

**Guidelines
for
Local Vehicle Purchase
on State Administered Grants
Checklist for Purchase
*Revised July 18, 2022***



Office of Passenger Transportation

I. Purpose

To provide guidelines for public transit agencies desiring to locally purchase public transit vehicles using a combination of local, state, and federal funds.

II. Information

- A. These guidelines provide a uniform local procurement procedure for vehicles and should be used as a supplement to local procurement requirements.
- B. When a transit agency is given written authorization by the Michigan Department of Transportation (MDOT) Office of Passenger Transportation (OPT) to procure vehicles, they may choose to procure their own vehicles, participate in a vehicle procurement consortium (two or more transit agencies), work through a local governmental agency, or purchase vehicles through another transit agency's existing vehicle contract (piggyback). In all cases, the transit agency remains the responsible party, even when another agency is designated as the procuring agent.
- C. Transit agencies agree to adhere to the terms and condition of MDOT's annual master agreement with the Federal Transit Administration (FTA) when they execute their State/Local master agreement and project authorization.
- D. The federal requirements are extensive, and the FTA has prepared detailed guidance on these requirements:
 - **FTA Circular 4220.1F *Third-party Contracting Guidance*:**
<https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/Third%20Party%20Contracting%20Guidance%20%28Circular%204220.1F%29.pdf>
 - **FTA *Best Practices Procurement Manual*:**
<https://www.transit.dot.gov/funding/procurement/third-party-procurement/best-practices-procurement-manual>
- E. The transit agency will develop a bid package which will include the vehicle specification. A transit agency may use any specification as a guideline including OPT specifications, those of other transit agencies, and local government agencies, states, or the federal government. As a minimum, the vehicle specification must require the manufacturer to meet all applicable:
 - Michigan Motor Carrier Vehicle Codes
 - Federal Motor Vehicle Safety Standards (FMVSS)
 - American with Disabilities Act (ADA)
 - Any other federal requirements for vehicle specifications outlined in MDOT/FTA master agreement.

- F. Specifications shall be written with a clear and accurate description (salient characteristics) of the vehicle, components, and equipment options. When it is impractical or uneconomical to write a clear and accurate description of the technical requirements of the property or services to be acquired, a “brand name or equal” description may be used to define the performance or other salient characteristics of the property or services sought. The specific features or salient characteristics of the named brand which must be met by offerors of “an equal” proposal must be clearly stated.
- G. Agencies should conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. This ensures the maximum amount of competition for federally funded programs.
- H. Federal contract clauses shall be incorporated in all federally funded third-party contracts; however, not all clauses apply to vehicle contracts. For instance, Buy America clause applies to contracts over \$150,000 while Davis-Bacon Act does not apply to vehicle contracts. Transit agencies should review each contract clause and verify applicability. MDOT has created specific vehicle procurement clauses and they are available online:
- **MDOT:**
<https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines>
- I. It is extremely important transit agencies contract only for their **reasonably anticipated needs** and do not add quantities or options to contracts solely to assign these quantities at a later date. Document, in the bid, other authorized transit agencies purchasing vehicle(s) from the contract (piggybacking). The lead transit agency **will provide** the vendor a letter authorizing specific agencies to purchase vehicles from their contract.
- J. The eligible cost in the state/local contract between the transit agency and MDOT should include the total cost of the vehicle and documented administrative expense (up to 2% of the total cost of the vehicle) attributed to the purchase of the vehicle.
- K. For procurements **\$10,000 to less than \$250,000**, transit agencies shall document competitive quotations and follow small purchase procedures **\$10,000 to less than \$250,000**. For procurements **\$250,001 and over**, transit agencies shall utilize the competitive bid/solicitation process. If your local procurement policy has lower thresholds, you must follow the method per your policy. Under this process, transit agencies are required to post a public notice, in a newspaper, trade publication, Internet Web Site, or a circulation that specifically targets the vehicles and equipment being purchased. Procurements in excess of \$100,000 require MDOT approval of a third-party contract. Those transit agencies certified by FTA are not required to obtain this approval. **It is also highly recommended that transit agencies notify potential vendors about the bid. This can be via mail, e-mail, telephone, or in-person. The ultimate goal is to get at least three (3) competitive bids from multiple vendors; otherwise, if only one bid is received then it will be considered a single bid**

and will require further analysis per the FTA.

- L. Rural transit agencies shall designate the **State of Michigan Department of Transportation; Office of Passenger Transportation; 425 W. Ottawa; Lansing, Michigan, 48909**, as the “**First Secured Party**” on all vehicles purchased locally from state administered grants.
- M. The transit agency will be responsible for paying any additional cost for the vehicle if the bid price is in excess of the eligible amount of awarded project authorization between the transit agency and MDOT. The transit agency is not entitled to excess funds in the contract when a bid price is less than the state/local contract amount.
- N. The costs for additional vehicle options that are not contained in the local contract bid/award are not eligible for state/federal reimbursement. Local funds may be used to purchase these additional options; however, local procurement requirements should be followed.
- O. Transit agencies should use caution when making specification changes as it can affect prices, product quality, or even be considered a cardinal change. All these reasons can cause the procurement to no longer be competitive and/or federally compliant. Changes must be noted on the required *Vehicle Purchase Specification Certification* form.
- P. **Written Record of Procurement History.** Transit agencies shall maintain records detailing the history of procurement. Keep a file of all procurement related actions and documentation. A good rule of thumb is “if you did not document it, you did not do it!” At a minimum, these records shall include:
 - The rationale for the method of procurement,
 - Selection of contract type,
 - Reasons for contractor selection or rejection, and
 - The basis for the contract price.

III. Procedure

- A. Transit agencies desiring to purchase vehicles locally shall indicate their intent on their annual application and/or during the vehicle verification process. Written authorization to procure the vehicle(s) will be included in the awarded project authorization emailed to the agency.
- B. Urban transit agencies may proceed with the procurement, however if funds are directly administered by MDOT the agency needs to ensure that MDOT is listed as a secured party on the title (see section VII. Urban Transit Agency Payment Checklist).
- C. Rural transit agencies and urban transit agencies that are not self-certified must submit their bid/solicitation package for review and approval, in two approval

stages, to their **MDOT project manager** prior to making an award.

1. **Stage A** review consists of submitting the pre-bid/solicitation documents to MDOT (see section VI. Local Vehicle Checklist, subsection A). Following the MDOT review, the agency shall make any corrections or updates prior to bid. Once an approval letter is received by the agency, the solicitation can proceed, but not before. A Stage A review does not apply if purchasing through a consortium (two or more transit agencies), another state purchasing program, a local governmental agency, or through another transit agency's existing vehicle contract (piggyback) as the contract is already executed.
 2. **Stage B** review consists of submitting the post-bid/solicitation and third-party contract documents to MDOT (see section VI. Local Vehicle Checklist, subsection B).
- D. Bid packages/third-party contracts shall be submitted to the MDOT Vehicle Procurement Analyst. After notification of MDOT approval, the rural transit agencies should proceed to execute the third-party contract and provide a signed copy per the email package directions received from the **MDOT/OPT/Contracting Section**
- E. Upon the receipt of signed and MDOT awarded third-party contract, the transit agency may submit a purchase order to the vendor.
- F. Pre-award and post-delivery audits shall be completed (see section VI. Local Vehicle Checklist, subsection C) utilizing attachments A-1 through A-13.
- G. After the acceptance of the vehicle(s), transit agencies shall forward the required documentation to their **MDOT project manager** requesting payment. Please see section VI, subsection D "Local Vehicle Purchase Checklist" for required documentation.

IV. Technical Assistance

For additional assistance regarding the local purchase process or to arrange a meeting between MDOT and your agency, please contact:

Jeff Turner
Vehicle Procurement Analyst
Office of Passenger Transportation
Michigan Department of Transportation
Phone: (517) 335-1700
e-mail: MDOT-Vehicle-Procurement@michigan.gov

V. Resources and Tools

A. MDOT Procurement Guidelines:

<https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle->

[contracts-and-procurement/procurement-guidelines](#)

B. FTA Circular 4220.1F *Third-party Contracting Guidance*:

<https://www.transit.dot.gov/regulations-and-guidance/fta-circulars/third-party-contracting-guidance>

C. FTA *Best Practices Procurement Manual*:

<https://www.transit.dot.gov/funding/procurement/third-party-procurement/best-practices-procurement-manual>

D. Pricing Guide for FTA Grantees:

<https://www.transit.dot.gov/funding/procurement/third-party-procurement/pricing-guide-fta-grantees>

E. FTA Procurement System Self-Assessment Guide (common procurement issues are listed here):

<https://www.transit.dot.gov/funding/procurement-system-self-assessment-guide>

F. FTA Bus Testing Requirements:

<https://www.transit.dot.gov/funding/procurement/third-party-procurement/bus-testing-requirements>

G. FTA Conducting Pre-Award and Post-Delivery Audits for Bus Procurements:

<https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/regulations-and-guidance/buy-america/58191/buy-america-handbook-rpt0106.pdf>

H. Federal System for Award Management:

https://sam.gov/search/?page=1&pageSize=25&sort=-modifiedDate&sfm%5Bstatus%5D%5Bis_active%5D=true&sfm%5BsimpleSearch%5D%5BkeywordRadio%5D=ALL

I. APTA Standard Bus Procurement Guidelines RFP/IFB (Model bus RFP/IFB included):

<http://www.apta.com/resources/reportsandpublications/Documents/comterms.pdf>

J. RTAP Procurement PRO

<https://www.nationalrtap.org/Technology-Tools/ProcurementPRO>

VI. Local Vehicle Purchase Checklist/Timeline

Rural and urban agencies that receive federal funds from MDOT		
A		Pre-Bid/Solicitation - Prior to going out for bid/solicitation , the following steps shall be completed, and appropriate documentation submitted to the MDOT Vehicle Procurement Analyst for review/approval:
<input type="checkbox"/>	1.	*Fully executed MDOT/Local project authorization along with MDOT approval to proceed with procurement (if required)
<input type="checkbox"/>	2.	* If purchasing through a consortium (two or more transit agencies), another state purchasing program, a local governmental agency, or through another transit agency's existing vehicle contract (piggyback) then proceed to section B
<input type="checkbox"/>	3.	*Completed and signed Method of Procurement Decision Matrix MDOT Form #3138 available on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/0,4616,7-151-9625_21607_86364---,00.html
<input type="checkbox"/>	4.	* Completed and signed Independent Cost Estimate (ICE) MDOT Form #3142 (If procurement is over \$250,000) available on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines
<input type="checkbox"/>	5.	* Approved Vehicle Specifications
<input type="checkbox"/>	6.	*Federally required clauses found on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines
<input type="checkbox"/>	7.	Solicitation documents such as request for quotes (RFQ), sealed bids/invitation for bids (IFB), competitive proposals/request for proposals (RFP), and sole source.
<input type="checkbox"/>	8.	*A price schedule or cost model listing all vehicle features and equipment options. This form is used for bidders to complete.
<input type="checkbox"/>	9.	*Updates and corrections made to documentation following MDOT review.
<input type="checkbox"/>	10.	*Approval from MDOT Vehicle Procurement Analyst to proceed with the bid/solicitation.
B		Post Bid/Solicitation - Prior to making an award or purchase , the following steps shall be completed, and appropriate documentation submitted to the MDOT Vehicle Procurement Analyst for approval:
<input type="checkbox"/>	1.	*Unsigned and completed Standard third-party contract MDOT Form #5634 available on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines terms and conditions (Use "unit price" in Contract Price terms)
<input type="checkbox"/>	2.	Advertisement or public notice in a newspaper, trade magazine, Internet website, or a circulation that specifically targets the vehicles and equipment you are purchasing. Advertisement and Solicitation MDOT Form #3148 available on MDOT's Procurement Guidelines page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-

		vehicle-contracts-and-procurement/procurement-guidelines	
<input type="checkbox"/>	3.	*A minimum of three (3) responsive bidders or quotes. Responsive bidders shall possess the ability, willingness, and integrity to perform successfully under the terms and conditions of the contract. If fewer than 3 responsive bidders use Fewer Than Three Offers Received Evaluation MDOT Form #3144 available on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines MDOT must approve vendor if fewer than three responses are received.	
<input type="checkbox"/>	4.	Evaluation of all proposal's responsiveness	
<input type="checkbox"/>	5.	Tabulation of Proposal documents including selection criteria, and Proposal Tabulation MDOT Form #3150 available on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines	
<input type="checkbox"/>	6.	*A completed purchase order, price schedule, or cost model listing all vehicle features and equipment options (total costs must match terms in the third-party contract must be prepared for MDOT review. All prices shall match what was bid by the selected contractor.	
	7.	*Fair and reasonable price determination (small purchases only) see Responsibility Determination MDOT Form #3147 available on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines	
<input type="checkbox"/>	8.	*Cost or price analysis (if required) (For procurements over \$250,000) see Price MDOT Form #3145 or Cost MDOT Form 3146 available on MDOT's Procurement Guideline page vhttps://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines	
<input type="checkbox"/>	9.	*Award selection and justification shall be provided to Vehicle Procurement Analyst.	
<input type="checkbox"/>	10.	*Authorization to participate in a vehicle procurement consortium (two or more transit agencies), to purchase off another state purchasing program, to work through a local governmental agency, or to purchase vehicles through another transit agency's existing vehicle contract (piggyback) (if applicable).	
<input type="checkbox"/>	11.	*Responsibility Determination MDOT Form #3147 available on MDOT's Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines and evidence of bidder debarment/suspension verification. Check the System for Award Management and include a copy of the search results.	
C Award, Delivery, and Contract Administration			
<input type="checkbox"/>	1.	*Receive approval from MDOT to proceed with executing the third-party contract	
<input type="checkbox"/>	2.	*After receiving approved third-party contract, sign and complete the third-party contract with vendor and send a copy to	

		MDOT/OPT/Contracting Section	
<input type="checkbox"/>	3.	*Complete Pre-award Audit Checklist, Certifications and Worksheets (Attachment A-1 through A-7) (Buy America A4 & A5 do not apply to total rolling stock purchases less than \$150,000) Forms found under “State Vehicle Contracts and Procurement” website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	4.	*Issue purchase order to vendor	
<input type="checkbox"/>	5.	*Complete Pre-award Purchaser’s Requirement Certification (MDOT Form #3187) form to be included with third-party contract documents prior to award. Form found under “State Vehicle Contracts and Procurement” website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	6.	*Issue a <i>Vehicle Purchase Specification Certification</i> form to the vendor. Form found under “State Vehicle Contracts and Procurement” website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	7.	*Prior to new vehicle delivery and acceptance, request Post Delivery Audit information from vendor (Attachment A-8 through A-13). Forms found under “State Vehicle Contracts and Procurement” website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	8.	*New vehicle delivered. Complete Post Delivery Audit Checklists, Certifications and Worksheets (Attachment A-8 through A-13) (Buy America A10, A11, & A12 do not apply to total rolling stock purchases less than \$150,000) Form found under “State Vehicle Contracts and Procurement” website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	9.	Document progress and challenges of project.	
<input type="checkbox"/>	10.	Provide all “Change Orders” and associated Cost or Price Analysis see Price MDOT Form #3145 or Cost MDOT Form 3146 available on MDOT’s Procurement Guideline page https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement/procurement-guidelines	
	D	Payment Request - The following documents shall be submitted to the MDOT project manager requesting payment:	
<input type="checkbox"/>	1.	*Transit Agency payment request (including budget summary) submitted in Project Wise. This should include the MDOT third-party contract number (ie. 20XX-####/P1/S1) Instructions can be accessed at- 1. Transit Agency Instructions with Pictures 8-13-19.pdf	
<input type="checkbox"/>	2.	*Copy of the vendor’s invoice. The vendor’s invoice shall have sufficient detail and include: <u>Local Contract (eligible for reimbursement)</u> (1) Quantity of buses, vehicle information/seating (ie. 11+1 passenger with front passive lift)/unit cost.	

		(2) Local contract options quantity/description/unit cost. <u>Additional options not included in local contract (not eligible for reimbursement)</u> (3) Quantity/description/unit cost.	
<input type="checkbox"/>	3.	*Copy of the Vendor's Vehicle Acceptance form (provided by the vendor). This form acknowledges the transit agency's receipt and acceptance of the vehicle(s)	
<input type="checkbox"/>	4.	*Application for Michigan Title (Form RD108), showing MDOT as secured party if non-urban agency or if vendor is out of state, Application for Michigan Title (Form TR-11L)	
<input type="checkbox"/>	5.	*Pre-award & Post-delivery Audit Checklist, Certifications & Worksheets (Attachment A-1 through A-13). (Buy America A4, A5, A10, A11, A12 do not apply to total rolling stock purchases less than \$150,000) Form found under "State Vehicle Contracts and Procurement" website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	6.	*Copy of cover page from Altoona Test for vehicle(s) being purchased (if applicable)	
<input type="checkbox"/>	7.	*Complete Pre-award Purchaser's Requirement Certification (Form 3187) form to be included with third-party contract documents prior to award. Form found under "State Vehicle Purchase and Procurement" website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	8.	*Complete Post-delivery Purchaser's Requirement Certification (Form 3188) form found under "State Vehicle Purchase and Procurement" website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	9.	*Complete Post-delivery FVMSS Compliance Certification (MDOT Form #3189) (<i>verify decal is in place on vehicle</i>) form found under "State Vehicle Purchase and Procurement" website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	10.	*Completed <i>Vehicle Purchase Specification Certification</i> form with one of the applicable boxes checked and signed and dated by both transit agency and vendor. Form found under "State Vehicle Contracts and Procurement" website: https://www.michigan.gov/mdot/travel/mobility/pub-transit/state-vehicle-contracts-and-procurement	
<input type="checkbox"/>	11.	*Receive payment from MDOT and pay vendor for vehicle(s) within 10 days of receipt of reimbursement.	
	E	Contract Closeout	
<input type="checkbox"/>		Begin physical and administrative closeout proceedings	
<input type="checkbox"/>		Review final project file for completeness and file to be reviewed at triennial review	
<input type="checkbox"/>		Request approval for project closeout by marking payment final when all lines on project authorization have been completed	

* Elements of a small purchase.

VII. Urban Transit Agency That Receives Federal Funds Directly from FTA Payment Request Checklist

	A	Payment Request - The following documents shall be submitted to MDOT project manager requesting payment:
<input type="checkbox"/>	1.	Transit Agency payment request (including budget summary) submitted in Project Wise Instructions can be accessed at: 1. Transit Agency Instructions with Pictures 8-13-19.pdf
<input type="checkbox"/>	2.	Copy of the vendor's invoice.
<input type="checkbox"/>	3.	Application for Michigan Title (Form RD108) or if vendor is out of state, Application for Michigan Title (Form TR-11L). MDOT must be shown as secured party if funds administered by MDOT
<input type="checkbox"/>	4.	Copy of cover page from Altoona Test for vehicle(s) being purchased
<input type="checkbox"/>	5.	Receive payment from MDOT and pay vendor for vehicle(s) within 10 days of receipt of reimbursement.