Expenses
Special Sample Period for the Quarter Ended March 31, 2000

Acct Code	Description	Direct Expenses - Program Services				Indirect Expenses
		(Column A)	(Column B)	(Column C)	(Column D)	
	512 Leases and Rentals					
	512.01 Transit Way Structures, etc.	\$ -	-	-	-	-
	512.02 Passenger Stations	\$ -	-	-	-	-
	512.03 Passenger Parking Facilities	\$ -	-	-	-	-
	512.04 Passenger Revenue Vehicles	\$ -	-	-	-	-
	512.05 Service Vehicles	\$ -	-	-	-	-
	512.06 Operating Yards or Stations	\$ -	-	-	-	-
	512.07 Maintenance Facilities	\$ -	-	-	-	-
	512.10 Data Processing Facilities	\$ -	-	-	-	-
	512.11 Revenue Collection Facilities	\$ -	-	-	-	-
	512.12 Other Administrative Facilities	\$ 12,000	4,000	6,000	1,500	500
	513 Depreciation & Amortization					
	513 Contributed Services	\$ 6,281	4,564	1,142	575	-
	Total Program Costs	\$ 297,019	\$ 74,790	\$ 123,074	\$ 75,559	\$ 23,596
	Expenditures Not Allowable	\$ -	\$ 4,564	\$ 1,142	\$ 575	
	Total Direct Costs		\$ 70,226	\$ 121,932	\$ 74,984	

Figures in this column are based on internal coding in the general ledger to general agency (indirect) account. This number is Total Indirect Costs.

Figures in these columns are based on internal coding in the general ledger to the specific departments. The total of these three columns is used elsewhere. By adding all three columns, and excluding ineligible expenditures, you get Total Direct Costs.

This number corresponds to the financial statement for the period in Exhibit 2.

Depreciation of equipment purchased with Federal funds. This line item will later be excluded from the Indirect Rate cost computation.

Exhibit 4.

**Computation of Indirect Rate
ABC Multipurpose Agency, Inc.
Special Sample Period for the Quarter Ended March 31, 2000**

Total	Exclusions & Expenditures Not Allowable	Total Indirect Costs	Total Direct Costs	Direct Costs Less Exclusions & Ineligible
\$ 297,019	\$ 6,281	\$ 23,596	\$ 273,423	\$ 267,142
	(A)	(B)	(C)	(D)
	↓	↓	↓	↓
	This number is the sum of "Expenditures Not Allowable," Column B + Column C + Column D in Exhibit 3, Support Worksheet.	From Column E in Exhibit 3, Support Worksheet.	This number is the sum of "Total Program Expense" in Column B + Column C + Column D in Exhibit 3, Support Worksheet.	This number is Column C minus Column A from this Worksheet.

Calculate Indirect Cost Rate as follows:

$$IndirectCostRate = \left[TotalIndirectCosts \div (TotalDirectCosts - IneligibleItems) \right]$$

Indirect Cost Rate = (B)/((C)-(A))

Indirect Cost Rate	\$ 23,596	=	8.83%
	<u>\$ 267,142</u>		

The organization proposes to apply a rate of 8.83 percent to all direct costs in claiming reimbursement under the Section 5311 program.

Exhibit 5.
Support Worksheet
Distribution of Labor Hours
Special Sample Period for the Quarter Ended March 31, 2000

Insurance 1485

Program/Position	Direct Personnel				Indirect Personnel				Indirect Personnel						
	Transportation (A)	Nutrition (B)	Community Services (C)	Transportation (D)	Nutrition (E)	Community Services (F)	General Administration (G)	Transportation (D)	Nutrition (E)	Community Services (F)	General Administration (G)	Transportation (D)	Nutrition (E)	Community Services (F)	General Administration (G)
Agency Administration															
Executive Director				56	122		302								
Finance Director				98	146		224								
Secretary				26	40	16	430								
Senior Services															
Director		512													
Volunteer Coordinator		512													
Site Managers		1,336													
Recreation Director		512													
Site Aides		1,336													
Cook		512													
Kitchen Aides		1,024													
Transportation															
Transportation Coordinator	512														
Dispatcher	512														
Dispatch Clerk	512														
Dispatch Full-time	2,048														
Dispatch Part-time	1,024														
Community Services															
Community Services Director			512												
Outreach Coordinator			512												
Case Workers			1,536												
Food Bank Coordinator			512												
Total	4,608	6,144	3,072	123	186	60	654	14,818	14,194						

-4.61%

Exhibit 6

**Simplified Method Approach Justification
ABC Multipurpose Agency, Inc.
Year Ended December 31, 1998**

Program/Department Name	Indirect Costs	#REF! Costs	Ratio
Transportation	#REF!	#REF!	#REF!
Nutrition	#REF!	#REF!	#REF!
Community Services	#REF!	#REF!	#REF!

Type of Service**Suggested Bases for Allocation**

Accounting	Number of transactions processed
Auditing	Direct audit hours
Budgeting	Direct hours of identifiable services of employees of central budget
Buildings lease management	Number of leases
Data processing	System usage
Disbursing service	Number of checks or warrants issued
Employees retirement system	Number of employees contributing administration
Insurance management service	Dollar value of insurance premiums
Legal services	Direct hours
Mail and messenger service	Number of documents handled or employees served
Motor pool costs, including automotive management	Miles driven and/or days used
Office machines and equipment maintenance repairs	Direct hours
Office space use and related costs (heat, light, janitorial services, etc.)	Square feet of space occupied
Organization and management services	Direct hours; Square feet
Payroll services	Number of employees
Personnel administration	Number of employees
Printing and reproduction	Direct hours, job basis, pages printed, etc.
Procurement service	Number of transactions processed
Local telephone	Number of telephone instruments
Health services	Number of employees
Fidelity bonding program	Employees subject to bond or penalty amounts

E. 8 Eligible Cost Guidelines



**GUIDELINES ON THE
ALLOWABILITY OF
COSTS UNDER THE
SECTION 5311
PROGRAM**

**TECHNICAL COMPLIANCE ASSISTANCE
FOR THE
SECTION 5310 AND SECTION 5311
PROGRAMS**

**GUIDELINES ON THE ALLOWABILITY OF COSTS
UNDER THE SECTION 5311 PROGRAM**

**PRESENTED TO THE
ILLINOIS DEPARTMENT OF TRANSPORTATION**

APRIL 2002

TABLE OF CONTENTS

Table of Contents

INTRODUCTION..... 1

PROJECT BACKGROUND..... 1

TASK OVERVIEW..... 1

Purpose..... 1

Objectives..... 2

Approach..... 2

Applicability..... 3

AN OVERVIEW OF COST PRINCIPLES GOVERNING THE SECTION 5311 PROGRAM..... 4

GOVERNING FEDERAL DOCUMENTS AND PRINCIPLES..... 4

OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments" 5

OMB Circular A-122, "Cost Principles for Non-Profit Organizations"..... 6

FTA Circular 9040.1E, "Non-Urbanized Area Formula Program Guidance And Grant Application Instructions"..... 7

Non-Metro Operating Assistance Grant Agreement between IDOT and the Grantee..... 7

Section 5310/5311 Grant Management Manual..... 8

The IDOT Chart of Accounts for the Section 5311 Program..... 8

OVERVIEW OF ALLOWABILITY PRINCIPLES..... 9

Allowability Criteria..... 9

What Do These Criteria Mean?..... 9

BASIS OF ACCOUNTING..... 15

ALLOWABILITY GUIDELINES FOR COSTS UNDER THE SECTION 5311 PROGRAM..... 16

SPECIAL ISSUES..... 16

 501. *Labor*..... 16

 502. *Fringe Benefits*..... 18

 503. *Services*..... 18

 504. *Materials And Supplies Consumed*..... 20

 505. *Utilities*..... 21

 506. *Casualty And Liability Costs*..... 21

 507. *Taxes*..... 22

 508. *Purchased Transportation*..... 22

 509. *Miscellaneous Expenses*..... 22

 511. *Interest Expense*..... 24

 512. *Leases And Rentals*..... 24

 513. *Depreciation and Amortization*..... 25

 530. *Contributed or In-Kind Services – Allowable Expenses*..... 25

Appendix A – Applicable Federal Cost Guidance

Appendix B – Sample Personal Activity Record

INTRODUCTION

PROJECT BACKGROUND

The Illinois Department of Transportation (IDOT), Division of Public Transportation, undertook a comprehensive analysis of compliance practices of its Section 5311 grantees and their associated subcontractors or subrecipients. While the focus of this assessment process was primarily targeted towards the Section 5311 program, IDOT recognized that there are similar requirements under the Section 5310 program. Recommended compliance review procedures developed for the Section 5311 program will be adapted, as appropriate, for later IDOT use in the Section 5310 program.

IDOT selected the firm of RLS & Associates, Inc. of Dayton, Ohio to conduct the project.

This project report provides guidance to grantees and serves as a resource for IDOT staff on departmental policies regarding the allowability of costs and documentation requirements for submitting claims for payment under the Section 5311 program.

TASK OVERVIEW

Purpose

This task is designed to provide detailed assistance to grantees and operators in understanding Federal and IDOT eligibility guidelines on the allowability of costs incurred in the delivery of rural public transportation services. In an on-going effort to minimize problems in the requisition process, IDOT has reduced the grantee requirements regarding the submission of documentation to support costs claimed. These efforts, however, do not reduce the grantee's responsibilities to adhere to all Federal and IDOT guidelines on cost allowability.

This guidebook has been prepared to assist Section 5311 grantees in understanding IDOT policies and practices regarding the treatment of expenses under the Section 5311 program. Throughout this report, specific guidance is provided on individual expense items that are considered eligible for state reimbursement.

Introduction

Objectives

The objectives for this report are:

- To ensure compliance with applicable Federal and state requirements;
- To expedite IDOT processing of requests for payments under the Section 5311 program while assuring that grantees are in compliance with applicable regulations;
- To assure that IDOT accords each grantee uniform treatment in the processing of requests for payments;
- To provide technical assistance to grantees/operators in the area of cost allowability;
- To enhance grantee understanding of the cost principles associated with the Section 5311 program;
- To identify documentation requirements to support requests for reimbursement under the Section 5311 program; and
- To provide grantee with specific guidance on the allowability of costs under the Section 5311 program.

Approach

IDOT's approach to this task was to provide as definitive and comprehensive guidance as possible by providing specific listings of expenses that will categorically be determined as eligible for IDOT reimbursement under the Section 5311 program. Additionally, IDOT has sought to offer clarification on expenses that are not necessarily readily identified as either an administrative or operating expense under the program.

Administrative vs. Operating Expenses

FTA Circular 9040.1E provides some helpful, but not definitive, guidance on whether a transit expense should be classified as either an administrative or operating expense. FTA provides the states with much latitude in making these determinations. **In approaching the classification of a particular cost objective, IDOT has, whenever possible, sought to classify the expense as an administrative cost, thereby enabling the grantee or operator to be reimbursed at the higher reimbursement ratio.**

Introduction

FTA definitions of project operating and administrative expenses are provided below.

Project Operating Expenses

Operating expenses are considered those costs directly related to system operations. At a minimum, the following items must be considered operating expenses: fuel, oil, drivers' salaries and fringe benefits, dispatcher salaries and fringe benefits, and licenses.

Project Administrative Expenses

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; overhead rates (when supported by an approved indirect cost rate); and the costs of administering drug and alcohol testing.

As with any published guidance of this type, IDOT cannot anticipate the entire range of circumstances that may arise under the Section 5311 program; therefore, information contained herein should be treated as guidance, rather than a definitive regulation. IDOT reserves the right to allow or disallow costs not addressed in this publication in order to best serve and promote the interests of the Section 5311 program.

Applicability

This guidance applies to all Section 5311 grantees and operators who either:

- (1) are eligible recipients; or
- (2) receive funds from an otherwise eligible recipient of funds through a pass-through arrangement.

This policy does not apply to operators selected by the grantee through formal competitive procurements or to any private, for-profit operator. Grantees that utilize private, for profit operators, consistent with the procurement requirements of the Section 5311 program, must secure these services through competitive means. This typically would involve a formal Invitation for Bids

Introduction

(IFB) or Request for Proposal (RFP). IDOT recommends that grantees adopt unit pricing strategies (e.g., cost per trip, cost per mile, cost per hour) for these contracts rather than utilizing cost reimbursement type contracts.

AN OVERVIEW OF COST PRINCIPLES GOVERNING THE SECTION 5311 PROGRAM

GOVERNING FEDERAL DOCUMENTS AND PRINCIPLES

IDOT relies on several tools in establishing guidelines on the allowability of costs under the Section 5311 program. **It is the responsibility of the grantee or operator to understand each of these published sources.** Failure to adhere these principles may result in

- delays in IDOT processing of claims for reimbursement;
- delays in payment of claims to grantees; and
- disallowance of costs claimed under the program.

In extreme cases where grantees or operators consistently fail to adhere to these principles, IDOT reserves the right to re-evaluate the managerial capability of its grantees to properly administer a Section 5311 grant. Continued failure to adhere to project cost principles may result in a grantee or operator being removed from IDOT's Section 5311 program.

To avoid such an adverse circumstances, IDOT strongly recommends that each grantee obtain, read, and understand each of these publications and administer the Section 5311 program in accordance with published guidance. IDOT program staff are available to provide additional guidance and technical assistance in this area.

Principal cost guidance is contained in:

1. Office of Management and Budget (OMB) Circular A-87, "*Cost Principles for State, Local, and Indian Tribal Governments*" as amended, dated August 29, 1997 (URL: <http://www.whitehouse.gov/omb/circulars/a087/a087-all.html>).
2. Office of Management and Budget (OMB) Circular A-122, "*Cost Principles for Non-Profit Organizations*" as amended, dated June 1, 1997 (URL: <http://www.whitehouse.gov/omb/circulars/a122/a122-all.html>).

Introduction

3. Federal Transit Administration (FTA) Circular 9040.1E, "Non-Urbanized Area Formula Program Guidance And Grant Application Instructions," dated October 1, 1998 (URL: <http://www.fta.dot.gov/library/policy/circ90401E/9040toc.htm>).
4. Non-Metro Operating Assistance Grant Agreement between IDOT and the grantee.
5. Illinois Department of Transportation, "Section 5310/5311 Grant Management Manual."
6. Illinois Department of Transportation, "Guidelines on the Allowability of Costs Under the Section 5311 Program."
7. Illinois Department of Transportation, Chart of Accounts for the Section 5311 Program (contained as an appendix to the "Section 5310/5311 Grant Management Manual").

Item 6 in the list is this publication. The remaining (6) citations are discussed below. Other grants management guidance, which may have some impact on activities carried out by the grantee or operator, are referenced in detail in the *Section 5310/5311 Grant Management Manual*.

OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments"

This Circular establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments and Federally-recognized Indian tribal governments (governmental units). These principles are applicable to all Federal agencies in determining costs incurred by governmental units under Federal awards (including subawards).

What If My Organization is Not a Local Government?

As IDOT only provides Section 5311 grants to public bodies, the cost principles embodied in this Circular apply when the grantee directly operates the service. If the grantee merely "passes-through" funds to a lower tier subrecipient or operator, and that operator is a nonprofit organization, the cost principles of OMB Circular A-122, "Cost Principles for Non-Profit Organizations," shall apply.

**An Overview of
Cost Principles
Governing the
Section 5311
Program**

Attachment A to the Circular, "General Principles for Determining Allowable Costs," provides general guidance on the allowability of costs under Federal awards. Attachment B, "Selected Items of Cost," lists specific allowable items eligible for reimbursement under Federal awards.

Note that the respective OMB Circulars define general cost principles.¹ Each Federal department may amend or modify this guidance depending on the enabling statute for each program. State administering agencies may further restrict eligibility of costs under the programs to comply with applicable state statutes.

**An Overview of
Cost Principles
Governing the
Section 5311
Program**

OMB Cost Guidance and Relation to this Project

The guidance presented in this report is based on the cost principles of OMB Circulars A-87 and A-122. Additionally, Act 30 of the ILCS and administrative code implementing this law may impose additional requirements on grantees (refer to the Grant Management Manual, which fully incorporates these state regulations). IDOT uses a chart of accounts for the Section 5311 program that addresses these principles. This document is designed to take the general cost objectives and express them in terms of expenses incurred by the grantee or operator in typical day-to-day transit operations and management. This document incorporates all FTA/IDOT modifications to OMB cost guidance applicable to the program.

OMB Circular A-122, "Cost Principles for Non-Profit Organizations"

This Circular establishes principles for determining costs of grants, contracts and other agreements with non-profit organizations. The principles are designed to provide that the Federal Government bear its fair share of costs except where restricted or prohibited by law. The principles do not attempt to prescribe the extent of cost sharing or matching on grants, contracts, or other agreements. However, such cost sharing or matching shall not be accomplished through arbitrary limitations on individual cost elements by Federal agencies. Provision for profit or other increment above cost is outside the scope of the Circular.

¹ An overview of the applicable governing cost principles for various type of organizations is contained in Appendix A.

FTA Circular 9040.1E, "Non-Urbanized Area Formula Program Guidance And Grant Application Instructions"

This Circular defines eligible cost guidelines for the Section 5311 program. Chapter III, paragraphs 5b – c, "Eligible Assistance Categories," provide examples of transit specific items that are eligible for reimbursement under the Section 5311 program.

FTA Circular 9040.1E and Relation to this Document

FTA Circular for the Section 5311 program provides some guidance on whether costs should be categorized as either a capital, administrative, or operating cost. The list provided by FTA is short and relatively succinct. IDOT has expanded this list based on the cost experience of our existing grantees.

Non-Metro Operating Assistance Grant Agreement between IDOT and the Grantee.

The applicable provisions of the above referenced circulars notwithstanding, the grant agreement between IDOT and the grantee details, in the Approved Project Budget, the amount of financial participation in the project. Grantees must carry out the project within the constraints of the Approved Project Budget.

The Grant Agreement and Relation to this Document

The grant agreement controls the level and manner in which a grantee or operator can expend funds under the Section 5311 grant. The limits and the specific objects of expenditure (budget line items) cannot be changed without the prior approval of IDOT. Within those line item categories, grantees and operators can use this guide and IDOT account definitions to understand exactly what transaction can be reimbursed under the agreement. Revisions within and between approved line items are subject to the notification or concurrency requirements set forth in Sections 4/3.2 – 4/3.6 of the *Section 5310/5311 Grant Management Manual* (see below).

**An Overview of
Cost Principles
Governing the
Section 5311
Program**

Section 5310/5311 Grant Management Manual

This manual details IDOT program management practices under the Section 5311 program and includes a detailed description of the IDOT chart of accounts.

The Grant Management Manual and Relation to this Document

The Grant Management Manual contains the IDOT chart of accounts (see below) and outlines any additional controlling principles regarding the manner in which the grantee or operator is permitted to expend grant funds. For example, any proposed expenditure in excess of \$10,000 requires the use of formal procurement methods and IDOT concurrence prior to the execution of the third party contract. This type of guidance can be found in the Grant Management Manual.

**An Overview of
Cost Principles
Governing the
Section 5311
Program**

The IDOT Chart of Accounts for the Section 5311 Program

Expenditures made under the grant must be consistent with the amounts and object categories specified in the Approved Project Budget. The Approved Project Budget is structured on a standardized chart of transportation accounts adopted by IDOT, based on the original chart of accounts development by the National Transportation Accounting Consortium, a six-state consortium formed to resolve billing and accounting issues in rural, small urban, and coordinated transportation operations. In structuring the chart of accounts, IDOT has taken into account all Federal cost principles, as well as application state statutes and administrative codes that may have impact on the allowability of expenses under the Section 5311 program in Illinois.

The grant application budget forms, the Approved Project Budget, requisitions for payment, and grant reporting, must use the object categories in the IDOT chart of accounts.

OVERVIEW OF ALLOWABILITY PRINCIPLES

Allowability Criteria

Allowable costs under the Section 5311 program must meet the following general criteria:

- Be *necessary and reasonable* for proper and efficient performance and administration of Federal awards.
- Be *allocable* to Section 5311 program under the provisions of the grant agreement.
- Conform to any *limitations or exclusions* set forth in OMB Circular A-87 (or OMB Circular A-122, as appropriate), Federal laws, state laws, terms and conditions of the Section 5311 grant award, and the IDOT Non-Metro Operating Assistance grant agreement.
- Be accorded *consistent treatment*. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to another Federal award as an indirect cost.
- Be *net* of all applicable credits.
- Be *adequately documented*.

In all cases, costs must be determined in accordance with generally accepted accounting principles. If a cost is claimed under the Section 5311 program, a grantee or operator cannot claim the same cost under any other Federal award, nor can it use claimed costs under the program to meet the local share or matching requirement of any other Federal award except as specifically provided by Federal law or regulation.

What Do These Criteria Mean?

The following guidance is provided to assist grantees and operators understand how IDOT will administer Section 5311 grants in accordance with these guidelines.

Costs Must be "Reasonable and Necessary"

This first guideline imposes two standards on grantees. A cost must be both "reasonable" and "necessary."

"*Reasonable*" means that a cost, in its nature and amount, does not exceed that which would be incurred by a prudent person or organization under the

Overview of Allowability Principles

circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration shall be given to:

- whether the cost is of a type generally recognized as ordinary and necessary for the operation of the Section 5311 program;
- market prices for comparable goods or services; and
- the restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; and Federal and state laws and regulations.

**Overview of
Allowability
Principles**

Illustrative Examples of How to Determine if a Project Cost Meets the Test of Being a "Reasonable" Costs

The following examples can be used by grantees, operators, IDOT staff, or project auditors in determining whether a cost incurred in the program is "reasonable."

- Supporting documentation indicates the cost paid for the good or service is consistent with the price paid for the same good or service by other Section 5311 grantees. If 25 grantees pay between \$3.99 - \$5.99 per ream of copy paper, a grantee seeking reimbursement of a ream of copy paper claiming \$18.99 per ream in costs would *not* be reasonable.
- Costs claimed for the good or service are consistent with market conditions at the time of the purchase. Market conditions can be established by comparing costs with other Section 5311 grantee purchases of similar items (or the experience of other local governments or nonprofit organizations' purchases of the same items.)
- The grantee or operator follows its own written procurement policies in the purchase or acquisition of the good or service. These policies must, at a minimum, address ethical conduct of the grantee's employees engaged in procurement activities and steps to ensure adequate competition in all procurements.
- The method of procurement used to purchase or acquire the good or service was appropriate to the circumstance. Use of "small purchase" or "micro-purchase" procedures for office supplies is appropriate to the circumstance. Use of sole source procurement techniques for a long planned acquisition of computer equipment is *not* appropriate.

A cost is “*necessary*” if the expenditure is required for the proper and efficient performance and administration of a Section 5311 public transportation service. There is some subjectiveness in the determination of whether a cost is necessary to a rural transit operation. In evaluating whether a cost is necessary, a grantee or operator can use the following tests:

- The cost claimed for a good or item is directly related to the administration, operation, or maintenance of a rural public transportation program.
- The cost claimed is consistent with an object category in the IDOT chart of accounts and corresponding account definitions.
- The type of cost is incurred by other grantees.

**Overview of
Allowability
Principles**

Some Examples of How to Define “Necessary” Costs

The subjective nature of this criterion means that IDOT cannot offer prescriptive definitions. Moreover, the range of circumstances and evolving technologies available to rural public transportation systems could potentially constrain grantees if IDOT adopted narrow and restrictive guidelines. However, the following general guidance is offered:

- Costs will categorically be considered “*necessary*” if they are consistent with an object category or account definition in the IDOT Chart of Accounts (see the account definitions in the *Section 5310/5311 Grant Management Manual* and allowable items list contained in Exhibit 1).
- Costs items that are routinely incurred by multiple grantees may be considered “*necessary*.” A cost incurred by only a single grantee will generally not be considered as “*necessary*,” however, may be approved for payment following IDOT review.

IDOT review of such items will focus on the whether the cost directly relates to transit administration, operations, or maintenance. For example, a \$400 sign-on bonus paid to a driver recruit in a time of labor shortage may be allowable as a necessary cost by IDOT. A \$400 bonus paid to a driver as a reward for winning a local community service award, while an admirable gesture, would not be considered “*necessary*.”

If a grantee or operator is unsure regarding the necessity of any proposed cost, clarification from IDOT should be sought *prior* to incurring the cost.

Costs Must be "Allocable"

Costs incurred under the Section 5311 program are classified as either direct or indirect costs. Direct costs are those expenses incurred by the grantee or operator that are directly related and strictly benefit only the Section 5311 program. Such expenses are totally assigned and invoiced (allocable) to the Section 5311 program.

Indirect costs are those expenses that have been incurred for common or joint purposes. These expenses benefit more than one department or unit of the grantee or operator. In some instances, the nature of the cost cannot be readily assigned to the respective departments or units that benefit from the expense without great difficulty. In such instances, these costs may be claimed as indirect costs, in accordance with an approved indirect cost allocation plan or rate.

Overview of Allowability Principles

Defining Indirect Costs

"Indirect costs" are those costs incurred by the Section 5311 grantee or operator that benefit multiple programs or purposes. These costs are not easily assigned to the Section 5311 program because of the nature of the costs and the difficulty in assigning the cost to public transit relative to other benefited programs.

Typical examples of indirect costs may include:

- Certain central service costs
- General administration of the organization
- Accounting and personnel services performed within the grantee department or agency
- Costs of operating and maintaining facilities, etc.

In the Section 5311 program, typical indirect costs may include:

- *Administrative Salaries & Wages (501.04)*. Salaries of administrative staff performing accounting or human resource management services for the grantee or operator, but whose time is assigned to general agency administration, not a direct program activity.
- *Telephone (505.07)*. Utility charges for basic phone service when there is no logical method to directly allocate costs would also be a typical indirect cost.
- *Other Administrative Facilities (512.12)*. This would include leased buildings where transit functions were not performed in expressly dedicated portions of the building, making direct allocation of transit related expenses difficult or impossible.

**Overview of
Allowability
Principles**

These costs must be allocated to the Section 5311 program in accordance with an indirect cost rate prepared by the grantee or operator. In the event the submitting entity does not meet the thresholds established by OMB to have an appointed Federal cognizant agency (which would approve an entity's indirect cost rate), IDOT requires that the grantee or operator submit their indirect cost rate proposal to IDOT for review. IDOT has developed requirements for the submission of such plans and rate proposals. IDOT will agree to participate in the payment of indirect expenses under the Section 5311 grant agreement when the rate proposal conforms to these guidelines. Indirect cost rate proposals must include the preparation and submission of a cover letter, narrative describing the organization's accounting practices for classifying direct and indirect costs, an organization chart, schedules detailing total agency expenses for all direct programs and all indirect costs, a schedule detailing the computation of the indirect rate, and a certification signed by the chief financial officer of the organization.

Indirect cost rate proposals will generally be based on the grantee or operator's fiscal year. Once IDOT agrees to participate in the reimbursement of indirect costs, the grantee or operator will be obligated to annually update the indirect cost rate computation during the annual audit process. In this manner, the indirect cost rate will be based on the latest available audited data.

IDOT payment of indirect costs will be based on the grantee or operator's latest rate submission and will be used until such time as updated following the grantee or operator's audit. IDOT recognizes that the rate employed will be based on the grantee or operator's fiscal year, not the period of performance under the Section 5311 grant.

Costs Must "Conform to Federal Guidelines"

Attachment B to OMB Circular A-87 and Attachment B to OMB Circular A-122 establish the principles to be applied in determining the allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as a direct cost or as an indirect cost.

Costs Must be Accorded "Consistent Treatment"

A cost may not be assigned to the Section 5311 program as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to another Federal grant award as an indirect cost.

What Does Consistent Treatment Mean?

Grantees and operators are likely to receive Federal grants from many different sources. This requirement means that if an expense (for example, building utilities) is treated as an indirect expense under the Section 5311 program, it must be treated as an indirect expense in all other instances where the grantee or operator claims the expense as a reimbursable item under another Federal grant award.

**Overview of
Allowability
Principles**

Costs Must be the "Net of all Applicable Credits"

The total amount eligible for reimbursement under the Section 5311 program (D) equals the allowable direct costs (A), plus the allocable portion of allowable indirect costs (B), minus the applicable credits (C) for all items in the Approved Project Budget.

$$\begin{array}{rccccccc} \text{Total Amount Eligible} & = & \text{Allowable Direct Costs} & + & \text{Allocable Portion of Indirect Cost} & - & \text{Applicable Credits} \\ \text{(D)} & = & \text{(A)} & + & \text{(B)} & - & \text{(C)} \end{array}$$

Applicable credits are reduction of expenditures that offset or reduce the expense items that are attributable to the Section 5311 program as either direct or indirect costs. Examples of such credits include purchase discounts, rebates, or allowances.

Costs Must be Adequately Documented

Costs claimed under the Section 5311 program, like all other expenditures made under any Federal award, must be adequately documented. Documentation for most expenses incurred under the program can be supported by vendor receipts and corresponding evidence that the vendor has been paid. There are special considerations for personnel related expenses that require personal activity records (or similar documentation) to substantiate costs claimed (see Appendix B). Other recurring expenses that arise as a result of a contractual relationship between a grantee/operator and another third party, such as a facility lease, will require the one-time submission of the written third party agreement.

As part of these guidelines, IDOT has defined documentation requirements for all objects of expense that are allowable under the Section 5311 program (see Exhibit 1).

BASIS OF ACCOUNTING

Revenues earned and expenses incurred under the Section 5311 program may be reported by either the cash basis or the accrual basis of accounting. When the cash basis is used, revenues are reported in the period in which cash is received, and expenses are reported in the period in which the cash is paid. Under the accrual method, revenues are reported in the period in which they are earned, and expenses are reported in the period in which they are incurred in an attempt to produce revenues.

IDOT permits grantees and operators to use either the cash or accrual basis of accounting. The grantee is responsible for determining its accounting basis. Once established, all claims for reimbursement must reflect that basis. Section 5311 is administered as a cost-reimbursement program, thus the basis of accounting may impact the requisition period under which some costs are claimed.

Cash vs. Accrual Accounting: An Example

To illustrate the difference in cash vs. accrual accounting, consider two transactions. A transit agency desires to purchase a file cabinet. After soliciting quotes from three suppliers in accordance with the organization's small purchase procedures, a purchase order is issued. The cabinet is purchased and delivered. The office supply company issues a statement at the end of the month, and the agency pays the vendor fifteen days later.

In the cash basis of accounting, the transaction is recorded when the agency issues the check to the office supply company; in the accrual basis, the expense is recognized when the item is purchased/delivered and the agency incurs the obligation to pay the vendor.

To illustrate how revenues are treated, consider a grantee or operator that provides service under contract to another organization. In the cash basis, revenue is recorded when the check for services is received; in the accrual basis, revenue is recognized when the services are delivered.

Overview of Allowability Principles

ALLOWABILITY GUIDELINES FOR COSTS UNDER THE SECTION 5311 PROGRAM

In Exhibit 1, IDOT has established guidelines for the allowability of expenses that are eligible for reimbursement under the Section 5311 program. These guidelines incorporate all the governing cost principles discussed previously.

To further assist grantees and operators understand IDOT policies on the allowability of costs, additional guidance and clarifications are provided below. Special issues of concern are addressed in this section.

SPECIAL ISSUES

501. Labor

1. **Employee Status.** All labor expenses under the Section 5311 program must be for compensation of "employees" of one or more of the following:
 - Employees of the grantee (public body) who perform grant related functions, transit procurement activities, or vendor oversight.
 - Employees of operators who perform public transit services on behalf of grantees where the arrangement between the grantee and the operator is described as a "pass-through" arrangement.
 - Employees of other third party contractors, selected through competitive procurements, where the third-party contract is structured on a cost reimbursement basis. These entities may provide project administrative services, operate nonurbanized public transportation services, or provide other services on behalf of the grantee.
 - Employees of companies who provide the labor for a transit system (outsourcing).

In all cases listed above, the entity claiming reimbursement of personnel related expenses must meet the documentation requirements set forth in paragraph 2 below.

2. **Adequate Documentation.** To be an allowable labor expense, all employees whose time is being charged to the Section 5311 program must meet Federal guidelines for documentation. Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, must be based on payrolls documented in accordance with generally accepted

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

practices of the grantee/operator and approved by a responsible official(s) of the grantee/operator.

Personnel activity reports or equivalent documentation must meet the following standards:

- they must reflect an *after-the-fact* distribution of the actual activity of each employee;
- they must account for the *total activity* for which each employee is compensated;
- they must be prepared *at least monthly* and must coincide with one or more pay periods; and
- they must be *signed* by the employee.

An illustrative personal activity record is included as Appendix B of this document.

3. **Employees with Split Transit Functional Responsibilities.** This special circumstance addresses employees whose time is split between transit administration and transit operations. For example, an employee performs clerical duties from 8:00 A.M. to 12:00 Noon and then drives a vehicle from 1:00 P.M. to 5:00 P.M. The personal activity record or similar documentation must reflect the distribution of time worked by this employee in the administrative and operating categories (*e.g.*, two distinct entries).
4. **Employees Who Perform Multiple, But Incidental, Transit Functions.** A transit system employee whose time is charged as an operating expense may periodically perform, during periods of inactivity, incidental administrative work for the agency. For example, a dispatcher, during periods of low call volumes or radio traffic, may do filing or other clerical work. In this case, the clerical duties are likely to be for only a few minutes at a time, and may come at intermittent periods throughout the work day. The agency will not be required to have the employee maintain a functional division of time between administrative and operations categories. The level of effort to do so would be disproportionate the benefits realized. The employee would be required to only charge all time to the operations category.
5. **Training Salaries & Wages.** Training is an administrative expense in accordance with IDOT management procedures under the Section 5311 program. This line item provides grantees with the opportunity to obtain reimbursement of salaries and wages of employees whose time is normally charged to Line Item 501.01 (operating)s an administrative expense for the period when the employee is engaged in training programs that are otherwise allowable under the Section 5311 program.

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

Training activities can include in-house training, attendance at out-of-area conferences, seminars, and workshops. The training must be related to transit activities in order to be considered eligible for reimbursement.

6. **Other Salaries & Wages.** This category would include other transit system personnel not classified elsewhere. Examples would be in-house planners (administration), street supervisors (operating), in-house survey workers, etc.

502. Fringe Benefits

1. **The distribution of fringe benefits follows the same allocation as the distribution of labor compensation.** If an employee's compensation is a direct cost, in the administrative category, working only in the Section 5311 program, then that employee's fringe benefits are totally assignable and allowable as a fringe benefit under the administration category. If an employee's time is split between administrative and operating categories, two or more Federal awards, or in the indirect cost category, the corresponding fringe benefits are allocated in the same manner in which the employee's compensation is allocated under Account 501.
2. All fringe benefits must meet the allowability standards contained in OMB Circular A-87, Attachment B, paragraph 11d or OMB Circular A-122, Attachment B, paragraph 7f (nonprofit organizations).

503. Services

1. **Management Services (503.01).** Management services refers to those companies that are engaged by the transit system through competitive means to manage, operate and administer the transportation project under the direct guidance of the grantee ("turn-key" services). As with all service category objects of expenditures, the procurement of these activities must be governed by the grantee's written procurement policies.

Under any circumstance, contracts entered into that exceed \$10,000 must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.

Services provided by third parties for only one transit function (*e.g.*, provision of service, grants management, or similar function) are not classified under this category. Costs are appropriately documented under

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

either Object 503.03, "Professional & Technical Services" (grants management, planning, or similar service), or Object 508.00, "Purchased Transportation."

2. **Advertising Services (503.02).** This category includes the fees, labor services, and materials provided to the transit system by a professional media or advertising firm. The fees typically include system logo development, production of advertising material, external or internal advertisements for placement on vehicles, or other direct materials. Advertising media fees for ad placements and promotions, regardless of whether they are paid to the advertising agency or direct to the media, are included in object class 509.08.

Under any circumstance, contracts entered into that exceed \$10,000 must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.

3. **Professional Services (503.03).** This object of expenditure includes a range of other professional services including those related to banking, finance, accounting, and legal services. This category can also include:
 - the professional fees paid to an organization for Section 5311 grants management services provided to the grantee;
 - labor and service fees paid to organizations providing third party administration of the transit system's drug and alcohol testing program; and
 - computer consulting and programming services, including network administration.

Under any circumstance, contracts entered into that exceed \$10,000 must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.

4. **Temporary Services (503.04).** This object includes fees paid to third parties who supply the transit system with temporary labor. The duration of the engagement of these services is limited, such as the hiring of temporary labor to conduct boarding/alighting or on-board surveys of transit passengers. This category does not include seasonal employees of the transit system, who are appropriately classified under Object 501. Any contracts entered into that exceed \$10,000 must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.
5. **Contract Vehicle Maintenance (503.05).** This category includes vehicle maintenance services provided on system vehicles whether or not a formal

contractual arrangement exists between the transit system and the third party maintenance vendor. This category also includes purchased vehicle cleaning services. Any contracts entered into that exceed \$10,000 must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.

6. **Custodial Services (503.06).** This object includes expenditures made for office cleaning and other custodial services that are not included as part of building lease or rent fees under Object 512, "Leases and Rentals." Any contracts entered into that exceed \$10,000 must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.
7. **Office & Communications Equipment Repair (503.08).** This object includes maintenance contracts and periodic service fees paid to third parties who provide periodic preventative maintenance service and repairs to office equipment including, but not necessarily restricted to typewriters, computers, copiers, postage machines, and facsimile machines; and communications equipment including, but not necessarily limited to: telephone systems, cellular phone, pagers, and mobile communication equipment. Any contracts entered into that exceed \$10,000 must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.

504. *Materials And Supplies Consumed*

1. **Fuels & Lubricants Consumed (504.01).** This object includes expenses incurred by the transit system for the purchase and immediate use of any vehicle consumable including, but not necessarily limited to: gasoline, diesel fuel, compressed natural gas, other alternative fuels, motor oil, transmission fluid, windshield washer solvent, grease, and other fluids. The category does not include purchase of these same products for inventory, which are appropriately entered Object 504.03, "Inventory Purchases." Consistent with IDOT procurement and third party contracting policies, any such purchase where the contract for purchase will exceed \$10,000 must receive the prior approval of IDOT prior to execution by the grantee/operator.
2. **Tires and Tubes Consumed (504.02).** This object includes expenses associated with the lease or purchase of tires and tubes, the cost to balance and rotate tires, and associated labor costs. This category does not include the cost of tire repairs, appropriately entered under Object 503.05, "Contract Vehicle Maintenance and Repair."

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

3. **Inventory Purchases (504.03).** This object includes the purchase of all items required by the transit system to replenish and maintain stock quantities of inventory at **normal levels**. Items for inventory may include, but are not necessarily limited to: vehicle maintenance parts, cleaning supplies, and office supplies. Items purchased for inventory must meet the same tests for eligibility as if the item was purchased for immediate consumption.
4. **Office Supplies and Materials (504.04).** Items purchased under this object of expenditure must be used to support the administrative or operating function of the transit system. If the grantee cannot directly assign items purchased under this category to the transit program, indirect cost allocation methods should be used to assign costs to the Section 5311 program.

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

505. Utilities

1. Utilities relate to the building purpose and function. Utilities associated with offices for administrative functions are allowable as an administrative expense. Utilities related to single unit buildings dedicated exclusively to vehicle maintenance are classified as a maintenance expense. Other structures such as passenger waiting stations, parking facilities, etc. are classified as operating expenses. If a grantee or operator maintains office facilities in a building used for multiple purposes, , indirect cost allocation methods should be used to assign costs to the Section 5311 program.

506. Casualty And Liability Costs

1. Insurance coverage to protect the transit system against damage and loss from its own actions and the actions of others is an eligible cost under the Section 5311 program. The procurement of insurance services, whether procured directly by the transit system or through the services of an independent underwriter, must follow the transit system's written procurement policies. Under any circumstance, if the projected cost of insurance coverage is over \$10,000, formal competitive procurement techniques must be used. IDOT approval is required prior to the grantee entering into the contract with the selected provider.

507. Taxes

1. See allowable expenses in Exhibit 1.

508. Purchased Transportation

1. This category includes any purchase of transit service wherein a third party provides passenger transportation services at the request of the Section 5311 grantee/operator. Services may be provided through informal arrangements, inter-local governmental agreements, or through formal competitive contracting.
2. This category also includes user-side subsidies. In a user-side subsidy, the grantee provides the operating subsidy directly to the user, rather than the operator of transit services. This subsidy is typically provided in the form of discounted transit tickets or tokens that are purchased at a discounted rate, which in turn can be used to pay for transit services.

An example of this concept would be as follows. A local municipality permits members of the general public to purchase transit tickets at City Hall. In order to promote mobility, and to help low income people achieve greater mobility, the tickets, with a value of \$2.50, are sold to the public at a rate of \$1.25. Purchasers of the tickets can then buy \$2.50 worth of transit rides from the providers who participate in the program. The program essentially provides a 50 percent discount in the cost of transportation.

The city, in turn, claims the discount (\$1.25) as the net cost of service. The city is eligible to be reimbursed one-half of this amount, or \$0.675 by IDOT. The local share would be the other one-half of the discount, \$0.675, paid by the municipality.

3. Periodically, Section 5311 grantee/operators use volunteers to provide passenger transportation. Mileage reimbursements paid to volunteers should be classified in this category, not the travel category in Object 513 where employees of a grantee or operator would receive such mileage reimbursements.

509. Miscellaneous Expenses

1. **Dues and Subscriptions (509.01).** IDOT promotes and encourages the professional development of individuals working for Section 5311

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

grantees/operators. Professional association memberships and subscriptions to technical journals and magazines are an allowable expense. The association or periodical, however, must have direct relationship to public transportation management, operations, and/or maintenance. Refer to the list of associations or periodicals in Exhibit 1 that are categorically allowable under the Section 5311 program.

2. **Travel and Meetings (509.02).** This category includes reimbursements paid to employees and related officials (*e.g.*, Board of Directors) of the grantee, the operator, or third party contractor for traveling on official business of the transit system. Reimbursements must be provided consistent with the duly adopted travel policies of the organization. Such policies should spell out the circumstances and limitations under which reimbursement will be provided. **Under any circumstances, IDOT will not reimburse grantees/operators for travel, lodging, or subsistence at rates that exceed the current rate limitations established for employees of the State of Illinois.** Copies of state reimbursement rates are available from IDOT. If a grantee and/or operator adopts reimbursement policies in excess of these state allowances, IDOT will only participate up to the state maximum.

Annual meetings exclusively devoted to transportation, employee appreciation events, and similar meetings are allowable, in part, under IDOT guidelines. IDOT will participate in food, catering, and facility/meeting room rental expenses. IDOT will not participate in decorations, table centerpieces, entertainment, speaker fees, or honorariums. Alcohol is not an allowable expense under Federal guidelines.

It is IDOT policy that all travel will be reimbursed as a project administration expense.

3. **Bridge, Tunnel, and Highway Tolls (509.03).** This category includes the payment of tolls while using transit system revenue vehicles, whether or not the vehicle is in revenue service. Tolls made while traveling on agency business by transit system personnel should be classified under account 509.02.
4. **Advertising/Promotional Media (509.08).** Fees and payments made for media placements. Examples are the purchase of time or space for advertisements and the purchase of system give-away items (pens, magnets, etc.). The labor and materials provided by an advertising agency in the development and production of advertising campaigns is included in object class 503.02.

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

511. Interest Expense

1. **Long Term Debt Obligation (511.01).** Although an allowable expense under Federal guidelines (with the prior approval of IDOT), IDOT will require that projects seek Federal and/or state funding to undertake capital projects that would result in long-term debt obligation for the grantee.
2. **Short Term Debt Obligation (511.02).** Interest incurred on short-term debt obligations, such as borrowing against a line-of-credit or other similar debt instrument to meet current operating and/or administrative obligations is an allowable expense under the Section 5311 program. Such expenses will be treated as an operating expense in the Approved Project Budget.

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

512. Leases And Rentals

All leases of real property and equipment are subject to FTA provisions regarding conducting procurements that facilitate the most efficient and economic acquisition of goods, property, and services. Where appropriate, an analysis must be made of "lease versus purchase" alternatives prior to entering into a lease agreement. Under any circumstances, leases and rentals are all subject to the following provisions:

1. Lease agreements are subject to the same procurement and allowability standards as all other expenditures under the Section 5311 program. IDOT will consider rental costs as allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased.
2. Under any circumstance, lease agreements entered into that exceed \$10,000, either on an annual or aggregate basis, must have the prior approval of IDOT before execution of the agreement. A copy of the agreement must be submitted to IDOT.
3. Negotiations of lease agreements must adhere to FTA's basic procurement policies, including use of "arms-length" bargaining. Rental costs under less-than-arms-length leases are allowable only up to the amount that would be allowed had title to the property vested in the governmental unit. For this purpose, less-than-arms-length leases include, but are not limited to, those where:
 - one party to the lease is able to control or substantially influence the actions of the other;
 - both parties are parts of the same governmental unit; or

- the governmental unit or nonprofit operator creates an authority, another nonprofit organization, or similar entity to acquire and lease the facilities to the governmental unit, nonprofit organization, or to other parties.

In some circumstances, particularly with respect to lease/purchase agreements, additional IDOT guidelines apply to the expense. If, at the inception of the lease/purchase agreement, the total cost of the item, including all lease payments, is greater than \$5,000, and if one or more of the following criteria are present, the cost will be treated by IDOT as a capital expense, and is not an eligible operating expense:

- ownership of the property or equipment is transferred to the grantee or operator at the end of the lease as a term of the agreement; or
 - the lease contains a bargain purchase option,² or
 - the lease is for a period of time which is greater than 75 percent of the estimated useful life of the property or equipment.
4. When a grantee or operator leases a facility that is used for mixed administrative and operational purposes, IDOT will generally treat the lease expense as an administrative cost. The grantee or operator should evaluate the overall size of the facility, usage devoted to each function, and square footage to determine if the lease cost should be split between the administrative and operating categories. This analysis should be submitted to IDOT in the Section 5311 grant application (or whenever appropriate) for concurrence.

513. Depreciation and Amortization

1. Depreciation is not an allowable expense under IDOT grants consistent with state laws and regulation.

530. Contributed or In-Kind Services – Allowable Expenses

1. Donated or volunteer services furnished to the transit system by professional and technical personnel, consultants, and other skilled and

² A “bargain purchase” option is when the lessee’s option to purchase the leased item at the end of the lease is set at a sufficiently low price so it makes the purchase almost certain. Typically, this price is far below the fair market value of the leased item as determined at the end of the lease term.

**GUIDELINES ON THE
ALLOWABILITY OF
COSTS UNDER THE
SECTION 5311
PROGRAM**

unskilled labor are allowable as use of part of the local matching share under the Section 5311 program. The value of these services is not reimbursable either as a direct or indirect cost.

2. The value of donated services may be used to meet cost sharing or matching requirements of Section 5311.
3. IDOT will deem the value of the donation to be reasonable if the rates for volunteers are consistent with the regular rates paid for similar work in other activities of the organization. In cases where the kinds of skills involved are not found in other activities of the organization, the rates used shall be consistent with those paid for similar work in the labor market in which the organization competes for such skills. Donated services must be supported by the same methods used by the transit system to support the allowability of regular personnel services.
4. In computing claims for reimbursement, the value of the donation must be reflected as both an expense (530.00), however, this expense is not eligible for reimbursement. A corresponding amount must be shown in system revenues as local share (430.01).

Exhibit 1 details the allowability of costs under the Section 5311 program.

**Allowability
Guidelines for
Costs Under the
Section 5311
Program**

Exhibit 1.
Guidelines for the Allowability of Costs and IDOT Requisition Documentation Requirements
Under the Section 5311 Program

Obj. Code	Description	Expense Classification		Allowable Costs	Documentation Requirements
		Administration	Operating		
501.01	Operator's Salaries & Wages		X	<ul style="list-style-type: none"> - Salaries/wages of lead drivers or street supervisors - Salaries/wages full- and part-time vehicle operators - Salaries/wages of temporary vehicle operators - Salaries/wages of Personal Care Attendants (PCA) or transit system escorts 	Personal activity reports, payroll detail register for each position for which reimbursement is being claimed (direct labor).
501.02	Training Salaries & Wages	X		<ul style="list-style-type: none"> - Salaries/wages paid to new probationary hires undergoing training to qualify for position - Salaries/wages paid to other employees in operating categories who are eligible for reimbursement at the administrative rate while participating in training activities 	Personal activity reports, payroll detail register for each position for which reimbursement is being claimed (direct labor).
501.03	Dispatcher's Salaries & Wages		X	<ul style="list-style-type: none"> - Salaries/wages of personnel performing call-taking, reservations, or radio dispatching functions 	Personal activity reports, payroll detail register for each position for which reimbursement is being claimed (direct labor).
501.04	Administrative Salaries & Wages	X		<ul style="list-style-type: none"> - Salaries/wages of the Director, Transportation Supervisor, or other management personnel, - Salaries/wages of assistant directors, or other mid-level supervisors performing administrative functions - Secretaries, and other administrative positions including, but not necessarily limited to: administrative assistants, clerks, typists, or data entry personnel - Financial management positions including, but not necessarily limited to: finance director, director of accounting, accountant, payroll supervisor, payroll clerk, or accounts manager - Salaries/wages of transit planning manager or supervisor, planners, or GIS technicians - Salaries/wages of Marketing Manager or graphic artists - Salaries/wages of modal supervisors, including, but not necessarily limited to: Rideshare Coordinator, Director of Special Services, etc. - Salaries/wages of Drug/Alcohol Testing Program Manager 	Personal activity reports, payroll detail register for each position for which reimbursement is being claimed (direct labor).
501.05	Maintenance Salaries & Wages		X	<ul style="list-style-type: none"> - Salaries/Wages of Maintenance Supervisor, Director of Maintenance, or similarly classified positions - Salaries/wages of Mechanics, Mechanic Helpers, Mechanic Assistants, or Machinists - Salaries/Wages of Yard Men or Utility Workers - Salaries/Wages of Building Maintenance Workers 	Personal activity reports, payroll detail register for each position for which reimbursement is being claimed (direct labor).

Exhibit 1.
Guidelines for the Allowability of Costs and IDOT Requisition Documentation Requirements
Under the Section 5311 Program

Obj. Code	Description	Expense Classification		Allowable Costs	Documentation Requirements
		Administration	Operating		
503.01	Management Services (cont.)	X		<ul style="list-style-type: none"> - Occasional consulting and special purpose studies provided by the selected management service company 	<p>Invoice from consulting company which shows consulting fees (invoice under cost reimbursement type contracts must meet same documentation requirements as required of grantees). The grantee/operator must have a copy of the third party contract on file between the grantee and the management company. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.</p>
503.02	Advertising Services	X		<ul style="list-style-type: none"> - Labor, service, and materials fees paid to an advertising agency in the development and production of advertising campaigns 	<p>Invoice from advertising company which shows service fees (invoice under cost reimbursement type contracts must meet same documentation requirements as required of grantees). The grantee/operator must have a copy of the third party contract on file between the grantee and the management company. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.</p>
503.03	Professional & Technical Services	X		<ul style="list-style-type: none"> - Labor and services fees paid by the grantee/operator to various professional and technical service companies, including, but not necessarily limited to: accountants, auditors, attorneys, investment bankers, and payroll service processing firms - Labor and service fees paid to outside (third party) organizations for Section 5311 grant administration services (e.g., regional planning agency) - Labor and service fees paid to drug & alcohol vendors, including but not necessarily limited to third party administrator, MRO, BAT, SAP, collection sites - Labor and service fees paid to programming/network maintenance/data processing firms 	<p>Invoice from professional services company which shows fees (invoice under cost reimbursement type contracts must meet same documentation requirements as required of grantees). The grantee/operator must have a copy of the third party contract on file between the grantee and the management company. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.</p>
503.04	Temporary Services	X	X	<ul style="list-style-type: none"> - Fees paid to personnel/temporary services firms to supply labor, on an interim basis, to the transit system. Classification will follow the same methods as used in 501.00. 	<p>Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.</p>

Exhibit 1.
Guidelines for the Allowability of Costs and IDOT Requisition Documentation Requirements
Under the Section 5311 Program

Obj. Code	Description	Expense Classification		Allowable Costs	Documentation Requirements
		Administration	Operating		
503.05	Contract Vehicle Maintenance		X	<ul style="list-style-type: none"> - Vehicle maintenance services performed by third parties under terms of a written contract arrangement - Other vehicle maintenance services performed by third parties even without a written contract arrangement 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
503.06	Custodial Services	X		<ul style="list-style-type: none"> - Fees paid to outside firms providing janitorial or custodial services 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
503.07	Security Services	X		<ul style="list-style-type: none"> - Fees paid to outside firms for the patrolling of vehicles, stations, yards and buildings to detect and prevent criminal activity, fires, unsafe conditions, etc. 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
503.08	Office & Communications Equipment Repair	X		<ul style="list-style-type: none"> - Labor, service fees, and parts cost paid to outside vendors who clean, maintain, and make repairs to office, computer, or communications equipment, including, but not limited to: cellular phone, telephones, and mobile radios 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
503.09	Building Repair & Maintenance		X	<ul style="list-style-type: none"> - Labor, service fees, and parts paid to vendors who make repairs to real property owned by the transit system 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
503.99	Other Services	X		<ul style="list-style-type: none"> - Labor, service fees, and parts cost of repairs and maintenance performed on property owned and controlled by the grantee or operator not properly chargeable to any other object expenditure 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
504.01	Fuel & Lubricants Consumed		X	<ul style="list-style-type: none"> - Costs of gasoline, diesel fuel, propane, compressed natural gas, lubricating oils, transmission fluid, grease, etc., for use in vehicles 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
504.02	Tires & Tubes Consumed		X	<ul style="list-style-type: none"> - Leases or purchase of tires and tubes - Cost of balancing and rotating tires - Associated labor costs for outside vendors to perform tire balancing, rotation, and installation 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
504.03	Inventory Purchases		X	<ul style="list-style-type: none"> - Purchases to replenish and maintain inventory and maintain stock quantities of operating supplies at normal level. Items include vehicle maintenance parts, vehicle cleaning supplies, etc. 	Vendor invoice and receipts. Items must directly be used for transit purposes or be subject to allocation in accordance with an approved indirect cost allocation plan.

Exhibit 1.
Guidelines for the Allowability of Costs and IDOT Requisition Documentation Requirements
Under the Section 5311 Program

Obj. Code	Description	Expense Classification		Allowable Costs	Documentation Requirements
		Administration	Operating		
504.04	Office Supplies & Materials	X		<ul style="list-style-type: none"> - Purchases to replenish and maintain inventory and maintain stock quantities at normal level. Items include office supplies, etc. - General office supplies and materials, including, but not necessarily limited to paper, fax paper, pencils, pens, markers, typewriter ribbons, binder and paper clips, staples, notepads, adding machine paper, printer cartridges, printer toner, hand held calculators, personal information managers (PIMs), desk calendars, rulers, staplers, tape dispensers, etc. Such items should be of relatively little value, relatively consumable and may or may not be subject to inventory control (Items in 504.03) - Computer software and related expenses including, but not necessarily limited to: software, software upgrades, screen savers, PIMs, operating system and networking software - Cost of educational supplies and materials for instructional purposes, including, but not necessarily limited to: training videos, audio tapes, workbooks, and supplies - Cost of first aid kits, bio-hazard kits, and replacement supplies 	<p>Vendor invoice and receipts. Items must directly be used for transit purposes or be subject to allocation in accordance with an approved indirect cost allocation plan.</p> <p>Vendor invoice and receipts. Items must directly be used for transit purposes or be subject to allocation in accordance with an approved indirect cost allocation plan.</p>
504.05	Educational and First Aid Supplies	X		<ul style="list-style-type: none"> - Cost of materials and supplies not specifically identified in previous objects of expenditure for immediate consumption that directly relate to the transit program 	<p>Vendor invoice and receipts.</p>
504.99	Other Materials & Supplies	X		<ul style="list-style-type: none"> - Cost of first aid kits, bio-hazard kits, and replacement supplies 	<p>Vendor invoice and receipts.</p>
505.02	Telephone	X		<ul style="list-style-type: none"> - Telephone and internet connection services purchased from telephone or other telecommunications and/or internet companies, including local, long distance, and cellular services, voice mail, pager services, leased lines, and data lines (including analog, cable modem, DSL, and T-1), and domain/web hosting fees 	<p>Monthly invoices including summary pages with detailed expenses and sales tax breakout.</p>
505.99	Utilities - Other		X	<ul style="list-style-type: none"> - Line lease fees to operate two-way radio communication services (e.g., repeaters, service from base station to facilities, etc.) - Cost of all other utilities (excluding propulsion), such as electrical power purchased from an outside utility company, natural gas, water and sewer, and refuse collection 	<p>Monthly invoices including summary pages with detailed expenses and sales tax breakout.</p> <p>Monthly Invoices Including Summary Pages with Detailed Expenses and Sales Tax Breakout.</p>

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506.01	Physical Damage Insurance	X		<ul style="list-style-type: none"> - Premiums applicable to an accounting period to insure the transit system from losses through damage to its own property caused by collision, fire, theft, flood, earthquake, etc. 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
506.03	Liability & Property Insurance	X		<ul style="list-style-type: none"> - Premiums applicable to an accounting period to insure the transit system against loss from liability for its acts which causes damage to the person or property of others 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
506.04	Uninsured Settlements	X		<ul style="list-style-type: none"> - Payments or accruals of actual liability to others arising from culpable acts of the transit system and which are not covered by public liability insurance 	Settlement letters, documents, or court decrees that specify the transit system's liability in the claim
506.05	Provisions for Uninsured Settlements	X		<ul style="list-style-type: none"> - Periodic estimates of liability to others arising from culpable acts of the transit system that relate to the current or a prior reporting period and which are not covered by public liability insurance. This object class also includes lump sum payments not covered by public liability insurance. 	Settlement letters, documents, or court decrees that specify the transit system's liability in the claim
506.06	Recoveries of Settlements	X		<ul style="list-style-type: none"> - Payments or accruals of actual liability to others arising from culpable acts of the transit system and which are covered by public liability insurance 	Settlement letters, documents, or court decrees that specify the transit system's liability in the claim
506.08	Other Corporate Insurance	X		<ul style="list-style-type: none"> - Premiums applicable to an accounting period to insure the transit system from losses other than through damage to its property or liability for its culpable acts, e.g., fidelity bonds, business records insurance, etc 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
506.99	Other Insurance	X		<ul style="list-style-type: none"> - Payments or accruals made for insurance not properly classified in categories 506.01 through 506.08 	Vendor invoice and receipts. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.
507.04	Licensing & Registration Fees	X		<ul style="list-style-type: none"> - The fees assessed by Federal, state and/or local governments for granting authority to operate a motor vehicle 	Receipts from licensing agency.
508.00	Purchased Transportation		X	<ul style="list-style-type: none"> - Purchase of transportation services from a publicly owned transportation provider - Purchase of transportation services from a privately owned transportation provider - User-side subsidies provided by the grantee where the grantee supplements the costs of transportation by permitting passengers to buy tickets at less than full value - Reimbursement to volunteers for mileage on personal vehicles for providing public transportation 	Vendor Agreements. If contract is in excess of \$10,000, lower tier agreement or subcontract is subject to the prior approval of IDOT.

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Obj. Code	Description	Expense Classification		Allowable Costs	Documentation Requirements
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509.01	Dues & Subscriptions	X		<ul style="list-style-type: none"> - Fees for membership in industry organizations, including but not necessarily limited to: Illinois Public Transit Association (IPTA), American Public Transit Association (APTA), and Community Transportation Association of America (CTAA) and subscriptions to eligible periodical publications, including, but not necessarily limited to, <i>Passenger Transport</i>, <i>Community Transportation Reporter</i>, <i>Bus Ride</i>, <i>Metro</i>, etc 	Copies of invoices or receipts.
509.02	Travel & Meetings	X		<ul style="list-style-type: none"> - Applicable to Accounts: 501.02, 501.04, and 501.99 (part) - Expenses reimbursed to transit system administrative employees and related officials for transportation and travel related expenses, including, but not necessarily limited to: transportation (airline fares and/or other fees, car rental, rental car gasoline, rental car insurance, mileage reimbursements, taxi and transit fares, and highway and bridge tolls; meals and hotel expenses while traveling overnight for conferences and other related business meetings; and miscellaneous expenses such as conference registration fees; and other charges consistent with the grantee's approved travel policy (Note: IDOT reimbursement is limited to - Expenses associated with annual meetings and employee appreciation dinners, including food expenses, catering costs, and meeting room rental/fees 	<p>Copy of local expense voucher and receipts for travel, meals, lodging, and miscellaneous expenses, such as conference registration (where applicable), rental cars, etc.</p> <p>Regardless of approved local travel policy, IDOT participation is limited to state travel policy maximum rates.</p> <p>Copy of receipts, room rental contract, etc.</p>
509.03	Bridge, Tunnel, & Highway Tolls		X	<ul style="list-style-type: none"> - Payments made to authorities and other organizations for the use of bridges, tunnels, highways and other similar facilities in the operation of transit system revenue vehicles, whether or not the vehicle is in revenue service 	Receipts.
509.04	Entertainment Expense			<ul style="list-style-type: none"> - Not eligible for reimbursement under the Section 5311 Program 	Not Applicable.
509.05	Charitable Donations			<ul style="list-style-type: none"> - Not eligible for reimbursement under the Section 5311 Program 	Not Applicable.
509.06	Fines & Penalties			<ul style="list-style-type: none"> - Not eligible for reimbursement under the Section 5311 Program 	Not Applicable.
509.07	Bad Debt Expense			<ul style="list-style-type: none"> - Not eligible for reimbursement under the Section 5311 Program 	Not Applicable.
509.08	Advertising/Promotion Media	X		<ul style="list-style-type: none"> - Advertising media fees and expenses, regardless of whether they are paid to an advertising agency or directly to the media. Examples are purchase of TV advertisements, newspaper advertisements, purchase of system give-away items, etc. The labor and materials provided by an advertising agency in the development and production of advertising campaigns is included in object class 503.02. 	Copies of Invoices or Receipts.

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Obj. Code	Description	Expense Classification		Allowable Costs	Documentation Requirements
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511.01	Long Term Debt Obligation		X	- Interest incurred on long-term debt obligations associated with capital purchases. Only allowable after a grantee or operator has sought all means of Federal/state capital funding for the project.	Copy of loan agreement.
511.02	Short Term Debt Obligation		X	- Interest incurred on short-term debt obligations, such as borrowing against a line-of-credit or other similar debt instrument to meet current operating and/or administrative obligations	Copy of bank statements, loan agreements, etc.
512.01	Transit Way Structures, etc.		X	- Leases and rentals of the physical facilities of the following types that are located along the routes where transit services are offered: land, roadway structures (i.e., tunnels, bridges, elevated structures, etc), and guideways (i.e., track and roadbed)	Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the management company. Contracts over \$10,000 require prior IDOT approval before execution.
512.02	Passenger Stations		X	- Leases and rentals of the physical facilities of the following types that are used for passenger stations and terminals: land, building and structures, office equipment, other equipment, furnishings (other than office equipment), passenger shelters (without attendants)	Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the management company. Contracts over \$10,000 require prior IDOT approval before execution.
512.03	Passenger Parking Facilities		X	- Leases and rentals of the physical facilities of the following types that are used to provide parking space for the automobiles of transit patrons: land, building and structures (including paved structures), office equipment (such as cash registers), other equipment (such as automatic entry and exit control gates), furnishing (such as those for a parking fee collection booth)	Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the management company. Contracts over \$10,000 require prior IDOT approval before execution.
512.04	Passenger Revenue Vehicles		X	- Leases and rentals of rolling stock used exclusively or predominately for providing passenger transit services	Copies of vehicle lease agreement meeting IDOT vehicle lease guidelines. The grantee must have a copy of the third party contract on file between the grantee and the leasing company. Contracts over \$10,000 require prior IDOT approval before execution.
512.05	Service/Supervisory Vehicles	X	X	- Leases and rentals of rolling stock used for purposes other than providing passenger transit services (road supervision, road call services, etc.) - Leases and rentals of rolling stock used for purposes other than providing passenger transit services (vehicles used by transit system management in the conduct of transit business)	Copies of vehicle lease agreement meeting IDOT vehicle lease guidelines. The grantee must have a copy of the third party contract on file between the grantee and the leasing company. Contracts over \$10,000 require prior IDOT approval before execution.

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512.06	Operating Yards or Stations		X	<ul style="list-style-type: none"> - Leases and rentals of the physical facilities of the following types that are used for storing revenue vehicles and for dispatching trains/runs for revenue service: land, buildings and structures, office equipment, equipment other than office equipment, and furnishings 	<p>Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the leasing company. Contracts over \$10,000 require prior IDOT approval before execution.</p>
512.07	Maintenance Facilities		X	<ul style="list-style-type: none"> - Leases and rentals of the physical facilities of the following types that are used as maintenance facilities for revenue vehicles: land, buildings and structures, office equipment, equipment other than office equipment, and furnishings 	<p>Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the leasing company. contracts over \$10,000 require prior IDOT approval before execution.</p>
512.10	Data Processing Facilities	X		<ul style="list-style-type: none"> - Leases and rentals of the physical facilities of the following types that are used for performing data processing services: land (if a building is devoted exclusively to data processing services and is situated thereon), buildings (if devoted exclusively to data processing services), office equipment, other equipment (particularly main frame and ancillary computer equipment), and furnishings 	<p>Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the leasing company. contracts over \$10,000 require prior IDOT approval before execution.</p>
512.11	Revenue Collection Facilities		X	<ul style="list-style-type: none"> - Leases and Rentals of the physical facilities of the following types that are used for collecting, counting, storing and transporting revenue collections: land (if a building is devoted exclusively to revenue collections and processing and is situated thereon), buildings (if devoted exclusively to revenue collection and processing), office equipment, other equipment, including faceboxes, vaults, money counting and wrapping machines, etc., and furnishings 	<p>Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the leasing company. contracts over \$10,000 require prior IDOT approval before execution.</p>
512.12	Other Administrative Facilities	X		<ul style="list-style-type: none"> - Leases and rentals of the physical facilities of the following types that are used for performing the general administrative functions of the transit system: land, buildings, office equipment, equipment other than office equipment, and furnishings 	<p>Copy of lease agreement should be submitted with the first requisition. Vendor invoice or receipt should otherwise be submitted. The grantee must have a copy of the third party contract on file between the grantee and the leasing company. contracts over \$10,000 require prior IDOT approval before execution.</p>

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513.00	Depreciation & Amortization			- Not eligible for reimbursement under the Section 5311 Program	Not Applicable.
530.00	Contributed Services		X	<p>- Donated or volunteer services furnished to the transit system by professional and technical personnel, consultants, and other skilled and unskilled labor to perform services such as driving vehicles, dispatching vehicles, taking trip reservations, or other operations functions. The value of these services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of the Common Rule</p> <p>- Donated or volunteer services furnished to the transit system by professional and technical personnel, consultants, and other skilled and unskilled labor to perform services such as clerical duties or other administrative functions. The value of these services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of the Common Rule</p>	<p>Contributed services are eligible to meet project matching costs to the extent that the value of the service can meet the documentation requirements specified in OMB Circular A-87 or OMB Circular A-122.</p> <p>Contributed services are eligible to meet project matching costs to the extent that the value of the service can meet the documentation requirements specified in OMB Circular A-87 or OMB Circular A-122.</p>

Appendix A
Applicable Federal Cost Guidance

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Applicable Federal Cost Guidance**

Grantee or Operator Organizational Status	Applicable Circular	Title	Date	Governing Cost Principles
Local Government	OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments	May 4, 1995 (with amendments on 8/29/97)	OMB Circular A-87, Attachment A
Transit Districts	OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments	May 4, 1995 (with amendments on 8/29/97)	OMB Circular A-87, Attachment A
Private Nonprofit Corporations	OMB Circular A-122	Cost Principles for Non-Profit Organizations	May 9, 1998	OMB Circular A-122, Attachment B
Educational Institutions	OMB Circular A-21	Cost Principles for Educational Institutions	October 27, 1998	OMB Circular A-21, Attachment J

Appendix B

Sample Personal Activity Record

ABC Multipurpose Agency, Inc. Employee Time Record

Employee Name:
(Please Print)

Mary D. Smith

Period Ending

15-Feb

20 01

Employee Signature

Supervisor's Signature

Date

Date

Code	Project Name	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Period Total
	PROGRAM RELATED WORK																
	Transportation																0.00
	Administration	5.50	8.00														13.50
	Operations																0.00
	Senior Services																0.00
	Nutrition					8.00	8.00	8.00									24.00
	Outreach Services								4.25								4.25
	Homemaker Services								3.00								3.00
	Weatherization																0.00
	Commodities													8.00	8.00		16.00
	Other Program Services															8.00	8.00
	TOTAL PROGRAM HOURS	5.50	8.00	0.00	0.00	8.00	8.00	8.00	7.25	0.00	0.00	0.00	0.00	8.00	8.00	8.00	68.75
	AGENCY INDIRECT WORK																
	General Agency Administration	2.50							0.75	8.00							11.25
	Fundraising												4.00				4.00
	Holiday																0.00
	Vacation Leave																0.00
	Sick Leave																0.00
	Other												4.00				4.00
	TOTAL AGENCY INDIRECT HOURS	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.75	8.00	8.00	0.00	8.00	0.00	0.00	0.00	19.25
	TOTAL HOURS	8.00	8.00	0.00	0.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00	8.00	8.00	8.00	8.00	88.00

E. 9 Site Visit Requirements



**SITE VISIT REQUIREMENTS ARE IN DRAFT FORM AND
WILL BE COMPLETED BY MID-2002. WHEN COMPLETED
COPIES WILL BE SENT OUT TO EACH GRANTEE.**