



Caltrans State Management Plan Federal Transit Programs

July 2020 FINAL

California Department of Transportation

Division of Rail and Mass Transportation

ACCESSIBLE FORMATS

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Or contacting the California Department of Transportation, Division of Rail and Mass Transportation at the following mailing address.

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Definitions

- **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 or her designee.
- **Consultation** means one party confers with another identified party in accordance with an established process and, before taking action, considers that party's views and periodically informs that party about action taken.
- **Federally Recognized Indian Tribal Government** means the governing body or a governmental agency of any Indian tribe, , 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.
- **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.
- **Local Governmental Authority** includes a political subdivision of a state; an authority of at least one state or political subdivision of a state; an Indian tribe; or a public corporation, board, or commission established under the laws of a state.
- **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.
- **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.
- **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. Applicants must comply with all federal requirements. Failure to do so will render a project or costs ineligible for FTA financial assistance.
- **Program of Projects (POP)** is 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 entities, or private providers of transportation service, designates the areas served (including Congressional

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Districts), and identifies any tribal entities. The POP also identifies intercity bus 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.

- **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.
- **Recipient** means a state or Indian tribe that receives a federal transit program grant directly from the Federal Government.
- **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.
- **Standard Agreements** are legally enforceable agreement between DRMT and a subrecipient that defines the project (including its funding and scope of work), goals, terms and conditions of a grant award. It also may be referred to as a funding agreement or contract.
- **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.
- **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.
- **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.
- **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.

Section 1: Introduction

This State Management Plan (SMP) provides essential information for the understanding and implementation of Federal Transit Administration (FTA) transit grant programs managed and administered by the California Department of Transportation (Caltrans).

The Division of Rail and Mass Transportation (DRMT), a Division of Caltrans, 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 (RTPA), local governments, tribal organizations, and transit providers, develops and maintains an effective and efficient network of transportation services available to the public.

This document will provide the reader with an understanding of the FTA's requirements for the administration and implementation of these programs and Caltrans' policies and procedures for the management of the programs in California.

Section 1.1: Caltrans Mission, Vision, Goals and Values

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.

Section 1.1.1: 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.

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Section 1.1.2: 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.

Section 1.2: DRMT Mission, Vision and Goals

The DRMT mission and vision is to make public transportation a viable option for all. We provide measurable improvements to California's integrated and sustainable public transportation system.

Section 1.2.1: Goals

- **Actively promote rail and transit as a viable transportation choice.** We strive to bring all modes of transportation together to increase connectivity and expand the use of public transportation.
- **Provide excellent stewardship for public transportation.** We have a professional obligation to verify that our resources are used effectively and efficiently to increase public transportation usage and options throughout California.
- **Provide excellent customer service.** As a leader and advocate for public transportation, we provide excellent service to our customers, partners, and within our organization.

Section 1.3: State Management Plan Requirements

The SMP describes DRMT's policies and procedures for administering the State-managed portions of the FTA programs. DRMT is required to have an approved SMP on file with the FTA Region 9 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, DRMT will gather input from stakeholders and the public and submit a revised SMP to FTA for approval.

DRMT also makes the SMP readily available to the public by posting it to the DRMT [website](#).

The Governor of California has designated the Caltrans Division of Rail and Mass Transportation (DRMT), Office of Transit Grants and Contracts as the recipient of four FTA programs: Section 5307 (Small Urbanized Area Formula Grants); Section 5310 (Enhanced Mobility of Seniors and Individuals with Disabilities); Section 5311 (Formula

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Grants for Rural Areas); 5339 (Buses and Bus Facilities Grants Program). As designated recipient of these four programs, DRMT is responsible for administering these program funds in accordance to State and federal laws, statutes, and regulations. It is the overall goal of the State to verify fair and equitable distribution of program funds, including funds to Indian tribes. All subrecipients, including federally recognized tribal governments, must comply with all terms and conditions of 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.

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

Section 2: Caltrans Program Management

Section 2.1: Organization and Staffing

The organizational structure and staffing within DRMT includes Division Chief, Office Chiefs, Branch Chiefs, and staff. See the Appendix for the DRMT Organizational Chart reflecting roles and responsibilities within DRMT and an overview of the functions and responsibilities of DRMT Headquarters and Caltrans District Transit Representatives (DTR) as it applies to managing the grant programs.

Section 2.1.1: Internal (Caltrans) Roles and Responsibilities

The following is an overview of the functions and responsibilities of DRMT Headquarters and Caltrans District Transit Representatives (DTR) as it applies to managing the 5310, 5311 and 5311f, and 5339 grant programs. FTA Section 5307 funds are distributed directly to recipients and not included in the Caltrans roles and responsibilities below.

Table 1: Internal Roles and Responsibilities. Table will be updated for new programs.						
Task	Headquarters					Districts
	5310	5311 / 5311(f)	5339	Procurement	Grants Management	DTR
Analysis of Regional Coordinated Plans and updates	X					

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Task	Headquarters					Districts
	5310	5311 / 5311(f)	5339	Procurement	Grants Management	DTR
Analyze results of funding cycle	X					
Approve Force Account Plans		X				
Conduct statewide application workshops	X	X				
Conduct successful applicant and vehicle delivery workshops	X			X		
Coordinate and participate on the State Review Committee	X					
Develop and maintain equipment inventory	X	X	X			
Develop and update program documents, including grant applications, evaluation criteria and the State Management Plan	X	X	X	X		
Develop and update subrecipient procurement guidelines	X	X	X	X		
Develop annual program timelines	X	X				
Develop funding list and Program of Projects	X	X				

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Task	Headquarters					Districts
	5310	5311 / 5311(f)	5339	Procurement	Grants Management	DTR
Disadvantaged Business Enterprise (DBE) reporting	X	X				X
Verify compliance of all Federal and State procurement regulations	X	X	X	X		
Equipment disposition	X	X	X			
Establish program policies	X	X	X	X		
Verify vehicle compliance with pre-award and post-delivery certification requirements				X		
Interpret federal and State regulations and guidelines and provide technical assistance	X	X	X	X	X	X
Interpret federal and State regulations and guidelines pertaining to procurement				X		
Issue vehicle purchase orders for eligible subrecipients				X		
Liaison with internal and external partners, including CTC, MPOs and RTPAs	X	X	X	X		X

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Task	Headquarters					Districts
	5310	5311 / 5311(f)	5339	Procurement	Grants Management	DTR
Maintain subrecipient and facility files	X	X	X	X		X
Monitor vehicle equipment usage and facilities and ride along with agency buses to verify compliance (DTRS)	X					X
Oversee construction/real estate acquisition		X				
Oversee project audit and close-out	X	X	X			
Prepare and execute Standard Agreements with Subrecipients	X	X	X			
Prepare and submit amendments to federal Grant Application for grants in which funds are reprogrammed and expended						
Prepare and submit annual federal grant applications						
Prepare and submit Milestone and federal financial reports for each grant via TRAMS for the period ending September 30						
Prepare vehicle specifications and vehicle estimates				X		

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Task	Headquarters					Districts
	5310	5311 / 5311(f)	5339	Procurement	Grants Management	DTR
Process Federal Highway Administration flexible funding requests (CMAQ)		X				X
Review/approve request for reimbursements	X	X	X			
Process invoices for payment	X	X	X			
Project management and oversight	X	X	X			X
Provide technical assistance and follow-up on program issues	X	X	X	X		X
Provide technical assistance to applicants, subrecipients, and regional agencies	X	X	X	X		X
Review and analyze State vehicle bids and coordinate award				X		
Review and approve third-party solicitations, selection and awards				X		
Review applications	X	X	X			
Solicit grant applications	X	X	X			
Title VI compliance	X	X	X			

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Task	Headquarters					Districts
	5310	5311 / 5311(f)	5339	Procurement	Grants Management	DTR
Monitor Drug and Alcohol Policies, collection sites and verify DAMIS		X				
Monitor ADA Policies and Procedures		X				X
Triennial on-site monitoring of vehicle/equipment	X					X
Vehicle equipment transfers	X	X				
Vehicle inspections				X		
Verify and maintain record of subrecipient compliance with insurance and reporting requirements	X	X	X			
Verify applicants' eligibility and any proposed changes	X	X	X			
Verify scoring of applications and resolve discrepancies	X	X	X			
Verify and monitor TAM Plans and targets		X				

Section 2.1.2: External Roles and Responsibilities

Federal Transit Administration (FTA): The FTA Headquarters Office is responsible for 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.

Federal Transit Administration Regional Office: For Sections 5307, 5310, 5311 and 5339, the FTA Regional Office is tasked with assisting agencies with grant administration through the planning, finance, execution and delivery of transit projects. The FTA Regional offices have the day-to-day responsibility for administration of the program. Regional office activities include: reviewing and approving state grant applications; obligating funds; 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 SMP, providing technical assistance and advice to the states as needed; and performing state management reviews every three years, or as circumstances warrant. DRMT works with the FTA Region Nine Office. The Region serves 141 recipients in the states of Arizona, California, Hawaii and Nevada, as well as the territories of Guam, American Samoa, and the Northern Mariana Islands. The Regional Office is located in San Francisco, California, and includes a Los Angeles Metropolitan office.

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 power's 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, and representatives from the local 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 (MPO): 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 verify 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. The plans are reviewed by Caltrans periodically to verify that the grants planning needs are met.

Regional Transportation Planning Agencies and Council of Governments: In cooperation with the Governor, 26 State statutorily created Regional Transportation Planning Agency (RTPAs) were formed. To execute various planning functions, all 26 RTPAs receive annual State planning funds called Rural Planning Assistance (RPA) to carry out their respective planning requirements. RTPAs must adhere to federal and State planning regulations during the preparation of their Regional Transportation Plan (RTP). RTPAs follow a similar planning process as the MPOs in the development of the RTP.

Consolidated Transportation Services Agencies: At the local level, State law created the Consolidated Transportation Services Agencies (CTSA) as a provider of consolidated transportation services within a specified geographical area. This agency designation is made by the RTPA or MPO or its equivalent. These agencies are eligible for local transportation funds generated from sales tax revenue under Article 4.5 of the Transportation Development Act. The role of the CTSA is recognized in the determination of applicant eligibility. Any CTSA organized as a public agency, is eligible for funding by virtue of their designation as a CTSA. This designation is certified by the RTPA or MPO.

State Review Committee: Applicable to the Section 5310 program, the State Review Committee (SRC) is comprised of representatives from Caltrans, Health and Human Service Agencies, and Social Services Agencies.

California Transportation Commission (CTC): Applicable to the Section 5310 program, the CTC under State law has responsibility for small urban and rural projects by directing Caltrans on how to allocate funds for the program; Establishing an appeals process; And holding a public hearing. In response to these legislative mandates and working with an advisory committee, the CTC has developed a statewide project evaluation criterion, which includes procedures for an appeals process. The CTC was created by statute to advise and assist the Secretary of the California State Transportation Agency and the California State Legislature in formulating and evaluating State policies and plans for transportation programs. The CTC is independent of the Legislature and works with Caltrans, transportation planning agencies, legislators, and legislative staff. The CTC approves the list of Section 5310 projects rural or small urban to be funded before compilation into the POP for submittal to FTA. The CTC will hold a public hearing during which the annual POP is adopted, and the list of projects selected for funding is forwarded to the MPO or RTPA and applicants. The final list is submitted to FTA for approval as part of the California annual funding application.

Section 2.2: State Administration and Oversight

Caltrans is authorized to charge program-related expenses including administration, planning, research, program and project oversight, and technical assistance. The administrative costs are charged against California's annual apportionment.

DRMT is responsible for verifying that subrecipients third party contractors and lessees adhere to the applicable Federal and State Regulations. DRMT develops and implements effective systems for monitoring and verifying compliance with statutory and program requirements. Caltrans' subrecipients monitoring includes:

- Project monitoring and site visits.
- Trainings and Workshops for Subrecipients.
- Reporting Requirements: Milestone Progress Reports, Disadvantaged Business Enterprise Reports (DBE), National Transit Database (NTD) Reports (5311), Drug and Alcohol Management Information System Reports (5311), and Bi-annual Reports (5310).

Reports are used to evaluate the performance of individual agencies deliverables and are compared with original service projections. Any concerns resulting from subrecipient monitoring or analysis of data, including, but not limited to; underutilized equipment, safety issues or potential misuse of equipment, are analyzed for follow-up. DRMT will also take appropriate action and resolution to verify federal program compliance as follows:

- Disallow or temporarily withhold cash payments pending correction of the deficiency by the subrecipient.
- Wholly or partially suspend or terminate the current award for the subrecipient's projects.
- Withhold future awards to the subrecipient for the program.
- Withhold or demand a transfer of an amount equal to the amount paid by or owed to State from remaining grant balance and or future apportionments, or any other funds due Subrecipient from the Federal Trust Fund or any other sources of funds.
- Take any other remedies that may be legally available.

Removing equipment from a subrecipient is used as a last resort, and only after coordination efforts or remedial actions are unsuccessful.

Section 2.3: Milestone Progress Reports

Subrecipients periodically must provide DRMT with progress reports on each of their FTA-funded projects. DRMT provides the forms to be used as well as the schedule and frequency for filing these progress reports.

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By filing the required progress reports, subrecipients will assist DRMT in complying with FTA Circular 5010.1E “Award Management Requirements” for Milestone Progress Reports (MPR). DRMT files an MPR for every FTA grant and the associated grant funded projects with FTA annually. The information to be provided to DRMT shall be as complete as possible. Subrecipients are to highlight progress toward project objectives, identify any potential problem areas, update the status of any significant date that have been set for the project, and provide notification of certain claims and or litigation. DRMT may request a corrective action plan for projects experiencing significant delays or cost variances.

In addition to filing periodic progress reports, subrecipients must also report unforeseen events that impact the schedule, cost, capacity, usefulness, or purpose of an FTA funded project to DRMT immediately. These changes must then be reflected in the next periodic progress report. Examples of events that shall be reported immediately include:

- Problems, delays, or adverse conditions that affect the subrecipient’s ability to achieve the objectives of the project within the scheduled time period or budget. The report should discuss actions taken and or contemplated and any federal assistance needed to resolve the situation. If a change in the overall end date of the project is needed, the subrecipient should first consult with DRMT.
- Favorable developments that will enable the subrecipient to achieve project goals and complete project activities ahead of schedule or at lower cost.

Section 2.4: National Transit Database

Congress established the National Transit Database (NTD) to be the Nation’s primary source for information and statistics on the transit systems of the United States. The legislative requirement for the NTD is found in Title 49 U.S.C. 5335(a). This statute requires that recipients or beneficiaries of grants from the Federal Transit Administration (FTA) under the 5311 (including 5311 F and CMAQ funds flexed to 5311) and 5339 programs submit data to the NTD. NTD reporting is also a requirement of the standard agreement language that agencies, as subrecipients of FTA funds, execute with DRMT when grant funds have been awarded. FTA submits annual NTD reports to Congress summarizing transit service and safety data.

FTA uses NTD data to apportion funding to transit agencies in the United States. FTA apportions funds using NTD data from two years prior (For Example, fiscal year (FY) 2016 data was used for the FTA FY 2018 apportionment). FTA has separate funding programs for transit agencies that operate in urbanized and rural areas. Agencies that operate in both urban and rural areas may receive or benefit from both funding programs. To be eligible to receive funding from FTA, transit agencies must report to the NTD.

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The NTD collects financial and service information from public transportation agencies across the country and requires all transit agencies to report on an annual basis. In the Annual Report, agencies provide a summary of transit characteristics, including financial and operating statistics.

Caltrans, as a State Department of Transportation, reports to the NTD on behalf of its subrecipients. DRMT is responsible for filing the Statewide Summary report to the NTD on behalf of Caltrans. Direct Recipients of 5307 funding who also receive FTA funds as a subrecipient of DRMT are not exempt from this required reporting. DRMT supplies the forms for NTD reporting. Additional information regarding NTD is available online at the [Department of Transportation's website](#).

Section 3: Federal Transit Programs

This section provides an overview description of each program. 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, DRMT is responsible for creating policies and procedures for Sections 5307, 5310, 5311, and 5339. There shall be no transfer of funds between the 5307, 5310, 5311, and 5339 programs. Within the 5307 program transfers between small urban and large urban areas will require MPO and Caltrans concurrence. Within the 5339 program there shall be no transfers between large urban, small urban, and rural areas.

The federal government has established the goal of improving and revitalizing public transportation in the United States, including improvements in “mobility for seniors individuals, individuals with disabilities and economically disadvantaged individuals in urban and rural areas of the United States” ([49 U.S.C. 5301\(b\)\(7\)](#)).

The four FTA programs in this SMP have been specifically developed to address the needs of the urbanized areas (Program 5307), seniors and disabled (Program 5310), rural areas (Program 5311), and buses and bus facilities grants (Program 5339). The State approves subrecipient applications. Under no circumstances shall a subrecipient interpret the State's approval of the subrecipient application as approval of the project from the FTA. Each of these programs is described below.

In 2016, the [BlackCat Electronic Grant Management \(EGM\)](#) system, a web-based grant management product was instituted to manage DRMT's federal transportation grant program. The BlackCat system is accessible for all agencies working with Caltrans and offers a location for agencies to apply for grant funding, reimbursement, manage projects, track budgets, management assets, manage compliance documents, and report on program success. Since the institution of the EGM, it increased program efficiency, expedited the application approvals, timely execution of Standard Agreements and invoice payments

Section 3.1: Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities Program

Section 3.1.1: Program Overview

Title 49 U.S.C. 5310 authorizes the formula assistance program for the Enhanced Mobility of Seniors and Individuals with Disabilities Program to provide formula funding to states and designated recipients to improve mobility for seniors and individuals with disabilities. The program provides grant funds for capital and operating expenses to recipients for public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.

Under MAP-21 and FAST Act, this program no longer provides a single apportionment to each state, it now provides apportionments specifically for large urbanized (over 200,000 in population), small urbanized (50,000 to 200,000 in population), and rural areas (50,000 or below in population), and requires new designations of designated recipients in large urbanized areas (UZAs).

Section 3.1.2: Program Goal

The goal of the Section 5310 program is to improve mobility for seniors and individuals with disabilities throughout the country by removing barriers to transportation services and expanding the mobility options available. Toward this goal, FTA provides financial assistance for transportation services planned, designed and carried out to meet the special transportation needs of seniors and individuals with disabilities in all areas, large urbanized, small urbanized, and rural. The program requires coordination with other federally assisted programs and services in order to make the most efficient use of federal resources. Caltrans maintains a contact list with all current subrecipients and interested private non-profit corporations. When a new call for projects is announced a notification goes out to all interested parties in addition to notifying all MPOs and RTPAs in the state to encourage maximum private non-profit participation.

Caltrans, as a designated recipient, has the authority and responsibility for administering the Section 5310 program. These responsibilities include but are not limited to:

- Documenting the state or designated recipient's procedures in a state management plan (SMP) or program management plan (PMP);
- Planning for future transportation needs, and verify integration and coordination among diverse transportation modes and providers;
- Developing project selection criteria consistent with the coordinated planning process;
- Notifying eligible local entities of funding availability;

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- Soliciting applications from potential subrecipients;
- Determining applicant and project eligibility;
- Certifying that allocations of funds to subrecipients are made on a fair and equitable basis;
- Submitting an annual program of projects (POP) and grant application to FTA;
- Verifying subrecipients comply with federal requirements;
- Certifying that projects are included in a locally developed, coordinated public transit human service transportation plan developed and approved through a process that included participation by seniors; individuals with disabilities; representatives of public, private, and nonprofit transportation and human service providers; and other members of the public;
- Certifying that to the maximum extent feasible, services funded under Section 5310 are coordinated with transportation services assisted by other federal departments and agencies;
- Verifying that at least 55 percent of the area's apportionment is used for traditional Section 5310 projects carried out by the eligible subrecipients;
- Overseeing project audit and closeout.

Section 3.1.3: Role of the Designated Recipient

The designated recipient is responsible for selection of projects and may, but is not required to, include a competitive selection process. If the designated recipient decided to hold a competitive selection, it may conduct the competitive selection itself or establish alternative arrangements to administer and conduct the competitive selection. For example, the MPO could be the lead agency for the competitive selection, even if it is not the designated recipient. Alternatively, the designated recipient may, through interagency agreement or third-party contracts, provide for the administrative management and oversight of the competitive selection process.

The designated recipient will apply to FTA for funding using the designated FTA electronic grant management system on behalf of itself and or eligible subrecipients for Section 5310 projects within the recipient's area. The designated recipient is responsible for the following actions:

- Developing the program of projects (POP). Developing project selection processes, including deciding whether to conduct an areawide competitive selection process and, if so, conducting the competition;
- Certifying that all projects are included in a locally developed, coordinated public transit human service transportation plan (coordinated plan) developed and approved through a process that included participation by seniors; individuals with disabilities; representatives of public, private and nonprofit transportation and human service providers; and other members of the public. The designated recipient is not

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directly responsible for developing the coordinated plan but is responsible for verifying that the plan from which a selected project was included was developed in compliance with the statutory requirements. An agency or organization other than the designated recipients may take the lead in developing the coordinated plan;

- Overseeing the implementation of projects as developed and prioritized in the coordinated plan, including, where not specified in the coordinated plan, selecting entities to carry out projects consistent with procedures approved in the coordinated plan and or documented in the designated recipient's state or program management plan. In cases where the designated recipient is responsible for allocating funding among localities or regions that have developed and approved individual coordinated plans, the designated recipient shall select projects consistent with a process developed in collaboration with organizations responsible for developing local or regional coordinated plans;
- Certifying a fair and equitable distribution of funds to subrecipients, if any;
- Managing all aspects of grant distribution and oversight for subrecipients receiving funds under this program;
- Submitting reports as required by FTA.

Section 3.1.4: Eligible Subrecipients

Eligible subrecipients under Section 5310 may be a private non-profit organization, state or local governmental authority, or a public transportation operator.

Private Non-Profit Organization includes a corporation or association determined by the United States Secretary of the Treasury to be an organization described by [26 U.S.C 501\(c\)](#), or one which has been determined under State law to be non-profit and for which the designated State agency has received documentation certifying the status of the non-profit organization. Private non-profit organizations must provide current verification of the applicant's incorporation number and current legal standing as a private non-profit from the California Secretary of State or show proof that they are a corporation or association determined by the U.S. Treasury to be tax exempt under 26 U.S.C. 501(c).

Government Authority subrecipient may be of two types. For traditional vehicle and equipment projects, the Government Authority certifies to the chief executive officer of a state that no non-profit organizations or associations are readily available in an area to provide the services for seniors and persons with disabilities. Readily available is defined as willing, interested and capable of providing the proposed service at a comparable cost to the identified clientele in the same service area, with the same hours and frequency or at the same level of service.

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To demonstrate that no non-profit agencies are readily available to provide the proposed service, the public agency must hold a public hearing and provide substantial written proof, as described below:

- Documentation of the public hearing, including a copy of hearing notice and a formally adopted resolution stating that no private non-profit organizations exist that are readily available to provide the service;
- A return receipt requested letter to all non-profit transportation providers, as may be identified by the MPO or RTPA, notifying the non-profit agencies of the proposed project;
- Proof of publication of the Notice of Public hearing from a newspaper of general circulation.

The second type of Government Authority subrecipient is approved by the State to coordinate services for senior individuals and individuals with disabilities; Like the Consolidated Transportation Services Agencies (CTSAs). Public Agencies must receive approval by the State to coordinate services for senior individuals and or individuals with disabilities. When applying as a coordinator of services, a public agency must be designated by the State to coordinate human service activities in a local area. An example is a county area agency on aging or an agency that has been identified as the lead agency (CTSA), or by the MPO or RTPA to coordinate transportation services. After the closing of the application period, DRMT staff verifies the application was received by the due date, is complete, and confirms the eligibility of the applicant and the proposed project.

Eligibility of a Public Agency; If a private non-profit agency disputes the determination by a public agency that there are no non-profits readily available in the area to provide the service, the non-profit agency can appeal the decision to the MPO or RTPA.

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.

Although private for-profit companies such as taxicab operators are not eligible 5310 subrecipients; however, they may participate in the 5310 program with a Caltrans approved third-party agreement with a 5310 subrecipient. This agreement must comply with all applicable procurement rules and must be approved by Caltrans prior to agreement.

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Section 3.1.5: Eligible Projects

MAP-21 expanded the Section 5310 program funding to include mobility management and operating assistance projects. Not less than 55 percent shall be available for traditional (capital) Section 5310 projects. Notably, this 55 percent is a minimum. DRMT may award more than 55 percent. Eligible projects include purchase of rolling stock and related activities.

Eligible Traditional Section 5310 Projects

Eligible Traditional Section 5310 projects (55 percent award funding minimum) include:

- ADA-accessible buses and vans (including baseline vehicle equipment). Excludes sedans or SUV's;
- Vehicle procurement testing, inspection, and acceptance costs (California Association for Coordination Transportation (CalACT and local procurements only);
- Wheelchair restraints and securement devices;
- Radios and communication equipment;
- Initial component installation costs;
- Computer hardware and software (scheduling and dispatch software) in support of 5310 program purposes only;
- Extended warranties which do not exceed the industry standard (at the time of purchase only);
- Transit-related intelligent transportation systems (ITS); and the introduction of new technology, through innovative and improved products, into public transportation;
- Support for mobility management and coordination programs among public transportation providers and other human service agencies providing transportation. These are considered expanded projects, however, may be funded with traditional funds if available.

Non-Eligible Expenses include:

- Fixed route equipment such as, but not limited to fare boxes, destination signs, stop request system (yellow pull cords), transfer cutters;
- Preventive maintenance, as defined in the National Transit Database (NTD);
- Vehicle rehabilitation, manufacture, or overhaul;
- Transit Shelters or other facility improvements;
- Computer hardware and software equipment used for support of public transit services;
- Acquisition of transportation services under a contract, lease, or other arrangement;
- Cell phones and service agreements;
- Indirect costs.

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For acquisition of transportation services and equipment under a third-party contract, see the Procurement Section for more information.

Only wheelchair accessible vehicles that meet the ADA requirements are eligible for funding. Vehicles are restricted from allowing non-emergency rear passenger access. DRMT disallows vehicles to provide non-emergency passenger ingress or egress at the rear of the vehicle. In addition, any vehicle proposed for replacement must be for “like-kind” and be an accessible vehicle and meet the State established useful life criteria at the time the application is submitted. The replacement vehicle does not have to be originally federally funded. On an exceptional basis, vehicles will be considered for replacement prior to meeting useful life standards if the applicant can demonstrate that the vehicle has had a history of excessive maintenance and warrants early replacement. Sedans and Sport Utility Vehicles are not eligible for procurement or replacement under this program.

Other equipment eligible for funding includes communication equipment like mobile radios and base stations, computer hardware and software, and other capital equipment that directly supports the transportation program and whose cost exceeds \$1,000. Additionally, the maximum project cost for other equipment is currently set at \$60,000.

The following table lists the vehicles indicated in the current application that are eligible for replacement, service expansion, or new service grant funding. Grant awards for vehicles will be based upon State-approved pricing consistent with FTA's Cost or Price Analysis requirements.

Table 2: Examples of Vehicles Currently Eligible for 5310 Grant Funding	
Vehicle Type	Standard Passenger Capacity (Ambulatory/ Wheel Chair)
Minivan	3/1
Small Bus	8/2
Medium Bus	12/2
Large Bus	16/2

Other Eligible Expanded Section 5310 projects for up to 45 percent award funding include up to 45 percent of rural, small urbanized, and large urbanized areas' annual apportionments may be utilized for:

- Mobility Management, such as travel training. Training programs for individual users on awareness, knowledge and skills of public and alternative transportation options available in their communities. This includes travel instruction and travel training services;
- Volunteer driver and aide programs;

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- And operating assistance that is consistent with the 5310 program goals.

All requested 5310 project costs for Mobility Management and Operating must be documented and comply with the executed Standard Agreement. Final determination of eligibility on all requested reimbursement costs will be made by the 5310 Program Branch. Note, mobility management projects are unique. Depending on the regional needs and at the discretion of the 5310 Program, mobility management projects may be eligible under both traditional and expanded funding categories. **The 5310 Program does not reimburse indirect costs.**

Operating Assistance

Eligible operating assistance expenses include maintenance of existing service, introduction of new transit service, and expansion of existing service and is available for one year only.

The following are examples of eligible expenses for operating assistance:

Full Time Personnel (40 hours per week) which includes:

- Driver Salaries (including benefits)
- Dispatcher Salaries (including benefits)
- Maintenance Mechanic Salaries (including benefits)
- Administrative Staff Salaries (including benefits) directly related to the project

Part Time Personnel (less than 40 hours per week) salaries are allowable but not benefits.

Other Direct Expenses include:

- Fuel and Oil
- Tires, Parts, Maintenance
- Vehicle Licenses
- Vehicle Insurance
- Uniform Purchase
- Capital Cost of Contracting
- Purchased Transportation

All third-party Contracts must be reviewed and approved by DRMT prior to standard agreement execution. DRMT will not retroactively review third-party contracts after the standard agreement is fully executed.

Advertising

The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

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The only allowable advertising costs are those which are solely for:

- The recruitment of personnel required for the performance by the governmental unit of obligations arising under a Federal award;
- The procurement of goods and services for the performance of a Federal award;
- The disposal of scrap or surplus materials acquired in the performance of a Federal award except when governmental units are reimbursed for disposal costs at a predetermined amount;
- Other specific purposes necessary to meet the requirements of the Federal award.

Unallowable public relations costs include advertising and public relations costs other than as specified in subsections B.

Public Relations Costs

The term public relations include community relations and means those activities dedicated to maintaining the image of the governmental unit or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

The only allowable public relations costs are:

- Costs specifically required by the Federal award;
- Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards (these costs are considered necessary as part of the outreach effort for the Federal award); or
- Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract or grant awards, financial matters, etc.

Unallowable public relations costs include advertising and public relations costs other than as specified in subsections B.

Communication costs

Costs incurred for telephone services, local and long-distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable.

Training

The cost of training provided for project specific employee development is allowable. The cost of training is not to exceed 5% of the projects cost.

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Mobility Management

Mobility Management is intended to build coordination among existing public transportation providers and other transportation service providers with the intended result of expanding the availability of transportation services to the public.

The only allowable Mobility Management costs are:

- The promotion, enhancement, and facilitation of access to transportation service that results in more service options or increases the efficiency of trips for passengers;
- Short term management activities to plan and implement coordinated services;
- Support State and local coordination policy entities and councils;
- Operation of transportation brokerages to coordinate providers, funding agencies and customers;
- Provide customer-oriented travel navigator systems and neighborhood travel coordination activities such as coordinating individualized travel training and trip planning activities for customers;
- Development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs;
- Operation planning for the acquisition of intelligent transportation technologies.
- Salaries: **Full Time Personnel** (40 hours per week), dispatcher salaries including benefits, administrative staff salaries including benefits directly related to the project. **Part Time Personnel** (less than 40 hours per week) salaries are allowable but not benefits.

Unallowable mobility management costs include all mobility management costs other than as specified in subsection B.

Advertising

The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

The only allowable advertising costs are those which are solely for:

- The recruitment of personnel required for the performance by the governmental unit of obligations arising under a Federal award;
- The procurement of goods and services for the performance of a Federal award;
- The disposal of scrap or surplus materials acquired in the performance of a Federal award except when governmental units are reimbursed for disposal costs at a predetermined amount;
- Other specific purposes necessary to meet the requirements of the Federal award.

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Unallowable advertising costs include all advertising costs other than as specified in subsection B.

Public relations costs

The term public relations include community relations and means those activities dedicated to maintaining the image of the governmental unit or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

The only allowable public relations costs are:

- Costs specifically required by the Federal award;
- Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards (these costs are considered necessary as part of the outreach effort for the Federal award);
- Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract and grant awards, financial matters, etc.

Unallowable advertising costs include all advertising costs other than as specified in subsection B.

Communication costs

Costs incurred for telephone services, local and long-distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable.

Training

The cost of training provided for project specific employee development is allowable. The cost of training is not to exceed 5% of the projects cost.

Section 3.1.6: Project Selection Criteria and Method of Distributing Funds

Under MAP-21 and continued under FAST Act, Caltrans has been designated by the governor and has the authority and responsibility for administering the Section 5310 program in rural and small urbanized areas. The large urbanized areas may choose to be direct recipients of Section 5310 funds with the authority and responsibility for project selection, administration and vehicle procurement or have Caltrans administer the program.

Method of Distributing Funds and Application Assistance

Funds are awarded on a competitive basis to eligible private nonprofit agencies and, under certain circumstances, to public agencies for the purchase of capital equipment.

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Operating assistance and mobility management projects are awarded to eligible private nonprofits and public agencies.

The 5310 Program announces a call for projects roughly every two to three years. Before each call for projects, the 5310 Branch holds meetings with MPOs or RTPAs statewide to inform them of upcoming grant opportunities and to discuss the vital role the RTPA or MPO's have the 5310 Program including contacting their regional stakeholders of the upcoming call for projects. The 5310 Program does extensive outreach to stakeholders and works with organizations such as the California Association for Coordinated Transportation and Rural Counties Task Force to announce the availability of funds and to ensure an equitable distribution of funds. During the call for projects, the 5310 Program holds public application workshops, conducts phone consultation sessions, posts resources on the BlackCat grants management system and has a toll-free one eight hundred number. These efforts are aimed to inform all interested parties in the availability of funds and to provide technical application assistance

Project Selection Criteria

In accordance with State law, the CTC has responsibility for directing Caltrans on the allocation of funds for the program, establishing an appeals process, and holding a public hearing. In response to these legislative mandates and working with an advisory committee, the CTC has developed project evaluation criteria, which includes procedures for an appeals process. The CTC holds a public hearing during which the Section 5310 Program of Projects (POP) is adopted and the list of projects selected for funding is forwarded to the MPOs or RTPAs and applicants. The final prioritized list, POP, is submitted to FTA for approval as part of Caltrans' Section 5310 funding application.

For vehicles and other equipment, the scoring criteria are organized into the review form titled Quantitative Scoring and Project Rating Worksheet that is used in evaluating applications. The Quantitative Scoring and Project Rating Worksheet is designed to limit subjectivity and quantify the evaluation process, thereby providing consistency and an even distribution in the scoring of applications. Applications receive points based on the data contained within their application and an evaluation of their narrative responses. Applicants must document efforts to coordinate services to achieve the most efficient use of federal, state and local resources and to improve mobility of seniors and individuals with disabilities. Applicants receive points based on their discussion of current or planned coordination activities and the verification of these activities by the local agency responsible for the coordination of local human services transportation. Coordination would include shared use of vehicles, as well as the coordination of transportation-related services, such as dispatching, maintenance, and training.

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Applications are reviewed to verify that the proposed services are primarily provided to seniors and individuals with disabilities. To maximize equipment usage, service to the public is allowed on an incidental basis as long as service does not interfere with Section 5310's targeted clientele. Additionally, federal guidelines allow Section 5310 subrecipients to coordinate and assist in providing meal delivery services if these do not conflict with the provision of transit services or result in a reduction of service to transit passengers. Vehicles must provide a minimum of 20 hours of service (excluding idle time) per week to be eligible for funding. The applicant can meet the 20-hour minimum alone or through coordination efforts with other agencies. Agencies that exclusively offer Weekend or Seasonal Transportation Service are not eligible to receive 5310 program funding. Agencies that are meeting their 20 hour a week service requirement may request approval to offer incidental transportation for enrichment and recreational activities on weekends and during various seasons of the year.

For mobility management projects and operating assistance projects the 5310 Program employees a Project Evaluation Scoring Sheet. Scoring is based off program categories and scored exceptional, satisfactory, or unsatisfactory. The agency must demonstrate a need for funding that meets the 5310 program goals.

Project Application and Scoring Process

As of 2018, DRMT accepts applications online through the Electronic Grants Management System (BlackCat) during a Call for Projects. From the date of the Call for Projects until the final online application closing date, applicants consult with their MPOs or RTPAs on submitting their online applications.

After the online application submission period closes, MPOs and RTPAs objectively review and evaluate local project applications (for vehicle and equipment projects only) utilizing the adopted Quantitative Scoring and Project Rating Worksheet. The worksheet documents that the resources are used to fund only the most effective and needed projects within their jurisdictions. MPOs and RTPAs have the discretion to score applications in house or use a Regional Evaluation Committee (REC). Should they choose to convene a REC, they have sole responsibility for the selection of its members. It is suggested that the REC be comprised of members from the Social Service Transportation Advisory Council or similar group or appoint members that represent the seniors, developmentally disabled, physically disabled and or local government and transit agencies if appropriate. This representation is designed to combine the expertise of those involved with the clientele service and the existing local transportation services and needs. The meetings of the REC should be open to the public, including applicants. An MPO or RTPA or REC member who is an applicant in the current cycle is prohibited from participating in or influencing other MPO or RTPA or REC members in the scoring of their own project or projects. MPOs and RTPAs are instructed to review the eligibility of the applicants.

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If determined ineligible, the applicant must be notified in writing and the application is not scored. The notification letter is forwarded to DRMT for review. Once projects have been scored, MPOs and RTPAs notify applicants of their scores and provide information about their local appeal process. The application instructions and the MPO or RTPA Scoring Reference Document provide information on what is required to be submitted to DRMT.

MPOs and RTPAs select projects through the competitive grant application process that certifies that projects are included in a locally developed Coordinated Public Transit Human Services Transportation Plan. Using the CTC adopted project scoring criteria, MPOs and RTPAs score the competitive applications in BlackCat. The State Review Committee verifies the scores and projects are prioritized. The CTC then holds a public hearing and adopts the final project funding list. The CTC continues to approve the 5310 Prioritized List of Projects for small urban and rural projects; however, the CTC does not approve the selection of the 5310 projects for Large Urbanized Areas. Large Urbanized Area projects are included in the Prioritized List of Projects for information only.

Section 3.1.7: Local Share and Local Funding Requirements

Program grants can fund up to 80 percent of the total vehicle, equipment and mobility management costs; and 50 percent for operating assistance costs. The remaining percentages (20 percent and 50 percent respectively) must be provided from local sources. Other non-DOT federal funding is acceptable for use as a local match. The grant application requires the applicant to identify the source of the local match in sufficient detail to verify that funds are available from eligible sources, and to provide an indication about the certainty and availability of these funds. Additionally, the subrecipient's Standard Agreement with DRMT requires that the agency certify that the local match funds are available.

Transportation Development Credits (also known as, Toll Credits) provide a credit toward a project's local share for certain expenditures with toll revenues. Historically, Toll Credits have covered the entire local share. Under the provisions of 23 U.S.C. 120(j), the FHWA oversees the determination of transportation development credit within each state. Caltrans received approval from the FHWA and the FTA to utilize Toll Credits for transit projects funded under FTA Sections 5310, 5311, and 5339. Future grant cycles will also utilize Toll Credits as long as the current federal and state approvals are in place.

Section 3.1.8: Technical Capacity and Assistance

DRMT verifies that Section 5310 subrecipients have the required technical capacity to meet federal requirements through offering workshops, training, grant application review and approval, monitoring, and program oversight. Assessment of an applicant's

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technical capacity is measured by the information provided in the application along with the supporting documentation. Demonstration of possessing continued technical capacity is measured with bi-annual reporting and agency monitoring.

The application and successful applicant workshops are held statewide to provide technical assistance to the applicants and the MPOs or RTPAs. Locations of the workshops are alternated to expand geographical coverage. In presenting the workshops, a set of scripted materials provides statewide consistency in the level of assistance and information provided. Section 5310 has a toll-free phone line in place for subrecipients to contact DRMT, if necessary, at (888) 472-6816. For instructions on creating and submitting an application, see the BlackCat Agency User Guide which can be downloaded from the BlackCat website.

Section 3.1.9: Project Administration; Standard Agreement and Request for Reimbursements

A successful 5310 subrecipient will complete a Standard Agreement, which will be signed by both DRMT and the subrecipient. DRMT reserves the right to sign and approve the Standard Agreement provided however, the commencement of work shall not be authorized until the expenditure of federal funds have been authorized by the FTA for a specific Federal fiscal year or a pre-award expenditure authority has been approved by DMRT.

For a subrecipient to receive reimbursements for eligible project expenses, a Request for Reimbursement (RFR) must be submitted through BlackCat. Instructions on completion and submittal can be found on the BlackCat Agency User Guide and through the BlackCat Resources page.

Section 3.1.10: Intermediary Subrecipient Arrangement Policy

MAP-21 created a new eligible project category for New Freedom projects under Section 5310. This category includes projects that were formerly eligible under the Section 5317.

As authorized by FTA, it is DRMT's policy to allow use of an Intermediary Subrecipient Arrangement (ISA) to pass-through Section 5310 funds to non-profit organizations for operating assistance and mobility management activities and services associated with 5310 projects as described in the program respective circulars. FTA and DRMT do not consider an ISA between the first tier subrecipient and second tier subrecipient to be a third-party contract if the ultimate subrecipient would otherwise be eligible under Section 5310.

An ISA may not be used for the acquisition of vehicles, equipment, or commodities. DRMT requires the review and approval of all ISA and third-party contracts as well as the review of all arrangement or contract modifications or extensions prior to

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implementation. Arrangements, contracts, or purchases made without prior DRMT approval may be determined ineligible for FTA reimbursement.

Section 3.1.11: Requirements Specific to 5310

The required maintenance of vehicles and equipment purchased with Section 5310 funds is communicated through workshops and validated by the Standard Agreement with all grant subrecipients. Applicants are required to describe their preventive and routine vehicle maintenance program and provide maintenance forms with their application. Applicants are scored based on the adequacy of this submittal. DRMT requires subrecipients to maintain Section 5310 funded vehicles and equipment based on the maintenance schedule recommended by the original and final stage manufacturers. Subrecipients must provide proof of compliance of their preventative maintenance program upon request and during on-site monitoring visits. For specific program requirements, please refer to the Section 5310 application.

Section 3.1.12: Program Measures for Section 5310

5310 Program subrecipients are required to report annual FTA Program Measures to DRMT for their 5310 funded projects. These are necessary to measure relevant output, service levels, and outcomes for the program. The two measures outlined in the FTA 5310 Program Circular are:

- **Gaps in Service Filled:** Number of individuals who are eligible to receive service that is offered;
- **Ridership:** actual or estimated number of rides (as measured by one-way trips) provided for individuals with disabilities and older adults on Section 5310 supported vehicles and services.

This information will be obtained in the Bi-Annual Report.

Section 3.1.13: Project Requirements

Once approved by the FTA, successful applicants enter into a Standard Agreement with DRMT and are responsible for meeting all 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 equipment purchased with 5310 funds. Subrecipients must provide proof of compliance of their preventative maintenance program upon request and during on-site monitoring visits.

Risk Assessment

The 5310 Program evaluates subrecipient risk at time of application through duration of the award until project close-out. Subrecipient risk assessments are built into the

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application through applicant eligibility requirements. Subrecipient performance and compliance of terms with a currently executed standard agreement is also assessed. The 5310 Program also assesses risk by reviewing compliance with timely and complete submission of important documents. Additionally, assessments are done by on-going monitoring through on-site visits and assessing satisfactory progress through invoicing and communication on progress of the award. If agencies are new, have had significant staff turnover or are out of compliance, the 5310 Program mitigates risk by the following methods: utilizing Corrective Action Plans, conducting additional on-site monitoring or holding phone teleconferences, or if necessary, cancelation of the project per the terms of the standard agreement.

Section 3.1.13: Monitoring

Bi-Annual Reporting

To fulfill FTA and DRMT requirements, the Bi-Annual Report applies to all 5310 vehicles, equipment, operating and mobility management projects. The information in the Bi-Annual Report is used to evaluate the project and program performance. The Bi-Annual Report is due twice a year on October 1 and April 1 to DRMT.

On-site Monitoring

At a minimum, every three years, or at the discretion of the 5310 Program, an agency interview will be conducted for all FTA 5310 funded projects. For agencies that have vehicles and or equipment, a vehicle or equipment inspection will be completed in addition to the agency interview.

Risk Assessment

The 5310 Program evaluates subrecipient risk at time of application through duration of the award until project close-out. Subrecipient risk assessments are built into the application through applicant eligibility requirements. Subrecipient performance and compliance of terms with a currently executed standard agreement is also assessed. The 5310 Program also assesses risk by reviewing compliance with timely and complete submission of Bi-Annual Reporting and other important documents. Additionally, assessments are done by on-going monitoring through on-site visits and assessing satisfactory progress through invoicing and communication on progress of the award. If agencies are new, have had significant staff turnover or are out of compliance, the 5310 program mitigates risk by the following methods: utilizing Corrective Action Plans, conducting additional on-site monitoring or holding phone teleconferences, or if necessary, cancelation of the project per the terms of the standard agreement.

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Section 3.1.14: Disposition and Project Close-Out

The Section 5310 program will release vehicles or equipment to subrecipient agencies, when it has been determined that the agency's vehicle or equipment has met the useful life requirement. See Section 9.3.8 for more information. For project close-out for Mobility Management and Operating Assistance projects, mark "final" on the Request for Reimbursement and submit a Bi-Annual Report covering your final invoicing period.

Section 3.2: Section 5311; Rural Areas Formula Program

Formula Grants for Rural Areas program was established by FTA (49 U.S.C. 5311) and it provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. The 5311 Program includes the Section 5311(b)(3) Program, which promotes the Rural Transportation Assistance (RTAP) Program and the Section 5311(f) Program, which promotes intercity bus services in rural areas of the State.

Eligible activities include planning, capital, operating, job access and reverse commute projects, and the acquisition of public transportation services.

Section 3.2.1: Program Goals

The FTA 5311 Program circular lists the following program goals:

- Enhance the access of people in rural areas to health care, shopping, education, employment, public services and recreation;
- Assist in the maintenance, development, improvement, and use of public transportation systems in rural areas;
- Encourage and facilitate the most efficient use of all transportation funds used to provide passenger transportation in rural areas through the coordination of programs and services;
- Assist in the development and support of intercity bus transportation;
- Provide for the participation of private transportation providers in rural areas;
- Improve access to transportation services to employment and related activities for public assistance recipients and eligible low-income individuals;
- Provide financial assistance to help carry out national goals related to mobility for all, including seniors, individuals with disabilities, and low-income individuals;
- Encourage mobility management, employment-related transportation alternatives, joint development practices, and transit-oriented development.

Section 3.2.2: Program Objectives

DRMT's specific objectives established to meet 5311 program goals are to:

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- Facilitate cooperative working relationships among local, regional and private sector agencies and promote adequate cost effective rural public transportation services;
- Meet the needs of rural public transportation by providing resources to increase capacity and frequency of rural transit services where appropriate;
- Coordinate rural transit services and verify that all program recipients comply with all federal program guidelines and regulations;
- Improve service quality and encourage promotion of rural transit services through public information programs designed to improve ridership and revenue;
- Verify a fair and equitable distribution of program funds to eligible recipients.

Section 3.3: Planning, Programming, and Coordination for 5311 Projects

It is the goal of DRMT to verify that all transit projects be developed through coordinated planning facilitated through the 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. DRMT coordinates with regional agencies to verify that selected projects address human services, the Department's Interregional Transportation Strategic Plan (ITSP), and Regional Transportation Plans (RTPs) ([23 CFR Part 450](#) and [49 CFR Part 613](#)). DRMT has updated its grant application for applicants to show how projects address gaps or barriers identified in the interregional, regional or coordinated plans.

DRMT encourages stakeholders to participate actively and regularly in both the interregional and regional transportation planning process. This includes development of the RTP and the ITSP, so that desired transit projects are considered in an integrated regional and interregional transportation planning context.

An additional opportunity for stakeholders to become involved in the planning process is through the Technical Advisory Committee (TAC) and Social Services Transportation Advisory Council processes. The District Transit Representatives (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 local, State, and federal levels. Coordination is a key to providing strong and effective transportation networks in communities. DRMT and FTA encourage coordinated efforts of local and regional agencies in addressing and selecting projects to transit needs in the region. In addition, FTA and DRMT 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.

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Each MPO and or RTPA should have a process for selection of transit projects in conjunction with the State Transportation Improvement Program (STIP) process. Potential transit projects should be identified in the RTP through public meetings and hearings. 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 the STIP once the projects have been identified by the regional agencies and approved by DRMT staff.

Section 3.3.1: 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 verify 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.

Section 3.3.2: Eligible Subrecipients

Eligible subrecipients include State agencies, local agencies, Indian Tribal Governments, private nonprofit organizations, and operators of public transportation services (or intercity bus service providers that receive FTA grant funds indirectly through a subrecipient). Taxicab companies may coordinate with Transportation Planning Agencies (TPAs) to receive funds.

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Section 3.3.3: Eligible Services and Services Areas

Eligible projects are mass transportation projects that must serve the general public in rural areas. Rural areas that may receive funding are identified by the United States Census. The federal government determines the eligible areas for 5311 Program funding. DRMT staff verifies that only projects in federally defined rural areas are included in the 5311 Program.

Section 3.3.4: Eligible Projects Categories

Section 3.3.4.1: Eligible Projects and Related Matching Fund Percentages (49 U.S.C. 5311)

The 5311 Program eligible projects and the related percentage of the federal grant and local match are listed below.

Table 3: Eligible Projects and Related Matching Fund Percentages (49 U.S.C. 5311)		
Eligible Projects	Minimum Local Match	Maximum Federal Grant
Operating Assistance	44.67 percent	55.33 percent
Vehicle Purchase	11.47 percent	88.53 percent
Bus Related Equipment Purchase	11.47 percent	88.53 percent
Transit Infrastructure; Construction or Rehabilitation of Transit Facilities, including design, engineering, and land acquisition	11.47 percent	88.53%
Flex Funds Transfer	Varies	Varies
Preventive Maintenance	11.47 percent	88.53 percent
Planning and Technical assistance	11.47 percent	88.53 percent
Bicycle Facility and ADA projects	10 percent	90 percent

Section 3.3.4.2: Eligible Project Descriptions

The 5311 Program does not reimburse indirect costs.

Operating Assistance

Eligible Operating Assistance expenses include maintenance or expansion of existing service, introduction of new transit service, and expansion of existing service. The standard agreement for Operating Assistance projects is issued for one year. The following are examples of eligible expenses for Operating Assistance:

- Personnel
- Driver Salaries (including benefits)
- Dispatcher Salaries (including benefits)

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- Maintenance Mechanic Salaries (including benefits)
- Administrative Staff Salaries (including benefits) directly related to the project
- Other Direct Expense
- Fuel and Oil
- Tires, Parts, Maintenance
- Vehicle Licenses
- Vehicle Insurance
- Uniform Purchase
- Capital Cost of Contracting
- Purchased Transportation (Third Party Contract)

Vehicle Purchases

The following are examples of eligible expenses for vehicle purchase:

- Vehicles for new, existing, and or expansion service;
- Or vehicle inspections.

Bus Related Equipment Purchase

The following are examples of eligible expenses for bus related equipment:

- Radios and communication equipment;
- Fare boxes;
- Wheelchair lifts and restraints;
- Computers; Hardware and Software (for example scheduling or routing software);
- Intelligent Transportation System (ITS).

Note that the ITS project must be included in the regions approved Architecture Plan.

Transit Infrastructure

The following are examples of eligible expenses for Transit Infrastructure:

- Bus Shelters, Benches, or Signage;
- Safety and Security features (for example lighting or cameras);
- Support items such as trash containers;
- ADA requirements and or enhancements;
- Informational or scheduling structures;
- Construction or rehabilitation of transit facilities including design, engineering, and land acquisition.

Also, depreciation of capital assets. Subrecipients or entities that receive FTA funds shall not capitalize or depreciate capital assets and facilities that has remaining federal interest or items purchased with State or local government assistance. Such costs are not eligible for FTA funding. However, the capital cost of contracting which includes

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depreciation and interest on facilities and equipment as well as preventive maintenance are allowable capital costs and are eligible for FTA funding if assets are privately owned (not funded with Federal or State funds) and was provided by the vendor or contractor. In this case, a vendor or contractor providing vehicles for public transportation service, the capital consumed is equivalent to the depreciation of the vehicles in use in the public transportation service during the vendor's contract period. In the case of maintenance contract, the capital consumed may be for example, depreciation of the maintenance garage, or depreciation of the machine that lifts the vehicle. Capital consumed may also include a proportionate share of interest the vendor or contractor might pay out as the contractor purchases and makes available to the subrecipient of these capital assets. For more information see [FTA 9040.1G, Appendix F](#).

Flex Fund Transfer; Congestion Mitigation and Air Quality Improvement (CMAQ)

The Congestion Mitigation and Air Quality Improvement (CMAQ) Program is administered by the Federal Highway Administration (FHWA). CMAQ funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas). Funds may be used for a transportation project or program that is likely to contribute to the attainment or maintenance of a national ambient air quality standard, with a high level of effectiveness in reducing air pollution.

CMAQ funds are flexible, meaning they may be transferred from FHWA to FTA for administration by DRMT. Flexed funds become Section 5311 funds and take on all the rules and regulations of the FTA and the Section 5311 Program. The CMAQ funding split is 88.53 percent Federal Share and 11.47 percent Local Share. CMAQ, however, may be funded up to 100% at the discretion of the Transportation Planning Agencies (TPA) or Metropolitan Planning Organization (MPO). MPOs and TPAs are responsible for programming projects within their jurisdiction.

Proposals for CMAQ funding should include a concise description of the project, providing information on its size, scope, location, and timetable. An assessment of the project's expected emission reduction benefits (air quality analysis) should be completed prior to project selection to better inform the selection of CMAQ projects. Both capital and new operating projects are eligible to receive CMAQ funding. MPO and TPA must ensure that CMAQ projects are included in the Federal Statewide Transportation Improvement Program (FSTIP), which is jointly approved by the FHWA and the FTA. The project description and associated dollar amounts must be consistent with the federally approved STIP information.

Operating assistance is limited to start up operating costs for new transportation services or incremental costs of expanding transit services. Up to three years of

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operating assistance may be awarded. In using CMAQ funds for operating assistance, the intent is to help start up viable new transportation services that can demonstrate air quality benefits and eventually cover costs as much as possible. Other funding sources should supplement and ultimately replace CMAQ funds for operating assistance within three years of initiating the transit service.

New transit vehicles (bus, rail, or van) to expand the fleet or replace existing vehicles are eligible capital projects. Transit agencies are encouraged to purchase vehicles that are most cost effective in reducing emissions. Diesel engine retrofits, such as replacement engines and exhaust after-treatment devices, are eligible if certified or verified by the Environmental Protection Agency or California Air Resources Board. Routine preventive maintenance for vehicles is not eligible as it only returns the vehicles to baseline conditions. Other transit equipment may be eligible if it represents a major system-wide upgrade that significantly improves speed or reliability of transit service, such as advanced signal and communications systems.

All federal funds to be used for transit projects must be included in a federally approved STIP. Requests for CMAQ transfers will be applied for directly through the Caltrans District Local Assistance Engineer, and Caltrans Headquarters' Division of Local Assistance. Division of Rail and Mass Transportation will receive a confirmation once the transfer is completed from Caltrans Headquarters Division of Local Assistance Engineer. A copy of the federally approved STIP page must be attached for all projects to be programmed through the Section 5311 program. The funding split is 88.53 percent Federal Share and 11.47 percent Local Share. CMAQ, however, may be funded up to 100% at the discretion of the TPA or MPO.

Preventive Maintenance

Applications for Preventive Maintenance projects are verified by DRMT as having met all the statutory and administrative requirements for Project approval. Preventive Maintenance activities consist of routine revenue and non-revenue vehicle inspection and maintenance for bus operations. For the purpose of carrying out a preventive maintenance project, the labor (associated administrative and incidental costs) shall not exceed the estimated cost. The standard agreement for Preventive Maintenance projects is issued for one year. The following are approved activities for the inspection and maintenance of revenue vehicles and service vehicles. Subrecipients must provide proof of compliance of their preventative maintenance program upon request and during on-site monitoring visits.

Inspection and Maintenance of Revenue Vehicles' Component Activities include:

- Oil changes, engine repairs, etc. are preventive maintenance activities and are considered preventive maintenance expenses;

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- Inspecting revenue vehicle components on a scheduled preventive maintenance basis (for example engines and transmissions, fuel systems, ignition systems, chassis, exterior body and interior body, electrical systems, lubrication systems, trolleys, pantographs and third rail shoes, trucks, braking system, and air conditioning system);
- Changing lubrication fluids;
- Replacing minor repairable units of the above listed revenue vehicle components;
- Making road calls to service revenue vehicle breakdowns;
- Towing and shifting revenue vehicles to maintenance facilities;
- Rebuilding and overhauling repairable components;
- Performing major repairs on revenue vehicles on a scheduled or unscheduled basis (this work is generally done by the following facilities: machine shop, sheet metal shops, welding and blacksmith shops, and woodworking shops);
- Replacing major repairable units of revenue vehicles (including engines, transmissions, traction motors and air conditioners).

Inspection and Maintenance of Service Vehicles' Component Activities include:

- Inspecting service vehicle components on a scheduled preventive maintenance basis (for example engine and transmissions, fuel systems, ignition systems, chassis, exterior body and interior body, electrical systems, lubrication systems, trolleys, pantographs and third rail shoes, trucks, braking system, and air conditioning system);
- Performing minor repairs to the above listed service vehicle components;
- Changing lubrication fluids;
- Replacing minor repairable units of the above listed service vehicle components;
- Making road calls for service vehicle breakdowns;
- Towing and shifting service vehicles to maintenance facilities;
- Rebuilding and overhauling repairable components;
- Performing major repairs on service vehicles on a scheduled or unscheduled basis (this work is generally done by the following facilities: machine shops, sheet metal shops, welding and blacksmith shops, and woodworking shops);
- Replacing major repairable units of service vehicles (including engines, transmissions, traction motors and air conditioners).

The following are approved activities for the maintenance of transit facilities and facility related equipment:

- Maintenance administration
- Maintenance of vehicle movement control systems
- Maintenance of fare collection and counting equipment
- Maintenance of roadway and track

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- Maintenance of structures, tunnels, bridges, and subways
- Maintenance of passenger stations
- Maintenance of operating station buildings
- Maintenance of garage and shop buildings, grounds, and equipment
- Maintenance of communication systems
- Maintenance of general administration buildings, grounds, and equipment
- Accident repairs of buildings, grounds, and equipment
- Vandalism repairs of buildings, grounds, and equipment
- Operation and maintenance of electric power facilities

Planning and Technical Assistance

The following are examples of eligible expenses for planning and technical assistance activities:

- Planning studies like system-wide connectivity, improved service effectiveness, ridership forecast and survey, and transit coordination plans;
- Marketing Research and Innovation;
- Development and implementation of strategic marketing.

Bicycle Facility

The following are examples of eligible projects for bicycle facility:

- Constructing bicycle facilities (paths, bike racks, support facilities, etc.);
- Non-construction outreach related to safe bicycle use;
- Establishing and funding State bicycle coordinator positions for promoting and facilitating non-motorized transportation modes through public education, safety programs, etc.

Section 3.3.5: Application Review and Approval Schedule for 5311

Each year, DRMT invites subrecipients to submit applications for projects. The annual Call for Projects is announced after the Federal Fiscal Year when FTA publishes full apportionment table. DRMT 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). Projects requested in the application must meet the project planning criteria as previously described. This includes the service improvements that would be addressed by acquiring the project equipment and how the surrounding community will benefit.

DRMT accepts applications online through the Electronic Grants Management System (BlackCat) during a Call for Projects. From the date of the Call for Projects until the final online application closing date, applicants consult with their MPOs and RTPAs on submitting their online applications.

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Subrecipient applications that are based on projects selected at the local level must include a complete project description that states 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, like a fixed route and 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.

For a subrecipient to receive reimbursements for eligible project expenses, a Request for Reimbursement (RFR) must be submitted through BlackCat. A sample RFR can be found in the Appendix. Instructions on completion and submittal can be found on the BlackCat Agency User Guide and through the BlackCat Resources page.

Section 3.3.6: Method of Distributing Funds

California receives an annual apportionment from the federal government based on a formula consisting of factors that incorporate nonurban population and land area. This apportionment is divided as follows:

- Administration (up to 10%);
- Intercity Bus 5311(f) Program (at least 15%);
- Regional Apportionment (75%).

DRMT allocates the apportioned Section 5311 Program funds to regional agencies using rural census data. Each regional agency then further distributes these funds to their individual subrecipients based on project need identified by the regional agency. Section 5311 funds have a period of availability of the fiscal year in which they are allocated. Each subrecipient is required to enter into a Standard Agreement that addresses federal requirements and outlines the terms and conditions of the Section 5311 grant program before the project may begin.

To receive Section 5311 funding, the overall goal of the program is to enhance the availability of public transit in rural areas and provide public transportation opportunities to residents in rural areas for access to employment, education and health care, shopping and recreation.

For the statewide 5311 funding, DRMT annually announce calls for projects for this program. DRMT engages in written notification to MPO's or RTPA's and local transit agencies during the solicitation of a call for projects to ensure the largest possible applicant pool.

DRMT reviews applications to

- Ensure a fair and equitable distribution of program funds to eligible recipients;

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- Holding grant recipients accountable for their performance and achieving specific, measurable outcomes identified by grant applicants. Prior to making an award, DRMT is required to review and consider any information used during the DRMT Risk Assessment.

Section 3.3.7: Local Share and Local Funding Requirements

Program grants can fund capital projects up to 88.53 percent of total project cost. The remaining 11.47 percent must be provided from local resources. Operating assistance projects can be funded up to 55.33 percent. The remaining 44.67 percent must be provided through local match. Other non-DOT federal funding is acceptable for use as a local match. The project application requires the applicant to identify the source of the local match in sufficient detail to verify that funds are available from eligible sources and to provide an indication about the certainty and availability of these funds. Additionally, the subrecipients standard agreement with DRMT requires that the agency certify that the local match funds are available.

In addition to regular local match, from local tax measures and other local fund sources, Transportation Development Credits (also known as Toll Credits) provide a credit toward a project's local share for certain expenditures with toll revenues. The amount of credit toward local share to be earned by state is based on revenues generated by toll authorities within the State. Under the provisions of [23 U.S.C. 120\(i\)](#), the FHWA oversees the determination of Toll Credits within each state. For the FTA, the effect of utilizing Toll Credits means that FTA provides 100 percent of the total net project cost up to the amount of the apportionment. Toll Credits can only be used for new projects for which apportionment funds have not been previously approved by the FTA. Toll Credits are not available for projects where program savings are used for project funding.

Special provisions apply for operating expense grants and limit the amount of federal funds that can be sought to cover operational deficits. Federal shares shall not exceed 50 percent of the net operating deficit included in the project for operating expenses. Of the remainder of the deficit, 50 percent must be financed from sources other than federal funds or system revenues (For Example, half of the local match must come from local funds) and 80 percent of the net cost for capital projects and project administration. The value of any in kind contributions must be included in net project cost to the extent it is used as local match. See the Federal Administrative Rules for Grants and Cooperative Agreements, [49 CFR Parts 18](#) and [19](#) for more information.

Some states, including California, are allowed additional higher federal share rates based on the ratio of the area of nontaxable Indian land, public domain lands, national forest, and national parks and monuments to the total area of each state. These rates are available only for states that have signed agreements with FHWA or FTA. Caltrans

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has a current signed agreement with FHWA for these higher rates that is valid through September 2020. Subrecipients that receive both 5311 and 5307 funds must have a cost allocation methodology to split their urban and rural service costs. DRMT verifies subrecipients' cost allocation methodology during the application review phase.

The value of any in-kind contributions can be used as a local match but must be included in net project cost to the extent it is used as local match (See the Federal Administrative Rules for Grants and Cooperative Agreements, 49 CFR Parts 18 and 19 for more information). DRMT reserves the right to reject or disallow in kind contributions as local share if the estimated cash value cannot be determined independently.

However, currently because of the availability of use of Toll Credits as a local match for Caltrans subrecipients for FTA projects; DRMT is not allowing the use of in-kind match as a local match at this time for FTA funded projects.

Section 3.3.8: Construction and Real Estate Acquisition for Section 5311

DRMT is responsible for monitoring all capital construction and acquisition projects ([49 CFR 18.40](#), [5010.1E](#)). All construction and real estate acquisition projects must have completed all environmental work prior to project application. Only projects that have met all FTA environmental requirements will be included in FTA "Category A" projects. DRMT will work with project applicants early enough in the project application process to verify that projects are not delayed because of environmental issues. All construction projects must have a qualified construction Project Manager. Subrecipients must have completed all phases of the environmental process prior to submission of application. All construction projects must be "shovel ready (Category A)." For additional information on construction projects, please see [Section 6.8](#) of this document, Guidance on Conducting an Analysis of Construction Projects.

Section 3.3.9: Encroachment Permit Process for Section 5311

Caltrans is committed to the protection of the California State Highway System (SHS). Safety of the traveling public and those who perform work within the State's highway right-of-way (State of California Property) is Caltrans' primary concern. Caltrans cooperates with all public agencies and private entities in promoting the safe use and operation of the SHS.

Any transit agency project that is planned on the State highway or impacts the SHS will require an encroachment permit and a written authorization from Caltrans. An encroachment permit grants permission to the permittee or their agent to perform work within the State's right-of-way. A request for an encroachment permit will require the applicant to fill out the encroachment permit application. All Caltrans districts have encroachment permit offices. Please contact your local Caltrans district office for more information. An encroachment permit takes a significant amount of time to complete. Applicants should plan ahead so that projects are not delayed.

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Encroachment permits are necessary for Caltrans to verify that the proposed encroachment is compatible with primary uses of the SHS, verify the safety of the traveling public and of the permit holder and protect the State's investment.

Additional information regarding the encroachment permit process is available within [Caltrans' Encroachment Permit Manual](#). The California Streets and Highways Code, Section 660 to 734, grants authority Caltrans to permit improvements and other activities on the SHS rights-of-way.

Section 3.3.10: Technical Capacity and Assistance

DRMT staff provides technical assistance to RTPAs and local transit operators. Technical assistance focuses on application development, procurement-related activities, project delivery, and inspections for vehicles, facilities, equipment and agencies. Workshops for Caltrans district staff, RTPAs and subrecipients are planned, as travel and funding are available. Appropriation of Section 5311 funds for DRMT program administration and technical assistance is made annually by the California Legislature through the California annual budget process. DRMT staff conducts quarterly conference calls with district staff and agencies, triennial onsite monitoring, and milestone progress reports for capital projects.

Section 3.3.11: Force Account Activities

Policy

Consistent with [FTA Circular 5010.1E, Chapter Four, Section 4a](#), it is a DRMT policy that FTA grant program subrecipients, where applicable, comply with FTA's Force Account Program requirements for projects over \$1,000,000. 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 DRMT for review and approval before incurring costs. To assist subrecipients in developing force account plans, DRMT has developed the following guidelines, policies, and procedures for subrecipients to assist agencies to comply with federal requirements.

Definition

Work performed by the subrecipients' work force (in-house labor) that is included in an approved Section 5311 grant is "force account" work. Reimbursement of force account work is subject to subrecipients providing a force account plan and justification for projects over \$1,000,000. 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. DRMT must review the subrecipient's force account plan and justification before any expenses can be reimbursed. Justification may be on the basis of cost, exclusive

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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 \$1,000,000 or the agency contracts with a 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 \$1,000,000 or more, and the work is done in-house, a force account plan, justification and DRMT approval are required;
- No plan or justification is required if the force account work is less than \$1,000,000;
- One of four conditions may warrant the use of a subrecipients' own in house labor; Cost savings, Executive expertise, Safety and efficiency of operations and Union agreement.

Record Keeping

Force account record keeping requirements include the following:

- 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: 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, and canceled checks for all materials, equipment, or miscellaneous expenses purchased. Invoices for purchases must document the use of purchased items.

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;

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- A copy of the construction plans or preventive maintenance plan and specifications which include a detailed estimate of costs, detailed schedule and budget and 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 DRMT 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 DRMT. The applicant is responsible for submitting new or revised versions of their plan.

DRMT 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 agreements with the successful applicant;
- Report to FTA for program compliance;
- Provide guidance and technical support to DTR and subrecipients;
- Review requests for reimbursement to verify accuracy.

District Transit Representative (DTR) responsibilities include conducting onsite reviews to monitor compliance.

Section 3.3.12: Project Requirements

Once approved by the FTA, successful applicants enter into a Standard Agreement with DRMT and are responsible for meeting all 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 equipment purchased with 5311 funds. Subrecipients must provide proof of compliance of their preventative maintenance program upon request and during on-site monitoring visits.

Risk Assessment

The 5311 Program evaluates subrecipient risk at time of application through duration of the award until project close out. Subrecipient risk assessments are built into the application through applicant eligibility requirements. Subrecipient performance and compliance of terms with a currently executed standard agreement is also assessed. The 5311 Program also assesses risk by reviewing compliance with timely and complete submission of important documents. Additionally, assessments are done by ongoing monitoring through on-site visits and assessing satisfactory progress through invoicing and communication on progress of the award. If agencies are new, have had significant staff turnover or are out of compliance, the 5311 Program mitigates risk by the following methods: utilizing Corrective Action Plans, conducting additional on-site monitoring or holding phone teleconferences, or if necessary, cancelation of the project per the terms of the standard agreement.

Section 3.4: Section 5311 (b) (3)–Rural Transit Assistance Program

The FTA Section 5311 Rural Transit Assistance Program (RTAP) ([49 U.S.C. 5311\(b\)\(3\)](#)) was created to provide grants to states for research, technical assistance, training and related support services for transit systems in rural areas. The California RTAP facilitates these requirements by providing policy guidance and RTAP program direction. The tasks necessary to fulfill the RTAP program are administered and managed through a service contract that is prepared by the Caltrans Division of Procurement and Contracts at the RTAP manager's direction. The hired contractor then develops, markets and delivers tasks identified by FTA Rule, the California FTA Section 5311 Program, its subrecipients, and other rural California transit stakeholders. All tasks delivered through RTAP are paid for by the contractor, and then approved for reimbursement by the RTAP manager. The current contractor is the California Association for Coordinated Transportation (CalACT). To learn more about current training and technical assistance provided by CalACT, please visit [CalACT's website](#).

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RTAP is authorized to receive no more than 2 percent of the total Section 5311 apportionment authorized for California.

Section 3.4.1: Program Goals and Objectives

The Goal of the California RTAP is to verify compliance with FTA rules and regulations so that rural public transportation services are operated safely, efficiently and effectively.

The objective of the California RTAP is to provide quality training and technical assistance, research, reports, best practice and peer-to-peer interactions for rural 5311 sub-recipients, and community transit service organizations.

Providers of public transit operators in Small Urbanized Areas, in addition to specialized transportation services funded by the FTA Section 5310 Program, have many of the same training and technical assistance needs as transit providers in rural areas. FTA permits participation by these providers in RTAP- sponsored activities, at the State's discretion, so long as the activities are primarily designed and delivered to benefit rural transit providers.

California encourages Native American tribes, including those tribes that are not receiving funding from the State's Section 5311 apportionment, to participate in training and technical assistance delivered through the RTAP.

Section 3.5: Section 5311(f); Intercity Bus Program

In 2018, DRMT conducted the California Statewide Rural Intercity Bus Study which reviewed California's 5311 (f) program of rural intercity bus assistance to determine if the program was meeting federal and State goals, to what degree available services met the needs, and made recommendations on needed program changes, service needs, and potential funding sources. The California Statewide Rural Intercity Bus Study resulted in findings and recommendations that were used to develop the program objectives listed in [Section 3.5.2](#).

The 5311(f) Intercity Bus Program in California ([49 U.S.C. 5311\(f\)](#)) provides funding to improve intercity bus connectivity between rural areas and urban areas to end the isolation of rural areas that are increasingly underserved by bus and transit services and also to "expend funds for the support of intercity bus transportation to the extent required by law". The Intercity Bus Program is designed to address the "intercity bus transportation needs of the entire State" by developing projects that support one or more of the national objectives and State goals. The 5311(f) funds, which are discretionary funds, are distributed through a competitive process.

DRMT currently allocates 15 percent of its 5311 annual program apportionment on intercity bus transportation. If the State fails to meet the 15 percent set aside requirement, the State must certify to the Governor that the intercity bus needs of the State are being adequately met. The State must assess statewide intercity mobility

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needs no more than four years before the date of the certification. “In the absence of a certification from the Governor that intercity needs are adequately met, 15 percent of the State’s annual apportionment must be obligated for intercity bus transportation within the period of availability (three years)”. Please see [FTA C9040.1G, Chapter Eight](#) for more information.

The 5311(f) Program requires states to have a consultation process that includes the affected carriers when making decisions on certifications. The consultation process identifies bus providers and activities in the state that providers will perform. As part of the consultation process, DRMT gives the providers an opportunity to submit proposals for funding from part of the distribution of the apportionment.

DRMT has two 5311(f) committees: The 5311(f) Program Coordination Committee (PCC) and the 5311(f) Scoring Committee. The PCC has members that include Caltrans’ staff, transit providers, and or community-based organizations. The PCC serves as the advisory board and makes recommendations for improvements to the 5311(f) Program. The 5311(f) Scoring Committee has five members that include Caltrans’ staff, local agencies, transit providers, and or community-based organizations. The Scoring Committee reviews and evaluates the applications based on the program criteria scoring sheet. The committee meets once a year during the 5311(f) Program cycle and reconvenes as needed.

Section 3.5.1: Program Goals

The FTA 5311(f) Program circular lists the following program goals:

- Support the connection between rural and the larger regional or national system of intercity bus service;
- Support services to meet the intercity travel needs of residents in rural areas;
- Support the infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities.

Section 3.5.2: Program Objectives

DRMT’s specific objectives established to meet 5311(f) program goals are to:

- Support and promote rural transit connection with larger regional and national system of intercity bus service;
- Support the intercity travel needs of residents in rural area;
- Meet the broader transportation needs of rural residents by providing meaningful connections to other modes of transportation;
- Facilitate coordination of rural and regional and private transit operations and intercity bus carriers;
- Support intercity bus planning and marketing infrastructure.

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Section 3.5.3: Eligible Subrecipients

Eligible subrecipients include:

- Public governmental authorities and transit providers
- Private for-profit organizations
- Private non-profit organizations
- Tribal governments

Section 3.5.4: Eligible Projects

Each applicant will be required to complete one main application for all project types. Each project is supported by a sub-application organized by category. The project categories eligible for 5311(f) assistance are listed below.

Table 4: Intercity Bus Program 5311(f) Project Categories				
Application Title	Project Type	Federal	Project Period (months)	Maximum Award
Operating Assistance	Operating Assistance	55.33 percent	12	\$300,000
Bus Purchase / Bus Related Equipment	Capital Assistance	88.53 percent	24/12	\$300,000/\$100,000
Transit Infrastructure		88.53 percent	15	\$200,000
Planning & Marketing Studies		88.53 percent	15	\$100,000

Section 3.5.4.1: Detailed Description of Eligible Projects

Operating Assistance

Operating assistance may be provided for new, expansion, or continuation of service. The applicant should describe their route and its functional relationship to the California Intercity Bus Network and the National Intercity Bus Service. Each proposal shall describe how the subrecipient's system connects directly or indirectly with other transit service providers and or modes of transportation to support meaningful connections and connectivity including layover times. Each proposal should include activities such as marketing, production of route maps and or schedules, information delivery, website development, and advertising.

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Bus Purchase and Bus Related Equipment

Applications pertaining to vehicle purchases should demonstrate that the vehicle will service a designated route in the Intercity Bus Network. The vehicles purchased must have the capacity to carry luggage.

An application may include but is not limited to:

- Vehicles for new service, existing, and or expansions;
- Radios and communication equipment;
- Fare boxes;
- Wheelchair lifts and restraints;
- Computers, hardware and software (for example, scheduling and or routing software);
- And Intelligent Transportation Systems (ITS).

Transit Infrastructure

Transit Infrastructure must be part of the Intercity Bus Network route for the application to be eligible. An application may include, but is not limited to:

- Bus shelters, benches, and signage;
- Safety and security features (for example, lighting and or cameras);
- Support items such as trash containers;
- ADA requirements and or enhancements;
- And informational or scheduling structures.

Planning and Marketing Studies

Applications under this category must demonstrate the functional relationship of the project and how it relates to the California Intercity Bus Network. Proposals may include but are not limited to:

- Planning Study (for example, integrated system-wide connectivity, improved service effectiveness, ridership forecast and survey, ticketing and or transit coordination);
- Marketing research and innovation;
- And development and implementation of strategic marketing.

Section 3.5.5: Project Selection Process

5311(f) funds are distributed through an annual competitive process. Applications are received by Caltrans staff, reviewed for completeness, and sent to the 5311(f) Scoring Committee. Final project selection is based on application scores and scoring committee consensus.

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Section 3.5.6: Construction and Real Estate Acquisition for Section 5311(f)

DRMT is responsible for monitoring all capital construction and acquisition projects (49 CFR 18.40, 5010.1E). All construction and real estate acquisition projects must have completed all environmental work prior to project application. DRMT will work with project applicants early in the project application process to verify that projects are not delayed because of environmental issues. All construction projects must have a qualified construction Project Manager. For additional information on construction projects please see [Section 6.8](#) of this document, Guidance on Conducting an Analysis of Construction Projects.

Section 3.5.7: Application Review and Approval Schedule for 5311(f)

Each year, DRMT invites subrecipients to submit applications for projects. Projects requested in the application must meet all of the project planning criteria as previously described in [Section 3.3](#).

Section 3.5.8: Project Requirements

Once approved by the FTA, successful applicants enter into a Standard Agreement with DRMT and are responsible for meeting all 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 equipment purchased with 5311 funds. Subrecipients must provide proof of compliance of their preventative maintenance program upon request and during on-site monitoring visits.

Risk Assessment

The 5311 Program evaluates subrecipient risk at time of application through duration of the award until project close out. Subrecipient risk assessments are built into the application through applicant eligibility requirements. Subrecipient performance and compliance of terms with a currently executed standard agreement is also assessed. The 5311 Program also assesses risk by reviewing compliance with timely and complete submission of important documents. Additionally, assessments are done by on-going monitoring through on-site visits and assessing satisfactory progress through invoicing and communication on progress of the award. If agencies are new, have had significant staff turnover or are out of compliance, the 5311 Program mitigates risk by the following methods: utilizing Corrective Action Plans, conducting additional on-site monitoring or holding phone teleconferences, or if necessary, cancelation of the project per the terms of the standard agreement.

Section 3.6: Section 5339; Bus and Bus Facilities Program

This section provides an overview description of the FTA Section 5339 program, the FTA's program goals, and DRMT 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. The Governor of the State of California has designated Caltrans, DRMT, Office of Transit Grants and Contracts as the recipient of FTA 5339 grant programs. Please reference the [FTA 5339 grant program Circular](#).

The 5339 program provides funding to states and transit agencies through a statutory formula to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. In addition to the formula allocation, the Grants for Buses and Bus Facilities program (49 U.S.C. 5339) includes one formula and two discretionary components: 5339(a) Grants for Buses and Bus Facilities, 5339(b) Bus and Bus Facilities Discretionary Program and the 5339(c) Low or No Emissions Bus Discretionary Program.

5339(a) Grants for Buses and Bus Facilities

As the designated recipient for the small urban area (small UZA) formula component of the Program, DRMT has delegated the small UZA component directly to the small UZA recipients. Formula funding for the small UZA apportionment is determined by FTA Region Nine. The same formula that is used to develop the FTA Section 5307 apportionment is used for this component of 5339.

DRMT is the direct recipient for the statewide discretionary (national distribution) component of 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.

5339(b) Bus and Bus Facilities Discretionary Program

The Grants for Buses and Bus Facilities Program (49 U.S.C. 5339) makes federal resources available to states and direct recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants. FTA releases the Notice of Funding Opportunity, applications are submitted through the [Grants.gov website](#), and FTA determines the project selections. Unlike the 5339(a) statewide discretionary components, the 5339(b) program is competitive on a national scale.

5339(c) Low or No Emissions Bus Discretionary Program

The Low or No Emission Competitive program (49 U.S.C. 5339) makes federal resources available to states and direct recipients for the purchase or lease of zero-

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emission and low-emission transit buses as well as acquisition, construction, and leasing of required supporting facilities. Funding is provided through competitive grants. FTA releases the Notice of Funding Opportunity, applications are submitted through Grants.gov, and FTA determines the project selections. Unlike the 5339(a) statewide discretionary components, the 5339(c) program is competitive on a national scale.

Section 3.6.1: Section 5339(a) Bus and Bus Facilities Statewide Discretionary

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

Section 3.6.2: Program Goal

The goal of the 5339 program is to assist eligible recipients in the financing of capital projects that either replace, rehabilitate or purchase new buses and related equipment. Projects must support the continuation and expansion of public transportation services in California. These factors are described in the California Transportation Plan, and local long-range and short-range transportation plans.

Section 3.6.3: Program Objectives

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;
- And ensure a fair and equitable distribution of program funds to eligible recipients.

Section 3.7: Planning, Programming, and Coordination for 5339 Projects

The Program follows the statewide planning process as discussed in [Section 3.3](#) to facilitate project coordination. In addition, it is the goal of 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. DRMT 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](#)). DRMT has updated its

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grant application for applicants to show how projects address gaps or barriers identified in the regional, interregional, intercity, or coordinated plans.

DRMT 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. DRMT and the FTA encourage coordinated efforts. In addition, the FTA and DRMT 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, DRMT programs the transit projects in STIP once the projects have been identified by the regional agencies.

Section 3.7.1: Selection and Eligibility

The FTA Section 5339 Bus and Bus Facilities 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, at this time due to the limited availability of funding, DRMT is not accepting applications for construction of bus facilities.

For a subrecipient to receive reimbursements for eligible project expenses, a Request for Reimbursement (RFR) must be submitted through BlackCat. Instructions on completion and submittal can be found on the BlackCat Agency User Guide and through the BlackCat Resources page.

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Section 3.7.2: Eligible Subrecipients and Service Areas

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

Section 3.7.3: 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. Currently DRMT is not accepting applications for construction of bus-facilities.

The following are examples of project 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, heavy-duty 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 5: 5339 Eligible Project Categories

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%

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Section 3.7.4: Project Selection Criteria and Method of Distributing Funds

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.

For the statewide discretionary component of 5339 DRMT has chosen to use available funding in rural and small urban areas for bus replacements only. DRMT will periodically announce calls for projects for this program. DRMT engages in written notification to MPO's or RTP's and local transit agencies during the solicitation of a call for projects to ensure the largest possible applicant pool. Agencies with the oldest vehicles (determined by condition and percentage beyond useful life) are given priority for this discretionary funding.

Proposals will be evaluated based on the mathematical scoring criteria determined by condition and percentage beyond useful life. After applying the above criteria, the DRMT will consider the following key objectives:

- Ensuring a fair and equitable distribution of program funds to eligible recipients;
- Holding grant recipients accountable for their performance and achieving specific, measurable outcomes identified by grant applicants. Prior to making an award, DRMT is required to review and consider any information used during the DRMT Risk Assessment.

In determining the allocation of program funds, DRMT may consider geographic diversity, diversity in the size of the transit systems receiving funding, the applicant's receipt of other competitive awards, and the percentage of local share provided.

It is important to note that the 5339 Program does not reimburse indirect costs.

All Vehicle Procurements must be reviewed and approved by DRMT Prior to Standard Agreement Execution; DRMT will not reimburse vehicles purchased before execution.

Section 3.7.5: 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 other state fund sources. 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" section above in **Section 3.7.3**.

Section 3.7.6: Project Requirements

Once approved by the FTA, successful applicants enter into a Standard Agreement with DRMT and are responsible for meeting all the agreement's requirements. Applicants must be prepared to meet all federal, state and local requirements upon obligation. The

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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 equipment purchased with 5339 funds. Subrecipients must provide proof of compliance of their preventative maintenance program upon request and during on-site monitoring visits.

Risk Assessment

The 5339 Program evaluates subrecipient risk at time of application through duration of the award until project close out. Subrecipient risk assessments are built into the application through applicant eligibility requirements. Subrecipient performance and compliance of terms with a currently executed standard agreement is also assessed. The 5339 Program also assesses risk by reviewing compliance with timely and complete submission of important documents. Additionally, assessments are done by on-going monitoring through on-site visits and assessing satisfactory progress through invoicing and communication on progress of the award. If agencies are new, have had significant staff turnover or are out of compliance, the 5339 Program mitigates risk by the following methods: utilizing Corrective Action Plans, conducting additional on-site monitoring or holding phone teleconferences, or if necessary, cancelation of the project per the terms of the standard agreement.

Section 4: Maintenance

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. Caltrans staff perform site visits to monitor assets and audit maintenance records and insurance coverage to protect the federal interest for the asset's useful life.

Section 4.1: Requirements

Subrecipients describe their maintenance plan for the capital assets within their original program application. Caltrans staff conducts vehicle and equipment monitoring through the agency visits and completes a DRMT Monitoring Form. Caltrans staff also conducts a review of the agency's records including the most recent CHP inspections, maintenance, insurance, and drivers' records.

For Sections 5310, 5311 & 5339, the Standard Agreement language between 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 FTA shall have the right to conduct periodic inspections for the purpose of confirming the existence, condition, and proper maintenance of the project.

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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 DRMT within five 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.

Section 4.2: Maintenance Plan

Per [49 CFR 37.161-163](#) and [FTA Master Agreement](#), each Section 5307, 5310, 5311 & 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 monitoring, 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 5310 program 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 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.

Section 4.3: Vehicle and Equipment Monitoring

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

Section 4.3.1: Triennial Onsite Monitoring

Vehicles and equipment are monitored through analysis of the vehicle usage reports and triennial on-site monitoring. At least once every three years, staff conducts an on-site monitoring of all equipment purchased with FTA funds still under Standard

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Agreement terms. Advanced arrangements are made with the agency to assure that equipment is available for monitoring. Computers, mobile radios, base stations, and all other items purchased with FTA funds are also monitored to verify equipment is being used for its intended purpose. During the agency visit, a "Vehicle Monitoring Report" 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 monitoring, 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 monitoring or analysis of data (such as underutilized equipment, safety issues, or potential misuse of equipment) are analyzed and DRMT will take appropriate follow-up action and resolutions to verify program compliance as follows and mentioned in [Section 2.2](#) by:

- Disallowing or temporarily withholding cash payments pending correction of the deficiency by the subrecipient;
- Wholly or partially suspending or terminating the current award for the subrecipient's projects;
- Withholding future awards to the subrecipient for the program;
- Withholding or demanding a transfer of an amount equal to the amount paid by or owed to State from remaining grant balance and or future apportionments, or any other funds due Subrecipient from the Federal Trust Fund or any other sources of funds;
- Taking any other remedies that may be legally available.

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.

[Section 4.3.2: 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 DRMT. These provisions are found in Article Two 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

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all reasonable times during the performance period and for three 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 (Vehicle Inspection Number, make, model, serial number)
- Procurement and 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

DRMT staff will monitor these records as part of the triennial on-site monitoring.

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 monitoring or analysis of data (for example, underutilized equipment, safety issues, and potential misuse of equipment) are analyzed for follow-up and appropriate action and resolution to verify program compliance. In addition to verifying that equipment is being used in compliance with program requirements, the on-site monitoring provides 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, DRMT staff can address ongoing problems, such as timely submittal of Milestone Progress Reports (MPR).

Section 5: 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).

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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:

- Prohibiting discrimination against individuals with disabilities;
- Specifying accessibility requirements for the design and construction of new transportation facilities;
- Requiring 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;
- Requiring 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, DRMT reviews all bid specifications and procurement contracts to ensure that subrecipients specifically comply with Parts [37](#) and [38](#) of the ADA, Accessibility Standards.

DRMT 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, DRMT forwards the Transit Facility Plans, Specifications, and Estimates Checklist, and Plans, Specifications and Estimate Certification forms to the subrecipient. These forms are completed by the resident engineer and returned to DRMT certifying that the project meets federal and State requirements to include ADA standards.

Section 5.1: 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;
- ADA Complimentary 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 Complimentary Paratransit 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.

Section 5.1.1: Option 1; 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 Complimentary 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 DRMT a Complimentary 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

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- 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 DRMT for FTA funds.

Section 5.1.2: 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.

Section 5.1.3: 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 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 through 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

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procedures shall be submitted to DRMT 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 DRMT. 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 rider's 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. This includes monitoring entities' websites, policies and procedures, and conducting compliance site visits to ensure compliance with ADA requirements, and services provided are adequately communicated to the public.

The ADA requires transportation providers to have several specific service provisions 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 paratransit 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;

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- 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;
- Staff training.

Section 6: Title Six Civil Rights

Title Six of the Civil Rights Act of 1964 protects people from discrimination based on race, color, and national origin in programs and activities receiving federal financial assistance.

The Caltrans [Title Six Program](#) was developed in response to federal nondiscrimination regulations issued by the United States Department of Transportation (DOT). In addition to the Certification and Assurances and the Standard Agreement, FTA Circular 4702.1B requires subrecipients to submit Title Six Plans to the recipient from whom they receive funding (Caltrans). Caltrans determines the schedule of submittal for the subrecipient plans.

Section 6.1: Annual Title Six Certification and Assurance

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

Section 6.2: Complaint Procedures

To comply with [49 CFR Section 21.9\(b\)](#), subrecipients shall develop procedures for investigating and tracking Title Six complaints filed against them and make their procedures for filing a complaint available to members of the public upon request. To reduce the administrative burden associated with this requirement, subrecipients may adopt the Title Six 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. The Complaint form can be found on the [OCR webpage](#). Subrecipients are required to report complaints and lawsuits in their application for funding. During the subrecipient monitoring process, complaints and lawsuits are again reviewed.

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.

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Complaints are forwarded to the Caltrans Office of Civil Rights (OCR) for jurisdiction determination, issue clarification, and investigation. Complaints are logged into a database and tracked by the OCR. Information is also shared with the Title Six Program. Complainants are notified by OCR 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 OCR. Complaints directed to the federal level should be submitted as described in FTA Circular 4702.1B.

Section 6.3: Requirement to Record Title Six Investigations, Complaints, and Lawsuits

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; the status of the investigation, lawsuit, or complaint; and actions taken by the recipient or subrecipient in response to the investigation, lawsuit, or complaint.

Section 6.4: Limited English Proficiency

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

Section 6.4.1: Developing a Language Implementation Plan

Subrecipients can verify 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 Seven 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 verify meaningful access by LEP persons to subrecipient programs or activities. Subrecipients electing

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not to prepare a written language implementation plan should consider other ways to reasonably provide meaningful access.

The Caltrans Title Six Program has developed a LEP Plan; 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 Six Liaisons with technical assistance and procedures for carrying out the LEP activities. The Caltrans Title Six Program compliance reviews, mentioned above, are also an opportunity for verifying meaningful access, and LEP activities.

Caltrans 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. When public meetings are held by Caltrans, statistical data on race, color, national origin, sex, age, disability, income level, and LEP of participants (For Example, affected populations and participants) is collected by Caltrans and reported to the Title Six Program. The Title Six Program reviews the data to verify Caltrans is meeting the Title Six requirements. Procedures are reviewed, updated and distributed as needed. The annual report is published which includes outreach activities. The Title Six Program sends out guidelines on how to conduct the public participation surveys at public outreach meetings.

Section 6.5: Requirement to Notify Beneficiaries of Protection under Title Six

To comply with [49 CFR Section 21.9\(d\)](#), subrecipients shall provide information to the public regarding their Title Six obligations and apprise members of the public of the protections against discrimination afforded to them by Title Six. 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 website.

Section 6.5.1: Contents of the required Public Notice

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 to request additional information on the subrecipient's nondiscrimination obligations;
- A description of the procedures that members of the public should follow to file a discrimination complaint against the recipient or subrecipient.

Section 6.5.2: Effective Practices for Fulfilling the Notification Requirement

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

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- **Dissemination:** Agencies may inform the public of their rights under Title Six 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 Six, such as age, gender, and disability;
- **Document Translation:** Notices detailing a recipient's or subrecipient's Title Six obligations and complaint procedures should be translated into languages other than English, as needed and consistent with the DOT LEP Guidance;
- **Subrecipients:** To reduce the administrative burden associated with this requirement, subrecipients may adopt the Title Six Notice developed by the recipient; however, subrecipients should notify their beneficiaries that they may file discrimination complaints directly with the subrecipient.

Section 6.6: 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 Six.

Section 6.7: Requirement to Prepare and Submit a Title Six Program Plan

In compliance with 49 CFR Section 21.9(b), FTA requires that Caltrans document the program-specific requirements in FTA Circular 4702.1B and submit to FTA a Title Six Program that contains the general reporting requirements in the FTA circular, Chapter IV General Requirements and Guidelines. This program shall be submitted once every three years on, or prior to, a date arranged by FTA.

Section 6.7.1: Contents of the Title Six Program

Caltrans, to which Section 6.7 applies, shall include the following information in their compliance reports:

- A copy of the procedures used for certifying that the statewide planning process complies with Title Six;
- 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;

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- A description of how the agency monitors its subrecipients for compliance with Title Six and a summary of the results of this monitoring.

Section 6.7.2: Eliminating Redundancy

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

Section 6.8: Guidance on Conducting an Analysis of Construction Projects

To integrate, into environmental analyses, considerations expressed in the DOT Order on Environmental Justice, subrecipients should integrate an environmental justice analysis into their National Environmental Policy Act (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 or Environmental Impact Study 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 (For example, 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 the remaining effects, if any, 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.

Section 6.9: Guidance on Promoting Inclusive Public Participation

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 identification of social, economic, and environmental impacts of proposed transportation decisions.

Section 6.9.1: 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;

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- Implementing DOT's policy guidance concerning recipients' responsibilities to LEP persons to overcome barriers to public participation.

Section 6.9.2: Minority and Low-Income Assistance

Caltrans maintains a contact list of organizations which have shown an interest in their programs, including past and current recipients. 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 Six Civil Rights Act PowerPoint](#) which discusses Title Six and LEP responsibilities.

Section 6.10: Public Notification

Title Six public notification is provided in various ways. EEO posters are displayed statewide and are posted in public areas. The Title Six Program encourages Caltrans Title Six Liaisons to distribute the Title Six brochure entitled, Caltrans and You, Your Rights Under Title Six and Related Statutes, to its customers and at public meetings or events. The Standard Agreement Article II, number 27, requires compliance with all federal statutes and regulations, including Title Six. Title Six is discussed during workshops and is part of the application process and is in the Summary of General Certifications and Assurances. Subrecipients display Title Six posters in their offices and on their buses and many also participate in Title Six training, which is recommended, but not mandated.

Section 6.11: Annual Reviews

Caltrans Title Six Program conducts annual reviews of its divisions and program area activities, twelve district offices, and subrecipients. In addition, the Title Six Program participates in pre-grant approval reviews for compliance with Title Six compliance and provides FTA with an annual report of Title Six accomplishments and goals including an annual update to the Title Six Program Plan. The Title Six Program Plan focuses on functional areas with significant public contact responsibilities and provides policy direction necessary to verify compliance with Title Six. The Title Six Program meets quarterly with the Title Six Liaisons to discuss Title Six issues and provide updates.

Section 7: Procurement

All purchases utilizing federal funds, including the 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 1201 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," 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](#) or any revision thereto. Subrecipients must comply with the procurement requirements below:

- **Written Procurement Policies:** Subrecipients are required to have written procurement policies that are compliant with federal, state, and local procurement standards. DRMT may verify a subrecipient compliance on an as needed basis;
- **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;
- **Independent Cost Estimate in conjunction with a Cost or Price Analysis:** Subrecipients must perform an independent cost estimate (ICE) to assist with determining a competitive range for each procurement action. The ICE in conjunction with a cost or price analysis with every procurement action, including contract modifications such as exercising the option years and changing scope will form the basis of determining price reasonableness;
- **Written Protest Procedures:** Subrecipient solicitations must include written protest procedures and DRMT must be named as a second level of review. Subrecipients must notify 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 timeline, contract termination and other legal considerations.

Section 7.1: Procurement Process and Guidelines

DRMT provides technical support and oversight to verify that all federal and State rules and regulations are unambiguously understood and followed by subrecipients. During the application process, applicants are required to submit certification of their agency's written procurement policy to verify acknowledgement and compliance with federal procurement standards. Upon grant award subrecipients sign the Standard Agreement and Annual List of Certifications and Assurances with DRMT which identifies the FTA requirements and certify their compliance. Subrecipients are required to submit local procurement related documents to DRMT for review and approval, including, but not limited to, solicitation for bids or proposals, 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). As the direct recipient to FTA funds, DRMT certifies that it complies with the requirements of 49 U.S.C. Chapter 53 and that subrecipients comply with all applicable federal laws,

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regulations, and directives, including 2 CFR Part 1201 and FTA Circular 4220.1F, unless FTA states anything differently in writing. DRMT does not relinquish the responsibility of reviewing and approving all procurements to DRMT subrecipients that may also be direct FTA recipients. DRMT typically reviews and approves procurement requests within 20 business days from the time complete documents are submitted; however, review times may vary depending on the complexity of the procurement documents to be reviewed.

Section 7.1.1: Full and Open Competition

Subrecipients must conduct procurement transactions in a manner providing full, fair 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, and noncompetitive awards to firms on retainer, organizational conflicts of interest, geographic preference, exclusionary or discriminatory specifications, for example, brand name only, or any arbitrary action in the procurement process. Typically, State procurement laws and procedures are more restrictive than federal requirements.

Subrecipients that name a “third-party,” such as a partner, vendor, contractor, service provider, non-profit organization, or any entity outside the subrecipient’s direct employment, in their funding application are not exempt from the federal requirement of conducting a full, fair, and open competitively awarded procurement. Subrecipients that name a third-party in their funding application are not guaranteed the State will approve a subrecipient’s award to the named third party without first demonstrating compliance with federal procurement standards and receiving DRMT approval. The State’s award of a standard agreement to a subrecipient that named a third party in their funding application does not indicate the State’s approval of the named third-party.

The State will issue a formal letter of determination for all subrecipient third party contracting activities.

Section 7.1.2: 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 pre-empt 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. Procurement for A&E services will use the qualifications-based selection procedures (Brooks Act).

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Section 7.1.3: Awards to Only Responsible Contractors

FTA assisted contract awards shall 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. DRMT and the FTA expect the prospective contractor to demonstrate affirmatively to the subrecipient that it qualifies as responsible and that its proposed subcontractor also qualifies as responsible.

Section 7.1.4: 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. Subrecipients shall use the State’s FTA clauses except under special circumstances.

Section 7.1.5: Inclusion of Federal Requirements when Receiving Federal Assistance

All subrecipient projects, except for projects undertaken without federal assistance, must include all federal requirements that would be included if the operating budget were fully federally funded and must comply with the Circular. FTA maintains that one dollar of federal assistance converts the operating funds of the transit property so that all such funds of the property therefore become subject to federal requirements. If receiving federal assistance, the requirements of the Circular apply, even if it is intended to apply all the federal assistance to pay salaries of direct hires and there is no intent to use that assistance in support of any procurement action.

Section 7.1.6: Contract Period of Performance Limitation

49 U.S.C 5325(1) limits the procurement of rolling stock and replacement parts to no more than five years from the date of original contract. Although there is no limit on the term period for operating service contracts, subrecipients are expected to be cautious in establishing and extending their contract terms. Operating services contracts should be established no longer than minimally necessary to accomplish the purpose of the contract. All option periods must be evaluated, including the price, as part of the original award decision. Prior to exercising option periods: a price or cost analysis must be conducted, and the option period price must be found to be fair and reasonable; And the State must approve the contract extension.

Section 7.1.7: 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

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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.

DRMT is responsible for providing oversight and technical assistance so that all local procurement actions conducted by these organizations adhere to federal and state procurement standards. It is the responsibility of the subrecipient to verify that their third-party contractors adhere to state and federal requirements in conjunction with DRMT federally funded third-party contracts.

Section 7.1.8: Pre-award and Post-delivery Audits

As a condition of receiving FTA grant funds for the purchase of steel, iron, and rolling stock, subrecipients must certify compliance with Buy America and the pre-award and post-delivery audit requirements. 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”. By signing the Standard Agreement, all subrecipients certify that they will comply with Buy America requirements and will conduct pre-award and post-delivery audits of rolling stock purchases. In addition, subrecipients sign and certify compliance with Rolling Stock Reviews on the Annual Certifications and Assurances. The process to be followed by each subrecipient can be found in the FTA handbook titled, “Conducting Pre-award and Post-delivery Audits for Rolling Stock Procurements”.

Section 7.1.9: State Approval of All Third-Party Contracts

DRMT will review and provide written determination for all third-party contracts, intergovernmental agreements, memorandums of understanding, change orders, option periods, or any agreement between the subrecipient and a third-party relating to the performance of the approved project in the Standard Agreement. The subrecipient agrees that it will not enter into any third-party agreement unless approved in writing by DRMT. For 5310 projects, DRMT will not submit a final purchase order for vehicles or equipment until the FTA has notified DRMT that the grant has been fully funded and is available for disbursement.

Section 7.2: Third-Party Contracting

DRMT recommends subrecipients use the procurement guidance available on the DRMT Procurement webpage which outlines the required federal requirements to expedite DRMT approval. [FTA Circular 4220.1F](#) sets forth federal guidelines for the solicitation, award and administration of 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 is the responsibility of the subrecipient to monitor their contractors' activities and to verify compliance with third-party contracting requirements.

Section 7.3: Written Procurement Procedures

DRMT may verify applicant's compliance with the written procurement procedures requirement through a certification statement during the application process. If so, applicants must certify to having a board adopted, federally compliant, written procurement policy and procedures prior to execution of the standard agreement. As verification of compliance, DRMT may ask applicants to submit their adopted written policy and procedures.

Section 7.4: Awards Other Than Full and Open Competition

Procurements made by non-competitive award are restricted to criteria defined in C4220.1F, or revisions hereto. Non-competitive awards are not usual or customary and require significant documentation to be approved by DRMT. Subrecipients are required to obtain prior DRMT approval before awarding a non-competitive procurement. Non-competitive awards are approved by DRMT on a case-by-case basis. Non-competitive procurements approvals are limited to a specific duration and may require on-going justification. Non-competitive awards that have not been approved by DRMT prior to implementation may be denied federal funding support. Subrecipients must demonstrate why a non-competitive award is necessary and cannot be made through full and open competition.

In addition, subrecipients must justify one or more of the following:

- **Sole Source Unique Capability:** When competition is restricted because the good is only provided by a single vendor. This is typically applicable to goods;
- **Sole Source Single Bid or Proposal:** When a bid or proposal is advertised and fewer proposals are submitted than what may be reasonably expected for the good or service to be procured (competition adequacy), or when pricing for goods or services are directly solicited to a single vendor because the service is only provided by a single vendor. This is typically applicable to service providers;
- **Unusual and Compelling Urgency:** Used in situation where the subrecipient has such an unusual and urgent need for a good or service that the subrecipient would be seriously injured unless the solicitation is limited. This is also applicable in instances of a public exigency or emergency that will not permit a delay resulting from full and open competition.

Section 7.5: Procurements by Purchase Order

Prior to issuing a purchase order, subrecipients must obtain approval from DRMT. A legally binding contract is formed when the vendor or supplier accepts the purchase

order from the subrecipient. Therefore, a purchase order is considered to be a third-party contract and must include all applicable federal clauses.

Section 7.6: Protest Procedures

Subrecipients are responsible for resolving all contractual and administrative issues arising out of their third-party procurements. DRMT expects each subrecipient conducting local procurements to have appropriate written protest procedures as part of their requirement to maintain or acquire adequate technical capacity to implement the project. The protest procedures should include the protester's ability to appeal to DRMT once all subrecipient local administrative remedies have been offered and exhausted.

DRMT review of any protest will be limited to violations of Federal law or regulation; Or Violation of Subrecipient's own protest procedures or failure to review a complaint or protest. The protest procedures should include the protester's ability to appeal to FTA once all subrecipient local, and DRMT administrative remedies have been offered and exhausted.

Section 7.7: Piggybacking and Joint Procurements

Subrecipients shall contact DRMT before purchasing from another agency's contract, also known as piggybacking, or making purchases through joint procurements. DRMT reviews contracts and bids to verify federal compliance prior to authorizing an award of a third-party contract. DRMT reviews purchasing documents, such as purchase orders, to verify federal and contract term compliance prior to authorizing purchase. Typically, subrecipients are not granted pre-award authority by DRMT for the purchase of capital equipment. Subrecipients purchasing from unapproved or non-compliant third-party contracts, or subrecipients purchasing without prior authorization from DRMT may be denied federal reimbursement.

Section 7.7.1: Piggybacking

At the time of grant application, DRMT may allow applicants to indicate the procurement method of obtaining assigned contractual rights from another agency's contract, a practice commonly referred to as piggybacking. The original contract must be found by DRMT to be fully compliant with federal procurement rules and contain, among other things, appropriate assigning provisions. Subrecipients who obtain assigned contractual rights may exercise them after first determining the contract price remains fair and reasonable and receiving approval from DRMT. To assist subrecipients, DRMT provides a Piggybacking Worksheet, which outlines key questions for subrecipients to address prior to making a purchase from the original contract. Because purchasing through a piggyback can be a complex process, subrecipients shall contact DRMT prior to procuring from another agency's contract. DRMT, at the time of grant application, may limit the ability to make purchases through a piggyback procurement.

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Section 7.7.2: Joint Procurement

Agencies participating in a joint procurement have contractual rights to purchase from the awarded contract in lieu of being assigned options. As with all third-party contracts, DRMT must authorize the joint procurement award of the third-party contract.

Additionally, the purchasing documents (quote form, floorplan, etc.) must be authorized prior to purchase. Participating agencies' purchases may not make alterations to bid or proposal specification items unless the changes are approved in advance by DRMT. Allowable specification changes typically include minor alterations such as: seating configuration, paint scheme, etc. Disallowable specification changes typically include major alterations such as: design, engine, transmission, air conditioning, etc.

Section 7.8: State Contract

Agencies using a State contract to conduct local procurements using FTA funds administered by DRMT must receive authorization from DRMT prior to purchase. Purchasing documents (quote form, floorplan, etc.) must also be authorized prior to purchase. Purchase requests shall not make alteration to bid specification items and may not include the addition of "unpublished" options.

Section 7.9: 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, Pennsylvania before FTA funds can be expended for their purchase". For vehicles subject to bus testing, DRMT requires the vendor provide a copy of the Altoona test report before bid award. When procurements are conducted by subrecipients, DRMT requires that subrecipients certify that they will comply with bus testing regulations. Additionally, all bid specifications and contracts are reviewed by DRMT staff to verify 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 one above shall provide notice to the operator of the testing facility that the report is available to the public;

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- 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".

Section 8: Disadvantaged Business Enterprise

The Disadvantaged Business Enterprise (DBE) Program seeks to ensure nondiscrimination in the award and administration of DOT assisted contracts in the Department's highway, transit, and airport financial assistance programs and to create a level playing field on which DBEs can compete fairly for DOT assisted contracts. Caltrans Office of Civil Rights is responsible for monitoring recipients' DBE programs and ensuring their compliance with DOT's DBE regulations found at 49 CFR Part 26.

DRMT receives planning, capital, and or operating assistance and awards prime contracts exceeding \$250,000 in FTA funds each fiscal year and is required to have a DBE program. As a condition of accepting federal funds, subrecipients must adhere to the Caltrans FTA DBE Program Plan ([49 CFR Part 26](#)) as it applies to local agencies and agree to the DRMT DBE Implementation Agreement annually and failure to do so is a violation of the Standard Agreement. Projects which have subcontracting opportunities must set DBE Contract goals and provide documentation of DBE payments.

DRMT, along with Caltrans' Office of Civil Rights (OCR), will review and approve subrecipient DBE Contract goals and methodology. Subrecipients set individual DBE Contract Goals based on available DBE participation and submit DBE documentation along with their Procurement Review Request. Subrecipients will submit proof of DBE payments to DRMT as part of the request for reimbursement (RFR). DRMT staff will verify DBEs were paid in accordance with the Prompt Payment requirements in 49CFR 26.29. Any late payments to DBEs will NOT be reimbursed. Prior to award, if a DBE goal cannot be met, the subrecipient is required to complete Good Faith Effort documentation. Subrecipients are required to submit semi-annual DBE reporting to DRMT. DRMT will report the DBE participation semi-annually to OCR for submittal to FTA.

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The OCR maintains a list of current Caltrans certified DBEs that applicants query to determine available DBEs for bidding purposes.

Section 8.1: DBE Goal

The California Department of Transportation (Caltrans) has completed its goal setting and methodology report for its three-year Disadvantaged Business Enterprise (DBE) overall goal applicable to Federal Fiscal Years (FFY) 2017 through 2019 contracting opportunities funded in whole or in part by the Federal Transit Administration (FTA).

The DBE goal for FTA assisted contracting activity is based on projected availability of ready, willing and able DBEs to participate in the activity. Caltrans' assessment of the FTA assisted contracts projected for the triennial period included a review of the Census Bureau data, California Unified Certification Program (CUCP) DBE database and the current disparity study relevant to our contracting activity.

All DRMT subrecipients of FTA funds are required to sign a DBE Implementation Agreement prior to receiving a Standard Agreement. The DBE Implementation Agreement requires subrecipients to implement Caltrans FTA DBE Program Plan which complies with all regulations contained in 49 CFR part 26.

Section 8.2: 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 and 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.

Step One Base Figure—Section 26.45(c)

The first step of the goal setting process is to determine the base figure for the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses known to be available to compete for FTA assisted contracts that Caltrans anticipates awarding during the goal period.

A consultant is retained to complete a DBE Availability and Utilization Study (disparity study) to determine if there was evidence of discrimination in the California marketplace that would meet the standards set forth by the Ninth Circuit Court. The findings in the study support the usage of race conscious goals on Caltrans FTA funded contracts.

As part of the disparity study, a consultative process was used to gather input prior to the development of our goal and methodology. Caltrans conducts public hearings throughout California, where participants represent local businesses and organizations.

Step Two Adjustments—Section 26.45(d)

Caltrans examines a broad range of evidence in the Study when considering possible Step Two adjustments to the base figure. The past disparity studies have concluded that there is evidence of discrimination. Consequently, the Department has included a race conscious component to the overall DBE goal.

Section 8.3: Transit Vehicle Manufacturer (TVM) DBE Program

Procurements for rollingstock require that each transit vehicle manufacturer, as a condition of being authorized to bid or propose on FTA-assisted transit vehicle procurements, certify that it has complied with the DBE program requirements. Certification is verified by DRMT through the procurement third party contracting oversight process.

Under the United States DOT DBE regulations, a transit vehicle manufacturer means any manufacturer whose primary business purpose is to build vehicles specifically for public mass transportation. Such vehicles include, but are not limited to, buses, rail cars, trolleys, ferries and vehicles manufactured specifically for paratransit purposes. The definition includes producers of vehicles that receive post-production alterations or retrofitting to be used for public transportation purposes. Businesses that manufacture vehicles solely for personal use and for sale "off the lot" are not considered transit vehicle manufacturers ([49 CFR 26.49](#)).

Further, to the extent that a vehicle remanufacturer is responding to a solicitation for new or remanufactured vehicles with a vehicle to which it has provided post-production alterations or retrofitting (for example, replacing major components such as an engine to provide a "like new" vehicle), the vehicle remanufacturer is considered a transit vehicle manufacturer.

Only those transit vehicle manufacturers listed on FTA's eligible TVMs list, or that have submitted a goal methodology to FTA that has been approved or has not been disapproved, at the time of solicitation are eligible to bid.

A TVM's failure to implement the DBE program in the manner prescribed by 49 CFR Part 26 may result in removal from FTA's certified TVMs list and the inability to bid on future FTA-assisted vehicle procurements.

Subrecipient failure to comply with the TVM DBE provisions may result in formal enforcement action or appropriate sanctions as determined by DRMT of the FTA.

Section 9: Satisfactory Continuing Control

Equipment and real property acquired, built, or improved with the assistance of FTA grant funds must remain under the control of DRMT and or the subrecipients who are responsible for verifying 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.

Section 9.1: FTA Funded Assets Management (Caltrans as a Lien holder)

To verify 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 as defined in FTA Circular 5010.1E, Award Management Requirements. At all times the FTA funded asset shall be in the possession or control of the subrecipient, the subrecipient is the registered owner and Caltrans is the legal owner or lien holder. As lien holder, Caltrans has control over FTA funded assets and verifies that they are used in transit service.

Section 9.2: Real Property

Subrecipients are responsible for the management and disposition of property acquired with Section 5311 funds. Real property acquisition and relocation activity must be conducted in accordance with the requirements in Sections 305 and 210 in the [Uniform Relocation Assistance and Real Property Uniform Relocation Act of 1970](#), as amended (Uniform Act), and codified in [49 CFR Part 24](#). FTA guidance states, “The objective of the Uniform Act is that owners of real property to be acquired for federal and federally assisted projects be treated fairly and consistently; That persons displaced be treated fairly, consistently and equitably; And that acquiring agencies implement the regulations in a manner that is efficient and cost effective”. Subrecipients may not incur costs prior to receiving approval from DRMT.

Section 9.2.1: Roles and Responsibilities

Subrecipient responsibilities include obtaining appraisals and preparing initial environmental and other required documents prior to application submission and preparing a physical inventory every two years.

DRMT responsibilities include:

- Reviewing submittals for accuracy and conformance to policy;
- Monitoring subrecipients’ management and disposition of property;
- Performing on-site inspection of property;
- And providing policy guidance and direction.

Section 9.2.2: Appraisal

Real property must be acquired at its current fair market value. Fair market value will be established on the basis of a recent, independently prepared appraisal by a certified appraiser. An additional appraisal may be made if the subrecipient finds the valuation problem complex and deems a second appraisal to be appropriate. Subrecipients shall instruct appraisers to disregard any decrease or increase in the fair market value of the

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real property caused by the likelihood that the particular property is to be acquired for the project.

One appraisal and a reviewer's analysis are required when the estimated property value is \$250,000 or less. Two appraisals and a reviewer's analysis are required when the estimated property value exceeds \$250,000, or when an estimated property value in excess of \$250,000 must be resolved through eminent domain proceedings or if a property is to be condemned. FTA must review and concur in appraisals and review appraisals for acquisitions over \$500,000 or in-kind contributions of any value before federal funds are expended, or the value is used as local match. Instead of using its power of eminent domain, when a property cannot be purchased at appraised value, a subrecipient may propose acquisition through negotiated settlement. The subrecipient must document that reasonable efforts to purchase it at the appraised amount have failed and prepare written justification supporting why the settlement is reasonably prudent and in the interest of the public. When the settlement exceeds the offer by \$10,000, a litigation attorney must provide a written assessment of proposed settlement risks over the risks of proceeding in court. Prior FTA concurrence is required when a settlement of \$50,000 or more and must be further negotiated.

FTA has identified exceptions to obtaining a full appraisal. Full appraisal and or negotiation procedures are not necessary in certain instances. DRMT should be contacted for further guidance when any of the following conditions apply:

- The owner is donating the property;
- The subrecipient does not have authority to acquire property by eminent domain;
- The property qualifies as a voluntary acquisition as defined in [49 CFR 24.101\(a\)](#);
- Or the valuation problem is uncomplicated, and the fair market value is estimated at \$2,500 or less, based on available data.

Unless one or more of the exceptions above applies, the project application that includes real property acquisition is considered incomplete without an appraisal. (Additional guidance can be found in FTA [Circular 5010.1D](#), Chapter Four.)

Section 9.2.3: Assurances, Evaluation and Compliance

Real property must be acquired, managed and used in accordance with the Uniform Relocation Assistance and Real Property Uniform Relocation Act of 1970 and 49 CFR Part 24, "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs". Applicants applying for funds for property acquisition must submit the assurance for Real Property Acquisition and Relocation with the Section 5311 application process in order for the application to be considered complete. Federal funds cannot be used to purchase any property proposed as local matching share.

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Section 9.2.4: Negotiation

Federal land acquisition regulations require that appraisals, including an “offer of just compensation” (with supporting documentation) be prepared before entering into negotiations or executing a purchase agreement for the land. A subrecipient may initiate the negotiation process prior to grant approval. However, no reimbursement will be made for costs incurred prior to execution of the Standard Agreement. It is, therefore, important for sub-recipients to await notification that the Standard Agreement is fully executed before entering into the purchase agreement. The purchase agreement is normally executed at or prior to the opening of escrow. Payments are made on a reimbursement basis upon presentation of proper invoices and supporting documentation. Grant funds will not be available for deposit in escrow. Subrecipients should, therefore, be prepared to finance land acquisitions initially with local funds.

Section 9.3: Vehicles and Equipment

DRMT staff works in partnership with eligible subrecipients to procure vehicles and equipment using DRMT-approved vehicle and equipment procurement contracts that provide purchasing options for ADA-accessible vehicles 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 in accordance with FTA Master Agreement.

Section 9.3.1: Contracted Useful Life

The contracted useful life standard is specified in the Standard Agreement. Subrecipients are required to maintain all Section 5307, 5310, 5311 and 5339 funded vehicles, per manufacturers suggested requirements until the contracted useful life standard has been met. Contracted useful life for vehicles is defined in the scoring criteria as:

Table 6: Contracted Useful Life	
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
Fare boxes/ticket machines	10 years
Surveillance equipment	3 years

These criteria are subject to review by DRMT and a determination is based on the date the property (facility, vehicle, or equipment) was put into active service, not based on the delivery date or the model year of the item. 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 contracted useful life of the vehicle has been met, the agency notifies DRMT in BlackCat. After review and approval through BlackCat, DRMT notifies the agency and discontinues reporting and monitoring.

Section 9.3.2: Like-Kind Replacement and Exchange

The Section 5310, 5311 and 5311(f) programs limit vehicle replacements to those within the same useful life category as shown in the “Useful Life” Section above and as described in FTA Circular 5010.1E.

Section 9.3.3: 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

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program whether 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 DRMT. DRMT will review all alteration requests on a case-by-case basis. Subrecipients must verify 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 5010.1E](#), DRMT and subrecipients must maintain a current and complete Capital Asset Inventory in BlackCat 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, and VIN number);
- Funding source of property (grant program and Standard Agreement);
- Acquisition date;
- Warranty dates;
- Costs;
- 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.

Section 9.3.4: Transit Asset Management Plans

The requirements for complying with the Transit Asset Management (TAM) rule are set forth in [49 CFR part 625](#).

TAM is a business model that prioritizes funding based on the condition of transit assets to achieve and maintain a State of Good Repair (SGR). It is a framework for transit agencies to monitor and manage public transportation assets, improve safety, increase reliability and performance, and establish performance measures in order to help keep transit systems operating efficiently and effectively.

FTA's Definition for "State of Good Repair" is: "The condition in which a capital asset is able to operate at a full level of performance". A capital asset is in a State of Good Repair when that asset:

- Is able to perform its designed function;

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- Does not pose a known unacceptable safety risk;
- And its lifecycle investments must have been met or recovered.

Any transit agency that receives federal financial assistance under 49 U.S.C. Chapter 53 and owns, operates, or manages transit capital assets used in the provision of public transportation is required to develop a TAM Plan. In California this does not include Section 5310 subrecipients because services provided in this program are not considered “public” transportation. Agencies are divided into two Tiers by the FTA to determine how sophisticated an agency’s TAM Plan needs to be.

A tier one agency would have one of the following criteria: Operates rail; Greater than or equal to 101 vehicles across all fixed route modes; Or greater than or equal to 101 vehicles in one nonfixed route modes.

While a tier two agency would have one of the following criteria: a subrecipient of 5311 funds, be an American Indian Tribe; have less than or equal to 100 vehicles across all fixed route modes; Or have less than or equal to 100 vehicles in one non-fixed route mode.

Tier one agencies must have the following components in their TAM Plans:

- An inventory of Capital Assets;
- Condition Assessment;
- Decision Support Tool;
- Investment Prioritization;
- TAM and State of Good Repair Policy;
- Implementation Strategy;
- A list of Key Annual Activities;
- Identification of Resources;
- An Evaluation Plan.

While tier two agencies must have the following components in their TAM Plans:

- An inventory of Capital Assets;
- Condition Assessment;
- Decision Support Tool;
- Investment Prioritization.

In California, TAM is being managed in the following manner:

- FTA Section 5307 Only Direct Recipients develop and manage their own TAM Plans or participate in a group plan sponsored by an eligible agency and report directly to the National Transit Database (NTD).
- FTA Section 5307 Direct Recipients that also receive FTA Section 5311 as a DRMT subrecipient develop and manage their own TAM Plans or participate in a group plan

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sponsored by an eligible agency. Agencies with their own TAM plan report directly to the NTD. NTD reportable TAM data for agencies participating in a group plan is reported by group plan sponsor. These agencies must upload a copy of their signed TAM Plan into BlackCat.

- DRMT FTA Section 5311-only subrecipient develop and manage their own TAM Plan or participate in a Group TAM Plan sponsored by an eligible agency or participate in the State's Group TAM Plan. One, complete, FTA compliant TAM plan must be uploaded to the BlackCat Electronic Grants Management system for each subrecipient agency. Agencies with their own TAM plan report directly to the NTD. NTD reportable TAM data for agencies participating in a group plan is reported by group plan sponsor. The DRMT Section 5311 Program will pull Useful Life Benchmark Performance data, which is reported annually to the NTD, from each 5311 subrecipient's TAM Plan. All recipient assets must be reported to DRMT in BlackCat. The TAM Plan and the BlackCat inventories must be consistent in all aspects.
- All FTA 5307 and 5311 recipients must designate a TAM Accountable Executive (49 CFR 625.5). This person must be able to ensure that the necessary resources are available to carry out the TAM plan regardless of whether a recipient develops its own TAM Plan or participates in a Group Plan. TAM Accountable Executives must sign the TAM Plan. Local Board acceptance is encouraged.
- All TAM plans must be updated every 4 years and cover a planning horizon period of at least 4 years.
- Metropolitan Planning Organizations (MPO's) must coordinate TAM among FTA Section 5307 transit agencies in their Region according to executed Planning Agreements between Caltrans and the MPO and as defined in 49 U.S.C. 5303 and 23 U.S.C. 134.

Section 9.3.5: Vehicle Certifications

The subrecipients are the registered owner of vehicles purchased with 5310, 5311, or 5339 funds. 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 California Highway Patrol (CHP). 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. If applicable, subrecipients are required to provide CHP safety and inspection certificates.

In order to protect the interest of the State and the federal government as described in [Section 9.1](#) above, the following language is included in the Standard Agreement: "At all times, while the project vehicle and equipment is in the possession of the Contractor (grantee), the Contractor shall be the registered owner. The Contractor shall not transfer

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ownership of the project vehicle and equipment at any time while this contract is in effect. If the State must take possession of the vehicle and 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”.

Section 9.3.6: Insurance Requirements

Subrecipients are required to furnish a certificate of insurance issued by a company licensed to write insurance in California to DRMT before taking possession of the project vehicles. Evidence of insurance must be provided in BlackCat. 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 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 vehicles;
- 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 vehicles 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 days’ notice of cancellation or material change of the vehicle insurance policy.

The following minimum insurance requirements apply to all subrecipients that are defined as a Public Agency, For-Profit, or Non-Profit entity.

Public Agency or For-Profit Entity

Property Damage: The subrecipient shall place property damage, whether the property of one or more claimants, in an amount not less than \$1,500,000 per occurrence (combined single limit) for property damage liability combined in respect to vehicles with

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seating capacity of fifteen or less, or \$5,000,000 per occurrence for property damage liability combined in respect to vehicles with seating capacity of sixteen or more.

Bodily Injury: The subrecipient shall place bodily injury in an amount not less than \$1,500,000 per occurrence (combined single limit) in respect to vehicles with seating capacity of fifteen or less, or \$5,000,000 per occurrence for bodily injury in respect to vehicles with seating capacity of sixteen 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 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 vehicles.

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 \$1,000,000 per occurrence (combined single limit) for property damage liability combined in respect to vehicles with seating capacity of fifteen or less, or \$1,500,000 per occurrence for property damage liability combined in respect to vehicles with seating capacity of sixteen or more.

Bodily Injury: The subrecipient shall place bodily injury in an amount not less than \$1,000,000 per occurrence (combined single limit) in respect to vehicles with seating capacity of fifteen or less, or \$1,500,000 per occurrence for bodily injury in respect to vehicles with seating capacity of sixteen 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 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 vehicles.

Section 9.3.7: Use of Project Vehicles or Equipment and Property Management

Vehicles and equipment purchased with Section 5307, 5310, 5311, 5311(f), or 5339 funds must be used for the project described in the application. DRMT verifies that these requirements are met through reporting and monitoring.

Control and responsibility for the operation of the vehicles or other equipment must remain with the agency originally granted the equipment. 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. Other uses of the vehicles or equipment are encouraged and

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permitted as long as such uses do not interfere with service to other seniors and individuals with disabilities and approved by DRMT.

Section 9.3.8: Transfer of Vehicles or Equipment

When there are vehicles or equipment that are within the useful life period and have been purchased with FTA funds, they may be transferred to another subrecipient under certain circumstances such as:

- The vehicle or equipment is no longer needed by a subrecipient;
- The vehicle or equipment is not being used by the subrecipient as defined by contract terms or program rules;
- Or the subrecipient requests a transfer.

DRMT determines the vehicle or equipment transfer. The subrecipient shall relinquish ownership as determined by DRMT and shall forfeit receiving any compensation from the local match given at the time of purchase. Control and responsibility for the operation of the vehicles or equipment remains with the subrecipient until DRMT authorizes a transfer. DRMT will consider making this transfer after assessing the age, condition, and or mileage of the vehicle or equipment. Priority in placing the vehicle or equipment will be based on the following criteria:

- Is the proposed subrecipient eligible within the same grant program;
- Will the proposed subrecipient take over service to the same clientele;
- Does the proposed subrecipient serve the same community;
- Is the proposed subrecipient within the same county or region;
- Is the proposed subrecipient within the same Caltrans district;
- Is there a subrecipient elsewhere in the State in the same grant program;
- Is there a subrecipient in any FTA Grant Program administered by DRMT.

In addition to using the above criteria, DRMT will also evaluate potential transfer applicants' need for the vehicle or equipment. The transfer applicant will submit an abbreviated 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;
- A Signed Certifications and Assurances.

DRMT staff will review these applications and the agency demonstrating the greatest need will be awarded the vehicle or equipment. Once the selection is made, both the contributing and receiving agency must submit a board resolution identifying the reason

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for the transfer, vehicle identification number (VIN), service impact or service need, and the remaining federal interest in the vehicle or equipment. The receiving agency is responsible for all body and mechanical repairs necessary to restore the vehicle or equipment to a state of good repair. The receiving agency will enter into a contract with DRMT to deliver the appropriate service and maintain the vehicle or equipment for the remaining duration of the useful life in accordance with the contract terms and conditions.

DRMT must notify FTA of all vehicle transfers. Information reported to FTA include transferor or 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.

Section 9.3.9: Disposition of Equipment

In accordance with [49 CFR Part 19, FTA Master Agreement](#) Section 19, and [FTA C 5010.1E](#), 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. Under the Standard Agreement, subrecipients are required to notify DRMT whenever program equipment is no longer needed or used for grant purposes.

Prior to the disposition of any FTA funded capital asset, the subrecipient must submit to 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 contracted 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 contracted useful life, and at the direction of 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 by the ratio of the federal grant funds paid under this Agreement to the actual purchase cost of the property.

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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 contracted useful life, and at the direction of 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, the State must be notified in advance of the pending sale and provide in writing the terms of the sale and the intended use of the sale revenue. All sale revenue must be retained in the subrecipient's transportation program. Supporting documentation on the use of sale revenue must be provided to the State upon request.
- 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. The vehicle may be retained or sold. 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 the State upon request.

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

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5310 Disposition Process

The vehicle or equipment disposition requirements for the 5310 Program follow the FTA Circular 9070.1F. “States and their subrecipients should follow state laws and procedures for disposing of equipment. States are not required to return to FTA proceeds from the disposition of equipment, regardless of the fair market value at the time the equipment is sold but should follow their own procedures regarding the use of the proceeds, so long as the proceeds remain in use for public transportation purposes. This applies to all equipment currently in use that was purchased by states with Section 5310 funds”.

In conformance with the above circular section. The Section 5310 program will release vehicles or equipment to subrecipient agencies, when it has been determined that the agency’s vehicle or equipment has met the contracted useful life requirement. Upon release of the title to the agency, the agency must keep the vehicle or equipment or its sale proceeds in their public transportation program. The State has the discretion of determining when the vehicle or equipment has met contracted useful life based on either mileage and or age. Contracted useful life requirements can be found in [Section 9.3.1](#).

Section 9.3.10: Mobile Radio Narrow banding Mandate

By January 1, 2013, all subrecipients must 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 narrow banding mandates. The narrow banding is intended to verify 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.

Section 9.3.11: Lease Restrictions

The Section 5310, 5311, and 5339 Programs do not provide funding to lease vehicles or equipment to subrecipient agencies; nor does the Section 5310 Program allow subrecipients, as registered owners of granted vehicles or equipment, to lease out granted vehicles or equipment to third party contractors. Subrecipients state in the application if they are planning on leasing the vehicles, facilities, and or equipment. DRMT monitors leases through annual site visits and Milestone Progress Reports (MPR).

Section 10: Section 5307; Urbanized Area Formula Grants

The Urbanized Area Formula Funding program ([49 U.S.C. 5307](#)) makes federal resources available to urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation related planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census. Urbanized areas that have a population between 50,000 and 199,999 are defined as “small urban”. Urban areas that have a population over 200,000 are defined as “large urban”.

States must be the Designated Recipient of 5307 funds for all small urban areas as defined by FTA rule and assigned by the Governor. Large urban area designated recipients are also defined by FTA rule. In California, Senate Bill 45 transitioned the planning and programming of local transportation projects to regional planning agencies. Therefore, designated recipient assignments are determined locally and then formally assigned by the Governor.

FTA publishes “Apportionment Notices” to define an illustrative distribution of 5307 funds to each urbanized area. FTA then requires each designated recipient to further define each operator’s portion of the urban area’s apportionment. For each small urban area, DRMT requires Regional Transportation Planning Agencies (RTPA) and Metropolitan Planning Organizations (MPO) to define the “split” in the respective region. FTA and DRMT will require formal letters from RTPA’s and MPO’s to document the split. All of California’s urban areas then work directly with the FTA to place 5307 resources under contract and deliver projects. DRMT will help facilitate requests for the redirection of small urban area 5307 resources upon request.

Section 11: Charter Bus

The Charter Bus requirements apply to subrecipients and their contractors that provide transportation service. Pursuant to 49 U.S.C. Section 5323(d), 5323(r), 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 Part 604-Subpart B. By signing the Standard Agreement, subrecipients certify 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.

Section 12: School Bus

The School Bus requirements apply to subrecipients and their contractors that provide transportation service. Program funds may not be expended for the purpose of

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providing school bus operations. 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 U.S.C. Part 5323\(f\)](#) and [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 DRMT does not fund the purchase of yellow school buses, this additionally verifies that subrecipients are not providing school bus services with federally funded vehicles.

Section 13: Buy-America

DRMT purchases vehicles, steel, iron and manufactured products used in grant projects through a consolidated procurement. Buy-America ([49 CFR Part 661](#)) provisions are included in the solicitation and Buy-America certifications are obtained from vendors. DRMT completes required pre-award and post-delivery certifications including the reviews of Purchaser Requirements, [Federal Motor Vehicle Safety Standards \(FMVSS\)](#), and Buy-America requirements. DRMT reviews all procurement documents to verify the inclusion of the Buy-America Certification in the solicitation package. DRMT maintains copies of the Vehicle Certifications.

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 DRMT to verify compliance with Buy America at the vehicle manufacturer's facility.

If a subrecipient chooses to procure vehicles locally, DRMT performs pre-award reviews of the subrecipient vehicle contract and purchasing documents to verify compliance with Buy America provisions, and pre-award and post-delivery certification for Buy America, FMVSS, and Purchaser Requirements. Subrecipients must submit the post-delivery Buy America, FMVSS, and purchaser's requirements certifications to DRMT to receive reimbursement.

Offerors submitting bids for a vehicle contract are required to submit Certification of Buy America Compliance which includes a listing of the major bus components and subcomponents. Offerors must provide information on the manufacturer, country of origin, and percentage of vehicle cost for each item on the list. In addition, offerors must provide a description of the actual location and activities of final assembly point and the cost of final assembly. To determine compliance, DRMT calculates the percentage of domestic content from the information provided in the solicitation. For procurements over \$150,000.00, documents are reviewed for inclusion of Buy America requirement prior to award. Also, pre-award audit and solicitation analysis are submitted to DRMT for approval prior to award. Subsequent to project delivery, subrecipients must complete a

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post-delivery audit and final inspection and submit the post-delivery forms as described in the Standard Agreement.

The Fixing America's Surface Transportation (FAST) Act amended the Buy America requirement and increases the required domestic content from 60% to 65% in federal fiscal year 2018 and to 70% in federal fiscal year 2020. Contracts awarded before October 1, 2015 are prohibited from piggybacking. Additional information and clarification of this policy was issued on Federal Register 60282, September 1, 2016.

All subrecipients certify 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. The process to be followed by each subrecipient to meet the Buy America requirement can be found in the FTA handbook titled, "Conducting Pre-award and Post-delivery Audits for Rolling Stock Procurements". DRMT reviews all procurement documents to verify the inclusion of required certifications and documents.

Section 14: Debarment and Suspension

Subrecipients must comply with the federal debarment and suspension provisions contained within the Standard Agreement. Prior to third-party contract award, DRMT verifies through the federal [System for Award Management \(SAM\)](#) that the selected contractor has not been suspended or debarred. DRMT also reviews all procurement documents to verify the inclusion of the debarment and suspension certification to be submitted with each bid. It is also the responsibility of the subrecipient to notify DRMT if any of its principals are presently excluded or disqualified under these regulations.

Section 15: Lobbying

Subrecipients certify compliance with the Federal Restrictions on Lobbying by signing their Standard Agreement with DRMT. The specific restrictions on lobbying are itemized in the Standard Agreement. The certification regarding lobbying must be signed and submitted by vendors bidding on contracts and subcontracts of \$100,000 or more in a local procurement completed by a subrecipient. DRMT verifies that this certification is included during its review of all local procurement bid packages prior to release of the bid solicitation by the subrecipient. 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 \$100,000 or more.

Section 16: Drug and Alcohol Program

Subrecipients and subcontractors for the 5311 program must establish and implement an alcohol misuse and anti-drug program that complies with all applicable FTA requirements of [CFR 49 Parts 655 and 40](#). According to the FTA, "Recipients or subrecipients that receive only Section 5310 assistance are not subject to FTA's drug

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and alcohol testing rule for employees who hold Commercial Driver's Licenses". Subrecipients assure compliance by signing the Certification and Assurances in the Application and the 5311 Standard Agreement certifying that they have met these requirements. DRMT will take appropriate action within 30 days of receiving notification of a conviction.

Caltrans headquarters staff facilitates the Drug and Alcohol Monitoring System (DAMIS) process in coordination with the Volpe Transportation Systems Center and District staff monitors the program at each subrecipient for compliance to applicable FTA rules and policies using a checklist within the Agency Monitor Form. The Agency Monitoring Form includes reference to the Drug and Alcohol policy, drug testing, and reporting. Subrecipients must certify annually that they are in compliance with the United States DOT and FTA regulations concerning drug and alcohol testing (CFR 49 parts 655 and 40).

The Rural Transit Assistance Program (RTAP) provides compliance training to subrecipients on FTA's Drug & Alcohol program, which includes assistance to subrecipients in the development of their Substance Abuse compliance policies and programs.

Section 17: 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.

Section 18: Equal Employment Opportunity

Caltrans has an Equal Employment Opportunity Program Manager responsible for preparing, monitoring and implementing the Caltrans Equal Employment Opportunity Plan. The Division of Audits and Investigations verifies that all discrimination complaints are thoroughly investigated in accordance with the Equal Employment Opportunity Plan. Caltrans verifies 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

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provide staff that are 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 100 or more transit-related employees and requests or receives capital or operating assistance in excess of \$1,000,000 in the previous Federal fiscal year, or requests or receives planning assistance in excess of \$250,000 in the previous Federal fiscal year, is required to comply with the above program requirements.

Section 19: 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, DRMT is empowered to carry out the authority indicated above. DRMT 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.

The Public Transportation Agency Safety Plan (PTASP) final rule ([49 C.F.R. Part 673](#)) was published in July 2018 and becomes effective in July 2019.

- All subrecipients that only receive FTA Section 5310 and FTA Section 5311 do not need to develop a PTASP.
- The Rule will have an impact on urban transit systems that are direct recipients of federal financial assistance under [49 U.S.C. 5307](#). This means rail transit agencies must develop and implement their own PTASP unless the agency operates a commuter rail service that is regulated by the Federal Railroad Administration (like Amtrak). State Safety Oversight Agencies (SSOAs) like the California Public Utilities Commission, must approve the PTASPs for all rail transit agencies in California; Large operators (agencies operating more than 100 vehicles in peak revenue service) must develop and implement their own PTASP; And small operators (agencies operating 100 or fewer vehicles in peak revenue service) can have DRMT develop their PTASP or opt to develop and certify their own PTASP. DRMT encourages all 5307 direct recipients to develop and certify their own PTASP.

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- After July 20, 2020, each agency that is required to develop a PTASP will have to certify with the FTA in their Annual Certifications and Assurances that they have met requirements of the Rule. The PTASP's and the process employed to develop or deploy them will be audited by the FTA during each agency's Triennial Performance Review. The FTA could withhold funding or cancel contracts if agencies are found to be non-compliant.

Section 20: Other Provisions

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

Section 20.1: 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 California Highway Patrol (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.

Section 20.2: 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 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 Federal Transportation Improvement Program (FTIP) adopted for the urbanized areas. Bidders, responding to both State and local procurements, are required to sign a "Bidder's Certification of Energy Conservation, 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: Clean Air Act 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

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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 Categorical Exclusion 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 Categorical Exclusion. Compliance with these requirements must be completed before a construction project is included in a grant application.

Section 20.3: Clean Air Act

The Clean Air Act 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 FHWA or FTA can fund them.

Many of the projects typically funded under these programs have been exempted by regulation from the conformity review process, for example, operating assistance, purchase, and rehabilitation of transit vehicles, operating equipment and construction of most storage and maintenance facilities. A complete list of exempted highway and transit projects can be found in [40 CFR 93.126](#). Grant funded projects should consult with 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.

Section 20.4: Labor Protection

The application process provides DRMT 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 and 5339 grant programs under the Secretary of Labor.

Under the terms of the Special Section 13(c) Warranty for Application to the Small Urban and Rural program, DRMT "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".

Section 21: Appendices

- Caltrans DRMT Organizational Chart
- 5310 Program
- 5311 Program
- 5311 (f) Program
- 5311 Grant Process Flow Chart
- California Statewide Rural Intercity Bus Study
- National Transit Database
- National Transit Database Rural Reporting Manual
- Request for Reimbursement
- Statewide Transportation Improvement Program
- Federal Statewide Transportation Improvement Program
- California Transportation Plan
- ADA
- Resolution of Authority
- CHP Terminal Manager's Compliance Checklist
- File a Title Six Complaint with Caltrans
- Title Six Program Report
- LEP Plan
- DBE Certification
- DBE Implementation Agreement for FTA Subrecipients
- DBE Awards and Commitments ADM-3069
- DBE Reporting Form Instructions
- Caltrans' FTA DBE 2016 Goal and Methodology
- Certification of Restrictions on Lobbying
- Commercial Driver's Licenses
- Agency Monitoring Vehicle Inspection Report Form
- NEPA Documentation and Categorical Exclusions
- Route Deviation Checklist