

STATE OF MICHIGAN

MANAGEMENT PLAN

FOR

**FUNDING UNDER SECTIONS 5303, 5304, 5310, 5311, 5316, 5317 and 5339
OF THE FEDERAL PUBLIC TRANSPORTATION ACT**

*To improve the quality of life of Michigan residents by providing safe, efficient, responsive,
and reliable public transit that integrates into an overall transportation system.*

Updated November 2014

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I. SECTION 5311

ITEM A. PROGRAM GOALS AND OBJECTIVES

The goals of the Section 5311 program are to enhance the mobility of people in rural areas for purposes such as health care, shopping, education, recreation, public and social services, and employment by encouraging the development, maintenance, improvement, and use of passenger transportation systems.

The state goals are:

1. To provide a reasonable level of public transportation service for all Michigan citizens.
 - a. Provide essential public transportation services to the mobility limited population of the state.
 - b. To achieve increased access to jobs, education, recreation, shopping, medical needs, and other cultural and social activities through public transportation.
 - c. Provide a level of public transportation service to the general population which is consistent with the achievement of local, state, and national social, economic, and environmental goals.
2. To maximize economic benefits through public transportation investments.
 - a. Create policies that foster low user costs through efficient operations of public transportation services.
 - b. Encourage an efficient mix of private, public, and quasi-public modes of transportation.
 - c. Encourage the development and implementation of advanced public transportation technologies.
 - d. Encourage economic development and new equipment opportunities in the state through public transportation expenditures.
3. Maximize positive environmental impacts achievable through the provision of public transportation service.
 - a. Provide public transportation services which contribute to the conservation of energy.
 - b. Provide public transportation services which contribute to the reduction of air and noise pollution.

- c. Utilize public transportation to provide relief from traffic congestion and to reduce land requirements for transportation facilities.
- d. Coordinate public transportation and land use planning to encourage environmentally responsible land use practices.

The state objectives are:

1. The implementation of public transportation services to ensure that all the essential transportation needs of the mobility limited are met.
2. To obtain coordination and consolidation of public transportation services.
3. To assist the transit agencies to be more efficient and effective in providing public transportation.
4. To encourage long-term funding stability by obtaining a secure local funding base.

The degree to which achievement occurs will be dictated primarily by the physical, demographic, economic, and political characteristics of individual operating environments and availability of transportation resources. These goals are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation including matching funds for most federal programs. State funds are subject to the annual appropriation process for the allocation of funds to specific line items in the state budget. The Michigan Department of Transportation (MDOT) provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the office's transit programs. The appropriations process is subject to public and stakeholder input as the annual appropriations bill moves through the legislative process.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the State Transportation Commission (STC). STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.

- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In September 2012, MDOT released the 2010-2035 Long-Range Transportation Plan (LRTP), Michigan Transportation Plan (MITP) update. The plan communicates MDOT's continued vision for its multi-modal transportation system. This revision was initiated as an interim step to keep the state's long-range transportation plan current and followed a more streamlined approach than a complete update. The *2035 MITP* builds on the extensive public and stakeholder involvement process of the *2030 MITP* that spanned two years and resulted in contacts with more than 3,000 individuals, 2,600 participants online and another 3,600 households interviewed by phone. Since the *2030 MITP*, MDOT has interviewed 2,200 households, conducted three Webinars and held 15 public meetings during the 30-day public comment period for this revision. The plan can be found at: http://www.michigan.gov/documents/mdot/MDOT_2035MIPlan4approval_398932_7.pdf?20140612085005

As part of the LRTP revision there are 18 newly published White Papers. The purpose of the white papers are to highlight and provide a short, high-level summary of the current assessment of key trends, demographic changes, and key initiatives that have occurred since the initial technical reports were published and the adoption of the 2005-2030 MI Transportation Plan. The transit white paper can be found at: http://www.michigan.gov/documents/mdot/MDOT_TransitWhitePaperFinal_397603_7.pdf?20140612083804

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. As part of the annual applications, agencies must post a public notice allowing individuals to review their application. The agencies are also required to submit quarterly and annual financial and non-financial reports. The rural task force process for distributing flexible funds specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

ITEM B. ROLES AND RESPONSIBILITIES

MDOT has been designated by the Governor as the state administering agency for the Section 5311 program. Within MDOT, the Office of Passenger Transportation (OPT) has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. OPT notifies eligible applicants about the availability of the program, develops criteria, solicits applications, and monitors program compliance. OPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that audits are performed on all Section 5311 operating contracts, and close out projects. There are also other MDOT staff and state agencies that support OPT in administering federal programs. The Economic Development, Budget and Contracts Section manages the preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, and Equal Employment Opportunity (EEO) programs. The Office of Business Development manages the department's DBE program. The Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits Federal Transit Administration's (FTA) financial status reports, and conducts ECHO drawdowns. The Bureau of Transportation Planning (BTP) has the lead on the statewide long range planning process. OPT participates by working with the transit community and attending public hearings. OPT works with the Michigan's Department of Technology, Management and Budget (MDTMB) to conduct vehicle procurements in accordance with specifications established by OPT.

ITEM C. COORDINATION

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of OPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to OPT.

The plans and/or updates in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant. Section 5311 recipients are subject to this review.

MDOT has project managers assigned statewide working directly with all agencies to enhance and implement service coordination.

To promote coordination among state departments, MDOT, OPT, Department of Human Services (DHS), and Workforce Development (WDA) partnered with Community Transportation Association of America (CTAA) to facilitate an understanding of transportation from all customers' perspectives as well as providers' perspectives. These agencies have come together to provide opportunities statewide for DHS and WDA employees to connect with transportation agencies and with the help of CTAA's training program collaborate and develop transportation solutions for DHS and MWA clients to connect with transportation to jobs and training.

OPT is also administering a Veterans Transportation and Community Living Initiative II (VTCLI II) grant with the Michigan Association of United Way (MAUW) to help fund a statewide 2-1-1 database which will increase transportation resources. Callers will have all transportation options available to them with just one call. There are 8 call centers in the state of Michigan. MAUW is also working closely with the Michigan Veterans Assistance Agency and the DHS to assist TANF eligible clients to overcome transportation barriers.

ITEM D. ELIGIBLE SUBRECIPIENTS

Section 5311 funds are apportioned to the states by a statutory formula according to the latest available U.S. Census. Eligible recipients may include state agencies, local public bodies and agencies, private nonprofit organizations, Indian Tribes and groups, and operators of public transportation services. Private for-profit operators of transit services may also participate in the program as long as they comply with all program requirements.

The State of Michigan distributes these funds to legal public bodies that provide public transportation in rural areas of Michigan, including Indian reservations, which receive funding from Section 10e(4)(a) of Act 51 of PA of 1951, as amended. Also eligible are private non-profit agencies providing Job Access and Reverse Commute (JARC) transportation and private for-profit agencies providing intercity service. There are presently more than 70 eligible agencies and authorities throughout the state. Service areas range from multi-county regional transit systems to small cities. There currently are no Indian reservations in Michigan providing open-door public transportation.

ITEM E. ELIGIBLE SERVICES AND SERVICE AREAS

Funds are available for public transportation projects and intercity bus transportation projects under capital or operating grants focusing on rural areas of the State of Michigan. Projects may include transportation into and out of urbanized areas, but the projects may not provide service exclusively within an urbanized area.

Transit agencies receiving assistance from this program may coordinate and assist in providing meal delivery services for homebound persons on a regular basis if the meal delivery services do not conflict with the provision of transit services or result in a reduction of service to transit passengers.

ITEM F. ELIGIBLE ASSISTANCE CATEGORIES

State Administration, Planning, Technical Assistance

FTA allows 10 percent of the Section 5311 apportionment (including funds apportioned under Section 5340) to administer the Section 5311 program, related planning, and to provide technical assistance to subrecipients. To date, less than five percent has been programmed for state administration to supplement staff salaries. All other funds (accept the 15 percent set aside for Intercity bus projects) are passed through to subrecipients to support rural transportation including JARC activities.

Operating Assistance

Funds are distributed based on a percentage of estimated eligible annual costs to those agencies which operate in rural areas and receive State Local Bus Operating Assistance funds from Section 10(e)(4)(a) of Act 51 of PA of 1951, as amended. . A maximum operating cap of 50 percent of net deficit is maintained. The Local Bus Operating Assistance provides, by statute, up to 60 percent of eligible operating expenses to rural transit agencies. Local Bus Operating funds are an annual legislative apportionment funded with state Comprehensive Transportation Funds which is funded with state fuel tax and auto related sale tax.

Capital Assistance

Capital assistance is needed to maintain or improve the efficiency, effectiveness, and safety of the transit service provided to the general public. The Section 5311 share may not exceed 80 percent of the net project cost. Funds are distributed using evaluation criteria described in Item H. Section 5311 recipients may receive FHWA funds through the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program or the Transportation Alternatives Program. The FHWA funds are then flexed to FTA and the projects are included in a FTA grant. .

Job Access and Reverse Commute (JARC)

Funds are distributed to projects previously funded in the Section 5316 program first and then expansion projects are considered. Eligible projects include planning, capital, and operating costs to transport welfare recipients and eligible low income individuals to and from jobs and job-related activities. This includes service from rural areas to suburban employment locations. Operating assistance is funded at 50 percent of net operating cost. Planning and capital projects are funded at 80 percent of net project costs. The federal share may exceed 80 percent for ADA, CAA, and some bicycle projects.

ITEM G. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match while operating assistance is matched with at least a 50 percent state or local share. The match required to access

federal capital funds is provided by the state utilizing a combination of cash bond and toll revenue credits. The match required to access operating funds is provided by a combination of local funds and funds from the state's Local Bus Operating Assistance Program as described in Item F.

ITEM H. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS

All local public transportation projects are evaluated by OPT based upon four primary objectives:

1. Eligibility under Act 51.
2. Adequacy of service to seniors and individuals with disabilities.
3. Reasonableness of existing and proposed level of service to the general public.
4. Level of local coordination.
5. Adequate transportation to work or job-related services.

Operating

An operating agreement is executed between the local transit agency and MDOT. The state distributes the majority of Section 5311 funds to eligible rural agencies as operating assistance.

JARC activities are funded with 50 percent federal and 50 percent state and are based on eligible operating expenses.

MDOT submits a grant application through the federal Transportation Electronic Award Management System (TEAM) system.

When all the audits for a particular fiscal year are received, MDOT performs a final accounting redistribution of funds.

The federal grant is closed in accordance with OPT's grant close-out procedure.

Capital

The state reviews and evaluates applications for capital assistance using the following criteria:

1. Replacement vehicles and equipment are funded based on the Replacement Schedule contained in OPT's annual application or upon OPT's approval.

2. The number of spare vehicles in the fleet should not exceed 20 percent of the number of vehicles operated in peak service.
3. Requests for items, such as tools or office furniture, must include a complete list of items to be purchased and unit costs. Justification must identify the original purchase date.
4. Requests for replacement equipment must be justified on the basis of the replacement schedule.
5. A facility request must be commensurate with the current level of service plus a reasonable factor for future expansion.
6. Expansion buses and related equipment must be designated as such and justified.
7. Capital projects under \$300 are not eligible.
8. Capital project is needed to maintain or improve the efficiency, effectiveness and/or safety of the transit service provided to the general public.

Some types of vehicles may be purchased by the transit agencies under the State of Michigan MiDeal program on a competitive bid basis through MDTMB. However, some vehicles are procured and purchased locally by the agencies. Detailed guidelines for both programs, including all the required forms, are on our website.

MDOT has certified to FTA its assurance that the state will include clauses required by federal statutes and executive orders and their implementing regulations in all contracts. Local agencies must agree to abide by all the contract clauses before MDOT executes the contract.

The federal funds are programmed under one federal grant number through FTA's Regional office. OPT distributes the funds based on the above criteria to each agency and submits a grant application through TEAM. When all the capital equipment is purchased and federal funds are spent, the federal grant is closed in accordance with OPT's procedures on grant close-out. Records will be maintained for FTA review and/or audit for three years.

Vehicles purchased by rural agencies must have the State of Michigan/MDOT designated as the first secured party on the title. The agencies are responsible for maintenance and insurance on the vehicle. If vehicles and equipment are disposed, it is done in accordance with MDOT's Disposal Procedures.

If the agency terminates operations, the title to the vehicle is transferred to the state and then granted and titled to another agency providing public transportation in rural areas.

ITEM I. INTERCITY BUS TRANSPORTATION

Under Section 5311(f) of Moving Ahead for Progress in the 21st Century (MAP-21), MDOT is required by federal regulations to spend 15 percent of its Section 5311 apportionment "to carry out a program to develop and support intercity bus transportation," unless the Governor certifies that Michigan's intercity bus service needs are being adequately met. Assistance under Section 5311 (f) must support intercity bus service in rural areas.

Needs Assessment Process

OPT outreach includes providing the annual application instruction packet to intercity bus providers. This gives the providers an opportunity to review Section 5311(f) program information and application requirements on an annual basis.

Consultation Process

If the state determines that all intercity needs have been met or that it does not have sufficient state match for the 5311(f) funds, a letter is sent to the Michigan intercity carriers and public transit agencies requesting intercity projects and if needed local match. This consultation process is in addition to annual consultation through our annual application process and our routine communications with the two intercity carriers that operate in Michigan. MDOT reviews any projects submitted and determines the amount of 5311(f) funds that will be utilized. If there are remaining 5311(f) funds, the governor certifies that all intercity needs have been met and requests a waiver from FTA.

Eligible Activities

Funding is to support the connection between rural areas, and the larger regional or national system of intercity bus services; to support services to meet the intercity travel needs of residents in rural areas; and to support the infrastructure of the intercity bus network.

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

Assistance under Section 5311(f) must support intercity bus service in rural areas. Eligible activities include: facility improvements for intercity bus use; intercity bus shelters; signage; vehicles or vehicle related equipment such as wheelchair lifts for use in intercity service, and operating assistance. Other projects are not precluded.

Requirements

Recipients must conform with all the requirements under Section 5311, including agreement in writing to the terms and conditions of the standard Section 5333(b) warranty

for the Section 5311 program, or substitute arrangements approved by the U. S. Department of Labor.

ITEM J. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. Instructions forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application process requires agencies to certify compliance with state and federal regulations along with information on the following sections:

1. Type of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for seniors and individuals with disabilities.

Copies of the applications are on file with OPT. The transit operators are required to hold public hearings when applicable. From these applications OPT prepares a program of projects for submittal to FTA. Upon approval of the program, submittal of the state assurances, and Special Section 5333(b) Warranty approval by the Department of Labor, MDOT processes a contract between MDOT and the local agency.

ITEM K. FUNDS TRANSFERS

It has been MDOT's practice not to transfer Section 5311 funds between urbanized and rural areas. Similarly, we do not expect to transfer Section 5310, 5316 or 5317 rural projects to Section 5311 recipients for administration. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

ITEM L. STATE ADMINISTRATION, PLANNING AND TECHNICAL ASSISTANCE

Along with the operating and capital equipment assistance, OPT provides technical services to the rural public transit agencies. In addition to the Section 5311 program manager, each agency is assigned a project manager who provides project oversight and technical assistance as needed. The project managers conduct triennial reviews of the agencies to ensure compliance with state and federal regulations.

OPT's web page is a source of information to the transit agencies and is another way MDOT provides technical and management assistance. Information found on the website includes: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; guidelines and documents; publications; calendar of events; links to other websites of interest.

OPT works with BTP to ensure projects are in the appropriate planning documents, such as MDOTs Five Year Plan, State Transportation Improvement Program, MPO Transportation Improvement Programs, and the MPO Unified Planning Work Programs.

ITEM M. RURAL TRANSIT ASSISTANCE PROGRAM (RTAP)

MDOT contracts with the Michigan Public Transportation Association (MPTA) to administer the RTAP program in cooperation with OPT. MPTA reimburses RTAP funds to transit agencies based on their requests in four categories: training, technical assistance, transit research, and related support services. MPTA submits quarterly invoices to MDOT for reimbursement to the transit agencies and administrative costs.

Statewide training needs are determined annually by a joint training committee with members from both state associations (MPTA and MASSTrans) and MDOT. Training events have included Frontline Training, Drug and Alcohol, Small Bus Roadeo, Financial Management for Transit, Vehicle and Equipment Seminar, Rural Transit Managers Workshop, and the Statewide Transit Conference. There are also specialized training such as procurement, passenger sensitivity and assistance, mobility management and customer service. The level of federal, state and local funding available determines the delivery of training. Federal funds are provided by the Rural Transit Assistance Program and Section 5304.

ITEM N. PRIVATE SECTOR PARTICIPATION

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

ITEM O. CIVIL RIGHTS

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Section 601 of Title VI of the Civil Rights Act of 1964 states the following: no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The objectives of the program are to a. ensure that the level and quality of public transportation service is provided in a nondiscriminatory manner; b. promote full and fair participation in public transportation decision-making without regard to race, color, or national origin and; c. ensure meaningful access to transit-related programs and activities by persons with limited English proficiency. Each contract, public notice for annual application, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors. All 5311 agencies are required to submit their local Title VI program for MDOT's approval. OPT project managers monitor their agencies' Title VI compliance through conducting triennial on-site federal compliance reviews and reviewing their Title VI Information form during the

annual application process. More details are provided in MDOT's OPT Title VI Plan, which can be found at the [FTA Title VI Nondiscrimination Plan Program Procedures](http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html) at MDOT's Civil Rights web page, http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html,

MDOT requires all subrecipients to have an approved Title VI plan which is updated every three years. In 2014 all plans were updated based on the revised Title VI regulations, 4702.1B. Any agency providing fixed route service was required to provide information regarding their service standards in their Title VI plan.

MDOT has established and implemented a Disadvantaged Business Enterprise (DBE) program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26, as below:

§26.13 What assurances must recipients and contractors make?

(a) Each financial assistance agreement you sign with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The recipient shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

(b) Each contract you sign with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals in the DBE program to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds. The program is available at <http://www.michigan.gov/mdotdbe>, by clicking on the [2013 DBE Program Procedures](#) in the body of the web page.

Each transit agency is required to submit triennial goals for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

ITEM P. MAINTENANCE

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

All equipment over \$5,000 must be reported in the Public Transit Management System (PTMS). Equipment is required by contract to be used for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. Project managers use a checklist to monitor the equipment use during their field visits as well as the condition of the equipment.

ITEM Q. CHARTER RULE

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have an MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of Section 5311 funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. OPT has developed a program to monitor subrecipient's compliance with charter regulations. OPT provides charter bus compliance information to Section 5311 agencies

via general informational letters and detailed guidance in response to case-specific situations.

ITEM R. SECTION 504 AND ADA REPORTING

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local seniors and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each agency that receives funds from Act 51 are required to annually submit a plan which describes how they do or will supply service to seniors and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, seniors, human service agencies, and others who have an interest in public transportation services, along with a public hearing review. All rural agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state and Section 5311 application.
2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.
4. OPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use a compliance checklist to do triennial monitoring of the transit agencies.
5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. OPT monitors subrecipient's compliance with ADA requirements during the triennial review.

ITEM S. NATIONAL TRANSIT DATABASE (NTD) REPORTING

The National Transit Database (NTD) is the FTA's primary national database for statistics on the transit industry. Recipients of FTA Section 5307 Urbanized Area Formula Program and Section 5311 Formula Grants for Rural Areas are required by statute to submit data to

the NTD. Section 5311 subrecipients submit their data using the PTMS. OPT staff enters the data into the NTD database.

ITEM T. STATE PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. OPT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of an in-state or local preference clause is not allowed. OPT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction.

For procurements greater than \$3,000 and less than \$100,000, OPT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. OPT will review and approve all IFBs and RFPs if the federal funds flow through OPT. OPT will also review and approve all third party contracts of \$25,000 or greater unless the agency is certified according to STC Policy.

Financial Management

Once the operating assistance grant is approved by FTA, payments are made quarterly to the agencies. Within 40 days after the end of the state's fiscal year quarter, each agency is required to submit a Section 5311 Operating Assistance Report. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out will be performed in accordance with Item H of this plan.

MDOT enters into an operating assistance contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5311 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency.

Property Management

The compliance checklist includes a section on facilities. Asset inventories are also included in an agency's annual compliance audit and auditors review and update the inventories. MDOT's contract with the agency states that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed. Agencies are required to enter all equipment and vehicles purchased with federal or state funds and facilities constructed or improved with federal or state funds in PTMS. Project managers review this information in PTMS when payments are requested and during the triennial review. Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item U). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities.

Vehicle Use and Disposition

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows. MDOT has a lien on vehicle titles and is the first secured party for any vehicle purchased for rural subrecipients. Agencies update the vehicle inventory in PTMS when vehicles are purchased and project managers review the inventory when processing payments and during the annual application process.

Accounting Systems

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws. The Michigan Administrative Information Network (MAIN) is the State's means for implementation and operation of a fully integrated automated financial management system for the State of Michigan.

The Contract Tracking System (C-TRAK) tracks and maintains information about OPT contracts, contract amendments, authorizations, authorization revisions, subcontracts and vendors. It provides access to and maintenance of data and some pre-defined reports.

Audit and Close-Out

Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. OPT staff performs audit citation follow-up.

Eligible expenses for Section 5311 operating assistance are determined by the Office of Management and Budget Circular A-102 and MDOT's Local Public Transit Revenue and Expense Manual.

Subrecipient, Project Oversight and Reporting

OPT requires annual financial and non-financial reports to be submitted in PTMS. These reports are used to determine state local bus operating assistance, federal Section 5311 operating and to provide measures of system efficiency and effectiveness.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to seniors and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers complete triennial compliance checklists for their agencies, make other visits when assistance is needed, and provide regular feedback to the operator of the system.

Productivity/Cost-effectiveness/Service Standards

MDOT conducts an annual analysis to determine the utilization for each federally funded vehicle. If an agency is using the vehicle for less than 10,000 miles per year, the agency needs to submit for approval an underutilization plan. If there is not a sufficient justification for the underutilization, the agency will not receive additional federal and/or state funds for vehicle replacements from OPT.

Currently there are no agencies leasing equipment. Before leasing, the agency will need to determine and document that a lease is more cost-effective than purchasing the equipment.

ITEM U. OTHER PROVISIONS

Section 5311 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, drug and alcohol testing, and environmental protection for construction projects not subject to a general waiver.

Buy America

The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from Section 5311 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all Section 5311 subrecipient agreements and third party contracts. OPT monitors for compliance.

The pre-award and post-delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

Drug and Alcohol Testing

Anyone who performs a safety-sensitive function for the subrecipient is required to comply with Drug and Alcohol testing requirements, unless the contract is for maintenance services. Maintenance contractors and subcontractors for Section 5311 subrecipients are not subject to the rules.

Section 5311 subrecipients including Private nonprofit agencies receiving Section 5311 funds for JARC activities must establish and implement a drug and alcohol testing program that complies with 49 CFR Part 655, produce any documentation necessary to establish its compliance, and permit any authorized representative of US DOT or MDOT, to inspect the facilities and records associated with the implementation of the drug and alcohol testing program and review the testing process. Each subrecipient must certify to MDOT its compliance with Part 655 each year. To certify compliance subrecipients will use the certification included in the annual Section 5311 application. Drug and alcohol testing

clauses are included in all Section 5311 subrecipient agreements and third party contracts. OPT has developed a monitoring program.

Most of the Section 5311 subrecipients belong to the MDOT Transit Drug and Alcohol Consortium. This consortium is administered by an external third party consultant. OPT works with the drug consortia administrators as well as the individual Section 5311 subrecipients to ensure full compliance with drug and alcohol testing regulations.

Project managers use a compliance checklist to do triennial monitoring of the transit agencies drug and alcohol program. We also have one staff member assigned directly to drug and alcohol compliance to provide technical support to agencies. MDOT has a two year contract with a consultant to provide annual drug and alcohol training.

Environmental Protection

Proposed projects need to be looked at to determine their affect, if any, on the environment. Most capital projects under 5339 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. When 5339 funds are combined with 5311 funds, some projects may have an environmental impact. MDOT follows all environmental regulations. There are several categories of projects:

a. “Categorical Exclusions.” Many projects and activities assisted with bus and bus related category funds normally do not involve significant environmental impacts. The joint FHWA/FTA environmental regulations use the term "categorical exclusions" (CEs) to describe those projects that are categorically excluded from the requirement to prepare an environmental document [environmental assessment (EA) or environmental impact statement (EIS)]. In February 2013, FTA published new CEs tailored specifically to transit projects in an effort to provide a more straightforward and efficient environmental review process. Under the new regulations, Section 771.118 (below) is reserved exclusively for FTA actions. In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

Section 771.118(c)

- (1) Utility and similar appurtenance action
- (2) Pedestrian or bicycle action
- (3) Environmental mitigation or stewardship activity
- (4) Planning and administrative activity
- (5) Action promoting safety, security, accessibility
- (6) Acquisition, transfer of real property interest
- (7) Acquisition, maintenance of vehicles / equipment
- (8) Maintenance, rehab, reconstruction of facilities
- (9) Assembly or construction of facilities
- (10) Joint development of facilities
- (11) Emergency recovery actions
- (12) Action within Existing Operational Right-of-Way
- (13) Action with Limited Federal Funding

Section 771.118(d)

- (1) Highway modernization
- (2) Bridge replacement or rail grade separation
- (3) Hardship or protective property acquisition
- (4) Acquisition of right-of-way
- (5) Reserved
- (6) Facility modernization

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result.

b. Projects That May Have an Environmental Impact. Projects that significantly affect the environment require an EIS. The following are examples of projects that normally require an EIS: (1) A new controlled access freeway; (2) A highway project of four or more lanes on a new location; (3) New construction or extension of fixed transit facilities (e.g., rapid rail, light rail, commuter rail, bus rapid transit that will not be located within an existing transportation right-of-way) and; (4) New construction or extension of a separate roadway for buses or high occupancy vehicles not located within an existing highway facility. Most of the projects in which our subrecipients have been involved are outlined at Item (3) above. For these projects, our subrecipients have prepared environmental documentation with appropriate technical analysis to support a categorical exclusion, as applicable. So far no EIS actions have been required for the projects in our grant applications.

c. Projects That Require an Environmental Assessment. The grant applicant must prepare an EA for any project that is not a CE and does not clearly require the preparation of an EIS. An EA documents the impacts of the proposed project and considers alternatives to the proposed site or design and is subject to public comment. FTA will review the EA and any public hearing comments and other comments received regarding the EA. A finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts, will be made by FTA.

FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

So far no projects in our grant applications have been determined by FTA to be qualified for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

Section 5333(b)

All agencies must submit a certification to MDOT with their annual applications accepting the terms and conditions of the Special Section 5333(b) Warranty as well as a list of unions representing their employees. They must also include a list of all other transportation providers in the agency's service area and their unions.

School Bus Operations

Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

II. SECTION 5310

ITEM A. GOALS AND OBJECTIVES

The state goal under the Section 5310 program is to provide assistance in meeting the special transportation needs of seniors and individuals with disabilities in Michigan in order to give them access to health care, shopping, education, recreation, public and social services, and employment, by encouraging the development, maintenance, improvement, and use of passenger transportation services.

The state objectives are:

1. To promote the safe, effective, and efficient delivery of public transportation services to seniors and individuals with disabilities.
 - a. Provide essential public transportation services to seniors and individuals with disabilities.
 - b. To achieve increased access to jobs, education, recreation, shopping, medical needs, and other cultural and social activities.
2. To enhance coordination and consolidation of public transportation services in order to encourage the most efficient use of resources.
3. To encourage the development, maintenance, improvement, and use of passenger transportation services.

These goals and objectives are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation including matching funds for most federal programs. State funds are subject to the annual appropriation process for the allocation of funds to specific line items. The Michigan Department of Transportation (MDOT) provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the office's transit programs. The appropriations process is subject to public and stakeholder input as the annual appropriations bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the State Transportation Commission (STC). STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In September 2012, MDOT released the 2010-2035 long-range transportation plan, MITP update. The plan communicates MDOT's continued vision for its multi-modal transportation system. This revision was initiated as an interim step to keep the state's long-range transportation plan current and followed a more streamlined approach than a complete update. The 2035 MITP builds on the extensive public and stakeholder involvement process of the 2030 MITP that spanned two years and resulted in contacts with more than 3,000 individuals, 2,600 participants online and another 3,600 households interviewed by phone. Since the 2030 MITP, MDOT has interviewed 2,200 households, conducted three Webinars and held 15 public meetings during the 30-day public comment period for this revision. The plan can be found at:

http://www.michigan.gov/documents/mdot/MDOT_2035MIPlan4approval_398932_7.pdf?20140612085005

As part of the LRTP revision there are 18 newly published White Papers. The purpose of the white papers are to highlight and provide a short, high-level summary of the current assessment of key trends, demographic changes, and key initiatives that have occurred since the initial technical reports were published and the adoption of the 2005-2030 MI Transportation Plan. The transit white paper can be found at:

http://www.michigan.gov/documents/mdot/MDOT_TransitWhitePaperFinal_397603_7.pdf?20140612083804

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. As part of the annual applications, agencies must post a public notice allowing individuals to review their application. The agencies are also required to submit quarterly and annual financial and non-financial reports. The rural task force process for distributing flexible funds specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

ITEM B. ROLES AND RESPONSIBILITIES

MDOT has been designated by the Governor as the state administering agency for the Section 5310 program. Within MDOT, OPT has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. OPT notifies eligible applicants about the availability of the program, develops criteria, solicits applications, and monitors program compliance. OPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that audits are performed on all operating contracts, and close out projects. There are also other MDOT staff and state agencies that support OPT in administering federal programs. The Economic Development, Budget and Contracts Section manages the preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, and EEO programs. The Office of Business Development manages the department's DBE program. Our Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. BTP has the lead on the statewide long range planning process. OPT participates by working with the transit community and attending public hearings. OPT works with the MDTMB to conduct vehicle procurements in accordance with specifications established by OPT.

ITEM C. COORDINATION

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of OPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to OPT.

The plans and/or updates in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant.

MDOT has project manager's assigned statewide working directly with all agencies to enhance and implement service coordination.

MAP-21 requires that Section 5310 projects selected for funding must be derived from a locally developed, coordinated public transit-human services transportation plan. These plans were developed with involvement from public, private, non-profit and human services transportation providers, as well as the public. In areas where both private non-profit and public transit exist, public transit operators took the lead in developing the plans. To be eligible for Section 5310 funds, the applicant must have an approved coordinated public transit-human services transportation plan which identifies the needs and strategies for the specific project. (Note: The locally developed coordinated public transit-human services transportation plan required under MAP-21 is in addition to the coordination plan required under Act 51 as described above. However, the Act 51 coordination plan served as the starting point for many of the coordinated public transit-human services transportation plans.)

To promote coordination among state departments, MDOT, OPT, Department of Human Services (DHS), and Workforce Development (WDA) partnered with Community Transportation Association of America (CTAA) to facilitate an understanding of transportation from all customers' perspectives as well as providers' perspectives. These agencies have come together to provide opportunities statewide for DHS and WDA employees to connect with transportation agencies and with the help of CTAA's training program collaborate and develop transportation solutions for DHS and MWA clients to connect with transportation to jobs and training.

OPT is also administering a VTCLI II grant with the Michigan Association of United Way (MAUW) to help fund a statewide 2-1-1 database which will increase transportation resources. Callers will have all transportation options available to them with just one call. There are 8 call centers in the state of Michigan. MAUW is also working closely with the Michigan Veterans Assistance Agency and the DHS to assist TANF eligible clients to overcome transportation barriers.

ITEM D. ELIGIBLE SUBRECIPIENTS

This program provides capital funds for transportation purposes to private, nonprofit corporations and associations, and public agencies for the specific purpose of assisting them in providing transportation services meeting the special needs of seniors and individuals with disabilities.

There are four categories of eligible applicants for Section 5310 funds:

- a. Private nonprofit organizations,
- b. Public agencies that certify to the Governor that no nonprofit corporations or associations are readily available in an area to provide the service; or
- c. Public agencies approved by the state to coordinate services for senior persons and individuals with disabilities.
- d. Public agencies that provide activities that were eligible under the SAFETEA-LU New Freedom Program.

Local public bodies eligible to apply for Section 5310 funds as coordinators of services for senior persons and individuals with disabilities are those designated by the state to coordinate human service activities in a particular area. Examples of such eligible public bodies are a county agency on aging or a public transit provider which the state has identified as the lead agency to coordinate transportation service funded by multiple federal or state human service programs.

ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match, while operating assistance is matched with at least 50 percent state or local share. The match required to access federal capital funds has been provided by the state utilizing a combination of cash, bond revenues, and toll revenue credits. The match required to access operating funds has been provided by a local share.

ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS

The state distributes all Section 5310 funds to eligible agencies. No MDOT administrative costs are charged to this program.

The state reviews and evaluates all applications utilizing the following criteria:

1. Vehicles must meet the following replacement criteria (either by years and/or miles):

CAR-MINIVAN-MAXIVAN-VAN CONVERSION	4 YEARS OR 100,000 MILES
BUSES-CUTAWAY* - purchased prior to 1/1/08	5 YEARS OR 150,000 MILES
BUSES-CUTAWAY* - purchased on or after 1/1/08	7 YEARS OR 200,000 MILES
BUSES-MEDIUM DUTY*	7 YEARS OR 200,000 MILES
BUSES-MEDIUM/HEAVY DUTY*	10 YEARS OR 350,000 MILES
BUSES-HEAVY/HEAVY DUTY*	12 YEARS OR 500,000 MILES

** all replacements are based on Altoona testing.*

2. Financial commitment by the applicant (via a balanced operating budget submitted with the application) to assure operating funds are available.
3. Degree to which the organization is meeting the transportation needs of senior persons and individuals with disabilities.
4. Appropriateness of the quantity and type of vehicles for meeting the special transportation needs of client population.

5. Endorsements provided by local units of government, transit operators, and social service agencies.
6. The degree to which the applicant documents coordination with present and long-range plans for public transportation and other social services in the service area. This should be presented in the locally developed Coordinated Public Transit-Human Service Transportation Plan.
7. Documentation of local initiative, organization, fiscal resources and management capability, equipment inventory, proper maintenance procedures, and overall technical capacity.
8. Projects under \$300 are not eligible.

MDOT will use at least 55% of Section 5310 funds for traditional 5310 projects. After 55% of funds have been used for traditional 5310 projects and all of priority #1 has been funded (see below), MDOT will fund continuation of New Freedom activities. If funds are remaining, MDOT will fund additional 5310 projects such as replacement of vehicles purchased with funds other than FTA or state funds, expansion vehicles, other capital and expansion New Freedom activities.

Below are the criteria for 5310 funding listed in order of Priority:

Traditional 5310 Projects

- 1) Replacing vehicles previously awarded under any FTA or state program that have met **both** age **and** mileage criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- 2) Replacing vehicles previously awarded under any FTA or state program that have met **mileage** criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- 3) Replacing vehicles previously awarded under any FTA or state program that have met **age** criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.

Continuation of New Freedom Activities

- 4) Continuation of New Freedom operating activities.
- 5) Continuation of New Freedom mobility management activities.
- 6) Continuation of New Freedom marketing

Additional 5310 Projects

7) Replacing vehicles previously purchased with local funds that have met **both age and** mileage criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.

8) Replacing vehicles previously purchased with local funds that have met **mileage** criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.

9) Replacing vehicles previously purchased with local funds that have met **age** criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.

10) Expansion vehicles used to provide new specialized transportation services in areas where no existing transportation services are available or to increase the level of existing specialized services. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.

11) Other capital equipment, facility and facility improvements.

Expansion of New Freedom Activities

12) Expansion of New Freedom operating activities.

13) Expansion of New Freedom mobility management activities.

14) Expansion of New Freedom Marketing.

Section 5310 recipients may receive FHWA funds through the Surface Transportation Program, the Congestion Mitigation and Air Quality Program or the Transportation Enhancement Program. The FHWA funds are then flexed to FTA and the projects are included in the Section 5310 Capital application.

ITEM G. PRIVATE SECTOR PARTICIPATION

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

ITEM H. CIVIL RIGHTS

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Section 601 of Title VI of the Civil Rights Act of 1964 states the following: no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The objectives of the program are to a. ensure that the level and quality of public transportation service is provided in a nondiscriminatory manner; b. promote full and fair participation in public transportation decision-making without regard to race, color, or national origin and; c. ensure meaningful access to transit-related programs and activities by persons with limited English proficiency. Each contract, public notice for annual application, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors. All agencies receiving federal funds from MDOT are required to submit their local Title VI program for MDOT's approval. OPT project managers monitor their agencies' Title VI compliance through conducting triennial on-site federal compliance reviews, and reviewing their Title VI Information form during the annual application process. More details are provided in MDOT's OPT Title VI Plan, which can be found at the [FTA Title VI Nondiscrimination Plan Program Procedures](http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html) at MDOT's Civil Rights web page, http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html.

MDOT requires all subrecipients to have an approved Title VI plan which is updated every three years. In 2014 all plans were updated based on the revised Title VI regulations, 4702.1B. Any agency providing fixed route service was required to provide information regarding their service standards in their Title VI plan.

MDOT has established and implemented a Disadvantaged Business Enterprise (DBE) program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26, as below:

§26.13 What assurances must recipients and contractors make?

(a) Each financial assistance agreement you sign with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The recipient shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for

under part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

(b) Each contract you sign with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals in the DBE program to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds. The program is available at <http://www.michigan.gov/mdotdbe>, by clicking on the [2013 DBE Program Procedures](#) in the body of the web page.

Each transit agency is required to submit triennial goals for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

ITEM I. MAINTENANCE

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to OPT for review and approval.

Project managers from OPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

All equipment over \$5,000 must be reported in PTMS. Equipment is required by contract to be used for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. Project managers use a checklist to monitor the equipment use during their field visits as well as the condition of the equipment.

ITEM J. CHARTER RULE

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have an MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of Section 5310 funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. OPT has developed a program to monitor subrecipient's compliance with charter regulations. OPT provides charter bus compliance information to Section 5310 agencies via general informational letters and detailed guidance in response to case-specific situations.

ITEM K. PROGRAM MEASURES

By October 31 each year, OPT submits to FTA a program status report for each active grant, covering the 12-month period ending September 30. A part of this report captures program measures established by FTA. Since September 2009, the OPT has also provided at a minimum, an annual status report to FTA which includes all open projects for each active grant.

ITEM L. COMMERCIAL DRIVER'S LICENSE (CDL)

A person driving a vehicle designed to carry 16 or more people (including the driver), needs to have a Commercial Driver's License (CDL). OPT monitors for this requirement during the triennially review with all Section 5310 agencies.

ITEM M. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. The application forms are available through PTMS. Instructions and application forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application process requires agencies to certify compliance with state and federal regulations along with information on the following sections:

1. Type of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for seniors and individuals with disabilities.

Copies of the applications are on file with OPT. The transit operators are required to hold public hearings when applicable. From these applications OPT prepares a Program of Projects (POP) for submittal to FTA. The POP is attached in TEAM to the annual grant.

ITEM N. SECTION 504 AND ADA REPORTING

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local seniors and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each agency that receives funds from Act 51 are required to annually submit a plan which describes how they do or will supply service to seniors and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, seniors, human service agencies, and others who have an interest in public transportation services, along with a public hearing review. All rural agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state and Section 5311 application.
2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.
4. OPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use a compliance checklist to do triennial monitoring of the transit agencies.

5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. OPT monitors subrecipient's compliance with ADA requirements during the triennial review.

ITEM O. FUNDS TRANSFERS

It has been MDOT's practice not to transfer Section 5310 funds between urbanized and rural areas. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

ITEM P. STATE ADMINISTRATION, PLANNING AND TECHNICAL ASSISTANCE

Along with the operating and capital assistance, OPT provides technical services to the rural and private non-profit transit agencies. In addition to the Section 5310 program manager, each agency is assigned a project manager who provides project oversight and technical assistance as needed. The project managers conduct triennial reviews of the agencies to ensure compliance with state and federal regulations.

OPT's web page is a source of information to the transit agencies and is another way MDOT provides technical and management assistance. Information found on the website includes: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; guidelines and documents; publications; calendar of events; links to other websites of interest.

OPT works with BTP to ensure projects are in the appropriate planning documents, such as MDOT's Five Year Plan, State Transportation Improvement Program, MPO Transportation Improvement Programs, and the MPO Unified Planning Work Programs.

ITEM Q. STATE PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. OPT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of an in-state or local preference clause is not allowed. OPT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction. For procurements greater than \$3,000 and less than \$100,000, OPT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. OPT will review and approve all IFBs and RFPs if the federal funds flow through OPT. OPT will also review and approve all third party contracts of \$25,000 or greater unless the agency is certified according to STC Policy.

Financial Management

Once the operating assistance grant is approved by FTA, payments are made quarterly to the agencies. Within 40 days after the end of the state's fiscal year quarter, each agency is required to submit an Operating Assistance Report in PTMS. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out will be performed in accordance with Item H of this plan.

MDOT enters into an operating assistance contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5310 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency.

Property Management

The compliance checklist includes a section on facilities. Asset inventories are also included in an agency's annual compliance audit and auditors review and update the inventories. MDOT's contract with the agency states that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed. Agencies are required to enter all equipment and vehicles purchased with federal or state funds and facilities constructed or improved with federal or state funds in PTMS. Project managers review this information in PTMS when payments are requested and during the triennial review. Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item U). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities.

Vehicle Use and Disposition

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows. MDOT has a lien on vehicle titles and is the first secured party for any vehicle purchased for rural subrecipients. Agencies update the vehicle inventory in PTMS when vehicles are purchased and project managers review the inventory when payments are processed, and during the annual application process.

Accounting Systems

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws. MAIN is the State's means for implementation and operation of a fully integrated automated financial management system for the State of Michigan.

C-TRAK tracks and maintains information about OPT contracts, contract amendments, authorizations, authorization revisions, subcontracts and vendors. It provides access to and maintenance of data and some pre-defined reports.

Audit and Close-Out

Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. OPT staff performs audit citation follow-up.

Eligible expenses for Section 5310 operating assistance are determined by the Office of Management and Budget Circular A-102 and MDOT's Local Public Transit Revenue and Expense Manual.

Subrecipient, Project Oversight and Reporting

OPT requires annual financial and non-financial reports to be submitted in PTMS. These reports are used to determine federal Section 5310 operating and to provide measures of system efficiency and effectiveness.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to seniors and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers complete triennial compliance checklists for their agencies, make other visits when assistance is needed, and provide regular feedback to the operator of the system.

Productivity/Cost-effectiveness/Service Standards

MDOT conducts an annual analysis to determine the utilization for each federally funded vehicle. If an agency is using the vehicle for less than 10,000 miles per year, the agency needs to submit for approval an underutilization plan. If there is not a sufficient justification for the underutilization the agency will not receive addition federal and/or state funds for vehicle replacements from OPT.

Currently there are no agencies leasing equipment. Before leasing, the agency will need to determine and document that a lease is more cost-effective than purchasing the equipment.

ITEM R. OTHER PROVISIONS

Section 5310 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, drug and alcohol testing, and environmental protection for construction projects not subject to a general waiver.

Buy America

The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from Section

5310 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all Section 5310 subrecipient agreements and third party contracts. OPT monitors for compliance.

The pre-award and post-delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

Environmental Protection

Proposed projects need to be looked at to determine their affect, if any, on the environment. Most capital projects under 5310 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. If a project has an environmental impact, MDOT follows all environmental regulations. There are several categories of projects:

a. “Categorical Exclusions.” Many projects and activities assisted with bus and bus related category funds normally do not involve significant environmental impacts. The joint FHWA/FTA environmental regulations use the term "categorical exclusions" (CEs) to describe those projects that are categorically excluded from the requirement to prepare an environmental document [environmental assessment (EA) or environmental impact statement (EIS)]. In February 2013, FTA published new CEs tailored specifically to transit projects in an effort to provide a more straightforward and efficient environmental review process. Under the new regulations, Section 771.118 (below) is reserved exclusively for FTA actions. In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

Section 771.118(c)

- (1) Utility and similar appurtenance action
- (2) Pedestrian or bicycle action
- (3) Environmental mitigation or stewardship activity
- (4) Planning and administrative activity
- (5) Action promoting safety, security, accessibility
- (6) Acquisition, transfer of real property interest
- (7) Acquisition, maintenance of vehicles / equipment
- (8) Maintenance, rehab, reconstruction of facilities
- (9) Assembly or construction of facilities
- (10) Joint development of facilities
- (11) Emergency recovery actions
- (12) Action within Existing Operational Right-of-Way
- (13) Action with Limited Federal Funding

Section 771.118(d)

- (1) Highway modernization
- (2) Bridge replacement or rail grade separation

- (3) Hardship or protective property acquisition
- (4) Acquisition of right-of-way
- (5) Reserved
- (6) Facility modernization

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result.

b. Projects That May Have an Environmental Impact. Projects that significantly affect the environment require an EIS. The following are examples of projects that normally require an EIS: (1) A new controlled access freeway; (2) A highway project of four or more lanes on a new location; (3) New construction or extension of fixed transit facilities (e.g., rapid rail, light rail, commuter rail, bus rapid transit that will not be located within an existing transportation right-of-way) and; (4) New construction or extension of a separate roadway for buses or high occupancy vehicles not located within an existing highway facility. Most of the projects in which our subrecipients have been involved are outlined at Item (3) above. For these projects, our subrecipients have prepared environmental documentation with appropriate technical analysis to support a categorical exclusion, as applicable. So far no EIS actions have been required for the projects in our grant applications.

c. Projects That Require an Environmental Assessment. The grant applicant must prepare an EA for any project that is not a CE and does not clearly require the preparation of an EIS. An EA documents the impacts of the proposed project and considers alternatives to the proposed site or design and is subject to public comment. FTA will review the EA and any public hearing comments and other comments received regarding the EA. A finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts, will be made by FTA.

FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

So far no projects in our grant applications have been determined by FTA to be qualified for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this

purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

School Bus Operations

Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

III. SECTION 5316

ITEM A. GOALS AND OBJECTIVES

The state goal under the Section 5316 program is to improve access to transportation services to employment and employment-related activities. This program has two types of projects: Job Access addresses the need for transportation to employment for low income individuals or welfare recipients. Reverse Commute provides transportation to employment opportunities from urban and rural areas to suburban areas for individuals of all income levels. In FY2016 we anticipate all dedicated JARC funds will be expended.

The state objectives are:

1. To promote the safe, effective, and efficient delivery of public transportation services to low income individuals or welfare recipients for employment opportunities.
 - a. Provide essential public transportation services to low income individuals.
 - b. To achieve increased access to jobs, education, and all employment-related activities.
2. To enhance transportation options to employment opportunities in suburban areas when traveling from outside the suburban area.
3. To enhance coordination and consolidation of public transportation services in order to encourage the most efficient use of resources.
4. To encourage the development, maintenance, improvement, and use of passenger transportation services.

These goals and objectives are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation that is then subject to the annual appropriation process for the allocation of funds to specific line items. MDOT provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the office's transit programs. The appropriations process is subject to public and stakeholder input as the bill moves through the legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In September 2012, MDOT released the 2010-2035 long-range transportation plan, MITP update. The plan communicates MDOT's continued vision for its multi-modal transportation system. This revision was initiated as an interim step to keep the state's long-range transportation plan current and followed a more streamlined approach than a complete update. The 2035

MITP builds on the extensive public and stakeholder involvement process of the *2030 MITP* that spanned two years and resulted in contacts with more than 3,000 individuals, 2,600 participants online and another 3,600 households interviewed by phone. Since the *2030 MITP*, MDOT has interviewed 2,200 households, conducted three Webinars and held 15 public meetings during the 30-day public comment period for this revision. The plan can be found at:

http://www.michigan.gov/documents/mdot/MDOT_2035MIPlan4approval_398932_7.pdf?20140612085005

As part of the LRTP revision there are 18 newly published White Papers. The purpose of the white papers are to highlight and provide a short, high-level summary of the current assessment of key trends, demographic changes, and key initiatives that have occurred since the initial technical reports were published and the adoption of the 2005-2030 MI Transportation Plan. The transit white paper can be found at:

http://www.michigan.gov/documents/mdot/MDOT_TransitWhitePaperFinal_397603_7.pdf?20140612083804

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the State Transportation Commission (STC). STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. As part of the annual applications, agencies must post a public notice allowing individuals to review their application. The agencies are also required to submit

quarterly and annual financial and non-financial reports. The rural task force process for distributing flexible funds specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

ITEM B. ROLES AND RESPONSIBILITIES

MDOT has been designated by the Governor as the state administering agency for the Section 5316 program. Within MDOT, OPT has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. OPT notifies eligible applicants about the availability of the program, develops criteria, solicits applications, and monitors program compliance. OPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that audits are performed on all operating contracts, and close out projects. There are also other MDOT staff and state agencies that support OPT in administering federal programs. The Economic Development, Budget and Contracts Section manages the preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, and EEO programs. The Office of Business Development manages the department's DBE program. The Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. BTP has the lead on the statewide long range planning process. OPT participates by working with the transit community and attending public hearings. OPT works with the MDTMB to conduct vehicle procurements in accordance with specifications established by OPT.

ITEM C. COORDINATION

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of OPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to OPT.

The plans and/or updates in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant.

MDOT has project managers assigned statewide working directly with all agencies to enhance and implement service coordination.

Under SAFETEA-LU, agencies receiving Section 5316 funds were required to select projects based on strategies identified in a locally developed, coordinated public transit-human services transportation plan. These plans were developed with involvement from public, private, non-profit and human services transportation providers, as well as the public. In areas where both private non-profit and public transit exist, public transit operators took the lead in developing the plans. To be eligible for Section 5316 funds, the applicant must have an approved coordinated public transit-human services transportation plan which identifies the needs and strategies for the specific project. (Note: The locally developed coordinated public transit-human services transportation plan required under SAFETEA-LU is in addition to the coordination plan required under Act 51 as described above. However, the Act 51 coordination plan served as the starting point for many of the coordinated public transit-human services transportation plans.)

To promote coordination among state departments, MDOT, OPT, DHS, and WDA partnered with CTAA to facilitate an understanding of transportation from all customers' perspectives as well as providers' perspectives. These agencies have come together to provide opportunities statewide for DHS and WDA employees to connect with transportation agencies and with the help of CTAA's training program collaborate and develop transportation solutions for DHS and MWA clients to connect with transportation to jobs and training.

OPT is also administering a VTCLI II grant with the MAUW to help fund a statewide 2-1-1 database which will increase transportation resources. Callers will have all transportation options available to them with just one call. There are 8 call centers in the state of Michigan. MAUW is also working closely with the Michigan Veterans Assistance Agency and the DHS to assist TANF eligible clients to overcome transportation barriers.

ITEM D. ELIGIBLE RECIPIENTS

Section 5316 funds were apportioned under SAFETEA-LU among the states by a formula which is based on the ratio that the number of eligible low-income and welfare recipients in each area bears to the number of eligible low-income and welfare recipients in all such areas. This program was consolidated with Section 5311 and 5307 under MAP-21. Until all 5316 funds are spent, MDOT will continue to administer the program using the guidance in this document.

ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

This program provided funds for capital, planning, and operating assistance to support all eligible activities. FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match while operating assistance is matched with a 50 percent state or local share. The state has been able to provide the match at 50 percent for operating expenses and 20 percent for capital and planning activities. The funds provided by the state are a combination of cash or bond

revenues. From FY2005 through FY2010, toll revenue credits were used to provide some of the match. Local match has not been required.

ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS

Until all unliquidated funds are used, projects applied for through Section 5316 will be selected through a statewide competitive review and selection process. Priority of the projects, meeting all of the criteria, will be as follows:

- A. Job Access operating for continuation of existing Section 5316 JARC funded service.
- B. Job Access replacement capital to support continuation of existing transportation services funded with Section 5316 JARC funds.
- C. Reverse Commute operating for continuation of existing Section 5316 JARC funded service.
- D. Reverse Commute replacement capital to support continuation of existing transportation services funded with Section 5316 JARC funds.
- E. Mobility management (capital expense) – continuation projects then expansion projects.
- F. Job Access marketing of existing Job Access Services (capital expense).
- G. Reverse Commute marketing to support continuation of service (capital expense).
- H. Job Access operating for new or expansion service.
- I. Job Access capital to support new or expansion service.
- J. Job Access marketing of new service (capital expense).
- K. Job Access planning for new service (capital expense).
- L. Reverse Commute new or expansion service (operating expenses).
- M. Reverse Commute capital to support new service.
- N. Reverse Commute marketing to support new service (capital expense).
- O. Reverse Commute planning for new service (capital expense).

Projects will be funded starting with the highest ranking project. Although each applicant may apply for funding in more than one category, it is possible an award could be made for one proposed activity and not another. Projects may not be fully funded up to the dollar amount requested on the application.

Projects will be evaluated based on:

- Priority of the project category (see above).
- Thoroughness of the application and how well each given topic in the application is addressed.
- How well the project meets the needs identified in the Coordinated Plan.

All applications must be thorough and complete and the projects must meet the needs identified in their Coordinated Public Transit-Human Services Transportation Plan in order to be considered for funding. Equal weight is given to the thoroughness of the application and how it meets the needs identified in the Coordinated Plan. Those who meet these

requirements will then be funded according to the priority categories listed above. Funding is distributed first to all eligible applicants in priority A, remaining funds (if any) are then distributed to eligible priority B projects, and so on until all funds have been distributed or all projects have been funded.

ITEM G. PROGRAM MEASURES

The two measures established for the JARC program are:

- 1) Actual or estimated number of jobs that can be accessed as a result of geographic or temporal coverage of JARC projects implemented in the current reporting year.
- 2) Actual or estimated number of rides (as measured by unlinked passenger trips) provided as a result of the JARC projects implemented in the current reporting year.

ITEM H. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. The application forms are available through PTMS. Instructions and application forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application process requires agencies to certify compliance with state and federal regulations along with information on the following sections:

1. Type of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for seniors and individuals with disabilities.

Copies of the applications are on file with OPT. The transit operators are required to hold public hearings when applicable. From these applications OPT prepares a program of projects for submittal to FTA. Upon approval of the program, submittal of the state assurances, and Special Section 5333(b) Warranty approval by the Department of Labor, MDOT processes a contract between MDOT and the local agency.

ITEM I. FUNDS TRANSFERS

It has been MDOT's practice not to transfer Section 5316 funds between urbanized and rural areas. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

ITEM J. STATE ADMINISTRATION, PLANNING AND TECHNICAL ASSISTANCE

Along with the operating and capital assistance, OPT provides technical services to the rural and private nonprofit transit agencies. In addition to the Section 5316 program manager, each agency is assigned a project manager who provides project oversight and technical assistance as needed.

OPT's web page is a source of information to the transit agencies and is another way MDOT provides technical and management assistance. Information found on the website includes: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; guidelines and documents; publications; calendar of events; links to other websites of interest.

OPT works with BTP to ensure projects are in the appropriate planning documents, such as MDOT's Five Year Plan, State Transportation Improvement Program, MPO Transportation Improvement Programs, and the MPO Unified Planning Work Programs.

ITEM K. PRIVATE SECTOR PARTICIPATION

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

ITEM L. CIVIL RIGHTS

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Section 601 of Title VI of the Civil Rights Act of 1964 states the following: no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The objectives of the program are to a. ensure that the level and quality of public transportation service is provided in a nondiscriminatory manner; b. promote full and fair participation in public transportation decision-making without regard to race, color, or national origin and; c. ensure meaningful access to transit-related programs and activities by persons with limited English proficiency. Each contract, public notice for annual application, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors. All agencies are required to submit their local Title VI program for MDOT's approval. OPT project managers monitor their agencies' Title VI compliance by reviewing their Title VI Information form during the annual application process. More details are provided in MDOT's OPT Title VI Plan, which can be found at the [FTA Title VI Nondiscrimination Plan Program Procedures](http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html) at MDOT's Civil Rights web page, http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html.

MDOT requires all subrecipients to have an approved Title VI plan which is updated every three years. In 2014 all plans were updated based on the revised Title VI regulations, 4702.1B. Any agency providing fixed route service was required to provide information regarding their service standards in their Title VI plan.

MDOT has established and implemented a Disadvantaged Business Enterprise (DBE) program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26, as below:

§26.13 What assurances must recipients and contractors make?

(a) Each financial assistance agreement you sign with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The recipient shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

(b) Each contract you sign with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals in the DBE program to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds. The program is available at <http://www.michigan.gov/mdotdbe>, by clicking on the [2013 DBE Program Procedures](#) in the body of the web page.

Each transit agency is required to submit triennial goals for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all

local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

ITEM M. MAINTENANCE

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

All equipment over \$5,000 must be reported in PTMS. Equipment is required by contract to be used for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. Project managers use a checklist to monitor the equipment use during their field visits as well as the condition of the equipment.

ITEM N. CHARTER RULE

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have an MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of Section 5316 funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. OPT has developed a program to monitor subrecipient's compliance with charter regulations. OPT provides charter bus compliance information to Section 5316 agencies via general informational letters and detailed guidance in response to case-specific situations.

ITEM O. SECTION 504 AND ADA REPORTING

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local seniors and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each agency that receives funds from Act 51 are required to annually submit a plan which describes how they do or will supply service to seniors and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, seniors, human service agencies, and others who have an interest in public transportation services, along with a public hearing review. All rural agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state and federal application.
2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.
4. OPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use a compliance checklist to do triennial monitoring of the transit agencies.
5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. OPT monitors subrecipient's compliance with ADA requirements during the triennial review.

ITEM P. STATE PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. OPT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of an in-state or local preference clause is not allowed. OPT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction. For procurements greater than \$3,000 and less than \$100,000, OPT requires that

subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. OPT will review and approve all IFBs and RFPs if the federal funds flow through OPT. OPT will also review and approve all third party contracts of \$25,000 or greater unless the agency is certified according to STC Policy.

Financial Management

Once the operating assistance grant is approved by FTA, payments are made quarterly to the agencies. Within 40 days after the end of the state's fiscal year quarter, each agency is required to submit an Operating Assistance Report. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out will be performed in accordance with Item H of this plan.

MDOT enters into an operating assistance contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5316 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency.

Property Management

Asset inventories are included in an agency's annual compliance audit and auditors review and update the inventories. MDOT's contract with the agency states that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed. Agencies are required to enter all equipment and vehicles purchased with federal or state funds and facilities constructed or improved with federal or state funds in PTMS. Project managers review this information in PTMS when payments are requested and during the triennial review. Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item U). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities.

Vehicle Use and Disposition

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows. MDOT has a lien on vehicle titles and is the first secured party for any vehicle purchased for rural subrecipients. Agencies update the vehicle inventory in PTMS when vehicles are purchased and project managers review the inventory when processing payments and during the annual application process.

Accounting Systems

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws. MAIN is the State's means for implementation and operation of a fully integrated

automated financial management system for the State of Michigan.

C-TRAK tracks and maintains information about OPT contracts, contract amendments, authorizations, authorization revisions, subcontracts and vendors. It provides access to and maintenance of data and some pre-defined reports.

Audit and Close-Out

Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. OPT staff performs audit citation follow-up.

Eligible expenses for Section 5316 operating assistance are determined by the Office of Management and Budget Circular A-102 and MDOT's Local Public Transit Revenue and Expense Manual.

Subrecipient, Project Oversight and Reporting

OPT requires annual financial and non-financial reports to be submitted in PTMS. These reports are used to determine state local bus operating assistance, federal Section 5316 operating and to provide measures of system efficiency and effectiveness.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to seniors and individuals with disabilities, particularly those requiring a wheelchair lift.

Productivity/Cost-effectiveness/Service Standards

MDOT conducts an annual analysis to determine the utilization for each federally funded vehicle. If an agency is using the vehicle for less than 10,000 miles per year, the agency needs to submit for approval an underutilization plan. If there is not a sufficient justification for the underutilization the agency will not receive addition federal and/or state funds for vehicle replacements from OPT.

Currently there are no agencies leasing equipment. Before leasing, the agency will need to determine and document that a lease is more cost-effective than purchasing the equipment.

ITEM Q. OTHER PROVISIONS

Section 5316 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, drug and alcohol testing, and environmental protection for construction projects not subject to a general waiver.

Buy America

The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from Section 5316 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all Section 5316 subrecipient agreements and third party contracts. OPT monitors for compliance.

The pre-award and post-delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

Drug and Alcohol Testing

Anyone who performs a safety-sensitive function for the subrecipient is required to comply with Drug and Alcohol testing requirements, unless the contract is for maintenance services. Maintenance contractors and subcontractors for are not subject to the rules.

Section 5316 subrecipients including Private nonprofit agencies receiving Section 5311 funds for JARC activities must establish and implement a drug and alcohol testing program that complies with 49 CFR Part 655, produce any documentation necessary to establish its compliance, and permit any authorized representative of US DOT or MDOT, to inspect the facilities and records associated with the implementation of the drug and alcohol testing program and review the testing process. Each subrecipient must certify to MDOT its compliance with Part 655 each year. To certify compliance subrecipients will use the certification included in the annual application. Drug and alcohol testing clauses are included in all Section 5316 subrecipient agreements and third party contracts. OPT has developed a monitoring program.

OPT works with a drug consortia administrators as well as the individual Section 5316 subrecipients to ensure full compliance with drug and alcohol testing regulations.

Project managers use a compliance checklist to do triennial monitoring of the transit agencies drug and alcohol program. We also have one staff member assigned directly to drug and alcohol compliance to provide technical support to agencies. MDOT has a two year contract with a consultant to provide annual drug and alcohol training.

Environmental Protection

Proposed projects need to be looked at to determine their affect, if any, on the environment. Most capital projects under 5316 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. If a project has an environmental impact, MDOT follows all environmental regulations. There are several categories of projects:

a. “Categorical Exclusions.” Many projects and activities assisted with bus and bus related category funds normally do not involve significant environmental impacts. The joint

FHWA/FTA environmental regulations use the term "categorical exclusions" (CEs) to describe those projects that are categorically excluded from the requirement to prepare an environmental document [environmental assessment (EA) or environmental impact statement (EIS)]. In February 2013, FTA published new CEs tailored specifically to transit projects in an effort to provide a more straightforward and efficient environmental review process. Under the new regulations, Section 771.118 (below) is reserved exclusively for FTA actions. In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

Section 771.118(c)

- (1) Utility and similar appurtenance action
- (2) Pedestrian or bicycle action
- (3) Environmental mitigation or stewardship activity
- (4) Planning and administrative activity
- (5) Action promoting safety, security, accessibility
- (6) Acquisition, transfer of real property interest
- (7) Acquisition, maintenance of vehicles / equipment
- (8) Maintenance, rehab, reconstruction of facilities
- (9) Assembly or construction of facilities
- (10) Joint development of facilities
- (11) Emergency recovery actions
- (12) Action within Existing Operational Right-of-Way
- (13) Action with Limited Federal Funding

Section 771.118(d)

- (1) Highway modernization
- (2) Bridge replacement or rail grade separation
- (3) Hardship or protective property acquisition
- (4) Acquisition of right-of-way
- (5) Reserved
- (6) Facility modernization

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result.

b. Projects That May Have an Environmental Impact. Projects that significantly affect the environment require an EIS. The following are examples of projects that normally require an EIS: (1) A new controlled access freeway; (2) A highway project of four or more lanes on a new location; (3) New construction or extension of fixed transit facilities (e.g., rapid rail, light rail, commuter rail, bus rapid transit that will not be located within an existing

transportation right-of-way) and; (4) New construction or extension of a separate roadway for buses or high occupancy vehicles not located within an existing highway facility. Most of the projects in which our subrecipients have been involved are outlined at Item (3) above. For these projects, our subrecipients have prepared environmental documentation with appropriate technical analysis to support a categorical exclusion, as applicable. So far no EIS actions have been required for the projects in our grant applications.

c. Projects That Require an Environmental Assessment. The grant applicant must prepare an EA for any project that is not a CE and does not clearly require the preparation of an EIS. An EA documents the impacts of the proposed project and considers alternatives to the proposed site or design and is subject to public comment. FTA will review the EA and any public hearing comments and other comments received regarding the EA. A finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts, will be made by FTA.

FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

So far no projects in our grant applications have been determined by FTA to be qualified for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

Section 5333(b)

All agencies must submit a certification to MDOT with their annual applications accepting the terms and conditions of the Special Section 5333(b) Warranty as well as a list of unions representing their employees. They must also include a list of all other transportation providers in the agency's service area and their unions.

School Bus Operations

Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

IV. SECTION 5317

ITEM A. GOALS AND OBJECTIVES

The state goal under the New Freedom (Section 5317) formula grant program is to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society.

The state goals are:

1. To provide a reasonable level of public transportation service for all Michigan citizens.
 - a. Provide essential public transportation services to the mobility limited population of the state.
 - b. To achieve increased access to jobs, education, recreation, shopping, medical needs, and other cultural and social activities through public transportation.
 - c. Provide a level of public transportation service to the general population which is consistent with the achievement of local, state, and national social, economic, and environmental goals.
2. To maximize economic benefits through public transportation investments.
 - a. Create policies that foster low user costs through efficient operations of public transportation services.
 - b. Encourage an efficient mix of private, public, and quasi-public modes of transportation.
 - c. Encourage the development and implementation of advanced public transportation technologies.
 - d. Encourage economic development and new equipment opportunities in the state through public transportation expenditures.
3. Maximize positive environmental impacts achievable through the provision of public transportation service.
 - a. Provide public transportation services which contribute to the conservation of energy.
 - b. Provide public transportation services which contribute to the reduction of air and noise pollution.

- c. Utilize public transportation to provide relief from traffic congestion and to reduce land requirements for transportation facilities.
- d. Coordinate public transportation and land use planning to encourage environmentally responsible land use practices.

The state objectives are:

1. The implementation of public transportation services to ensure that all the essential transportation needs of the mobility limited are met.
2. To obtain coordination and consolidation of public transportation services.
3. To assist the transit agencies to be more efficient and effective in providing public transportation.
4. To encourage long-term funding stability by obtaining a secure local funding base.

The degree to which achievement occurs will be dictated primarily by the physical, demographic, economic, and political characteristics of individual operating environments and availability of transportation resources. These goals are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation including matching funds for most federal programs. State funds are subject to the annual appropriation process for the allocation of funds to specific line items. MDOT provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the office's transit programs. The appropriations process is subject to public and stakeholder input as the annual appropriations bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the State Transportation Commission (STC). STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.

- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In September 2012, MDOT released the 2010-2035 long-range transportation plan, MITP update. The plan communicates MDOT's continued vision for its multi-modal transportation system. This revision was initiated as an interim step to keep the state's long-range transportation plan current and followed a more streamlined approach than a complete update. The 2035 MITP builds on the extensive public and stakeholder involvement process of the 2030 MITP that spanned two years and resulted in contacts with more than 3,000 individuals, 2,600 participants online and another 3,600 households interviewed by phone. Since the 2030 MITP, MDOT has interviewed 2,200 households, conducted three Webinars and held 15 public meetings during the 30-day public comment period for this revision. The plan can be found at:

http://www.michigan.gov/documents/mdot/MDOT_2035MIPlan4approval_398932_7.pdf?20140612085005

As part of the LRTP revision there are 18 newly published White Papers. The purpose of the white papers are to highlight and provide a short, high-level summary of the current assessment of key trends, demographic changes, and key initiatives that have occurred since the initial technical reports were published and the adoption of the 2005-2030 MI Transportation Plan. The transit white paper can be found at:

http://www.michigan.gov/documents/mdot/MDOT_TransitWhitePaperFinal_397603_7.pdf?20140612083804

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. As part of the annual applications, agencies must post a public notice allowing individuals to review their application. The agencies are also required to submit quarterly and annual financial and non-financial reports. The rural task force process for distributing flexible funds specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

ITEM B. ROLES AND RESPONSIBILITIES

MDOT has been designated by the Governor as the state administering agency for the Section 5317 program. Within MDOT, OPT has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. OPT notifies eligible applicants about the

availability of the program, develops criteria, solicits applications, and monitors program compliance. OPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that audits are performed on all operating contracts, and close out projects. There are also other MDOT staff and state agencies that support OPT in administering federal programs. The Economic Development, Budget and Contracts Section manages the preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, and EEO programs. The Office of Business Development manages the department's DBE program. Our Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. BTP has the lead on the statewide long range planning process. OPT participates by working with the transit community and attending public hearings. OPT works with the MDTMB to conduct vehicle procurements in accordance with specifications established by OPT.

ITEM C. COORDINATION

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of OPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to OPT.

The plans and/or updates in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant.

MDOT has project manager's assigned statewide working directly with all agencies to enhance and implement service coordination.

Under SAFETEA-LU, agencies receiving Section 5317 funds were required to select projects based on strategies identified in a locally developed, coordinated public transit-human services transportation plan. These plans were developed with involvement from public, private, non-profit and human services transportation providers, as well as the public. In areas where both private non-profit and public transit exist, public transit operators took the lead in developing the plans. To be eligible for Section 5317 funds, the applicant must have an approved coordinated public transit-human services transportation

plan which identifies the needs and strategies for the specific project. (Note: The locally developed coordinated public transit-human services transportation plan required under SAFETEA-LU is in addition to the coordination plan required under Act 51 as described above. However, the Act 51 coordination plan served as the starting point for many of the coordinated public transit-human services transportation plans.)

To promote coordination among state departments, MDOT, OPT, Department of Human Services (DHS), and Workforce Development (WDA) partnered with Community Transportation Association of America (CTAA) to facilitate an understanding of transportation from all customers' perspectives as well as providers' perspectives. These agencies have come together to provide opportunities statewide for DHS and WDA employees to connect with transportation agencies and with the help of CTAA's training program collaborate and develop transportation solutions for DHS and MWA clients to connect with transportation to jobs and training.

OPT is also administering a VTCLI II grant with the Michigan Association of United Way (MAUW) to help fund a statewide 2-1-1 database which will increase transportation resources. Callers will have all transportation options available to them with just one call. There are 8 call centers in the state of Michigan. MAUW is also working closely with the Michigan Veterans Assistance Agency and the DHS to assist TANF eligible clients to overcome transportation barriers.

ITEM D. ELIGIBLE RECIPIENTS

Section 5317 funds were apportioned among the states by a formula which is based on the ratio that the number of individuals with disabilities in each such area bears to the number of individuals with disabilities in all such areas. The disabled population is determined according to the latest available U.S. census data for individuals disabled over the age of 5. The annual apportionment for New Freedom was published in the Federal Register following the enactment of the annual DOT appropriations act. For small urbanized areas and for rural areas, the State is the designated recipient and applies directly to FTA for Section 5317 grant funds. Eligible subrecipients are private non-profit organizations, state or local governmental authorities, and operators of public transportation services.

ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

This program provides funds for capital, planning, and operating assistance to support all eligible activities. FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match while operating assistance is matched with at least a 50 percent state or local share. The state, has matched 20 percent for capital and planning activities. The funds provided by the state are a combination of cash and bond revenues. Toll revenue credits have been used to provide some of the match for capital including mobility management. The local agency must match 50 percent for operating expenses. All local share must be provided from sources other than Federal DOT funds. Sources of local match will adhere to the guidelines described in the circular.

ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS

Projects applied for through Section 5317 are selected through a statewide competitive review and selection process. If there are insufficient funds for all eligible projects, contracts will be awarded based on the review and evaluation by the OPT staff.

Project Selection Criteria

Applications are evaluated using the following criteria.

- **Project Needs/Goals and Objectives**
The project directly addresses transportation gaps and/or barriers identified through the locally developed human services transportation planning process – *clearly identifies the strategy listed in the coordinated plan that is addressed by this application*. An application should clearly state the overall program goals and objectives; demonstrates how project activities will mitigate the transportation need; and, how the project is consistent with the objectives of the New Freedom grant program.
- **Coordination**
The proposed project coordinates with other community transportation and/or social service resources. Applicant should clearly identify project stakeholders and how stakeholders are kept involved and informed throughout the project.
- **Program Outreach**
The marketing efforts which will be used to market the project is described, and the applicant should describe how public awareness of the project will be promoted.
- **Program Effectiveness and Performance Indicators**
The applicant should demonstrate that the proposed project is the most appropriate match of service delivery to the need. Applicant must identify measurable outcome-based performance measures to track the effectiveness of the service in meeting identified goals. A plan should be provided to monitor and evaluate service on an ongoing basis and outline what steps will be taken if original goals are not achieved. Applicant should describe the steps they will take to measure the effectiveness and magnitude of the impact the project will have on individuals with disabilities.
- **Implementation Plan**
For projects seeking funds to support program operations, applicant must provide a well-defined service operations plan and describe implementation steps and timelines for carrying out the plan. The project application should indicate the number of persons expected to be served and the number of passenger trips expected to be provided. Applicant should demonstrate their institutional capability to carry out the service delivery aspect of the project described.

For capital projects, the applicant should provide a solid rationale for the project and for the use of New Freedom funds, If an operating project is not included in the application to support the use of the capital project will be utilized and what funding will support the long-term utilization of the capital project. We do not plan to fund capital projects that cannot be utilized immediately after purchase. An implementation plan for completing a capital project should be provided along with key milestones, a timeline and estimated completion date.

- **Project Budget**

Applicant must submit a clearly defined project budget indicating anticipated project expenditures and revenues, including certification of matching funds for all non-capital items. New Freedom funds cannot be used to replace existing or exhausted funding from other sources.

Projects will be ranked based on:

- Thoroughness of the application and how well each given topic in the application is addressed.
- How well the project meets the needs identified in the Coordinated Plan.
- Continuation or expansion.

ITEM G. PROGRAM MEASURES

The three measures established for the New Freedom Program are:

- 1) Increases or enhancements related to geographic coverage, service quality and/or service times that impact availability of transportation services for individuals with disabilities as a result of the New Freedom projects implemented in the current reporting year.
- 2) Additions or changes to environmental infrastructure (e.g. transportation facilities, sidewalks, etc.), technology, and vehicles that impact availability of transportation services as a result of the new Freedom projects implemented in the current reporting year.
- 3) Actual or estimated number of rides (as measured by unlinked passenger trips) provided for individuals with disabilities as a result of the New Freedom projects implemented in the current reporting year.

ITEM H. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. The application forms are available through PTMS. Instructions and application forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application process requires agencies to certify compliance with state and federal regulations along with information on the following sections:

1. Type of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for seniors and individuals with disabilities.

Copies of the applications are on file with OPT. The transit operators are required to hold public hearings when applicable. From these applications OPT prepares a program of projects for submittal to FTA. Upon approval of the program and submittal of the state assurances, MDOT processes a contract between MDOT and the local agency.

ITEM I. FUNDS TRANSFERS

It has been MDOT's practice not to transfer Section 5317 funds between urbanized and rural areas. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

ITEM J. STATE ADMINISTRATION, PLANNING AND TECHNICAL ASSISTANCE

Along with the operating and capital equipment assistance, OPT provides technical services to the rural and private nonprofit transit agencies. In addition to the Section 5317 program manager, each agency is assigned a project manager who provides project oversight and technical assistance as needed.

OPT's web page is a source of information to the transit agencies and is another way MDOT provides technical and management assistance. Information found on the website includes: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; guidelines and documents; publications; calendar of events; links to other websites of interest.

OPT works with BTP to ensure projects are in the appropriate planning documents, such as MDOTs Five Year Plan, State Transportation Improvement Program, MPO Transportation Improvement Programs, and the MPO Unified Planning Work Programs.

ITEM K. PRIVATE SECTOR PARTICIPATION

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

ITEM L. CIVIL RIGHTS

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Section 601 of Title VI of the Civil Rights Act of 1964 states the following: no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The objectives of the program are to a. ensure that the level and quality of public transportation service is provided in a nondiscriminatory manner; b. promote full and fair participation in public transportation decision-making without regard to race, color, or national origin and; c. ensure meaningful access to transit-related programs and activities by persons with limited English proficiency. Each contract, public notice for annual application, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors. All 5311 agencies are required to submit their local Title VI program for MDOT's approval. OPT project managers monitor their agencies' Title VI compliance through conducting triennial on-site federal compliance reviews, and reviewing their Title VI Information form during the annual application process. More details are provided in MDOT's OPT Title VI Plan, which can be found at the [FTA Title VI Nondiscrimination Plan Program Procedures](http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html) at MDOT's Civil Rights web page, http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html.

MDOT requires all subrecipients to have an approved Title VI plan which is updated every three years. In 2014 all plans were updated based on the revised Title VI regulations, 4702.1B. Any agency providing fixed route service was required to provide information regarding their service standards in their Title VI plan.

MDOT has established and implemented a Disadvantaged Business Enterprise (DBE) program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26, as below:

§26.13 What assurances must recipients and contractors make?

(a) Each financial assistance agreement you sign with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The recipient shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for enforcement under 18

U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

(b) Each contract you sign with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals in the DBE program to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds. The program is available at <http://www.michigan.gov/mdotdbe>, by clicking on the [2013 DBE Program Procedures](#) in the body of the web page.

Each transit agency is required to submit triennial goals for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

ITEM M. MAINTENANCE

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

All equipment over \$5,000 must be reported in PTMS. Equipment is required by contract to be used for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. Project managers use a checklist to monitor the equipment use during their field visits as well as the condition of the equipment.

ITEM N. CHARTER RULE

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have an MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of federal funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. OPT has developed a program to monitor subrecipient's compliance with charter regulations. OPT provides charter bus compliance information to agencies via general informational letters and detailed guidance in response to case-specific situations.

ITEM O. SECTION 504 AND ADA REPORTING

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local seniors and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each agency that receives funds from Act 51 are required to annually submit a plan which describes how they do or will supply service to seniors and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, seniors, human service agencies, and others who have an interest in public transportation services, along with a public hearing review. All rural agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state and Section 5311 application.
2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.

4. OPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use a compliance checklist to do triennial monitoring of the transit agencies.
5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. OPT monitors subrecipient's compliance with ADA requirements during the triennial review.

ITEM P. STATE PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. OPT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of an in-state or local preference clause is not allowed. OPT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction. For procurements greater than \$3,000 and less than \$100,000, OPT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. OPT will review and approve all IFBs and RFPs if the federal funds flow through OPT. OPT will also review and approve all third party contracts of \$25,000 or greater unless the agency is certified according to STC Policy.

Financial Management

Once the operating assistance grant is approved by FTA, payments are made quarterly to the agencies. Within 40 days after the end of the state's fiscal year quarter, each agency is required to submit an Operating Assistance Report. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out will be performed in accordance with Item H of this plan.

MDOT enters into an operating assistance contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of federal funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency.

Property Management

The compliance checklist includes a section on facilities. Asset inventories are also included in an agency's annual compliance audit and auditors review and update the inventories. MDOT's contract with the agency states that facility/equipment must be used

for public transportation and the agency must notify the project manager if the facility/equipment is being disposed. Agencies are required to enter all equipment and vehicles purchased with federal or state funds and facilities constructed or improved with federal or state funds in PTMS. Project managers review this information in PTMS when payments are requested and during the triennial review. Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item U). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities.

Vehicle Use and Disposition

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows. MDOT has a lien on vehicle titles and is the first secured party for any vehicle purchased for rural subrecipients. Agencies update the vehicle inventory in PTMS when vehicles are purchased and project managers review the inventory when processing payments and during the annual application process.

Accounting Systems

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws. MAIN is the State's means for implementation and operation of a fully integrated automated financial management system for the State of Michigan.

C-TRAK tracks and maintains information about OPT contracts, contract amendments, authorizations, authorization revisions, subcontracts and vendors. It provides access to and maintenance of data and some pre-defined reports.

Audit and Close-Out

Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. OPT staff performs audit citation follow-up.

Eligible expenses for Section 5317 operating assistance are determined by the Office of Management and Budget Circular A-102 and MDOT's Local Public Transit Revenue and Expense Manual.

Subrecipient, Project Oversight and Reporting

OPT requires annual financial and non-financial reports to be submitted in PTMS. These reports are used to determine state operating assistance, federal Section 5317 operating and to provide measures of system efficiency and effectiveness.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to seniors and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers make site visits when assistance is needed and provide regular feedback to the operator of the system.

Productivity/Cost-effectiveness/Service Standards

MDOT conducts an annual analysis to determine the utilization for each federally funded vehicle. If an agency is using the vehicle for less than 10,000 miles per year, the agency needs to submit for approval an underutilization plan. If there is not a sufficient justification for the underutilization the agency will not receive addition federal and/or state funds for vehicle replacements from OPT.

We currently do not have any agency leasing equipment, but if we do they will need to determine if a lease is more cost-effective than purchasing the equipment.

ITEM Q. OTHER PROVISIONS

Section 5317 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, drug and alcohol testing, and environmental protection for construction projects not subject to a general waiver.

Buy America

The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all subrecipient agreements and third party contracts. OPT monitors for compliance.

The pre-award and post-delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

Environmental Protection

Proposed projects need to be looked at to determine their affect, if any, on the environment. Most capital projects under 5317 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. If a project has an environmental impact, MDOT follows all environmental regulations. There are several categories of projects:

a. “Categorical Exclusions.” Many projects and activities assisted with bus and bus related category funds normally do not involve significant environmental impacts. The joint FHWA/FTA environmental regulations use the term "categorical exclusions" (CEs) to

describe those projects that are categorically excluded from the requirement to prepare an environmental document [environmental assessment (EA) or environmental impact statement (EIS)]. In February 2013, FTA published new CEs tailored specifically to transit projects in an effort to provide a more straightforward and efficient environmental review process. Under the new regulations, Section 771.118 (below) is reserved exclusively for FTA actions. In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

Section 771.118(c)

- (1) Utility and similar appurtenance action
- (2) Pedestrian or bicycle action
- (3) Environmental mitigation or stewardship activity
- (4) Planning and administrative activity
- (5) Action promoting safety, security, accessibility
- (6) Acquisition, transfer of real property interest
- (7) Acquisition, maintenance of vehicles / equipment
- (8) Maintenance, rehab, reconstruction of facilities
- (9) Assembly or construction of facilities
- (10) Joint development of facilities
- (11) Emergency recovery actions
- (12) Action within Existing Operational Right-of-Way
- (13) Action with Limited Federal Funding

Section 771.118(d)

- (1) Highway modernization
- (2) Bridge replacement or rail grade separation
- (3) Hardship or protective property acquisition
- (4) Acquisition of right-of-way
- (5) Reserved
- (6) Facility modernization

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result.

b. Projects That May Have an Environmental Impact. Projects that significantly affect the environment require an EIS. The following are examples of projects that normally require an EIS: (1) A new controlled access freeway; (2) A highway project of four or more lanes on a new location; (3) New construction or extension of fixed transit facilities (e.g., rapid rail, light rail, commuter rail, bus rapid transit that will not be located within an existing transportation right-of-way) and; (4) New construction or extension of a separate roadway

for buses or high occupancy vehicles not located within an existing highway facility. Most of the projects in which our subrecipients have been involved are outlined at Item (3) above. For these projects, our subrecipients have prepared environmental documentation with appropriate technical analysis to support a categorical exclusion, as applicable. So far no EIS actions have been required for the projects in our grant applications.

c. Projects That Require an Environmental Assessment. The grant applicant must prepare an EA for any project that is not a CE and does not clearly require the preparation of an EIS. An EA documents the impacts of the proposed project and considers alternatives to the proposed site or design and is subject to public comment. FTA will review the EA and any public hearing comments and other comments received regarding the EA. A finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts, will be made by FTA.

FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

So far no projects in our grant applications have been determined by FTA to be qualified for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

School Bus Operations

Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

V. SECTION 5339

ITEM A. PROGRAM GOALS AND OBJECTIVES

Section 5339 Bus and Bus Facilities Formula Grants Program is a new program established under MAP-21, replacing the previous Section 5309 discretionary Bus and Bus Facilities program. The goals of the Section 5339 program are to assist eligible recipients in financing capital projects, which include 1) replacing, rehabilitating, and purchasing buses and related equipment; and 2) constructing bus-related facilities.

The state goals are:

1. To provide a reasonable level of public transportation service for all Michigan citizens.
 - a. Provide essential public transportation services to the mobility limited population of the state.
 - b. To achieve increased access to jobs, education, recreation, shopping, medical needs, and other cultural and social activities through public transportation.
 - c. Provide a level of public transportation service to the general population which is consistent with the achievement of local, state, and national social, economic, and environmental goals.
2. To maximize economic benefits through public transportation investments.
 - a. Create policies that foster low user costs through efficient operations of public transportation services.
 - b. Encourage an efficient mix of private, public, and quasi-public modes of transportation.
 - c. Encourage the development and implementation of advanced public transportation technologies.
 - d. Encourage economic development and new equipment opportunities in the state through public transportation expenditures.
3. Maximize positive environmental impacts achievable through the provision of public transportation service.
 - a. Provide public transportation services which contribute to the conservation of energy.

- b. Provide public transportation services which contribute to the reduction of air and noise pollution.
- c. Utilize public transportation to provide relief from traffic congestion and to reduce land requirements for transportation facilities.
- d. Coordinate public transportation and land use planning to encourage environmentally responsible land use practices.

The state objectives are:

1. The implementation of public transportation services to ensure that all the essential transportation needs of the mobility limited are met.
2. To obtain coordination and consolidation of public transportation services.
3. To assist the transit agencies to be more efficient and effective in providing public transportation.
4. To encourage long-term funding stability by obtaining a secure local funding base.

The degree to which achievement occurs will be dictated primarily by the physical, demographic, economic, and political characteristics of individual operating environments and availability of transportation resources. These goals are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation including matching funds for most federal programs. State funds are subject to the annual appropriation process for the allocation of funds to specific line items. The Michigan Department of Transportation (MDOT) provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the office's transit programs. The appropriations process is subject to public and stakeholder input as the annual appropriations bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the State Transportation Commission (STC). STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In September 2012, MDOT released the 2010-2035 long-range transportation plan, MITP update. The plan communicates MDOT's continued vision for its multi-modal transportation system. This revision was initiated as an interim step to keep the state's long-range transportation plan current and followed a more streamlined approach than a complete update. The 2035 MITP builds on the extensive public and stakeholder involvement process of the 2030 MITP that spanned two years and resulted in contacts with more than 3,000 individuals, 2,600 participants online and another 3,600 households interviewed by phone. Since the 2030 MITP, MDOT has interviewed 2,200 households, conducted three Webinars and held 15 public meetings during the 30-day public comment period for this revision. The plan can be found at:

http://www.michigan.gov/documents/mdot/MDOT_2035MIPlan4approval_398932_7.pdf?20140612085005

As part of the LRTP revision there are 18 newly published White Papers. The purpose of the white papers are to highlight and provide a short, high-level summary of the current assessment of key trends, demographic changes, and key initiatives that have occurred since the initial technical reports were published and the adoption of the 2005-2030 MI Transportation Plan. The transit white paper can be found at:

http://www.michigan.gov/documents/mdot/MDOT_TransitWhitePaperFinal_397603_7.pdf?20140612083804

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. As part of the annual applications, agencies must post a public notice allowing individuals to review their application. The agencies are also required to submit quarterly and annual financial and non-financial reports. The rural task force process for distributing flexible funds specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

ITEM B. ROLES AND RESPONSIBILITIES

MDOT has been designated by the Governor as the state administering agency for the Section 5339 program. Within MDOT, OPT has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. OPT notifies eligible applicants about the availability of the program, develops criteria, and solicits applications. OPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that audits are performed on all operating contracts, and close out projects. There are also other MDOT staff and state agencies that support OPT in administering federal programs. The Economic Development, Budget and Contracts Section manages the preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, and EEO programs. The Office of Business Development manages the department's DBE program. Our Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. BTP has the lead on the statewide long range planning process. OPT participates by working with the transit community and attending public hearings. OPT works with the MDTMB to conduct vehicle procurements in accordance with specifications established by OPT.

ITEM C. COORDINATION

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of OPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to OPT.

The plans and/or updates in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant. Section 5311 recipients are subject to this review.

MDOT has project managers assigned statewide working directly with all agencies to enhance and implement service coordination.

To promote coordination among state departments, MDOT, OPT, DHS, and WDA partnered with CTAA to facilitate an understanding of transportation from all customers'

perspectives as well as providers' perspectives. These agencies have come together to provide opportunities statewide for DHS and WDA employees to connect with transportation agencies and with the help of CTAA's training program collaborate and develop transportation solutions for DHS and MWA clients to connect with transportation to jobs and training.

OPT is also administering a VTCLI II grant with the MAUW to help fund a statewide 2-1-1 database which will increase transportation resources. Callers will have all transportation options available to them with just one call. There are 8 call centers in the state of Michigan. MAUW is also working closely with the Michigan Veterans Assistance Agency and the DHS to assist TANF eligible clients to overcome transportation barriers.

ITEM D. ELIGIBLE SUBRECIPIENTS

Each year, \$65.5 million of the Section 5339 funds will be allocated with each State receiving \$1.25 million and each territory (including DC and Puerto Rico) receiving \$500,000. The remaining funds will be distributed by formula based on population, vehicle revenue miles and passenger miles. Approximately \$1.4 million has been allocated to small urban areas of Michigan. Eligible recipients may include state agencies, local public bodies and agencies, and private nonprofit organizations engaged in public transportation.

The State of Michigan will use the state allocation for rural agencies. MDOT distributes these funds to legal public bodies that provide general public transportation in rural and small urban areas of Michigan. There are presently 74 agencies and authorities throughout the state that are eligible to receive Section 5339 funds. Service areas range from multi-county regional transit systems to small cities. There currently are no Indian reservations in Michigan providing open-door public transportation.

ITEM E. ELIGIBLE SERVICES AND SERVICE AREAS

Funds are available for public transportation projects and intercity bus transportation projects under capital grants focusing on small urban and rural areas of the State of Michigan.

ITEM F. ELIGIBLE ASSISTANCE CATEGORIES

Capital Assistance

Capital assistance is needed to maintain or improve the efficiency, effectiveness, and safety of the transit service provided to the general public. The Section 5339 Program provides funding to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities.

ITEM G. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state. If there is a need for transit agencies to provide a

portion of the match, agencies will be notified as soon as possible. The match required to access federal capital funds is provided by the state utilizing a combination of cash and bond revenues. Some eligible capital projects may be matched with toll revenue credits.

ITEM H. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS

All local public transportation projects are evaluated by OPT based upon four primary objectives:

1. Eligibility under Act 51.
2. Adequacy of service to the elderly and individuals with disabilities.
3. Reasonableness of existing and proposed level of service to the general public.
4. Level of coordination between human service agencies and the public transportation applicant.

For rural allocation, the highest priority for Section 5339 funds is for replacement buses. Allocations are made to agencies which have the highest percent of buses past their useful life. If funds are available, OPT will also provide 5339 funds for other high-priority projects such as facility construction and renovation. For small urban allocation, MDOT solicits projects from the transit agencies and allocates funds as agreed upon by the affected agencies.

MDOT submits a grant application through the federal TEAM system for both rural and small urban agencies.

The state reviews and evaluates applications for capital assistance using the following criteria:

1. Items must meet the following replacement requirements:

<u>CATEGORY</u>	<u>USEFUL LIFE</u>
COMMUNICATION EQUIPMENT	5 YEARS
COMPUTERS	6 YEARS
CAR-MINIVAN-MAXIVAN-VAN CONVERSION	4 YEARS OR 100,000 MILES
BUSES-CUTAWAY* - purchased prior to 1/1/08	5 YEARS OR 150,000 MILES
BUSES-CUTAWAY* - purchased on or after 1/1/08	7 YEARS OR 200,000 MILES
BUSES-MEDIUM DUTY*	7 YEARS OR 200,000 MILES
BUSES-MEDIUM/HEAVY DUTY*	10 YEARS OR 350,000 MILES

BUSES-HEAVY/HEAVY DUTY*

12 YEARS OR 500,000 MILES

MAINTENANCE EQUIPMENT

DEPARTMENT APPROVAL

** all replacements are based on Altoona testing.*

2. The number of spare vehicles in the fleet should not exceed 20 percent of the number of vehicles operated in peak service.
3. Requests for items, such as tools or office furniture, must include a complete list of items to be purchased and unit costs. Justification must identify the original purchase date.
4. Requests for replacement equipment must be justified on the basis of the replacement schedule.
5. A facility request must be commensurate with the current level of service plus a reasonable factor for future expansion.
6. Expansion buses and related equipment must be designated as such and justified.
7. Capital projects under \$300 are not eligible.
8. Capital project is needed to maintain or improve the efficiency, effectiveness and/or safety of the transit service provided to the general public.

Some types of vehicles may be purchased by the transit agencies under the State of Michigan MiDeal program on a competitive bid basis through MDTMB. However, some vehicles are procured and purchased locally by the agencies. Detailed guidelines for both programs, including all the required forms, are on our website.

MDOT has certified to FTA its assurance that the state will include clauses required by federal statutes and executive orders and their implementing regulations in all state/local contracts. Local agencies must agree to abide by all the contract clauses before MDOT executes the contract.

The federal funds are programmed under one federal grant number through FTA's Regional office. MDOT distributes the funds based on the above criteria to each agency and submits a grant application through TEAM. When all the capital equipment is purchased, the federal grant is closed in accordance with MDOT's procedures on grant close-out. Records will be maintained for FTA review and/or audit for three years.

Vehicles purchased by rural agencies must have the State of Michigan designated as the first secured party on the title. The agencies are responsible for maintenance and insurance on the vehicle. If vehicles and equipment are disposed, it is done in accordance with MDOT's Disposal Procedures.

If the agency terminates operations, the title to the vehicle is transferred to the state and then granted and titled to another agency providing public transportation in rural areas.

Requirements

Recipients must conform with all the requirements under Section 5339, including an agreement in writing to the terms and conditions of the standard Section 5333(b) warranty, or substitute arrangements approved by the U. S. Department of Labor.

ITEM I. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. Instructions forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application process requires agencies to certify compliance with state and federal regulations along with information on the following sections:

1. Type of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for seniors and individuals with disabilities.

Copies of the applications are on file with OPT. The transit operators are required to hold public hearings when applicable. From these applications OPT prepares a program of projects for submittal to FTA. Upon approval of the program, submittal of the state assurances, and Special Section 5333(b) Warranty approval by the Department of Labor, MDOT processes a contract between MDOT and the local agency.

ITEM J. FUNDS TRANSFERS

It has been MDOT's practice not to transfer Section 5339 funds between urbanized and rural areas. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

ITEM K. STATE ADMINISTRATION, PLANNING AND TECHNICAL ASSISTANCE

Along with the operating and capital equipment assistance, OPT provides technical services to the rural public transit agencies. In addition to the Section 5339 program manager, each agency is assigned a project manager who provides project oversight and technical assistance as needed. The project managers conduct triennial reviews of the agencies to ensure compliance with state and federal regulations.

OPT's web page is a source of information to the transit agencies and is another way MDOT provides technical and management assistance. Information found on the website includes: application instructions and forms; audit and accounting information, reference

manual for transit agencies, transportation laws and regulations; procurement; guidelines and documents; publications; calendar of events; links to other websites of interest.

OPT works with BTP to ensure projects are in the appropriate planning documents, such as MDOTs Five Year Plan, State Transportation Improvement Program, MPO Transportation Improvement Programs, and the MPO Unified Planning Work Programs.

ITEM L. PRIVATE SECTOR PARTICIPATION

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

ITEM M. CIVIL RIGHTS

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Section 601 of Title VI of the Civil Rights Act of 1964 states the following: no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The objectives of the program are to a. ensure that the level and quality of public transportation service is provided in a nondiscriminatory manner; b. promote full and fair participation in public transportation decision-making without regard to race, color, or national origin and; c. ensure meaningful access to transit-related programs and activities by persons with limited English proficiency. Each contract, public notice for annual application, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors. All 5311 agencies are required to submit their local Title VI program for MDOT's approval. OPT project managers monitor their agencies' Title VI compliance through conducting triennial on-site federal compliance reviews, and reviewing their Title VI Information form during the annual application process. More details are provided in MDOT's OPT Title VI Plan, which can be found at the [FTA Title VI Nondiscrimination Plan Program Procedures at MDOT's Civil Rights web page, http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html](http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html).

MDOT requires all subrecipients to have an approved Title VI plan which is updated every three years. In 2014 all plans were updated based on the revised Title VI regulations, 4702.1B. Any agency providing fixed route service was required to provide information regarding their service standards in their Title VI plan.

MDOT has established and implemented a Disadvantaged Business Enterprise (DBE) program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26, as below:

§26.13 What assurances must recipients and contractors make?

(a) Each financial assistance agreement you sign with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The recipient shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

(b) Each contract you sign with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals in the DBE program to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds. The program is available at <http://www.michigan.gov/mdotdbe>, by clicking on the [2013 DBE Program Procedures](#) in the body of the web page.

Each transit agency is required to submit triennial goals for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

ITEM N. MAINTENANCE

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to OPT for review and approval. Project managers from OPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

All equipment over \$5,000 must be reported in PTMS. Equipment is required by contract to be used for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. Project managers use a checklist to monitor the equipment use during their field visits as well as the condition of the equipment.

ITEM O. CHARTER RULE

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have an MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of federal funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. OPT has developed a program to monitor subrecipient's compliance with charter regulations. OPT provides charter bus compliance information to agencies via general informational letters and detailed guidance in response to case-specific situations.

ITEM P. SECTION 504 AND ADA REPORTING

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local seniors and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each agency that receives funds from Act 51 are required to annually submit a plan which describes how they do or will supply service to seniors and individuals with disabilities equal to the level of service supplied to other

segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, seniors, human service agencies, and others who have an interest in public transportation services, along with a public hearing review. All rural agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state and federal application.

2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.
4. OPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use a compliance checklist to do triennial monitoring of the transit agencies.
5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. OPT monitors subrecipient's compliance with ADA requirements during the triennial review.

ITEM Q. STATE PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. OPT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of an in-state or local preference clause is not allowed. OPT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction. For procurements greater than \$3,000 and less than \$100,000, OPT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. OPT will review and approve all IFBs and RFPs if the federal funds flow through OPT. OPT will also review and approve all third party contracts of \$25,000 or greater unless the agency is certified according to STC Policy.

Financial Management

Once the operating assistance grant is approved by FTA, payments are made quarterly to the agencies. Within 40 days after the end of the state's fiscal year quarter, each agency is required to submit an Operating Assistance Report. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA.

MDOT enters into an contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5339 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency.

Property Management

The compliance checklist includes a section on facilities. Asset inventories are also included in an agency's annual compliance audit and auditors review and update the inventories. MDOT's contract with the agency states that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed. Agencies are required to enter all equipment and vehicles purchased with federal or state funds and facilities constructed or improved with federal or state funds in PTMS. Project managers review this information in PTMS when payments are requested and during the triennial review. Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item Q). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities.

Vehicle Use and Disposition

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows. MDOT has a lien on vehicle titles and is the first secured party for any vehicle purchased for rural subrecipients. Agencies update the vehicle inventory in PTMS when vehicles are purchased and project managers review the inventory when processing payments and during the annual application process.

Accounting Systems

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws.

MAIN is the State's means for implementation and operation of a fully integrated automated financial management system for the State of Michigan.

C-TRAK tracks and maintains information about OPT contracts, contract amendments, authorizations, authorization revisions, subcontracts and vendors. It provides access to

and maintenance of data and some pre-defined reports.

Audit and Close-Out

Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. OPT staff performs audit citation follow-up.

Subrecipient, Project Oversight and Reporting

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to seniors and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers complete triennial compliance checklists for their agencies, make other visits when assistance is needed, and provide regular feedback to the operator of the system.

Productivity/Cost-effectiveness/Service Standards

MDOT conducts an annual analysis to determine the utilization for each federally funded vehicle. If an agency is using the vehicle for less than 10,000 miles per year, the agency needs to submit for approval an underutilization plan. If there is not a sufficient justification for the underutilization the agency will not receive addition federal and/or state funds for vehicle replacements from OPT.

Currently there are no agencies leasing equipment. Before leasing, the agency will need to determine and document that a lease is more cost-effective than purchasing the equipment.

ITEM R. OTHER PROVISIONS

Section 5339 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, drug and alcohol testing, and environmental protection for construction projects not subject to a general waiver.

Buy America

The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from Section 5339 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all Section 5339 subrecipient agreements and third party contracts. OPT monitors for compliance.

The pre-award and post-delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

Drug and Alcohol Testing

Anyone who performs a safety-sensitive function for the subrecipient is required to comply with Drug and Alcohol testing requirements, unless the contract is for maintenance services. Maintenance contractors and subcontractors for Section 5339 subrecipients are not subject to the rules.

Section 5339 subrecipients must establish and implement a drug and alcohol testing program that complies with 49 CFR Part 655, produce any documentation necessary to establish its compliance, and permit any authorized representative of US DOT or MDOT, to inspect the facilities and records associated with the implementation of the drug and alcohol testing program and review the testing process. Each subrecipient must certify to MDOT its compliance with Part 655 each year. To certify compliance subrecipients will use the certification included in the annual Section 5339 application. Drug and alcohol testing clauses are included in all Section 5339 subrecipient agreements and third party contracts. OPT has developed a monitoring program.

Most of the Section 5339 subrecipients belong to the MDOT Transit Drug and Alcohol Consortium. This consortium is administered by an external third party consultant. OPT takes action with drug consortia administrators as well as the individual Section 5339 subrecipients in order to ensure that they are in full compliance with drug and alcohol testing regulations.

Environmental Protection

Proposed projects need to be looked at to determine their affect, if any, on the environment. Most capital projects under 5339 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. When 5339 funds are combined other federal funds, some projects may have an environmental impact. MDOT follows all environmental regulations. There are several categories of projects:

a. “Categorical Exclusions.” Many projects and activities assisted with bus and bus related category funds normally do not involve significant environmental impacts. The joint FHWA/FTA environmental regulations use the term "categorical exclusions" (CEs) to describe those projects that are categorically excluded from the requirement to prepare an environmental document [environmental assessment (EA) or environmental impact statement (EIS)]. In February 2013, FTA published new CEs tailored specifically to transit projects in an effort to provide a more straightforward and efficient environmental review process. Under the new regulations, Section 771.118 (below) is reserved exclusively for FTA actions. In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

Section 771.118(c)

- (1) Utility and similar appurtenance action
- (2) Pedestrian or bicycle action
- (3) Environmental mitigation or stewardship activity
- (4) Planning and administrative activity
- (5) Action promoting safety, security, accessibility
- (6) Acquisition, transfer of real property interest
- (7) Acquisition, maintenance of vehicles / equipment
- (8) Maintenance, rehab, reconstruction of facilities
- (9) Assembly or construction of facilities
- (10) Joint development of facilities
- (11) Emergency recovery actions
- (12) Action within Existing Operational Right-of-Way
- (13) Action with Limited Federal Funding

Section 771.118(d)

- (1) Highway modernization
- (2) Bridge replacement or rail grade separation
- (3) Hardship or protective property acquisition
- (4) Acquisition of right-of-way
- (5) Reserved
- (6) Facility modernization

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result.

b. Projects That May Have an Environmental Impact. Projects that significantly affect the environment require an EIS. The following are examples of projects that normally require an EIS: (1) A new controlled access freeway; (2) A highway project of four or more lanes on a new location; (3) New construction or extension of fixed transit facilities (e.g., rapid rail, light rail, commuter rail, bus rapid transit that will not be located within an existing transportation right-of-way) and; (4) New construction or extension of a separate roadway for buses or high occupancy vehicles not located within an existing highway facility. Most of the projects in which our subrecipients have been involved are outlined at Item (3) above. For these projects, our subrecipients have prepared environmental documentation with appropriate technical analysis to support a categorical exclusion, as applicable. So far no EIS actions have been required for the projects in our grant applications.

c. Projects That Require an Environmental Assessment. The grant applicant must prepare an EA for any project that is not a CE and does not clearly require the preparation of an

EIS. An EA documents the impacts of the proposed project and considers alternatives to the proposed site or design and is subject to public comment. FTA will review the EA and any public hearing comments and other comments received regarding the EA. A finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts, will be made by FTA.

FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

So far no projects in our grant applications have been determined by FTA to be qualified for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

Transit Employee Protection

All agencies must submit a letter to MDOT with their annual applications accepting the terms and conditions of the Special Section 5333(b) Warranty as well as a listing of any unions representing their employees. They must also include a listing of all other transportation providers in the agency's service area and their unions.

School Transportation

Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

VI. SECTION 5303/5304

ITEM A. GOALS AND OBJECTIVES

The state goal under the Metropolitan Transportation Planning Program, Section 5303 and the Statewide Transportation Planning Program, Section 5304 is to develop a transportation system that emphasizes preservation, providing a safe and secure transportation system; protecting natural resources, air quality, and improving land use practices; as well as providing economic development opportunities for improving the quality of life.

MDOT uses these funds to support transit planning in the both the urbanized and rural areas and to provide training and educational programs.

Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation that is then subject to the annual appropriation process for the allocation of funds to specific line items. MDOT provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the office's transit programs. The appropriations process is subject to public and stakeholder input as the bill moves through the legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In September 2012, MDOT released the 2010-2035 long-range transportation plan, MITP update. The plan communicates MDOT's continued vision for its multi-modal transportation system. This revision was initiated as an interim step to keep the state's long-range transportation plan current and followed a more streamlined approach than a complete update. The 2035 MITP builds on the extensive public and stakeholder involvement process of the 2030 MITP that spanned two years and resulted in contacts with more than 3,000 individuals, 2,600 participants online and another 3,600 households interviewed by phone. Since the 2030 MITP, MDOT has interviewed 2,200 households, conducted three Webinars and held 15 public meetings during the 30-day public comment period for this revision. The plan can be found at:

http://www.michigan.gov/documents/mdot/MDOT_2035MIPlan4approval_398932_7.pdf?20140612085005

Each MPO is required to submit on an annual basis a Unified Planning Work Program (UPWP). The UPWP identifies the planning priorities and activities to be carried out within the MPO area. It includes a description of the planning work and resulting products, agency that will perform the work, time frames for completing the work, the cost of the work, and the source(s) of funds. Any 5303/5304 project in an urbanized area is identified within the MPO's UPWP. If the project is not in an urbanized area, the project is identified in an annual statewide work program.

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget.

ITEM B. ROLES AND RESPONSIBILITIES

MDOT has been designated by the Governor as the state administering agency for the Sections 5303 and 5304 programs. Within MDOT, OPT has the responsibility of administering these programs, ensuring a fair and equitable distribution of funds, and that the programs adhere to federal and state program guidelines. BTP and OPT notify eligible applicants about the availability of the funds, develops criteria, solicits applications, and monitors program compliance. BTP is responsible for the close out of projects and grants.

For Section 5304, Planning along with the OPT certifies eligibility of the applicants, reviews applications, selects applications for inclusion in the program, and ensures that all required audits are performed on Section 5304 contracts.

For Section 5303, funds are allocated to MPOs based on population. For smaller MPOs, a portion of the Section 5304 funds are used to supplement their allocation. The funds are programmed based on the MPOs Unified Planning Work Programs (UPWPs).

The following MDOT staff and other state agencies help support OPT in administering federal programs. The Economic Development, Budget and Contracts Section manage the preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, and EEO programs. The Office of Business Development manages the department's DBE program. The Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. BTP has the lead on the statewide long range planning process. OPT participates by working with the transit community and attending public hearings.

ITEM C. COORDINATION

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

MPOs and Regional Planning Agencies serve as the coordinating body in their respective areas. Agencies applying for Section 5303 and 5304 are required to work with their local planning agency to ensure coordination within their area.

MDOT has project managers assigned statewide working directly with all agencies to enhance and implement service coordination.

To promote coordination among state departments, with funding from Section 5304, OPT, DHS, and WDA partnered with CTAA to facilitate an understanding of transportation from all customers' perspectives as well as providers' perspectives. These agencies have come together to provide opportunities statewide for DHS and WDA employees to connect with transportation agencies and with the help of CTAA's training program collaborate and develop transportation solutions for DHS and MWA clients to connect with transportation to jobs and training.

OPT is also administering a VTCLI II grant with the MAUW to help fund a statewide 2-1-1 database which will increase transportation resources. Callers will have all transportation options available to them with just one call. There are 8 call centers in the state of Michigan. MAUW is also working closely with the Michigan Veterans Assistance Agency and the DHS to assist TANF eligible clients to overcome transportation barriers.

ITEM D. ELIGIBLE RECIPIENTS

Section 5304 funds are apportioned among the states by a formula which is based on the ratio equal to the population in each State's urbanized areas (UZAs), divided by the total population in UZAs in all the States, as shown by the latest available census prepared by the Bureau of The Census. However, a State must receive at least 0.5 percent of the amount annually apportioned. The State is the designated recipient and applies directly to FTA for Section 5304 grant funds. Eligible subrecipients are States, authorities of the States, MPOs, local governmental authorities, and operators of public transportation systems.

Section 5303 funds are apportioned among the states by a formula which is based on the ratio equal to the population in each State's urbanized areas (UZAs), divided by the total population in UZAs in all the States, as shown by the latest available census prepared by the Bureau of The Census. Eligible applicants are the MPOs which are designated for each urbanized area with a population of more than 50,000 individuals.

ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

This program provides funds for planning activity projects. FTA requires a state/local match to access federal funds. Projects are matched 80 percent federal with a 20 percent state or local match. The funding provided by the state is cash. All local share funding must be provided from sources other than Federal DOT funds. Sources of local match will adhere to the guidelines described in the circular.

ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS

Projects applied for through Section 5304 are selected through an annual statewide competitive review and selection process. Applications are due on March 1, of each year.

A team of staff from both OPT and BTP evaluate each project based on set criteria. If there are insufficient funds for all eligible projects, contracts are awarded based on the scores.

Applications are scored and evaluated using the following criteria:

- Supports the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency;
- Increases the safety of the transportation system for motorized and nonmotorized users;
- Increases the security of the transportation system for motorized and nonmotorized users;
- Increases the accessibility and mobility of people and freight;
- Protects and enhances the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns;
- Enhance the integration and connectivity of the transportation system, across and between modes, for people and freight;
- Promotes efficient system management and operation, including training;
- Emphasizes the preservation of the existing transportation system; and
- Provides evidence of local support, which may include local funding.

ITEM G. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible agencies to enable the preparation of a local transportation program. The application forms for Section 5304 are available through PTMS. The instructions and application forms may also be obtained on our web page, or if requested, can be sent via mail.

The application requires information on the following sections:

1. Program Statement.
2. Project Objective and Description.
3. Product Deliverable.
4. Time Frame.
5. Budget.
6. If applicable, letters of support.

Copies of the applications are on file with OPT. The applicants are required to hold public hearings when applicable. From these applications OPT prepares a program of projects along with all required certifications for submittal to FTA. Upon approval of the program, MDOT processes a contract between MDOT and the local agency.

Planning provides MPOs their annual allocation in February of each year. The MPOs develop their UPWPs based on their annual allocation amounts. Each MPO considers projects and strategies that support economic vitality of the metropolitan area, increase safety and security for the transportation system, increase accessibility, protect and enhance the environment, enhance integration, promote efficient and effective operations and emphasize preservation of the existing system.

ITEM H. FUNDS TRANSFERS

It has been MDOT's practice not to use Section 5304 funds for administration. If we deem it necessary to use funds for administration at some point in the future, we will develop a policy/procedure and revise the management plan. We do annually transfer a portion of the Section 5304 funds to the Section 5303 to supplement small urban agencies transit planning activities.

ITEM I. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE

MDOT provides technical services to agencies awarded 5303 and 5304 funds. In addition to the Section 5304 program manager, a OPT project manager is assigned geographically, covering all 83 counties in the state. The project manager will provide project oversight and technical assistance as needed if the project selected is within their geographical service area. Statewide training needs are determined annually and the level of state and local funding available determines the delivery of training. Previous training plans have included Frontline Training, Drug and Alcohol, Small Bus Rodeo, Financial Management for Transit, Vehicle and Equipment Seminar, and the Statewide Transit Conference. Each MPO has a project manager that provides technical and administrative assistance to each area.

OPT's web page is a source of information to the transit agencies and is another way MDOT provides technical and management assistance. Information found on the website includes: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; guidelines and documents; publications; calendar of events; links to other websites of interest.

OPT works with BTP to ensure projects are in the appropriate planning documents, such as MDOTs Five Year Plan, State Transportation Improvement Program, MPO Transportation Improvement Programs, and the MPO Unified Planning Work Programs.

ITEM J. PRIVATE SECTOR PARTICIPATION

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

ITEM K. CIVIL RIGHTS

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Section 601 of Title VI of the Civil Rights Act of 1964 states the following: no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The objectives of the program are to a. ensure that the level and quality of public transportation service is provided in a nondiscriminatory manner; b. promote full and fair participation in public transportation decision-making without regard to race, color, or national origin and; c. ensure meaningful access to transit-related programs and activities by persons with limited English proficiency. Each contract, public notice for annual application, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors. All 5311 agencies are required to submit their local Title VI program for MDOT's approval. OPT project managers monitor their agencies' Title VI compliance through conducting triennial on-site federal compliance reviews, and reviewing their Title VI Information form during the annual application process. More details are provided in MDOT's OPT Title VI Plan, which can be found at the [FTA Title VI Nondiscrimination Plan Program Procedures at MDOT's Civil Rights web page, http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html](http://www.michigan.gov/mdot/0,1607,7-151-9621_31783---,00.html).

MDOT has established and implemented a Disadvantaged Business Enterprise (DBE) program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26, as below:

§26.13 What assurances must recipients and contractors make?

(a) Each financial assistance agreement you sign with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The recipient shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

(b) Each contract you sign with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals in the DBE program to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds. The program is available at <http://www.michigan.gov/mdotdbe>, by clicking on the [2013 DBE Program Procedures](#) in the body of the web page.

Each transit agency is required to submit triennial goals for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

ITEM L. STATE PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. OPT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of an in-state or local preference clause is not allowed. OPT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction. For procurements greater than \$3,000 and less than \$100,000, OPT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. OPT will review and approve all IFBs and RFPs if the federal funds flow through OPT. OPT will also review and approve all third party contracts of \$25,000 or greater unless the agency is certified according to STC Policy.

Financial Management

Once the grant is approved by FTA, payments are made to the agencies. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA.

MDOT enters into a contract with the applicant that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5303 or 5304 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency.

Property Management

Asset inventories are included in an agency's annual compliance audit and auditors review and update the inventories. However, Section 5303 and 5304 typically do not include capital purchases. If an eligible capital item is purchased with these funds, MDOT's contract with the agency will state that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed. If the applicant is a public transit agency, they are required to enter all equipment and vehicles purchased with federal or state funds and facilities constructed or improved with federal or state funds in PTMS. Project managers review this information in PTMS when payments are requested and during the triennial review. Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See **Item U**). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities.

Vehicle Use and Disposition

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows. MDOT has a lien on vehicle titles and is the first secured party for any vehicle purchased for rural subrecipients. Agencies update the vehicle inventory in PTMS when vehicles are purchased and project managers review the inventory when processing payments and during the annual application process.

Accounting Systems

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws.

MAIN is the State's means for implementation and operation of a fully integrated automated financial management system for the State of Michigan.

C-TRAK tracks and maintains information about OPT contracts, contract amendments, authorizations, authorization revisions, subcontracts and vendors. It provides access to and maintenance of data and some pre-defined reports.

Audit and Close-Out

Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited figures. OPT staff performs audit citation follow-up.

Subrecipient, Project Oversight and Reporting

OPT requires annual financial and non-financial reports to be submitted in PTMS. These reports are used to determine state local bus operating assistance, federal Section 5311 operating and to provide measures of system efficiency and effectiveness.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to seniors and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers make site visits when assistance is needed and provide regular feedback to the operator of the system.

ITEM M. OTHER PROVISIONS

Lobbying Restrictions. Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."