U.S. Department
of Transportation

**Federal Transit
Administration**

CIRCULAR

FTA C 5010.1D

November 1, 2008
Rev. 1, August 27, 2012

Subject: GRANT MANAGEMENT REQUIREMENTS

1. PURPOSE. This circular is a re-issuance of guidance for post-award grant administration and project management activities for all applicable Federal Transit Administration (FTA) grant programs. This revision incorporates provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU), and includes the most current guidance for the Federal public transportation program as of the date of publication.

   These requirements are intended to assist grantees in administering FTA-funded projects and in meeting grant responsibilities and reporting requirements. Grantees have a responsibility to comply with regulatory requirements and to be aware of all pertinent material to assist in the management of federally assisted grants.

2. CANCELLATION. This circular cancels FTA Circular 5010.1C, "Grant Management Guidelines," dated 10–1–98.

3. AUTHORITY.

   a. Federal Transit Laws, codified at 49 U.S.C. Chapter 53.

   b. 49 CFR 1.51.

4. WAIVER. FTA reserves the right to waive any provision of this circular to the extent permitted by Federal law or regulation.

5. FEDERAL REGISTER NOTICE. In conjunction with publication of this circular, a *Federal Register* notice was published on September 30, 2008 (73 FR 56892), addressing comments received during the development of the circular.

6. AMENDMENTS TO THE CIRCULAR. FTA reserves the right to update this circular to reflect changes in other revised or new guidance and regulations that undergo notice and comment without further notice and comment on this circular. FTA will post updates on our website: **www.fta.dot.gov**. The website allows the public to register for notification when FTA issues *Federal Register* notices or new guidance; visit the website and click on "sign up for e-mail updates."

7. ACCESSIBLE FORMATS. This document is available in accessible formats upon request. To obtain paper copies of this circular as well as information regarding these accessible

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formats, telephone FTA's Administrative Services Help Desk, at 202–366–4865. Individuals with hearing impairments may contact the Federal Relay Service at 1–800–877–8339 for assistance with the call.

/S/ Original Signed by
James S. Simpson
Administrator

PROGRAM CIRCULAR

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CHAPTER I

INTRODUCTION AND BACKGROUND

1. THE FEDERAL TRANSIT ADMINISTRATION (FTA). FTA is one of ten modal administrations within the U.S. Department of Transportation (DOT). Headed by an Administrator who is appointed by the President of the United States, FTA functions through a Washington, DC, headquarters office, ten regional offices, and five metropolitan offices that assist transit agencies in all 50 States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa and federally recognized Indian tribes.

   Public transportation includes buses, subways, light rail, commuter rail, monorail, passenger ferry boats, trolleys, inclined railways, people movers, and vans. Public transportation can be either fixed-route or demand-response service.

   The Federal Government, through FTA, provides financial assistance to develop new transit systems and improve, maintain, and operate existing systems. FTA oversees thousands of grants to hundreds of State and local transit providers, primarily through its regional and metropolitan offices. These grantees are responsible for managing their programs in accordance with Federal requirements, and FTA is responsible for ensuring that grantees follow Federal statutory and administrative requirements.

2. AUTHORIZING LEGISLATION. Most Federal transit laws are codified at 49 U.S.C. Chapter 53. Authorizing legislation is substantive legislation enacted by Congress that establishes or continues the legal operation of a Federal program or agency. Congress typically amends FTA's authorizing legislation every four to six years. FTA's most recent authorizing legislation is the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU), Public Law 109–59, signed into law August 10, 2005. SAFETEA–LU authorizes FTA programs from Federal Fiscal Year (FY) 2006 through FY 2009. Changes have been added to this circular to reflect the SAFETEA–LU changes to Federal transit law and to reflect changes required by other laws that have become effective since the circular was last published in 1998.

3. HOW TO CONTACT FTA. FTA's regional and metropolitan offices are responsible for the provision of financial assistance to FTA grantees and oversight of grant implementation for most FTA programs. Certain specific programs are the responsibility of FTA headquarters. Inquiries should be directed to either the regional or metropolitan office responsible for the geographic area in which you are located. See Appendix I of this circular for additional information.

   Visit FTA's website, **http://www.fta.dot.gov**, or contact FTA Headquarters at the following address and phone number:

   Federal Transit Administration
   Office of Communication and Congressional Affairs

1200 New Jersey Avenue SE.
Room E56–205
Washington, DC 20590
Phone: 202–366–4043
Fax: 202–366–3472

4. GRANTS.GOV. FTA posts all competitive grant opportunities on Grants.gov. Grants.gov is the one website for information on all discretionary Federal grant opportunities. Led by the U.S. Department of Health and Human Services (DHHS) and in partnership with Federal grant-makers including 26 agencies, 11 commissions, and several States, Grants.gov is one of 24 Federal cross-agency E-government initiatives. It is designed to improve access to government services via the Internet. More information about Grants.gov is available at **http://www.grants.gov**.

5. DEFINITIONS. All definitions in 49 U.S.C. 5302(a) apply to this circular as well as the following definitions:

   a. Accrual Basis of Accounting: The accounting method where income is recorded when earned instead of when received, and expenses are recorded when incurred instead of when paid.

   b. Administrative Amendment: A minor change in a Grant Agreement normally initiated by FTA to modify or clarify certain terms, conditions, or provisions of a grant.

   c. Administrative Settlement: Purchase price for property may exceed the amount offered as just compensation when reasonable efforts to negotiate an agreement at that amount have failed and an authorized Agency official approves such an arrangement. Such an arrangement must be reasonable, prudent, and in the public interest.

   d. Acquisition Cost of Project Property and Purchased Equipment: The purchase price of equipment. This is the net invoice unit price, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the intended purpose. Other charges such as the cost of inspection, installation, transportation, taxes, duty or protective in-transit insurance should be treated in accordance with the grantee’s regular accounting practices, as separate line items. The cost of items separately installed and removable from rolling stock, such as fareboxes and radios, is treated as a separate acquisition and not as part of the cost of the vehicle.

   e. Air Rights: The space located above, at, or below (subterranean) the surface of the ground, lying within a project’s property limits.

   f. Brownfields: The Environmental Protection Agency (EPA) defines “Brownfields” (one type of contaminated property), as abandoned, idled, or under-used industrial and commercial land, often found in urban areas, where redevelopment is complicated by real or perceived hazardous contamination. These properties have lower levels of contamination than Superfund sites, but they are a health risk and economic detriment to the communities where they are located.

g. Budget Revision: Any change within the scope that has impact on budget allocations of the original grant. A budget revision may be a transfer of funds within a project scope or between existing activity line items (ALIs) within an approved grant. It could also include the addition or deletion of an ALI.

h. Capital Asset: Facilities or equipment with a useful life of at least one year, which are eligible for capital assistance.

i. Capital Lease: Any transaction whereby the grantee acquires the right to use a capital asset without obtaining ownership.

j. Cash Basis of Accounting: Cash basis of accounting is the method when revenue is recorded when received, rather than when earned, and expenses are recorded when paid, rather than incurred. FTA does not allow the Federal Financial Report (FFR) to be prepared in the cash method of accounting.

k. Catalog of Federal Domestic Assistance (CFDA): The Catalog of Federal Domestic Assistance is a government-wide compendium of Federal programs, projects, services, and activities that provide assistance or benefits to the American public. It contains financial and nonfinancial assistance programs administered by departments and establishments of the Federal Government. As the basic reference source of Federal programs, the primary purpose of CFDA is to assist users in identifying programs that meet specific objectives of the potential applicant, and to obtain general information on Federal assistance programs. In addition, the intent of CFDA is to improve coordination and communication between the Federal Government and State and local governments. The CFDA number assigned to each program is used to report and track audit findings related to Federal grants.

l. Concurrent Non-Project Activities: Also known as betterments, concurrent non-project activities are improvements to the transit project desired by the grant recipient that are nonintegral to the planned functioning of the Federal transit project and are carried out simultaneous with grant execution and are not included in the Federal grant.

m. Contingency Fleet: Inactive rolling stock reserved/retained for emergencies and separate from spare fleet.

n. Cost of Project Property: The purchase price of project property. This is the net invoice unit price, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the intended purpose. Other charges, such as the cost of inspection, installation, transportation, taxes, duty, or in-transit insurance, should be treated in accordance with the grantee's regular accounting practices, in the same or as separate line items. The cost of items separately installed and removable from rolling stock, such as fareboxes and radios, is treated as a separate acquisition and not as part of the cost of the vehicle if not included in the procurement of rolling stock.

o. Depreciation: Method used to calculate the reduction in value of an item of personal or real property over time. Is the term most often used to indicate that personal property has declined in service potential. For the purpose of this circular, it is also a method of determining fair market value when disposing of an asset prior to the end of its useful life.

p. Discretionary Funding: Grant funds distributed at the discretion of the agency as distinct from formula funding.

q. Economic Useful Life: The period over which an improvement or structure contributes to property value. This concept is used in conjunction with the concept of "Economic Age," which is defined as the age of a structure that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. Appraisers sometimes use an "age-life" ratio to estimate a building's depreciation. This factor is developed by dividing the structure's "Economic Age" by its "Economic/Useful Life." Available building cost services provide guidelines for estimating the economic life of property structures using various construction materials and architectural designs and thus assist in conducting this analysis. Useful life assumes a normal level of on going maintenance of the structure. This applies only to real estate (for vehicular useful life see "Useful Life" in definitions).

r. Electronic Clearing House Operation (ECHO): ECHO is a Web-based application that processes draw down requests and makes payments to FTA grantees.

s. Equipment: An article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or $5,000. Includes rolling stock and all other such property used in the provision of public transit service.

t. Equipment Inventory: A physical inventory of project (non-real) property taken and results reconciled with the personal property records.

u. Excess Property: Property which the grantee determines is no longer required for its needs or fulfillment of its responsibilities and has not met its useful life under an FTA assisted grant.

v. Excess Real Property Inventory and Utilization Plan: The document which lists each real estate parcel acquired with participation of Federal funds that is no longer needed for approved FTA project purposes and which states how the grantee plans to use or dispose of the excess real property.

w. Facilities: All or any portion of a building or structure including roads, walks, and parking lots.

x. Fair Market Value: The most probable price equipment or project property would bring in a competitive and open market.

y. Federally Recognized Indian Tribal Government: The governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community, (including any native village as defined in Section 3 of the Alaska Native Claims Settlement Act (ANCSA), (43 U.S.C. 1601 *et seq.*) certified by the Secretary of the Interior as eligible for the special programs and service provided through the Bureau of Indian Affairs.

z. Fleet Management Plan: The management plan includes an inventory of all buses among other items, such as operating policies, peak vehicle requirements, maintenance and overhaul programs, system and service expansions, rolling stock procurements and related schedules, and spare ratio justification. The plan also calculates the number of rolling stock needed to operate at peak normal days.

aa. Force Account: The use of a grantee's own labor force to accomplish a capital grant project.

bb. Formula Funding: Grant funding allocated using factors that are specified in the law, or in an administrative formula developed by FTA.

cc. Global Settlement: In real estate this means the combination of all payments, acquisition and relocation, into one payment. This is not permitted on FTA projects as global settlements are considered in conflict with the intent of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Under the Uniform Act, an appraisal sets Just Compensation for the real estate and is made prior to the initiation of negotiations on a particular parcel. The relocation of personal property, on the other hand, is reimbursed based upon the actual, reasonable, and necessary costs that most often cannot be determined until after the move is complete.

dd. Grant: An award of financial assistance, including Cooperative Agreements, in the form of money, or property in lieu of money, by the Federal Government to an eligible grantee or recipient. Used interchangeably with Grant Agreement.

ee. Grant Amendment: The modification of a grant that includes a change in scope and/or change in Federal funds.

ff. Grantee: An entity to which a grant is awarded directly by FTA to support a specific project in which FTA does not take an active role or retain substantial control, as set forth in 31 U.S.C. 6304. In this circular FTA uses the term grantee interchangeably with grant recipient and recipient.

gg. Grant Scope: The broad purpose or objectives of a grant. The scope of a grant may encompass one or more specific projects identified by scope codes in each grant project budget.

hh. Incidental Use of Project Property and Equipment: The authorized use of real property and equipment acquired with FTA funds for purposes of transit service but which also has limited non-transit use due to transit operating circumstances. Such use must be compatible with the approved purposes of the project and not interfere with intended public transportation uses of project assets.

ii. Lapsed Funds: Funds no longer available for obligation to a grantee or project.

jj. Large Urbanized Area: Any urbanized area with a population of at least 200,000.

kk. Legal Settlement: Used in the context of an eminent domain property acquisition. A legal settlement can occur in one of several ways. First, once an acquisition case is referred to legal counsel to initiate condemnation proceedings, a settlement between the parties may occur before a condemnation complaint is filed. The second situation, involves the settlement of a case after the condemnation action has been filed. This may be referred to as a legal or stipulated settlement. In this case a stipulation agreement is prepared and signed by the parties involved after which the court may approve or issue an order approving the stipulation agreement and dismissing the court case. In either case such a settlement would necessarily be justified in writing similarly to an administrative settlement as described in 49 CFR 24.102(i) of the URA regulations.

ll. Local Governmental Authority: Includes (A) a political subdivision of a State; (B) an authority of at least one State or political subdivision of a State; (C) an Indian tribe; or (D) a public corporation, board, or commission established under the laws of a State.

mm. Master Agreement: The official FTA document containing FTA and other cross-cutting Federal requirements applicable to the FTA recipient and its project. The Master Agreement is typically revised annually in October. The Master Agreement is incorporated by reference and made part of each FTA grant, Cooperative Agreement, and amendment thereto.

nn. NEPA: National Environmental Policy Act (NEPA), signed into law by President Nixon January 1, 1970, 42 USC Section 4321–4370d declared a national policy to safeguard the environment and created the Council on Environmental Quality in the Executive Office of the President. To implement the national environmental policy, NEPA requires that environmental factors such as historic resources, noise, air, vibration, groundwater, habitat, and wildlife be considered when Federal agencies make decisions and that a detailed statement of environmental impacts be prepared for all major Federal actions significantly affecting the quality of the human environment.

oo. Net Present Value: The discounted monetized value of expected net benefits (i.e., benefits minus costs). It is calculated by assigning monetary values to benefits and costs, discounting future benefits and costs using an appropriate discount rate to obtain a present value, and subtracting the sum total of discounted costs from the sum total of discounted benefits.

pp. Net Proceeds from the Sale of Project Equipment and Real Property: The amount realized from the sale of property no longer needed for transit purposes less the expense of any actual and reasonable selling and any necessary expenses associated with repairs to make saleable.

qq. Overhaul: Systematic replacement or upgrade of systems whose useful life is less than the useful life of the entire vehicle in a programmed manner. Overhaul is performed as a planned or concentrated preventive maintenance activity and is intended to enable the rolling stock to perform to the end of the original useful life.

rr. Preventive Maintenance: Is defined as all maintenance costs related to vehicles and non-vehicles. Specifically, it is defined as all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner, up to and including the current state of the art for maintaining such an asset.

ss. Program Income: Gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the Grant Agreement during the grant period (the time between the effective date of the grant and the ending date of the grant reflected in the final financial report).

tt. Program of Projects (POP): A list of projects to be funded in a grant application submitted to FTA by a designated recipient. The POP lists the subrecipients and indicates whether they are private non-profit agencies, governmental authorities, or private providers of transportation service, designates the areas served (including rural areas), and identifies any tribal entities. In addition, the POP includes a brief description of the projects, total project cost, and Federal share for each project.

uu. Project: For the purposes of the FTA program, public transportation improvement activities funded under an executed grant.

vv. Project Activity Line Item (ALI): The description and dollar amount contained in the budget for an approved grant activity associated within a particular scope approved as part of a grant. ALIs under each scope are informational and are used as tools for FTA and the grantee to manage the grant.

ww. Project Property: Includes equipment, real property, supplies, and rolling stock.

xx. Project Scope: The broad purpose of a specific project within a grant. There may be multiple scopes identifying each of the different projects within a grant and each scope may contain a number of activities which represent the estimate of actions needed to complete the project. FTA reserves the right to consider other information in determining the "scope of the project" when that term is used for legal purposes. See the Master Agreement.

yy. Public Transportation: Transportation by a conveyance that provides regular and continuing general or special transportation to the public, but does not include school bus, charter, sightseeing or intercity bus transportation or intercity passenger rail transportation provided by AMTRAK. The terms "transit," "mass transportation," and "public transportation" are used interchangeably in transit law.

zz. Real Property: Land, including affixed land improvements, structures, and appurtenances. It does not include movable machinery and equipment.

aaa. Realty/Personalty Report: A realty/personalty report is a listing of items of real estate to be appraised and items of personalty to be moved. Real estate is the land and anything permanently affixed to the land, such as buildings, fences, and those things attached to the buildings, which if removed, deface the structure or integrality of the building, such as plumbing, heating fixtures, etc. Personal property, on the other hand, is the right or interest in things of a temporary or moveable nature. State law varies on the definition of real property and personal property; therefore, the grantee should rely on its State law's definition of real property and personal property.

bbb. Rebuild: A recondition at the end of useful life that creates additional useful life. Rebuild is a capital expense incurred at or near the end of the rolling stock's useful life that results in a new useful life of the rolling stock that is consistent with the extent of the rebuilding.

ccc. Recipient: An entity that receives funds from FTA, whether as a direct recipient or a subrecipient. For purpose of this circular, FTA uses the term recipient interchangeably with the terms grant recipient and grantee and subgrantee.

ddd. Refurbishment: Same as overhaul.

eee. Remaining Federal Interest for Dispositions Before the End of Useful Life: Is the amount calculated by multiplying the current fair market value or proceeds from sale by FTA's share of the equipment. Fair market value is the greater of the unamortized value of the remaining service life based on straight line depreciation of the original purchase price or the Federal share of the sales proceeds.

fff. Remaining Federal Interest for Real Property: Federal interest is the greater of the Federal share of the fair market value of the property, or the straight line depreciated value of improvements plus the Federal share of the current appraised land value.

ggg. Rent Schedules: This refers to a method used to document an array of rent and utilities charged in an area or neighborhood for various sized dwellings based on a survey of available dwellings listed for rent.

hhh. Rolling Stock Status Report: A report that identifies rolling stock to be retired, or disposed of and identifies both its mileage and age at the time of removal from service, and it discusses the proposed anticipated spare ratio.

iii. Sales Proceeds: Sales Proceeds are the net proceeds generated by the disposition of excess real property or equipment that was purchased in whole or in part with FTA grant funds.

jjj. Shared Use: Those instances in which a project partner, separate from the transit agency or grantee, occupies part of a larger facility and pays for its pro rata share of the construction, maintenance, and operation costs. Shared uses are declared at the time of grant award.

kkk. Straight Line Depreciation: In absence of fair market value, straight line depreciation method is used to determine the remaining useful life of property. This method is considered as a function of time instead of a function of usage. This method is widely used in practice because of its simplicity. It basically assumes that the asset's economic usefulness is the same each year.

lll. Subrecipient: A State or local government authority, non-profit organization, or operator of public transportation services that receives a grant indirectly through a recipient.

mmm. Supplies: All tangible project property other than equipment with a unit value of less than $5,000.

nnn. TEAM-Web: Web-based application used to apply for, administer, and manage FTA grants most commonly referred to as "TEAM." TEAM stands for Transportation Electronic Award and Management (TEAM) system.

ooo. Transit Enhancements: Projects or project elements that are designed to enhance public transportation service or use and are physically or functionally related to transit facilities. Eligible enhancements include historic preservation, rehabilitation and operation of historic public transportation buildings, structures, and facilities; bus shelters; landscaping and other scenic beautification; public art; pedestrian access and walkways; bicycle access; transit connections to parks within the grantee's transit service area; signage; and enhanced access for persons with disabilities to public transportation.

ppp. Uneconomical Remnant: A parcel of real property in which the owner is left with an interest after the partial acquisition or use of the owner's property, and which the acquiring agency has determined has little or no value or utility to the owner.

qqq. Uniform Act: Refers to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Pub. L. 91–646, 84 Stat. 1894; 42 U.S.C. 4601 *et seq*. as amended). This act also is referred to with the abbreviation URA per the regulations codified at 49 CFR part 24. All real estate acquisition and relocation assistance undertaken with FTA Federal assistance must be compliant with this act and its implementing regulations at 49 CFR part 24.

rrr. Unliquidated Obligations: Funding commitments that have been incurred, but for which outlays have not yet been recorded because goods and services have not been received. Unliquidated obligations should be accounted for on Line I and J of the Federal Financial Report (FFR).

sss. Urbanized Area: An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the Bureau of the Census.

ttt. Useful Life: The expected lifetime of project property, or the acceptable period of use in service. Useful life of revenue rolling stock begins on the date the vehicle is placed in revenue service and continues until it is removed from service. See Chapter IV of this circular; and current Circular 9030.1 and Circular 9300.1 Capital Program. Used interchangeably with "service life." **Note:** Land does not depreciate and therefore does not have a useful life.

uuu. Value Engineering: Value engineering is the systematic application of recognized techniques that identify the function of a product or service, establish a value for that function, and provide the necessary function reliably at the lowest overall cost. In all instances, the required function should be achieved at the lowest possible life-cycle cost consistent with requirements for performance, maintainability, safety, security, and aesthetics.

CHAPTER II

CIRCULAR OVERVIEW

1. GENERAL. This circular provides requirements and procedures for management of all Federal Transit Administration (FTA) programs at 49 U.S.C. Chapter 53, where grant management requirements unique to a particular FTA program are not described in the specific program circular.

   FTA implements the requirements of the Uniform Administrative Requirements for States and Local Governments (49 CFR part 18) that have specific provisions to states in the areas of equipment, procurement, and financial management. These requirements apply to those programs that have States as grantees, including 49 U.S.C. Sections 5305, 5310, 5311, 5316, and 5317.

   FTA implements the requirements of the Uniform Administrative Requirements (49 CFR part 19) to manage grants to Institutions of Higher Education, Hospitals, and Non-Profit Organizations.

   FTA regional and metropolitan offices have responsibility for management oversight of most grants and projects. References in this circular to the cognizant agency mean the FTA regional or metropolitan office, unless otherwise defined.

2. APPLICABLE PROGRAM DESCRIPTIONS. FTA provides formula and discretionary funding under a variety of programs by awarding grants to eligible recipients. While this circular contains the post-award guidance applicable to all FTA programs, several of the programs including research programs described below have individual program circulars that contain pre-award instructions and unique grant administration and project management guidance. If there is a conflict between 5010 and program specific circulars, program specific circulars should prevail. Please reference FTA's public website at **http://www.fta.dot.gov** for a complete listing of FTA programs and their current FTA circulars.

   a. Metropolitan Planning, Statewide Planning, and Planning Programs (Section 5303, Section 5304, and Section 5305). These programs provide funding to support cooperative, continuous, and comprehensive planning for making transportation investment decisions in metropolitan areas and statewide.

      For planning activities that:

      (1) support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency;

      (2) increase the safety of the transportation system for motorized and nonmotorized users;

(3) increase the security of the transportation system for motorized and nonmotorized users;

(4) increase the accessibility and mobility of people and for freight;

(5) protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns;

(6) enhance the integration and connectivity of the transportation system, across and between modes, for people and freight;

(7) promote efficient system management and operation; and

(8) emphasize the preservation of the existing transportation system.

Funds are apportioned annually by a formula to States that include consideration of each State's urbanized area population in proportion to the urbanized area population for the entire nation as well as other factors. States receive no less than 0.5 percent of the amount apportioned. These funds are sub-allocated by States to Metropolitan Planning Organizations (MPOs) by a formula that considers each MPO's urbanized area population, their individual planning needs, and a minimum distribution. For more information, please refer to the Joint Planning Regulations at 49 CFR part 613 and FTA Circular 8100.1. To be eligible for funding under these programs, projects and strategies must come from the applicable transportation planning process.

b. Urbanized Area Formula Program (Section 5307). The Urbanized Area Formula Program makes Federal resources available to urbanized areas and to the Chief Executive Officer of a State (Governor) for transit planning, capital, and operating assistance in urbanized areas. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the Bureau of the Census.

For urbanized areas with a population of 200,000 or more, Urbanized Area Formula Program funds are apportioned and flow directly to a designated grantee(s) selected by the Governor to apply for and receive Federal funds. For urbanized areas under 200,000 in population, the funds are apportioned to the Governor of each State for distribution, unless such an area has been designated as a transportation management area at the request of the Governor and the MPO. These areas also receive apportionments directly. Guidance for Section 5307 is found in FTA Circular 9030.1. To be eligible for funding under this program, project and strategies must come from the applicable transportation planning process and contained in a local Transportation Improvement Plan and State Transportation Improvement Plan.

c. Nonurbanized Area Formula Program (Section 5311). This program provides formula funding to States for the purpose of supporting public transportation in population areas of less than 50,000. It is apportioned in proportion to each State's nonurbanized population and density factors. Each State prepares an annual program of projects (POP), which must provide for fair and equitable distribution of funds within the States, including Indian reservations, and must provide for maximum feasible coordination with transportation services assisted by other Federal sources.

Funds may be used for capital, operating, and administrative assistance to State agencies, local public bodies, and non-profit organizations (including Indian tribes and groups), and operators of public transportation services. The State must use 15 percent of its annual apportionment to support intercity bus service, unless the Governor certifies that these needs of the State are adequately met. Guidance for Section 5311 is found in FTA Circular 9040.1. To be eligible for funding under this program, projects and strategies must come from the applicable transportation planning process.

d. Capital Investment Program (Section 5309). The Section 5309 Capital Investment Grants Program funds three different programs: (1) fixed guideway modernization in areas with populations over 200,000 with fixed guideway segments at least seven years old (based on a formula); (2) construction and extension of new fixed guideway systems (New Starts, Small Starts, and Very Small Starts Programs); and, (3) purchase of bus and bus related equipment and facilities in both urbanized and nonurbanized areas (Bus and Bus Facility Program). States and local governmental authorities are eligible applicants for Section 5309 funds. Eligible applicants may apply for Section 5309 bus grants on behalf of private non-profit agencies, private providers of public transportation services, and public subrecipients.

Many recipients look to the Bus Capital Program to supplement vehicles acquired under formula programs or to construct facilities. While distribution of capital program funds is often determined according to Congressional direction, FTA encourages States to apply on behalf of nonurbanized areas and transit operators to apply in behalf of non-profit agencies in their service area that receive earmarks.

Guidance for Section 5309 is found in FTA Circular 9300.1. To be eligible for funding under this program, projects and strategies must come from the applicable transportation planning process.

e. Elderly Individuals and Individuals with Disabilities (Section 5310). The goal of the Section 5310 program is to improve mobility of elderly individuals and individuals with disabilities throughout the country. Toward this goal, FTA provides financial assistance for transportation services planned, designed, and carried out to meet the special transportation needs of elderly individuals and individuals with disabilities in all areas—urbanized, small urban, and rural. Funds for the Section 5310 program are available for capital expenses as defined in Section 5302(a)(1) to support the provision of transportation services to meet the special needs of elderly persons and persons with disabilities.

Section 5310 funds are apportioned among the States by a formula which is based on the number of elderly persons and persons with disabilities in each State according to the latest available U.S. census data. Up to 10 percent of the States total fiscal year (FY) apportionment may be used to fund program administration costs including administration, planning, and technical assistance. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU) requires that projects selected for funding under the Section 5310 program be derived from a locally developed, coordinated public transit-human services transportation plan.

Guidance on the Section 5310 program is contained in FTA Circular 9070.1.

f. Job Access and Reverse Commute Program (Section 5316). The JARC formula grant program aims to improve access to transportation services to employment and employment related activities for welfare recipients and eligible low-income individuals and to transport residents of urbanized areas and nonurbanized areas to suburban employment opportunities. Funds from the JARC program are available for capital, planning, and operating expenses that support the development and maintenance of transportation services designed to transport low-income individuals to and from jobs and activities related to their employment and to support reverse commute projects.

Of the total JARC funds available, FTA apportions 60 percent among designated recipients in large urbanized areas; 20 percent to the States for small urbanized areas; and 20 percent to the States for rural and small urban areas under 50,000 in population. JARC funds are apportioned by formula. The formula is based on the ratio that the number of eligible low-income individuals and welfare recipients in each area bears to the number of eligible low-income individuals and welfare recipients in all such areas. Up to 10 percent of the recipient's total FY apportionment may be used to fund program administration costs including administration, planning, and technical assistance. SAFETEA–LU requires that projects selected for funding under the New Freedom program be derived from a locally developed, coordinated public transit-human services transportation plan.

Guidance on the JARC program is contained in FTA Circular 9050.1.

g. New Freedom Program (Section 5317). The New Freedom formula grant program aims to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society. New Freedom program funds are available for capital and operating expenses that support new public transportation services beyond those required by the ADA and new public transportation alternatives beyond those required by the ADA designed to assist individuals with disabilities with accessing transportation services.

Of the total New Freedom funds available, FTA apportions 60 percent among designated recipients in large urbanized areas; 20 percent to the States for small urbanized areas; and 20 percent to the States for rural and small urban areas under 50,000 in population. New Freedom funds are apportioned among the recipients by formula. The formula is based on the ratio that the number of individuals with disabilities in each area bears to the number of individuals with disabilities in all such areas. Up to 10 percent of the recipient's total FY apportionment may be used to fund program administration costs including administration, planning, and technical assistance. SAFETEA–LU requires that projects selected for funding under the New Freedom program be derived from a locally developed, coordinated public transit-human services transportation plan.

Guidance for the New Freedom Program is contained in FTA Circular 9045.1.

h. Paul S. Sarbanes Transit in the Parks Program—formerly Alternative Transportation in Parks and Public Lands (ATPPL) (Section 5320). The Paul S. Sarbanes Transit in the Parks Program, 49 U.S.C. 5320, was established by SAFETEA–LU. The program's purpose is to enhance the protection of national parks and Federal lands, and increase the enjoyment of those visiting them. The program makes available FTA assistance toward capital and planning expenses in projects designed to improve alternative transportation systems in parks and public lands. Eligible applicants are Federal land management agencies and State, tribal, and local governments with jurisdiction over land in the vicinity of an eligible area. All applicants for funds under the parks' program must have the consent of a Federal land management agency. FTA carries out the program in consultation with the Department of the Interior (DOI) and other Federal land management agencies. Applicants must submit an application in a competitive selection process established by FTA and the Federal land management agencies. The Secretary of the Interior, after consultation with and in cooperation with the Secretary of Transportation, determines the final selection of qualified projects and the funding levels. To be eligible for funding under this program, project and strategies must come from the applicable transportation planning process.

i. Clean Fuels Grant Program (Section 5308). SAFETEA–LU amended 49 U.S.C. 5308 and changed this program from a formula-based program to a discretionary grant program. This program assists in financing the acquisition of clean-fuel rolling stock and clean-fuel related facilities for agencies providing public transportation and operating in an urbanized area designated as a non-attainment area for ozone or carbon monoxide under Section 107(d) of the Clean Air Act (CAA), 42 U.S.C. Section 7407(d), or a maintenance area for ozone or carbon monoxide. Eligible grant recipients are designated recipients as defined in 5307(a)(2), an urbanized areas over 200,000 in population, and States for urbanized areas with populations of less than 200,000, for areas that are designated as non-attainment areas for ozone or carbon monoxide under Section 107(d) of the CAA, 42 U.S.C. Section 7407(d); or are maintenance areas for ozone or carbon monoxide. Nonurbanized areas are not eligible recipients under this program.

Eligible projects include the following: the purchase or lease of clean-fuel rolling stock, the construction or lease of clean-fuel electrical-recharging facilities, and improvement of existing facilities to accommodate clean-fuel rolling stock. In addition, clean-fuel, bio-diesel, hybrid-electric, or zero-emissions-technology rolling stock that exhibit emissions reductions equivalent or superior to existing clean-fuel or hybrid-electric technologies may be eligible at FTA's discretion, provided that the

Administrator of the Environmental Protection Agency (EPA) has certified the project sufficiently reduces harmful emissions. Section 5308 states that not more than 25 percent of the amount authorized for this program may be used for clean-diesel projects. FTA has implemented this program through a rulemaking to revise 49 CFR part 624. The final rule was published in the *Federal Register* (72 FR 15049, Mar. 30, 2007).

Applications are solicited through a notice in the *Federal Register* in each FY that discretionary funds are appropriated by Congress for the program. Grants under this program are subject to the applicable requirements of 49 U.S.C. Section 5307. To be eligible for funding under this program, projects and strategies must come from the applicable transportation planning process.

3. RESPONSIBILITIES OF GRANT MANAGEMENT. Grantees are responsible for the day-to-day management of their Federal grants and of grant supported activities. FTA monitors grants and federally funded projects to confirm that grantees establish and follow procedures that comply with Federal requirements. Chapter III of this circular describes the mechanics and requirements for grant administration, and Chapter IV describes the requirements for managing federally funded projects.

   a. Grantee's Role. A grantee must monitor grant supported activities to ensure compliance with applicable Federal requirements. This includes the administration and management of the grant in compliance with the Federal regulations, Grant Agreement, and applicable FTA circulars. A grantee is also responsible for funds that "pass through" to a subrecipient. In general, submission of Annual Certifications and Assurances stands in lieu of detailed FTA oversight before approval of a grant; however, the results of ongoing or routine FTA oversight activities also will be considered as applicable. Annual independent organization wide audits (A–133 audits), audits of grantees, and other recurring and specialized reviews give FTA an opportunity to verify the grantee's Certifications and Assurances (see Chapter V, "Oversight," of this circular). The grantee's responsibilities include but are not limited to actions that:

      (1) Demonstrate legal, financial, and technical capacity to carry out the program, including safety and security aspects of the program.

      (2) Provide administrative and management support of project implementation.

      (3) Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress.

      (4) Ensure conformity to Grant Agreements, applicable statutes, codes, ordinances, and safety standards.

      (5) Maintain the project work schedule agreed to by FTA and the grantee and monitor grant activities to assure that schedules are met and other performance goals are achieved.

(6) Keep expenditures within the latest approved project budget.

(7) Ensure compliance with FTA and Federal requirements on the part of agencies, consultants, contractors, and subcontractors working under approved third party contracts or inter-agency agreements.

(8) Request and withdraw Federal funds for eligible activities only in amounts and at times as needed to make payments that are due and payable within three business days and retain receipts to substantiate withdrawals.

(9) Account for project property and maintain property inventory records that contain all the elements required.

(10) Demonstrate and retain satisfactory continuing control over the use of project property.

(11) Demonstrate procedures for asset management and adequate maintenance of equipment and facilities.

(12) Ensure that an annual independent organization-wide audit is conducted in accordance with Office of Management and Budget (OMB) Circular, A–133, "Audits of States, Local Governments, and Non-Profit Organizations."

(13) Prepare force account and Cost Allocation Plans (CAPs) and submit and obtain approval if applicable before incurring costs.

(14) Prepare and submit FTA required reports (see Chapter III, Section 3. "Reporting Requirements").

(15) Update and retain FTA required reports and records for availability during audits or oversight reviews.

(16) Ensure that effective control and accountability are maintained for all grants and subgrants, cash, real and personal property, and other assets. Grantees and subgrantees must ensure that resources are properly used and safeguarded, and used solely for authorized purposes.

b. <u>FTA Role</u>. FTA Headquarters in Washington, DC, serves a broad, program-level role in the administration of the programs. FTA Headquarters performs the following functions:

(1) Provides overall policy and is primarily responsible for policy and program guidance for all FTA programs; ensures that programs are consistent with the law.

(2) Ensures consistent administration of programs by regional and metropolitan offices.

(3) Prepares and publishes annual apportionment of funds to the States and designated grantees.

(4) Develops and implements financial management procedures.

(5) Initiates and manages program-support activities, such as training, courses, regional consistency, and oversight reviews.

(6) Conducts national program reviews and evaluations.

(7) Carries out responsibility for national compliance with program requirements.

(8) Develops national standard operating practices.

c. FTA Regional and Metropolitan Offices are responsible for the day-to-day administration of grants, projects, and programs. Regional and metropolitan offices responsibilities include, but are not limited to, actions that:

(1) Review and approve grant applications, grant amendments, and budget revisions, as necessary.

(2) Obligate and deobligate funds.

(3) Work with grantees to implement and manage the programs and projects and ensure grantee compliance.

(4) Provide technical assistance.

(5) Receive designated grantee's certifications and amendments to the POP.

(6) Review Milestone Progress Reports and Federal Financial Reports as well as monitor and close grants.

(7) Conduct triennial reviews and other reviews as necessary.

4. CIVIL RIGHTS REQUIREMENTS. The recipient agrees to comply with all applicable civil rights statutes and implementing regulations including, but not limited to, the following:

a. Nondiscrimination in Federal Public Transportation Programs. The recipient agrees to comply, and ensures the compliance of each third party contractor at any tier and each subrecipient at any tier under the project, with the provisions of 49 U.S.C. 5332. These provisions prohibit discrimination on the basis of race, color, creed, national origin, sex, or age and prohibit discrimination in employment or business opportunity.

b. Nondiscrimination—Title VI. The recipient agrees to comply, and ensures the compliance of each third party contractor at any tier and each subrecipient at any tier of the project, with all of the following requirements under Title VI of the Civil Rights Act of 1964:

(1) Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d *et seq.*), provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance;

(2) DOT regulations, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act," 49 CFR part 21;

(3) FTA Circular 4702.1 "Title VI and Title VI—Dependent Guidelines for Federal Transit Administration Recipients." This document provides FTA recipients and subrecipients with guidance and instructions necessary to carry out DOT's Title VI regulations (49 CFR part 21): DOT's order 5610.0 on Environmental Justice (62 FR 18377, Apr. 15, 1997), and DOT Policy Guidance Concerning Recipient's Responsibilities to Limited English Proficient (LEP) persons (70 FR 74087, Dec. 14, 2005);

(4) DOT Order to Address Environmental Justice in Minority Populations and Low-Income Populations. This Order describes the process that the Office of the Secretary of Transportation and each operating administration will use to incorporate environmental justice principles (as embodied in Executive Order 12898 on Environmental Justice) into existing programs, policies, and activities; and

(5) Pursuant to Executive Order 13166 and DOT Policy Guidance Concerning Recipients' Responsibilities to Limited English Proficient (LEP) Persons. This guidance clarifies the responsibilities of recipients of Federal financial assistance from DOT and assists them in fulfilling their responsibilities to Limited English Proficient (LEP) persons, pursuant to Title VI of the Civil Rights Act of 1964 and implementing regulations.

c. Equal Employment Opportunity. The recipient agrees to comply, and ensures the compliance of each third party contractor and each subrecipient at any tier of the project, with all Equal Employment Opportunity (EEO) requirements of Title VII of the Civil Rights Act of 1964, as amended, (42 U.S.C. Section 2000e), and 49 U.S.C. Section 5332, and FTA Circular 4704.1, "Equal Employment Program Guidelines for Grant Recipients" and any implementing requirements FTA may issue. Grantees who receive $1 million dollars in FTA assistance (or $250,000 in FTA planning assistance) and have 50 transit-related employees must submit an EEO program to FTA. Both criteria must be met in order to meet the requirement for program submission.

d. <u>Nondiscrimination on the Basis of Sex</u>. The recipient agrees to comply with all applicable requirements of Title IX of the Education Amendments of 1972, as amended, (20 U.S.C. Section 1681 *et seq.*), with implementing DOT implementing regulations, "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," 49 CFR part 25, and with any implementing directives that DOT or FTA may promulgate, which prohibit discrimination on the basis of sex.

e. <u>Nondiscrimination on the Basis of Age</u>. The recipient agrees to comply with all applicable requirements of the Age Discrimination Act of 1975, as amended, (42 U.S.C. Section 6101 *et seq.*), and Health and Human Services' implementing regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance," (45 CFR part 90), which prohibit discrimination against individuals on the basis of age (40 years or older). In addition, the recipient agrees to comply with all applicable requirements of the Age Discrimination Act (ADEA), 29 U.S.C. 621 through 634, and Equal Employment Opportunity Commission (EEOC) implementing regulations, "Age Discrimination in Employment Act" (29 CFR part 1625), which prohibits discrimination against individuals on the basis of age.

f. <u>Nondiscrimination on the Basis of Disability</u>. The recipient agrees to comply, and ensures the compliance of each third party contractor and each subrecipient at any tier of the project, with the applicable laws and regulations, discussed below, for nondiscrimination on the basis of disability.

   (1) The Rehabilitation Act of 1973 (Section 504), as amended (29 U.S.C. Section 794), prohibits discrimination on the basis of disability by recipients of Federal financial assistance.

   (2) Section 508 of the rehabilitation Act of 1973, (Section 508), as amended (29 U.S.C. Section 794(d)), requires reports and other information prepared in electronic format developed in connection with a third party contract, whether as a contract end item or in compliance with contract administration provisions, must comply with the accessibility standards established under Architectural and Transportation Barriers Compliance Board (ATBCB) regulations, "Electronic and Information Technology Accessibility Standards," 36 CFR part 1194.

   (3) The Americans with Disabilities Act of 1990 (ADA), as amended (42 U.S.C. Section 12101 *et seq.*), prohibits discrimination against qualified individuals with disabilities in all programs, activities, and services of public entities as well as imposes specific requirements on public and private providers of transportation.

   (4) DOT regulations implementing Section 504 and the ADA include 49 CFR parts 27, 37, and 38. Among other provisions, the regulations specify accessibility requirements for the design and construction of new transportation facilities; require that vehicles acquired (with limited exceptions) be accessible to and usable by individuals with disabilities, including individuals using wheelchairs; require public entities, including a private non-profit entity of the State as a subrecipient

providing fixed-route service, to provide complementary paratransit service to individuals with disabilities who cannot use the fixed-route service; and include service requirements intended to ensure that individuals with disabilities are afforded equal opportunity to use transportation systems and services.

(5) In addition, recipients of any FTA funds should be aware that they also have responsibilities under Titles I, III, IV, and V of the ADA in the areas of employment, public services, public accommodations, telecommunications, and other provisions, many of which are subject to regulations issued by other Federal agencies.

g. Disadvantaged Business Enterprise (DBE). To the extent required by Federal law, regulation, or directive, the recipient agrees to take the following measures to make it possible for DBEs to participate in the project:

(1) The recipient agrees and ensures that it will comply with Section 1101(b) of SAFETEA–LU, which requires FTA to make available not less than 10 percent of its funding under that Act for contracts with small business concerns owned and controlled by socially and economically disadvantaged persons. The DOT DBE Regulation at 49 CFR 26.21(2) states that FTA recipients receiving planning, capital and/or operating assistance who will award prime contracts (excluding transit vehicle purchases) exceeding $250,000 in FTA funds in a Federal FY are required to have a DBE program. Grantees must comply with applicable requirements of DOT regulations, “Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs,” 49 CFR part 26, (DBE regulations), in order to receive FTA funding. Contracts funded in whole or in part with FTA funds and subject to FTA’s procurement rule are also subject to the grantee’s DBE Program and are included to the extent of FTA funding in determining (i) whether the grantee meets the DBE threshold for goal setting; and, (ii) the goal if the threshold is met.

(2) The recipient agrees and ensures that it will comply with DOT regulations, “Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs,” 49 CFR part 26. Among other provisions, this regulation requires recipients of DOT Federal financial assistance meeting a threshold funding level of $250,000 to have a DBE program. This applies to all who receive planning, capital and/or operating assistance including State and local transportation agencies, to establish goals for the participation of disadvantaged entrepreneurs and certify the eligibility of DBE firms to participate in their DOT-assisted contracts. FTA recipients are instructed by 49 CFR 26.49 to require in their DBE program that each transit vehicle manufacturer, as a condition of being authorized to bid or propose on a FTA-assisted transit vehicle procurement (new vehicles only), certify that it complied with the requirements of the DBE program.

(3) The recipient agrees and ensures that it shall not discriminate on the basis of race, color, sex, national origin, or disability in the award and performance of any third party contract, or subagreement supported with Federal assistance derived from DOT or in the administration of its DBE program and will comply with the requirements of 49 CFR part 26. The recipient agrees to take all necessary and reasonable steps set forth in 49 CFR part 26 to ensure nondiscrimination in the award and administration of all third party contracts and subagreements supported with Federal assistance derived from DOT. As required by 49 CFR part 26 and approved by DOT, the recipient's DBE program is incorporated by reference and made part of the Grant Agreement or Cooperative Agreement. The recipient agrees that implementation of this DBE program is a legal obligation, and that failure to carry out its terms shall be treated as a violation of the Grant Agreement or Cooperative Agreement. Upon notification by DOT to the recipient of a failure to implement its approved DBE program, DOT may impose sanctions as provided for under 49 CFR part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001, and/or the Program Fraud Civil Remedies Act, (31 U.S.C. 3801 *et seq*).

5. <u>CROSS-CUTTING REQUIREMENTS</u>. The grantee understands and agrees that it must comply with all applicable Federal laws, regulations, and directives, except to the extent that FTA determines otherwise, in writing. Refer to FTA's Master Agreement for a list of applicable laws, regulations, and directives. FTA updates the Master Agreement annually.

CHAPTER III

GRANT ADMINISTRATION

1. OVERVIEW. This chapter discusses the mechanics and requirements for post-award grant administration. Project management requirements are described in Chapter IV. The following sections emphasize the requirements associated with administering and managing a grant after the grant has been awarded and executed in the Transportation Electronic Award and Management (TEAM) system.

2. GRANT APPLICATION PROCESS. The Federal Transit Administration's (FTA's) pre-award, program-specific circulars describe the grant application process and requirements. Refer to these circulars for instructions for completing a grant application. For a full listing of FTA program circulars, see Appendix A of this circular or visit **www.fta.dot.gov**.

   FTA provides a streamlined electronic interface between grantees and FTA that allows complete electronic grant application submission, review, approval, and management of all grants. This is done through a Web-based electronic system, commonly known by the acronym "TEAM." Among other things, grantees apply for grants, inquire about the status of grants, file the required financial report and milestone progress reports, and submit annual Certifications and Assurances in TEAM. The TEAM User Guide can be found at FTA's website in the "Grants and Financing" section under "Apply for and Manage Grants" located at: **http://ftateamweb.fta.dot.gov/static/userguide.html**.

   The TEAM Grant Life Cycle is as follows:

   a. Grant application created,

   b. Grant number assigned,

   c. Signoffs and Approvals,

   d. Grant funds reserved,

   e. Grant awarded,

   f. Grant award executed,

   g. Grant managed, and

   h. Grant closed.

   FTA staff notifies grantees by phone or e-mail of grant approval. Grantees also can check the status of grant applications in TEAM to determine when it has been awarded. The Grant Agreement includes the notification of award and the approved project budget. Special conditions of the approval may be included in the award, the current Master

Agreement, the electronic grant (screen), or the conditions for using pre-award authority if applicable. In certain cases, pre-award authority may be available for incurring project-related costs prior to approval of an application.

Once a grantee receives the notification of grant award, the grantee executes the grant in TEAM. The electronic execution of the Grant Agreement signifies the grant is active and post-award grant requirements apply.

3. REPORTING REQUIREMENTS. Once a grant is active, a grantee is subject to one or more of the following types of post-award reporting requirements, several of which can be done using TEAM. The reporting requirements may vary depending on the size of the grantee, the type of funding, or the amount of funding a grantee receives. Please contact the regional or metropolitan office with questions regarding the applicability of the following reporting requirements:

   a. Federal Financial Report and Milestone/Progress Reports. FTA uses the Federal Financial Report (SF-425) and Milestone Progress Reports to evaluate several elements of the grant status, such as:

      (1) The purposes of the grant are being achieved;

      (2) The project is progressing on time and within budget;

      (3) The grantee is demonstrating competence and control in executing the project;

      (4) The project meets all program requirements;

      (5) There is a problem developing which may require FTA resources to resolve.

      FTA monitors grant activities to ensure proper grantee stewardship of Federal funds and compliance with the laws and regulations that govern its grant programs. FTA also must be able to report on program results, industry trends, and its own oversight responsibilities. The information FTA needs for program forecasting, management, and reporting is furnished through the FFRs and narrative Milestone/Progress Reports (MPRs) submitted by grantees about significant events, relevant grant activities, and any changes to or variances in the grant schedule or budget.

      With respect to the level of detail required for these reports, FTA treats all approved activity line items (ALIs) alike. Thus, an activity contained in a grant must be presented in the reports in sufficient detail that important information is not lost in aggregation. For example, the number of full-sized buses in a grant must not be reported together with vans under the scope "rolling stock," but instead should be reported separately under the applicable ALI. FTA staff is available to meet with grantees to agree on the appropriate level of reporting detail and formats for reporting in TEAM. This will ensure that FTA has the information needed to manage its overall program.

All grantees should report significant developments or changes as they occur during the year, including any problems, delays, or adverse conditions that may materially impair the ability to meet the objective of the award, as well as any favorable developments that may enable meeting time schedules and objectives sooner or at a cost substantially less than expected in FFRs.

If necessary, attachments can accompany FFRs and MPRs by using the "paperclip" feature in TEAM.

FTA may withhold payment for failure to submit either FFRs or MPRs in a timely manner. In individual cases, FTA may grant extensions of report due dates for good cause.

Report due dates and additional information about the FFRs and MPRs are described below. Please contact your regional or metropolitan office for questions regarding any of these reports.

b. Federal Financial Report (FFR). A grantee must submit an FFR for each active/executed grant. The requirement for an FFR applies to all FTA grants covered by this circular. The FFR accompanies the MPR (described below) and is used to monitor project funds. The purpose of the FFR is to provide a current, complete, and accurate financial picture of the grant. This report is submitted electronically in TEAM and must be prepared on the accrual basis of accounting; that is, income is recorded when earned instead of when received, and expenses are recorded when incurred instead of when paid. FTA does not allow the FFR to be prepared in the cash method of accounting. A grantee may keep its books on the cash basis during its accounting year. If this is the case, at the submission of the FFR, the grantee must prepare the necessary accruals and submit the FFR on the accrual basis of accounting.

The FFR must contain the following elements:

(1) All financial facts (e.g., expenditures and obligations) relating to the scope and purpose of each financial report and applicable reporting period should be completely and clearly displayed in the reports.

(2) Reported financial data should be accurate and up to date. The requirement for accuracy does not rule out inclusion of reasonable estimates when precise measurement is impractical, uneconomical, unnecessary, or conducive to delay.

(3) Financial reports should be based on the required supporting documentation maintained in the grantee's official financial management system that produces information which objectively discloses financial aspects of events or transactions.

(4) Financial data reported should be derived from accounts that are maintained on a consistent, periodic basis; material changes in accounting policies or methods and their effect must be clearly explained.

(5) Reporting terminology used in financial reports to FTA should be consistent with receipt and expense classifications included in the latest approved project.

(6) The FFR screen in TEAM consists of three tabs: Summary, Financial Status and Remarks and Certification.

(7) The Summary tab provides basic information, with entry fields for the Period of the FFR, Initial Submission, and Last Update dates. It also allows the grantee to select whether it is a Final Report, a Paper Award, or if the grantee used Pre-Award Authority. It is important to enter in this tab whether the grantee is charging indirect costs to the grant.

(8) In the Financial Status tab the grantee enters financial information related to Federal Cash, Recipient Share, Unliquidated Obligations, and Program Income. Details on information needed in this tab and definitions can be found in Appendix B.

(9) The Remarks and Certification tab has entry fields for Recipient remarks, Certification checkbox and FTA remarks.

c. Milestone/Progress Reports. The MPR must be submitted for all active/executed grants. The requirement for a MPR applies to all FTA grants covered by this circular. The MPR is the primary written communication between the grantee and FTA. This report should be submitted electronically in TEAM. If only operating assistance is included in the grant, the reporting requirements are limited to the estimated and actual dates when all funding has been expended. Each MPR must include the following data as appropriate:

(1) Current status of each open ALI within the active/executed grant.

(2) A narrative description of projects, status, any problems encountered in implementation, specification preparation, bid solicitation, resolution of protests, and contract awards.

(3) Detailed discussion of all budget or schedule changes.

(4) The dates of expected or actual requests for bid, delivery, etc.

(5) Actual completion dates for completed milestones.

(6) Revised estimated completion dates when original estimated completion dates are not met.

(7) Explanation of why scheduled milestones or completion dates were not met. Identification of problem areas and narrative on how the problems will be solved. Discussion of the expected impacts and the efforts to recover from the delays.

(8) Analysis of significant project cost variances. Completion and acceptance of equipment and construction or other work should be discussed, together with a

breakout of the costs incurred and those costs required to complete the project. Use quantitative measures, such as hours worked, sections completed, or units delivered.

(9) A list of all outstanding claims exceeding $100,000, and all claims settled during the reporting period. This list should be accompanied by a brief description, estimated costs, and the reasons for the claims.

(10) A list of all potential and executed change orders and amounts exceeding $100,000, pending or settled, during the reporting period. This list should be accompanied by a brief description.

(11) A list of claims or litigation involving third party contracts and potential third party contracts that:

(a) Have a value exceeding $100,000,

(b) Involve a controversial matter, irrespective of amount, or

(c) Involve a highly publicized matter, irrespective of amount.

(12) A list of all real property acquisition actions, including just compensation, property(s) under litigation, administrative settlements, and condemnation for each parcel during the reporting period.

d. Report Due Dates.

(1) Grantees located in urbanized areas over 200,000 population. FSRs and MPRs are due to FTA within 30 days after the end of each calendar quarter, i.e., by January 30, April 30, July 30, and October 30.

(2) Grantees located in urbanized areas under 200,000 population. Grantees in areas with less than 200,000 in population submit FSRs and MPRs annually. Annual reports are due October 30, one month after the Federal fiscal year (FY) ends. The FTA regional or metropolitan office may request more frequent reporting or additional reports if circumstances warrant additional reporting.

(3) Exceptions:

(a) Section 5309 Grants: All grant recipients, regardless of location and population area, are required to submit quarterly reports in TEAM according to the dates in Subsection 3.d.(1) above when grants include construction of facility.

(b) State Departments of Transportation (State DOTs): State DOTs are required to report annually for all State administered programs; this includes Section 5303, 5304, 5307 (Governor's Apportionment), 5310, 5311, 5316, and 5317 Programs. The exception described in the preceding paragraph applies to the State DOTs.

(c) Depending on project complexity, at its discretion, FTA may also request other special reports or quarterly project management meetings.

e. Transit Enhancement Reports. Transit Enhancement Reports must be submitted by grantees with population areas of 200,000 and above who receive funds under the Urbanized Area Formula Program (Section 5307). Recipients of these funds are required under Section 5307(d)(K)(ii) to submit a report listing the projects carried out during the previous FY with those funds including the amounts expended. This report should be submitted as a narrative attachment to the electronic 4th quarter MPR in TEAM. Certification that this report has been submitted is required as part of the Annual List of Certifications and Assurances.

f. Civil Rights Reports. Grantees must submit, on a triennial basis, a report on their compliance with the objectives of the current Circular 4702.1, "Title VI and Title VI Dependent Guidelines for FTA Recipients." This circular provides details on the contents of compliance reports. Grantees covered under FTA's Equal Employment Opportunity (EEO) Circular must submit triennial reports on their compliance with this circular. Grantees who meet the $250,000 funding threshold of FTA's Disadvantaged Business Enterprise (DBE) regulations must submit annual DBE goals to FTA by August 1 of each FY. If they do not anticipate reaching the threshold, then they are not required to develop annual goal for that FY in which the contracting opportunities are not available. Grantees must submit a one-time DBE program submission to FTA the first time they meet the threshold. For the first year it is a program and goal submission; the next year it is only a goal submission. Reports and goals are submitted to the Regional Civil Rights Officer. See Chapter III, Subsections 3.f.(1) and (2) below for applicability of these two reporting requirements. Grantees must also submit semi-annual DBE progress reports to the Regional Office. Grantees may also be required to submit, on an as-requested basis, reports on their activities and progress to address findings identified in civil rights compliance reviews and assessments.

(1) Equal Employment Opportunity (EEO). FTA's EEO program reporting requirements apply to grantees employing 50 or more people and receiving $1 million or more of FTA assistance.

(2) Disadvantaged Business Enterprise (DBE). FTA's DBE goal setting requirements apply to grantees who will award prime contracts (excluding vehicle purchases) exceeding $250,000 in FTA funds in any given FY. These grantees are required to provide DBE goals to FTA on an annual basis.

g. Reports of Significant Events. Unforeseen events that impact the schedule, cost, capacity, usefulness, or purpose of a project should be reported to FTA immediately after detection and then reflected in the next quarterly progress report. Special reports should be submitted when:

(1) Problems, delays, or adverse conditions will affect the grantee's ability to achieve project objectives within the scheduled time period or within the approved project

budget. The report should discuss actions taken and/or contemplated and any Federal assistance needed to resolve the situation; or

(2) Favorable developments will enable the grantee to achieve project goals/complete project activities ahead of schedule or at lower cost.

(3) Local events that effect transit in general. Events such as bond issues, major new employer, loss of employer, public policy or transit district in news.

h. National Transit Database (NTD) Reporting. The NTD was established by Congress to be the Nation's primary source for information and statistics on the transit systems of the United States. NTD data is used to support numerous DOT programs and to "help meet the needs of individual public transportation systems, the United States Government, State and local governments, and the public for information on which to base public transportation service planning." (49 U.S.C. 5335). Recipients or beneficiaries of grants from FTA under the Urbanized Area Formula Program (Section 5307) or Other Than Urbanized Area Formula Program (Section 5311) are required by statute to submit data to the NTD.

The legislative requirement for the NTD is in 49 U.S.C. 5335. FTA implemented this legislative requirement through the NTD Rule at 49 CFR part 630. A recipient or beneficiary of FTA grants that is required to report to the NTD, must provide a complete report to the NTD of all transit operations, regardless of whether those operations are or are not funded in whole or part by FTA. Financial information reported to the NTD must be reported in accordance with the Uniform System of Accounts (USOA). The complete reporting requirements for the NTD, along with information on due dates, extensions, and waivers can be found in the current versions of the NTD Reporting Manuals. The NTD Rule, the USOA, and the most recent versions of the NTD Reporting Manuals can be found on FTA's NTD website at **http://www.ntdprogram.gov/**.

(1) Annual Reports. Recipients or beneficiaries of FTA's Urbanized Area Formula Program (Section 5307) or Nonurbanized Area Formula Program (Section 5311) are required by statute to report to the NTD. Recipients of the Urbanized Area Formula Program funding must also submit monthly operations reports to the Monthly Module (2) and monthly reports to the Safety and Security Module.

(a) Annual Report (Urbanized). Recipients or beneficiaries of Section 5307 Grants must annually report financial and non-financial data in accordance with the USOA as well as other data on operations, organizational relationships, available resources, and capital assets. The NTD Annual Manual, published by FTA each year, contains the specific reporting requirements, detailed reporting instructions, and information on due dates, waivers, and extensions.

(b) Rural Report (non-Urbanized). Recipients of Section 5311 Grants must annually report financial and non-financial data in accordance with the USOA as well as other data on operations, organizational relationships, available resources, and capital assets. Recipients also need to report on behalf of their beneficiaries or subrecipients. The NTD Rural Manual, published by FTA each year, contains the specific reporting requirements, detailed reporting instructions, and information on due dates, waivers, and extensions.

(2) Monthly Report (Urbanized). Recipients or beneficiaries of Section 5307 Grants are required to file monthly reports on transit operations to the NTD. These monthly reports include information on unlinked passenger trips, vehicle revenue miles, vehicle revenue hours, vehicles operated in maximum service, and regular service days for each month. The NTD Monthly Manual, published by FTA each year, contains the specific reporting requirements, detailed reporting instructions, and information on due dates, waivers, and extensions.

(3) Safety and Security Report (Urbanized). Recipients or beneficiaries of Section 5307 Grants are required to file monthly safety and security reports. These monthly reports include information on fatalities, injuries, collisions, derailments, fires, hazardous material spills, evacuations, arrests, and significant security events. The NTD Safety & Security Manual, published by FTA each year, contains the specific reporting requirements, detailed reporting instructions, and information on due dates, waivers, and extensions.

i. Value Engineering Reports. Grantees with major capital projects are required to submit a VE report to the appropriate FTA Regional Office at the end of each Federal fiscal year (FY) (October 1) indicating the results of their VE efforts. Copies of the VE report form are available in each Regional Office.

4. GRANT MODIFICATIONS. At times, it may be necessary to modify a grant after it has been awarded by revising the budget or amending the grant. The grantee is responsible for controlling and monitoring all grant activities to ensure that they are carried out in accordance with the approved budget. Each grant program has specific requirements that are included in each program grant application circular that should be referenced before contemplating a grant modification. For example, for Section 5307 grants, transit enhancement funds must be used for eligible activities, and the funding for the Americans with Disabilities Act (ADA) complementary paratransit service as a capital project cannot exceed 10 percent of the annual apportionment. Section 5310 and 5311 grants also have specific requirements for grant modifications that are addressed in the program grant application circulars. Also, funds flexed from other programs, such as the Congestion Mitigation and Air Quality (CMAQ) Improvement Program or Surface Transportation Program (STP), may have additional requirements that are addressed in other guidance that must be considered before modifying an approved grant. The manner in which a budget is initially structured during the grant application phase can facilitate or impede project management, particularly when unforeseen events require changes in the project.

There are three ways to modify a grant after it has been awarded—either through a budget revision, an administrative amendment, or a grant amendment. Whether a budget revision may be permitted (with or without prior FTA approval before incurring costs) or whether an amendment to the project will be necessary, depends on the effect of the proposed change on the scope of the project. If an ALI is added to an existing scope, the budget revision may be sent to the Department of Labor (DOL) for informational purposes but the labor protection arrangements for the original grant will apply to any modifications without further DOL certification. Grantees should contact the FTA regional or metropolitan office for questions relating to grant modification requests, including which type of grant modification is appropriate for the proposed action.

Grant modifications are electronically submitted, reviewed, and approved in TEAM.

a. Budget Revision.

(1) General. Budget revisions may be made as long as there is no change in the grantee purpose, scope codes, and Federal funding of the grant, regardless of the FY the funds were appropriated. Budget revisions are generally changes to ALIs amount or descriptions. Budget revisions must be consistent with the activities contained in an approved Transportation Improvement Program (TIP) and Statewide Transportation Improvement Program (STIP) and satisfy applicable National Environmental Policy Act (NEPA) requirements. Useful life of new activities must be addressed in the budget revision, as applicable.

(2) Procedures. A grantee must submit a budget revision in TEAM using the "Revise Project Budget" screen. Budget revision requests must include a reason for the revision. For each ALI being adjusted, either by quantity or dollar amount, a grantee must include a brief explanation and impact to the project or grant in the "Details" section for the change being requested. If necessary, additional information can be provided by using the attachments feature in TEAM. Incomplete budget revisions will be returned to the grantee by the FTA reviewer for inclusion of additional information. For assistance with completing budget revisions, please contact the FTA regional or metropolitan office.

A grantee may request a budget revision either before or after incurring costs, depending on the nature of the request. If the budget revision meets the criteria outlined in (3) below, FTA concurrence is required before incurring costs associated with the proposed change.

(3) Budget Revisions that Require Prior Approval. Under certain circumstances, a grantee must obtain FTA approval before incurring costs for proposed budget revisions. For these grants, the proposed budget revision must be submitted in TEAM and approved before incurring costs associated with the budget revision. If FTA determines the proposed budget revision does not meet the criteria for a budget revision, alternate methods for modifying the grant, such as a grant amendment, may be recommended. The FTA regional or metropolitan office will make this determination during its review. Prior FTA approval must be obtained if the proposed budget revision meets any of the following criteria:

(a) The Federal share of the grant exceeds $100,000 and the change in the cumulative amount of funds allocated to each scope from the originally approved scope exceeds 20 percent.

(b) Federal funds are transferred between ALIs with different Federal matching ratios, such as moving funds from a capital activity with a match ratio of 80/20 to an operating activity with a match ratio of 50/50. This activity also requires a financial purpose code (FPC) transfer. See Chapter III, Subsection 4.a.(4) below.

(c) Changing the Federal share of an existing ALI, such as changing an ALI from 80/20 to 83/17 to account for compliance with ADA or CAA requirements.

(d) For revenue rolling stock, when the budget revision changes the number of vehicles to be purchased by more than two units (for grants with fewer than 10 vehicles) or more than 20 percent from the quantity identified in the original grant.

The grantee must continue to meet FTA bus spare ratio requirements for any change in the number of revenue rolling stock. If the change in the number of revenue rolling stock exceeds 20 percent, the budget revision must be supported by a Rolling Stock Status Report.

(e) The budget revision changes the size or physical characteristics of the items in the ALIs without changing the project scope.

(f) The addition or deletion of an ALI to an existing scope included in the grant, provided that the request does not change the amount of Federal funds awarded in the original grant or change the scope of the project contained in the grant. The addition of an activity within an approved scope requires that the grantee affirm in the budget revision request that the new activity is consistent with the approved STIP and, if applicable, has satisfied NEPA requirements.

(4) Financial Purpose Code Transfers. When a budget revision includes a transfer of funds between capital/operating/planning activities, an FPC change is required to be made by the FTA Project Manager before the grantee is able to draw funds for this purpose. Budget revisions with FPC transfers of any kind require prior FTA concurrence and Regional Office notification to FTA's Office of Accounting.

(5) Examples. The following are examples of typical budget revisions. Please note that if the examples below meet any of the criteria outlined above in Chapter III, Subsection 4.a.(3), the grantee must request FTA concurrence before incurring the costs for the requested activities.

(a) Budget revisions to existing ALIs. Grant AB–90–1234 includes a scope for vehicles (111–00) with the ALI to purchase 40' buses (11.12.01) and a scope for stations stops/terminals (113–00) with the ALI for construction of a bus terminal (11.33.01). The construction costs for the station are expected to be higher than originally anticipated, and there is a surplus in the vehicle line item because the vehicle costs were less than anticipated. A grantee may request to move funds from ALI 11.12.01 to 11.33.01 to cover additional construction expenses. Following the process described above in Chapter III, Subsection 4.a.(2) and after determining if the request meets the threshold for prior FTA approval, the grantee may request to move the excess funds from 11.12.01 to 11.33.01.

(b) Budget revisions that require an FPC transfer. Grant AB–90–1234 has an approved budget for $250,000 in Federal funds for operating assistance (30.09.01 at a 50 percent Federal/50 percent local funding ratio, and $50,000 in Federal funds for the purchase of vans (11.12.15) at an 80 percent Federal/20 percent local funding ratio). The grantee has $5,000 in Federal funds remaining under operating assistance and would like to use the remaining operating funds toward the purchase of vans, a capital line item. With prior concurrence from FTA, this can be accomplished through a budget revision. Since these two scopes have different funding ratios, the local share must be adjusted to ensure the correct funding ratio is maintained for each ALI. The example below shows the budget before and after the revision. As shown, the Federal share remains the same, and the local share and total eligible cost are adjusted to reflect the correct funding ratios in each line item.

Approved Project Budget Example

Project Budget			
	Qty.	FTA Amount	Tot. Elig. Cost
SCOPE			
300–00 OPERATING ASSISTANCE	0	$250,000.00	$500,000.00
ACTIVITY			
30.09.01 UP TO 50% FEDERAL SHARE	0	$250,000.00	$500,000.00
SCOPE			
111–00 BUS—ROLLING STOCK	1	$50,000.00	$62,500.00
ACTIVITY			
11.12.15 BUY REPLACEMENT VANS	1	$50,000.00	$62,500.00
Estimated Total Eligible Cost:			**$562,500.00**
Federal Share:			**$300,000.00**

Local Share:	**$262,500.00**

Revised Project Budget Example

Project Budget			
	Qty.	FTA Amount	Tot. Elig. Cost
SCOPE			
300–00 OPERATING ASSISTANCE	0	$245,000.00	$490,000.00
ACTIVITY			
30.09.01 UP TO 50% FEDERAL SHARE	0	$245,000.00	$490,000.00
SCOPE			
111–00 BUS—ROLLING STOCK	1	$55,000.00	$68,750.00
ACTIVITY			
11.12.15 BUY REPLACEMENT VANS	1	$55,000.00	$68,750.00
Estimated Total Eligible Cost:			**$558,750.00**
Federal Share:			**$300,000.00**
Local Share:			**$258,750.00**

The result of the budget revision is an FPC transfer completed by the FTA Project Manager. FTA will reduce Federal funds in the operating FPC (04) by $5,000, and increase the Federal funds in the capital FPC (02) by $5,000.

(c) Adding an ALI to an existing scope. The scope for Stations Stops/Terminals (113–00) exists in the grant, and funds are allocated to acquire route signing (11.32.09). However, the grantee determines that the agency prefers to use the funds to construct passenger shelters (11.33.10), which is an activity within the scope 113–00. The grantee may request a budget revision to add the ALI—11.33.10 and shift the funds from 11.32.09 with prior FTA concurrence. In addition, the grantee must confirm that the approved STIP includes construction of bus shelters, and applicable NEPA requirements have been satisfied.

(6) Operating Assistance Changes. A grantee may use a budget revision to reflect time period changes, adjustments or extensions to the operating period provided the total amount of Federal funds previously awarded under the grant remains unchanged.

b. Administrative Amendment.

(1) General. An administrative amendment is usually initiated by FTA and may only be used when no change will result in the scope, amount, or purpose of the grant. An administrative amendment may be used to change or clarify the terms, conditions, or provisions of a Grant Agreement. An administrative amendment is also used to change the year or type of funds obligated for a grant, to transfer equipment from one grantee to another, to reflect a change in the grantee or grantee's name, or to deobligate Federal funds that are no longer needed to complete the approved project scope or purpose.

c. Grant Amendment.

(1) General. A grant amendment is required when there is either a change in the scope or an addition of Federal funds to an existing grant. Grant amendments are subject to the same application requirements as a new grant request. All grant amendments are subject to DOL certification.

(2) Procedure. Grantees submit grant amendments in TEAM using the "Create Amendment" screen. Grant amendments require a revised Grant Agreement, revised budget, and may require a change in the amount of funds obligated for the grant. An amendment is subject to the same requirements as a new grant request except that the grantee need not resubmit portions of the original grant application that are unaffected by the change. The grantee must submit a detailed description of the changes and a revised project budget. For example, in TEAM under the project Details section of the grant, grantees should include a header, "Amendment #1," and describe the reason for the amendment and the changes to the grant and budget.

(3) Change of Scope. FTA requires a grant amendment if the request changes the overall scope of a grant or changes the project scopes within a grant. Examples and an exception to changes in scope that result in a grant amendment include:

(a) Examples of change in scope.

1 A change in the quantity of items to be purchased or constructed that materially change the purpose or intent of the approved grant.

2 The addition of a new project scope code or the deletion a project scope code if the deletion affects the intent or objectives of the grant.

3 The addition of an ALI that results from an amendment to the approved TIP/STIP.

(b) Exception to change in scope. For earmarks, all changes to the grant after award must be consistent with the original intent of the Congressional language. Your FTA Regional Office will assist you in making this determination. For example, if the earmark is only for a facility, a grant amendment cannot be executed to add a scope for vehicles without explicit direction from Congress to FTA to change the earmark.

(4) Change in Federal Funds. FTA requires a grant amendment if the request changes the total amount of Federal funds in the grant. The one exception is if the scope of a grant is unchanged and the only action is the deobligation of funds; an administrative amendment is used to process the grant modification. See Chapter III, Subsection 4.b., "Administrative Amendment," above.

5. GRANT CLOSE-OUT. Grant close-out is the term used to signify the process by which FTA determines that all activities in a grant are complete and Federal funds have been expended. Grant closeout does not preclude FTA's ability to seek repayment or other remedies for a grantee's breach of grant terms and conditions.

a. Grantee's Role and Responsibilities. The grantee must initiate close-out of a grant when all approved activities are completed and/or applicable Federal funds expended. All close-out documentation must be submitted within 90 days of the completion of all activities in the grant. This requires notifying FTA by letter or e-mail that the grant is ready for close-out. The grantee should electronically submit the following in TEAM as part of the grant close-out process:

(1) a final budget reflecting actual project costs by scope and activity;

(2) a final FSR;

(3) a final narrative MPR indicating the actual completion date of each ALI; a discussion of each ALI contained in the final budget and list of project property purchased under the grant;

(4) a request to deobligate any unexpended balance of Federal funds; and

(5) any other reports required as part of the terms and conditions of the grant.

b. Close-Out by FTA. FTA may unilaterally initiate grant close-out. Circumstances that could cause FTA to close-out a grant in whole or in part at any time before project completion include:

(1) Grantee failure to comply with the terms or conditions of the Grant Agreement or other Federal requirements;

(2) Continuation of the project would not produce results commensurate with further expenditure of funds;

(3) Funds are no longer needed to accomplish the grant purpose;

(4) Failure by the grantee to make reasonable progress to complete approved grant activities; or

(5) Determination that the project has been essentially completed and/or approved funds have been substantially drawn down.

c. Adjustments to Federal Share of Costs. Necessary adjustments to the Federal share of cost are made after FTA receives and reviews the required close-out information. Adjustments may also be necessary after the audit required by OMB Circular A–133 is performed. FTA funds are not available for audit or other grant activities after a grant has been closed. Additional information on the A–133 audit is contained in Chapter VI, Financial Management. Any Federal grant funds received by the grantee but not expended must be returned to FTA. For more information on returning funds to FTA, see Chapter VI, "Financial Management."

6. SUSPENSION AND TERMINATION.

a. Suspension. The suspension of a grant is an action by FTA which temporarily suspends Federal assistance for a project pending corrective action by the grantee or pending a decision to terminate the grant by FTA. If FTA determines that the grantee has failed to comply with the terms and conditions of the Grant Agreement, including the civil rights requirements, FTA notifies the grantee in writing of its intent to suspend the grant. FTA may withhold further payments and/or prohibit the grantee from incurring additional obligations pending corrective action by the grantee or a decision to terminate the project for cause. This includes work being performed by third party contractors or consultants. Unless FTA notifies the grantee otherwise, suspension will not invalidate obligations properly incurred by the grantee prior to the date of suspension to the extent that they cannot be cancelled.

b. Termination for Cause. FTA may terminate a grant, in whole or in part, at any time before project completion, whenever it determines that the grantee failed to comply with the conditions of the grant including failure to make reasonable progress. FTA will promptly notify the grantee in writing of its intent to terminate and the reasons therefore and the effective date. Payments made to the grantee or recoveries by FTA are in accordance with the terms of the Grant Agreement and the legal rights and liabilities of both parties as defined in the agreement.

c. Termination for Convenience. FTA or the grantee may terminate a grant in whole or part, when both parties agree that continuation of the project would not produce results commensurate with the further expenditure of funds. By signing the Grant Agreement, the grantee agrees at the outset to a termination for convenience in the event FTA makes such a finding. Both parties must agree upon the termination conditions, including the effective date and, in case of partial termination, the portions to be terminated. The grantee may not incur new obligations for the terminated portion after the effective date and must cancel as many outstanding obligations as possible. FTA evaluates each obligation to determine its eligibility for inclusion in project costs.

Settlement is made in accordance with terms and conditions of the Grant Agreement. FTA allows full credit to the recipient for the Federal share of the obligations (that cannot be cancelled) properly incurred by the grantee prior to termination.

d. Partial Termination. In some cases, FTA may deobligate funds in an approved grant before close-out because the funds are no longer needed to accomplish the grant purpose.

7. RETENTION AND ACCESS REQUIREMENTS FOR RECORDS.

a. Applicability. This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees. Records retention and access requirements shall apply to grantee contractors, subcontractors, and subgrantees. Grantees shall include this requirement in grantee contracts and/or subgrants. These records are:

(1) Records required to be maintained by this circular or the terms of the Grant Agreement, or otherwise considered pertinent to FTA program requirements or the Master Agreement.

(2) Records executed electronically may be retained in that manner. Copies made by microfilming, photocopying, or similar methods may be substituted for the original records. Files must be accessible for possible review, audit, or down-loading to paper copy when required.

(3) This section does not apply to records maintained by contractors or subcontractors.

b. Length of Retention Period.

(1) Except as otherwise specified, records must be retained for three years from the starting date specified in Chapter III, Subsection 7.c., below.

(2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records must be retained for three years after completion of the action and resolution of all issues which arise from it.

To avoid duplicate record keeping, FTA may make special arrangements with grantees (including subgrantees, as appropriate) to retain any records which are continually needed for joint use. FTA will request transfer of records to its custody when it determines that the records possess long-term retention value. When the records are transferred to or maintained by FTA, the three-year retention requirement is not applicable to the grantee.

c. Starting Date of Retention Period.

(1) General. The starting date for retention of records related to multi-year projects is the date of submission of the final FSR upon project completion or, if waived, the date it would have been due.

(2) Equipment Records. The three year retention period for the equipment records starts from the date of the equipment's disposition or replacement or transfer at FTA's direction.

(3) Records for Income Transactions after Grant Close-out. In some cases, grantees must report income after a grant is closed out. Where there is such a requirement, the retention period for the records pertaining to the earning of the income starts from the end of the grantee's FY in which the income is earned.

(4) Indirect Cost Rate Proposals, Cost Allocation Plans (CAPs) and Similar Rate, and Rate Allocation Methods. This paragraph applies to the following types of documents, and their supporting records: indirect cost rate computations or proposals, CAPs, and any similar accounting computations or the rate at which a particular group of costs is chargeable (such as computer usage charge back rates or composite fringe benefit rates).

(a) If submitted for negotiation: If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the grantee) to form the basis for negotiation of the rate, then the three year retention period for its supporting records starts from the date of such submission.

(b) If not submitted for negotiation: If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the grantee) for negotiation purposes, then the three year retention period for the proposal, plan, or computation and its supporting records starts from the end of the FY (or other accounting period) covered by the proposal, plan, or other computation.

(5) Contract Records. The retention period for all required contract records commences after the grantees or subgrantees make final payments, and all other pending matters are closed (49 CFR 18.36(i)(11)).

d. Substitution of Photocopies. Copies of documents may be substituted for the originals.

e. Access to Records.

(1) Records of Grantees and Subgrantees. FTA, DOT Office of Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, have the right of access to any books, documents, papers, or other

records of the grantee which are pertinent to the grant, in order to perform audits, or make examinations, excerpts, or transcripts.

(2) Expiration of Right of Access. The right of access in this section is not limited to the required retention period but continues as long as the records are retained.

f. Restrictions on Public Access. The Federal Freedom of Information Act (FOIA)(5 U.S.C. 552) does not apply to grantee records owned and possessed by the grantee. Unless required by State or local law, grantees and subgrantees are not required to provide periodic public access to their records. However, FTA may request a grantee to provide access to those records the grantee maintains on behalf of FTA, (i.e., records required by Federal statute or regulation, such as Davis-Bacon wage records), or other records necessary to determine compliance with Federal requirements established as conditions of eligibility for recipients of Federal funding.

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CHAPTER IV

PROJECT MANAGEMENT

1. GENERAL. Real property, equipment and supplies, rolling stock, and facilities purchased or constructed for project purposes must be managed, used, and disposed of in accordance with applicable laws and regulations. This chapter provides guidance on the management, use, and disposition of Federal Transit Administration (FTA) funded real property, equipment, supplies, rolling stock, and facilities.

2. REAL PROPERTY. Real property must be acquired, managed, and used in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) (PL 91–646) and 49 CFR part 24, the implementing regulation. The following requirements govern the acquisition, use, or disposition of real property purchased with Federal funds. All regulatory references in this Section are to 49 CFR part 24, unless specified otherwise.

   a. General. If a grantee is using Federal funds to acquire real property or provide relocation assistance necessary to secure property for a project, the grantee must comply with the requirements in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act or URA), as amended. The Uniform Act is implemented by regulation (49 CFR part 24).

      The objective of the Uniform Act is to ensure equitable treatment of property owners of real property to be acquired for Federal and federally assisted projects; that people displaced by a federally supported project be treated fairly, consistently, and equitably; and that acquiring agencies implement the regulations in a manner that is efficient and cost effective. The regulations implementing the Uniform Act are very specific in naming the means to achieve those legislated objectives.

      FTA must review and concur in appraisals and review appraisals for acquisitions over $500,000 or in-kind contributions of any value before Federal funds are expended, or the value is used as local match. The requirements and processes for conducting appraisals, review appraisals, providing relocation assistance, and requesting FTA's concurrence are described as follows:

      (1) To ensure eligibility for Federal funding, the grantee should follow the typical process sequence when acquiring real property for a project:

         National Environmental Policy Act (NEPA) Approval → Title Search → Appraisal → Appraisal Review → Just Compensation Determination → FTA Concurrence (if required) → Offer to Owner → Settlement.

      (2) If a grantee is considering leasing real property, whether facilities or equipment, rather than outright purchase of the same, and such lease is a capital not operating

lease, then the grantee must comply with 49 CFR part 639 including these specific procedures:

(a) Section 639.11 requires the grantee to demonstrate that the lease of a capital asset is more cost effective than the purchase or construction of the asset.

(b) Section 639.23 requires the calculation of the purchase or construction cost and Section 639.25 requires the calculation of the lease cost. These two calculations are used to determine which is the most cost effective approach.

b. Appraisal of Real Estate.

(1) General. Except as discussed in Chapter IV, Subsections b.(2)–(4) below, an offer of just compensation will be established on the basis of a recent independently prepared appraisal that estimates a fair market value.

(2) Appraisers. Appraisers must be certified or licensed with a State Appraisal Board as required by the URA regulations at Section 24.103(d)(2). However, staff employees may be exempt from this requirement. FTA recommends that appraisals and review appraisals be completed by appraisers experienced with State and Federal laws for valuing properties for public acquisitions under the threat of eminent domain. Appraisers and grantees making appraisal assignments should be familiar with the implementing regulations of the Uniform Act (49 CFR part 24), especially Subpart B—Real Property Acquisition. State subrecipients may use the State's staff appraisers to prepare required independent appraisals and appraisal reviews.

(3) Requirements. Appraisals must be fully compliant with all of the appraisal requirements as cited in Section 24.103(a). This includes compliance with the Scope of Work, i.e., defining the appraisal requirements and, as appropriate, a realty/personalty report. The appraiser will also appropriately address the requirements of Section 24.103 (b) and (c) in the report concerning the effects of project influence and owner retention of improvements.

Depending on the individual State Appraisal Board, certified/licensed appraisers may need to utilize the jurisdictional exception provisions of Uniform Standards of Professional Appraisal Practice (USPAP) in order to complete the assignment for a public agency in full compliance with the requirements of Section 24.103.

If the acquisition leaves the owner with an uneconomic remnant, the appraiser or review appraiser may be assigned the responsibility to make this determination and appraise the fair market value of the remnant. See Section 24.102(k).

The owner also has a right to accompany the appraiser during the inspection of the property pursuant to Section 24.102(c)(1).

When valuing properties that contain contamination or hazardous material, the appraiser must consider the effect, if any, the contamination's or material's presence has on the market value.

Grantees should update appraisals over six months old in an active real estate market before fair market value is determined and submit to the FTA Regional Office for review and concurrence, when required. If the documents are not updated, the letter of transmittal to FTA shall provide adequate justification explaining why the appraisal was not updated.

(4) Exceptions. Full appraisal and/or negotiation procedures are not necessary in certain instances. While an appraisal of the property may not be required in some of the following instances, the agency must have some reasonable basis for its determination of fair market value in accordance with Section 24.101(b) and Appendix C. In the case of a donation an appraisal may not be required; however, an appraisal is required if the grantee proposes to use the property as an in-kind contribution as part of the local matching share. FTA should be contacted for further guidance when any one of the following situations occurs:

(a) The owner is donating the property, reference Sections 24.102(c)(2) and 24.108.

(b) The grantee does not have authority to acquire property by eminent domain as set out in Section 24.101(b).

(c) The property qualifies as a voluntary acquisition as defined in Section 24.101(b).

(d) The valuation is uncomplicated, and the fair market value is estimated at $10,000 or less, based on a review of available data, using the waiver valuation provision found at Section 24.102(c) and Section 24.2(a)(33).

(e) State subrecipients may use the State's staff appraisers to prepare required independent appraisals.

c. Appraisal Review of Real Estate.

(1) General. All appraisals for acquisition of real property are to be reviewed in accordance with the Uniform Act and 49 CFR 24.104. The review appraisal should determine the soundness of the report's value estimate. A qualified review appraiser (see Section 24.103(d)(1) and Appendix C thereof, and Section 24.104) shall examine the presentation and analysis of market information in all appraisals to assure that they meet the definition of an appraisal found in Section 24.2(a)(3), as well as other appraisal requirements found in Section 24.103 and other applicable State and local requirements.

The review appraiser is often expected to determine if the value conclusion is consistent with State laws as to what is compensable in eminent domain for public acquisitions and with the Uniform Act. The review appraiser is also responsible for assuring that value estimates are consistent when multiple parcels of property are needed for the project. The review appraiser cannot determine the soundness of a report's value estimate without possessing familiarity with the subject property, the comparable sales used, and other market factors; thus rarely will only a desk review be sufficient. The appraisal review report is expected to be a technical analysis of the appraisal, not merely an administrative review.

(2) Requirements. In accordance with Section 24.104(a), the review appraiser shall prepare a written report identifying each appraisal report as:

(a) Recommended (as the basis for the establishment of the amount believed to be just compensation) or,

(b) Accepted (meets all requirements, but not selected as recommended or approved), or

(c) Not accepted.

(3) Establishment of Just Compensation. If authorized by the grantee, a staff review appraiser may also establish the approved appraisal amount as the offer of just compensation. Under no circumstances can the establishment of the just compensation amount be delegated to a contractor (i.e., a fee review appraiser) who is not a governmental official of the agency.

If the review appraiser is unable to recommend (or approve) an appraisal as an adequate basis for the establishment of the offer of just compensation, and it is determined by the acquiring agency that it is not practical to obtain an additional appraisal, the review appraiser may, as part of the review, present and analyze market information in conformance with Section 24.103 to support a recommended (or approved) value (see Section 24 Appendix C related to Section 24.104(b)).

Review appraisers who are not staff employees must be State certified appraisers.

d. Appraisal Concurrence Process. Prior FTA concurrence is required when the grantee's recommended offer of just compensation exceeds $500,000, or when a property appraised at $500,000 or more must be condemned. Appraisals under $500,000, not requiring FTA concurrence, must follow the applicable appraisal standards (see Section 24.103). The grantee is required to maintain a parcel file with the proper support and documentation. Appraisals and Review Appraisals must be submitted to FTA for review and concurrence for acquisitions over $500,000 or in-kind contribution of any value before Federal funds are expended, or the value is used as local match.

e. Acquisition of Real Estate and Concurrence Requirements.

(1) General. In accordance with URA requirements every effort should be made to acquire real property by negotiation based on the approved just compensation amount that has been determined by the acquiring agency and considering the requirements described in the following:

(2) Market Value. Before making an offer to the property owner, the grantee must first establish market value of the parcel to be purchased. Property acquisition activities will be conducted in compliance with the requirements of Section 24.101 and 102. Market value is to be established through a current appraisal and appraisal review accomplished in accordance with the requirements of Section 24.103 and 104 respectively. Once the appraisal and the appraisal review are complete, a determination of just compensation must be made by the grantee in accordance with Section 24.102(d).

(3) Making an Offer. After the just compensation determination has been made by the agency, with FTA concurrence, if required, an offer can be made to the owner.

No owner shall be required to surrender possession of real property without either payment of the agreed purchase price to the owners or deposit of the established just compensation amount in condemnation court as set out in Section 24.102(j). The full amount of the deposit must be made available to the owner without prejudice pending the ultimate determination of just compensation by the judicial process. The grantee must expeditiously reimburse property owners for actual, reasonable, and necessary expenses incidental to transfer of title pursuant to Section 24.106.

(4) Uneconomic remnant. If the acquisition leaves the owner with an uneconomic remnant, the grantee must offer to acquire that remnant; and its value will be presented as an element of the written offer that is made (see Section 24.102(k)).

(5) Filing Condemnation. Additionally FTA concurrence is required before filing for condemnation if the appraised amount exceeds $500,000.

(6) Administrative Settlements. Any settlement in excess of the grantee's approved just compensation must be addressed as an administrative settlement (see definition, Chapter 1, Subsection 5.c. and Section 24.102(i). The term "administrative settlements" encompasses both negotiated settlements and legal settlements. Legal settlements are those arrived at prior to a trial on the merits.

(a) Requirements. Administrative settlements in excess of $50,000 more than the current fair market value require prior FTA concurrence. Instead of using its power of eminent domain when a property cannot be purchased at appraised value, a grantee may propose acquisition through negotiated settlement, as explained previously in Chapter IV, Subsection 2.e.(6). The grantee must document that reasonable efforts to purchase the property at the appraised amount have failed and prepare written justification supporting why the settlement is reasonable, prudent, and in the public interest. Such a settlement will be handled in accordance with administrative settlement requirements at Section 24.102(i). If the settlement request represents a significant increase over the just compensation and if trial risks are a key factor in the settlement justification, a litigation attorney for the agency must be consulted to provide advice in this regard. The decision to recommend a settlement should evaluate among other relevant matters, the risks of settling for the proposed amount versus the risks of trying the condemnation in court. **Note:** Any global settlements of a property acquisition that involve the inclusion of relocation payments based on other than relocation costs that are actual, reasonable, and necessary are not eligible for FTA reimbursement in accordance with Section 24.207(f) of the URA regulations.

(b) Settlement Concurrence Process. All settlements must be justified in writing and be available in the project files. The justification shall be thorough, document the entire settlement process, demonstrate the logic and reason supporting the settlement, and be able to withstand the scrutiny of an independent review. If either type of settlement exceeds FTA's threshold for approval, it must be submitted to FTA for advance concurrence before the settlement is consummated.

f. Relocation Assistance. The relocation assistance program provides a variety of advisory services and benefits to displaced people, businesses, and non-profit organizations. The highlights of this program element and FTA policies related to it are summarized in the following:

(1) Early provision of written notices and explanations of acquisition and relocation programs must be provided to displacees as required by 49 CFR part 24.

(2) No individual, family, business, farm, partnership, corporation, or association will be required to move without at least 90 days advance notice per Section 24.203(c).

(3) In the case of residential displacees, the 90-day notice must also include the availability of at least one comparable replacement dwelling. Rental assistance and replacement housing payments are provided to make the dwellings affordable and available at the time the notice is given. See Section 24.203(c)(3).

(4) All displacees, both business and residential, are reimbursed for certain moving expenses per Section 24.301 through Section 24.306.

(5) There must be as many residential dwellings available as there are families who will be displaced. The dwellings must be comparable to the ones from which the people are displaced. In addition, the comparable replacement dwellings must be decent, safe, and sanitary (DSS); located in the same area or in areas generally not

less desirable in regard to public utilities and public and commercial facilities; reasonably accessible to the displacees' places of employment and within the financial means of the displaced families; and adequate in size to accommodate the occupants in accordance with 49 CFR 24.204.

(a) The definition of DSS at Section 24.2(a)(8) contains the following requirements regarding the number of rooms and area of living space for the displacee. "The number of persons occupying each habitable room used for sleeping purposes shall not exceed that permitted by local housing codes or, in the absence of local codes, the policies of the displacing Agency. In addition, the displacing Agency shall follow the requirements for separate bedrooms for children of the opposite gender included in local housing codes or in the absence of local codes, the policies of such agencies."

(b) In the absence of applicable housing codes, FTA's policy requires separate bedrooms and gender separation for children over 12 years of age.

(6) Replacement housing must be open to all people regardless of race, color, religion, sex, or national origin as required by Section 24.8 of the URA regulations.

(7) Any relocation benefits required by State or local law exceeding the specified limits in the Uniform Act will not be reimbursed by FTA.

(8) Any global type settlements of a property acquisition that involve the inclusion of relocation payments based on other than relocation costs that are actual, reasonable, and necessary are not eligible for FTA reimbursement in accordance with Section 24.207(f) of the URA regulations.

(9) Rental and for-sale dwellings used in the determination of replacement housing benefits must be actually and currently available for sale or rent. A rent schedule method cannot be used to calculate a rental differential payment, since the grantee is required to offer the displacee specific rental replacement properties that are actually available as explained in Chapter 1, Section 5., "Definitions," of this circular. FTA does not allow the use of rent schedules for the calculation of rental housing cost differentials as it is not compliant with Sections 24.2(a)(6), 24.204(a), 24.402(b)(1)(i), and 24.403(a) of the URA regulations that require that three comparable and currently available rental properties be identified and provided to the displacee.

g. Special Real Estate Acquisition Program Strategies/Issues. Several real estate program strategies or issues are worthy of discussion in some detail as follows:

(1) Alternative Procedure. A grantee with a qualified and fully staffed real estate department conducting a major capital project may request an alternative process, which permits higher dollar thresholds before FTA prior concurrence is needed.

An FTA real estate specialist will review the acquisition process and grantee capabilities. Grantees may request a review through the FTA Regional Office.

The request for the approval for alternative real property procedures at a minimum should include the following:

(a) A statement providing an overall justification and reasoning for why the alternative procedure is requested;

(b) Copy of Real Estate department operating procedures;

(c) Real Estate department organization staffing chart; and

(d) Strategy for using and qualifying Real Estate services contractors, if used;

(e) Estimate of the number of transactions that may exceed requested threshold(s);

(f) Discussion of Real Estate acquisition schedule/status relative to the overall project schedule; and

(g) Discuss Real Estate department program Quality Assurance/Quality Control procedures that are in place to assure program delivery is in compliance with Uniform Act requirements and effective/efficient operational standards given the higher thresholds requested.

(2) In-Kind Contributions. Grantees may use in-kind contributions of real property as part of the local matching share so long as the property to be donated is needed to carry out the scope of the approved project. The property can be owned and donated by the grantee or by a third party. The in-kind contribution allowance will be based on the current market value as independently appraised. Appraisals for property being donated, regardless of appraised value, must be submitted to the FTA regional or metropolitan office.

Credit can only be allowed for the value of the portion of real property used or consumed by the project. If part of a larger parcel is to be used as local match and the remaining sub-parcel is intended to be used at a future date for future match, the grantee is cautioned to clearly indicate the limits of the sub-parcel to be used as local match and the appraised amount associated with the sub-parcel. The remnant sub-parcel can then follow the same procedure for future local match. If the entire parcel is provided as a local match and no delineation is made related to possible use of the excess sub-parcel as over-match, eligibility of the over-match sub-parcel may be lost. If Federal funds were used to purchase the property, only the non-Federal share of such property may be counted as the value of the in-kind contribution, see 49 CFR 18.24(f).

(3) Functional Replacement. Functional replacement provides a method of paying the cost necessary to replace a publicly owned facility (i.e., a fire station or public school) being acquired with a similar needed facility. The FTA regional or metropolitan office should be contacted for further information.

A determination to use functional replacement should be made early in the project development process. The use of this approach would usually be addressed during the environmental assessment (EA) phase of the project and be presented as a mitigation measure to be undertaken by the project.

(4) Contaminated Property (including Brownfields). Appropriate due diligence for contamination is conducted as a part of the NEPA process and discussed in the NEPA document before selection of a contaminated property in a capital project. Appraisals should consider the effect, if any, contamination has on the market value of the property being valued. The terms, “contamination” and “hazardous material” should be interpreted broadly to include all contaminants that can affect property value.

(a) The legal responsibility for hazardous material clean up and disposal rests with parties within the property title chain and with parties responsible for the placement of the material on the property. Grantees must attempt to identify and seek legal recourse from those potentially responsible parties or substantiate the basis for not seeking reimbursement.

(b) During the NEPA process, the grant applicant will have considered not only the estimated project cost of appropriate remediation (remediation being any action, developed in consultation with appropriate regulatory agencies, to reduce, remove, or contain contamination), the applicant will also have considered and taken action regarding the short and long-term liabilities associated with Brownfields, if applicable.

(c) To encourage the complete assessment of contamination prior to project decisionmaking, FTA generally will not participate in the remediation of contamination discovered during construction.

(d) The grantee should contact FTA for technical assistance regarding contaminated property.

h. Real Estate Acquisition Management Plan (RAMP). A RAMP is required for all major capital projects as a part of the Project Management Plan (PMP) under 49 CFR 633.25 and in accordance with 49 CFR part 24. A full RAMP is not required for other capital projects with real estate acquisition; however, all capital projects must be in compliance with 49 CFR part 24, if real estate acquisition or relocation assistance is involved. The RAMP is a planning document for the acquiring agency and is a control document for FTA that includes real estate goals and methodology from the perspective of timing, staffing, statutory, and policy issues. The RAMP should be periodically reviewed for needed changes. See Appendix C of this circular for a model in the development of a RAMP.

i. Property Management and Joint Development.

(1) General. This area concerns the post construction management of property acquired for the facility during project development to ensure that it is properly maintained and operated efficiently for the benefit of the transit system.

(2) Incidental Use and Joint Development. Title to real property is vested in the grantees or other public bodies. FTA's policy is to permit grantees maximum flexibility in determining the best and most cost-effective use of FTA-funded property. To this end, FTA encourages incidental uses and joint development of real property that can raise additional revenues for the transit system or, at a reasonable cost, enhance system ridership. For example, grantees may be able to encourage joint development of air rights at and over transit facilities and project areas. FTA approval is required for both joint development and for incidental uses of real property and must be compatible with the original purposes of the grant.

Incidental and joint development uses of real property are subject to the following considerations:

(a) Needed Property. This policy applies only to property that continues to be needed and used for an FTA project or program. It is FTA's intention to assist only in the purchase of property that is needed for an FTA project.

(b) Purpose & Activity. The use must not compromise the safe conduct of the intended purpose and activity of the initial public transit project activity.

(c) Continuing Control. The use must not in any way interfere with the grantee's continuing control over the use of the property or the grantee's continued ability to carry out the project or program.

(d) Non-Profit Use. While FTA is particularly interested in encouraging incidental use as a means of supplementing transit revenues, non-profit uses are also permitted under certain circumstances.

(e) Income. Proceeds from licensing and leasing of air rights or other real property interest should be based on competitive market rents and rates of return based on the appraised fair market value. Income received from the authorized incidental or joint development uses of air rights may be retained by the grantees (without returning the Federal share) if the income is used for eligible transit capital, and operating expenses. This income cannot be used as part of the local share of the grant from which it was derived. However, it may be used as part of the local share of another FTA grant.

j. Real Estate Disposition.

(1) Excess Real Property Inventory and Utilization Plan. The grantee shall prepare and keep up to date an excess property inventory and utilization plan for all property that is no longer needed to carry out any transit purpose. The inventory list should include such things as property location; summary of any conditions on the title, original acquisition cost, and the Federal participation ratio; FTA grant number, appraised value and date; a brief description of improvements; current use of the property; and the anticipated disposition or action proposed.

Grantees are also required to notify FTA when property is removed from the service originally intended at grant approval and if property is put to additional or substitute uses. The grantee's plan should identify and explain the reason for excess property. Such reasons may include one or more of the following:

(a) The parcel, when purchased, exceeded the grantee's need (uneconomic remnant, purchased to logical boundary, part of administrative settlement, etc.);

(b) The property was purchased for construction staging purposes such as access, storage or underpinning, and construction is completed;

(c) The intended use of the parcel is no longer possible because of system changes, such as alignment, or amendments to the project Grant Agreement;

(d) Improvements to real property were damaged or destroyed, and therefore the property is not being used for project purposes, but it is still needed for the project. If so, the improvements may be renovated or replaced. In this case, applicable cost principles must be observed; and/or

(e) A portion of the parcel remains unused, will not be used for project purposes in the foreseeable future, and can be sold or otherwise disposed.

Unless FTA and the grantee agree otherwise, the excess real property inventory and updated excess property utilization plan is to be retained by the grantee, available upon FTA request and during the triennial review process.

(2) Disposition Alternatives. If the grantee determines that real property is no longer needed, FTA may approve use of the property for other purposes. This may include use in other Federal grant programs or in non-Federal programs that have consistent purposes with those authorized for support by FTA.

(a) Valuation of Property Pending Disposal. For properties no longer needed for transit purposes, the grantee is expected to follow the valuation requirements of 49 CFR part 24 and obtain an appraisal to ascertain the value of the property considered for disposal.

(b) Net Proceeds from Disposition. In those situations where a grantee or subgrantee no longer needs the real property for any transit purpose and is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, FTA may permit the net proceeds from the disposition to be used as an offset to the cost of the replacement property.

(c) Alternative Disposition Methods. When real property is no longer needed for any transit purpose, the grantee will request disposition instructions from FTA. The allowable alternative disposition methods are as follows:

1 Sell and Reimburse FTA. Competitively market and sell the property and pay FTA the greater of its share of the fair market value of the property or the straight line depreciated value of the improvements plus land value. FTA's share of the fair market value is the percentage of FTA participation in the original grant multiplied by the best obtainable price, net of reasonable sales costs.

2 Offset. Sell property and apply the net proceeds from the sale to the cost of replacement property under the same program. Return any excess proceeds to FTA in accordance with 49 CFR 18.31.

3 Sell and Use Proceeds for Other Capital Projects. Sell property and use the proceeds to reduce the gross project cost of another FTA eligible capital transit project. See 49 U.S.C., 5334(h)(4). The grantee is expected to record the receipt of the proceeds in the grantee's accounting system, showing that the funds are restricted for use in a subsequent capital project, and reduce the liability as the proceeds are applied to one or more FTA approved capital projects. FTA must approve the application of the proceeds to a subsequent capital grant, which should clearly show that the gross project cost has been reduced with proceeds from the earlier transaction.

4 Sell and Keep Proceeds in Open Project. If the grant is still open, the grantee may sell excess property and apply the proceeds to the original cost of the total real property purchased for that project. This may reduce the Federal share of the grant.

5 Transfer to Public Agency for Non-Transit Use. Follow procedures for publication in *Federal Register* to transfer property (land or equipment) to a public agency with no repayment to FTA. This is a competitive process, and there is no guarantee that a particular public agency will be awarded the excess property. See 49 U.S.C., 5334(h)(1)–(h)(3).

6 Transfer to Other Project. Transfer property to another FTA eligible project. The Federal interest continues.

7 Retain Title With Buyout. Compensate FTA by computing percentage of FTA participation in the original cost. Multiply the current fair market value of the property by this percentage. The grantee must document the basis for value determination; typically, this is an appraisal or market survey. Alternatively, the grantee may pay the straight line depreciated value of improvements plus land value, if this is greater than FTA's share of the fair market value.

8 Sales Procedure. Sales procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return or at least payment of appraised fair market value.

9 Joint Development. A transfer meeting the tests for joint development is not a disposition, and the proceeds are deemed program income. For additional information on use and eligibility of joint development projects see FTA Guidance (72 FR 5788, Feb. 7, 2007) as the final agency guidance on the "Eligibility of Joint Development Improvements Under Federal Transit Law." See also the definition of a capital project at 49 USC 5302(a)(1)(G).

k. FTA Management and Project Oversight of Property Acquisition. FTA project stewardship includes various strategies, and in some cases involves the application of risk management techniques. Based on various conditions including dollar thresholds and the complexity of the property acquisitions involved, FTA may require the submission of all transactions meeting certain criteria for prior approval. Refer to the discussion of prior concurrence for certain appraisal, condemnation, and settlements issues discussed in Chapter IV of this circular.

FTA may also conduct process or transactional reviews at any time during or after project implementation of the real estate acquisition program to ensure compliance with governing laws and regulations.

3. EQUIPMENT, SUPPLIES, AND ROLLING STOCK. Certain management standards apply to equipment, supplies, and rolling stock purchased with Federal funds. The term, project property, as used in this section, includes equipment, supplies, and rolling stock. Light duty vehicles such as vans, sedans, and pick-up trucks employed in administrative and maintenance purposes are considered equipment. Light duty vehicles employed to transport passengers are considered rolling stock. The following requirements are for the acquisition, use, management, and disposition of project property:

a. State Recipients. A State will use, manage, and dispose of project property acquired under a grant by the State in accordance with State laws and procedures (49 CFR 18.32(b)) as long as they comply with Federal requirements. Grantees, other than States, will follow FTA requirements and procedures outlined below.

b. Title. Subject to the obligations and conditions, the grantee holds title to project property acquired under a grant.

c. Federal Interest. FTA retains a Federal interest in any project property financed with Federal assistance until, and to the extent that, FTA relinquishes its Federal interest in that project property.

d. Acquisition. Acquisition cost of project property means the purchase price of project property. This is the net invoice unit price, including the cost of modifications, attachment, accessories, or auxiliary apparatus necessary to make the project property usable for the intended purpose. Other charges such as the cost of inspection, installation, transportation, taxes, duty, or protective in-transit insurance should be treated in accordance with the grantee's regular accounting practices as separate line items. Grantees must follow procurement procedures set forth in the current version of Circular 4220.1; additional guidance is provided in FTA's Best Practices Procurement Manual. Two areas of particular importance for rolling stock procurements are:

(1) Buy America. With certain exceptions, FTA may not obligate funds for a public transportation project unless the steel, iron, and manufactured goods used in the project are produced in the Unites States (49 CFR part 661). FTA's Buy America requirements at 49 CFR part 661 differ from Federal Buy American regulations at 48 CFR part 25. The former applies to third party contracts funded by FTA. The latter applies to direct Federal procurements. FTA strongly advises recipients to review these regulations before undertaking any procurement.

(2) Pre-Award and Post Delivery Audits for Rolling Stock. FTA requires that grantees purchasing revenue passenger rolling stock undertake reviews of the rolling stock before award of the bid, during manufacture, and following vehicle delivery. Grant applicants seeking to acquire rolling stock must certify that they will comply with Pre-Award and Post-Delivery Review requirements.

The requirement to undertake the pre-award and post-delivery reviews arises from 49 U.S.C. 5323(m) and is implemented by FTA regulations at 49 CFR part 663. The reviews are intended to improve compliance with Buy America requirements, the grantee's bid specifications, and Federal motor vehicle safety standards. FTA has tried to carry out the intent of the law in a way that builds on current practices by many grantees and that improves the monitoring of compliance in the least burdensome manner. Reviews may be conducted by the grantee's staff or by a contractor for the grantee. The regulations require a resident inspector who is not an agent or an employee of the manufacturer to review specification compliance for the grantee at the manufacturing site, unless the procurement is for unmodified vans, 10 or fewer buses acquired by an operator serving an urbanized area with a population of over 200,000 persons, or 20 or fewer buses acquired by an operator serving other than urbanized areas or urbanized areas with populations of 200,000 or fewer. The grantee must keep on file and make available to FTA upon request written reports resulting from the reviews. Compliance must be certified on the Annual List of Certifications and Assurances. FTA has published a handbook titled "Conducting Pre-Award and Post-Delivery Audits for Bus Procurements," which contains copies of all the required certifications to assist grantees in complying with this requirement. A copy of this handbook can be found at: **http://www.fta.dot.gov/laws/leg_reg_5423.html**.

e. Use of Project Property. Project property is to be used by the grantee in the programs or project for the purpose it was acquired as long as needed, whether or not the program or project continues to be supported by Federal funds. When need no longer exists, see disposition requirements in Chapter IV, Subsection 3.l., "Disposition," of this circular.

(1) Continuing Control. The grantee agrees to maintain continuing control of the use of project property and constructed improvements to the extent satisfactory to FTA. The grantee agrees to use project property for appropriate project purposes for the duration of the useful life of that property, as required by FTA. If the grantee unreasonably delays or fails to use the project property during the useful life of that property, the grantee agrees that it may be required to return the entire amount of the Federal assistance expended on that property. The grantee further agrees to notify FTA immediately when any project property is withdrawn from project use or when any project property is used in a manner substantially different from the representations the grantee made in the Grant Agreement or Cooperative Agreement for the project.

The grantee may make project property available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the project or program for which it was originally acquired. FTA reserves the right in the Grant Agreement to require the grantee, with FTA approval, to transfer title to project property no longer needed or used for the purposes of the grant (or program) to the Federal Government or an otherwise eligible grantee. (49 CFR 18.32).

The grantee must not use project property acquired with grant funds to provide services to compete unfairly with private companies that provide equivalent services. Non-transit use of FTA financially assisted project property is acceptable so long as it is incidental, does not interfere with transit use (transit has priority), and income generated is retained by the grantee for transit use. See Chapter IV, Subsection 3.e.(3) below for more information on incidental use.

The grantee agrees that it will not execute any transfer of title, lease, lien, pledge, mortgage, encumbrance, third party contract, subagreement, grant anticipation note, alienation, innovative finance arrangement, or any other obligation pertaining to project property, that in any way would affect the continuing Federal interest in that project property, without written FTA approval.

(2) Shared Use. Shared use of project property requires prior written FTA approval except when it involves coordinated public transit human services transportation. Shared use projects should be clearly identified and sufficient detail provided to FTA at the time of grant review to determine allocable costs related to non-transit use for construction, maintenance, and operation costs.

(3) Incidental Use. Any incidental use of project property will not exceed that permitted under applicable Federal laws, regulations, and directives. Incidental use requires prior FTA approval except when it involves coordinated public transit human services transportation. Consult your FTA regional or metropolitan office prior to incorporating incidental use activities in projects. Incidental use will be permitted if:

(a) The incidental use does not interfere with the grantee's project or public transportation operations;

(b) The grantee fully recaptures all costs related to the incidental use from the non-transit public entity or private entity, including all applicable excise taxes on fuel for fueling facilities and wear and tear to capital improvements;

(c) The grantee uses revenues received from the incidental use for capital and/or operating expenses that were or will be incurred to provide the public transportation; and

(d) Private entities pay all applicable excise taxes on fuel.

f. Useful Life of Project Property. FTA provides a useful life policy for rolling stock, trolleys, ferries, facilities, and some equipment. Where a useful life policy has not been defined by FTA, the grantee, in consultation with the FTA regional or metropolitan office shall "make the case" by identifying a useful life period for all equipment and facilities with an acquisition value greater than $5,000 to be procured with Federal funds. In the grant application, the grantee shall propose and identify a useful life for the capital asset to be purchased with Federal funds. FTA approval of the grant represents FTA concurrence of the final determination of useful life for the purpose of project property acquisition. This in turn will identify the useful life of the Federal interest for the disposition of the project property in later years.

(1) Determining Useful Life for Project Property. The grantee should identify the method used to determine the useful life. Acceptable methods to determine useful life include but are not limited to:

(a) Generally accepted accounting principles.

(b) Independent evaluation.

(c) Manufacturer's estimated useful life.

(d) Internal Revenue Service guidelines.

(e) Industry standards.

(f) Grantee experience.

(g) The grantee's independent auditor who needs to concur that the useful life is reasonable for depreciation purposes.

(h) Proven useful life developed at a Federal test facility.

(2) Bus, Light Duty Vehicles, Trolley, Rail Rolling Stock, and Ferries Useful Life Policy. Useful life of rolling stock begins on the date the vehicle is placed in revenue service and continues until it is removed from revenue service. The useful life in years refers to total time in revenue transit service, not time spent stockpiled or otherwise unavailable for regular transit use. The useful life in miles refers to total miles in revenue transit service. Non-revenue miles do not count towards useful life.

Grant applicants need to specify the expected useful life category in requests for bids when acquiring new vehicles. Minimum useful life of rail rolling stock is 25 years. Minimum useful life for buses, vans, and trolleys is determined by years of service or accumulation of miles whichever comes first as follows:

(a) Buses:

1 Large, heavy-duty transit buses including over the road buses (approximately 35'–40', and articulated buses): at least 12 years of service or an accumulation of at least 500,000 miles.

2 Small size, heavy-duty transit buses (approximately 30'): at least 10 years or an accumulation of at least 350,000 miles.

3 Medium-size, medium-duty transit buses (approximately 25'–35'): at least seven years or an accumulation of at least 200,000 miles.

4 Medium-size, light-duty transit buses (approximately 25'–35'): at least five years or an accumulation of at least 150,000 miles.

(b) Light Duty Vehicles:

1 Other light-duty vehicles used as equipment and in transport of passengers (revenue service) such as regular and specialized vans, sedans, and light-duty buses including all bus models exempt from testing in the current 49 CFR part 665: at least four years or an accumulation of at least 100,000 miles.

(c) Trolleys: The term “trolley” is often applied to a wide variety of vehicles. Thus, the useful life depends on the type of “trolley.” FTA classifies “trolleys” and the suggested useful life as described in Chapter IV, Subsections 3.f.(2)(b) 1–3 below. For disposition actions, FTA will use the following minimum useful life determinations:

1 A fixed guideway steel-wheeled “trolley” (streetcar or other light rail vehicle): at least 25 years.

2 A fixed guideway electric trolley-bus with rubber tires obtaining power from overhead catenary: at least 15 years.

3 Simulated trolleys, with rubber tires and internal combustion engine (often termed “trolley-replica buses”): please refer to bus useful life criteria in Chapter IV, Subsection 3.f.(2)(a) above.

(d) Rail Vehicles: At least 25 years. At time of grant application, the grantee may propose an alternative useful life to be reviewed by FTA. A grantee that regularly measures lifespan by hours of operations, or by any other measure, may develop an appropriate methodology for converting its system to years of service. The reasonableness of such methodologies will be subject to examination, particularly if the grantee proposes to retire a rail vehicle before reaching FTA’s useful life.

(e) Ferries: The useful life of a ferry depends on several factors, including the type and use of the ferry. FTA recommends using one of the methods outlined in Chapter IV, Subsection 3.f.(1) above or offers the following suggested minimum service lives:

1 Passenger Ferries: 25 years

2 Other Ferries (without refurbishment): 30 years

3 Other Ferries (with refurbishment): 60 years

(f) Facilities: Determining the useful life of a facility must take into consideration such factors as type of construction, nature of the equipment used, historical usage patterns, and technological developments. Based on any of methods identified in Chapter IV, Subsection 3.f.(1) above, a railroad or highway structure has a minimum useful life of 50 years, and most other buildings and facilities (concrete, steel, and frame construction) 40 years.

g. Rolling Stock Rebuilding Policies. FTA laws, regulations, policies, and procedures allow the use of capital funds for vehicle rebuilding programs that meet the vehicle requirements in Federal Motor Carrier Vehicle Safety Standards and Americans with

Disabilities Act Accessibility Specifications for Transportation (49 CFR part 571 and 49 CFR part 38). Requirements for Bus and Rail fleets are summarized below:

(1) Buses to be rebuilt should be at the end of the minimum useful life and in need of major structural and/or mechanical rebuilding. The age of the bus to be rebuilt is its years of service at the time the rebuilding begins. The eligibility of this major capital bus rebuild work is in addition to the eligibility of vehicle overhauls as described in Chapter IV, Subsection 3.h., "Rolling Stock Overhauls," below. Grantees should contact the regional or metropolitan office to determine the extent which the useful life of the bus is affected by the rebuild. The minimum extension of useful life is four years.

(2) Rail cars to be rebuilt must have reached the end of its minimum useful life (end-of-life rebuild). The minimum extension of useful life is ten years. The eligibility of this major capital rail rebuild work is in addition to the eligibility for vehicle overhauls as described in Chapter IV, Subsection 3.h., "Rolling Stock Overhauls," below.

Depending upon the extent of rebuilding planned, the rebuild may be subject to the Americans with Disabilities Act (ADA) requirements.

h. Rolling Stock Overhauls. Rolling stock overhauls are an eligible capital expense as preventive maintenance. This eligibility for capital assistance applies also to leasing and to contracted service. Overhauls are usually done to make sure rolling stock reaches its useful life. Overhaul does not extend the useful life of rolling stock. This eligibility is in addition to eligibility of rebuilding specifically discussed above in Chapter IV, Subsection 3.g. For rolling stock to be overhauled, it must have accumulated at least 40 percent of its useful life.

i. Rolling Stock Spare Ratio Policies. Spare ratios will be taken into account in the review of projects proposed to replace, rebuild, or acquire additional vehicles. Spare ratio is defined as the number of spare vehicles divided by the vehicles required for annual maximum service. Spare ratio is usually expressed as a percentage, e.g., 100 vehicles required and 20 spare vehicles is a 20 percent spare ratio.

(1) Bus Fleet. The basis for determining a reasonable spare bus ratio takes local circumstances into account. The number of spare buses in the active fleet for grantees operating 50 or more fixed-route revenue vehicles should not exceed 20 percent of the number of vehicles operated in maximum fixed-route service.

For purposes of the spare ratio calculation, "vehicles operated in maximum fixed-route service" is defined as the total number of revenue vehicles operated to meet the annual maximum service requirement. This is the revenue vehicle count during the peak season of the year, on the week and day that maximum service is provided. It excludes atypical days and special events that do not accurately depict normal peak maximum service requirements. Whether vehicles are locally funded, FTA-funded, or have exceeded their service life, the vehicles are not relevant factors. Scheduled standby vehicles are permitted to be included as "vehicles operated in maximum service."

Buses delivered for future expansion and buses that have been replaced, but are in the process of being disposed of, should not be included in the calculation of spare ratio.

For each grant application identified to acquire vehicles, a grant applicant must address the subjects of current spare ratio, the spare ratio anticipated at the time the new vehicles are introduced into service, disposition of vehicles to be replaced including information on age and mileage, and the applicant's conformance with FTA's spare ratio guideline. An applicant is required to notify FTA if the spare ratio computation on which the grant application is based is significantly altered prior to the grant award.

(2) Rail Fleet. Because rail transit operations tend to be highly individualized, FTA has not established a specific number to serve as an acceptable spare ratio for rail transit operations. Nevertheless, rail operators should be aware that the grantee's rail vehicle spare ratio and the rationale underlying that spare ratio will be examined during the triennial review whenever FTA assistance is used to purchase or rebuild rail vehicles.

The following guidance should be used to support an operator's proposed rail vehicle spare ratio when the spare ratio is under review by FTA:

(a) An operator of a rail system must have in its file available upon request by FTA a rail fleet management plan that addresses operating policies (level of service requirements, train failure definitions, and actions); peak vehicle requirements (service period and make-up, e.g., standby trains); maintenance and overhaul program (schedules, unscheduled, and overhaul); system and service expansions; rail car procurements and related schedules; and spare ratio justification.

(b) Spare ratio justification should consider: average number of cars out of service for scheduled maintenance, unscheduled maintenance and overhaul program; allowance for ridership variation (historical data); ridership changes that affect car needs caused by expansion of system or services; contingency for destroyed cars; and car procurements for replacements and system expansions.

(c) Cars delivered for future expansion and cars that have been replaced, but are in the process of being disposed of, should not be included in the calculation of spare ratio.

(d) Peak Vehicle Requirement includes "standby" trains that are scheduled, ready for service, and have a designated crew.

(e) Factors that may influence spare ratio are: equipment make-up (locomotive hauled trains; married pair units or single cars; equipment design, reliability and age); environmental conditions (weather, above ground or underground operation, loading and track layout); operational policies (standby trains, load factors, headways); maintenance policies (conditions for removing cars from service, maintenance during nights and weekends, and labor agreement conditions); and maintenance facilities and staff capabilities.

(3) Contingency Fleet. FTA recognizes two types of vehicles—active and contingency. Revenue rolling stock stockpiled in a contingency fleet in preparation for emergencies must have met their minimum normal service life requirements and must be properly stored, maintained, and documented in a contingency plan. These vehicles are not included in the calculation of spare ratio. Contingency plans are subject to review during triennial reviews and other FTA oversight reviews. Any rolling stock not supported by a contingency plan will be considered part of the active fleet.

j. Leases. FTA and standard accounting rules distinguish between operating and capital leases. A grantee may enter into an operating lease as Lessee (the party leasing the property from another) without following any special rules if it receives no Federal operating assistance. If it receives Federal operating assistance, it is FTA's policy that this business opportunity be competed. A grantee may enter into a capital lease as a Lessee as described below in Chapter IV, Subsection 3.j (2). In all instances in which the grantee is a Lessor (the party leasing an asset to another), the grantee must obtain FTA's written concurrence (as described in Section 2(a) of this Chapter) before leasing FTA-funded assets to others. In addition, for equipment leasing, grantees must comply with both the Charter Rule and with requirements below:

(1) Leasing FTA-funded Assets to Others for Transit Service. The grantee may enter into a contract for leasing its project property to a private operator (the lessee). The lease shall be subject to and incorporate by reference the terms and conditions of the FTA grant. Under this arrangement, the grantee (the lessor) should include the following provisions in the proposed lease agreement:

(a) The project property shall be operated by the lessee to serve the best interest and welfare of the project sponsor lessor and the public. The terms and conditions for operation of service imposed by the grantee shall be evidenced in a service agreement.

(b) The lessee shall maintain project property at a high level of cleanliness, safety, and mechanical soundness under maintenance procedures outlined by the project sponsor. The project sponsor lessor and/or FTA shall have the right to conduct periodic maintenance inspections for the purpose of confirming the existence, condition, and the proper maintenance of the project property.

(c) The lease needs to cross reference a service agreement. A default under the lease is a default under the service agreement and vice versa.

(2) Capital Lease. A capital lease is any transaction whereby the grantee acquires the right to use a capital asset. If a lease does not have the following characteristics, it is an operating lease:

(a) the lease cannot be cancelled; and

(b) any one of the following is true:

1 the term of the lease is equal to or greater than 75 percent of the useful life of the asset;

2 the grantee will become the owner of the asset at the end of the lease term;

3 the lease contains a bargained for option date;

4 the present value of the rent is equal to 90 percent of the value of the property.

(c) Based on standard FTA project management guidelines, grantees must maintain an inventory of assets acquired through capital leasing and must maintain on their accounting records the lease liability. Eligible lease costs may include: charges including interest, legal fees, and financial advisor fees; ancillary costs such as delivery and installation charges; and maintenance costs. The purchase calculation should include an estimate of residual value. A lease may qualify for capital assistance if it meets the following criteria:

1 The capital asset to be acquired by lease is eligible for capital assistance;

2 There is or will be no existing Federal interest in the capital asset as of the date the lease will take effect; and

3 Leasing the capital asset is more cost-effective than purchase or construction of the asset.

(3) Cost Effectiveness. Grantees shall obtain FTA review of the cost-effectiveness determination prior to entering into any capital lease. Grantees should reference Circular A–94 for cost-effectiveness calculations and to obtain the most recent discount rate for the purpose of calculating the net present value of a future benefit.

(4) Calculation of Lease Cost. The estimated lease costs must be reasonable, based on realistic market conditions applicable to the grantee and must be expressed in present value terms. The lease cost of the asset or operations function is the cost to lease the asset or operations function for the same use and the same time period as that time specified in any purchase or construction documents or scope of any operations

activity. The lease cost also includes any ancillary costs, such as delivery and installation costs, and it includes the net present value of the estimated future cost to provide any other service or benefit.

(5) Calculation of Purchase/Construction Cost or Operations Cost. The purchase/construction or operations cost is the estimated costs for that activity plus ancillary costs such as delivery and installation costs plus the net present value of the estimated future cost to provide any other service or benefit for that activity. The estimated cost must be reasonable, based on realistic current market conditions and based on the expected useful life of the item to be utilized.

k. Project Property Management. Rolling stock and equipment management procedures include the following minimum requirements:

(1) Rail systems are required to submit a rail fleet management plan that addresses operating policies (level of service requirements, train failure definitions, and actions); peak vehicle requirements (service period and make-up, e.g., standby trains); maintenance and overhaul program (scheduled, unscheduled, and overhaul); system and service expansions; rail car procurements and related schedules; and spare ratio justification.

(2) A transit system with a fixed guideway system must also submit a Bus Fleet Management Plan along with its PMP for approval of funding through the Section 5309 New Starts program. This requirement is applicable to all transit agencies that are expanding an existing fixed guideway system or planning a new fixed guideway system to be funded with Section 5309 New Starts funding. This requirement is explained in detail in the current FTA Circular 5200.1, "Full-Funding Grant Agreements Guidance."

(3) Equipment records must be maintained by the grantee. Records must include:

(a) a description of the asset,

(b) identification number,

(c) source of property (the grant project number under which it was procured),

(d) acquisition date,

(e) cost,

(f) percentage of Federal participation in the cost,

(g) location,

(h) use and condition,

(i) useful life ,

(j) any disposition data, including the date of disposal and sale price, or, where applicable, method used to determine its fair market value, and

(k) who holds title to the equipment including rolling stock.

(4) A physical inventory of equipment must be taken and the results reconciled with equipment records at least once every two years. Any differences must be investigated to determine the cause of the difference.

(5) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of project property. Any loss, damage, or theft must be investigated and documented by the grantee.

(6) Tagging or otherwise identifying property as government property.

(7) Adequate maintenance procedures must be developed and implemented to keep the project property in good condition. These procedures should be consistent with the maintenance plan required of grantees for equipment funded under 49 U.S.C. 5309 and 5307 and should be documented and available during an audit or triennial review.

(8) Warranty standards, when part of rolling stock and equipment contracts, should provide for correction of defective or unacceptable materials or workmanship. These should specify coverage and duration and meet currently available industry standards. General warranty incorporating industry standards and extended warranty are eligible capital costs. FTA's Best Practices Procurement Manual encourages grantees to evaluate the cost of an extended warranty in an analysis separate from the equipment's acquisition cost, in order to make a good business decision. Grantees are responsible for:

(a) Establishing and maintaining a system for recording warranty claims. This system should provide information needed by the grantee on the extent and provisions of coverage and on claims processing procedures;

(b) Identifying and diligently enforcing warranty system for recording warranty claims; and

l. Equipment, Supplies, Rolling Stock Disposition.

(1) Replacement at End of Minimum Useful Life. Project property to be replaced must have achieved at least the minimum useful life. For purposes of bus replacement projects, the age of the bus to be replaced is its years of service or mileage at the time the proposed new bus is introduced into service. For purposes of a rail vehicle replacement project, the age of the vehicle to be replaced is its age at the

time the new vehicle is introduced into service. Official property records (or a Rolling Stock Status Report), in which future needs (expansion and replacement) are discussed, must be available upon request by FTA.

(2) Disposition Before the End of Useful Life. Any disposition of project property before the end of its useful life requires prior FTA approval. FTA is entitled to its share of the remaining Federal interest. The Federal interest is determined by calculating the fair market value of the project property immediately before the occurrence prompting the withdrawal of the project property from appropriate use. If project property is being removed from service before the end of its useful life, the Federal interest and the return to FTA is the greater of FTA's share of the unamortized value of the remaining service life per unit, based on straight line depreciation of the original purchase price, or the Federal share of the sales price (even though the unamortized value is $5,000 or less). The following example is provided to determine the straight-line depreciation of a vehicle: for a 12-year, 500,000 mile minimum service life, the vehicle's value decreases each year by one-twelfth of its original purchase price. Alternatively, the value decreases for each mile driven 1/500,000 of its original purchase price. The unamortized value of the remaining service life per unit is the greater value obtained by calculating the straight line depreciation based on either miles or years, whichever is more advantageous to the grantee.

(3) Retain and Use Elsewhere. After the minimum useful life of project property is reached and is no longer needed for the original project or program, it may be used by the grantee for other transit projects or programs. FTA prior approval of this alternative is not required. FTA retains its interest if the fair market value of the project property is over $5,000.

(4) Fair Market Value of Over $5,000. After the service life of project property is reached, rolling stock and equipment with a current market value exceeding $5,000 per unit, or unused supplies with a total aggregate fair market value of more than $5,000, may be retained or sold. Reimbursement to FTA shall be an amount calculated by multiplying the total aggregate fair market value at the time of disposition, or the net sale proceeds, by the percentage of FTA's participation in the original grant. The grantee's transmittal letter should state whether the equipment will be retained or sold. Use of sales proceeds are discussed elsewhere in Chapter IV of this circular.

(5) Fair Market Value of Less than $5,000 Value. After the service life of project property is reached, rolling stock and equipment with a unit market value of $5,000 or less, or supplies with a total aggregate market value of $5,000 or less, may be retained, sold, or otherwise disposed of with no obligation to reimburse FTA. Records of this action must be retained.

(6) Like-Kind Exchange Policy. With prior FTA approval, a vehicle may be traded in or sold before the end of its minimum normal service life, if a grantee so chooses. In lieu of returning the Federal share to FTA, a grantee may elect to use the trade-in value or the sales proceeds from the vehicle to acquire a replacement vehicle of like kind. "Like-Kind" is defined as a bus for a bus with a similar service life and a rail vehicle for a rail vehicle. Under the Like-Kind Exchange Policy, proceeds from the vehicle sales are not returned to FTA; instead, all proceeds are re-invested in acquisition of the like-kind replacement vehicle. If sales proceeds are less than the amount of the Federal interest in the vehicle at the time it is being replaced, the grantee is responsible for providing the difference, along with the grantee's local share of the cost of the replacement vehicle. If sales proceeds are greater than the amount of the Federal interest of the vehicle traded in or sold, the investment of all proceeds in acquisition of the like-kind replacement vehicle results in reduction of the gross project cost. An example of like-kind exchange is:

(a) A recipient purchased a new bus in 2002 for $220,000; 80 percent of the total price, or $176,000, was Federal funding while 20 percent, or $44,000, was local. Thus, there was an initial $176,000 "Federal interest" in the new vehicle.

(b) Instead of keeping the bus in service for 12 years, the useful life under FTA guidelines, the recipient chose to sell the bus after six years and replace it with a new vehicle.

(c) Since the bus had a minimum useful life of 12 years and its depreciation was determined on a "straight-line" basis, the depreciated value of the vehicle after six years was half the original price, or $110,000. The remaining Federal interest was 80 percent of that figure, $88,000.

(d) Assume, for example, the recipient realized $80,000 from the sale of the six-year-old bus, or $30,000 less than the straight-line depreciated value of the original vehicle. The recipient then purchased a new bus in 2008 for $240,000. The transaction looked like this:

Net project cost calculation:	
Gross project cost of new bus	$240,000
Less straight-line depreciated value of replaced bus.	- 110,000
Net project cost	$130,000
Federal share 80%	104,000
Local share 20%	26,000
Sources of funds for new bus:	
Net sales proceeds from replaced bus	$ 80,000
New local cash	
Straight-line depreciated value	- 30,000

shortfall	
Local share of net project cost	26,000
Federal share	104,000
TOTAL	$240,000

The Federal interest in the new bus is $192,000 ($88,000 transferred from the old vehicle and $104,000 in the new).

(7) Transfer of Rolling Stock—Grantee-to-Grantee. For property where the useful life has been met and with prior FTA approval, a grantee may transfer rolling stock to another grantee. In such event that transfer of rolling stock is desired prior to the end of useful life, the Federal interest of the vehicles will be transferred, and therefore, there is no obligation to reimburse FTA. However, no additional FTA funds may be used to acquire the vehicles. Both grantees should coordinate with their FTA Regional Office and the following information should be submitted:

(a) A written request for approval to transfer/receive vehicles. The request should include the transferor/transferee grantee name, list of vehicles (year, make, model), date placed in revenue service, date removed from revenue service, grant number which originally funded the vehicle, mileage, remaining useful life, Federal share of remaining useful life, reasons for transfer.

(b) A Board Resolution (or other appropriate legal action) from each grantee. The transferring grantee's board resolution (or other appropriate legal action) should identify the receiving grantee, a statement that the vehicles are no longer required, a list of the vehicles to be transferred including VINs, and the remaining Federal interest that is transferred to the receiving grantee.

The receiving grantee's board resolution (or other appropriate legal action) should identify the transferring grantee, a statement that the vehicles are needed for revenue service, a list of the vehicles to be acquired including VINs, the remaining Federal interest for each vehicles, agreement that the vehicles will be maintained in accordance and in compliance with FTA requirements, and that the transferred vehicles will be included in its equipment inventory records.

(c) A Rolling Stock Status Report. Each grantee should provide a Rolling Stock Status Report that includes all information as identified in Chapter IV, Subsection 3.l.(1). The Rolling Stock Status report should reflect the impact that the transfer/addition of the vehicles will have on the grantee's total fleet and spare ratio.

If approved, the receiving grantee will be directed to include the transferred vehicles in its next grant application.

(8) Transfer of assets no longer needed [49 U.S.C. 5334(h)(1)–(3)]. For property that has not met its useful life and with prior FTA approval, the grantee may follow procedures for publication in the *Federal Register* to transfer project property (including land or equipment) to a public agency for non-public transportation use and can be approved if FTA confirms:

(a) the asset will remain in public use for at least five years after the date the asset is transferred;

(b) there is no purpose eligible for assistance for which the asset should be used;

(c) the overall benefit of allowing the transfer is greater than the FTA interest in liquidation and return of the FTA remaining Federal interest in the asset, after considering fair market value and other factors; and

(d) through an appropriate screening or survey process (usually by following procedures for publication in the *Federal Register*), that there is no interest in acquiring the asset for the Federal Government use if the asset is a facility or land.

Additional information regarding this type of disposition is available from the FTA regional or metropolitan office.

(9) Sell and Use Proceeds for Other Capital Projects [49 U.S.C. 5334(h)(4)]. After the useful life is met and with prior FTA approval, the grantee may sell project property for which there is no longer any public transportation purposes and use the proceeds to reduce the gross project cost of other FTA eligible capital transit grants. The grantee is expected to record the receipt of the proceeds in the grantee's accounting system, showing that the funds are restricted for use in a subsequent capital grant, and reduce the liability as the proceeds are applied to one or more FTA approved capital grants. The subsequent capital grant application should contain information showing FTA that the gross project cost has been reduced with proceeds from the earlier transaction.

(10) Unused Supplies. For the disposition of supplies for which there is no transit use with a total aggregate fair market value that exceeds $5,000, the grantee shall compensate FTA for its share, or transfer the sales proceeds to reduce the gross project cost of other capital project(s). (49 U.S.C. 5334(h)(4)).

(11) Casualty, Fire, Natural Disaster, and Misused Property. When project property is lost or damaged by fire, casualty, or natural disaster, the fair market value shall be calculated on the basis of the condition of the equipment or supplies immediately before the fire, casualty, or natural disaster, irrespective of the extent of insurance coverage. If any damage to project property results from abuse or misuse occurring with the grantee's knowledge and consent, the grantee agrees to restore the project property to its original condition or refund the value of the Federal

interest in that property. The grantee may fulfill its obligations to remit the Federal interest by either:

(a) With prior FTA approval, investing an amount equal to the remaining Federal interest in like-kind property eligible for assistance, if the like-kind property is within the scope of the project that provided Federal assistance for the property prematurely withdrawn from use; or

(b) Returning to FTA an amount equal to the remaining Federal interest in the withdrawn project property.

(12) Insurance Proceeds. If the grantee receives insurance proceeds when project property has been lost or damaged by fire, casualty, or natural disaster, the grantee agrees to:

(a) Apply those proceeds to the cost of replacing the damaged or destroyed project property taken out of service (Listed below are two examples of the application of insurance proceeds.), or

(b) Return to FTA an amount equal to the remaining Federal interest in the lost, damaged, or destroyed project property.

The Federal interest is not dependent on the extent of insurance coverage or on the insurance adjustment received.

Application of Insurance Proceeds:

Example 1:

Insurance Proceeds **Greater than** the Remaining Federal Interest in the Damaged or Destroyed Property.

The remaining Federal interest in the damaged or destroyed property is $1,800. The grantee receives insurance proceeds in the amount of $2,500. The grantee is required to apply $1,800 of the $2,500 insurance proceeds towards the Federal share of replacing the destroyed property.

Cost of replacement property:	$6,000
Less Federal Share of Insurance Proceeds:	< 1,800>
The remaining funds needed :	$4,200

If the funding ratio for this property were 80 percent Federal and 20 percent local, the replacement property could be purchased for $4,800 Federal/$1,200 Local funds. The insurance proceeds of $1,800 needed to cover the remaining Federal interest in the damaged and destroyed property must be applied to the Federal share of the replacement property. The grantee could use an additional $3000 in Federal funds. The grantee must provide $1,200 in local match to replace the property.

Example 2:

Insurance Proceeds **Less than** the Remaining Federal Interest in the Damaged or Destroyed Property:

If the Federal interest in the damaged or destroyed property is $1,800 and the grantee receives insurance proceeds in the amount of $500, the grantee is required to apply the $500 of insurance proceeds and $1,300 of non-Federal funds to equal the remaining Federal interest, towards the cost of the replacement property.

Cost of replacement property:	$6,000
Less: Insurance Proceeds:	$500
Non-Federal Funds to cover: the rest of the Federal Interest	$1,300
The remaining funds needed:	$4,200

If the funding ratio for this property were 80 percent Federal and 20 percent local, the replacement property could be purchased for $4,800 Federal/$1,200 Local funds. The insurance proceeds of $500 plus an additional $1,300 in non-Federal funds are needed to cover the remaining Federal interest in the damaged and destroyed property. These funds must be applied to the Federal share of the replacement property. The grantee could use an additional $3,000 in Federal funds, and an additional $1,200 in other local match, to replace the property.

m. Maintenance. The grantee agrees to maintain project property in good operating order and in compliance with any applicable Federal regulations or directives that may be issued, except to the extent that FTA determines otherwise in writing. The grantee agrees to keep satisfactory records pertaining to the use of project property, and to submit to FTA upon request such information as may be required to assure compliance with Federal requirements. The grantee is required to have a written vehicle maintenance plan and facility/equipment maintenance plan. These plans should describe a system of periodic inspections and preventive maintenance to be performed at certain defined intervals.

n. Insurance. At a minimum, the grantee agrees to comply with the insurance requirements normally imposed by its State and local laws, regulations, and ordinances, except to the extent that the Federal Government determines otherwise in writing. This includes the requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, 42 U.S.C.

Section 4012a.(a), related to flood insurance provisions for any project activity involving construction or an acquisition having an insurable cost of $10,000 or more.

4. DESIGN AND CONSTRUCTION OF FACILITIES. Grantees are encouraged to consult FTA's website to review the Project and Construction Management Guidelines and the Construction Project Management Handbook for guidance on the development and management of construction projects. The two resources can be found at **http://www.fta.dot.gov/funding/oversight/grants_financing_104.html**. The Project and Construction Management Guidelines have been developed to assist those involved in advancing transit capital projects to achieve implementation success in terms of the project scope, function, schedule, cost, and quality. Use of the Project and Construction Management Guidelines should contribute to effective project management on the part of the grantee, and effective oversight and guidance by FTA and the Project Management Oversight (PMO) contractor. Each project phase should: 1) start with inputs or a baseline, 2) have a process that refines the project definition and generates outputs that, 3) become the inputs or baseline for the subsequent phase. By defining the requirements for each phase and sound approaches to their accomplishment, the Project and Construction Management Guidelines allow grantees to define project requirements, allocate resources, perform project activities, monitor progress, and make adjustments, as required, to obtain the proper information and assure decisions are made at the appropriate time. Adherence to the guidelines should minimize scope changes, schedule slippages, cost overruns, and quality problems, and contribute to fully meeting all the performance objectives of the transit capital project.

   The purpose of the Construction Project Management Handbook is to provide guidelines for use by public transit agencies undertaking substantial construction projects, either for the first time or with little prior experience with construction project management. The handbook provides a comprehensive introduction to construction project management, including the applicability of the principles of project management and of all phases of project development—from project initiation through planning, environmental clearance, real estate acquisition, design, construction, commissioning, and closeout. The handbook provides guidance tailored more to agencies that are constructing maintenance and operational facilities, intermodal terminals, park-and-ride stations, and other similar supporting transit facilities.

   a. Environmental Mitigation. Many Federal environmental statutes and Executive Orders establish requirements for transit projects that must be considered before FTA and the grantee take any action that limits the choice of reasonable alternatives or that have an adverse environmental impact. FTA tends to refer to the multiplicity of Acts and Orders as the "NEPA Process." More specifically, NEPA is the National Environmental Policy Act (42 U.S.C. Section 4321). FTA's implementing procedures for environmental reviews (23 CFR part 771) require that the environmental effects of proposed transit projects be documented and that environmental protection be considered before a decision can be made to proceed with a project. According to 49 U.S.C. Section 5324(b), FTA is required to take into account the economic, social, and environmental interests affected, and requires that alternatives be considered to avoid those effects. If there is no feasible and prudent alternative which avoids the adverse environmental effects, then all reasonable steps must be taken to minimize those effects. If effects cannot be avoided or minimized, they must be mitigated.

Measures to avoid or mitigate environmental harm are described in the environmental documents prepared for projects. These measures are developed jointly by FTA and the grantee to respond to State and local as well as Federal environmental requirements. The mitigation measures in final environmental documents are expressed as commitments on the part of the grantee which must be implemented if the project receives Federal funding. When a grant is made, the mitigation measures are incorporated by reference in the Grant Agreement for construction and become legally binding terms and conditions of the grant which cannot be withdrawn or substantively changed without FTA's approval.

The progress in implementing adopted mitigation measures is monitored by FTA regional staff through periodic project reviews, on-site inspections, and special meetings when necessary. The grantee has the responsibility to apprise FTA at the earliest possible time of any problems in implementing the adopted measures and any need for changes. Where mitigation options are being considered, FTA will maintain a role in the decision-making process to ensure continuing compliance with Department of Transportation (DOT) Regulation 23 CFR part 771 implementing 49 U.S.C. Section 5324 (b).

Information about FTA's environmental review process is available through the FTA Regional Office.

b. Project Management Plan. A written PMP is required by 49 U.S.C. 5327 for all major capital projects. Grantees are required to develop and implement a PMP for all major capital projects funded by FTA as part of the PMO Program. This plan covers a grantee's detailed project management strategy to control the project scope, budget, schedule, and quality (49 CFR part 633). The requirements for PMP can be found in the most recent version of Project Management Oversight Rule and FTA's website at **http://fta.dot.gov**.

As a general rule, if the project meets the definition of major capital project, the grantee must submit the PMP during the grant application review process. FTA may also request that a PMP must be submitted for other projects as deemed appropriate. If FTA determines the project is major capital project after the grant has been approved or if FTA determines that a PMP be submitted for other projects after the grant has been approved, FTA will inform the grantee of its determination and will require submission of the plan. An approval of a PMP can be made after grant approval.

c. Utility Relocation.

(1) General. The construction of transit systems may require the relocation and/or rearrangement of privately and publicly owned utilities. These utilities include, but are not limited to, systems and physical plants for producing, transmitting, or distributing communications, electricity, gas, oil, crude oil products, water, steam, waste storm water, or other substances; publicly owned fire and police signal systems; and railroads and streets which directly or indirectly serve the public. Relocating and/or rearranging utilities and facilities necessary to accommodate an FTA-funded transit project may be considered an eligible expense as part of the project. Exceptions to this include those situations where State and local law expressly prohibit the financing of such by the public entity.

(2) Eligibility for FTA Funding. In order to qualify for FTA funding, the grantee must execute an agreement for relocating or rearranging facilities with the entity responsible for the facilities prescribing the procedures for the relocation and/or rearrangement of the facilities for the purpose of accommodating the construction of the FTA funded project. Prior FTA approval is not required in reaching a utility relocation agreement.

(3) Utility Relocation Agreement. These agreements are distinguishable from third party contracts in that:

Only actual allowable, allocable, and reasonable costs are reimbursable. Where the work is to be performed by the public utility's forces, no profit is allowed; and reimbursement is limited to the amount necessary to relocate and/or rearrange the facilities to effect a condition equal to the existing utility facilities. Generally, reimbursement would not provide for greater capacity, capability, durability, efficiency or function, or other betterments or enhancements to the existing utility system, except for meeting current State and local codes. Indirect costs of governmental entities incurred under a utility relocation agreement are eligible for FTA reimbursement only in accordance with an approved Cost Allocation Plan (CAP) as prescribed in OMB Circular A–87.

d. Force Account. One of four conditions may warrant the use of a grantee's own labor forces. These are: (1) cost savings, (2) exclusive expertise, (3) safety and efficiency of operations, and (4) union agreement. Force account is the use of a grantee's own labor force to carry out a capital project. Force account work may consist of design, construction, refurbishment, inspection, and construction management activities, if eligible for reimbursement under the grant. Incremental labor costs from flagging protection, service diversions, or other activities directly related to the capital grant may also be defined as force account work. Force account work does not include grant or project administration activities which are otherwise direct project costs. Force account also does not include preventive maintenance or other items under the expanded definition of capital (i.e. security drills, mobility management) which are traditionally not a capital project.

FTA prior review of a force account plan and justification are required where the total estimated cost of force account work to be performed in the capital project is greater than $10,000,000. When work to be performed is less than $10,000,000 but over $100,000, a force account plan is required to be in the grantee's file, but does not require prior FTA approval. When work to be performed using force account is less than $100,000, a detailed plan is not required.

e. Basis for Reimbursement. To be eligible for reimbursement for force account work, the grantee must provide the following before incurring costs as applicable:

(1) Justification for using grantee forces;

(2) Preparation of a force account plan;

(3) A description of the Scope of Work;

(4) A copy of the construction plans and specifications which includes:

(a) A detailed estimate of costs;

(b) A detailed schedule and budget; and

(c) A copy of the proposed Cooperative Agreement when another public agency is involved.

(5) Submit documentation equivalent to a sole source justification stating the basis for a determination that no private sector contractor has the expertise to perform the work. In addition, the required documentation must provide the basis for the grantee decision to use force account labor including the following information;

(6) Provide the present worth of the estimated cash drawdown for both the force account and private sector contract options. In the analysis, use the current interest rate paid on one-year Treasury Bills as the discount rate;

(7) Include the cost of preparing documents; cost of administration and inspection; cost of labor, materials and specialized equipment; cost of overhead; and profit for private contract;

(8) Include the unit prices for labor; materials and equipment; overhead; and profit, if applicable for private contract;

(9) Provide certification that costs presented are fair and reasonable;

(10) Provide an analysis of force account labor availability, considering normal operations and maintenance activities as well as other programmed and existing capital projects. This must be consistent with costs of labor, material, and specialized equipment; and

(11) Provide relevant citations from labor union agreements and an analysis of how it pertains to the work in question.

Base the present value calculation on the midpoint of construction; and if the time for completion of the work differs for force account and a private sector contract, include an estimate of the cost of not using the completed improvement in the present worth calculation. For example, if the work is to replace leased facilities, the cost of continuing the lease until the work is complete should be taken into account in the cost estimate for each option considered.

Safety considerations may be addressed by a statement of the transit operator's safety officer that performing the work with private sector contractors would have an adverse effect on public safety. Efficiency concerns may be addressed by a present worth calculation, including an estimate of the value of lost transit operation efficiency.

Special care must be taken to ensure that requirements of OMB Circular A–87 are followed, especially for charging expendable property to force account projects and making sure that allowable costs are assigned to the correct activity codes.

Most general purpose equipment and tools can be used in force account work and thereby benefit more than one project. Therefore, the cost of these items normally should not be treated as a direct charge to the project. However, an appropriate use or depreciation charge is an allowable indirect cost if otherwise provided for in the project budget. Unusual circumstances may call for purchase of specialized equipment that is unique to the force account work that is being performed. If such equipment is required, prior FTA approval must be obtained. The usual FTA equipment disposition requirements apply.

The progress and status of force account activities should be separately discussed in milestone/project reports, with emphasis on schedule and budget.

f. Seismic Standards and Reporting. New federally funded buildings, and additions to existing buildings and bridges, built with Federal assistance must be designed and constructed in accordance with State, local, and industry required standards or codes. The applicant is responsible for determining before accepting delivery that the building complies with the seismic design and construction requirements and certifies to the same through the annual Certifications and Assurances, as required by 49 CFR part 41.

g. Value Engineering. Value Engineering (VE) is the systematic, multi-disciplined approach designed to optimize the value of each dollar spent. To accomplish this goal, a team of architects/engineers identifies, analyzes, and establishes a value for a function of an item or system. The objective of VE is to satisfy the required function at the lowest total costs (capital, operating, and maintenance) over the life of a project consistent with the requirements of performance, reliability, maintainability, safety, and esthetics.

(1) Applicability.

(a) Major Capital Projects. VE must be used on major capital projects. A major capital project is usually identified during the grant application process. (See, Chapter IV, Subsection 4.b., "Project Management Plan," for a definition of major capital project.)

(b) Non-Major Capital Projects. Grantees are encouraged to conduct VE on all construction projects including but not limited to bus maintenance and storage facilities, intermodal facilities, transfer facilities, revenue railcar acquisition and rehabilitation, and offices, with the level of VE study to be commensurate with the size of the project.

(2) Timing. VE on a project should be performed early in the design process before major decisions have been completely incorporated into the design, at or near the end of preliminary engineering (PE) or prior to final design. Some large or complex projects may need to conduct two VE studies.

(3) Reporting. Grantees with major capital projects are required to submit a VE report to the appropriate FTA Regional Office at the end of each Federal fiscal year (FY) (October 1) indicating the results of their VE efforts. Copies of the VE report form are available in each Regional Office.

h. Constructability and Design Peer Reviews. Peer review is a process used by the grantee in the planning, design, and implementation of capital projects. The concept of peer review can be applied to any problem or situation where a second opinion can be useful to decision makers. FTA encourages the grantee to confer with other transit operations and maintenance experts in order to benefit from their experience. These reviews have been used to review rail extensions, New Starts projects, and transit facilities. These reviews have provided an in-depth critique of designs at the preliminary and final engineering stages. They have provided operations and maintenance information with respect to a variety of subsystems and have validated the process used by a grantee's planning staff to locate bus facilities. The purpose of constructability and design peer reviews is to improve the performance of the process or product being reviewed and optimize the design and subsequent construction of the project. The review should be able to answer such questions as: Can this be constructed? Is there a better process that could be employed to achieve the desired results? Is the product safe? Although the grantee is encouraged to conduct peer reviews with all capital projects, in some instances it may be required by FTA, and the process should be fully documented through the recipient's document control process.

i. Crime Prevention and Security Review. Grantees are encouraged to develop, refine, and train on security and emergency response plans. Emergency response drills should be conducted with public transportation agencies and fully coordinated with local first response agencies. Other security training should be provided for public transportation employees that will serve to better prepare an agency during an emergency including such things as bomb treats, detection of chemical and biological agents, and other disruptive incidents. Grantees are encouraged to perform crime prevention reviews during the design phase of all FTA funded transit facilities with particular focus on the incorporation and use of crime prevention through environmental design techniques. This review should serve to improve and increase the safety and security of an existing or planned transit system or facility for both transit patrons and transit employees. The level of review should be commensurate with the project size and scope. Local crime prevention professionals should be included in the review process. Review documentation should remain on file by the grantee and be available for FTA review upon request. Safety and security publications and training information can be found at **http://transit-safety.volpe.dot.gov/Publications** and at **http://transit-safety.volpe.dot.gov/Training**.

j. Concurrent Non-Project Activities. Concurrent Non-Project Activities, also known as betterments, are improvements to the transit project desired by the grant recipient that are not part of the base functioning of the Federal transit project. They are not integral to the base functioning of the transit project and are viewed as enhancements or upgrades to a level beyond what is normally required for the base functioning of the transit project. The concurrent non-project activities are performed in conjunction with grant-funded project work to afford the opportunity to have the non-project work performed economically and efficiently in conjunction with grant-funded project work. Examples of betterments include; increased utility pipe sizes, road widening projects for local reasons, environmental mitigation measures not identified in an environmental document, increased landscaping, signal upgrades beyond the base requirements of the transit project, etc. Costs for Concurrent Non-Project Activities are to be paid for by the grantee. Related but different than Concurrent Non-Project Activities are activities involving an overbuild situation. Guidance should be obtained from the FTA Regional Office related to any overbuild situation to determine the Federal eligibility of such an activity. An example of an over-build situation is over-designing the foundation and base stories of a multi-story facility in order to better accommodate future vertical expansion of the project. Outside of a joint development project, such an over-build is generally not an allowable grant cost.

k. FTA Technical and Construction Oversight Review. The grantee agrees to permit FTA to review, as deemed necessary by FTA, the technical plans and specifications and requirements to the extent FTA believes necessary to ensure project execution, consistency with scope and need, and incorporation of FTA requirements. The grantee agrees to comply with any FTA request pertaining to its review of construction plans and specifications. The FTA Regional Office should be consulted to determine if FTA review of construction plans and specifications is necessary to advance the project to the next level of design. The grantee agrees to provide and maintain competent and adequate engineering supervision at the construction site to ensure that the completed work conforms to the plans and specifications and that the intent of the scope of the project is carried out. To the extent applicable, the grantee agrees to comply with FTA PMO regulations, 49 CFR part 633.

l. Energy Conservation. The grantee agrees to comply with applicable mandatory energy efficiency standards and policies of applicable State energy conservation plans issued in accordance with the Energy Policy and Conservation Act, as amended, 42 U.S.C. 6321 *et seq.* The grantee, to the extent applicable, agrees to perform an energy assessment for any building constructed, reconstructed, or modified with FTA assistance, as provided in FTA regulations, "Requirements for Energy Assessments," 49 CFR part 622, Subpart C. FTA assistance for the construction, reconstruction, or modification of buildings for which applications are submitted to FTA will be approved only after the completion of an energy assessment. An energy assessment shall consist of an analysis of the total energy requirements of a building, within the scope of the proposed construction activity and at a level commensurate with the project size and scope. The Energy Assessment should consider: overall design of the facility or modification; materials and techniques used in construction or rehabilitation; special innovative conservation features that may be used; fuel requirements for heating, cooling, and operations essential to the function of the structure, projected over the life of the facility and including projected costs of this fuel; and energy to be used.

m. Intelligent Transportation System (ITS). Grantees that have transportation projects that include ITS must be participants in a regional or statewide ITS Architecture process and their ITS projects must be included in the locally approved Regional ITS Architecture. Grantees are required to use a Systems Engineering process for the development of ITS projects.

The project level requirements include undergoing a Systems Engineering Analysis for the ITS and communications components of the project or grant, and developing ITS Project Architectures for all Major ITS Projects (prior to the adoption of the regional ITS architecture). The ITS components and FTA National ITS Architecture Consistency Policy for Transit Projects conformity status also should be included in FTA grant applications within TEAM. The policy can be found at: **http://www.fta.dot.gov/documents/FTA_ITS_Policy.pdf**.

A systems engineering analysis is a "structured process for arriving at a final design of a system," and is a method for identifying needs and developing/procuring the best possible configuration for a particular situation. The Policy requires that the systems engineering analysis includes how the project fits into the regional (or National) ITS architecture, how the system will be implemented and operated (roles, requirements), and analyses of alternatives for system configuration, financing, and procurement. Applicable (DOT-developed and supported) ITS standards also must be identified.

Prior to the adoption of a regional ITS architecture, all Major ITS Projects must also include the development of a project level architecture. Major ITS Projects are any projects that implement part of a regional ITS initiative that is multi-jurisdictional, multi-modal, or otherwise affects regional integration of ITS systems. Examples include regional traveler information, regional electronic payment, new AVL systems that may set the standard for the region, or transit signal priority systems. A project architecture is similar to a regional ITS architecture but focuses on the project and its implementation. Again, all agreements that are needed to implement and operate the ITS systems must be included as part of the project architecture.

n. Americans with Disabilities Act (ADA). New facilities and any/all additions and/or alterations to existing facilities are required to comply with regulations issued by DOT implementing the transportation provisions of ADA (49 CFR parts 27, 37 & 38). Compliance is a condition of eligibility for Federal funding under 49 CFR part 27, but is required whether or not the facility or alteration is federally funded. Depending upon the nature of the facility, compliance with implementing regulations issued by other Federal agencies with ADA responsibilities may also be required. The applicant is responsible for ensuring that new facilities and additions/alterations to existing facilities are designed in accordance with DOT and ADA regulations and related guidance in effect as of the date construction begins and for verifying compliance prior to accepting delivery.

CHAPTER V

FTA OVERSIGHT

1. GENERAL. The Federal Transit Administration (FTA) evaluates grantee adherence to program and administrative requirements through a comprehensive oversight program. FTA's Master Agreement, which each grantee receives, specifies these requirements. FTA determines compliance through self-certification, oversight review, audits, and site visits. On an annual basis, FTA completes an individual Grantee Oversight Assessment Questionnaire, which serves as baseline information for each grantee's capacity to comply and determines the risk the grantee's program may represent for the Federal program. Based on this information, FTA makes decisions about which grantees will receive oversight reviews during the coming year. Regional staff use the information to develop regional oversight plans and to allocate oversight resources within the region for the upcoming fiscal year (FY), which may include oversight reviews, regional meetings, and/or regional site visits. FTA's Oversight Review Program includes 15 review areas. They are:

   a. Grant Oversight Assessment

   b. Triennial Review

   c. State Management Review

   d. State Safety Oversight Program

   e. Planning Certification Review

   f. Financial Management Reviews

   g. Procurement System Review

   h. Americans with Disabilities Act (ADA)

   i. Title VI

   j. Disadvantaged Business Enterprise (DBE)

   k. Equal Employment Opportunity (EEO)

   l. Safety and Security Industry Guidance

   m. Drug and Alcohol Audit

   n. Research and Cooperative Agreements

   o. Oversight Guidance

FTA oversight reviews are categorized by general, program-specific, and project specific. The general reviews are the triennial reviews of grantees receiving Section 5307 Urbanized Area Formula Grants and the State Management Reviews of grantees receiving Section 5311 Non-Urbanized Area Formula Grants and Section 5310 Elderly Individuals and Individuals with Disabilities Programs. Program-specific reviews assess grantees compliance in a particular program, such as Financial Management Systems, Procurement, Civil Rights, or Safety and Security. Project level oversight includes the assignment of a Project Management Oversight (PMO) consultant and is applied to major capital projects and/or projects participating in the New Starts Program.

FTA may conduct on-site inspections of projects to evaluate the grantee's effectiveness in implementing the project in conformance with the Grant Agreement. Inspection visits may be made, for example, to follow up on information received from the grantee about an event with significant impact on a project, or to determine whether the grantee has adequately complied with civil rights laws, regulations, and agreements. Inspection and concurrence by FTA in project work does not relieve the grantee of its responsibilities and liabilities as the responsible party for carrying out the grant.

2. GENERAL REVIEWS.

a. Triennial Review. FTA is required by law to perform reviews and evaluations of Urbanized Area Formula Program (Section 5307) grantees to evaluate formula grant management performance and grantee compliance with current FTA requirements. The reviews must be conducted for each formula grant recipient at least once every three years and integrated into FTA's grant management functions. The reviews are conducted by teams formed by FTA staff and outside contractors following an annual work program. Desk reviews are followed by a site visit. The team documents its findings and recommendations in a draft triennial review report, which is furnished to the grantee for comment before it is released in final form to interested local, State, and Federal officials. The triennial reviews use a process of taking samplings of various practices and actions of a grantee in complying with the Federal requirements. As such, it is not an exhaustive review and should not be considered by the grantee as FTA's full and complete review of compliance by the grantee of any particular Federal requirement. FTA reserves the right to conduct compliance reviews and make findings of non-compliance. When appropriate, corrective actions are recommended to resolve a grantee's program management deficiencies. FTA monitors the grantee's actions until compliance with identified program requirements is achieved. If needed, FTA can invoke sanctions to assure that the grantee acts to correct any noted program deficiencies.

b. State Management Review. The State Management Review assesses a State's implementation and management of the Elderly Individuals and Individuals with Disabilities (Section 5310) and the Nonurbanized Area Formula Programs (Section 5311) to ensure the programs meet FTA requirements and program objectives. The review follows a format similar to the triennial review and is conducted every three years. For more information on these programs, please reference the latest version of FTA Circulars 9040.1 and 9070.1.

3. PROGRAM-SPECIFIC REVIEWS.

a. Financial Management Oversight (FMO) Program. Under the FMO program, FTA conducts several types of reviews:

(1) The Full Scope Systems (Full Scope) review determines that the grantee's financial management system meets the requirements of the Common Rule (49 CFR 18.20). The intent of the review is to assure FTA that the grantee has in place proper financial controls and checks and balances to manage and track Federal funds. FMO contractors conduct a series of interviews, full transaction review, and appropriate substantive tests. The contractors then express an objective, external, independent, professional opinion to FTA, in accordance with established public accounting standards, on the effectiveness of the grantees internal control environment. An average review takes three to four weeks at the grantee's site.

(2) Follow-ups to a Full Scope review are primarily performed to ensure those recommendations resulting from full scope reviews are implemented and working properly. If FTA conducts this type of review, it will normally occur between 12–18 months after the Full Scope review.

(3) Cost Allocation Plan (CAP) review purpose is to determine whether the methodology for allocating indirect cost to a Federal grant is calculated in a manner consistent with the applicable OMB circular. The CAP is a financial document which is used to distribute the cost of a State or local government's executive and central level support functions to those operating organizations within the government that benefit from them. If a grantee wishes to be reimbursed for its indirect costs under an FTA grant, it must substantiate those costs with an indirect cost calculation.

(4) On a case-by-case basis, FTA conducts Financial Management Oversight Special Assignments or also called special reviews related to grantees' financial management issues. FTA may request special analyses, special reviews, meeting attendance, audits, presentations, and reports. These special reviews are developed based on particular issues. The reviews could encompass financial reporting and general accounting; internal control—fixed assets; allowable cost—procurement; allowable cost—payroll; cash management; allowable cost—overhead; and /or project change—grant management.

b. Procurement Reviews. A procurement system review ensures that the requirements and standards of the Common Rule on administrative requirements for grants, 49 CFR 18.36 and the most recent version of FTA C 4220.1 as it specifically applies to procurements, are met. These reviews are conducted on site and involve review of previous typical procurement as well as documentation of policies, processes, and controls.

c. Civil Rights Reviews. Civil rights compliance is required by recipients and subrecipients of Federal assistance. FTA's Master Agreement specifies that compliance is required, and sets forth the terms and conditions governing the administration of a transit project or projects supported with FTA financial assistance. FTA grantees should be aware, however, that they may be subject to civil rights requirements established and enforced by other Federal agencies that may not recognize the FTA Master Agreement as dispositive of their responsibilities, and that some responsibilities exist independent of FTA or other Federal funding. FTA retains the right to review grantee compliance status at any time during the life of the project. Civil Rights reviews include Title VI, DBE, ADA, and EEO.

d. Safety and Security Reviews.

(1) Drug and Alcohol Program. To support compliance with Department of Transportation (DOT) Drug and Alcohol requirements, FTA conducts audits to assess grantee and State implementation of 49 CFR part 655. These audits provide in-depth reviews of grantee and State programs, and include a detailed examination of records and interviews with appropriate grantee personnel and their contractors and service agents, such as collection sites, medical review officers, substance abuse professionals, and third party administrators. FTA assigns its own staff, plus contractor support, to audit grantees' drug and alcohol testing programs. FTA monitors based on data collected and analyzed from the Drug and Alcohol Management Information System (DAMIS). FTA monitors industry drug and alcohol testing rates and results. These audits are scheduled based on analysis of DAMIS information and annual grantee evaluation. FTA manages this program using a Web-based auditing and reporting system.

(2) Security and Emergency Management Technical Assistance Reviews. In partnership with the Department of Homeland Security (DHS), Transportation Security Administration (TSA) and the Federal Emergency Management Agency (FEMA), National Preparedness Directorate, FTA may provide on-site technical assistance and reviews to assess grantee activities to enhance the personal security of passengers and employees and to support core emergency response capabilities. FTA also coordinates with DHS regarding reviews it conducts with grantees.

(a) FTA Safety Oversight Audit Program. FTA is required to monitor and evaluate compliance with FTA's State Safety Oversight Rule (49 CFR part 659). FTA conducts triennial audits of each State designated to implement FTA's State Safety Oversight Rule for the rail transit agencies operating in its jurisdiction. For each audit, FTA assigns its own staff, plus contractor support, to review each State's program. These audits are scheduled based on analyses of annual reporting information provided by the States and use the grantee assessment. These audits provide in-depth reviews of each State's program, and include a detailed examination of records and interviews with appropriate personnel and their contractors, at both the State Oversight Agency and the regulated rail transit agencies. The audits also provide a forum to recommend improvements to the effectiveness of the oversight program established by each State.

(b) Safety and Security Management Plan Review. Historically, recipients of FTA funding with projects covered under 49 CFR part 633 described their safety and security management strategies and controls as sub-elements of other required Project Management Plan (PMP) sections. Some recipients performed specific safety and security activities, such as safety and security certification or pre-revenue operational readiness assessments, while other recipients did not. There was no consistent approach to safety and security in projects covered under 49 CFR part 633.

FTA Circular 5800.1, "Safety and Security Management Guidance for Major Capital Projects," explains FTA safety and security requirements for major capital projects. With this circular, FTA addresses the shortcomings and strengthens the role of safety and security oversight and management in all phases of project development. FTA requires grantees to develop a Safety and Security Management Plan (SSMP), as a chapter or plan within the PMP. Before approving each PMP, FTA reviews the SSMP submission, and conducts site assessments at grantees that include records review, interviews, and on-site observation. This review must be completed before FTA can approve a grantee's PMP.

(3) FTA Voluntary Bus Transit Safety and Security Reviews. To implement the terms of the Memorandum of Agreement (MOU) signed by FTA, the American Association of State Highway and Transportation Officials (AASHTO), the American Public Transportation Association (APTA), and the Community Transportation Association of America (CTAA), FTA conducts voluntary safety and security reviews at bus agencies throughout the country. These reviews assess each bus agency's safety and security activities against FTA's technical assistance baseline, and provide recommendations, effective practices, and model materials to support improvements in critical safety and security functions. The Transit Bus Safety and Security Program is based on objectives designed to improve safety and security for passengers, employees, and others that share the roadways with America's urban and rural public transit bus operations. The Program encompasses public transit bus agencies of all sizes, including urban, small urban, rural, and community transit, and FTA is committed to the broadest possible implementation of Program strategies and tools.

(a) The mission of the program is:

1 Emphasize coordination and collaboration with industry stakeholders to identify an effective and comprehensive set of techniques and strategies to implement Program objectives.

2 Promote an approach of incremental innovation through a cycle of implementation, evaluation, revision, and communication to reach optimal Program performance.

3 Strive for ongoing improvement in industry safety and security through the advancement of technical assistance that is practical, effective, and targeted to meet the needs of transit bus agencies implementing the Program.

(b) Bus Transit Safety and Security Reviews strategies include:

1 Collaborate through a Program Working Group to leverage its expertise to speed initiatives into action.

2 Effectively communicate the Program's mission so that the grantee can move from "why" to "how" more effectively.

3 Enhance distribution of safety and security-related technical assistance materials to public transit bus providers via easy-to-use electronic means.

4 Establish a performance culture from which we evaluate Program implementation and effectiveness by conducting voluntary on-site technical reviews and promote self-assessment checklists.

5 Use available safety and security data and risk assessment models to target the most frequent and/or catastrophic risks to passengers and employees.

4. PROJECT LEVEL REVIEWS.

a. Project Management Oversight (PMO). FTA conducts PMO for major capital projects, using its own staff or a combination of FTA and contractor staff. For general guidance, grantees are required to provide all needed information about each project selected for this oversight. PMO begins as early in project implementation as practical, usually during the preliminary engineering process. FTA may assign its own or contractor staff to provide special oversight or monitoring of major construction or equipment acquisition projects. Contractor staff is generally used for major projects.

b. Financial Capacity. FTA conducts these reviews during the New Starts evaluation process and includes the results in the Annual Report on Funding Recommendations.

A more detailed Financial Capacity Assessment (FCA) review determines the financial capacity and condition of the grantee to manage FTA Full-Funding Grant Agreement (FFGA) obligations and maintain its existing and planned transit operation. In cases where projects have progressed into construction, the contractors evaluate the financial capacity of grantees to complete the undertaking according to the terms, conditions, budgets, schedules, and commitments in the FFGA. FCAs analyze plans to mitigate the risks associated with:

(1) provision of the required local share,

(2) the ability to complete the project on schedule in the face of delayed or reduced Congressional appropriations, unanticipated conditions, or budget overruns, and

(3) the ability to operate and maintain the existing system as well as the project.

c. Specialized Oversight Strategies. From time to time, FTA has determined that a grantee presents the need for additional specialized oversight. In a few cases, FTA has designated a grantee as a high-risk grantee under 49 CFR 18.12. In theses cases, FTA may impose specific requirements as a condition to receive FTA funding. These conditions are usually the result of specialized review provided by one or more or a combination of FTA contractors.

d. Quarterly Project Management Meetings. Quarterly project management meetings may be instituted with selected grantees. These meetings provide a forum for management briefings, status/progress reports, discussion of accomplishments and problems, and, as appropriate, an opportunity for site inspection. The quarterly meetings do not replace quarterly written reports unless a specific exemption is granted by FTA.

e. Other Project Management Meetings. Other project management meetings may be instituted with select grantees on other time intervals at the discretion of the Regional Office. These meetings provide a forum for management briefings, status/progress reports, discussion of accomplishments and problems, and, as appropriate, an opportunity for site inspection. The quarterly meetings do not replace quarterly written reports unless a specific exemption is granted by FTA.

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CHAPTER VI

FINANCIAL MANAGEMENT

1. GENERAL. This chapter discusses the proper use and management of Federal funds the Federal Transit Administration (FTA) expects from its grantees. Financial management is one of the most important practices in the management of Federal funds.

2. INTERNAL CONTROLS.

   a. Definition. Internal controls are the organization plan, methods, and procedures adopted by the grantee to ensure that effective control and accountability is maintained for all grants and subgrants, cash, real and personal property, and other assets. Grantees and subgrantees must ensure that resources are properly used and safeguarded, and that they are used solely for authorized purposes.

   b. General. FTA payments to a grantee are made electronically to meet the Federal share of eligible expenses incurred under a grant.

      The grantee's acceptance of an FTA grant obligates the grantee to use funds it receives as specified in the Grant Agreement. This creates a vested interest by the Federal Government in unused grant balances, any improperly applied funds and property, or facilities purchased or otherwise acquired under the grant, whether funds are received by the grantee as an advance or by reimbursement.

      Grantees and subgrantees are responsible for establishing and maintaining adequate internal controls over all their functions that affect implementation of a grant.

      For proper management of grants, these controls must be used by each grantee in all its operating, accounting, financial, and administrative systems. To ensure proper accountability for grant funds, internal controls must be integrated with the management systems used by the grantee to regulate and guide its operations.

   c. Objectives. Resources must be used in accordance with applicable State, local, and Federal laws, regulations and policies, and the grant assistance agreement. Resources must be safeguarded against waste, loss, and misuse. Reliable data on resource use and safeguards must be accumulated, maintained, and fairly disclosed in reports to grantee management and FTA. A proper system of internal controls will help the grantee to:

      (1) Operate efficiently and economically;

      (2) Keep obligations and costs within the limits of authorizations and legal requirements, consistent with accomplishing the purpose of the grant;

      (3) Safeguard assets against waste, loss, and misuse;

(4) Ensure timely collection and proper accounting of the grantee's operating and other revenues; and

(5) Ensure accuracy and reliability in financial, statistical, and other reports.

d. Necessary Elements. Certain elements are necessary to achieve the objectives mentioned in Chapter VI, Subsection 2.c. above and meet the standards discussed in Chapter VI, Subsection 2.e. below. The following objectives and standards facilitate the grantee's use of internal controls:

(1) Reasonable assurance that internal controls are an integral part of the grantee's management systems;

(2) Existence of a positive and supportive attitude among grantee managers and employees;

(3) Assignment of internal control functions to competent and experienced employees;

(4) Identification of specific internal control objectives to ensure that needs are identified and that valid controls are planned and implemented;

(5) Adoption of internal control policies, plans and procedures that reasonably ensure their effectiveness, such as organizational separation of duties and physical arrangements, such as locks and fire alarms; and

(6) Regular program of testing to identify vulnerabilities in the internal control system.

e. Standards of Internal Control and Audit Resolutions.

(1) General.

(a) Grantee management policies that govern grant implementation must be clearly stated, understood throughout the organization, and conformed to applicable legislative and administrative requirements.

(b) The grantee's formal organization structure must clearly define, assign, and delegate appropriate authority for all duties.

(c) Responsibility for duties and functions must be segregated within the organization to ensure that adequate internal checks and balances exist. Grantees should pay particular attention to authorization, performance, recording, inventory control, and review functions to reduce the opportunity for unauthorized or fraudulent acts.

(d) A system of organizational planning should exist to determine financial, property, and personnel resource needs.

(e) Written operating procedures must exist and be simply stated, yet meet the grantee's operating, legal, and regulatory requirements. In developing its procedures, the grantee should consider such factors as feasibility, cost, risk of loss or error, and availability of suitable personnel. Other important considerations are the prevention of illegal or unauthorized transactions or acts.

(f) The grantee's information system must reliably provide needed operating and financial data for decisionmaking and performance review.

(g) The grantee must provide proper supervision and performance must be subject to review of an effective internal audit program.

(h) All personnel must be properly qualified for their assigned responsibilities, duties, and functions. Education, training, experience, competence, and integrity should be considered in assigning work. All must be held fully accountable for the proper discharge of their assignments.

(i) Expenditures must be controlled so that construction, equipment, goods, and services are acquired and received as contracted for (as to quality, quantity, price, and time of delivery). Authorizations for expenditures must conform to applicable statutes, regulations, and policies.

(j) All real property, equipment, expendables, and funds must be safeguarded to prevent misuse, misappropriation, waste, or unwarranted deterioration or destruction.

(2) Internal Control Self-Assessment. Grantees should evaluate its internal control and financial management systems to ensure that it has effective internal controls and financial management systems. To assist with the evaluation, FTA developed an example of an Internal Control Self-Assessment Form. The optional form is designed to provide transit agency management staff with the information necessary to evaluate the agency's internal control and financial management system. The form is based on the criteria for effective internal control as set forth in Internal Control—Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Committee (the COSO Report), as well as the criteria for effective financial management systems established by FTA, based on 49 CFR part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (the "Common Rule"). Grantees may access Internal Control Self-Assessment Form at the following website: **http://www.fta.dot.gov/documents/FTA_Internal_Control_Self-Assessment_Tool.pdf**.

(3) Financial Management Systems.

(a) States: A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

1 Permit preparation of reports required by the Common Rule, 49 CFR part 18 and the statutes authorizing the grant, and

2 Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) Entities Other than a State: The financial management systems of other grantees and subgrantees must meet the following standards:

1 Financial Reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with financial reporting.

2 Accounting Records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

3 Internal Control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must ensure that it is used solely for authorized purposes.

4 Budget Control. Actual expenditure or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If the unit cost data are required, estimates based on available documentation will be accepted whenever possible.

5 Allowable Cost. Applicable Office of Management and Budget (OMB) cost principles, or stated in 2 CFR parts 225 and 230, agency program regulations, and the terms of grant and subgrant agreements will be followed in allowability and allocability of costs.

6 Source Documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contracts, and subgrant award documents.

7 Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the reports on subgrantees' cash balances and cash disbursements are received in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to ensure that they conform substantially to the same standards of timing and amount that apply to advances to the grantees. Payment received from FTA must be disbursed within three business days. If not disbursed within three days, funds become excess funds and must be returned to FTA with interest.

3. LOCAL MATCH. The grantee agrees to provide sufficient funds or approved in-kind resources to serve as local match for all federally assisted projects in compliance with 49 U.S.C. Chapter 53. The grantee certifies that it has or will have available the proportionate amount of local share promptly as project costs are incurred or become due, except to the extent that the Federal Government determines in writing that the local share may be deferred. The grantee may not use an amount as match for more than one grant.

4. FINANCIAL PLAN. Upon request from FTA, the grantee agrees to provide a financial plan delineating the source of local share, the amounts applicable to the different sources, and the time frame for acquisition of local share. (See Category 15 in Annual Certifications and Assurances.) Grantees shall have multi-year financial plans (3–5 years) that project operating and capital revenues and expenses. The financial plans should indicate adequate revenues to maintain and operate the existing system and to complete the annual program of projects (POP). If grantees are involved in a New Starts project, the financial plan must have a 20-year horizon.

5. GENERAL PRINCIPLES FOR DETERMINING ALLOWABLE COSTS.

a. General. A grantee must follow the applicable cost principles circulars, currently in Title 2 of the Code of Federal Regulations, in determining whether project costs are allowable or unallowable. Title 2 CFR part 225, also known as OMB Circular A–87, establishes principles and standards for determining costs applicable to grants, contracts, and other agreements with State and local governments and federally recognized Indian tribal governments. Title 2 CFR part 230 also known as OMB Circular A–122 establishes cost principles for nonprofits.

Project costs must specifically relate to the purpose of the grant contract and the latest approved project budget. Grantees may incur costs of both a direct and indirect nature. Direct costs are costs that can be identified specifically with a particular cost objective and may be charged directly to a grant, contracts, or to other programs. All direct costs, even for project administration activities, must be adequately supported with proper documentation. For example, all labor charges must be supported with T&A records. Indirect costs are costs incurred for a common or joint purpose benefiting more than one cost objective. Indirect costs must be supported by an approved Cost Allocation Plan (CAP) and/or Indirect Cost Rate Proposal.

Care must be exercised when incurring costs to ensure that all expenditures meet the criteria of eligible costs. Failure to exercise proper discretion may result in expenditures for which use of project funds cannot be authorized.

b. <u>Allowable Costs</u>. The criteria that govern the eligibility of project costs are listed below. These criteria come from 2 CFR part 225, also known as OMB Circular A–87. To be allowable under a grant program, costs must meet the following general criteria:

(1) Be necessary and reasonable for proper and efficient administration of the grant program, be allowable under the principles contained in the OMB circulars and except as specifically provided in this circular, not be general expenses required to carry out the overall responsibilities of State or local governments;

(2) Be authorized or not prohibited under State or local laws or regulations;

(3) Be able to conform to any limitation or exclusions set forth in the principles, Federal laws, or other governing limitations as to types or amounts of cost items;

(4) Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the unit of government of which recipient is a part;

(5) Be treated consistently. A cost may not be assigned to a Federal grant as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal grant as an indirect cost;

(6) Be determined in accordance with generally accepted accounting principles (GAAP) appropriate to the circumstances;

(7) Not be allocable to or included as a cost of any other federally financed program in either current or prior periods;

(8) Be net of all applicable credits;

(9) Be adequately documented, and

(10) Not be incurred prior to grant award unless specifically provided for in a Letter of No Prejudice (LONP) or equivalent document approved by FTA, or in the pre-award authority as described in the *Federal Register* listing of the Annual Apportionments.

c. Disallowed Costs. In determining the amount of Federal assistance FTA will provide, FTA will exclude:

(1) Any project costs incurred by the grantee prior to the date of either the approved grant or the approved project budget (whichever is earlier), unless specifically provided for in a LONP or equivalent document approved by FTA, or in the pre-award authority as described in the *Federal Register* listing of the Annual Apportionments; and

(2) Any costs attributable to goods or services received under a contract or other arrangement that is required to be, but has not been, concurred in or approved in writing by FTA.

The grantee agrees that reimbursement of any cost in accordance with indicated payment methods for an approved grant or Cooperative Agreement does not constitute a final FTA decision about the allowability of that cost and does not constitute a waiver of any violation by the grantee of the terms of approved grant or Cooperative Agreement. If the government determines that the grantee is not entitled to receive any part of the Federal funds requested, the government will notify the grantee stating the reasons. Project closeout will not alter the recipient's obligation to return any funds due to FTA as a result of later refunds, corrections, or other transactions. Nor will project closeout alter FTA's right to disallow costs and recover funds on the basis of a later audit or other review. Unless prohibited by law, FTA may offset any Federal assistance funds to be made available under a grant necessary to satisfy any outstanding monetary claims that FTA may have against the grantee. Exceptions pertaining to disallowed costs are set forth in FTA directives or in other written Federal guidance.

6. INDIRECT COSTS.

a. General. Title 2 CFR part 225, also known as, OMB Circular A–87, "Cost Principles for State, Local, and Indian Tribal Governments," requires grantees who intend to seek payment for indirect costs to prepare a CAP or an Indirect Cost Rate Proposal. CAPs and/or Indirect Cost Rate Proposals must be approved by FTA or another cognizant Federal agency.

b. Definitions. Indirect costs, as defined in 2 CFR part 225, are costs that are:

(1) Incurred for a common or joint purpose benefiting more than one cost objective;

(2) Not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved; and

(3) Originating in the grantee department as well as those incurred by other departments in supplying goods, services, and facilities to the grantee department.

Examples of indirect costs are administrative, operational, and expenses of unit heads and their immediate staff. Principles and standards for determining costs applicable to grants and contracts with grantees or other State or local agencies are presented in 2 CFR part 225, and the appropriate Department of Health and Human Services (DHHS) publication, ASMB C–10.

c. Cognizant Federal Agency. Cognizance is generally assigned to the Federal agency that provides the predominant amount of dollar involvement with a grantee organization within a given State or locality. (OMB has assigned cognizant audit agencies for State and local governments. See *Federal Register* (51 FR 552, Jan. 6, 1986). In those cases where a grant recipient is not assigned a cognizant agency, these grantees will be under the general oversight of the Federal agency that provides them the most funds; which will also be identified as the "lead" Federal agency.

d. Types of Plans. The following two types of cost plans are discussed in 2 CFR part 225:

(1) The first type of plan covers a CAP that distributes the costs of a State/local government's executive and central level support functions to those operating organizations (usually at a lower tier level) within the government which benefit from them. These documents are also referred to as a Statewide or local-wide cost allocation plans (SWCAPs/LWCAPs). All SWCAPs must be submitted annually to DHHS for approval. DHHS is the cognizant agency for all States. Unless required by FTA or the cognizant agency, the LWCAPs do not have to be submitted for review and approval. However, they must be updated annually and kept for audit purposes. The costs approved under these plans may, at the option of the State or local government, be incorporated in the Indirect Cost Rate Proposals of a grantee agency within the government.

(2) The second type of plan covers an Indirect Cost Rate Proposal which is a financial document that is updated annually, at the operating agency level, which distributes the administrative support and/or overhead costs of that agency to the programs (and the grants and contracts) which benefit from them. An Indirect Cost Rate Proposal may include the allocable portion of State or local central service costs approved in the SWCAP/LWCAP.

As required by 2 CFR part 225, DHHS has issued an implementing guide, ASMB C–10, for State, local, and Indian tribal governments. This guide was developed in coordination with OMB, and can be ordered from the Government Printing Office (GPO), Superintendent of Documents, Mail Stop: SSOP, Washington, DC 20402–9328, telephone: 202–512–1800, or, on the DHHS website at: **http://rates.psc.gov/fms/dca/asmb%20c-10.pdf**.

Refer to Appendix F of this circular regarding additional information on CAP and/or Indirect Cost Rate Proposal development.

7. PROGRAM INCOME.

a. General. FTA's program income policy for State, local governments, and Indian tribes are in the Common Rule at 49 CFR 18.25. Although similar, the program income requirements for non-profit organizations are in 49 CFR 19.24. Grantees are encouraged to earn income to defray program costs. Program income means:

(1) gross income received by the grantee or subgrantee directly generated by a grant supported activity, or

(2) earned only as a result of the Grant Agreement during the grant period (the time between the effective date of the grant and the ending date of the grant reflected in the final financial report.

b. Program income includes income:

(1) from fees for services performed,

(2) from the use or rental of real or personal property acquired with grant funds,

(3) from the sale of commodities or items fabricated under a Grant Agreement, and

(4) from payments of principal and interest on loans made with grant funds.

Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc., and interest earned on any of them.

c. Cost of generating program income. If authorized by Federal regulations or the Grant Agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.

d. Governmental revenues. Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the Grant Agreement or Federal agency regulations as program income.

e. Property. Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of Sections 18.31 and 18.32.

f. Use of program income. FTA allows its grantee to keep program income and use it for capital and operating expenses. Program income may not be used to reduce the local share of the grant from which it was earned, but may be used in future grants.

If grantees choose not to use program income for public transportation purposes, then it shall be deducted from total allowable costs to determine the net allowable costs.

g. Income after the grant period. There are no Federal requirements governing the disposition of program income earned after the end of the grant period (i.e., after the ending date of the final Federal Financial Report), unless the terms of the agreement or the Federal agency regulations provide otherwise.

8. ANNUAL AUDIT.

a. General. OMB Circular A–133, "Audits of States, Local Governments, and Non-Profit Organizations" and the current OMB Circular A–133 Compliance Supplement provide the requirements for annual audits of grant recipients. Both documents are available on the OMB website at: **http://www.whitehouse.gov/omb/circulars/a133/a133.html**.

b. Requirement. Grantees that expend $500,000 or more in a year in Federal funds from all sources shall have a single audit conducted, except when they elect to have a program-specific audit conducted. The audit must be completed within nine months of the end of the grantee's fiscal year (FY).

FTA grantees are required to obtain the services of an independent auditor to conduct a single audit each year in conformance with OMB Circular A–133, except where a State constitution or statute provides for a single biennial audit.

Grantees are required to submit one copy of their annual single audit report to FTA if the audit report contains any findings and recommendations related to the FTA program or other Department of Transportation (DOT) program findings; or in those cases where the audit report does not contain any FTA findings or recommendations, a copy of only Federal Clearinghouse transmittal sheet "the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations, OMB Form SF–SAC" should be submitted to the FTA regional or metropolitan office.

Grantees shall keep one copy of the data collection form and one copy of the audit reporting package on file for three years from the date of submission to the Federal clearinghouse. Pass-through entities shall keep subrecipients' submissions on file for three years from date of receipt.

c. Purpose. The purpose of the single annual audit report is to determine whether the grantee:

(1) Prepared financial statements that fairly present its financial position and the results of its financial position and the results of its financial operations in accordance with generally accepted accounting principles;

(2) Has in place internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations; and

(3) Has complied with laws and regulations that may have material effect on its financial statements and on each of its major Federal assistance programs.

The annual single audit is to be performed by an independent auditor who is required to determine and report on whether the grantee has internal control systems that reasonably assure it is managing Federal assistance programs in compliance with applicable laws and regulations.

Grantees are required to determine whether certain subgrantees spend Federal assistance funds they receive in accordance with applicable laws and regulations. Audit judgment concerning the grantee's determination is left to the independent auditor.

d. Resolution of Audit Findings. Grantees and subgrantees are responsible for prompt resolution of all audit findings and recommendations. This responsibility requires that the grantee:

(1) Promptly evaluate the report;

(2) Determine the appropriate follow-up actions and establish a date for their completion; and

(3) Complete all required actions within the established period of time.

Deficiencies or opportunities for improvement identified in an audit must be resolved by the grantee. The resolution of audits begins with FTA's report to the grantee and continues until the grantee corrects identified deficiencies, implements needed improvements, or demonstrates that the findings or recommendations are not valid or do not warrant management action.

The audit cannot be closed until FTA concurs in the documentation of steps taken to implement any needed corrective actions. The status of outstanding audit findings and recommendations should be monitored and reported by the grantee in quarterly progress reports and, where appropriate, significant events reported.

9. PAYMENT PROCEDURES.

a. General. Provisions in 49 CFR 18.21 and 19.22 and 31 CFR part 205 govern payments to recipients for financing operations under Federal grant and other programs. These regulations require that payment to a grantee be limited to the minimum amounts needed and timed so as to be in accord only with the actual, immediate cash requirements of the grantee in carrying out the approved project.

Before a potential grantee requests funds, it should verify in TEAM that funds are available for the project. Funds should not be requested in amounts greater than the "Available Funds" reported in TEAM.

b. Payment Methods. FTA makes all payments by the Treasury's Automated Clearing House (ACH) method of payment, regardless of the dollar amount involved. ACH electronically sends payment to a payee's bank for deposit to its bank account. The payments to grantees are made using various methods of payments.

(1) Electronic Clearing House Operation (ECHO) Payment. ECHO is a personal computer (PC) based application that processes drawdown requests and makes payments to FTA grantees. ECHO consists of a Web-based application which grantees can access via the Internet to submit their drawdown data. ECHO then transmits requests approved for payment to the Grantee's financial institution through Treasury's ACH process. For further information, see FTA's "ECHO System Users Manual for Grantees," at: **http://www.fta.dot.gov/documents/ECHOWebGranteeUserManual.pdf**.

(2) Requisition Payment. If the requisition payment method is used, the Standard Form 270 (SF–270), "Request for Advance or Reimbursement" form is required to be submitted to the Federal Aviation Administration, Enterprise Service Center (ESC) in Oklahoma City. Instructions for completing SF–270 and the ESC's mailing address can be found in Appendix G.

c. Policy for ECHO Payments. If payment is made under ECHO, by means of an ECHO Control Number (ECN), the grantee agrees to comply with the requirements of 49 CFR 18.21 and 19.22, and 31 CFR part 205, and as described in FTA's ECHO System User Manual for Grantees.

Disbursement guidelines are in accordance with policies established in Department of Treasury Circular 1075, part 205, "Withdrawal Of Cash From The Treasury For Advances Under Federal Grant And Other Programs," and by FTA financing agreements. These guidelines state that the recipient organization shall commit itself to:

(1) Initiating cash drawdowns for immediate disbursement needs meaning three business days. Excess Federal funds held more than three days must be returned to FTA along with any interest earned. See Chapter VI, Subsection 9.e., "Repayment to FTA," below for detailed information on requirements to remit interest.

(2) Large disbursements must be reported to the appropriate FTA Regional Office in advance of the transaction settlement date. A minimum of two business days notice is required for disbursements totaling $50 million or more. If a disbursement of over $500 million is anticipated, a minimum of five business days is required. When specific information has not been finalized, inform the FTA Regional Office of approximate amount(s) and approximate deposit date(s). The FTA Headquarters

Accounting Office should be notified by the Regional Office due to the requirement that FTA must provide the Treasury 48 hours prior notification to drawdown funds exceeding $50 million.

(3) Timely reporting of cash disbursements and balances as required by the Federal program agency, which is FTA.

(4) Imposing the same standards of timing and amount upon any secondary recipient organizations.

(5) Limiting drawdowns to eligible project costs, which would include NOT drawing down funds for a project in an amount that would exceed the sum obligated by FTA or the current available balance for that project.

(6) Providing control and accountability for all project funds consistent with FTA requirements and procedures for use of the ECHO System.

(7) Furnishing reports of cash disbursements and balances, when required by means of the FFR.

d. Excessive or Premature Withdrawals.

(1) General. For excess payments made by the Federal Government to the grantee that do not qualify as a "claim" for purposes of the Debt Collection Act of 1982, as amended, 31 U.S.C. 3701 *et seq.*, the recipient agrees that the amount of interest owed to the Federal Government depends on whether the recipient is a State or State instrumentality.

(a) A recipient that is a State or State instrumentality agrees that interest owed to the Federal Government will be determined in accordance with Treasury regulations, "Rules and Procedures for Efficient Federal State Funds Transfers," 31 CFR part 205 that implements Section 5(b) of the Cash Management Improvement Act of 1990, as amended, 31 U.S.C. 6503(b).

(b) A recipient that is neither a State nor a State instrumentality agrees that common law interest owed to the Federal Government will be determined in accordance with joint Treasury/DOJ regulations, "Standards for the Administrative Collection of Claims," at 31 CFR 901.9(i).

(2) Exceptions. The only exceptions to the requirement for prompt refunding are when the funds involved:

(a) Will be disbursed by the grantee within seven calendar days; or

(b) Are less than $10,000 and will be disbursed within 30 calendar days.

These exceptions to the requirement for prompt refunding should not be construed as approval for a grantee to maintain excessive funds. They are applicable only to excessive amounts of funds which are erroneously drawn.

(3) Return of Funds. The return of funds is accomplished as follows:

(a) FTA requests the recipients to electronically remit the excessive cash and any interest to FTA using the U.S. Treasury's Pay.Gov Financial Collection System (**https://www.Pay.Gov**).

(b) Although paper checks are discouraged, grantees may mail refund checks to FAA (FTA's Accounting Service Center) in Oklahoma City. If a single check is used to remit the premature withdrawal and the interest, the amount of each must be separately identified and accompanied by a letter explaining the purpose of the check(s) and identifying the project number. A copy of the check and the letter should be sent to the grantee's Regional Office. Additional information pertaining to the mailing of checks is located below in Chapter VI, Subsection 9.f.

e. Repayment to FTA. FTA program managers will be alert to any information which may indicate a potential repayment. The following are possible reasons for payments becoming due to FTA:

(1) insufficient non-Federal funds to match Federal payments;

(2) the sale of project equipment; or

(3) excessive Federal funds in the project account.

f. Repayment Procedure. Required repayments must be made promptly to FTA. Grantees can submit repayments through the Treasury's Pay.Gov Financial Collection System (**https://www.Pay.Gov**) for all refunds and repayments. Refunds by check should be processed using the following steps:

(1) Make the check payable to "Federal Transit Administration."

(2) Mail all checks to the FAA/Federal Transit Account.

(3) Specify applicable project number(s) on the check.

(4) Provide written explanation as to purpose of payment.

(5) Send a copy of the check and the explanatory letter to the grantee's regional or metropolitan office.

(6) If the grantee is on ECHO-Web, the amount may be repaid through a credit on the FTA drawdown message. This credit must be shown in full and not netted against

any amount being claimed on the same project, unless an appropriate credit is shown for the original project, with a charge to the new project or FPC (financial purpose code) whichever is applicable. In addition, documentation for credits through FTA ECHO-Web should be forwarded to the FTA Accounting Office within three business days after the drawdown. Documentation not received within the specified period of time, could result in the grantee's project being suspended for reimbursement.

g. Requirement to Remit Interest. Under Section 9b(1)(h) of FTA's Master Agreement, company or grantee organizations shall be required to remit any interest earned on excess Federal funds drawn down and failed to spend for eligible project activities, or were held in excess of three calendar days. Payments of interest must be made by using the Pay.Gov Financial Collection System.

Unless waived by FTA, interest will be calculated at rates imposed by the Department of the Treasury (**http://fms.treas.gov/**) beginning on the fourth day after the funds were deposited in the company or grantee organization's bank or other financial depository. Upon notice by FTA to the company or grantee organization of specific amounts due, the company or grantee organization shall promptly remit to FTA any excess Federal fund payments, including any interest due.

10. DE-OBLIGATION OF FUNDS. FTA reserves the right to deobligate unspent Federal funds prior to project closeout.

11. DEBT SERVICE RESERVE. Transit agencies that use debt financing in the form of bonds are often required by the terms of the Bond Indenture to establish Debt Service Reserve (DSR). The Bond Trustee is required to establish a DSR with the proceeds of the bond issue. Usually, the DSR remains untouched for the term of the bonds, and is used to make a subsequent debt service payment ONLY if the recipient has insufficient funds to do so. If the DSR is used in this way, the recipient must replenish the DSR from its own funds and within the time frames outlined in the Bond Indenture or be in default. When there is no default, the balances remaining in the DSR are used to make the last debt service payment to the extent of such balances. Required DSRs may now be funded with FTA grant funds. However to the extent of FTA funding, any particular DSR may only be used to pay principal and/or interest on the bonds. Therefore, grantees intending to fund a DSR with FTA funds may also wish to include some non-FTA funds if the terms of the Bond Indenture allow use of DSR for other items, such as late fees or Bond Trustee expenses related to default.

12. RIGHT OF FTA TO TERMINATE. The grantee agrees that, upon written notice, FTA may suspend or terminate all or part of the financial assistance provided herein if the grantee is, or has been, in violation of the terms of the approved grant, or if FTA determines that the purposes of the statute under which the project is authorized would not be adequately served by continuation of Federal financial assistance for the project. Any failure to make reasonable progress or other violation of the approved grant that significantly endangers substantial performance of the project shall be deemed to be a breach of the approved grant.

In general, termination of any financial assistance under the approved grant will not invalidate obligations properly incurred by the grantee and concurred in by FTA before the termination date, to the extent those obligations cannot be canceled. However, if FTA determines that the grantee willfully misused FTA assistance funds by failing to make adequate progress; to make reasonable use of the project real property, facilities, or equipment; or to honor the terms of the approved grant, FTA reserves the right to require the grantee to refund the entire amount of Federal funds provided herein or any lesser amount as may be determined by FTA.

Expiration of any project time period established for this project, does not, by itself constitute an expiration or termination of the approved grant.

Neither the receipt by the grantee of any Federal funds for the project nor the closeout of Federal financial participation on the project shall constitute a waiver of any claim that FTA may otherwise have arising out of the approved grant.

APPENDIX A

TABLE OF FTA CIRCULARS

Circular	Topic	Date	Title
C 2710.1A	Accounting	07–18–88	Sampling Procedures for Obtaining Fixed-Route Bus Operating Data Required Under the Section 15 Reporting System
C 2710.2A	Accounting	07–22–88	Sampling Procedures for Obtaining Demand-Responsive Bus System Operating Data Required Under the Section 15 Reporting System
C 2710.4A	Accounting	07–22–88	Revenue Based Sampling Procedures for Obtaining Fixed-Route Bus Operating Data Required Under the Section 15 Reporting System
C 2710.6	Accounting	07–01–88	Section 15 Accounting and Reporting Release Number 1
C 2710.7	Accounting	07–01–88	Section 15 Accounting and Reporting Release Number 2
C 4220.1F	Procurement	10–01–08	Third Party Contracting Guidance
C 4702.1A	Civil Rights	05–13–07	Title VI and Title VI–Dependent Guidelines for FTA Recipients
C 4704.1	Civil Rights	07–26–88	Equal Employment Opportunity Program Guidelines for Grant Recipients
C 4715.1A	Civil Rights	07–26–88	Human Resource Programs (Section 20) Application and Project Management Guidelines
C 5010.1D	Grants Management—General	11–01–08	Grant Management Requirements
C 5200.1A	Grants Management—General	12–05–02	Full-Funding Grant Agreements Guidance
C 5620.1	Grants Management—General	10–16–79	Guidelines for Preparing Environmental Assessments
C 5800.1	Safety and	08–01–07	Safety and Security Management Guidance for

Circular	Topic	Date	Title
	Security for Major Capital Projects		Major Capital Projects
C 6100.1C	Technology Development and Deployment	05–02–03	Transit Research And Technology Programs: Application Instructions And Program Management Guidelines
C 7008.1A	Policy and Program Development	01–30–02	Financial Capacity Policy
C 7020.1	Policy and Program Development	04–26–90	Cross-Border Leasing Guidelines
C 8100.1C	Planning	09–01–08	Program Guidance for Metropolitan Planning and State Planning and Research Program Grants
C 9030.1C	Capital Facilities and Formula Grant Programs	10–01–98	Urbanized Area Formula Program: Grant Application Instructions
C 9040.1F	Capital Facilities and Formula Grant Programs	04–01–07	Nonurbanized Area Formula Program Guidance and Grant Application Instructions
C 9045.1	Formula Grant Programs	05–01–07	New Freedom Program Guidance and Application Instructions
C 9050.1	Formula Grant & Direct Apportionment Programs	05–01–07	The Job Access and Reverse Commute (JARC) Program Guidance and Application Instructions
C 9070.1F	Capital Facilities and Formula Grant Program	05–01–07	Elderly Individuals and Individuals with Disabilities Program Guidance and Application Instructions
C 9300.1B	Capital Facilities and Formula Grant Programs	10–01–08	Capital Investment Program Guidance and Application Instructions

Circular	Topic	Date	Title
C 9400.1A	Capital Facilities and Formula Grant Programs	06–09–95	Federal Transit Administration Design and Art in Transit Projects
C 9500.1	Capital Facilities and Formula Grant Programs	03–30–84	Intergovernmental Review of FTA Planning, Capital and Operating Programs and Activities

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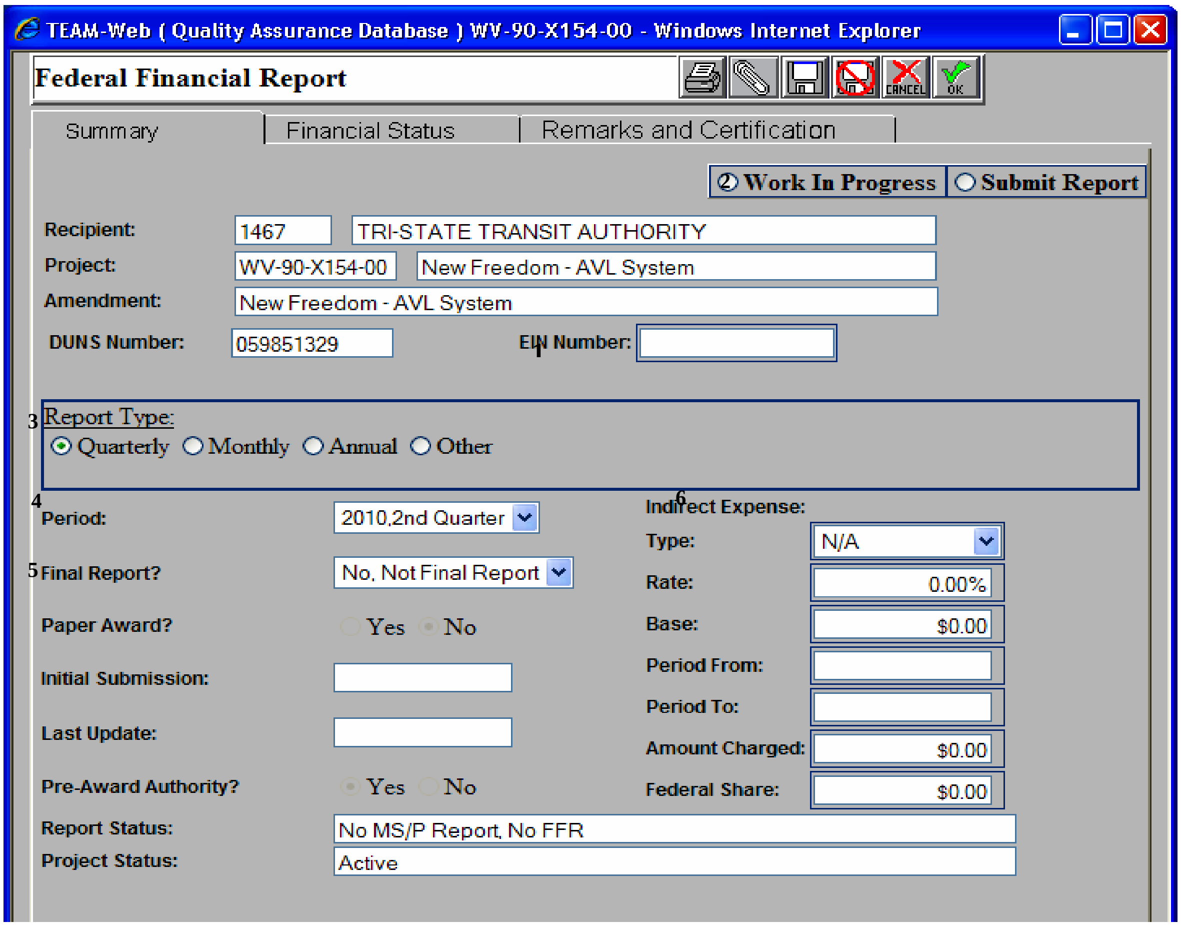
APPENDIX B

FEDERAL FINANCIAL REPORT

I. Summary Tab


TEAM-Web (Quality Assurance Database) WV-90-X154-00 - Windows Internet Explorer

Federal Financial Report

Summary | Financial Status | Remarks and Certification

2 Work In Progress | Submit Report

Recipient: 1467 TRI-STATE TRANSIT AUTHORITY
Project: WV-90-X154-00 New Freedom - AVL System
Amendment: New Freedom - AVL System
DUNS Number: 059851329
1 EIN Number:

3 Report Type:
Quarterly | Monthly | Annual | Other

4 Period: 2010,2nd Quarter
5 Final Report? No, Not Final Report
Paper Award? Yes No
Initial Submission:
Last Update:
Pre-Award Authority? Yes No
Report Status: No MS/P Report, No FFR
Project Status: Active

6 Indirect Expense:
Type: N/A
Rate: 0.00%
Base: $0.00
Period From:
Period To:
Amount Charged: $0.00
Federal Share: $0.00

1. *Employer Identification Number (EIN)* – Enter the Employer Identification Number. The EIN is also known as a Federal Tax Identification Number

2. *Work in Progress/Submit Report* – Select "Work in Progress" or "Submit Report". Select "Work in Progress" to prepare the report. Once the report is complete and ready for submission, select "Submit Report".

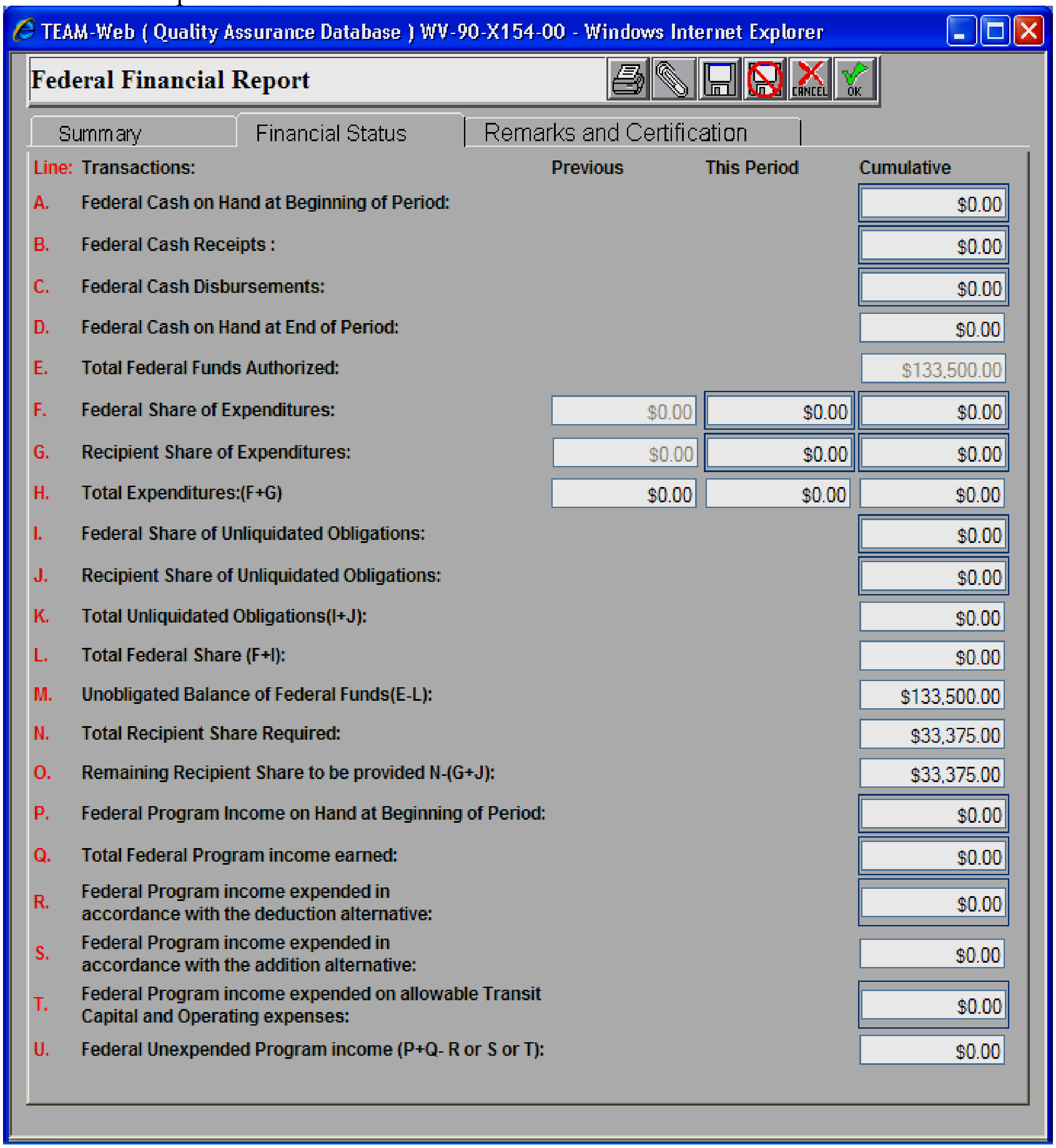
3. *Report Type* – Select whether the report is Quarterly, Monthly, Annual or Other

4. *Period* **–** Enter the reporting period from the drop-down menu.

5. *Final Report?* – Enter if the report is final or not. In the drop down menu select, "Yes, Final Report" or "No, Not Final Report". The report will be final if all the activities in the grant are completed, the funds are drawn down, there are no unliquidated obligations, and the milestones are closed. Once the final report is submitted, the grant is ready for closeout. Please notify your Regional Program Manager.

6. *Indirect Expense* – If a grantee is charging indirect costs to the grant, complete this section. Enter to total amount of indirect expenses incurred on a cumulative basis. Please note that a grantee must have an approved cost allocation plan in order to incur these expenses.
   a. Type – Enter indirect expense type from the drop down menu
   b. Rate – Rate approved by the cognizant agency
   c. Base – Total base amount from which the indirect cost rate is determined
   d. Period from / Period to – The period covered by the approved rate
   e. Amount Charged – Total amount of indirect expenses charged to the grant on a cumulative basis
   f. Federal Share – Federal share of the indirect expenses charged

II. **<u>Financial Status</u>** - the information in this section is on a cumulative basis, except for the three expenditures lines.


TEAM-Web (Quality Assurance Database) WV-90-X154-00 - Windows Internet Explorer

Federal Financial Report

Summary | Financial Status | Remarks and Certification

Line:	Transactions:	Previous	This Period	Cumulative
A.	Federal Cash on Hand at Beginning of Period:			$0.00
B.	Federal Cash Receipts :			$0.00
C.	Federal Cash Disbursements:			$0.00
D.	Federal Cash on Hand at End of Period:			$0.00
E.	Total Federal Funds Authorized:			$133,500.00
F.	Federal Share of Expenditures:	$0.00	$0.00	$0.00
G.	Recipient Share of Expenditures:	$0.00	$0.00	$0.00
H.	Total Expenditures:(F+G)	$0.00	$0.00	$0.00
I.	Federal Share of Unliquidated Obligations:			$0.00
J.	Recipient Share of Unliquidated Obligations:			$0.00
K.	Total Unliquidated Obligations(I+J):			$0.00
L.	Total Federal Share (F+I):			$0.00
M.	Unobligated Balance of Federal Funds(E-L):			$133,500.00
N.	Total Recipient Share Required:			$33,375.00
O.	Remaining Recipient Share to be provided N-(G+J):			$33,375.00
P.	Federal Program Income on Hand at Beginning of Period:			$0.00
Q.	Total Federal Program income earned:			$0.00
R.	Federal Program income expended in accordance with the deduction alternative:			$0.00
S.	Federal Program income expended in accordance with the addition alternative:			$0.00
T.	Federal Program income expended on allowable Transit Capital and Operating expenses:			$0.00
U.	Federal Unexpended Program income (P+Q- R or S or T):			$0.00

A. *Federal Cash on Hand* at beginning of period – Enter any cash on hand if any at the beginning of the grant. In most instances, this line will be zero.

B. *Federal Cash Receipts* - Enter the cumulative amount of actual cash received from FTA for this grant as of the reporting period end date. Report this amount on a cash

C. *Federal Cash Disbursements* - The cumulative amount of Federal fund disbursed as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the grant, and the amount of payments made to subrecipients and contractors. Report this amount on a cash basis

D. *Federal Cash on Hand at End of Period* – This is the sum of lines A + B – C and it is populated by TEAM. If there is Cash on Hand, FTA requires an explanation in the Remarks and Certification Tab, explaining why the drawdown was made prematurely or other reasons for the excess cash.

E. *Total Federal Funds Authorized* – This is the total amount of all federal funds in the grant including amendments. TEAM populates this field.

F. *Federal Share of Expenditures* – Of the total project costs, enter the amount FTA will participate. You can enter this information in either the "This Period" section or the "Cumulative section"; however do not enter in both sections. Expenditures are the total project costs (less any rebates, refunds or other credits) incurred on the accrual basis of accounting. Example of expenditures are: (1) the sum of cash disbursements for direct charges for property and services; (2) the amount of indirect expense incurred; (3) the amount of in-kind contributions, and (4) net increase or decrease in Accounts Payable or Accrued Expenses

G. *Recipient Share of Expenditures* – Of the total project costs, enter the amount the grantee will pay. You can enter this information in either the "This Period" section or the "Cumulative section"; however do not enter in both sections. Enter the recipient share of actual cash disbursements or outlays (less any rebates, refunds, or other credits) including payments to subrecipients and contractors. This amount may include the value of allowable third party in-kind contributions. Note: On the final report, this line should be equal to the Total Recipient Share Required (Line N). Report this amount on an accrual basis

H. *Total Expenditures* – Total of all expenditures (total project costs) as of the end of the reporting period. TEAM populates this field – lines F + G.

I. *Federal Share of Unliquidated Obligations* - Enter the Federal portion of unliquidated obligations (binding commitments entered into for goods and services not yet received. On the final report, this line should be zero. Report this amount on an accrual basis

J. *Recipient Share of Unliquidated Obligations* – Enter the local share of unliquidated obligations.

K. *Total Unliquidated Obligations* – Total of grantee binding commitments entered into for goods and services not yet received. TEAM populates this field – lines I + J.

L. *Total Federal Share* - The total FTA is expected to contribute to the Total Project Costs. This is the sum of Federal Share of Expenditures (Line F) and Federal Share of Unliquidated Obligations (Line I). TEAM populates this field – lines F + I.

M. *Unobligated Balance of Federal Funds* – Federal share of the grant the grantee has not entered into a binding commitment. TEAM populates this field – lines E - L.

N. *Total Recipient Share Required* – This amount represents the total required recipient share for the grant including amendments. The required recipient share should include all matching and cost sharing provided by recipients and third-party providers to meet the level required by FTA. TEAM populates this field.

O. *Remaining Recipient Share to be Provided* – The Total Recipient Share required (Line N) minus the sum of Recipient Share of Expenditures (Line G) and the Recipient Share of Unliquidated Obligations (Line J). TEAM populates this field.

P. *Federal Program Income on Hand at the Beginning of the Reporting Period* – Enter any unspent Federal Program Income on hand at the beginning of the grant. In most instances, this line will be zero.

Q. *Total Federal Program Income Earned* - Enter the amount of Federal program income earned as of the end of the reporting period. Program income is gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. Examples: income from (1) fees for services performed, (2) from the use or rental of real or personal property acquired with grant funds, (3) from the sale of advertising and concessions, and (4) from the sale of commodities or items fabricated under a grant agreement.

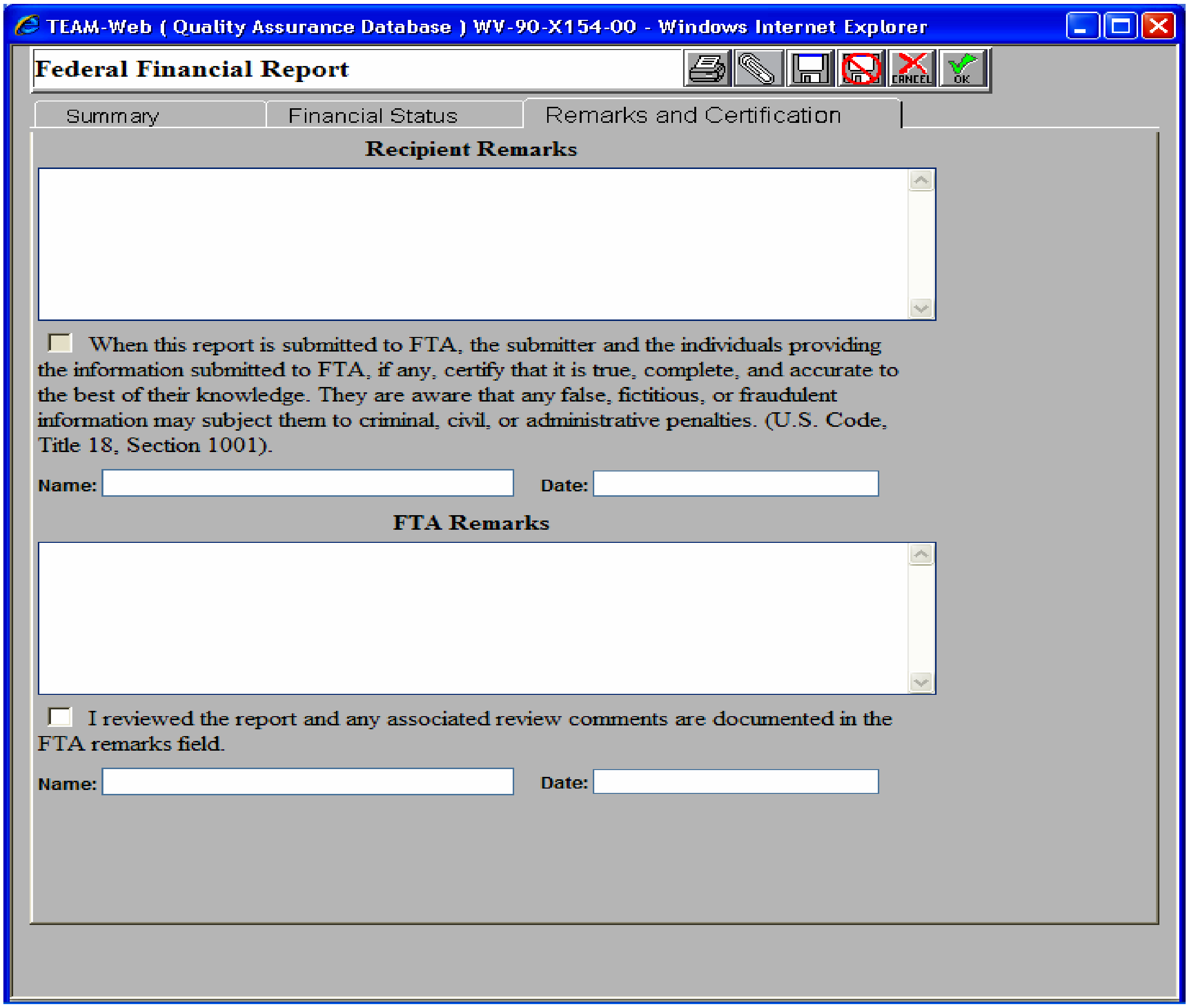
R. *Federal Program Income Expended in Accordance with the Deduction Alternative* - Enter the amount of program income that was used to reduce the Federal share of the total project cost. **Only to be used if the grantee does not exercise the provisions of the Common Rule @ 49 CFR part 18.25(g)(5).** As a rule of thumb, this field is zero.

S. *Federal Program Income Expended in Accordance with the Addition Alternative* – FTA does not allow this method – this field is zero.

T. *Federal Program Income Expended on Allowable Transit Capital and Operating Expenses* - Of the Federal program income earned, enter the amount the grantee is allowed to spent on allowable transit capital and operating expenses as provided in the Common Rule at 49 CFR part 18.25(g)(5)

U. *Unexpended Federal Program Income* - TEAM populates this field.

v. **Remarks and Certifications**



1. *Recipient Remarks* - This box is for the grantee to provide comments and provide any explanations or information deemed necessary for the review of the report.
2. *Certification checkbox* – Before submitting the report, check the certification box. Please note the certification language. The name of the TEAM user and the date is automatically populated.
3. *FTA Remarks* – This box is for the FTA reviewer to provide comments for both the FFR and MPR. Once FTA completes the review of the data, the reviewer will enter any comments in this box. The reviewer will contact the grantee by email if FTA added comments

APPENDIX C

REAL ESTATE ACQUISITION MANAGEMENT PLAN

A Model for the development of a Real Estate Acquisition Management Plan (RAMP)

1. GENERAL. The purpose of a RAMP is to guide the assessment of real estate goals and the methodology for real estate acquisition. RAMPs are the grantee's planning tool. If done correctly, they will identify schedule issues, difficult parcels, the need for expanded advisory assistance, and staff issues. For projects participating in the New Starts or Small Starts programs, RAMPs are required as part of the Project Management Plan (PMP).

2. RAMP CONTENT.

   a. Introduction.

      (1) Short history of pertinent elements of project

      (2) Control agreements; intergovernmental contracts, pending solicitations, etc.

      (3) Legal requirements; Uniform Act, various State laws, local requirements, etc.

      (4) Geographical description of project

      (5) Physical description of proposed acquisitions; number of parcels, total acquisitions, partial acquisitions, anticipated number of relocations; etc.

      (6) General outline of process; and authority to condemn

   b. Organizational Structure.

      (1) Identification of staff functions

      (2) Identification of contractual functions

      (3) Identification of plan source; process for plan changes, corrections, modifications as a result of negotiations, etc.

      (4) Party who can establish offer of just compensation

      (5) Party who can authorize condemnation

   c. Acquisition Schedule.

      (1) Set out the timeframe for acquisition and relocation; total length of time needed

      (2) Date for initiation of negotiations for project

(3) Difficulties and potential delays

(4) How will progress reporting be handled; who will receive this information

(5) Identification of a critical path for right-of-way

d. Real Estate Cost Estimate.

(1) Background of estimate; when was it done; what was the basis of the estimate

(2) Need for any update of cost estimate

(3) How will estimate be compared to actual costs as project progresses

e. Acquisition Process.

(1) Plans—who prepares, who can modify, what is process for considering property owner's request to modify, etc.

(2) Ownership and title information—how is this gathered, what is the contractual requirements, are those contracts in place, what is the process to update and correct errors and omissions

(3) Appraisal—who will do appraisals, what are the contracting requirements if necessary, what is the estimate duration of this task, how many copies of appraisals will be obtained, will appraisals be shared with property owners

(4) Appraisal Review process—who will do this task, what is the scope of the task in general, what is the turn around time for this work, will review handle updates of appraisals, will review handle modification of appraisals based on owner claims, will review be used to support administrative settlements

(5) Establishment of offer of Just Compensation—who does this, what is the basis of this offer

(6) Negotiations—who will negotiate, what is their authority, who must approve administrative settlements and other concessions to property owners, what documentation is required for the negotiations' process, who signs letter of offer, will negotiator also handle relocation payments, how is interface between negotiations and condemnation handled, what documents will negotiator be expected to provide to legal for settlement and condemnation, will negotiator be present at closing

(7) Closing/Escrows—who will provide this service, how will it function, what is the estimated length of time to deposit funds to escrow for closing, what documents will be necessary, how will closings be conducted, what form of deeds will be used, how will property taxes be paid and exempted

(8) Condemnation—who will authorize suits, who will file, what is relationship between grantee and its legal personnel, what authority does attorney have for settlement, what are the progress reporting requirements

f. Relocation.

(1) Staffing and Administration—how will the relocation function be staffed, who is authorized to compute payments, who will approve payments, what is the relocation process to be utilized in the project, what level of advisory services will be needed, who will provide advisory services, what is the claims payment process, what is the time to pay a relocation claim, what authority and controls will be needed for advanced claims, what documentation will be retained in the files, what forms will be used

(2) Appeals—what are the legal requirements for administrative appeals, how will the agency establish and staff an appeal function, who is the recipient of appeal requests, what is the appeal process

g. Other Components.

(1) Document Control—How are documents filed, what length of time will original paper documents be maintained, what is the organization of parcel files, condemnation files, etc., what is the contents of a typical file

(2) Property management—who will perform property management, what is included in the Scope of Work for property management, who contracts for demolition, what are contracting requirements, what are reporting requirements, what is the statement of policy regarding rental property for extended possession by tenants and owners

(3) Excess property inventory and utilization plan—who will prepare and track excess parcels, what is the process to evaluate these tracts, who will determine when to sell excess, what is the disposition of proceeds, what are agency, State, or local restrictions on the sale of public property

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APPENDIX D

GUIDE FOR PREPARING AN APPRAISAL SCOPE OF WORK

1. GENERAL. The Scope of Work is a written set of expectations that form an agreement or understanding between the appraiser and the agency as to the specific requirements of the appraisal, resulting in a report to be delivered to the agency by the appraiser. It includes identification of the intended use and intended user; definition of market value; statement of assumptions and limiting conditions; and certifications. It should specify performance requirements, or it should reference them from another source, such as the agency's approved Right-of-Way or Appraisal Manual. The Scope of Work must address the unique, unusual, and variable appraisal performance requirements of the appraisal. Either the appraiser or the agency may recommend modifications to the initial Scope of Work, but both parties must approve changes.

2. EXAMPLE. The example below is intended to be a guide for agencies preparing a Scope of Work for real estate appraisals.

   a. Scope of Work: The appraiser must, at a minimum:

      (1) Provide an appraisal meeting the agency's definition of an appraisal, or, at a minimum, the definition must be compatible with the definition found at 49 CFR 24.2(a)(3).

      (2) Afford the property owner or the owner's designated representative the opportunity to accompany the appraiser on the inspection of the property.

      (3) Perform an inspection of the subject property. The inspection should be appropriate for the appraisal problem, and the Scope of Work should address:

         (a) The extent of the inspection and description of the neighborhood and proposed project area,

         (b) The extent of the subject property inspection, including interior and exterior areas, and

         (c) The level of detail of the description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, the remaining property).

      (4) In the appraisal report, include a sketch of the property and provide the location and dimensions of any improvements. Also, it should include adequate photographs of the subject property and comparable sales and provide location maps of the property and comparable sales.

      (5) In the appraisal report, include items required by the acquiring agency, usually including the following list:

(a) The property right(s) to be acquired, e.g., fee simple, easement, etc.,

(b) The value being appraised (usually fair market value), and its definition,

(c) Appraised as if free and clear of contamination (or as specified),

(d) The date of the appraisal report and the date of valuation,

(e) The realty/personalty report required at 49 CFR 24.103(a)(3)(i)–(v),

(f) The known and observed encumbrances, if any,

(g) Title information,

(h) Location,

(i) Zoning,

(j) Present use, and

(k) At least a 5-year sales history of the property.

(6) In the appraisal report, identify the highest and best use. If highest and best use is in question or different from the existing use, provide an appropriate analysis identifying the market-based highest and best use.

(7) Present and analyze relevant market information. Specific requirements should include research, analysis, and verification of comparable sales. Inspection of the comparable sales should also be specified.

(8) In developing and reporting the appraisal, disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired for the project. If necessary, the appraiser may cite the Jurisdictional Exception or Supplemental Standards Rules under Uniform Standards of Professional Appraisal Practice (USPAP) to ensure compliance with USPAP while following this Uniform Act requirement.

(9) Report his or her analysis, opinions, and conclusions in the appraisal report.

b. Additional Requirements for a Scope of Work:

(1) Intended Use: This appraisal is to estimate the fair market value of the property, as of the specified date of valuation, for the proposed acquisition of the property rights specified (i.e., fee simple, etc.) for a federally assisted project.

(2) Intended User: The intended user of this appraisal report is primarily the acquiring agency, but its funding partners may review the appraisal as part of their program oversight activities.

(3) Definition of Market Value: This is determined by State law, but includes the following:

(a) Buyer and seller are typically motivated;

(b) Both parties are well informed or well advised, each acting in what he or she considers his or her own best interest;

(c) A reasonable time is allowed for exposure in the open market;

(d) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

(e) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(4) Certification: The required certification should be in the State's approved Appraisal Procedures or part of State law.

(5) Assumptions and Limiting Conditions: The appraiser shall state all relevant assumptions and limiting conditions. In addition, the acquiring agency may provide other assumptions and conditions that may be required for the particular appraisal assignment, such as:

(a) The data search requirements and parameters that may be required for the project.

(b) Identification of the technology requirements, including approaches to value, to be used to analyze the data.

(c) Need for machinery and equipment appraisals, soil studies, potential zoning changes, etc.

(d) Instructions to the appraiser to appraise the property "As Is" or subject to repairs or corrective action.

(e) As applicable include any information on property contamination to be provided and considered by the appraiser in making the appraisal.

APPENDIX E

ROLLING STOCK STATUS REPORT

1. GENERAL. When an agency is disposing of vehicles that have met the minimum useful life that have a fair market value greater than $5,000 or disposing of vehicles before they reach the minimum useful life, or requesting a budget revision affecting vehicles, the Rolling Stock Status Report (see example on next page) should include the following information:

   a. Vehicle Number

   b. Year

   c. Make/Model

   d. Vehicle Identification Number (VIN)

   e. Date Placed in Revenue Service

   f. Date Removed from Revenue Service

   g. Minimum Useful Life (Years and Miles)

   h. Mileage (At the time Removed from Revenue Service)

   i. Total Number of Vehicles

   j. Total Number of Peak Vehicle Requirements

   k. Total Number of Spare Vehicles

2. REPLACEMENTS AT THE END OF MINIMUM USEFUL LIFE. Rolling Stock Status Reports must accompany a request for a replacement vehicle that has met its minimum useful life. The report will be used to verify that a vehicle has met the minimum useful life and that there is no remaining Federal interest. **Note:** Though the remaining Federal interest might be zero, if the asset's value exceeds $5,000, FTA may still be entitled to reimbursement. See Chapter IV, Subsection 3.l., "Disposition," for more information about project property valued over $5,000.

3. EARLY DISPOSITION. Rolling Stock Status Reports must accompany a request for early disposition of vehicles. The report will be used to verify the remaining Federal interest in the vehicles.

4. EXAMPLE. An example of a Rolling Stock Status Report for vehicles pending disposal with and without remaining Federal interest or budget revision affecting vehicles is shown below.

Rolling Stock Status Report

TransAmerica Buses

11/01/2008

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Veh #	Vehicle Year	Make/Model or Vehicle Description	Date in Service	Out of Service	Fed Useful Life (yr)	Actual Service (yr)	Remaining yrs	Remaining % based on yrs	Actual Mileage	Minimum Useful life Mileage	Remaining % based on miles	Total Federal Share	Remaining Fed Share based on yrs	Remaining Fed Share based on miles
151	2000	30' New Flyers	09/01/00	09/01/07	7	7.0	0.00	-0.04%	200,000	200,000	0.00%	$120,000	-	-
152	2000	30' New Flyers	09/01/00	09/03/07	7	7.0	-0.01	-0.12%	200,000	200,000	0.00%	$120,000	-	-
154	2000	30' New Flyers	09/01/00	09/02/07	7	7.0	-0.01	-0.08%	210,000	200,000	-5.00%	$120,000	-	-
155	2000	30' New Flyers	09/01/00	09/02/07	7	7.0	-0.01	-0.08%	205,000	200,000	-2.50%	$120,000	-	-
156	2000	30' New Flyers	03/01/01	03/01/06	7	5.0	2.00	28.53%	140,851	200,000	29.57%	$120,000	$34,239	$35,489
157	2000	30' New Flyers	03/01/01	03/01/06	7	5.0	2.00	28.53%	154,649	200,000	22.68%	$120,000	$34,239	$27,211
158	2000	35' Flexible	03/01/01	06/03/06	10	5.3	4.74	47.40%	200,000	350,000	42.86%	$120,000	$56,877	$51,429
159	2001	35' Flexible	03/01/01	06/03/06	10	5.3	4.74	47.40%	300,000	350,000	14.29%	$195,000	$92,425	$27,857
160	2001	35' Flexible	03/01/01	11/02/07	10	6.7	3.32	33.23%	300,000	350,000	14.29%	$195,000	$64,804	$27,857
161	2001	35' Flexible	03/01/01	07/02/07	10	6.3	3.66	36.60%	325,000	350,000	7.14%	$195,000	$71,375	$13,929
163	2001	35' Flexible	03/01/01	11/02/07	10	6.7	3.32	33.23%	325,000	350,000	7.14%	$195,000	$64,804	$13,929
164	1996	40' Buses	03/21/96	04/03/06	12	10.0	1.96	16.32%	425,000	500,000	15.00%	$295,000	$48,156	$44,250
165	1996	40' Buses	06/19/96	04/03/07	12	10.8	1.21	10.05%	435,000	500,000	13.00%	$295,000	$29,635	$38,350
166	1996	40' Buses	06/19/96	04/03/07	12	10.8	1.21	10.05%	450,000	500,000	10.00%	$295,000	$29,635	$29,500
167	1996	40' Buses	06/20/96	06/02/07	12	11.0	1.04	8.70%	450,000	500,000	10.00%	$295,000	$25,661	$29,500
168	1996	40' Buses	06/23/96	06/02/07	12	10.9	1.05	8.77%	450,000	500,000	10.00%	$295,000	$25,863	$29,500

APPENDIX F

COST ALLOCATION PLANS

1. REQUIREMENTS. Grantees who intend to seek Federal Transit Administration (FTA) reimbursement for indirect costs must prepare a Cost Allocation Plan (CAP) and/or Indirect Cost Rate Proposal. The following are basic requirements for preparing a CAP.

   a. CAPs and Indirect Cost Rate Proposals must be updated annually.

   b. The updated plans must be retained and made available for review at the grantees' annual single audit.

   c. Updated CAPs may be used on a provisional basis for the following fiscal year (FY) with the provision that year-end adjustments must be made to actual costs.

   d. The initial plan must be approved by FTA or another cognizant Federal agency. For subsequent approvals, please refer to Appendix F, Section 4., of this circular.

   e. Additionally, all costs in the plan must be supported by formal accounting records to substantiate the propriety of eventual charges. The allocation plan of the grantee should cover all applicable costs. It should also cover costs allocated under plans of other agencies or organizational units which are to be included in the costs of other federally sponsored programs. To the extent feasible, CAPS of all agencies rendering assistance to the grantee should be presented in a single document.

2. CONTENT. The CAP should contain, but need not be limited to the following:

   a. Nature and extent of services provided and their relevance to federally sponsored programs;

   b. Items of expense to be included;

   c. Methods to be used in distributing cost; and

   d. Appropriate Civil Rights data.

3. PURPOSE OF THE PLAN. The purpose of the plan is to guide the grantees' allocation of costs. The plan should ensure:

   a. All activities of local government departments or State agencies have been considered;

   b. Distribution of indirect costs is based on a method(s) reasonably indicative of the amount of services provided;

   c. Services provided are necessary for successful conduct of Federal programs;

d. Level of costs incurred are reasonable;

e. Costs of State of local centralized government services may be charged in conformance with government-wide cost allocations plans; and

f. Costs claimed are allowable in accordance with the Office of Management and Budget (OMB) Circular A–87, as applicable.

4. DEVELOPMENT OF COST ALLOCATION PLAN. In planning the development of a CAP, grantees should develop a CAP that identifies costs of supporting service units and allocates those costs to benefiting units on an equitable basis. The following is a list of components that should be included in a CAP:

a. An Organization Chart;

b. Financial Statements;

c. Cost Allocation Methodology;

d. Cost Allocation Rate Proposal:

(1) Identification of costs of each type of service to be claimed,

(2) Determination of the method for allocating each type of service cost to users,

(3) Identification of units rendering/receiving service and associated costs,

(4) Description of services,

(5) Description of Allocation Base (Consistency is important), and

(6) Summary Allocation Schedule for each service.

e. Proposal Reconciliation with Financial Statements. (**Note:** Allocated costs must be reasonable and trackable to the financial Statements);

f. Identification of Federal Award Direct Cost Base; and

g. Certification of Conformance with OMB Circular A–87. A proposal to establish a CAP or an Indirect Cost Rate Proposal will be unacceptable if the CAP Certificate of or Certificate of Indirect Costs is omitted. The certificate must be signed on behalf of the governmental unit by an individual at a level no lower than chief financial officer of the governmental unit that submits the proposal or component covered by the proposal.

5. SUBMISSION OF COST ALLOCATION PLAN/INDIRECT COST RATE PROPOSALS. OMB Circular A–87 requires that the plan (called a proposal) be submitted to a grantee's

Federal Cognizant Agency for approval. The CAP/Indirect Cost Rate Proposal should be submitted to the "cognizant" or "lead" Federal Agency when:

a. The grantee is working on its first assistance project or has not previously had a CAP/Indirect Cost Rate Proposal reviewed and accepted;

b. The grantee has made a change in its accounting system, thereby affecting the previously approved CAP/Indirect Cost Rate Proposal and its basis of application;

c. The grantee's proposed CAP/Indirect Cost Rate Proposal exceeds the amounts and rate approved for the previous year(s) by more than 20 percent; or

d. The grantee changes the CAP/Indirect Cost Rate Proposal methodology.

6. PLAN APPROVAL. Most transit agencies are under the cognizance of the Department of Transportation (DOT). Whenever the cognizant agency gives prior approval to a government-wide CAP or an Indirect Cost Rate Proposal, such approval is formalized, distributed to all interested Federal agencies, and applicable to all Federal grants in accordance with OMB Circular A–87.

   An approved CAP or Indirect Cost Rate Proposal must be updated annually. The update should be retained and made available for review at the time of the grantee's organization-wide audit.

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APPENDIX G

REQUEST FOR ADVANCE OR REIMBURSEMENT (SF–270)

1. GENERAL. If the requisition method of payment is used, the grantee agrees to:

   a. Complete and submit "ACH Vendor/Miscellaneous Payment Enrollment Form" (See Appendix G, Section 3., "Exhibit–1," of this circular) to FTA's Accounting Division.

   b. Complete and submit an original Standard Form 270, "Request for Advance or Reimbursement," (See Appendix G, Section 3., "Exhibit–2," of this circular) to the Federal Aviation Administration, Enterprise Service Center (ESC), FTA's designated Accounting Service Center at: FAA Mike Monroney Aeronautical Center; Library, AMA–300A; 6500 S. MacArthur Blvd.; Oklahoma City, OK 73169. All supporting documentation needed to support and justify the reimbursement of funds and satisfy the FTA Project Manager must accompany the SF 270.

      Upon receipt of the SF 270 payment request, FTA will authorize payment by Automated Clearing House (ACH) deposit if the grantee is complying with its obligations under the approved grant; has satisfied FTA that it needs the requested Federal funds during the requisition period; and is making adequate progress toward the timely completion of the project. If all these circumstances are present, FTA may reimburse apparent allowable costs incurred (or to be incurred during the requisition period) by the grantee up to the maximum amount of Federal funds payable through the fiscal year (FY) in which the requisition is submitted, as stated in the project budget.

2. INSTRUCTIONS. Instructions for completing an SF–270 are printed on its reverse side. In addition, the following instructions should assist grantees in completing this form:

   a. Only the total column on this form should be completed, unless the project involves more than one funding ratio. In such instances, the other columns are also to be used.

      In addition, grantees should round all figures to the nearest dollar, i.e., amounts of $.50 or over would be rounded to the higher dollar. For example, if the non-Federal share is computed to be $2,572.70, the amount reported would be $2,573.

   b. Block #5—All requisitions should be numbered consecutively beginning with #1 as the first requisition. Suggested format should include the FY and sequential number for each individual voucher. For example, the payment request number for the Grantee's first voucher submitted in FY 2007 would appear on the SF 270 as follows: 2007–001.

   c. Block #8—The first requisition covers the date the grant was awarded, (unless the grant had pre-award authority), through the end of the period for which reimbursement is requested. When a requisition requests reimbursement only, the "ending" date will be the same date on which outlays are reported on line 11a of this form. If the reimbursement and/or an advance is being requested, the “ending” date should reflect the period through which the advance funds are needed.

All requisition report periods should run consecutively. For example, if a requisition is submitted for the period 1/1/07 to 3/31/07, the next requisition will begin 4/1/07.

d. Block #9—The name of the grantee should be exactly as indicated on the Grant Agreement. Grantees should not use abbreviations but spell out the entire name of the organization.

e. Block #11—Line A—The “as of” date should be the date for which the grantee has actual costs recorded. This date should be the same as the “to” date, Block #8, unless the grantee is requesting an advance.

Line B—Represents the amount applicable to program income that was required to be used for the project or program by terms of the grant or other agreement.

Line D—Represents the estimated expenditures for the advance period, both FTA share and the local share.

Line F—Non-Federal share of line E, depending on the funding ratio of a particular project.

Line G—Federal share of line E, depending on the funding ratio for a particular project.

Line H—Total of previous requisition(s) submitted. This line should not represent actual payment received because the grantee may have submitted a requisition that is in the process of being paid. Requisition #1 on this line should be zero.

Note: Grantees should only complete the “total” column of Block #11, unless the Grant Agreement specified that there is more than one funding source supporting the project. In such cases, separate columns should be utilized for each funding source.

Line I—Federal share now requested represents the total amount of the SF 270 reimbursement that will be forwarded to the grantee.

3. REVIEW OF THE SF–270. Each SF–270 for funds will be reviewed in light of the periodic progress reports and financial reports required for each project. Changes requiring grant amendments or prior approval of a budget revision must be approved before funds for these changes are requisitioned.

EXHIBIT 1

ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM

OMB No. 1510-0056

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY: DOT, Federal Transit Administration		
AGENCY IDENTIFIER:	AGENCY LOCATION CODE (ALC): 69-08-0001	ACH FORMAT: ☑ CCD+ ☐ CTX ☐ CTP
ADDRESS: 1200 New Jersey Avenue S.E., East Building, Fifth Floor (E-54) Washington, DC 20590		
CONTACT PERSON NAME: Millie Fields		TELEPHONE NUMBER: (202) 366-6685
ADDITIONAL INFORMATION: Mail completed ACH form, with original signatures, to the above address.		

PAYEE/COMPANY INFORMATION

NAME	SSN NO. OR TAXPAYER ID NO.
ADDRESS	
CONTACT PERSON NAME: Note: Contact name will be verified with the FTA Project Lead	TELEPHONE NUMBER: ( )

FINANCIAL INSTITUTION INFORMATION

NAME:	
ADDRESS:	
ACH COORDINATOR NAME:	TELEPHONE NUMBER: ( )
NINE-DIGIT ROUTING TRANSIT NUMBER: _ _ _ _ _ _ _ _ _	
DEPOSITOR ACCOUNT TITLE:	
DEPOSITOR ACCOUNT NUMBER:	LOCKBOX NUMBER:
TYPE OF ACCOUNT: ☐ CHECKING ☐ SAVINGS ☐ LOCKBOX	
SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL: (Could be the same as ACH Coordinator)	TELEPHONE NUMBER: ( )

NSN 7540-01-274-9925

SF 3881 (Rev 12/90)
Prescribed by Department of Treasury
31 U S C 3322; 31 CFR 210

INSTRUCTIONS FOR COMPLETING SF 3881 FORM

Instructions for Completing SF 3881 Form

1. Agency Information Section - Federal agency prints or types the name and address of the Federal program agency originating the vendor/miscellaneous payment, agency identifier, agency location code, contact person name and telephone number of the agency. Also, the appropriate box for ACH format is checked.

2. Payee/Company Information Section - Payee prints or types the name of the payee/company and address that will receive ACH vendor/miscellaneous payments, social security or taxpayer ID number, and contact person name and telephone number of the payee/company. Payee also verifies depositor account number, account title, and type of account entered by your financial institution in the Financial Institution Information Section.

3. Financial Institution Information Section - Financial institution prints or types the name and address of the payee/company's financial institution who will receive the ACH payment, ACH coordinator name and telephone number, nine-digit routing transit number, depositor (payee/company) account title and account number. Also, the box for type of account is checked, and the signature, title, and telephone number of the appropriate financial institution official are included.

Burden Estimate Statement

The estimated average burden associated with this collection of information is 15 minutes per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Financial Management Service, Facilities Management Division, Property and Supply Branch, Room B-101, 3700 East West Highway, Hyattsville, MD 20782 and the Office of Management and Budget, Paperwork Reduction Project (1510-0056), Washington, DC 20503.

EXHIBIT 2

REQUEST FOR ADVANCE OR REIMBURSEMENT

(See instructions on back)

OMB APPROVAL NO. 0348-0004

PAGE ___ OF ___ PAGES

1. TYPE OF PAYMENT REQUESTED
   a. "X" one or both boxes: ☐ ADVANCE ☐ REIMBURSE-MENT
   b. "X" the applicable box: ☐ FINAL ☐ PARTIAL

2. BASIS OF REQUEST: ☐ CASH ☐ ACCRUAL

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY

5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST

6. EMPLOYER IDENTIFICATION NUMBER

7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER

8. PERIOD COVERED BY THIS REQUEST
   FROM (month, day, year)
   TO (month, day, year)

9. RECIPIENT ORGANIZATION
   Name:
   Number and Street:
   City, State and ZIP Code:

10. PAYEE (Where check is to be sent if different than item 9)
   Name:
   Number and Street:
   City, State and ZIP Code:

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED

PROGRAMS/FUNCTIONS/ACTIVITIES ►		(a)	(b)	(c)	TOTAL
a. Total program outlays to date	(As of date)	$	$	$	$ 0.00
b. *Less:* Cumulative program income					0.00
c. Net program outlays (*Line a minus line b*)		0.00	0.00	0.00	0.00
d. Estimated net cash outlays for advance period					0.00
e. Total (*Sum of lines c & d*)		0.00	0.00	0.00	0.00
f. Non-Federal share of amount on line e					0.00
g. Federal share of amount on line e					0.00
h. Federal payments previously requested					0.00
i. Federal share now requested (*Line g minus line h*)		0.00	0.00	0.00	0.00
j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances	1st month				0.00
	2nd month				0.00
	3rd month				0.00

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY

a. Estimated Federal cash outlays that will be made during period covered by the advance	$
b. *Less:* Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (*Line a minus line b*)	$ 0.00

AUTHORIZED FOR LOCAL REPRODUCTION (Continued on Reverse) STANDARD FORM 270 (Rev. 7-97)
Prescribed by OMB Circulars A-102 and A-110

13. CERTIFICATION

I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

SIGNATURE OR AUTHORIZED CERTIFYING OFFICIAL

DATE REQUEST SUBMITTED: August 13, 2007

TYPED OR PRINTED NAME AND TITLE

TELEPHONE (AREA CODE, NUMBER, EXTENSION)

This space for agency use

Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0004), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

INSTRUCTIONS FOR COMPLETING SF–270 FORM

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

Item	*Entry*
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.
Note:	The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.
11	The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
11a	Enter in "as of date," the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.
11b	Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
13	Complete the certification before submitting this request.

APPENDIX H

REFERENCES

a. Federal Transit Laws, Title 49, United States Code, Chapter 53.

b. Federal-aid highway and surface transportation laws, Title 23, United States Code.

c. Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, (SAFETEA–LU) (Pub. L. 109–59, 119 Stat. 1144, Aug. 10, 2005).

d. Transportation Equity Act for the 21st Century (TEA–21) (Pub. L. 105–178, 112 Stat. 107, June 9, 1998).

e. Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) (Pub. L. 102–240, 105 Stat. 1914, Dec. 18, 1991).

f. Federal Public Transportation Act of 1978 (Pub. L. 95–599, Nov. 6, 1978).

g. Americans with Disabilities Act (ADA) of 1990, as amended, 42 U.S.C. 12101 *et seq.*

h. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794.

i. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d.

j. Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000e.

k. National Environmental Policy Act (NEPA), 42 USC Section 4321–4370d.

l. Energy Policy and Conservation Act, as amended, 42 U.S.C. 6321 *et seq.*

m. Clean Air Act, as amended, 42 U.S.C. 7401 *et seq.*

n. Section 102(a) of the Flood Disaster Protection Act of 1973, 42 U.S.C. Section 4012a.

o. Section 404 of the Clean Water Act, as amended, 33 U.S.C. 1344.

p. Policy on Lands, Wildlife, and Waterfowl Refuges, and Historic Sites, 49 U.S.C. 303.

q. Section 106 of the National Historic Preservation Act, 16 U.S.C. 470f.

r. Section 3 of the Alaska Native Claims Settlement Act (ANCSA), 43 U.S.C. 1601 *et seq.*

s. Internal Revenue Code, Non-profit Organizations, 26 U.S.C. 501.

t. The Rehabilitation Act of 1973, 29 U.S.C. Section 794, as amended.

u. Lobbying Restrictions, 31 U.S.C. 1352.

v. Disadvantaged Business Enterprises, 23 U.S.C. 101 note.

w. Money and Finance, 31 U.S.C. 6304.

x. Congressional Declaration of Policy Respecting Insular Areas, 48 U.S.C. 1469a.

y. Program Fraud Civil Remedies Act, 31 U.S.C. 3801 *et seq.*

z. Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended, 42 U.S.C. 4601, *et seq.*

aa. Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 *et seq.*

bb. Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681 *et seq.*

cc. National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321 *et seq.*

dd. Federal Funding Accountability and Transparency Act of 2006 (Pub. L 109–282, 120 Stat. 1186, Sept. 26, 2006).

ee. Davis-Bacon Act, as amended, 40 U.S.C. 3141 *et seq.*

ff. Drug-Free Workplace Act of 1988, as amended, 41 U.S.C. 701 *et seq.*

gg. DOT regulations, "Organization and Delegation of Powers and Duties," 49 CFR part 1.

hh. DOT regulations, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," 49 CFR part 18.

ii. DOT regulations, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," 49 CFR part 19.

jj. DOT regulations, "New Restrictions on Lobbying," 49 CFR part 20.

kk. DOT regulations, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964," 49 CFR part 21.

ll. DOT regulations, "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs," 49 CFR part 24.

mm. DOT regulations "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," 49 CFR part 25.

nn. DOT regulations, "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs," 49 CFR part 26.

oo. DOT regulations, "Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance," 49 CFR part 27.

pp. DOT regulations, "Governmentwide Debarment and Suspension (Nonprocurement)," 49 CFR part 29.

qq. DOT regulations, "Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)," 49 CFR part 32.

rr. DOT regulations, "Transportation Services for Individuals with Disabilities (ADA)," 49 CFR part 37.

ss. DOT regulations, "Americans with Disabilities Act (ADA) Accessibility Specifications for Transportation Vehicles," 49 CFR part 38.

tt. DOT regulations, "Procedures for Transportation Workplace Drug and Alcohol Testing Programs," 49 CFR part 40.

uu. FTA regulations, "Requirements for Energy Assessments," 49 CFR part 622, Subpart C.

vv. FTA regulations, "Clean Fuels Grant Program," 49 CFR part 624.

ww. FTA regulations, Project Management Oversight, 49 CFR part 633.

xx. FTA regulations, State Safety Oversight, 49 CFR part 659.

yy. Joint Federal Highway Administration/FTA regulations, "Planning Assistance and Standards," 23 CFR part 450 and 49 CFR part 613.

zz. Architectural and Transportation Barriers Compliance Board regulations, "Electronic and Information Technology Accessibility Standards," 36 CFR part 1194.

aaa. Health and Human Services regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance," 45 CFR part 90.

bbb. Equal Employment Opportunity Commission regulations, "Age Discrimination in Employment Act," 29 CFR part 1625.

ccc. Office of Management and Budget Circular A–87, "Cost Principles for State, Local, and Indian Tribal Governments," codified at 2 CFR part 225, Aug. 31, 2005.

ddd. Office of Management and Budget Circular A–94, "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs," Oct. 29, 1992.

eee. Office of Management and Budget Circular A–122, "Cost Principles for Non-Profit Organizations," codified at 2 CFR part 230, Aug. 31, 2005.

fff. Office of Management and Budget Circular A–133, "Audits of States, Local Governments, and Non-Profit Organizations," June 23, 2003.

ggg. U.S. Department of Transportation Order to Address Environmental Justice in Minority Populations and Low-Income Populations, 62 FR 18377 (Apr. 15, 1997).

hhh. DOT Policy Guidance Concerning Recipients' Responsibilities to Limited English Proficient (LEP) Persons, 70 FR 74087 (Dec. 14, 2005).

iii. FTA Circular 4220.1E, "Third Party Contracting Requirements," June 19, 2003.

jjj. FTA Circular 4702.1, "Title VI and Title VI-Dependent Guidelines for FTA Recipients," May 13, 2007.

kkk. FTA Circular 4704.1, "Equal Employment Opportunity Program Guidelines for Grant Recipients," July 26, 1988.

lll. FTA Circular 5010.1C, "Grant Management Guidelines," Oct. 1, 1998.

mmm. FTA Circular 5800.1, "Safety and Security Management Guidance for Major Capital Projects," Aug. 1, 2007.

nnn. FTA Circular 8100.1C, "Program Guidance for Metropolitan Planning and State Planning and Research Program Grants," Sept. 1, 2008.

ooo. FTA Circular 9030.1C, "Urbanized Formula Program Guidance and Application Instructions," Oct. 1, 1998.

ppp. FTA Circular 9040.1F, "Nonurbanized Area Formula Program Guidance and Grant Application Instructions," April 1, 2007.

qqq. FTA Circular 9045.1, "New Freedom Program Guidance and Application Instructions," May 1, 2007.

rrr. FTA Circular 9300.1B, "Capital Program: Grant Application Instructions," Nov. 1, 2008.

sss. FTA Circular 4220.1F "Third Party Contracting Guidance", Nov. 1, 2008.

ttt. FTA Master Agreement FTA MA(14), Oct. 1, 2007.

uuu. FTA Guidance, "Eligibility of Joint Development Improvements Under Federal Transit Law," 72 FR 5788, February 7, 2007.

vvv. FTA ITS Policy, **http://www.fta.dot.gov/documents/FTA_ITS_Policy.pdf**.

www. FTA ECHO-Web System Operations Manual **http://www.fta.dot.gov/documents/ECHOWebGranteeUserManual.pdf**.

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APPENDIX I

FTA REGIONAL AND METROPOLITAN CONTACT INFORMATION

Office	Area Served	Contact Information
Region I	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont	Transportation Systems Center Kendall Square 55 Broadway, Suite 920 Cambridge, MA 02142–1093 Phone: 617–494–2055 Fax: 617–494–2865
Region II	New York and New Jersey	One Bowling Green Room 429 New York, NY 10004–1415 Phone: 212–668–2170 Fax: 212–668–2136
Region III	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia	1760 Market St Suite 500 Philadelphia, PA 19103–4124 Phone: 215–656–7100 Fax: 215–656–7260
Region IV	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and U. S. Virgin Islands	230 Peachtree Street NW Suite 800 Atlanta, GA 30303 Phone: 404–865–5600 Fax: 404–865–5605
Region V	Illinois, Indiana, Minnesota, Michigan, Ohio, and Wisconsin	200 W Adams St Suite 320 Chicago, IL 60606 Phone: 312–353–2789 Fax: 312–886–0351
Region VI	Arkansas, Louisiana, New Mexico, Oklahoma, and Texas	819 Taylor St Room 8A36 Forth Worth, TX 76102 Phone: 817–978–0550 Fax: 817–978–0575
Region VII	Iowa, Kansas, Missouri, and Nebraska	901 Locust, Suite 404 Kansas City, MO 64106 Phone: 816–329–3920 Fax: 816–329–3921

Office	Area Served	Contact Information
Region VIII	Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming	12300 W Dakota Ave. Suite 310 Lakewood, CO 80228–2583 Phone: 720–963–3300 Fax: 720–963–3333
Region IX	Arizona, California, Hawaii, Nevada, Guam, American Samoa, and Northern Mariana Islands	201 Mission St Room 1650 San Francisco, CA 94105–1839 Phone: 415–744–3133 Fax: 415–744–2726
Region X	Alaska, Washington, Oregon, and Idaho	Jackson Federal Building 915 Second Ave, Suite 3142 Seattle, WA 98174–1002 Phone: 206–220–7954 Fax: 206–220–7959
Lower Manhattan Recovery Office	Lower Manhattan	One Bowling Green, Room 436 New York, NY 10004 Phone: 212–668–1770 Fax: 212–668–2505
New York Metropolitan Office	New York Metropolitan Area	One Bowling Green, Room 428 New York, NY 10004–1415 Telephone: 212–668–2201 Fax: 212–668–2136
Philadelphia Metropolitan Office	Philadelphia Metropolitan Area	1760 Market Street, Suite 510 Philadelphia, PA 19103–4124 Telephone: 215–656–7070 Fax: 215–656–7269
Chicago Metropolitan Office	Chicago Metropolitan Office	200 West Adams Street Suite 2410 (24th floor) Chicago, IL 60606 Telephone: 312–886–1616 Fax: 312–886–0351
Los Angeles Metropolitan Office	Los Angeles Metropolitan Area	888 S. Figueroa, Suite 1850 Los Angeles, CA 90012 Telephone: 213–202–3950 Fax: 213–202–3961
Washington, DC Metropolitan Office	Washington, DC Metropolitan Area	1990 K Street NW Suite 510 Washington, DC 20006 Telephone: 202–219–3562/3565 Fax: 202–219–3545

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