State Management Plan
FTA Section 5339 Program

July 2016

California Department of Transportation
Division of Rail and Mass Transportation
Federal Transit Programs Office

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1. Introduction

This State Management Plan (SMP) provides essential information for the understanding and implementation of the Federal Transit Administration (FTA) Section 5339 Bus and Bus Facilities (5339) grant program (Program) managed and administered by the California Department of Transportation (Caltrans). The SMP is organized into key sections.

- Introduction–Caltrans' Mission/Vision/Goals/Values, as well as SMP Requirements
- Program Overview, Goals, and Objectives–description of each FTA program, the FTA
- program goals, and Caltrans' program objectives
- Selection and Eligibility–selection and eligibility criteria for each of the FTA programs
- Program Management–program organization, staffing, administration, and other related issues for the management of the FTA 5339 program
- Grant Administration–monitoring and reporting project progress, grant expenditures, and project completion and close out
- Planning and Coordination–statewide and coordinated planning, program application, and project selection processes
- Financial Management–managing and processing federal transactions consistent with state and federal requirements
- Maintenance, Procurement, Satisfactory Continuing Control, etc.–additional program management information

The SMP will provide the reader with an understanding of the FTA's requirements for the administration and implementation of this Program and Caltrans' policies and procedures for the management of the Program in California.

1.1 Purpose of this Document

The Governor of the State of California has designated Caltrans, Division of Rail and Mass Transportation (DRMT), Office of Federal Transit Programs as the recipient of FTA 5339 grant programs. The FTA 5339 grant program Circular may be found at the following link.

http://www.fta.dot.gov/documents/Final_FTA_C_5100_4-16-15.pdf

FTA Section 5339 was first authorized under the Moving Ahead for Progress in the 21st Century Act (MAP-21). The Program was continued, with some modifications in the recently authorized Fixing America's Surface Transportation (FAST) Act.

DRMT is responsible for administering these funds in accordance with State and federal laws, statutes, and regulations. DRMT, through a working relationship with the FTA, Councils of Government (COG), Metropolitan Planning Organizations (MPO), Regional Transportation Planning Agencies (RTPAs), local governments, tribal organizations, and transit providers, develops and maintains an effective and efficient network of transportation services available to the public. This SMP outlines Caltrans' objectives, policies, procedures, and administrative requirements, in a form accessible to existing and potential subrecipients, State staff, the FTA, local agencies, and the public. This SMP's primary purpose is to serve as the basis for State-level management of the FTA programs and to provide public information on Caltrans' administration of these programs. Caltrans DRMT also uses this SMP internally as a Program Guide and Handbook for the implementation of the FTA programs. To this end, the SMP is more detailed and comprehensive than may be found from other states. This SMP is

administered through additional documents, such as Grant Applications and Standard Agreements (referenced in the Appendix).

1.2 Caltrans Mission, Vision, Goals, and Values

Caltrans' mission, vision, goals, and values guide Caltrans' actions and how it serves the public, including the administration of federal programs presented in this SMP.

MISSION:

Provide a safe sustainable, integrated and efficient transportation system to enhance California's economy and livability.

VISION:

A performance-driven, transparent and accountable organization that values its people, resources and partners, and meets new challenges through leadership, innovation and teamwork.

GOALS:

Safety and Health: Provide a safe transportation system for workers and users, and promote health through active transportation and reduced pollution in communities.

Stewardship and Efficiency: Money counts. Responsibly manage California's transportation-related assets.

Sustainability, Livability and Economy: Make long-lasting, smart mobility decisions that improve the environment, support a vibrant economy, and build communities, not sprawl.

System Performance: Utilize leadership, collaboration and strategic partnerships to develop an integrated transportation system that provides reliable and accessible mobility for travelers.

Organizational Excellence: Be a national leader in delivering quality service through excellent employee performance, public communication, and accountability.

VALUES:

Integrity: We promote trust and accountability through our consistent and honest actions.

Commitment: We are dedicated to public service and strive for excellence and customer satisfaction.

Teamwork: We inspire and motivate one another through effective communication, collaboration, and partnership.

Innovation: We are empowered to seek creative solutions and take intelligent risks.

1.3 State Management Plan Requirements

The SMP describes Caltrans' policies and procedures for administering the State-managed portions of the Program. Caltrans DRMT is required to have an approved SMP on file with the FTA Region IX Office in San Francisco and to update it regularly to incorporate any significant changes in program management or the addition of substantially new requirements.

Whenever significant changes occur in program requirements or management, Caltrans DRMT will gather input from stakeholders and the public, and submit a revised SMP to the FTA for approval. Caltrans DRMT also makes the SMP readily available to the public by posting it to the Caltrans Division of Rail and Mass Transportation's SMP website.

1.3.1 Public Outreach

Caltrans DRMT will conduct public outreach activities to provide opportunities for stakeholder review and input prior to finalizing this SMP. The Caltrans DRMT public outreach approach is comprised of the following:

Posting of this SMP on the Caltrans DRMT website and the CalACT website for a period of no less than thirty (30) days. Stakeholders are requested to provide comments to Caltrans via email.

2. Caltrans Program Management

The Governor of California has designated the Caltrans Division of Rail and Mass

Transportation (DRMT), Office of Federal Transit Programs as the direct recipient of the FTA Program. As designated recipient of the Program, Caltrans DRMT is responsible for administering these program funds in accordance with federal and State laws, statutes, regulations, and FTA guidance. It is the overall goal of the State to ensure "fair and equitable distribution of program funds, including funds granted to Native American tribes." All subrecipients, including federally-recognized tribal governments, must comply with all terms and conditions of the FTA's standard grant agreements and all management, statutory, procedural, and contractual requirements. Failure to adhere to all federal requirements will render any existing or potential subrecipient ineligible for federal financial assistance. Caltrans DRMT will also not take action that prejudices the legal and administrative findings that the FTA must make in order to approve a project.

This section describes Caltrans DRMT's Program Management structure and processes related to the Program which are the subject of this SMP. Included here are organizational roles and responsibilities for Caltrans DRMT and other stakeholders, technical assistance provisions, and State management and oversight.

2.1 Organization and Staffing

2.1.1 Internal (Caltrans) Roles and Responsibilities

The organizational structure and staffing within Caltrans DRMT includes the: Division Chief, Office Chiefs, Branch Chiefs, staff, and District Transit Representatives (DTRs). See Appendix 1 for the Caltrans DRMT Organizational Chart reflecting roles and responsibilities within the Division.

2.1.2 External Roles and Responsibilities

Federal Transit Administration (FTA) Headquarters: The FTA Headquarters Office is responsible for the following: providing overall policy and program guidance; apportioning funds annually to the states; developing and implementing financial management procedures; initiating and managing program support activities; and conducting national program review and evaluation. The DRMT does not contact FTA Headquarters without first contacting its assigned regional office.

Federal Transit Administration Regional Office: For Section 5339, the FTA Regional Offices are tasked with assisting agencies with grant administration for planning, finance, and execution and delivery of transit projects. The FTA Regional offices have the day-to-day responsibility for administration of the Federal Transit Programs. Regional office activities include: reviewing and approving state grant applications; obligating funds; managing grants; overseeing the state's implementation of the annual program, including revisions to the Program of Projects (POP); receiving state certifications; reviewing and approving SMPs, providing technical assistance and advice to the states as needed; and performing State Management Reviews (SMRs) every three years, or as circumstances warrant.

Caltrans works with the FTA Region IX Office. This Regional office serves recipients in the states of Arizona, California, Hawaii and Nevada, as well as the territories of Guam, American

Samoa, and the Northern Mariana Islands, and is located in San Francisco, California. There is also an FTA Region IX satellite office in the Los Angeles Metropolitan area.

Social Service Transportation Advisory Council: California law requires transportation planning agencies to establish a Social Services Transportation Advisory Council (SSTAC) for each county or counties operating under a joint powers agreement. Membership on this committee includes representatives of potential transit users, including the seniors and disabled, representatives of social services agencies serving the seniors, the disabled or low-income individuals, Native Americans, and representatives from the local Consolidated Transportation Services Agency (CTSA). The purpose of this group is to identify transit needs in the jurisdiction that may be reasonable to meet and to serve as advisors to the transportation planning agency on transit issues, including the coordination and consolidation of specialized transportation services.

Metropolitan Planning Organizations: In California, 18 federally designated MPOs have been created. Federal legislation passed in the early 1970's required the formation of an MPO for any urbanized area with a population greater than 50,000. To execute various transportation planning functions, all 18 MPOs receive annual federal metropolitan planning funds from the Federal Highway Administration (FHWA) and FTA to carry out their respective planning requirements. MPOs were created in order to ensure that existing and future expenditures for transportation projects and programs were based on a continuing, cooperative and comprehensive planning process. One of the core functions of an MPO is to develop a Regional Transportation Plan (RTP) which is a 20-year long-range plan intended to promote multimodal planning process for effective transportation investments. MPOs must adhere to federal and State planning regulations during the preparation of their RTP. The plans consist of three elements: Policy, Action, and Financial. Updates to these plans are reviewed by Caltrans to ensure consistency with all federal and State planning laws.

Regional Transportation Planning Agencies, Council of Governments: In California, there are 26 statutorily created Regional Transportation Planning Agency (RTPAs). All 26 RTPAs receive State planning funds. RTPAs must adhere to federal and State planning regulations, however. RTPAs follow a simplified planning process that is comparable to that of MPOs.

Consolidated Transportation Services Agencies: State law has created CTSAs. These agencies are responsible for consolidating transportation services within specified geographical areas. CTSAs are designated and certified by the MPO/RTPA. Agencies designated as a CTSA are eligible for funding.

2.2 State Administration and Oversight

Caltrans does not currently receive any administrative resources for the Section 5339 program nor does Caltrans allocate administrative funds to subrecipients for the Section 5339 program.

Caltrans DRMT is responsible for ensuring that subrecipients, third party contractors, and lessees adhere to the applicable federal and State regulations. Caltrans DRMT develops and implements effective grant management systems for monitoring and ensuring compliance with statutory and program requirements. Caltrans' subrecipients monitoring includes:

- Project monitoring and site visits.

- Triennial agency program compliance visits.
- Agency, vehicle, equipment, facility monitoring.
- Training/workshops for subrecipients.
- Reporting requirements (Milestone Progress Reports, Disadvantaged Business Enterprise Reports, and National Transit Database Reports).

Reports are used to evaluate the performance of individual agencies deliverables and are compared with original service projections. Any concerns resulting from the inspection or analysis of data, such as underutilized equipment, safety issues or potential misuse of equipment, are analyzed for follow-up, and DRMT will take appropriate action and resolution to ensure federal program compliance as follows:

- Disallow or temporarily withhold cash payments pending correction of the deficiency by the subrecipient.
- Wholly or partially suspend the current award for the subrecipient's projects.
- Terminate the current award for the subrecipient's project and/or remove the project equipment from the subrecipient.
- Refrain from contract execution.
- Removing equipment from a subrecipient is used as a last resort, and only after coordination efforts or remedial actions are unsuccessful.

2.2.1 Subrecipients Milestone Progress Reports (See Section 6.2 for Reporting)

Quarterly reports are known as Milestone Progress Reports (MPR). Beginning January 2016, all subrecipients will be required to report semi-annually for capital projects. Projects not meeting program requirements, not on schedule, and/or requiring time extensions will be required to report quarterly. Each subrecipient must submit MPRs to Caltrans DRMT documenting the use of all operating assistance, vehicles, and other equipment acquired under each grant program, which is then consolidated and sent to the FTA. The MPR requirements are discussed with applicants at grant application workshops. Applicants and subrecipients can find the latest downloadable version of the report form on Caltrans DRMT's website along with detailed instructions for completing the form.

MPR are to be submitted to Caltrans DRMT within 30 days after the end of the reporting period. Reporting periods and due dates will be posted on the DRMT website for each grant program. Agencies are contacted if the report is not received or information is incomplete or insufficient for program requirements. Some of the items to be included in the MPR form are as follows:

- Completed activities during the reporting period.
- Identification of ancillary equipment, (i.e. radios, base stations, computers, etc.).
- Description of loss, damage, or major repair to any equipment during the reporting period.
- Copy of current California Highway Patrol's (CHP) Safety Compliance Report.
- Copy of current Certificate of Insurance to ensure vehicles are covered by the appropriate insurance policy.
- Certification that equipment is being used for the service for which it was approved, and in accordance with the Standard Agreement.
- Description of any incidental service being provided.

2.3. Electronic Grants Management

Caltrans DRMT is implementing an electronic grants management system. It is the intent of DRMT that all applications for grant awards, requests for reimbursement, contractual documents, required periodic reporting, and asset management be handled through the electronic grants management system.

3. Program Overview, Goals and Additions

This section provides an overview description of the FTA Section 5339 program, the FTA's program goals, and Caltrans' program objectives. Legal authority for these programs comes from Title 49 of the United States Code (U.S.C) which states the Department of Transportation's (DOT) role for each state within the United States. In California, Caltrans' DRMT is responsible for creating policies and procedures for Section 5339 program.

3.1 Section 5339 Bus and Bus Facilities

The Program is a statewide discretionary (national distribution) and urban area formula funding program established by the FTA (49 U.S.C. 5339) for the purpose of financing capital bus and bus-related projects that will support the continuation and expansion of public transportation services in the United States.

3.1.1 Program Goal

Assist eligible recipients in the financing of capital projects that either replace, rehabilitate or purchase new buses and related equipment to support the continuation and expansion of public transportation services in California as described in the California Transportation Plan, and local long and short range transportation plans.

3.1.2 Program Objectives

Caltrans' DRMT's specific objectives established to meet Program goals are to:

- Meet the needs of rural and small urban public transportation by providing resources for capital projects that maintain service levels and/or increase the capacity and frequency of transit services where appropriate.
- Improve service quality and encourage the public's use of transit services.
- Improve local transit ridership and farebox recovery.
- Ensure a fair and equitable distribution of program funds to eligible recipients.

4. Planning and Coordination

FTA grant program applications and project selection processes are derived from various federal, state and local planning processes. In particular, the requirement to develop a local, coordinated public transit-human services transportation plan is an integral aspect of the FTA grant program project development. It is Caltrans DRMT's responsibility to provide for maximum feasible coordination of public transportation services assisted by theFTA, with transportation services assisted by other federal programs. For Section 5339, Caltrans DRMT must certify: (1) the projects selected were derived from a locally developed, coordinated public transit-human services transportation plan; (2) the plan was developed through a process that included representatives of public, private, and non-profit transportation and human service providers, and participation by the public, and (3) that allocations to subrecipients, if any, are distributed on a fair and equitable basis. This section describes the statewide and coordinated planning processes and the involvement of local agencies in these processes.

4.1 Planning and Coordination

4.1.1 Statewide Planning Process

The Statewide Planning Process is specified in 49 CFR Part 613 and 23 CFR Part 450, and includes the Statewide Transportation Improvement Program (STIP) which is consistent with California's long-term plan. The California Transportation Plan (CTP), also known as the Statewide Long-Range Transportation Plan, represents the long-range and short-range program strategies that lead to the development of an integrated intermodal transportation system.

The Caltrans long range planning vision is to support the CTP. The CTP is a statewide, long-range transportation plan that will guide transportation decisions and investments in the 21st Century. It proposes a vision for transportation through the year 2025, and sets goals, policies, and strategies to achieve the vision. The CTP considers the mobility of people, goods, services and information via all modes of transportation–biking walking, driving, transit, railway, ferries, ships, aviation, and electronic communications. (See Section 4.1.2)

Relevant projects or strategies serving human service transportation needs over the 20-year planning horizon should be referenced in the Regional Transportation Plan and the Statewide Long-Range Transportation Plan or these plans should include explicit reference to the Coordinated Plan (from a locally developed, coordinated public transit human services transportation plan). Caltrans has the opportunity to facilitate coordination through the development of the Caltrans Interregional Transportation Strategic Plan and participation in statewide interagency coordinating councils and statewide coordinated planning activities, though the coordination of services takes place at the local level.

Caltrans certifies that the transportation planning process is being carried out in accordance with all federal requirements. Federal law requires the Transportation Improvement Program (TIP) to be incorporated into the STIP consistent with 23 U.S.C. 135 - Statewide transportation planning and 49 U.S.C. 5304. The TIP is a prioritized listing/program of transportation projects covering a period of four (4) years that is developed and formally adopted by an MPO as part of the metropolitan transportation planning process, consistent with the metropolitan transportation plan and required for projects to be eligible for funding

under title 23 U.S.C. and 49 U.S.C. Chapter 53. The STIP is similar to TIP, and also includes four (4) federal years of projects, programs and strategies from non-metropolitan areas and requires joint approval by FTA and FHWA. Apportionment, along with all other federal highway and transit funds, must also be included in the STIP. Once the TIP and STIP are integrated, the plan is incorporated into the Federal Statewide Transportation Improvement Program (FSTIP)).

Before a project can receive federal authorization (FHWA and FTA) to proceed, it must be in the approved FSTIP. The FSTIP is developed by Caltrans Division of Programming. The FSTIP includes a compilation of all Federal Transportation Improvement Programs (FTIP) and projects from rural counties. The MPOs program projects in their region for inclusion in the FSTIP and Caltrans' Division of Programming programs projects on behalf of Rural Counties. Caltrans submits the approved FSTIP to the FHWA and FTA by September 1 of even-numbered years. Once the FSTIP has been approved, Caltrans DRMT staff submits grant requests to the FTA for projects in the approved FSTIP. For more information on the programming process please visit: Federal Statewide Transportation Improvement Program (FSTIP)

4.1.2 California Transportation Plan

The CTP is a statewide, long-range transportation plan for meeting our future mobility needs. The CTP defines goals, policies, and strategies to achieve a collective vision for California's future transportation system. This plan, with a minimum 20-year planning horizon, is prepared in response to federal and State requirements and is updated every five years. The current CTP, (CTP 2025), was approved in 2006 and updated by an Addendum in October of 2007 to comply with new federal planning requirements governing development of the plan.

In 2009, Caltrans expanded the State's transportation planning process with an initiative to include the development of a state-level transportation blueprint focused on interregional travel needs while addressing the specific requirements of Senate Bill 391 (Liu). The California Interregional Blueprint (CIB) will articulate the vision for a statewide, integrated, multimodal transportation system that complements regional transportation plans and land use visions. The CIB, when fully developed, will also become the foundation for the development of the next update, the CTP 2040, that will be delivered by December 2015 to address a specific requirement of SB 391. The CIB Web Portal also contains information on the development of these latest planning efforts associated with the CIB or the CTP.

4.1.3 Consultation and Cooperation with Local Officials

The current rural planning process in California allows for direct participation and involvement of non-metropolitan local officials through the RTPAs in development of transportation plans and priorities for their respective region. This consultation process applies to the Statewide Transportation Plan 2025 by including the RTPAs and other transportation providers as partners in the planning process. This process is separate and discrete from the public involvement process. Each RTPA is charged with maintaining a regional Technical Advisory Committee (TAC) with representatives from Caltrans district regional planning, local government, elected officials, transportation providers, and special interest groups. The transportation advisory committee plays an important role in identifying, analyzing and prioritizing transportation needs and goals for their respective regions. As a result of the transportation advisory committee and RTPA Boards, local

governments/elected officials are directly consulted and given an opportunity to identify transportation needs. The committees are encouraged to meet at least bi-annually or as needed to review project status, evaluate proposed modifications to the TIP/STIP, update long-range plan and funding priorities, comment on rural functional classification changes, receive input on the rural work programs, and coordinate special studies.

4.2 Planning, Programming, and Coordination for 5339 Projects

The Section 5339 program follows the statewide planning process as discussed in Section 4.1.1. In addition, it is the goal of Caltrans DRMT to ensure that all transit projects must be developed through coordinated or regional planning process. All projects, no matter their purpose or funding source, require early, coordinated and comprehensive planning and they should involve participation by a variety of stakeholders. This comprehensive approach is strongly encouraged at the federal, State, and local levels so that transportation investments are maximized to provide the most effective and efficient use of resources. Caltrans coordinates with regional agencies to ensure that selected projects address human services and regional transportation plans. (23 CFR Part 450 and 49 CFR Part 613). Caltrans has updated its grant application for applicants to show how projects address gaps or barriers identified in the regional, interregional, intercity, or coordinated plans.

Caltrans encourages stakeholders to participate actively and regularly in the regional transportation planning process, including development of the Regional Transportation Plan (RTP), so that desired transit projects are considered in a regional planning context.

An additional opportunity for stakeholders to become involved in the planning process is through the TAC and SSTAC processes. The DTR can provide information regarding meeting dates and times. DTRs can also facilitate discussions between stakeholders and planning agency staff if called upon to do so.

Coordination should be an ongoing and continuous activity of providers using FTA funds. Strong, coordinated, and comprehensive planning is encouraged at the federal, state and local levels. Coordination is a key to providing strong and effective transportation networks in communities. Caltrans and the FTA encourage coordinated efforts. In addition, the FTA and Caltrans require that all public agencies awarded FTA grant funds allow private mass transportation providers to participate in the project planning and development to the maximum extent feasible.

Each MPO and or RTPA should start a process for selection of transit projects in conjunction with the STIP process. Potential transit projects should be identified in the RTP through conducting meetings and hearings involving the public. Projects selected should be based on need and financial constraint. Projects selected should be included in the Regional Transportation Improvement Plan (RTIP) which also has its own series of review and approval processes. Projects selected should be identified in the STIP. For non MPO agencies, Caltrans programs the transit projects in STIP once the projects have been identified by the regional agencies.

4.3 Private Sector Participation

Federal law requires the public to be involved in the transportation planning process and specifically requires that private providers and transit operators be given an opportunity to

be consulted in developing transportation plans and programs in both urban and rural areas. Public involvement processes must be proactive and provide complete information, timely public notice, full public access to key decisions, and opportunities for early and continuing involvement throughout the transportation planning and programming process. All subrecipients are required to certify that transit providers in the area, including private-for-profit operators, are provided fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of proposed transit services.

Under the requirements of 49 U.S.C. 5323(a)(1), states or local governmental authorities may use FTA funds to operate public transportation service in competition with or in addition to transportation service provided by an existing public transportation company, only if the subrecipient "provides for the participation of private companies engaged in public transportation to the maximum extent feasible."

The subrecipient must issue a public notice describing its proposed services to ensure that all interested persons, businesses, and agencies have been notified of a subrecipient's intention to provide transportation services and that they have adequate opportunity to comment. The notice should invite any interested private operator within the service area to comment or request a public hearing on the proposed services by written notice to the subrecipient. A minimum of 15 days response time must be provided.

5. Selection and Eligibility

This section provides the subrecipient and project eligibility criteria and project selection criteria for each of the Caltrans administered FTA grant programs that are the subject of this SMP. Each program also has a method of fund distribution, either through a competitive evaluation method or a formula-based method. Together, these selection and eligibility criteria and funding distribution methodologies provide the mechanism for Caltrans DRMT to distribute FTA grants to subrecipients in the FTA 5339 grant program.

5.1 Section 5339 Bus and Bus Facilities Program

5.1.1 Introduction

The FTA Section 5339 Bus and Bus Facilities Program (5339 Program) was created to provide funding for capital projects to replace, rehabilitate, and purchase buses and bus-related equipment, and to construct bus-related facilities, however, the DRMT does not accept applications for construction of bus-facilities. This Program was first established under MAP-21, replacing the previous Section 5309 discretionary program established under the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In October 2015, the Program was continued by the Fixing America's Surface Transportation Act (FAST Act).

5.1.2 Coordination

The Program follows the statewide planning process as discussed in Section 4.1.1 to facilitate project coordination. In addition, it is the goal of Caltrans DRMT to ensure that all transit projects be developed through coordinated planning facilitated through the regional planning process. All transit projects, no matter their purpose or funding source, require early, coordinated and comprehensive planning and they should involve participation by a variety of stakeholders. This comprehensive approach is strongly encouraged at the federal, State, and local levels so that transportation investments are maximized and provide the most effective and efficient use of resources. Caltrans coordinates with regional agencies to ensure that selected projects address human services and regional transportation plans. (23 CFR Part 450 and 49 CFR Part 613). Caltrans has updated its grant application for applicants to show how projects address gaps or barriers identified in the regional, interregional, intercity, or coordinated plans.

5.1.3 Eligible Subrecipients and Service Areas

Caltrans DRMT is the direct recipient for the statewide discretionary (national distribution) component of 5339 and the designated recipient for the small urban area (small UZA) component of the Program. Eligible subrecipients include public agencies or private nonprofit organizations engaged in public transportation, including those providing services open to a segment of the general public, as defined by age, disability, or income.

Eligible service areas are rural areas that receive 5311 funding and small urban areas that receive 5307 funding. The federal government determines eligible areas for both programs using United States Census data. Caltrans DRMT staff ensures that only projects in federally defined rural and small urban areas are included in the Program components that it manages.

5.1.4 Eligible Project Categories

Eligible projects are capital projects that replace, rehabilitate, and purchase buses and related equipment and bus-related facilities. Planning activities, preventive maintenance activities (other than bus overhauls), and mobility management activities are not eligible under the section 5339 Program. The DRMT does not accept applications for construction of bus-facilities. The following are examples of projects-types eligible for Section 5339 funding:

- Acquisition of buses for fleet and service expansion;
- Acquisition of replacement vehicles;
- Bus rebuilds (for bus rebuild and rehabilitation projects, only over-the-road, large buses are eligible);
- Passenger amenities such as passenger shelters and bus stop signs; and/or
- Accessory and miscellaneous equipment such as mobile radio units, supervisory vehicles, fare boxes, computers, and shop and garage equipment.

Table 1

Eligible Projects	Federal Share	Local Match
Acquiring vehicles for purposes of complying with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) or the Clean Air Act. For example: Acquisition of buses for fleet and service expansion, acquisition of replacement vehicles, and bus rebuilds.	85%	15%
Acquiring vehicle-related equipment or facilities required by the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) or vehicle related equipment or facilities (including clean fuel or alternative fuel vehicle-related equipment or facilities (non-construction) for purposes of complying with or maintaining compliance with the Clean Air Act. For example: passenger shelters and bus stop signs.	90%	10%
Other Bus and Bus Facilities Related Projects. For example: mobile radio units, supervisory vehicles, fare boxes, computers and shop and garage equipment.	80%	20%

5.1.5 Project Selection Criteria and Method of Distributing Funds

In order to receive Section 5339 funding, projects must improve the condition of California's bus fleet and/or bus facilities so that the State's public transportation systems can successfully accomplish their performance objectives.

Formula funding for the small UZA apportionment is determined by FTA Region IX. The same formula that is used to develop the FTA Section 5307 apportionment is used for this component of 5339. Caltrans' DRMT will not question small urban project proposals if proposed projects are eligible and the statewide planning process is followed as discussed in Section 4.1.1 of this SMP.

Special Note: *Under MAP 21 all small UZAs were directed to apply to Caltrans for formula funding. All apportionments from Federal Fiscal Year (FFY) 2013 must be awarded through DRMT. Projects exercising FFY 2014 pre-award authority must also be awarded by DRMT. All projects awarded through Caltrans' DRMT will continue to be managed by DRMT until project's*

useful life is met. However, the FAST Act allows small UZAs to apply for 5339 funding directly from FTA Region IX in the same manner that they apply for 5307 regardless of whether or not 5339 funds were appropriated under MAP 21 or the FAST Act. Any FFY 2014 MAP 21 formula funds that remain unobligated at the close of business on September 30, 2017 will be combined with FAST Act funding and apportioned under FAST Act rules. For these projects, small UZAs will work directly with FTA until the project's useful life is met. Agencies are asked to refrain from applying for prior year funding until Caltrans DRMT can coordinate funding arrangements and timing with agencies and FTA.

For the statewide discretionary component of 5339 Caltrans' DRMT has chosen to use available funding in rural areas for bus replacements only. Calls for projects will occur biannually. Prior to a call for projects, all of California's rural Section 5311 subrecipients are surveyed to determine bus replacement needs. Agencies with the oldest vehicles (determined by condition and percentage beyond useful life) are given first priority for this discretionary funding.

5.1.6 Local Match

The required local match for this Program must come from non-federal Department of Transportation fund sources, such as Transportation Development Act, Local Measures, or Proposition 1B funds. Toll Credits can be used as a local share in lieu of a fund source. Section 5339-eligible projects, and the required federal share and local match for both the discretionary and formula components of this Program are provided in the "Eligible Projects" table above in Section 5.1.4.

5.2 Project Requirements

Once approved by the FTA, successful applicants enter into a Standard Agreement with Caltrans or the FTA and are responsible for meeting all of the agreement's requirements. Applicants must be prepared to meet all federal, State and local requirements upon obligation. The reporting and monitoring terms of the Standard Agreement remain in effect until a project's useful life is met. Applicants are responsible for the proper use, operating costs, and maintenance for all of the equipment purchased with 5339 funds. The remaining sections discuss project requirements in greater detail:

5.2.1 Reporting Documents

Milestone Progress Reports (MPR)

Subrecipients must submit MPRs to Caltrans DRMT. MPRs are to be submitted to Caltrans DRMT within 30 days after the end of the reporting period as follows:

Table 2

Reporting Period	Due Date
July 1 through December 31	January 31
January 1 through June 30	July 31

DBE Awards/Commitments and Actual Payments Reports
Subrecipients must report on Disadvantaged Business Enterprises (DBE) participation in their contracting opportunities. Subrecipients must complete and submit an Awards/ Commitments and Actual Payments spreadsheet biannually to Caltrans DRMT by:

Table 3

Reporting Period	Due Date
April 1 through September 30	October 15
October 1 to March 31	April 15

Equal Employment Opportunity (EEO) Plan (If applicable)
Subrecipients that receive capital or operating assistance in excess of $1million or planning assistance in excess of $250,000 and employ 50 or more transit-related employees must submit an EEO Plan to the State. Program updates are due every three years. For detailed EEO information, please see Section 16.

Title VI Plan
Subrecipients must submit to the DRMT a Title VI plan. Program updates are due every three years. For detailed Title VI information, please see Section 14.

Maintenance Plan (For Facilities and Facility-Related Equipment projects)
Subrecipients are required to develop written maintenance plans for all FTA funded facilities and facility related equipment. The plan should identify goals and objectives of a maintenance program and establish the means by which such goals and objectives will be attained.

5.2.2 Force Account Activities (If Applicable)

Policy
Consistent with FTA Circular 5010.1D, Chapter IV, Section 4 a, it is Caltrans' policy that FTA grant program subrecipients, where applicable, comply with FTA's Force Account Program requirements for projects over $100,000 but less than $10,000,000. This policy requires that to be eligible for reimbursement for Force Account work (exclusively preventive maintenance and construction projects), subrecipients must provide a Force Account plan and justification to Caltrans for review and approval before incurring costs. To assist subrecipients in developing Force Account plans, Caltrans has developed guidelines, policies and procedures for subrecipients to ensure federal requirements compliance.

Definition
Work performed by the subrecipients' work force (in-house labor) that is included in an approved FTA Section 5339 grant is Force Account work. Reimbursement of Force Account work is subject to subrecipients providing a Force Account plan and justification for projects over $100,000. The Force Account plan and justification must include documentation equivalent to a sole source justification and state the basis for a determination that no private sector contractor has the expertise to perform the work. Reimbursement of such expenses are subject to Caltrans' DRMT prior review of the subrecipient's Force Account plan and justification when the total estimated cost of Force Account work under the grant equals $100,000 or more. Justification may be on the basis of cost, exclusive expertise, safety and efficiency of operations, or union agreement. Force Account reimbursement for projects above this threshold must be supported by a Force Account plan and justification which are to

be retained in the subrecipient's files. No plan or justification is required if the grant award amount is less than $100,000 or the agency contracts with the third party for the preventive maintenance or construction work.

Allowable Types of Work

Force Account work does not include project administration activities which are otherwise direct project costs. Force Account work can include major capital project work on rolling stock, construction, and preventive maintenance activities.

Requirements

Force Account requirements include the following:

- If the grant award equals $100,000 or more, and the work is done in-house, a Force Account plan, justification and Caltrans approval are required.
- No plan or justification is required if the Force Account work is less than $100,000.
- One of four (4) conditions may warrant the use of a subrecipients' own "in house" labor.
    - Cost savings
    - Executive expertise
    - Safety and efficiency of operations
    - Union agreement

Record Keeping

Force Account record keeping requirements include the following documentation.

- All costs charged to the project must apply to a particular line item in the project budget
- The subrecipient must maintain thorough documentation of all costs
- The documentation must include the following items.
    - A spreadsheet documenting the hourly rate and labor hours worked for each employee
    - A spreadsheet documenting the workers, work performed, machinery used, and materials supplied
    - Employee personnel policies that delineate paid leave, equal employment, travel, and terms of employment policies, compliant with the Fair Labor Standards Act, and Section 504
    - Purchase vouchers, invoices, lease agreements, and canceled checks for all materials, equipment, or miscellaneous expenses purchased (Invoices for purchases must document the use of purchased items. A copy of the lease agreement must support the use of leased equipment.)

Basis of Reimbursement

To be eligible for reimbursement for force account work, subrecipients must provide the Force Account plan and justification including the following before incurring costs.

- A justification for using subrecipient work forces
- Scope of Work describing force account labor activities
- A copy of the construction plans/preventive maintenance plan and specifications must include the following items.
    - A detailed estimate of costs
    - A detailed schedule and budget

- A copy of the proposed Cooperative Agreement when another public agency is involved
- Submit documentation equivalent to a sole source justification stating the basis for determining that no private sector contractor has the expertise to perform the work. In addition, the required documentation must provide the basis for the subrecipients' decision to use force account labor
- Provide certification that costs presented are fair and reasonable
- 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
- Provide relevant citations from labor union agreements and an analysis of how it pertains to the work in question

Roles and Responsibilities

Subrecipient responsibilities are as follows:

- Develop a force account plan and submit to Caltrans headquarters during the grant application process.
- Keep accurate, detailed records of all labor hours, equipment hours and materials used for the force account.
- Daily Force Account Work and Preliminary field documentation of employee names, employee hours, equipment used, equipment hours and any material incorporated in the work.
- Maintain and have on file a maintenance program plan. The plan should outline the all work that will be performed, organized in a format such as by category, or by type, including scheduling. The scheduling component should include a designated inspection system. This plan is required to be on file with Caltrans' DRMT. The applicant is responsible for submitting new or revised versions of their plan.

Caltrans (Headquarters) responsibilities are as follows:

- Establish and administer program procedures for projects using force account.
- Approve force account requests.
- Assess project proposals based on program definition, goals and objectives.
- Prepare and execute Standard Agreement(s) with the successful applicant.
- Report to the FTA for program compliance.
- Provide guidance and technical support to DTR and subrecipients.
- Review requests for reimbursement to ensure accuracy.
- Monitor and oversight project.
- Conduct on-site review to ensure compliance.

5.2.3 Procurement

All procurements utilizing federal funds, including local procurement of supplies, equipment, construction, and services, must be conducted in accordance with the Procurement Standards set forth in FTA's implementing regulations of 1) 2 CFR Part 200, ("Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards") "; 2) 2 CFR 230 "Cost Principles for Non-Profit Organizations"; 3) 49 CFR Part 18, "Uniform Administrative Requirements for Grants and Cooperative Contracts to State and Local Governments"; 4) 49 CFR Part 19, "Uniform Administrative Requirements for Grants and Agreements with

Institutions of Higher Educations, Hospitals, and Other Non-profit Organizations; and 5) Best Practices Procurement Manual. Additional detailed information about procurement management is available at *http://www.dot.ca.gov/hq/MassTrans/Procurement-Mgmt.html*. Procurement review and approval by Caltrans' DRMT Procurement staff must occur prior to issuance of Purchase Order for all purchases. To obtain prior approval of purchase and goods and services, contact Caltrans DRMT's Procurement Branch at (916) 654-6990.

5.2.4 Disadvantage Business Enterprise

Subrecipients must comply with 49 CFR Part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts on the basis of race, color, national origin. In addition, subrecipients must create a level playing field on which disadvantage business enterprise (DBEs) can compete fairly for DOT-assisted contracts.

5.2.5 Buy America

Buy America provisions apply to:

- All purchases of steel, iron, and manufactured products exceeding the $100,000 threshold regardless of whether they involve capital, operating, or planning funds;
- Subcontractors, regardless of the size of the subcontract, if the prime contract is more than the $100,000 threshold;
- Purchases made using an intergovernmental agreement and jointly-purchased manufactured products.

Purchases of used items

Subrecipients must include a clause citing the Buy America requirement and a Buy America certification in its invitations for bids (IFB) and requests for proposals (RFP). There are different certifications for procurements of rolling stock than for procurements of other steel, iron, or manufactured products. The specific text for steel, iron, or manufactured products can be found at 49 CFR 661.6. The specific text for rolling stock can be found at 49 CFR 661.12. Each is contained in the FTA Best Practices Procurement Manual.

5.2.6 Lobbying

Subrecipients must certify compliance with the Federal Restrictions on Lobbying when signing their Standard Agreement with Caltrans. The restrictions on the lobbying clause are also specifically itemized in the Standard Agreement between the subrecipient and Caltrans. Each vendor bidding on equipment being purchased locally by a subrecipient must sign and submit a "Certification Regarding Lobbying". Caltrans' DRMT verifies that this certification is included in all local procurement bid packages prior to release of the bid by the subrecipient and confirms that it has been completed and submitted by each responding bidder when reviewing the results of the subrecipient's bid prior to approval of award.

5.2.7 Debarment and Suspension

Subrecipients must certify compliance with the federal debarment and suspension provisions by signing a separate certification when executing their Standard Agreement. In addition, language contained within the Standard Agreement requires compliance with the debarment and suspension provisions. Prior to award, Caltrans verifies through the Excluded Parties List System that the selected contractor has not been suspended or debarred. Caltrans also reviews all procurement documents to ensure the inclusion of the debarment and suspension certification to be submitted with each bid. It is also the responsibility of the prospective

subrecipient to notify Caltrans if it knows whether or not it or any of its principals are presently excluded or disqualified under these regulations.

5.2.8 Vehicle Certification

Subrecipients are the registered owner of vehicles purchased with Section 5339 funds; however, Caltrans' DRMT is the lien holder and retains the Certificate of Title until the property meets the useful life standard and the federal interest requirement. In order to protect the interest of the State and the federal government, the following language is included in each subrecipient's standard agreement:

> "At all times, while the PROJECT equipment is in the possession of the Contractor (grantee), the Contractor shall be the registered owner. The Contractor shall not transfer ownership of the PROJECT equipment at any time while this contract is in effect. If the State must take possession of the equipment, as a result of non-compliance with contract terms or by mutual agreement between the State and the agency, the agency shall sign-off as registered owner upon the State taking possession of the equipment."

5.2.9 Useful Life Standards

Subrecipients are required to maintain all Section 5339 funded equipment per manufacturers suggested requirements until the useful life standard has been met. Useful Life for equipment is defined as follows:

Table 4

Vehicle or Equipment	Useful Life
Modified Minivans	100,000 miles or 4 years
Small, Medium, Large Bus	150,000 miles or 5 years
Larger Bus	200,000 miles or 7 years
Largest Bus	350,000 miles or 10 years
Computer equipment	3 years
Asphalt paving, parking lot	10 years
Building Structures	40 years
Bus lift	15 years
Bus stop signs	5 years
Communications equipment	3 years
Communications equipment on vehicles	Equivalent to the useful life associated with the vehicle
Fareboxes/ticket machines	10 years
Surveillance equipment	3 years

Per FTA Circular 5010.1D, the useful life of vehicle rebuild/rehabilitation is to be determined through a consultation with the FTA Program Manager. It is stated that 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. Caltrans' DRMT will contact FTA Region IX 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. As stated in Section V. Eligible Projects, for bus rebuild and rehabilitation projects, only over-the-road, large buses are eligible at this time under this category.

5.2.10 Intelligent Transportation Systems Architecture

Subrecipients who are applying for Intelligent Transportation System (ITS) projects must complete the ITS compliance plan in the application. Additionally, the proposed project must be included in the regional ITS architecture. Prior to completion of the regional ITS architecture, an ITS project shall have a project-level ITS plan that is coordinated with the development of the regional ITS architecture. For each ITS plan, Caltrans DRMT verifies the following:

- How the surrounding community benefits from the proposed ITS project;
- Project is consistent with agency's local or regional ITS architecture plan;
- Project complies with the requirements of the National ITS Architecture;
- System with which the project integrates;
- What other entities will be a part of the systems integration;
- Agency implementation plan for carrying out the ITS project.

5.2.11 Request for Reimbursement

All grant awards made under Section 5339 are to be paid on a reimbursement basis only for expenditures against a grant award for a specific project are payable only after execution of the Standard Agreement and completion of purchase and/service or delivery of equipment and consumption of materials as specified in the project. Expenditures prior to contract execution are prohibited. Reimbursement for allowable expenses in accordance with 2 CFR Part 225 (previously Office of Management and Budgets [OMB] Circular A-87) is submitted by the subrecipient and reviewed by Caltrans DRMT to ensure compliance with project scope and the terms and conditions of the Standard Agreement. Caltrans' DRMT reimburses expenditures directly to subrecipients per the Standard Agreement. Travel reimbursements must describe the purpose of travel as it directly pertains to the project, personnel classifications, hourly rates, identification of work to be reimbursed for the payment period, indirect costs, and itemized subcontractor costs. Travel rates must be defined by the agency's travel policy.

If agency does not have a travel policy, Caltrans' DRMT will use the State of California Travel Policy approved by the California Department of General Services. Requests for Reimbursement (RFR) and invoices shall be submitted in triplicate not more frequently than monthly in arrears. This requirement applies to construction or facility projects which take considerable time to complete and cross multiple fiscal years. No advance payment will be made. A RFR should include a copy of the original signed invoices, purchase order, proof of payment for materials, supplies, and equipment such as canceled checks, bank statements, electronic funds transfer confirmation, or other proof that payment was made. Payment will be made within 45 days.

5.2.12 Cost Allocation Plans

Subrecipients who intend to seek FTA reimbursement for indirect costs must prepare a Cost Allocation Plan (CAP) and/or Indirect Cost Rate Proposal. To obtain approval from Caltrans Audits and Investigations (A&I) and FTA may take several months; therefore, advance planning and timely submission of CAP is very important. For detailed CAP information, please see Caltrans A&I's website at *http://www.dot.ca.gov/hq/audits/icap_icrp.html*.

CAPs and Indirect Cost Rate Proposals must be updated annually. The updated plans must be retained and made available for review at the grantees' annual single audit. 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. The initial plan must be approved by FTA or another cognizant federal agency.

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.

5.2.13 Amendments

It is Caltrans DRMT's policy that Section 5339 projects for capital assistance must be completed within three years from grant award. Caltrans DRMT expects subrecipients to utilize effective project planning to develop accurate project scope, budget, cost estimates and schedules and to employ professional management principles to efficiently and effectively complete the project within the project schedule established in the subrecipient's Standard Agreement.

During the course of project implementation, it may become necessary to make modifications to the project in the form of administrative changes or time extension, etc. Caltrans DRMT will consider Standard Agreement amendments on a case-by-case basis. The subrecipients must submit the amendment request in writing using the Amendment Request Form. Any amendment must be requested at a minimum of 60 days prior to the contract expiration date.

5.2.14 Asset Management

Federally funded capital equipment or facilities must be used and maintained in accordance with the purpose and intent for which it was awarded under the FTA grant program whether or not the project or program continues to be supported by federal funds. The subrecipients must maintain control and accountability for all grant awards and property purchased with federal funds including procedures for asset management and adequate maintenance. Federally-funded equipment must be operated and maintained in accordance with maintenance and inspection schedules provided by the manufacturer. No alterations may be made in its as-received condition without first receiving written approval from Caltrans DRMT. Caltrans DRMT will review and consult with FTA Region IX regarding all alteration requests on a case-by-case basis.

5.2.14.1 Warranties

If a subrecipient has equipment under warranty, FTA requires that there is a system for identifying warranty claims, recording claims, and enforcing claims against the manufacturers. An aggressive warranty recovery program ensures that the cost of defects is borne properly by the equipment manufacturer and not the subrecipient, Caltrans, and ultimately FTA. There should be clear procedures to identify warranty repairs, record the warranty claim, submit the claim to the manufacturer, and follow up on unpaid and/or unresolved claims.

5.2.14.2 Disposition

Subrecipients are required to notify Caltrans whenever program equipment is no longer needed or used for grant purposes. Caltrans will transfer equipment to another recipient of the same FTA grant program if the age, condition, and mileage of the vehicle would make it suitable for transfer, or if Caltrans is aware of a demand for the equipment by other subrecipients.

Prior to the disposition of any FTA funded capital asset, the subrecipient must submit to Caltrans' DRMT a report that identifies the capital equipment to be retired or disposed. The report will be used to verify that a vehicle has met the minimum useful life and that there is no remaining Federal interest. The report must include the following information:

- Equipment Serial Identification Number or Vehicle Identification Number;
- Make and Model of the equipment;
- Date when equipment was placed into service;
- Current age and mileage of rolling stock;
- Established minimum useful life period (include miles for rolling stock);
- Proposed date of removal from service;
- Disposition outcome (sale, transfer, use as backup);
- Current market value;
- Proposed anticipated spare ratio.

5.2.15 Title VI

Subrecipients must ensure that no person shall, on the ground of race, color, or national origin, be excluded from participating in, or be denied the benefits of, or be subject to discrimination under any program or activity receiving federal financial assistance. Subrecipients must ensure that federally supported transit services and related benefits are distributed in an equitable manner.

Title 49 CFR Section 21.9(b) requires recipients to "keep such records and submit to the Secretary timely, complete, and accurate compliance reports at such times, and in such form and containing such information, as the Secretary may determine to be necessary to enable him to ascertain whether the recipient has complied or is complying with this [rule]." FTA requires that all direct and primary recipients such as Caltrans' DRMT document their compliance with DOT's Title VI regulations by submitting a Title VI Program to their FTA regional civil rights officer once every three years or as otherwise directed by the FTA. For all subrecipients, the Title VI Program must be approved by Caltrans' DRMT prior to submission to the FTA.

In addition, subrecipients shall develop and submit to Caltrans' DRMT a list of complaints, investigations, or lawsuits. Subrecipients that have transit-related non-elected planning boards, advisory councils, or committees, the membership of which is selected by the subrecipient, must provide a table depicting the racial breakdown of the membership of those committees, and a description of efforts made to encourage the participation of minorities on such committees. Subrecipients must submit all the above information to Caltrans DRMT every three years. There is more Title VI information at *http://www.fta.dot.gov/legislation_law/12349_14792.html*.

5.2.16 Charter Bus

A subrecipient seeking federal assistance under the Federal Transit Laws to acquire or operate any public transportation equipment or facilities must enter into a "Charter Service Agreement." The terms of the Charter Service Agreement are as follows: "The subrecipient agrees that it, and each of its third party contractors at any level who use FTA-funded vehicles, may provide charter service using equipment or facilities acquired with Federal assistance authorized under the Federal Transit Laws only in compliance with the regulations set out in 49 CFR 604, the terms and conditions of which are incorporated herein by reference." The Charter Service Agreement is contained in the Certifications and Assurances published annually by Caltrans DRMT for applicants for Federal financial assistance. Once a subrecipient receives Federal funds, the Certifications and Assurances become part of its Standard Agreement for Federal financial assistance.

5.2.17 School Bus

Program funds may not be expended for the purchase of equipment to be used exclusively for school bus service. In line with this federal requirement, subrecipients certify at the time of application submittal that they will comply with school bus requirements as stated in 49 CFR Part 605. Additionally, once approved, each subrecipient is required to sign, along with the Standard Agreement, a separate certification regarding school bus requirements. According to State law, all school bus services must be provided in yellow school buses. Since Caltrans does not fund the purchase of yellow school buses, this additionally ensures that subrecipients are not providing school bus services with funded vehicles.

5.2.18 Americans with Disabilities Act

Title II and III of the Americans with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service, including access to fixed route bus and rail and complementary paratransit service. Members of the public may file complaints directly with the transit provider or with the FTA Office of Civil Rights headquarters. The DOT ADA regulations at 49 CFR 27.13 require entities with 15 or more employees to adopt a complaint process that provides for the "prompt and equitable resolution of complains" based on disability. Caltrans' DRMT should be advised of any ADA related pending complaints or lawsuits as soon as possible.

5.2.19 Equal Employment Opportunity

Subrecipients must ensure that no person in the United States shall on the grounds of race, color, religion, national origin, sex, age, or disability be excluded from participating in, or denied the benefits of, or be subject to discrimination in employment under any project, program, or activity receiving federal financial assistance under the federal transit laws. Subrecipients that receive capital or operating assistance in excess of $1million or planning assistance in excess of $250,000 and employ 50 or more transit-related employees must submit an Equal Employment Opportunity (EEO) Plan to the State. Program updates are due every three years.

5.2.20 Drug and Alcohol and Drug-Free Workplace Act Programs

Subrecipients (and their contractors, subcontractors and lessees) must have a drug and alcohol testing program for safety-sensitive employees. Safety sensitive employees are employees that perform the following functions:

- Operating a revenue vehicle including when not in revenue service;
- Operating a non-revenue vehicle when required to be operated by a holder of a commercial driver's license (CDL);
- Controlling dispatch or movement of a revenue service vehicle;
- Maintaining, repairing, overhauling, and rebuilding a revenue service vehicle or equipment used in revenue service with the exception of 1) all maintenance contractors of subrecipients in UZAs under 200,000, 2) subcontractors of maintenance contractors, and 3) carrying a firearm for security purposes.

For detailed Drug and Alcohol program information, please see FTA's website at *http://transit-safety.volpe.dot.gov/DrugAndAlcohol/*.

6. Grant Administration

This section describes how the State will comply and certify that it has met FTA requirements for grant administration and how it will ensure that all subrecipients are also satisfying all relevant grant program requirements. Private, non-profit subrecipients must comply with 2 CFR Part 200, which is the "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations." This section includes monitoring and reporting project progress, grant expenditures, project completion and close out.

The subjects addressed in this section include Certifications and Assurances, Reporting Requirements, Program Measures, and Project Close out Procedures.

6.1 Certifications and Assurances

Each fiscal year, the FTA publishes Certifications and Assurances (C & A) in the Federal Register and updates the certifications and assurances in the Transportation Award Management System (TrAMS). In using this document, it is assured to the FTA that all the projects in the application are Categorical Exclusions (CE) (reference Section 14.8 in the SMP) under 23 CFR 771.117 (c) , unless otherwise noted. The annual certifications and assurances are binding legal commitments for the subrecipient to comply with federal law and regulations and are issued during the Caltrans program application process. This notice indicates which certifications and assurances apply to all subrecipients. Subrecipients should use the most recent version of certifications and assurances during the annual application process. Current C & A from the FTA are located on the FTA website. Caltrans will review the updated federal C & A and post the latest version on the DRMT website as modified for use under the guidance of Caltrans. Subrecipients are strongly advised to use Caltrans modified version of the C & A, as this version is applicable to only FTA programs administered by Caltrans. Each applicant will be required to review and submit to Caltrans a signed copy of the certifications and assurances each fiscal year for all programs for which they will be funded. These certifications and assurance must be complete before the Standard Agreement will be executed. The certifications and assurances apply to all FTA programs, including Tribal Transit and Over the Road grants. No contracts will be authorized until required signed certifications and assurances have been submitted and reviewed by Caltrans.

All applicants must include the following certifications and assurances in order to receive federal funds for the purpose of providing rural public transportation:

- Resolution of applicant's Board of Directors.
- Resolution of a local government.
- Roster of applicant's Board of Directors.
- A description of the extent of private sector participation in the application development and in the proposed transportation services.
- Evidence of the proposed project inclusion in the local TIP).
- A description of efforts to coordinate with human or social service agencies in the service area.
- An attorney affirmation.

Required signed certification and assurances may include:

- Affirmation of Applicant: Acceptance of FFY Certifications and Assurances.
- Affirmation of Applicant's Attorney in Acceptance of Certifications and Assurances.

- Resolution by Board of Directors to Apply for Funding.
- Affirmation of Applicant's Attorney to Apply for Funding.
- Local Share Identification Sheet.
- Certification for Civil Rights Complaint Status.
- Title VI Program Report (July 1 – June 30).
- Certification on Restrictions on Lobbying.
- Certification Regarding Debarment, Suspension, and other Responsibility Matters – Primary Covered Transactions.
- Certification Regarding Debarment, Suspension, and other Responsibility Matters – Lower Tier Covered Transactions.
- Listing of Surface Public Transportation Providers and Labor Representation for 49 U.S.C. 5333(b).
- Special Section 5333(b) Warranty.
- Public Hearing Notification Sample.
- Public Hearing Minutes.
- The disposition of all requirements relative to school bus and charter provisions, including assurance that the applicant will not engage in school bus operations exclusively for the transportation of students and school personnel in competition with private school bus operators and will not provide charter without undergoing the appropriate procedures in accordance with FTA regulations.
- A description of public involvement in preparing the local application, including a copy of the announcement for a public hearing notice, affidavit of publication, hearing minutes (if a public hearing is requested), and comments received.
- Certification of Available Local Matching Funds.
- An updated vehicle/equipment inventory printout or listing of vehicles and other equipment purchased with federal and/or State funds costing $5,000 or more.

6.2 Reporting Requirements

Caltrans and subrecipients are required to report information to the FTA in a variety of formats:

- Annual and periodic reports
- Financial reports
- Milestone Progress reports
- Title VI civil rights reports, and
- DBE reports.

These reports and reporting requirements are described below.

6.2.1 Annual Program Status Report

Caltrans submits Annual Program Status Reports that include open grants for each of the FTA funded programs. The reports include active projects, completed projects, revised project descriptions, change in project category, and adjustments within budget categories. Budget revisions are submitted by program as needed to align project costs and changes. The Grant Administrator for each program submits milestone changes on a quarterly basis, or more frequently if needed. All changes in category of performance (scope) for a grant are reported in TrAMS.

6.2.2 Federal Financial Reports

Federal Financial Reports (FFR) are completed quarterly by the Caltrans Division of Accounting for each active grant and submitted in TrAMS using the standard format.

6.2.3 Milestone Progress Report

Caltrans is required to submit an annual MPR to the FTA no later than October 31st through TrAMS. The TrAMS User Guide can be found on the FTA's. Caltrans understands that "FTA uses the MPRs 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 subrecipient 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."

Milestone Progress Reports are to be submitted to Caltrans' DRMT within 30 days after the end of the reporting period. Reporting periods and due dates will be posted on the DRMT website for each grant program. Agencies are contacted if the report is not received or information is incomplete or insufficient for program requirements.

6.2.4 Title VI Report

Annually, Caltrans provides the FTA with a Title VI Report, which includes a listing of all approved applicants for the current cycle, indicating the level of federal funding awarded and a breakdown by percent of the racial and national origin of the persons likely to receive transportation services from the subrecipient. For those applicants not approved, a breakdown is provided by percent of the racial and national origin of those persons that would have been likely to receive transportation services from the applicant (See Title VI Civil Rights, Section 14).

6.2.5 Title VI Assurance Required

Every application for federal financial assistance shall, as a condition to its approval and the extension of any federal financial assistance pursuant to the application, contain or be accompanied by, an assurance that the program will be conducted or the facility be operated in compliance with all requirements imposed by or pursuant to this part. Every award of federal financial assistance shall require the sub-mission of such an assurance. Title VI Assurance is required as a condition to receiving any federal financial assistance from the DOT and must comply with the following: Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d-42 U.S.C. 2000d-4, and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, part 21, Nondiscrimination in Federally- Assisted Programs of the DOT−Effectuation of Title VI of the Civil Rights Act of 1964. This assurance is required by 49 CFR Part 21.7(a) (See Title VI Civil Rights, Section 14).

6.2.6 Disadvantaged Business Enterprise Reports

The Office of Office of Federal Transit Programs provides annual DBE reports for its FTA grant programs to the Caltrans Office of Business and Economic Opportunity, which is responsible for collecting information for Caltrans DRMT regarding projects funded by FTA. The Office of Business and Economic Opportunity submits one report to the FTA covering all FTA funds received by Caltrans' DRMT (See DBE, Section 15).

6.3 Project Closeout Procedures

Projects awarded from the FTA funded programs will be completed timely as specified by the subrecipient's application request. Caltrans may terminate the Standard Agreement upon finding that the subrecipient has not made satisfactory progress toward procuring the project equipment, services, salary and wages, as appropriate, within twelve (12) months of execution of the Agreement, has not billed for operating assistance funds within twelve (12) months of execution of the Agreement, or that the subrecipient is otherwise not complying with the terms of the Standard Agreement.

6.3.1 Closeout Procedures between the State and the Subrecipient

Upon final payment of grant funds associated with a subrecipient's project, Caltrans DRMT immediately disencumbers remaining unused funds. The available fund balance is used to fund additional ready to list projects. Caltrans DRMT notifies the FTA by preparing and submitting grant revisions for FTA review and approval.

Caltrans DRMT initiates closeout of the POP immediately after all work activities contained in the grant are complete. If a small amount of funding remains in the POP, Caltrans' DRMT requests that the funds be de-obligated by the FTA and the grant closed out.

6.3.2 Closeout Procedures between the State and the FTA

Caltrans' DRMT completes periodic grant reconciliation to ensure all project costs are paid accurately. For grants which are ready to close, if necessary, a final budget revision is completed and submitted in TRAMS to adjust final project costs or to "deobligate" the unused fund balance. The final Milestone Status Report and a final Financial Status Report are completed by Caltrans' DRMT and submitted in the Electronic Clearing House Operation System (ECHO). Upon completing the close out procedure, the Caltrans' DRMT Grant Manager notifies the FTA by e-mail. The FTA may notify Caltrans' DRMT when the grant has been closed and TEAM (or its successor) automatically removes the closed grant from the active grant listing.

The final Financial Status Report is prepared and sent to the FTA with a request that the grant be closed. Caltrans DRMT performs annual audits of closed projects conducted in accordance with the audit requirements found in 2 CFR Part 200 (previously OMB Circular A-133). Projects are closed when funds are fully expended upon receiving the Federal Financial Report (FFR).

A single audit complying with 2 CFR Part 200 must be submitted by any public agency receiving more than $750,000 in federal assistance. These audits are submitted to the State Controller for review. Once reviewed, these audits and any results are forwarded to Caltrans' Division of Audits and Investigations for additional review and follow-up on any findings.

6.4 Standard Agreement and Pre-Award Authority

Upon Caltrans receiving approval of the statewide grant from the FTA, a Standard Agreement is developed for each approved applicant. Each subrecipient is required to enter into a Standard Agreement (contract) that addresses federal requirements and outlines the terms and conditions of the grant program before Caltrans can expend federal funds and the project may begin (unless the subrecipient has pre-award authority from Caltrans' DRMT). Caltrans must also certify to the FTA that it and the subrecipient have met all statutory and program

requirements. The Standard Agreement describes the equipment, the project scope, conditions and requirements for operation of the equipment, and general terms and conditions.

The purchase of equipment may only take place after the contract between Caltrans and the local agency has been executed. The Standard Agreement remains in effect until the project is terminated and formal disposition of the equipment has been made with the approval of Caltrans in accordance with federal grant standards. A project must be carried out under the control of the applicant, which is generally defined as direct operating control. A subrecipient may opt to contract with a third party for vehicle operation or maintenance. However, direct control remains the sole responsibility of the subrecipient. Caltrans must approve all contracts between the subrecipient and third party contractors prior to execution including all contract option exercises.

No amendments can be made to the agreement unless executed in writing by Caltrans and signed by both parties. To the extent applicable, federal requirements extend to third party contractors and their contracts at every tier and subrecipients and their sub-agreements at every tier. Accordingly, a contractor agrees to include, and to require its third party contractors and subrecipients to include appropriate clauses in each third party contract and each sub-agreement financed in whole or in part with financial assistance provided by FTA.

The purpose of pre-award authority is to allow the Caltrans as well as the subrecipient to incur expenses before the grant is awarded by the FTA. Before such authority can be approved by Caltrans, there are certain FTA requirements and conditions that must be met in order for recipients to be reimbursed for project expenditures incurred in advance of grant award.

Caltrans, as the direct recipient of the grant, must ensure that all the requirements are met before granting such authority because as the grantee, Caltrans is responsible for ensuring that all conditions are met to retain eligibility. If funds are expended for an ineligible project or activity, the FTA will be unable to reimburse Caltrans and the subrecipient and, in certain cases, the entire project may be rendered ineligible. Pre-award authority is not a legal or implied commitment that the subject project will be approved for FTA assistance or that the FTA will obligate federal funds.

The following conditions must be met for pre-award authority:

- All FTA statutory, procedural, and contractual requirements must be met.
- No action will be taken by the grantee that prejudices the legal and administrative findings that the Federal Transit Administrator must make in order to approve a project.
- Local funds (as identified in the FTA Section 5311 Grant Application) expended by the subrecipient after the date of the pre-award authority will be eligible for credit toward local match or reimbursement if FTA later makes a grant or grant amendment for the project.
- The expenditure of local funds on activities such as land acquisition, demolition, or construction before the date of pre-award for those activities would compromise FTA's

ability to comply with federal environmental laws and may render the project ineligible for FTA funding.

- The federal amount of any future FTA assistance awarded to the subrecipient for the project will be determined on the basis of the overall scope of activities and the prevailing statutory provisions with respect to the federal/local match ratio at the time the funds are obligated.
- All federal environmental, planning, and other grant requirements must be met at the appropriate time for the project to remain eligible for federal funding.
- The project must comply with the Clean Air Act (CAA), National Environmental Protection Act.
- Federal procurement procedures must be followed, including but not limited to, Davis-Bacon Act (prevailing wage requirements), Third-Party Agreements, Disadvantaged Business Enterprise, and Buy America.

6.4.1 Processing Standard Agreements

Standard Agreements are forwarded to the agency for signature by an authorized person and then returned to Caltrans for execution and final distribution. If the project scope changes, agencies are required to submit a written description of the changes for approval. If approved, an amendment to the Standard Agreement is prepared.

6.4.2 Non-Compliance with Standard Agreement

The Governor has designated Caltrans' DRMT with the principle authority and responsibility for administering FTA programs. (FTA C5010.1D, Ch. II, Section 3). To this extent, Caltrans' DRMT requires that subrecipients must comply with Standard Agreement terms and conditions. These include, but are not limited to, National Transit Database reports, MPRs, annual single audit report requirements (where applicable), Drug and Alcohol (MIS) reports, and federal/State laws and regulations. If a subrecipient fails to comply with any term of Standard Agreement or federal/State laws and regulations, Caltrans DRMT may take one or more actions to ensure compliance as follows and specified in Section 2.2:

- Disallow or temporarily withhold cash payments pending correction of the deficiency by the subrecipient.
- Wholly or partially suspend the current award for the subrecipient's project.
- Terminate the current award for the subrecipient's project, and remove the project equipment from the subrecipient.

Caltrans' DRMT will give at least 30 days (on a case-by-case basis) for subrecipients to correct the deficiencies. Termination of a standard agreement and removing equipment from a subrecipient is used as a last resort, and only after coordination efforts or remedial actions are unsuccessful.

6.4.3 Resolution of Authority

The Resolution of Authority is a document that identifies the person(s) authorized to sign legally binding documents on behalf of the agency. A Resolution of Authority or other similar instrument must be submitted not later than the Standard Agreement execution period. The Resolution of Authority (or similar instrument) should be resubmitted to Caltrans as often as necessary as to maintain current signatory authority. Caltrans can provide a sample if

requested.

6.4.4 New Agency Pre-Agreement Review

Transit agencies must contact Caltrans prior to a reorganization that will result in the formation of a new transit agency. New transit agencies must be eligible to receive TDA funds to be eligible to receive federal transit funds. Also to be eligible to receive FTA funds, new agencies must have the technical capacity to implement and operate projects. For those agencies who are new to the programs, or who have not received a grant through recent grant cycles, Caltrans will conduct a pre-agreement review with the agency, as necessary. During this review, Caltrans will review the successful grant application with the agency to ensure the described service area and equipment requests are still valid, and that reporting and relinquishment procedures are understood. Any deviations from the awarded application are subject to modification at Caltrans' discretion and minor administrative modifications can be authorized by Caltrans. However, substantive deviations from the approved application, or the applicant's inability to meet the required reporting conditions, are subject to cancellation upon written notification from Caltrans.

6.5 Amendment

6.5.1 Policy

The FTA expects projects to be completed within a reasonable, specified time (49 CFR 18.50 and FTA C5010.1D Section III.5). It is Caltrans' policy that projects for operating and capital assistance (except construction/real estate acquisition) must be completed with three years from grant award. Caltrans expects subrecipients to utilize effective project planning management principles to develop accurate project scope, budget, cost estimates and schedules and to employ professional management principles to efficiently and effectively complete the project within the project schedule established in the subrecipient's Standard Agreement.

During the course of the contract, it may become necessary to make modifications to the project in the form of administrative changes or time extension, etc. Caltrans will consider contract amendments on a case-by-case basis, but no more than two during the project life cycle. The subrecipients MUST submit the amendment request in writing using the FTA Amendment Request Form. Any amendment MUST be requested (at a minimum of 60 days) prior to the contract expiration date.

6.5.2 Purpose

An amendment may be requested to change the cost, project completion date, contract expiration date, procurement schedule, or final invoice due date of a project. Caltrans is to review/approve amendment requests, prepare and process Standard Agreement amendments. As a minimum, it is expected that all amendment requests shall:

- Be complete.
- Discuss proposed change in relation to current approved project status.
- Discuss why this course of action is necessary now.
- Discuss the consequences of not taking this action.

6.5.3 Materials

Amendment materials include the following:

- Amendment request form.
- Concurrence letters from the appropriate Regional Transportation Planning Agency (RTPA) or MPO, if applicable.
- Revised scope, cost, and schedule, as applicable.

6.5.4 Process

The amendment process includes the following steps:

- The subrecipient identifies need for change and completes paperwork noted above.
- The subrecipient shall work with their appropriate Caltrans HQ liaison and Regional Agency (if applicable) to prepare and process amendment paperwork.
- Caltrans DRMT's Branch chief reviews and approves the amendment paperwork.
- For non-MPO/RTPA rural projects, Caltrans HQ liaison submits the completed amendment request to Caltrans Division of Programming for project programming into the FSTIP (if applicable).
- For MPO/RTPA projects, the RTPA/MPO and Caltrans' Division of Programming will be involved in the amendment process if the amendment request includes scope change and cost change for the project (if applicable).
- Caltrans HQ liaison will prepare and process the Standard Agreement amendment

7. Financial Management

Sound financial management by the State is essential to ensure that federal grant funds are used effectively and in accordance with federal regulations. Caltrans must sign FTA's "Master Agreement" and "Certifications and Assurances" to renew their funding with FTA every year. The FTA requires that Caltrans has the financial capacity to manage its FTA grant programs, both in terms of financial resources, and in terms of financial infrastructure (i.e. systems and organization capable of managing and processing the federal transactions consistent with State and federal requirements).

The FTA requires that states possess audit capabilities compliant with the federal single audit requirements. Subrecipients must have established and adequate accounting controls. Financial management responsibilities are set forth in the Standard Agreement.

This section discusses the financial management and audit requirements related to the Caltrans administered FTA grant programs.

7.1 Funds Management

All projects considered for funding must be included in Caltrans' POP, and submitted annually to the FTA unless otherwise specified, to ensure a "fair and equitable" distribution of funds. Maximum feasible coordination with transportation services, including assistance provided by other federal sources, must be evidenced through the annual evaluation process.

7.2 State Financial Management Systems

Caltrans expends and accounts for grant funds in accordance with California laws and procedures for expending and accounting for its own funds. The Caltrans financial management systems enable it to track and reconcile grant balances accurately and timely with the following systems: Enterprise Resource Planning Financial InfraStructure (E-FIS), TRAMS, and ECHO. The Standard Agreement requires each subrecipient to have adequate financial management capabilities to manage the FTA program funds throughout the course of a project.

7.3 FTA Payment Procedure

Upon reimbursement to subrecipients for authorized grant expenditures, Caltrans' DRMT reconciles payments and coordinates with Caltrans' Accounting to submit electronic reimbursement requests to the FTA via ECHO. The FTA reviews the request and upon concurrence, executes the reimbursement. Subsequently, the FTA posts disbursements in TRAMS.

7.4 State Financial Records

Caltrans and subrecipients are required to maintain detailed financial reports, supporting documentation, and all records pertinent to each grant. These records are maintained and available for review for a period of three years after the grant is closed or three years after the final depreciation of the capital assets and must be made readily available to authorized representatives of the U.S. DOT and the Controller General of the United States. Additionally, records are retained beyond the required three-year period, if there are unresolved audit findings, litigation, or claims. General FTA budget details for the applicant are found in Exhibit

B of the Standard Agreement. Additional budget and contract provisions for the programs are found in Exhibit D of the Standard Agreement.

7.5 Request for Reimbursement

All FTA grant awards made to Caltrans' DRMT are to be paid on a reimbursement basis only. The full project invoice (both federal and local share) shall be submitted by the subrecipient to Caltrans' DRMT for review and verification of costs and payment made prior to approval of payment of the federal share by Caltrans. Reimbursement for allowable expenses in accordance with 2 CFR Part 225 (previously Office of Management and Budgets [OMB] Circular A-87) is submitted by the subrecipient and reviewed by Caltrans' DRMT to ensure compliance with project scope and the terms and conditions of the Standard Agreement. Caltrans DRMT reimburses expenditures directly to subrecipients per the contract agreement.

Travel reimbursements must describe the purpose of travel as it directly pertains to the project, personnel classifications, hourly rates, identification of work to be reimbursed for the payment period, indirect costs, and itemized subcontractor costs. Travel rates must be defined by the agency's travel policy. A RFR and invoices shall be submitted in triplicate not more frequently than monthly in arrears. This requirement applies to construction or facility projects which take considerable time to complete and cross multiple fiscal years. No advance payment will be made.

An RFR should include a copy of the original signed invoices, purchase order, proof of payment for materials, supplies, and equipment such as canceled checks, bank statements, electronic funds transfer confirmation, or other proof that payment was made. Payment will be made within 45 days.

7.6 Cost Allocation Plan

Subrecipients that receive 5339 funds and operate in 5307 geographical areas must have a cost allocation methodology to split their urban and rural service costs. All subrecipient agencies are required to establish and maintain an accounting system which all transportation related costs, revenues, and operating costs are recorded so that they may be clearly identified, easily traced, and substantially documented. The fully allocated cost of public transit program must be clearly identified regardless of the operational nature of the agency serving as the designated transit system. Caltrans DRMT has revised its grant application to include a requirement for subrecipients that operate in rural and urban areas to attach their cost allocation plan to the application. Caltrans DRMT will verify the subrecipients' cost allocation plan methodology at the application review phase. During invoice reviews, Caltrans DRMT will also verify that cost shown on the invoice requests are allocated properly and that the methodology used in the cost allocation is reasonable. For additional information on Cost Allocation, please see Section 7.6 of this document.

To ensure that subrecipients allocate costs properly, Caltrans DRMT has developed steps to guide subrecipients in developing their cost allocation plan. Four basic steps in preparing a cost allocation plan are as follows:

- Identify costs of each type of service to be claimed.
- Determine the users of the service.
- Determine the method for allocating each type of service cost to user.
- Mathematically allocate these costs to users.

- Caltrans DRMT staff will specifically verify the following in the cost allocation plan:
    - Cost allocation methodology (narrative) to split cost between FTA Sections 5307 and 5339 is clearly stated and documented.
    - Effective period is annualized.
    - The plan is certified by authorized personnel.
- The methodology used is reasonable. The cost allocation methodology may include, but is not limited to:
    - Fixed cost factors
    - Unit costs
    - How costs are allocated to the various fund sources (federal/State/local)
    - Price per trip
    - Price per mile
    - Price per hour
    - Price per zone
    - Price per passenger

For transit agencies that receive FTA funds and operate in 5307 areas, Caltrans' DRMT will verify that costs are allocated properly and that the methodology used in the cost allocation is reasonable.

7.7 Indirect Cost Allocation Plan

All FTA grant subrecipients who receive FTA reimbursement for indirect costs must prepare an indirect cost allocation plan. Subrecipients must submit an indirect cost allocation plan (ICAP) documenting the distribution of indirect costs related to the project. ICAP must be approved by Caltrans DRMT and Audits and Investigations (49 CFR 18.3, OMB A-87, 2 CFR Part 225, FTA C 5010.1D, Ch. VI, Section 6 and Appendix E). An approved ICAP will be required for the application phase.

The purpose of the plan is to guide the subrecipient's allocation of costs as follows:

- All activities of the local government departments have been considered.
- Distribution of indirect costs is based on a method(s) reasonably indicative of the amount of services provided.
- Services provided are necessary for successful conduct of federal programs.
- Level of costs incurred is reasonable.
- Costs of State or local centralized government services may be charged in conformance with government-wide cost allocations plans.
- Costs claimed are allowable in accordance with 2 CFR Part 225, as applicable.
- Caltrans' DRMT, Caltrans Audits & Investigation, and FTA will verify the following in the ICAP:
    - Indirect rate and rate type are clearly documented.
    - Effective period is annualized.
    - Applicable programs are clearly indicated.
    - The plan is certified by the authorized personnel.

Once Caltrans' DRMT and Caltrans Audits & Investigations have approved a subrecipient's cost allocation plan and indirect cost allocation plan, the subrecipient must update it annually.

The update should be retained and made available for Caltrans' DRMT review at the time of project application.
Direct costs are those that can be identified specifically with a particular project. These costs may be charged directly to the grant project.

Indirect costs are those that are:

- Incurred for a common or joint purpose benefiting more than one cost objective;
- Not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.
- Originating in each of the subrecipient's operating or organizational units (as well as those incurred by others in supplying goods, services, and facilities to each unit).

Examples of indirect costs are operation and maintenance of buildings and expenses of unit heads and their immediate staff. Principles and standards for determining costs applicable to grants and contracts with subrecipients or other local agencies are presented in OMB A-87.

7.7.1 Roles and Responsibilities

Subrecipient responsibilities are as follows:

- Develop a cost allocation methodology to separate costs between FTA Section 5307 and 5339 funding.
- Develop a cost allocation plan and indirect cost allocation plan.
- Keep accurate, detailed records of all costs directly and indirectly related to the proposed project.
- Maintain and have on file a cost allocation plan and indirect cost allocation plan.

Caltrans (Headquarters) responsibilities are as follows:

- Establish and administer program procedures for cost allocation plan/indirect cost allocation plan.
- Review/Approve the plans.
- Prepare and execute Standard Agreement(s) with the successful applicant.
- Report to FTA for program compliance.
- Provide guidance and technical support to subrecipients.

Further guidance for cost allocation may be found in 2 CFR Part 225, 2 CFR Part 230, and FTA C 5010.1D, Ch. III, Financial Management.

7.8 Deobligated Funds

Caltrans' DRMT initiates grant closeout of the project after all work activities contained in the grant are complete and expenditures are reimbursed and posted in TRAMS. If necessary, Caltrans' DRMT will prepare and submit the final budget to request "deobligation" of the unspent awarded amount. Final MPR and final FFR are prepared and submitted to FTA. Caltrans' DRMT staff proceeds with closing the grant and notifies FTA that the grant closeout process has been performed in TRAMS. The FTA confirms the grant is closed by removing the grant from the active grant listing.

7.9 Audits/Review

Caltrans' Division of Audits and Investigations performs an annual audit of the Office of Accounts Receivable to ensure all FTA program requirements are being met.

Subrecipients or entities expending $750,000 or more in federal funds from all federal sources (not just FTA) in a state fiscal year must complete and submit its Single Audit Report (SAR) by March 31st of every year to the California State Controller's Office (SCO) and to the Federal Audit Clearinghouse (FAC). Subrecipients must notify Caltrans by mail that the required SAR was submitted to the SCO and the FAC. To ensure that Single Audits (SA) of subrecipients is being conducted and the audit findings are resolved, Caltrans provides a list of agencies receiving federal funds and the amounts to the SCO. The SCO notifies the agencies of SARs that were deficient or not received. Caltrans follows up with these agencies to ensure adequate SARs are submitted to the SCO and the FAC. Reports of the resolution of audit findings are later provided to the SCO. Caltrans' DRMT will withhold reimbursement payments or suspend work with subrecipients that are not compliant with the SAR requirements until they become compliant.

To ensure that SA of subrecipients is being conducted and the audit findings are resolved, Caltrans provides a list of agencies receiving federal funds and the amounts to SCO. The SCO notifies the agencies of SA reports that were deficient or not received. Caltrans follows up with these agencies to ensure adequate SA reports are submitted to SCO. Reports of the resolution of audit findings are later provided to SCO.

8. Maintenance

Caltrans' DRMT performs site visits and inspections to monitor assets, audit maintenance records and insurance coverage to protect the federal interest for the asset's useful life. Owners of capital assets funded by the FTA grant programs are required to maintain the vehicles, equipment, and property in good operating order or in working condition.

8.1 Requirements

Subrecipients describe their maintenance plan for the capital assets within their original program application requirements that are outlined in the Standard Agreement in Exhibit C. (Refer to Review Area/Documentation 1.b. for sample subrecipient agreement). Caltrans' DRMT conducts vehicle and equipment monitoring through the agency visits and inspections. Caltrans' DRMT staff performs a physical inspection of the vehicle and/or equipment and complete the Vehicle Inspection and/or Other Equipment Inspection Report. Caltrans' DRMT staff also conducts a review of the agency's records including the most recent CHP inspections, maintenance, insurance, and drivers' records. (Refer to Review Area/Documentation 8.a for inspection forms.)

For all FTA funded programs administered by Caltrans' DRMT, the Standard Agreement (contract) language between Caltrans' DRMT and the subrecipient regarding property maintenance and inspection states:

"While the PROJECT is in the possession or control of the CONTRACTOR, the CONTRACTOR shall operate or maintain the PROJECT in accordance with detailed maintenance and inspection schedules provided by the manufacturer, keeping a written log or record of all repairs and maintenance. STATE and the FTA shall have the right to conduct periodic inspections for the purpose of confirming the existence, condition, and proper maintenance of the PROJECT. No alterations may be made to the PROJECT in its as-received condition without first receiving written approval from the STATE."

Subrecipients are also required to notify Caltrans DRMT within ten working days of any loss or damage, including accident, fire, vandalism, and theft to any vehicle or equipment. All subrecipients are required to keep ADA accessible features in working order.

8.2 Maintenance Plan

Per 49 CFR 37.161-163 and FTA Master Agreement, each Section 5310, 5311, 5316, 5317 and 5339 subrecipient agency is required to have a maintenance plan. Agencies describe their maintenance plan for the granted vehicles, facilities, and facility related equipment within their original program application. These items need to be included in the vehicle maintenance plan and facility maintenance plan:

- Goals and objectives of the maintenance program.
- Schedule for preventive maintenance.
- Maintenance procedures for wheelchair lifts and other accessibility features.

The plan should clearly identify the goals and objectives of a maintenance program and establish the means by which such goals and objective will be attained. In the maintenance plans, periodic reporting, maintenance record review, visual inspections, and maintenance

audits should also be addressed.

Language within the Standard Agreement specifically requires subrecipients to maintain equipment while it is in their possession. In addition, each subrecipient must have a maintenance plan to maintain ADA accessible features of equipment and facilities. Subrecipients must demonstrate compliance with this policy during the triennial on-site monitoring.

During the application workshops, applicants are informed that if successful as a subrecipient they will be required to maintain equipment as recommended by the original and final stage manufacturers. When the vehicle(s) is delivered (on state contracts), information is provided from the manufacturer to assist subrecipients with proper maintenance schedules and guidelines for the vehicle chassis and equipment on the vehicle.

8.3 Vehicle and Equipment Monitoring

The following sub-sections describe the inspection, monitoring, and record-keeping requirements related to the maintenance of equipment purchased with FTA grant funds.

8.3.1 Triennial Onsite Inspections

Vehicles and equipment are monitored through analysis of the quarterly vehicle usage reports and triennial on-site inspections. At least once every three years, staff conducts an on-site inspection of all equipment purchased with FTA funds still under contract. Advanced arrangements are made with the agency to assure that equipment is available for inspection. Computers, mobile radios, base stations, and all other items purchased with FTA funds are also inspected to ensure equipment is being used for is intended purpose. During the agency visit, a "Agency Monitoring Form" is completed for each vehicle. A visual examination of each vehicle is made and the vehicle odometer reading is recorded. Additionally, a review is made of the agency's vehicle reporting records, including the CHP inspection reports and the ADA Service Provisions and any issues that may pertain to the agency's operation of equipment are discussed.

After the inspection, timely updates will provide a valuable resource to identify equipment, safety issues, potential misuse of equipment, and other areas of concern. Any concerns resulting from the inspection or analysis of data (such as underutilized equipment, safety issues, or potential misuse of equipment) are analyzed and Caltrans will take appropriate follow-up action and resolutions to ensure program compliance as follows and also mentioned in Sections 2.2 and 6.5.4:

- Disallow or temporarily withhold cash payments pending correction of the deficiency by the subrecipient.
- Wholly or partially suspend the current award for the subrecipient's project.
- Terminate the current award for the subrecipient's project, and remove the project equipment from the subrecipient.

Caltrans' DRMT will allow at least 30 and up to 90 days (based on severity of the violation on case-by-case basis) for subrecipients to correct the deficiencies. Removing equipment from a subrecipient is used as a last resort, after coordination efforts or remedial actions are unsuccessful.

8.3.2 Record Keeping

The applicant is responsible for maintaining industry standard record keeping and accounting throughout the federal useful life of the vehicle and equipment. These records are subject to audit, according to the provisions of the grant programs and appropriate others if deemed necessary by Caltrans. These provisions are found in Exhibit C of the Standard Agreement.

"The contractor and all subcontractors shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the performance of the Standard Agreement. All parties shall make such materials available at their respective offices at all reasonable times during the performance period and for three (3) years from the date of final payment under the standard agreement and all subrecipient contracts."

Records for all FTA funded capital assets (facilities, vehicle and equipment) shall include, at a minimum, the following:

- Property description.
- Identification number (VIN, make, model, serial).
- Procurement/Acquisition related documents.
- Acquisition date.
- Cost.
- Percentage of federal participation in the cost.
- Standard agreement.
- Location, use and condition of property.
- Useful life Disposition data, including the date of disposal.
- Sale price, or where applicable, the method used to determine its fair market value.
- Statement of who holds title to the equipment.

Caltrans' DRMT staff will inspect these records as part of the triennial on-site inspection. Information obtained during the physical inventory is collected and reports are generated to evaluate the performance of individual agencies in comparison to their original service projections. This facilitates early identification and resolution of issues. For future planning purposes, information can also be generated on a statewide level, including equipment usage, types of trips, and clientele served.

Any concerns resulting from the inspection or analysis of data (e.g., underutilized equipment, safety issues, and potential misuse of equipment) are analyzed for follow-up and appropriate action and resolution to ensure program compliance. In addition to verifying that equipment is being used in compliance with program requirements, the on-site inspection provides Caltrans' DRMT staff with an opportunity to assist the agency in addressing any program concerns and/or to provide technical assistance. For example, staff can suggest or assist in identifying potential coordination opportunities to increase vehicle usage. Additionally, Caltrans' DRMT staff can address ongoing problems, such as timely submittal of MPR.

9. Procurement

All procurements utilizing federal funds, including local procurement of supplies, equipment, construction, and services, shall be conducted in accordance with the Procurement Standards set forth in FTA's implementing regulations of 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." and the Federal Office of Management and Budget (OMB) Circular A-87 and FTA Circular 4220.1F, "Third-Party Contracting Guidance.", and FTA Best Practices Procurement Manual.

Subrecipients must comply with the procurement requirements below:

- Written Record of Procurement History–Subrecipients are required to maintain and make available records detailing the history of each procurement, which includes, the rationale for the method of procurement, the reason for the selection of the contract type, the reason for contractor selection or rejection, and the basis for the contract price.
- Cost or Price Analysis–Subrecipients must perform a cost or price analysis in connection with every procurement action, including contract modifications such as exercising the option years and changing scope.
- Written Protest Procedures–Subrecipient solicitations must include written protest procedures and DRMT must be named as a second level of review. Subrecipients must notify Caltrans' DRMT when they receive a protest and provide consistent status updates.
- Essential Contract Elements–Subrecipient third-party contracts, subcontracts and contract modifications funded under the project award must contain essential elements including, but not limited to, the following: parties, price or rate of compensation, scope of work, contract time line, contract termination and other legal considerations.

9.1 Procurement Process and Guidelines

Caltrans' DRMT provides technical support and oversight to ensure that all federal and State rules and regulations are unambiguously understood and followed by subrecipients. Subrecipients sign the Standard Agreement with Caltrans' DRMT which identifies the FTA requirements and certify their compliance. Subrecipients are required to submit various procurement related documents to Caltrans' DRMT for review and approval, including, but not limited to, request for proposals, bid solicitations, independent cost estimates, draft third party contract agreements, proposal and bid evaluations and analyses, proposed contract awards, contract amendments, and change orders (construction projects only). Caltrans' DRMT certifies through 2 CFR Part 200 that it follows all applicable third-party procurement provisions of federal laws, regulations, and directives, unless the FTA states anything differently in writing. Caltrans' DRMT reviews all subrecipient procurements to ensure compliance with the FTA. Caltrans' DRMT does not relinquish the responsibility of reviewing and approving all procurements to DRMT subrecipients that may also be direct FTA recipients. Caltrans' DRMT typically reviews and approves projects within 30 days; however, review times may vary depending on the complexity and length of the proposals or bids to be

reviewed.

9.1.1 Full and Open Competition

Subrecipients must conduct procurement transactions in a manner providing full and open competition. Subrecipients are prohibited from restricting competition in federally-supported procurement transactions. Some situations that restrict competition include, but are not limited to, unreasonable qualifications requirements, excessive bonding, noncompetitive pricing practices between firms, noncompetitive awards to firms on retainer, organizational conflicts of interest, "brand name" only specifications, or any arbitrary action in the procurement process. Typically, State procurement laws and procedures are more restrictive than federal requirements.

9.1.2 Prohibition Against Geographic Preferences

Subrecipients shall conduct procurements in a manner that prohibits the use of statutory or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. This does not preempt State licensing laws.

However, geographic location may be a selection criterion in procurements for architectural and engineering (A&E) services provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

9.1.3 Awards to Only Responsible Contractors

FTA assisted contract awards be made only to "responsible" contractors possessing the ability, willingness and integrity to perform successfully under the terms and conditions of the contract. Responsibility is a procurement issue that is determined by the subrecipient after receiving bids or proposals and before making contract award. Caltrans' DRMT and the FTA expects the prospective contractor to demonstrate affirmatively to the subrecipient that it qualifies as responsible and that its proposed subcontractor also qualifies as responsible.

9.1.4 Federally required clauses and requirements

Federally required clauses and requirements, as a general rule, are required to be included in each third party contract at every tier and in each subrecipient agreement at every tier. When clauses are required to flow down, the clauses and requirements flow down to all levels of the federal funding chain beginning with the subrecipient.

9.1.5 Inclusion of Federal Requirements when Receiving Operating Assistance

All subrecipient procurements, except for capital projects undertaken without federal funds, must include all of the federal requirements that would be included if the operating budget were fully federally funded and must comply with the Circular. The FTA maintains that one dollar of federal operating assistance converts the operating funds of the transit property so that all such funds of the property therefore become subject to federal requirements. The rules on this dimension of the sphere are clear, if you receive operating assistance, the requirements of the Circular apply, even if you do not intend to use that assistance in support of any procurement action (e.g., you intend to apply all the operating assistance to pay salaries of your direct hire bus operators).

9.1.6 Contract Period of Performance Limitation

49 USC § 5326(b) limits the procurement of rolling stock and replacement parts to no more than five years' from the date of original contract.

9.1.7 Monitoring Procurements of Private Contractors and Subrecipients

In addition to complying with State and local law, subrecipients, transit management contractors and, depending on the structure of the contract, other contractors to which a State has contracted out a portion of its FTA funded operations, must comply with relevant FTA third party contracting requirements when procuring goods and services with FTA assistance.

The State is responsible for making these organizations aware of the requirements and for ensuring that subrecipients and contractors comply with the requirements.

9.1.8 Pre-award and Post-delivery Audits

The process to be followed by each subrecipient conducting a local procurement is outlined in the Procurement Guidelines for Local Purchase of Equipment (see the following sections: "IV. Bid Results," "V. Pre-Award Audit" and "VI. Post Delivery Audit"). Included in these sections are copies of all forms needed to complete this process. All subrecipients by signing the Standard Agreement that they will comply with Buy America requirements and will conduct pre- award and post-delivery audits of rolling stock purchases. Procurements for vehicles, other than sedans or unmodified vans, must be audited in accordance with 49 CFR Part 663, "Pre-Award and Post-Delivery Audits of Rolling Stock Purchases." Compliance must be certified on the Annual List of Certifications and Assurances. "Pre-award authority is not a legal or implied commitment that the project(s) will be approved for FTA assistance or that FTA will obligate federal funds. Furthermore, it is not a legal or implied commitment that all items undertaken by the applicant will be eligible for inclusion in the project(s)."

9.1.9 State Approval of All Sub-Contracts

Caltrans' DRMT will approve in writing all sub-contracts relating to the performance of the Standard Agreement. The subrecipient agrees that it will not enter into any sub-contracts unless the same are approved in writing by Caltrans' DRMT.

9.2 Third Party Contracting Provision

Caltrans' DRMT strongly recommends subrecipients use the procurement guidance available on the Division's webpage which outlines the required federal requirements to expedite Caltrans' DRMT approval. FTA Circular 4220.1F sets forth the requirements for the solicitation, award and administration of its third party contracts. Compliance requires the inclusion of applicable federal clauses in all contracts between the subrecipient and their contractors. Federal clauses cannot be amended into existing third party contracts. It will be the responsibility of the subrecipient to monitor their contractors' activities and to ensure compliance with third party contracting requirements.

9.3 Piggybacking

Subrecipients should consult with Caltrans' DRMT before purchasing from another agency's contract. Caltrans' DRMT reviews contracts and bids to ensure federal compliance prior to authorizing a purchase. Agencies (having an eligible piggybacking contract) may assign contractual rights to purchase goods and services to other subrecipients, if the original contract contains appropriate assigning provisions. Subrecipients who obtain these

contractual rights (commonly known as 'piggybacking') may exercise them after first determining the contract price remains fair and reasonable. To assist subrecipients, Caltrans provides a Piggybacking Worksheet, which outlines key questions for subrecipients to address prior to making a purchase from the agreement. See Appendix B.16. Because purchasing through a piggyback can be a complex process, Caltrans' DRMT requires subrecipients to contact Caltrans' DRMT prior to procuring from another agency's contract. Subrecipients purchasing from unapproved or non-compliant agreements may not be eligible for federal reimbursement.

9.4 Bus Testing

Each subrecipient Standard Agreement includes the required certification that all subrecipients will comply with the Federal Bus Testing Law (49 CFR Part 665) stating that "all new modified bus models must be tested at the FTA-sponsored test facility in Altoona, PA before FTA funds can be expended for their purchase." For vehicles subject to bus testing, Caltrans' DRMT requires the vendor provide a copy of the Altoona test report before bid award. When procurements are conducted by subrecipients, Caltrans' DRMT requires that subrecipients certify that they will comply with bus testing regulations. Additionally, all bid specifications and contracts are reviewed by Caltrans' DRMT staff to ensure that bus testing requirements have been met and, specifically, that bus testing reports have been obtained.

Bus manufacturers are required to certify the following with the agency awarding the contract:

> The Contractor [Manufacturer] agrees to comply with 49 U.S.C. A 5323(c) and FTA's implementing regulation at 49 CFR Part 665 and shall perform the following:

- A manufacturer of a new bus model or a bus produced with a major change in components or configuration shall provide a copy of the final test report to the recipient at a point in the procurement process specified by the recipient which will be prior to the recipient's final acceptance of the first vehicle.
- A manufacturer who releases a report under paragraph 1 above shall provide notice to the operator of the testing facility that the report is available to the public.
- If the manufacturer represents that the vehicle was previously tested, the vehicle being sold should have the identical configuration and major components as the vehicle in the test report, which must be provided to the recipient prior to recipient's final acceptance of the first vehicle. If the configuration or components are not identical, the manufacturer shall provide a description of the change and the manufacturer's basis for concluding that it is not a major change requiring additional testing.
- If the manufacturer represents that the vehicle is "grandfathered" (has been used in mass transit service in the United States before October 1, 1988, and is currently being produced without a major change in configuration or components), the manufacturer shall provide the name and address of the recipient of such a vehicle and the details of that vehicle's configuration and major components.

10. Satisfactory Continuing Control

Equipment and real property acquired, built, or improved with the assistance of FTA grant funds must remain under the control of Caltrans' DRMT and/or the subrecipients who are responsible for ensuring that the equipment and real property continue for use by transit services. This section describes the satisfactory continuing control provisions for real property and equipment.

10.1 FTA Funded Assets Management (Caltrans as a Lien holder)

To ensure that federal investment is protected, Caltrans shall be the lien holder to all FTA funded assets until the end of the useful life of the project. Caltrans must take control over FTA funded assets and ensure that they are used in transit service. At all times while the FTA funded asset is in the possession or control of the subrecipient, the subrecipient is the registered owner and Caltrans is the legal owner or lien holder.

10.2 Real Property

Subrecipients are responsible for the management and disposition of property acquired with Section 5339 funds. Due to program constraints, Caltrans' DRMT chooses not to fund real property acquisition and relocation projects from the 5339 program at this time.

10.3 Equipment

Caltrans' DRMT staff works in partnership with sub-recipients to procure vehicles using Caltrans' DRMT-approved vehicle procurement contracts that provide purchasing options for Paratransit buses and vans in compliance with the program requirements. Among the benefits of using State approved contracts is assurance that all federal and State safety requirements, regulations and guidelines are met and that the procurement process affords a full and open competition in accordance with FTA Master Agreement as well as inclusion of all applicable federally-required contract clauses as outlined in the Best Practices Procurement Manual, Appendix A.1.

Additional benefits include inspection of equipment by Caltrans' DRMT at the factory as the vehicles are built and a final inspection before delivery, assistance with warranty issues, delivery instructions, economies of scale resulting in a reduced unit cost, and overall ease for the grant recipient. Upon receiving grant approval from the FTA, agencies pay their local match appropriately for the vehicle procurement contract used for purchase.

10.3.1 Useful Life

The useful life standard is specified in the Standard Agreement. Subrecipients are required to maintain all FTA funded vehicles, per manufacturers suggested requirements until the useful life standard has been met. Useful life for vehicles in Table 4, Section 5.2.9.ined as:

Useful Life criteria are subject to review and approval by Caltrans' DRMT and a determination is based on the date the property (facility, vehicle, equipment) was put into active service, not based on the delivery date or the model year of the item. The downtime period shall be deducted from the vehicle's age when a vehicle is not being used (i.e. parked for periods of

time exceeding 30 days). The useful life of mobile radios and other communication equipment attached to the vehicle will be equivalent to the useful life of the vehicle. When the useful life of the vehicle has been met, the agency notifies Caltrans' DRMT in writing. After

review and approval, Caltrans' DRMT notifies the agency by letter discontinuing quarterly reporting and monitoring.

10.3.2 Like-Kind Replacement and Exchange

The Section 5339 program limits vehicle replacements to those within the same useful life category as shown in the "Useful Life" Section above and as described in Circular 5010.1D. Similarly, other equipment bids and replacements must follow the like-kind guidance. Specifically, when equipment bids are submitted to Caltrans' DRMT for consideration, they must use the same general specifications so that a fair and reasonable cost comparison can be made. Caltrans' DRMT cannot approve bids for equipment where generally dissimilar parts or specifications exist. Where bidding is required, Caltrans' DRMT requires the subrecipient to find three competitive estimates, and is encouraged to solicit Caltrans' DRMT-certified DBE participants if available.

10.3.3 Asset Management Systems

Federally funded vehicles, equipment or facilities must be used and maintained in accordance with the purpose and intent for which it was awarded under the FTA grant program whether or not the project or program continues to be supported by federal funds. The subrecipients must maintain control and accountability for all grant awards and property purchased with federal funds including procedures for asset management and adequate maintenance. Federally funded vehicles and equipment shall be operated and maintained in accordance with maintenance and inspection schedules provided by the manufacturer. No alterations may be made in its as-received condition without first receiving written approval from Caltrans' DRMT. Caltrans will review all alteration requests on a case-by-case basis. Subrecipients must ensure that resources are properly used and safeguarded, and used solely for authorized purposes specified under the grant. In accordance with 49 CFR Part 18.32(a) and FTA C 5010.1D, Caltrans' DRMT and subrecipients must maintain a Capital Asset Inventory Systems to track and monitor all federally funded assets including, but not limited, to the following:

- Description of the asset.
- Identification number (year, make, model, serial, license, VIN).
- Funding source of property (grant program and Standard Agreement).
- Acquisition date.
- Warranty dates.
- Cost.
- Percentage of federal participation in the cost.
- Location of property.
- Use and condition of property.
- Useful life standard.
- Ownership and title.
- Disposition data, including the date of disposal and sale price, or, where applicable, method used to determine its fair market value.

10.3.4 Vehicle Certifications

The subrecipients are the registered owner of vehicles purchased with 5339 funds. Caltrans is the lien holder and retains the Certificate of Title until the property meets the useful life standard and the federal interest requirement. In order to protect the interest of the State and the federal government, the following language is included in each standard agreement:

> "At all times, while the PROJECT equipment is in the possession of the Contractor (grantee), the Contractor shall be the registered owner. The Contractor shall not transfer ownership of the PROJECT equipment at any time while this contract is in effect. If the State must take possession of the equipment, as a result of non-compliance with contract terms or by mutual agreement between the State and the agency, the agency shall sign-off as registered owner upon the State taking possession of the equipment."

Successful subrecipients enter into a Standard Agreement which describes the program terms and conditions, and other requirements and regulations to comply with Department of Motor Vehicles (DMV) and CHP. If applicable, subrecipients are required to provide CHP safety and inspection certificates.

10.3.5 Insurance Requirements

As described in the Standard Agreement, subrecipients are required to furnish to Caltrans' DRMT, before delivery of the project vehicle(s) to the subrecipient, a certificate of insurance issued by a company licensed to write insurance in California. The insurance amount must be adequate to protect FTA interest in the vehicle with the useful life of the vehicle. Subrecipients and entities in areas considered as flood zone must obtain flood insurance adequate to cover FTA funded equipment and properties in a flood zone area. Evidence of insurance must be provided with the Biannual Report on at least an annual basis, but before the expiration date of the certificate. Insurance certificates are reviewed to verify that coverage meets the minimum requirements. Detailed insurance requirements include:

- The minimum limits of liability may be increased by the State at any time upon thirty (30) days notice to the subrecipient.
- The subrecipient shall purchase collision and comprehensive (fire, theft, etc.) insurance for amounts equal to the actual cash value of each vehicle and any other equipment that is part of the project equipment, with deductibles acceptable to the State. This insurance shall include a provision designating Caltrans as the Loss Payee for all purposes of adjusting, settling, or paying claims for damage to the insured vehicle(s).
- The State, its officers, employees, and agents shall be named as additional insured.
- The State will not be responsible for any premiums or assessments on the policy.
- The subrecipient, and/or third-party subcontractor shall furnish to the State, before delivery of the project vehicle(s) to the subrecipient, a certificate of insurance issued by a company licensed to write such insurance in California.
- Prior to the annual insurance policy expiration date; the subrecipient shall furnish to the State a new certificate of insurance or other written evidence of insurance satisfactory to the State. At any time that such evidence of insurance has not been provided, the State shall have the right immediately to take possession of the project equipment and to enter the property of the subrecipient for this purpose.
- The subrecipient shall provide the State at least thirty (30) days notice of cancellation or material change of the vehicle insurance policy.

While the subrecipient is in possession or control of vehicles or equipment purchased with FTA funds, the subrecipient must maintain adequate insurance protection against liability for damages for personal bodily injuries (including death), property damage, and vehicle damage. The following insurance requirements apply to all subrecipients that are defined as a Public Agency or Non-Profit entity:

Public Agency

- Property Damage: The subrecipient shall place property damage, whether the property of one or more claimants, in an amount not less than one million five hundred thousand dollars ($1,500,000) per occurrence (combined single limit) for property damage liability combined in respect to vehicles with seating capacity of fifteen (15) or less, or five million dollars ($5,000,000) per occurrence for property damage liability combined in respect to vehicles with seating capacity of sixteen (16) or more.
- Bodily Injury: The subrecipient shall place bodily injury in an amount not less than one million five hundred thousand dollars ($1,500,000) per occurrence (combined single limit) in respect to vehicles with seating capacity of fifteen (15) or less, or five million dollars ($5,000,000) per occurrence for bodily injury in respect to vehicles with seating capacity of sixteen (16) or more.
- Vehicle Physical Damage: The subrecipient shall place Vehicle Physical Damage, including collision and comprehensive (fire, theft, etc.) insurance for amounts equal to the actual cash value of each vehicle and any other equipment with deductibles acceptable to the Caltrans' DRMT. This insurance shall include a provision designating the State of California, Department of Transportation as the Loss Payee for all purposes of adjusting, settling, or paying claims for damage to the insured vehicle(s).

Non-Profit Entity

- Property Damage: The subrecipient shall place property damage, whether the property of one or more claimants, in an amount not less than one million dollars ($1,000,000) per occurrence (combined single limit) for property damage liability combined in respect to vehicles with seating capacity of fifteen (15) or less, or one million five hundred thousand dollars ($1,500,000) per occurrence for property damage liability combined in respect to vehicles with seating capacity of sixteen (16) or more.
- Bodily Injury: The subrecipient shall place bodily injury in an amount not less than one million dollars ($1,000,000) per occurrence (combined single limit) in respect to vehicles with seating capacity of fifteen (15) or less, or one million five hundred thousand dollars ($1,500,000) per occurrence for bodily injury in respect to vehicles with seating capacity of sixteen (16) or more.
- Vehicle Physical Damage: The subrecipient shall place Vehicle Physical Damage, including collision and comprehensive (fire, theft, etc.) insurance for amounts equal to the actual cash value of each vehicle and any other equipment with deductibles acceptable to the Caltrans' DRMT. This insurance shall include a provision designating Caltrans as the Loss Payee for all purposes of adjusting, settling, or paying claims for damage to the insured vehicle(s).

10.3.6 Use of Project Equipment and Property Management

Equipment purchased with FTA funds must be used for the granted purpose described in the application. Equipment may also serve the transportation needs of the general public on an

incidental basis if such service does not interfere with transportation service designed to meet the special needs defined by the program.

Subrecipients must comply with the requirements of the Motor Carrier Safety Regulations enforced by the CHP. Specific questions regarding these requirements should be referred to the CHP Motor Carrier Safety Office. Additionally, federal guidelines allow agencies to coordinate and assist in providing meal delivery services if these services do not conflict with the provision of transit services or result in a reduction of service to transit passengers. In those cases where an agency enters into an agreement with another agency(s) for use of the equipment, that agreement or lease must have prior written approval by the State. Under such an agreement, the contractor operates the vehicle(s) on behalf of the recipient and provides transportation to the recipient's clientele as described in the program application. Other uses of the vehicle(s) or equipment are permitted only as long as such uses do not interfere with service to senior individuals and individuals with disabilities. Control and responsibility for the operation of the vehicle(s) or other equipment must remain with the agency originally granted the equipment.

10.3.7 Transfer of Vehicles/Equipment

When vehicle/equipment purchased with FTA funds is no longer needed by a subrecipient, Caltrans will transfer the vehicle or equipment to another subrecipient. The subrecipient will relinquish ownership as determined by Caltrans' DRMT and will forfeit receiving any compensation from the local match given at the time of purchase. Control and responsibility for the operation of the vehicles or other equipment must remain with the subrecipient unless Caltrans' DRMT authorizes a transfer of control and responsibility to an approved subrecipient. Considerations making this transfer suitable will include the vehicle's age, condition, and mileage. Priority in placing the vehicle/equipment will be based on the following criteria:

- Currently active agency within the same grant program.
- Taking over the same service to the same clientele.
- Serving the same community.
- Within the same county or region.
- Within the same Caltrans district.
- Elsewhere in the State and/or to other grant programs.

In addition to using the above criteria, Caltrans will also evaluate potential transfer applicants' need for the vehicle/equipment. The transfer applicant will submit an abbreviated application or "mini-application" containing the following information:

- Project Description and Justification for Funding Request (Replacement or Expansion).
- Proposed Service and Operating Plan (including map of service area).
- Existing Transportation Services (current fleet).
- Proposed Transportation Services.
- Signed Certifications and Assurances.

Caltrans' DRMT staff will review applications submitted and the agency demonstrating the greatest need will be awarded the vehicle/equipment. Once the selection is made, each agency must submit a board resolution identifying the reason for the transfer, vehicle identification (VIN), service impact or service need, and the remaining federal interest of each vehicle. The receiving agency is responsible for all body and mechanical repairs necessary to

restore the vehicle/equipment to satisfactory operating condition. The receiving agency will enter into a contract with Caltrans' DRMT to deliver the appropriate service and maintain the

vehicle/equipment for the remaining duration of the useful life in accordance with the contract terms and conditions.

Caltrans' DRMT must notify the FTA of all vehicle transfers. Information reported to FTA include: transferor/transferee name, list of vehicles (year, make, model) date placed in service, date removed from service, grant number which originally funded the vehicle, mileage, remaining useful life, federal share of remaining useful life and the reason for transfer.

10.3.8 Disposition of Equipment

In accordance with 49 CFR Part 200.33, FTA Master Agreement Section 19, and FTA C5010.1D, Caltrans' DRMT established standards for the disposition of federally funded assets (vehicles, facilities and equipment) when the asset has met its useful life and federal interest requirements are met. In some cases, however, equipment may be relinquished by an agency before it has met its useful life. Under the Standard Agreement, subrecipients are required to notify Caltrans whenever program equipment is no longer needed or used for grant purposes. Caltrans will transfer equipment to another recipient of the same FTA grant program if the age, condition, and mileage of the vehicle would make it suitable for transfer, or if Caltrans is aware of a demand for the equipment by other subrecipients.

Prior to the disposition of any FTA funded capital asset, the subrecipient must submit to Caltrans' DRMT a report that identifies the capital equipment to be retired or disposed of. The report will be used to verify that a vehicle has met the minimum useful life and that there is no remaining Federal interest. The report must include the following information:

- Equipment Serial Identification Number or Vehicle Identification Number.
- Make and Model of the equipment.
- Date when equipment was placed into service.
- Current age and mileage of rolling stock.
- Established minimum useful life period (include miles for rolling stock).
- Proposed date of removal from service.
- Disposition outcome (sale, transfer, use as backup).
- Current market value.
- Proposed anticipated spare ratio.

Whenever any federally funded property is withdrawn from the service for any reason prior to meeting the useful life standard, and at the direction of Caltrans' DRMT the subrecipient shall be required do one of the following:

- Remit to the State, for repayment to the FTA, a proportional amount of the fair market value of the property, which shall be determined on the basis of the ratio of the federal grant funds paid under this Agreement to the actual purchase cost of the property. Fair market value shall be deemed to be the unamortized value of the remaining service life per unit, based on a straight-line depreciation of the original purchase price, or the federal share of the sales price.

- Relinquish the property to the State in the same condition as when received by the subrecipient except for reasonable wear and tear resulting from its use. The parties shall thereupon determine the amount of compensation, if any, to be paid by the subrecipient to the State in order to avoid any State liability to FTA or to others. Upon subsequent disposal of the property, the State shall reimburse the subrecipient for its proportional amount of the property value received or identified by the State, if any.
- When federally funded 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 property immediately before the fire, casualty, or natural disaster, irrespective of the extent of insurance coverage. Based on the calculation, the proceeds shall be applied to the cost of replacing the damaged or destroyed property taken out of service.
- If any damage to property results from abuse or misuse occurring with the subrecipient's knowledge and consent, the subrecipient agrees to restore the property to its original condition or refund the value of the federal interest in that property to the State.

When any federally funded property is withdrawn from service after it has met its Useful Life Standard, and at the direction of Caltrans' DRMT, the subrecipient shall be required to do one of the following:

- For federally funded property with fair market value greater than or equal to $5,000. The subrecipient will remain the registered owner and the State remains the lien holder. Should the subrecipient choose to sell the property after it has reached the end of its service life, the State must be notified in advance of the pending sale. Equipment with a market value that exceeds $5,000 and has reached the end of its service life, requires reimbursement to the FTA of the proportionate share of the fair market value or the net proceeds of the sale. Alternatively, Caltrans' DRMT, with FTA's approval, can use proceeds of the sale that exceed $5,000 to reduce the gross project cost of future FTA eligible capital transit projects. Subsequent Caltrans' DRMT capital grant application shall contain information showing FTA that the gross cost has been reduced with proceeds from the sale of equipment in excess of $5,000. Supporting documentation on the use of sale revenue must be provided to the State at the time of request for the disposal of asset.
- For federally funded property with Fair Market Value Less Than $5,000. The Certificate of Title will be released to the subrecipient. The subrecipient will remain the registered owner. If sold, proceeds of the asset or equipment with a market value of $5,000 or less that has reached the end of its service life may be retained by the subrecipient and requires no FTA reimbursement. All proceeds from the sale of the property must be retained in the subrecipient's transportation program. Supporting documentation on the use of sale revenue must be provided to Caltrans' DRMT at the time of request for the disposal of the asset or equipment. This is applicable to all programs administered by Caltrans' DRMT.

An appraisal of FTA funded asset or equipment must be obtained prior to dismantling or disposing of the asset or equipment. Caltrans' DRMT will accept a current market appraisal or assessment from the dealer of purchase to determine the current market value. In either case where an asset or equipment is appraised below or above $5,000, Caltrans' DRMT

requires subrecipient and entities to obtain prior approval in writing from Caltrans' DRMT.

Caltrans' DRMT will accept a current market appraisal or assessment from the dealer of purchase to determine the current market value.

10.3.9 Mobile Radio Narrowbanding Mandate

Beginning January 1, 2013, all subrecipients are required to comply with the Federal Communications Commission (FCC) requirement to operate on channels with a bandwidth of 12.5 kHz or less.

The FCC created A Public Safety Guide for Compliance to provide guidance to state and local public safety entities on narrowbanding mandates. The narrowbanding is intended to ensure more efficient use of the spectrum and greater spectrum access for public safety and non-public safety users. Subrecipients should convert their existing wideband (25 Khz) systems to narrowband (12.5 kHz) operation and replace any equipment that is not capable of operating on channels of 12.5 kHz or less. Requests for mobile radio equipment that do not conform to the FCC requirement will not be eligible for FTA funding. Applicants must specify the type of mobile radio system equipment requested and subsequent invoices for reimbursement will be reviewed for compliance prior to approval.

10.3.10 Lease Restrictions

Leases are not eligible projects for 5339 funding.

11. Program of Projects Development and Approval Process

Caltrans makes program announcements for all programs periodically. The announcement provides information on available funds and solicits applications from eligible subrecipients. For most programs, the program period of performance is based on the State FY (July 1–June 30). After review of all applications, the annual POP recommended by Caltrans serves as the basis for the Caltrans' application for funds to the FTA. The POP identifies each local subrecipient approved to receive funds for that year, including a brief description of the projects and funding level (federal and non-federal).

Caltrans is also required to submit a POP to the FTA that includes the total number of subrecipients, the name of each entity receiving the award, the amount of the award, and the location of the entity receiving the award and the primary location of performance under the award, including the city, State, and Congressional district, and if they are governmental authorities, private non-profit agencies, or private providers of transportation services. Caltrans must also identify Indian tribal governments or tribal transit agencies (including both federally-recognized and other tribal governments).

Caltrans annual application to FTA can include three (3) categories in the POP:

- **Category A** includes those applicants certified as having met all the statutory and administrative requirements necessary for project approval. This is the only category where pre-award costs are eligible for subsequent reimbursement. Caltrans' DRMT must have a letter on file from the FTA approving the Categorical Exclusion to advance a project to Category A.
- **Category B** includes those projects which Caltrans intends to fund during that fiscal year, but have not yet met all the statutory and administrative requirements of the respective Programs. Caltrans' DRMT may draw down funds to support Category B projects only if the subrecipient meets all federal requirements.

Caltrans routinely strives to allocate all available funds under Category A.

The statewide announcements are widely disseminated through various agencies, including:

- Existing public transportation providers.
- County government administrators.
- COGs for region-wide distribution to interested agencies including private sector transportation providers and Native American Tribes.
- MPOs.
- Other local planning agencies.
- Members of the California Transportation Commission.
- Other interested agencies and operators of public transportation services.
- The Caltrans' DRMT website.
- Notice of the Availability of Funds.

11.1 Public Notification

Applications for Section 5339 projects may be solicited on a biennial basis when the application cycle is announced. A letter announcing the cycle and the program fact sheet is

sent directly to those agencies included in Caltrans comprehensive database of potential applicants and interested agencies. This letter is also sent directly to the RTPAs and the members of the SRC. At the same time, a press release is distributed with copies transmitted to all twelve Caltrans district public affairs offices. Interested entities are encouraged to attend the scheduled application workshops. Information on the funding cycle, the application, the instructions, and the evaluation criteria are also posted on Caltrans' DRMT's website.

Caltrans maintains a comprehensive listing of agencies that currently totals over 3,000 and includes social service providers, transportation providers, local transportation planning agencies, CTSAs, local transportation committees (e.g., Paratransit Coordinating Councils and SSTACs) and those who have expressed an interest in the transit programs. Initial packages are mailed (or emailed) to eligible agencies and includes a letter announcing a Call for Projects and a Program Fact Sheet to assist in the application process.

11.2 Application Review and Approval Schedule

Biennially, Caltrans invites subrecipients to submit applications for projects. Caltrans also sends a POP which distributes program funds for capital and operating to RTPAs and MPOs for transit agencies in their region based on established formula (population and land area). Applications are reviewed for completeness by the DRMT. Projects requested in the application must meet the project planning criteria as previously described in section 4.2. This includes the service improvements that would be addressed by acquiring the project equipment and how the surrounding community will benefit.

Subrecipient applications which are based on projects selected at the local level must include a complete project description that states that the services being provided are open and available to the general public with sufficient detail to understand the nature and purposes of the planned activities. The description must also state what type of service is being provided (i.e. a fixed route or paratransit services) and the geographic areas that benefit from the service.

Applications that are complete and meet all program requirements are then selected, prepared, and submitted to the FTA for application and grant approval.

11.3 Approval Process

Section 5339 funds are distributed through a competitive process. Annually, Caltrans announces a call for projects on its website. Applications are received by Caltrans' DRMT staff, reviewed for completeness, and prioritized by amount beyond Useful Life (based on percentage of mileage and/or age as shown for vehicle type in Table 4). Oldest vehicles in the state are replaced first, up to a maximum allowance (determined annually), until funding is exhausted. Awards will be made until all available funds have been allocated. Partial awards may be made and additional vehicles may be funded if project savings are available.

11.4 Public Hearing Requirements

The applicant must provide an adequate opportunity for public review and comment on a capital project, and, after providing notice, must hold a public hearing on the project if the project affects significant economic, social, or environmental interests. Federal public involvement and hearing requirements for capital projects are associated with the

environmental review required by the NEPA and its implementing regulations. These requirements will be satisfied through compliance with the NEPA requirements for a public scoping process, public review and comment on NEPA documents, and a public hearing on every draft Environmental Impact Statement (EIS). A public hearing on environmental assessments (EAs) that have a high probability of being elevated to EIS is also required, ensuring that the applicant has complied with the public hearing requirement to include in the environmental record for the project.

Under 49 U.S.C. Section 5323(b), any application for a project that will "substantially affect a community or the public transportation service of a community" shall include a certification to the effect that the applicant has:

- Provided an adequate opportunity for public review and comment on the project.
- After providing notice, held a public hearing on the project if the project affects significant economic, social or environmental interests.
- Considered the economic, social, and environmental effects of the project.
- Found that the project is consistent with official plans for developing the community.

Title 49 U.S.C. Section 5323(b) further states, "Notice of hearings under this subsection shall include a concise description of the proposed project; and shall be published in a newspaper of general circulation in the geographic area the project will serve."

Section 5323(b) must be read in concert with Section 5324(b) which states that the FTA must review the public comments and hearing transcript to ascertain that an adequate opportunity to present views was given to all parties having a significant economic, social, or environmental interest in the project, and that the FTA must make a written finding to this effect.

12. National Transit Database Reporting

The National Transit Database (NTD) is the FTA's primary national database for statistics on the transit industry. Recipients of FTA's Section 5339 program are required by 49 U.S.C. 5335(a) and (b) to submit data to the NTD as a condition of the award.

MAP-21 and FAST Act require subrecipients to provide annual reporting of rural transit data. Caltrans is responsible for the reporting of transit data for all Section 5339 subrecipients through the existing NTD Rural Data Reporting Module. Data that will be reported include annual revenue, total annual operating costs, total annual capital costs, fleet size and type, and related facilities, revenue vehicle miles, and ridership information.

Each September, every 5339 subrecipient is emailed the Rural General Public Transit Service Form (RU-20) along with the instruction manual. All 5311 subrecipients are required to submit the report to Caltrans by the end of October of that year. Subrecipients that also receive 5307 funding (5307 subrecipients are required to report certain limited data to Caltrans' DRMT even though those agencies report directly to the Urban NTD reporting module.

NTD annual reporting requirements generally include data about:

- Total annual revenue.
- Sources of revenue.
- Total annual operating costs.
- Total annual capital costs.
- Fleet size and type, and related facilities.
- Revenue vehicle miles.
- Ridership.

13. ITS Architecture

The Standard Agreement (contract) language between Caltrans and the subrecipient requires adherence to federal requirements regarding ITS. Caltrans has an IT/ITS Procurement Plan form to collect information regarding IT/ITS equipment procurements from the subrecipients (ITS Procurement Plan form).

13.1 Policy

In accordance with the FTA's annual Certifications and Assurances and the National ITS Architecture, it is Caltrans' policy that all requests for ITS projects by an awarding agency must have an ITS Plan. Per 49 CFR Part 613, ITS projects shall conform to the National ITS Architecture and standards in accordance with the requirements. Conformance with the National ITS Architecture means the use of the National ITS Architecture to develop a regional ITS architecture in support of integration and the subsequent adherence of all ITS projects to that regional ITS architecture. Development of the regional ITS architecture should be consistent with the transportation planning process for Statewide and Metropolitan Transportation Planning and Regional Transportation Planning Agency.

13.2 Definition

ITS are techniques and methods for relieving congestion, improving road and transit safety, and increasing economic productivity. During the last few decades, there have been rapid advances in information and communications technology. Many transit agencies have employed a number of these different technologies in order to supplement or enhance the transportation services they offer to the public. ITS encompasses a variety of different technology based systems.

13.3 Requirements

Subrecipients who are applying for ITS projects must complete the ITS compliance plan in the application. In addition, the proposed project must be included in the regional ITS architecture. Prior to completion of the regional ITS architecture, an ITS project shall have a project level ITS plan that is coordinated with the development of the regional ITS architecture.

Caltrans' DRMT verifies the following for each agency project ITS plan:

- How the surrounding community benefits from the proposed ITS project.
- The project is consistent with the agency's local or regional ITS architecture plan.
- The project complies with the requirements of the National ITS Architecture.
- What system the project integrates with.
- What other entities will be a part of the systems integration.
- Each agency has an implementation plan to carry out the ITS project.

13.4 Subrecipient Roles and Responsibilities

Subrecipient roles and responsibilities include the following:

- Participate in regional ITS architecture development process;
- Complete the ITS compliance plan in the FTA section 5339 application and submit it to Caltrans headquarters during the FTA Section 5339 grant application process; and

- Maintain and have on file a regional ITS architecture plan. This plan is required to be on file with Caltrans' DRMT 5339 Program Branch. The applicant is responsible for submitting new or revised versions of their plan.

14. Title VI Civil Rights

"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 ground of sex, age, 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." The Secretary of Transportation is required under 49 U.S.C. 5332(c) to take affirmative action to ensure that no person on the basis of "race, color, creed, national origin, sex or age," shall be excluded from participation in, be denied the benefits of, or be subject to discrimination under any project, program, or activity funded in whole or in part by FTA.

The Caltrans' DRMT Title VI Program was developed in response to federal nondiscrimination regulations issued by the United States Department of Transportation (DOT). As described in FTA Circular 4702.1B and the Caltrans Title VI Program Plan, successful grant applicants are responsible for providing annual Title VI compliance reporting and to include subrecipients serving significant minority populations. Additional details are provided to each successful applicant in their Standard Agreement at Exhibit C.

Caltrans' DRMT annually certifies and assures in the grant application to FTA that the State and its local recipients are in compliance with all applicable civil rights requirements and have signed the FTA Civil Rights Assurance and the DOT Title VI Standard Assurance. In fulfillment of this assurance, the following is required of applicants/recipients:

- *General Certifications and Assurances*: All applicants are required to make a specific assurance with regards to Title VI at the time of application submittal.
- *Subrecipient Assurances*: Each subrecipient is required to have (on file) a signed "FTA Civil Rights Assurance" and a "DOT Title VI Assurance." Copies of these assurances are forwarded to subrecipients, along with the Caltrans Standard Agreement, for completion and signature.
- *Subrecipient Standard Agreement*: The Standard Agreement requires compliance with Title VI by the subrecipient and any of its contractors or sub-contractors.
- *Subrecipient Monitoring*: Caltrans staff monitors each subrecipient, with an active contract, triennially. This monitoring visit provides an opportunity to discuss any complaints the subrecipient may have received and to resolve any potential discrimination issues.
- *Procurement*: Under the State contract, bidders are required to certify when responding. The *Invitation for Bid* states subrecipients will comply with all applicable federal laws and regulations. Compliance with Title VI is formatted into a separate certification and must be signed by each vendor responding to the bid. A subrecipient conducting its own procurement is required to have each bidder certify that they will comply with all applicable federal laws and regulations when responding to an Invitation for Bid through the local procurement process.
- *Meaningful Access to Limited English Proficient Persons:* subrecipients are required to make reasonable provisions to persons with limited English skills when federal funds have been used to secure vehicles or equipment.

- *Non-Discrimination:* Subrecipients are prohibited from discriminating the use of vehicles or equipment where federal funds are involved on the basis of race, creed, national origin, sex, disability (49 U.S.C. 5332).

14.1 Annual Title VI Certification and Assurance

Each subrecipient is required to have a signed "FTA Civil Rights Assurance" and a "DOT Title VI Assurance" on file. Copies of these assurances are forwarded to subrecipients, along with the Caltrans' DRMT Standard Agreement, for completion and signature.

14.2 Complaint Procedures

In order to comply with 49 CFR Section 21.9(b), subrecipients shall develop procedures for investigating and tracking Title VI complaints filed against them and make their procedures for filing a complaint available to members of the public upon request. In order to reduce the administrative burden associated with this requirement, subrecipients may adopt the Title VI complaint investigation and tracking procedures developed by the recipient.

The State has not received any complaints regarding the distribution of FTA funds; however, if a discrimination complaint is received by the State, the complaint procedures described in FTA Circular 4702.1B will be used. Subrecipients are required to report complaints and lawsuits in their application for funding. During the subrecipient monitoring process, complaints and lawsuits are again reviewed.

All references to FTA in this document were replaced with Caltrans' DRMT. In addition the following changes are made:

- *Submission of Complaints:* For a complaint regarding the provision of transportation services, the complaint should be initially filed at the lowest level possible for resolution. Complaints are forwarded to the Caltrans' DRMT, Office of Business & Economic Opportunity, Equal Employment Opportunity Program, Discrimination Complaint Investigation Unit (DCIU) for jurisdiction determination, issue clarification, and investigation. Complaints are logged into a database and tracked by the DCIU. Information is also shared with the Title VI Program. Complainants are notified by DCIU of their appeal process and other options for filing complaints directly with the federal funding agency. Any deficiencies are noted, with subrecipients having 90 days to resolve the deficiency. Annual follow-ups are conducted to verify compliance. If the complainant is not satisfied with the resolution, then the complaint should be forwarded to the FTA for investigation as described in FTA Circular 4702.1B. For a complaint regarding funding decisions, the complaint should be initially directed to the Subrecipient for resolution. If the complainant is not satisfied with the resolution, then the complaint should be forwarded to the State for investigation.
- *Filing Complaints of Discrimination:* At the State level, complaints should be submitted in writing to the Grant Program's Branch Chief, within Caltrans' DRMT. Complaints directed to the federal level should be submitted as described in FTA Circular 4702.1B.

14.3 Requirement to Record Title VI Investigations, Complaints, and Lawsuits

In order to comply with 49 CFR Section 21.9(b), subrecipients shall prepare and maintain a list of any active investigations conducted by entities other than FTA, lawsuits, or complaints naming the recipient and/or subrecipient that allege discrimination on the basis of race, color, or national origin. This list shall include the date of the investigation, lawsuit, or complaint

was filed; a summary of the allegation(s); the status of the investigation, lawsuit, or complaint; and actions taken by the recipient or subrecipient in response to the investigation, lawsuit, or complaint.

14.4 Limited English Proficiency

Title VI and its implementing regulations require that FTA recipients (Caltrans' DRMT) take responsible steps to ensure meaningful access to the benefits, services, information, and other important portions of their programs and activities for individuals who are Limited English Proficient (LEP).

14.4.1 Developing a Language Implementation Plan

Subrecipients can ensure that LEP persons have meaningful access to their programs and activities by developing and carrying out a language implementation plan pursuant to the recommendations in Section VII of the DOT LEP Guidance. Certain FTA subrecipients, such as those serving very few LEP persons or those with very limited resources may choose not to develop a written LEP plan. However, the absence of a written LEP plan does not eliminate the underlying obligation to ensure meaningful access by LEP persons to subrecipient programs or activities. Subrecipients electing not to prepare a written language implementation plan should consider other ways to reasonably provide meaningful access. The elements of an effective implementation plan on language assistance for LEP persons can be found at section VII of Caltrans' Policy Guidance, located at 70 FR 74087 (2005).

The Caltrans Office of Business and Economic Opportunity (OBEO) Title VI Program maintains the listing of Caltrans interpreters and statewide contract for telephone interpretation services; participates in triennial surveys conducted by the State Personnel Board; and provides the Title VI Liaisons with technical assistance and procedures for carrying out the LEP activities. In June 2015, The Caltrans' DRMT Title VI Program developed a Language Assistance Plan for LEP Persons. This Plan has been forwarded to the FTA for its concurrence. Compliance reviews that are conducted are also an opportunity for ensuring meaningful access, and LEP activities.

Caltrans OBEO emphasizes the fair treatment and meaningful involvement of people of all races, cultures, and income levels, including minority and low-income populations through its public involvement processes. Statistical data on race, color, national origin, sex, age, disability, income level, and LEP of participants in and beneficiaries of Caltrans' DRMT programs (e.g. affected populations and participants) is maintained by Caltrans' DRMT's districts and divisions and reported to the Title VI Program. The Title VI Program reviews the data to ensure Caltrans' DRMT is meeting the Title VI requirements. Procedures are reviewed, updated and distributed as needed. The annual report is published which includes outreach activities. The Title VI Program sends out guidelines on how to conduct the public participation surveys at public outreach meetings. Additional information can be found on the Caltrans LEP website.

14.5 Requirement to Notify Beneficiaries of Protection under Title VI

In order to comply with 49 CFR Section 21.9(d), subrecipients shall provide information to the public regarding their Title VI obligations and apprise members of the public of the protections against discrimination afforded to them by Title VI. Subrecipients that provide transit service shall disseminate this information to the public through measures that can include but shall not be limited to a posting on the agency's Web site.

14.5.1 Contents

The notice shall include:

- A statement that the agency operates programs without regard to race, color, and national origin;
- A description of the procedures that members of the public should follow in order to request additional information on the subrecipient's nondiscrimination obligations;
- A description of the procedures that members of the public should follow in order to file a discrimination complaint against the recipient or subrecipient.

14.5.2 Effective Practices for Fulfilling the Notification Requirement

In complying with the above requirements, recipients and subrecipients should keep the following guidance in mind:

- Dissemination. Agencies may inform the public of their rights under Title VI through such measures as posters, comment cards, or flyers placed at stations and in transit vehicles. The type, timing, and frequency of these measures are at the recipient's or subrecipient's discretion.
- General notification. Agencies may include a statement of nondiscrimination on the basis of race, color, and national origin as part of a broader statement of its commitment to nondiscriminatory service. This broader statement can also include a commitment to nondiscrimination on the basis of characteristics not covered by Title VI, such as age, gender, and disability.
- Document translation. Notices detailing a recipient's or subrecipient's Title VI obligations and complaint procedures should be translated into languages other than English, as needed and consistent with the DOT LEP Guidance.
- Subrecipients. In order to reduce the administrative burden associated with this requirement, subrecipients may adopt the Title VI Notice developed by the recipient; however, subrecipients should notify their beneficiaries that they may file discrimination complaints directly with the subrecipient.

14.6 Requirement to Provide Additional Information upon Request

At the discretion of FTA, information other than that required in FTA Circular 4702.1B, may be requested, in writing, from a recipient or subrecipient to investigate complaints of discrimination or to resolve concerns about possible noncompliance with Title VI.

14.7 Requirement to Prepare and Submit a Title VI Program

To ensure compliance with 49 CFR Section 21.9(b), FTA requires that Caltrans' DRMT document their compliance with the program-specific requirements in FTA Circular 4702.1B and submit to FTA a Title VI program that also includes documentation of compliance with the general reporting requirements in Chapter IV, General Requirements and Guidelines. This program shall be submitted once every three years on or prior to a date arranged by FTA.

14.7.1 Contents

Caltrans' DRMT, to which this chapter applies, shall include the following information in their compliance report:

- A copy of the procedures used for certifying that the statewide planning process complies with Title VI.
- A description of the procedures the agency uses to pass-through FTA financial assistance in a non-discriminatory manner.
- A description of the procedures the agency uses to provide assistance to potential subrecipients applying for funding in a non-discriminatory manner.
- A description of how the agency monitors its subrecipients for compliance with Title VI and a summary of the results of this monitoring.

14.7.2 Eliminating Redundancy

If, prior to the deadline for subsequent reporting periods, the State DOT or administrating agency has not altered its procedures for certifying that the statewide planning process complies with Title VI, its description of the procedures the agency uses to pass-through FTA financial assistance in a non-discriminatory manner, its description of the procedures the agency uses to provide assistance to potential subrecipients applying for funding in a non-discriminatory manner, or its description of how the agency monitors its subrecipients for compliance, the agency should submit a statement to this effect in lieu of copies of the original documents.

14.8 Guidance on Conducting an Analysis of Construction Projects

Note: Due to fiscal constraints, Caltrans' DRMT does not choose to fund construction projects with 5339 funding at this time. The following information is provided in the event of a policy change in the future. In order to integrate, into environmental analyses, considerations expressed in the DOT Order on Environmental Justice, subrecipients should integrate an environmental justice analysis into their NEPA documentation of construction projects (subrecipients are not required to conduct environmental justice analyses of projects where NEPA documentation is not required.). Recipients preparing documentation for a categorical exclusion (CE) can meet this requirement by completing and submitting FTA's standard CE checklist, which includes a section on community disruption and environmental justice. FTA recommends that recipients preparing an environmental assessment (EA) or EIS integrate into their documents the following components:

- A description of the low-income and minority population within the study area affected by the project, and a discussion of the method used to identify this population (e.g., analysis of Census data, minority business directories, direct observation, or a public involvement process).
- A discussion of all adverse effects of the project both during and after construction that would affect the identified minority and low-income population.
- A discussion of all positive effects that would affect the identified minority and low-income population, such as an improvement in transit service, mobility, or accessibility;
- A description of all mitigation and environmental enhancement actions incorporated into the project to address the adverse effects, including, but not limited to, any special features of the relocation program that go beyond the requirements of the Uniform Relocation Act and address adverse community effects such as separation or cohesion issues; and the replacement of the community resources destroyed by the project.
- A discussion of any remaining effects, and why further mitigation is not proposed.
- For projects that traverse predominantly minority and low-income and predominantly non-minority and non-low-income areas, a comparison of mitigation and

environmental enhancement actions that affect predominantly low-income and minority areas with mitigation implemented in predominantly non-minority or non-low-income areas. Recipients and subrecipients that determine there is no basis for such a comparison should describe why that is so.

14.9 Guidance on Promoting Inclusive Public Participation

In order to integrate, into community outreach activities, considerations expressed in the DOT Order on Environmental Justice, and the DOT LEP Guidance, recipients and subrecipients should seek out and consider the viewpoints of minority, low-income, and LEP populations in the course of conducting public outreach and involvement activities. An agency's public participation strategy shall offer early and continuous opportunities for the public to be involved in the identificationn of social, economic, and environmental impacts of proposed transportation decisions.

14.9.1 Effective Practices for Fulfilling the Inclusive Public Participation Requirement

Recipients and subrecipients have wide latitude to determine how, when, and how often specific public involvement measures should take place, and what specific measures are most appropriate. Recipients should make these determinations based on the composition of the population affected by the recipient's action, the type of public involvement process planned by the recipient, and the resources available to the agency. Efforts to involve minority and low- income people in public involvement activities can include both comprehensive measures, such as placing public notices at all stations and in all vehicles, and measures targeted to overcome linguistic, institutional, cultural, economic, historical, or other barriers that may prevent minority and low-income people and populations from effectively participating in a recipient's decision- making process. Effective practices include:

- Coordinating with individuals, institutions, or organizations and implementing community-based public involvement strategies to reach out to members in the affected minority and/or low-income communities.
- Providing opportunities for public participation through means other than written communication, such as personal interviews or use of audio or video recording devices to capture oral comments.
- Using locations, facilities, and meeting times that are convenient and accessible to low-income and minority communities.
- Using different meeting sizes or formats, or varying the type and number of news media used to announce public participation opportunities, so that communications are tailored to the particular community or population.
- Implementing DOT's policy guidance concerning recipients' responsibilities to LEP persons to overcome barriers to public participation.

14.9.2 Minority and Low-Income Assistance

Caltrans' DRMT maintains a mailing list of all agencies which have shown an interest in their programs, including past and current recipients. Extensive outreach is conducted when a new application cycle is announced. MPOs and RTPA's provide further outreach and distribution in their areas. FTA provides a Training Overview for FTA Funding Recipients. For additional information, see the FTA Introduction to Title VI Civil Rights Act PowerPoint which discusses Title VI and LEP responsibilities.

14.10 Public Notification

Title VI public notification is provided in various ways. Title VI posters are displayed statewide and are posted in public areas. The Title VI Program encourages Caltrans' DRMT Title VI Liaisons to distribute the Title VI brochure entitled, *Caltrans' DRMT and You, Your Rights Under Title VI and Related Statutes,* to its customers and at public meetings/events. The Standard Agreement Exhibit C, No. 28, requires compliance with all federal statutes and regulations, including Title VI. Title VI is discussed during workshops and is part of the application process and is in the Summary of General Certifications and Assurances. Subrecipients display Title VI posters in their offices and on their buses and many also participate in Title VI training, which is recommended, but not mandated.

14.11 Annual Reviews

Caltrans OBEO Title VI Program conducts annual reviews of its divisions and program area activities, twelve district offices, and subrecipients. In addition, the Title VI Program participates in pre-grant approval reviews for compli*ance with Title VI compliance and pr*ovides FTA with an annual report of Title VI accomplishments and goals including an annual update to the Title VI Program Plan. The Title VI Program Plan focuses on functional areas with significant public contact responsibilities and provides policy direction necessary to ensure compliance with Title VI. The Title VI Program meets quarterly with the Title VI Liaisons to discuss Title VI issues and provide updates. Additional information can be obtained at CaltransDRMT External Equal Opportunity web page.

15. Disadvantaged Business Enterprise

Caltrans' DRMT receives planning, capital, and/or operating assistance and awards prime contracts exceeding $250,000 in FTA funds each FY and is required to have a DBE program. According to FTA, subrecipients must adhere to the Caltrans DBE Program Plan (49 CFR Part 26) as it applies to local agencies. Failure to do so will be treated as a violation of the Grant Agreement or Standard Agreement. Subrecipients must determine if the project has subcontracting opportunities. Should the subrecipient determine that there are no subcontracting opportunities for the project, this should be stated in the "Disadvantaged Business Enterprise Participation" solicitation document. If it is determined that there are subcontracting opportunities for the project, this should be stated in the "Disadvantaged Business Enterprise Program Availability Advisory" solicitation document.

When 'other equipment' is procured through the grant, the applicant is required to complete and submit a DBE Awards/Commitments Form to Caltrans along with three like-kind bids for Caltrans final purchase approval. Subrecipients are also required to submit the DBE Vehicle Certification Form to the DRMT Procurement and Grants Management Branch, if applicable. More information regarding Transit Vehicle Manufacture requirements can be found at Transit Vehicle Manufacturers (TVM's) website. Once a bid is approved, the applicant purchases the approved equipment from the approved vendor. Upon acceptable delivery, the applicant will submit an Actual Payments Form to Caltrans along with their request for reimbursement for the equipment. Caltrans will report the DBE participation, if applicable, to Caltrans' Office of Business and Economic Opportunity.

The Office of Business and Economic Opportunity also maintains a list of current Caltrans certified DBEs that applicants can query to determine if there is a DBE available for bidding purposes.

15.1 DBE Goal

For FFY 2015-19, Caltrans' DRMT FTA DBE goal, for its FTA projects, is 6.95 percent. This overall goal is expected to be achieved through 4 percent race-neutral measures and 2.95 percent race conscious measures. A waiver has been requested for FTA to consider Subcontinent Asian America owned and Hispanic American owned businesses as ineligible to participate in any race conscious measures on FTA contracts as these two groups did not exhibit substantial parities on any key contract sets. Caltrans has submitted this goal and methodology to the FTA for review and approval pursuant to 49 CFR 26.45 for federally assisted transit contracts. Caltrans acknowledges the February 3, 2010, final rule change that will have Caltrans submit the overall goal triennially rather than annually. For the most updated DBE Goal and Methodology, please see the Caltrans FTA DBE Goal and Methodology Federal Fiscal Years 2015–2019.

15.2 DBE Methodology

Caltrans' two-step process for setting its overall DBE goal includes the following:

- Step One describes the calculation of a base figure for the relative availability of DBEs.

- Step Two is the examination of all the evidence available to determine if an adjustment to the base figure is needed to arrive at the overall goal.

1. Step One Base Figure–Section 26.45(c)

In order to establish the base figure, Caltrans' DRMT commissioned an Availability and Disparity Study (Study) completed by BBC Research & Consulting (BBC) in Summer 2014. The BBC Study:

Analyzed use and availability of minority/women-owned firms in California transportation contracts.

- Examined other quantitative analysis of marketplace conditions.
- Reviewed anecdotal information from in-depth interviews with nearly 100 business owners and others across California.
- Analyzed oral and written testimony from businesses, trade associations, and other organizations at the 5 public hearings held by Caltrans in September 2014; Los Angeles; Sacramento, Fresno, Redding and Oakland.

2. Step Two Adjustments–Section 26.45(d)

Caltrans examined a broad range of evidence in the Study when considering possible Step Two adjustments to the base figure. The Study contained the types of information for a possible Step Two adjustment that are outlined in the DBE Program, including:

- Current capacity of DBEs to perform work on FTA assisted contracts, as measured by the volume of work DBEs have performed in recent years.
- Data on employment, self-employment, education, training, and union apprenticeship programs.
- Information on the ability of OBEs to obtain financing, bonding, and insurance.
- Past ability to attain goals.

15.3 Monitoring Worksites for Compliance with DBE Requirements

Caltrans only monitors construction worksites for compliance with DBE requirements.

16. Equal Employment Opportunity

Caltrans has an Equal Employment Opportunity Program Manager responsible for preparing, monitoring and implementing the Caltrans Equal Employment Opportunity Plan. The Discrimination Complaint Investigations Unit ensures that all discrimination complaints are thoroughly investigated in accordance with the Equal Employment Opportunity Plan. Caltrans ensures nondiscrimination for ADA-eligible persons in terms of employment through the Directors Policy on Equal Employment Opportunity. In addition, Caltrans provides reasonable accommodations for persons with disabilities, per the Deputy Directors policy on Reasonable Accommodation. Also, Caltrans has the ability to provide staff that is visually impaired with the adequate computer equipment (including a Braille machine), sign language interpreters and workshops.

Each subrecipient specifically certifies within the program application that it will not discriminate against any employee or applicant for employment. Additionally, by signing the standard agreement with Caltrans each subrecipient certifies that it will comply with all applicable federal equal employment opportunity requirements.

According to the FTA Circular UMTA C 4704.1, Threshold Requirements state that any applicant, recipient, or subrecipient that employs 50 or more transit-related employees is required to comply with the above program requirements.

17. American with Disabilities Act

Section 504 of the Rehabilitation Act of 1973, as amended by 29 U.S.C. 794, prohibits discrimination on the basis of handicap by recipients of federal financial assistance. The ADA, as amended by 42 U.S.C. 12101 et seq., affords equal opportunity for employment, transportation, telecommunications, and places of public accommodation for people with disabilities (commuter bus services is exempt). Caltrans and subrecipients must also comply with 49 CFR Parts 27, 37, and 38 implementing the ADA and Section 504 in ensuring those requirements are met through these provisions:

- Prohibit discrimination against individuals with disabilities.
- Specify accessibility requirements for the design and construction of new transportation facilities.
- Require that vehicles acquired be accessible to and usable by individuals with disabilities, including individuals using wheelchairs (with limited exceptions for demand responsive systems providing equivalent service to individuals with disabilities) or a demonstration of inability to obtain an accessible vehicle despite good faith efforts to do so.
- Require governmental authorities, including a private non-profit entity "standing in the shoes" of the State as subrecipient operating fixed route transit must have complementary paratransit plans on file. Subrecipients of federal funds should ensure compliance in the areas of employment, public services, public accommodations, telecommunications, and other provisions. Certification is accomplished annually through the funding application packages containing appropriate assurances.

All vehicles purchased with FTA funds are wheelchair accessible. In addition to the federal accessibility requirements, California State law, Government Code 4500, requires all new vehicles used for public fixed route bus service be accessible to persons with disabilities, including wheelchair users. All subrecipients and private nonprofit entities shall certify when signing the Standard Agreement that they will comply with 49 CFR Part 27 implementing the ADA. For those agencies purchasing vehicles directly, Caltrans reviews all bid specifications and procurement contracts to ensure that subrecipients specifically comply with Parts 37 and 38 of the ADA, Accessibility Standards.

Caltrans must also ensure that all vehicles acquired with FTA funds are equipped, maintained, and operated in accordance with 49 CFR Parts 27, 37, and 38 and that service provided does not discriminate against individuals with disabilities. All federally funded vehicles and newly constructed facilities, including joint use stops and depots for intercity bus transportation, must comply with ADA accessibility standards.

Prior to approval of bid documents, Caltrans forwards the Transit Facility PS&E Checklist, and Plans, Specifications and Estimate Certification forms to the subrecipient. These forms are completed by the resident engineer and returned to Caltrans certifying that the project meets federal and State requirements to include ADA standards.

17.1 ADA Service Requirements and Service Options

The FTA regulation allows various transit service options including:

- Fixed Route Service with Separate ADA Complimentary Paratransit (for ADA eligible individuals),
- Route Deviation Demand Responsive that is open to the general which includes people with and without disabilities, and,
- Blended Paratransit Complimentary Service which is ADA Complementary Paratransit that is provided on the same vehicle as the Fixed Route Service. Other service options can be found at 49 CFR Part 37. Subpart A, Section 37.3.

A fixed route service is a system in which the vehicle is operated along a prescribed route, with regular stops according to a fixed schedule. Public operators of fixed route services open to the general public are required to provide "complementary paratransit" to persons with disabilities that are comparable to individuals without disabilities who use the fixed route system if they do not deviate for persons with disabilities.

Demand response is a route deviation service that is not on a fixed route.

ADA Complementary Paratransit is a blended paratransit service that is provided on the same vehicle as the fixed route service is a service that serves the general public including ADA persons on the same fixed route vehicle but deviates only for those who are ADA paratransit eligible.

Specifics for each service option and requirements are described below. Public and private subrecipients providing either fixed-route or demand responsive deviations services must comply with the ADA service requirements. Specifics for each service requirement can be found at 49 CFR Part 37, Subpart G. For additional information on service options and route deviation service options, see Appendix 48, Route Deviation ADA Checklist, of this document.

17.2 ADA Requirements Service Options

17.2.1: Option1—Fixed Route Service with Separate ADA Complimentary Paratransit

Subrecipients including private nonprofit entities who receive FTA 5311 funds and who operate a Fixed Route service must provide separate ADA Complementary Paratransit service for persons who, because of disability, are unable to use the fixed route system. The complementary paratransit service provided must be comparable to fixed-route service provided to people without disabilities (49 CFR Part 37.121(a)).

Prior to the initiation of the fixed route service, subrecipients shall submit to Caltrans a Complementary Paratransit Plan and written documentation of compliance that address each of the service provisions contained in the plan (49 CFR 37.135). The specific requirements of the plan are outlined in 49 CFR 37.139. The ADA regulations (49 CFR 37.131) include the following six service criteria which must be met by the ADA Complimentary Paratransit Service providers:

- Service Area,
- Comparable Response Time,
- Comparable Fares,
- Trip Purpose Restrictions (i.e. no trip priorities requirement),

- Hours and Days of Service and,
- Capacity Constraints.

The requirement to provide complimentary paratransit does not apply to intercity bus, commuter bus, rail and university services. The subrecipient and private nonprofit entities that operate a fixed route transit service must describe how it meets the ADA Complimentary Paratransit requirement in the annual application to Caltrans for FTA funds.

17.2.2: Option 2—Demand Response Route Deviation Service that is Open to the General Public

Subrecipients and private nonprofit entities who provide user-initiated deviations from fixed route as demand response services in lieu of ADA complementary service, such as deviated fixed-route or demand response services, must make the service accessible and available to the general public.

To be considered demand responsive, service provided must deviate for the general public, not just for persons with disabilities meeting paratransit eligibility criteria. If deviations are restricted to a particular group, the service ceases to be a form of demand-response service for the general public and ADA complementary paratransit service is required.

17.2.3: Option 3— ADA Complementary Paratransit Provided on the Same Vehicle as the Fixed Route Service

In limited circumstances, subrecipients and private nonprofit entities are allowed to provide both ADA Complementary Paratransit service on the same vehicle as the Fixed Route service. In this service option, the fixed route vehicle would deviate only for people with disabilities who have been determined to be ADA paratransit eligible as required in 49 CFR 37.123-37.125).

In this service scenario, service to such persons must be provided according to the same requirements for complimentary paratransit as stated in regulations (49 CFR 37.123-131(a-f) with regards to eligibility process and service criteria such as, service area, response time, fares, absence of trip purpose restrictions, hours and days of service and origin to destination service. The entities that provide this service option shall have policies and procedures in place to ensure that the paratransit service provided operates free from capacity constraints (for example, trip denials, untimely pickups) as specified in ADA regulations (49 CFR 37.131 (f). The policies and procedures shall be submitted to Caltrans during the annual Section 5311 application cycle.

Subrecipients and private nonprofit entities must have an approved ADA paratransit plan in place and make a copy of the plan available to Caltrans HQ. Also, if changes are made to the plan subrecipients shall update the plan no later than January 26 of each year (49 CFR 37.135 (c).

Subrecipients and private nonprofit entities shall notify the public of the ADA policy on the service provider's website and in their riders guide.

Subrecipient and private nonprofit entities shall certify in the annual Section 5311 application cycle, of their compliance, with complementary paratransit service as required in 49 CFR Part 37.

Caltrans shall conduct periodic reviews of fixed route and ADA complimentary paratransit services operated by subrecipients and private nonprofit entities including, monitoring entities' websites, policies and procedures, and conduct compliance site visits of all service options provided by these entities during project monitoring inspections to ensure compliance with ADA requirements and services provided are adequately communicated to the public.

The ADA requires of transportation providers a number of specific service provisions to be in place and operational. As part of the triennial on-site monitoring visit, Caltrans staff will require subrecipients to respond to a series of questions to monitor compliance with ADA-required service provisions including:

- Subrecipient ADA Paratransit Plan where applicable
- Complimentary Paratransit service operated by fixed route service providers
- Route deviation systems used in lieu of the ADA complimentary paratrasit to ensure accessible vehicles used and that the service is available to the general public
- ADA Complementary Paratransit provided on the same vehicle as the fixed route service
- Website of service providers to ensure accurate service information is provided and that service provided is advertised to the general public
- Maintenance of accessible features
- Procedures to ensure lift availability and operation
- Use of lifts and securement devices
- Vehicle identification mechanisms if vehicles for more than one route serve the same stop
- Use of service animals
- Use of accessibility features
- Announcements on vehicles of stops on fixed route and transfer points
- Accessible formats for public information and communications
- Lift and/or ramp deployment at designated stops
- Service for persons using respirators or portable oxygen (per Title 13)
- Adequate time for boarding and disembarking vehicles
- Priority seating locations for persons with disabilities and seniors
- Service provider drivers are proficient in using the ADA equipment in their vehicle
- Training

18. Buy America

Under the FTA grant programs, most vehicles, steel, iron and manufactured products used in grant projects are procured by the State in a consolidated procurement. Buy America (49 CFR Part 661) provisions are included in the Invitation for Bid and Buy America certifications are obtained from vendors. Caltrans' DRMT Procurement staff completes the required certifications for pre-award and post-delivery reviews of vehicle specifications, Federal Motor Vehicle Safety Standards (FMVSS), and Buy America requirements. Caltrans' DRMT reviews all procurement documents to ensure the inclusion of the Buy America Certification in the solicitation package. Caltrans' DRMT maintains copies of the Vehicle Certifications and posts them to their website for transit agencies which purchase from State contracts.

Caltrans' DRMT obtains a component breakdown from vendors to ascertain the domestic content of product components and subcomponents, as required. In addition, a resident inspector is used by Caltrans' DRMT to verify compliance with Buy America at the vehicle manufacturer's facility. In those cases where a subrecipient chooses to procure vehicles directly, Caltrans Procurement Branch performs pre-award reviews of the subrecipient vehicle contracts to ensure compliance with Buy America provisions and receipt of pre-award certification for Buy America, FMVSS, and purchaser's requirements certifications. Subrecipients must submit the post-delivery Buy America, FMVSS, and purchaser's requirements certifications to Caltrans' DRMT to receive payment.

Solicitors are required to submit Certification of Buy America Compliance which includes a listing of the major bus components and subcomponents. Solicitors must provide information on the manufacturer, country of origin, and percentage of vehicle cost for each item on the list. In addition, solicitors must provide a description of the actual location and activities of final assembly point and the cost of final assembly. To determine compliance, Caltrans calculates the percentage of domestic content from the information provided in the solicitation. For procurements over $100,000, documents are reviewed for inclusion of Buy America requirement prior to award. Also, pre-award audit and solicitation analysis are submitted to Caltrans for approval prior to award. Subsequent to project delivery, subrecipients must complete a post-delivery audit and final inspection and submit the post-delivery forms. See Standard Agreement.

The process to be followed by each subrecipient conducting a local procurement is outlined in the Procurement Guidelines for Local Purchase of Equipment and is included in the following sections: "IV. Bid Results," "V. Pre-Award Audit", and "VI. Post Delivery Audit." Included are copies of all forms needed to complete this process. All subrecipients certify by signing the Standard Agreement that they will comply will Buy America requirements and will conduct pre- award and post-delivery audits of rolling stock purchases. Caltrans' DRMT reviews all procurement documents to ensure the inclusion of all required certifications and documents.

19. Debarment and Suspension

Subrecipients must certify compliance with the federal debarment and suspension provisions by signing a separate certification when executing their Standard Agreement. In addition, language contained within the Standard Agreement requires compliance with the debarment and suspension provisions. Prior to award, DRMT verifies through the System for Award Management located at https://www.sam.gov/portal/SAM/, that the selected contractor has not been suspended or debarred. Caltrans also reviews all procurement documents to ensure the inclusion of the debarment and suspension certification to be submitted with each bid. It is also the responsibility of the prospective subrecipient to notify Caltrans if it knows whether or not it or any of its principals are presently excluded or disqualified under these regulations.

20. Lobbying

Subrecipients must certify compliance with the Federal Restrictions on Lobbying when signing their Standard Agreement with Caltrans. The restrictions on the lobbying clause are also specifically itemized in the Standard Agreement between the subrecipient and Caltrans. Each vendor bidding on equipment being purchased locally by a subrecipient must sign and submit a "Certification Regarding Lobbying". Caltrans' DRMT verifies that this certification is included in all local procurement bid packages prior to release of the bid by the subrecipient and confirms that it has been completed and submitted by each responding bidder when reviewing the results of the subrecipient's bid prior to approval of award. This same document is included in the State procurement documents and must be signed and submitted by each vendor bidding on any State procurement of equipment.

21. Charter Bus

Pursuant to 49 U.S.C. Section 5323(d) and 49 CFR Part 604, program funds may not be used to provide charter service if there is at least one private charter operator willing and able to provide the service, except under one of the exceptions listed at 49 CFR-Subpart B. Subrecipients certify by signing the Standard Agreement that they understand the requirements of 49 CFR Part 604 apply to any charter service involving these programs' equipment and that any violation of these requirements may require corrective measures and the imposition of penalties, including debarment from the receipt of further federal assistance for transportation. The FTA-published Charter Service final Rule (49 CFF Part 604) is located electronically at the following link: http://www.fta.dot.gov/laws/leg_reg-179.html.

22. School Bus

Program funds may not be expended for the purchase of equipment to be used exclusively for school bus service. In line with this federal requirement, subrecipients certify at the time of application submittal that they will comply with school bus requirements as stated in 49 CFR Part 605. Additionally, once approved each subrecipient is required to sign, along with the Standard Agreement, a separate certification regarding school bus requirements. According to State law, all school bus services must be provided in yellow school buses. Since Caltrans does not fund the purchase of yellow school buses, this additionally ensures that subrecipients are not providing school bus services with funded vehicles.

23. Drug and Alcohol Program

Subrecipients and subcontractors for the 5339 program must establish and implement an alcohol misuse and anti-drug program that complies with all applicable FTA requirements of 49 CFR parts 655 and 40. Subrecipients assure compliance by signing the Certification and Assurances in the Application and the 5339 Standard Agreement certifying that they have met these requirements. Caltrans will take appropriate action within 30 days of receiving notification of a conviction.

Caltrans staff monitors the program for each subrecipient for compliance with applicable FTA rules and policies through the Rural Transit Assistance Program (RTAP). This Program is currently under contract with the California Association for Coordinated Transportation (CalACT). This contractor subcontracts a qualified subcontractor to provide training courses and technical assistance to all 5339 subrecipients for the development and continuous maintenance of their Drug and Alcohol Policies and Programs, pursuant to 49 CFR 655, "Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations" and 49 CRF Part 40, "Procedures for Transportation Workplace Drug Testing Programs." The contractor will ensure all California Section 5339 subrecipient agencies have FTA compliant drug and alcohol policies by November 30, 2015, or prior to the subsequent Section 5339 contract execution. Subrecipients must certify annually that they are in compliance with the U.S. DOT and FTA regulations concerning drug and alcohol testing (CFR 49 parts 655 and 40).

The RTAP manager collects, verifies and submits subrecipient agency Drug and Alcohol Management Information System data annually, or when requested by the Volpe Center or FTA.

24. Drug-Free Workplace

Caltrans has a Drug-Free Workplace Policy that complies with all requirements of 49 CFR Part 32. The Standard Agreement requires that the subrecipient certify that it will provide a drug-free workplace and establish a policy prohibiting activities involving controlled substances in compliance with State law. This language must also be included in all bids and award documents that the subrecipient may enter into. Each vendor bidding on equipment being purchased locally by a subrecipient must submit a signed "Drug- Free Workplace Certification" that is distributed to all safety-sensitive employees and employee organizations. Each vendor bidding on any State procurement of equipment must also submit this certification.

Caltrans informs employees of Caltrans' Drug-Free Awareness Program through departmental emails and signed Deputy Directive DD-08-R3. The program and training informs employees about the dangers of drug abuse; available drug counseling, rehabilitation, and employee assistance programs; about penalties that may be imposed; and that employees are to be aware that the recipient operates a drug-free workplace. This program is part of the Caltrans Illness and Injury Preventive Program and Employee Assistance Program. The policy includes "if convicted of a drug statute violation that occurred in the workplace, all employees are to report it to the employer in writing no later than five calendar days after such a conviction." Employees must sign a form indicating receipt of the policy and are required to attend mandatory training. Managers and supervisors offer assistance to employees when needed. Adverse action will be enforced and could lead to termination of employment with Caltrans.

25. Safety and Security

FTA's authority in the area of transit safety is set forth in 49 U.S.C. Section 5329 of the Federal Transit Law. This law states FTA may withhold further financial assistance from any subrecipient that fails to correct any condition that FTA believes "creates a serious hazard of death or injury." As the designated recipient for federal funds in California, Caltrans is empowered to carry out the authority indicated above. Caltrans will also exercise authority to remove vehicles and facilities from service if it is deemed that identified vehicles or facilities that present, or contribute to an unsafe environment for employees and transit customers.

DRMT's Safety and Security Program facilitates and coordinates with the Governor's Office of Emergency Services and the Governor's Office of Homeland Security to provide statewide workshops and training on transit security. This branch works with Caltrans HQ units, Caltrans districts and transit providers to establish an inventory of security and emergency resources around the State. The Safety and Security Branch developed and will periodically update the Caltrans Transit Emergency Planning Guidance document.

For the FTA Section 5339 Programs, transit safety activities are promoted and encouraged and are a consideration in the application scoring process. All resources are available on the DRMT Transit Safety Webpage or see the Safety, Security, and Emergency Preparedness Plan (SSEPP) guidance documents.

District emergency preparedness plans are based on Caltrans Headquarters' Emergency Operations Plan (EOP). The plan provides guidance relating to the roles and responsibilities of Caltrans Divisions and Caltrans 12 districts and specifies what protocols should be followed in the event of natural or man-made events, incidents on the State highway, technological incidents or nuclear disasters. The EOP does not address transit due to transit services being provided by local agencies. DRMT's role in transit emergency preparedness is limited to partnering with State and local agencies and facilitating and coordinating emergency preparedness training and security resources to local agencies, transit operators, and Caltrans district staff.

26. Other Provisions

The following are additional provisions required by the FTA to be included in the SMP.

26.1 Commercial Driver's License

In California, driver licensing is the responsibility of the Department of Motor Vehicle (DMV). All grant recipients are instructed to contact their local DMV regarding licensing requirements. All questions regarding enforcement of licensing requirements or violations are referred to the CHP. During the on-site monitoring visit, Caltrans staff reviews the agency's records, including driver records. To further assist grantees, please refer to the Terminal Manager's Compliance Checklist to assist motor carriers whose California terminals are subject to inspection by the CHP.

Knowledge of and compliance with all applicable laws and regulations governing the transport of passengers is a critical part of an agency's ability to manage a transportation program. The management ability of an applicant is one of the four program evaluation criteria used in reviewing and rating grant applications. The grant application requires a description of how the agency's drivers will be utilized and a description of the applicant's driver training and sensitivity programs.

26.2 Environmental Protection

Subrecipients are required to certify compliance with environmental protection in the grant application (Assurance 12). All construction projects are required to submit an environmental survey. Capital projects are provided to the Caltrans for review and preliminary environmental survey. This survey includes questions pertinent to determine if environmental requirements have been followed or if additional environmental effort is required. Based upon the survey, the subrecipient develops a project analysis, which is forwarded to Caltrans for review, and then to FTA for approval.

All projects approved for funding must be in conformance with the appropriate RTP. These RTPs must demonstrate conformity at the regional level with the appropriate State Implementation Plan (SIP) for air quality. Where applicable, the project must also be included in the FTIP adopted for the urbanized areas. Bidders, responding to both State and local procurements, are required to sign a "Bidder's Certification of Energy Conversation, Air Quality and Clean Water Compliance". All vehicles procured under the program are required to meet California emission standards. Subrecipients certify compliance on the grant application.

According to the FTA, environmental requirements which may come into play for projects in these grant programs include the following: CAA conformity provisions; protection of public parkland, wetland and waterfowl refuges, and historic sites (49 U.S.C. 303); Section 106 of the National Historic Preservation Act (protection of historic and archaeological resources); and Section 404 of the Clean Water Act (33 U.S.C. 1251) (Corp of Engineers' permit requirements for dredge and fill activities in "waters of the United States"). FTA policy is to require compliance with these environmentally-related requirements within the overall environmental process. The Environmental Assessment or environmental documentation to support a CE must address these related requirements. Projects involving facilities to be built

or rehabilitated must be discussed with FTA for additional environmental requirements and

any other information to support the CE. Compliance with these requirements must be completed before a construction project is included in Category A.

26.3 Clean Air Act

The CAA Amendments of 1990 establish many new substantive requirements in order to bring air quality regions, which currently violate the National Ambient Air Quality Standards into attainment by prescribed dates. In general, transportation plans, programs, and projects must "conform" to approved State (air quality) Implementation Plans before the FHWA or the FTA can fund them.

Most of the projects typically funded under these programs have been exempted by regulation from the conformity review process, e.g., operating assistance, purchase, and rehabilitation of transit vehicles, operating equipment and construction of most storage and maintenance facilities. However, this could become an issue for certain large facilities, e.g. transit terminals and park-and-ride facilities. A complete list of exempted highway and transit projects is found in 40 CFR 93.126. Grant funded projects should therefore consult with the FTA, when in question, as early as possible in the development of their programs to establish the need for further analysis to support FTA's conformity determination.

26.4 Labor Protection

The application process provides Caltrans with written documentation that the subrecipient has agreed to accept the terms and conditions of the special warranty of employee protective arrangements (49 U.S.C. 5333(b)). This protection requires fair and equitable arrangements to protect the interests of participants in the 5310, 5311, 5316, 5317 and 5339 grant programs under the Secretary of Labor. In addition, subrecipients of Section 5311 program annually agree to be bound by the terms and conditions of the Special Section 5333(b) Warranty. The document is signed and submitted with the annual application or the subrecipient Standard Agreement.

Under the terms of the Special Section 13(c) Warranty for Application to the Small Urban and Rural program, the Caltrans "shall provide to the Department of Labor, and maintain at all times during the Project, an accurate up-to-date listing of all existing transportation providers which are eligible Recipients of transportation assistance funded by the Project, in the transportation service area of the Project, and any labor organization representing the employees of such providers."

27. Definitions (as found in Circular FTA C 9040.1F, Chapter 1, Section 5, Definitions)

1. Chief Executive Officer of a State means the Governor of any of the 50 states or Puerto Rico, the Northern Mariana Islands, Guam, American Samoa, and the U.S. Virgin Islands, the Mayor of the District of Columbia, or his/her designee.

2. Consultation means one party confers with another identified party in accordance with an established process and, before taking action(s), considers that party's views and periodically informs that party about action(s) taken.

3. Federally Recognized Indian Tribal Government means 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, (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.

4. Intercity Bus Service means regularly scheduled bus service for the general public that operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, that has the capacity for transporting baggage carried by passengers, and that makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available.

5. 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.

6. Mobility Management consists of short-range planning and management activities and projects for improving coordination among public transportation and other transportation-service providers carried out by a recipient or subrecipient through an agreement entered into with a person, including a government entity, under 49 U.S.C. Chapter 53 (other than Section 5309). Mobility management does not include operating public transportation services.

7. Other than Urbanized (Nonurbanized) Area means any area outside of an urbanized area. The term "nonurbanized area" includes rural areas and urban areas under 50,000 in population not included in an urbanized area.

8. Pre-Award Authority means authority given under specific and limited circumstances to incur costs for eligible projects before a grant is made without prejudice to possible federal participation in the cost of the projects(s). Applicants must comply with all federal requirements. Failure to do so will render a project or costs ineligible for FTA financial assistance.

9. Program of Projects: A list of projects to be funded in a grant application submitted to FTA by a state. The POP lists the subrecipients and indicates whether they are private non-profit agencies, public bodies, or private providers of transportation service, designates the areas

served (including Congressional Districts), and identifies any tribal entities. The POP also identifies intercity bus and RTAP projects. In addition, the POP includes a brief description of the projects, total project cost and federal share for each project, and the amount of funds used for program administration from the 15 percent allowed.

10. Public Transportation means surface transportation by a conveyance that provides regular and continuing general or special transportation to the public, but does not include school bus, charter, or intercity bus transportation or intercity passenger rail transportation provided by AMTRAK.

11. Recipient means a state or Indian tribe that receives a federal transit program grant directly from the Federal Government.

12. Rural Area means an area with low population and density outside the boundaries of an urban area. However, the term rural is commonly used to refer to all areas other than urbanized areas and is so used in this circular.

13. Subrecipient means a state or local governmental authority, a non-profit organization, or operator of public transportation or intercity bus service that receives Federal transit program grant funds indirectly through a recipient.

14. Takedown means an amount or percentage subtracted from the total dollar amount appropriated for a federal program before other apportionment or allocation of the funds.

15. Urban Area means an area that includes a municipality or other built-up place that the Secretary, after considering local patterns and trends of urban growth, decides is appropriate for a local public transportation system to serve individuals in a locality.

16. Urbanized Area means an area encompassing a population of not less than 50,000 people that has been defined and designated in the most recent decennial census as an "urbanized area" by the Secretary of Commerce. Small urbanized areas as used in the context of FTA formula grant programs are urbanized areas with a population of at least 50,000 but less than 200,000.

28. Appendices

The following documents are posted on the DRMT website. The document made available to the public allows interested parties to click on any of the links below to open the listed documents.

1) Caltrans' DRMT Organizational Chart
2) 5310 Application Instructions
3) 5311 Application Instructions
4) 5311 (f) Application Instructions
5) 5316 Application Instructions
6) 5317 Application Instructions
7) 5310 Application
8) 5311 Applications
9) 5311 (f) Application
10) 5316 Application
11) 5317 Application
12) 5310 Grant Process Flow Chart
13) 5311 Grant Process Flow Chart
14) 5316/5317 Grant Process Flow Chart
15) California Statewide Rural Intercity Bus Study
16) National Transit Database
17) National Transit Database Rural Reporting Manual
18) Request for Reimbursement
19) Statewide Transportation Improvement Program
20) Federal Statewide Transportation Improvement Program
21) California Transportation Plan
22) Standard Agreement
23) State Management Review and Findings
24) Vehicle Inspection Report
25) Other Equipment Inspection Report
26) CHP inspection reports
27) ADA
28) Procurement Guidelines for Local Purchase of Equipment
29) Resolution of Authority
30) CHP Terminal Manager's Compliance Checklist
31) CHP Terminal Manager's Compliance Checklist
32) CHP Terminal Manager's Compliance Checklist
33) File a Title VI Complaint with Caltrans
34) Title VI Program Report (Subrecipient 3 year Compliance Report)
35) Certification for Civil Rights Complaint Status

36) LEP Plan
37) DBE Certification
38) Disadvantaged Business Enterprise Race-Neutral Implementation Agreement for Federal Transit Administration Subrecipients
39) DBE Awards and Commitments and Actual Payments Form
40) DBE Reporting Form Instructions
41) Caltrans' FTA DBE 2011 – 2013 Goal and Methodology
42) Certification of Restrictions on Lobbying
43) Commercial Driver's Licenses
44) Agency Monitoring Vehicle Inspection Report Form
45) Caltrans Drug- Free Workplace Policy
46) NEPA Documentation and Categorical Exclusions
47) CHP Terminal Manager's Compliance Checklist
48) Route Deviation Option Checklist