

STATE OF MICHIGAN

MANAGEMENT PLAN

FOR

**FUNDING UNDER SECTIONS 5310, 5311, 5339 and Section 70
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 January 2022

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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 several 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 longer termed basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan (LRTP). In July 2016, MDOT released the 2040 long-range transportation plan which is an update and extension to the 2005-2030 MI Transportation plan: Moving Michigan Forward (2030 MTP) and the 2035 MI Transportation Plan. 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/mdot/0,1607,7-151-9621_14807_14809---,00.html

As part of the LRTP revision there are 19 published White Papers. The purpose of the white papers is 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. The white papers, including one for transit can be found at:

http://www.michigan.gov/mdot/0,1607,7-151-9621_14807_14809_42796---,00.html

In addition to these state level processes; local agencies establish their goals for use of federal funds in multiple 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 application, 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 contracts over \$100,000, 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 Business Development manages the department's Disadvantage Business Enterprise (DBE) program and administers the department's Title VI program. The Michigan Department of Transportation has an Equal Employment Opportunity Officer (EEO) who manages the EEO programs. The Bureau of Finance and Administration executes contracts, provides accounting support, prepares, and submits Federal Transit Administration's (FTA) federal financial 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 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 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 transit providers and local organizations 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 transit agencies to enhance and implement service coordination.

ITEM D. ELIGIBLE SUBRECIPIENTS

Section 5311 funds are apportioned to the states by a statutory formula per the latest available U.S. Census. Eligible subrecipients may include state agencies, local public bodies and agencies, private nonprofit organizations, tribal governments, operators of public transportation services and private for-profit operators of transit services. To be eligible funding, the participating agency must comply with all program requirements, including all federal and state regulations.

The State of Michigan distributes these funds to legal public bodies that provide public transportation in rural areas of Michigan, including tribal 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. Currently there is no tribal reservation 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 and/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 ten percent of the Section 5311 apportionment 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 fifteen percent set aside for Intercity bus projects) are passed through to subrecipients to support rural transportation including JARC activities.

Operating Assistance

5311 and CARES 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 fifty percent of net deficit is maintained. The Local Bus Operating Assistance (LBO) provides, by statute, up to sixty percent of eligible operating expenses to rural transit agencies. LBO is an annual legislative apportionment and is part of the state Comprehensive Transportation Funds (CTF), 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 public. The Section 5311 share may not exceed eighty 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. Federal operating assistance is funded at fifty percent of net operating cost. Planning, capital, and mobility management projects are federally funded at eighty percent of net project costs. The federal share may exceed eighty percent for projects that meet the Americans with Disability Act of 1990 (ADA), Clean Air Act, 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 funded with eighty percent federal and a twenty percent state or local match while operating assistance is funded with fifty percent federal and a fifty percent state or local match. The match required to access federal capital funds is provided by the state utilizing a combination of cash, bond, or toll revenue credits. The match is provided by a combination of local funds and funds from the state's CTF 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 five 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 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 most Section 5311 funds to eligible rural agencies as operating assistance.

JARC operating is funded with fifty percent federal and fifty percent state and are based on the net deficit of eligible operating expenses. JARC capital, including mobility management is funded with eighty percent federal and twenty percent state match.

MDOT submits a grant application through the federal Transit Award Management System (TrAMS).

All transit agencies receiving LBO and/or Section 5311 operating funds are required annually to have either a Certified Public Accountant or Single Audit performed. When audits are received from all transit agencies, 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 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 twenty percent of the number of vehicles operated in peak service.
3. Expansion vehicles are eligible for funding if the spare/peak ratio is less than twenty percent.
4. Requests for equipment must include a complete list of items to be purchased and unit costs. For replacement items, justification must identify the original purchase date and meet the replacement schedule included in OPT's annual application.
5. A facility request must be commensurate with the current level of service plus a reasonable factor for future expansion. Portions of the project not related to public transit services cannot be funded with CTF funds and federal funds applied through the application.
6. Expansion buses and related equipment must be designated as such and justified.
7. Capital projects under \$300 are not eligible.
8. The capital project is needed to maintain or improve the efficiency, effectiveness and/or safety of the transit service provided to the public.

Some types of vehicles may be purchased by the transit agencies under the State of Michigan's extended purchase program which is 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 an authorization.

Federal funds are programmed in a FTA approved grant. OPT distributes the funds based on the above criteria to each agency and submits a grant application through TrAMS. When all the capital equipment is purchased and 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

MDOT is required by federal regulations to spend fifteen 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.

The following Seven Key Points define intercity bus:

1. Regularly scheduled bus service (not demand service);
2. Available to the general public (not reservations only);
3. Operates on fixed routes (does not deviate from route);
4. Connects two or more urban areas not in close proximity;
5. Makes meaningful connections to national intercity network;
6. Predominately passenger service;
7. Not charter service

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. OPT has one full-time employee assigned to provide technical assistance to intercity bus carriers.

Consultation Process

If the state determines all intercity needs have been met or 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 consultation through our annual application process and our routine communications with the intercity carriers that operate in Michigan. MDOT reviews all projects submitted and determines the amount of 5311(f) funds needed. If there are remaining 5311(f) funds, the governor will need to certify all intercity needs have been met then MDOT requests a waiver from FTA to use the 5311(f) funds for other rural operating or capital projects.

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 bus service is defined as regularly scheduled bus service for the public which operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, which has the capacity for transporting baggage carried by passengers. The service makes meaningful connections with scheduled intercity bus service to more distant points. Intercity service is not limited by the size of the vehicle used or by the identity of the carrier.

Assistance under Section 5311(f) must support intercity bus service in rural areas. Eligible intercity bus activities to include but are not limited to facility improvements for intercity bus use, signage, planning and marketing for intercity bus transportation, capital grants for intercity bus shelters, joint-use stops and depots, operating grants through purchase-of-service agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small public transportation operations and intercity bus carriers. Capital assistance may be provided to purchase vehicles or vehicle related equipment such as wheelchair lifts for use in intercity service and operating assistance.

Requirements

Recipients must conform with all the requirements under Section 5311, including an 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. Instruction 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 outline their goals and objectives for the coming year, along with certifying compliance with all state and federal requirements. The application also requires information on the following:

1. Type of Service
2. Project Coordination
3. Public Input
4. Title VI – Nondiscrimination
5. ADA 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 federal grant with a program of projects attached for submittal to FTA. Upon approval of the federal grant, submittal of the state assurances, and Special Section 5333(b) Warranty approval by the Department of Labor, MDOT processes an authorization 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. 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. There is also a compliance analyst who conducts 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, a reference manual for transit agencies, transportation laws and regulations; procurement guidelines and documents; publications; calendar of events; and 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 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, Drug and Alcohol, Small Bus Rodeo, Accounting, Transit Vehicle Maintenance Seminar, Rural Transit Managers Workshop, and the Statewide Annual Meeting. There are also specialized trainings 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 the Section 5304 Program.

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 and withholding of bidding privileges. All rural transit agencies are required to submit their local Title VI program for MDOT's approval. OPT compliance analyst monitors their agencies' Title VI compliance through conducting triennial on-site federal compliance reviews. Project managers review the agency's 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. We will request updated plans in 2017. 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. The recipient shall not discriminate based on 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 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. 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 49 CFR part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

Each contract an agency signs 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 based on 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, which may include, but is not limited to:

- (1) Withholding monthly progress payments
- (2) Assessing sanctions
- (3) Liquidated damages; and/or
- (4) Disqualifying the contractor from future bidding as non-responsible

ITEM P. MAINTENANCE

Transit agencies are required under its master agreement with MDOT to maintain vehicles, equipment 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. OPT's compliance analyst conducts triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the analyst selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. The analyst also uses a checklist to monitor the maintenance of vehicle accessibility features during field visits.

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.

OPT's compliance analyst conducts triennial on-site compliance reviews and monitors the implementation of the facility maintenance plan along with a physical evaluation of the facility.

All equipment over \$5,000 must be reported in the Public Transit Management System (PTMS). As required under the master agreement agencies must use equipment purchased with federal or state funds for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. The compliance analyst uses a checklist to monitor equipment use during 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. OPT provides general charter bus compliance information to Section 5311 agencies and detailed guidance in response to case-specific situations. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. The Section 5311 program manager submits reports to FTA using the Charter reporting tool. 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 must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. The compliance analyst triennial review includes charter oversight.

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, 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 public. The plans are 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 to MDOT with the state and Section 5311 application.

2. All state application requests per 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. 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 reviews 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 MDOTs state extended purchasing program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurements. OPT reviews procurements for all federally required clauses and assurance 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 \$10,000 and less than \$250,000, OPT requires that subrecipients document competitive quotations or issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. For procurements of \$250,000 or greater, agencies must issue IFBs or RFPs. 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 OAR. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out will be performed

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

Asset inventories are also included and updated in an agency's annual audit. MDOT's master agreement with the agency states that facilities and equipment must be used for public transportation and the agency must notify their OPT project manager if the facility/equipment is being disposed. Agencies are required to enter all equipment 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 annual application process. 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. The compliance checklist includes a section on facilities.

Vehicle Use

Subrecipients can use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed if it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the 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.

Maintenance and Disposition

Transit agencies are required under their master agreement with MDOT to maintain vehicles, equipment 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. The compliance analyst conducts a triennial on-site review of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the compliance analyst selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. The compliance analyst uses 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. The compliance analyst conducts a triennial on-site compliance review and monitors the implementation of the facility maintenance plan.

All equipment over \$5,000 must be reported in PTMS. Contract requires equipment to be used for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. The compliance analyst uses a checklist to monitor the equipment use and condition during the triennial review. The project manager may also check while on a site-visit.

After the vehicle or equipment has met its useful life, the transit agency submits a request to their project manager to dispose the property. Once the project manager has made the determination that the property has met its useful life, they notify the agency to dispose of the equipment following a documented process. The equipment is recorded in PTMS as disposed. If the property was sold the amount received and date disposed is also recorded in PTMS. The amount received is also entered in PTMS when the agency submits their quarterly operating assistance report (OAR). The project manager compares the amount on the OAR with the amount recorded for the disposed item in PTMS.

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. Statewide Integrated Governmental Management Applications (SIGMA) 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's operating expenses are audited annually by a Certified Public Accountant and/or MDOT's Commission Audit. Final close-out is performed using actual audited revenue and expense figures. OPT staff performs audit citation follow-up.

Eligible expenses are determined by the Super Circular, 2 CFR Par 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and MDOT's Local Public Transit Revenue and Expense Manual.

Any capital project over \$100,000 is audited by MDOT's Commission Audit. After all projects in a grant are closed, the grant is closed.

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.

The compliance analyst performs triennial compliance reviews at each agency. The project managers make other visits when assistance is needed and provide regular feedback to the agencies.

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, but not limited to: 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 \$150,000. The requirements flow down from Section 5311 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors comply. 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 over the \$150,000 threshold. A clause is included in all subrecipient agreements and third-party contracts. Post award documents are submitted by the agency when requesting payment for a vehicle.

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 during the annual application process. 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. An external third-party consultant administers this consortium. 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.

The compliance analyst uses a compliance checklist to conduct a triennial review 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 are reviewed to determine their affect, if any, on the environment. Most capital projects under 5311 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. When 5311 funds are combined with 5339 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 to provide a more straightforward and efficient environmental review process. Under the new regulations, Section [771.118\(c\)](#) (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 they have 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.

To date, no projects in our grant applications have been determined by FTA to qualify for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify annually 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).

Monitoring Compliance by Subrecipients

OPT has one full-time employee who conducts triennial reviews for all subrecipients. We use checklists for each area being reviewed, such as Charter, School Service, ADA, Drug and Alcohol, equipment and facilities, Title VI and procurement. We also review vehicle maintenance records for compliance. OPT project managers provide technical assistance to transit agencies to ensure compliance with all federal and state regulations.

FSRS - Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System

OPT submits the FFATA report within 30 days of the award/effective date of the grant award date or when the grant is uploaded into the FFATA system by FTA, as required.

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 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. Under Map-21, the program was modified to include projects eligible under the former Section 5317 New Freedom program providing assistance for new public transportation services and alternatives beyond those required by the ADA, designed to assist individuals with disabilities and seniors.

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.
 - c. 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. 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 to encourage the most efficient use of resources.
- 3. To encourage the development, maintenance, improvement, and use of passenger transportation services.

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 several 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 longer termed basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan (LRTP). In July 2016, MDOT released the 2040 long-range transportation plan which is an update and extension to the 2005-2030 MI Transportation plan: Moving Michigan Forward (2030 MTP) and the 2035 MI Transportation Plan. 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/mdot/0,1607,7-151-9621_14807_14809---,00.html

As part of the LRTP revision there are 19 published White Papers. The purpose of the white papers is 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. The white papers, including one for transit can be found at:

http://www.michigan.gov/mdot/0,1607,7-151-9621_14807_14809_42796---,00.html

In addition to these state level processes; local agencies establish their goals for use of federal funds in multiple 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 application, 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, contracts over \$100,000 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 Business Development manages the department's Disadvantage Business Enterprise (DBE) program and administers the department's Title VI program. The Michigan Department of Transportation has an Equal Employment Opportunity Officer (EEO) who manages the EEO programs. The Bureau of Finance and Administration executes contracts, provides accounting support, prepares, and submits 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 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 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 transit providers and local organizations 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 transit agencies to enhance and implement service coordination.

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,
- c. Public agencies approved by the state to coordinate services for senior persons and individuals with disabilities; or
- 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 eighty percent federal with a twenty percent state or local match, while operating assistance for New Freedom activities is matched with local shares. 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 fifty-five percent of Section 5310 funds for traditional 5310 projects. After fifty-five percent 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 Alternatives Program. The FHWA funds are then flexed to FTA and the projects are included in the Section 5310 Capital application.

New Freedom expansion projects applied for through Section 5310 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.

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 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 and private non-profit 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
6. ADA

Copies of the applications are on file with OPT. The transit operators and private non-profit agencies 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 TrAMS to the annual grant.

ITEM H. 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 I. 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 compliance analyst conducts 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 compliance resource 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 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 and withholding of bidding privileges. All rural transit agencies are required to submit their local Title VI program for MDOT's approval. OPT compliance analyst monitors agencies' Title VI compliance through conducting triennial on-site federal compliance reviews. Project managers review the agency's 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. We will request updated plans in 2017. OPT then requested another updated program submission in June 2020. 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 DBE program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26. The recipient shall not discriminate based on 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 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. 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 49 CFR part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

Each contract an agency signs 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 based on 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, which may include, but is not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or
- (4) Disqualifying the contractor from future bidding as non-responsible.

ITEM L. MAINTENANCE

Transit agencies are required under its master agreement with MDOT to maintain vehicles, equipment 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. OPT's compliance analyst conducts triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the analyst selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. The analyst also uses a checklist to monitor the maintenance of vehicle accessibility features during field visits.

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. OPT's compliance analyst conducts triennial on-site compliance reviews and monitors the implementation of the facility maintenance plan along with a physical evaluation of the facility.

All equipment over \$5,000 must be reported in the Public Transit Management System (PTMS). As required under the master agreement agencies must use equipment purchased with federal or state funds for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. The compliance analyst uses a checklist to monitor equipment use during field visits as well as the condition of the equipment.

ITEM M. CHARTER RULE

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities unless it falls under one of the exceptions at 49 CFR Section 604.2. OPT provides general charter bus compliance information to Section 5310 agencies and detailed guidance in response to case-specific situations.

Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. OPT submits reports to FTA using the Charter reporting tool. 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 must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. The compliance analysis triennial review includes charter oversight.

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, 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 public. The plans are 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 per 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. 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. 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.

The three measures established for the 5310 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 because of the 5310 projects implemented in the current reporting year.

- 2) Actual or estimated number of rides (as measured by unlinked passenger trips) provided for individuals with disabilities because of the New Freedom projects implemented in the current reporting year.
- 3) Annual analysis to determine the utilization for each federally funded vehicle. If vehicle is used less than 10,000 miles per year, the agency is required to submit an underutilization plan for approval. 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.

OPT also provides an annual milestone status report to FTA on all open projects for each active grant.

ITEM P. STATE PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDOT's state extended purchasing program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurements. OPT reviews procurements for all federally required clauses and assurance 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 directly lead to construction.

For procurements greater than \$10,000 and less than \$250,000, OPT requires that subrecipients document competitive quotations or issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. For procurements of \$250,000 or greater, agencies must issue IFBs or RFPs. 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.

Property Management

Asset inventories are also included and updated in an agency's annual audit. MDOT's master agreement with the agency states that facilities and equipment must be used for public transportation and the agency must notify their OPT project manager if the facility/equipment is being disposed. Agencies are required to enter all equipment 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 annual application process. 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. The compliance checklist includes a section on facilities.

Vehicle Use

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed if it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the 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.

Maintenance and Disposition

Transit agencies are required under their master agreement with MDOT to maintain vehicles, equipment 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. The compliance analyst conducts a triennial on-site review of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the compliance analyst selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. The compliance analyst uses 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. The compliance analyst conducts a triennial on-site compliance review and monitors 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. The compliance analyst uses a checklist to monitor the equipment use and condition during the triennial review. The project manager may also check while on a site-visit.

After the vehicle or equipment has met its useful life, the transit agency submits a request to their project manager to dispose the property. Once the project manager has made the determination that the property has met its useful life, they notify the agency to dispose of the equipment following a documented process. The equipment is recorded in PTMS as disposed. If the property was sold the amount received and date disposed is also recorded in PTMS. The amount received is also entered in PTMS when the agency submits their quarterly operating assistance report (OAR). The project manager compares the amount on the OAR with the amount recorded for the disposed item in PTMS

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

Eligible expenses are determined by the Super Circular, 2 CFR Par 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and MDOT's Local Public Transit Revenue and Expense Manual.

Any project over \$100,000 is audited by MDOT's Commission Audit. After all projects in a grant are closed, the grant is closed.

Subrecipient, Project Oversight and Reporting

OPT requires annual financial and non-financial reports to be submitted in PTMS. If operating assistance is provided by Section 5310, these reports will be used to determine Section 5310 payments 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.

The compliance analyst performs triennial compliance reviews at each agency. The project managers make other visits when assistance is needed and provide regular feedback to the agencies.

Productivity/Cost-effectiveness/Service Standards

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 5310 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include, but not limited to: Buy America; pre-award and post-delivery audit 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 \$150,000. The requirements flow down from Section 5310 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors comply. 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. The agency submits post award documents when requesting payment for a vehicle.

Environmental Protection

Proposed projects are reviewed 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. When 5310 funds are combined with 5339 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 to provide a more straightforward and efficient environmental review process. Under the new regulations, Section [771.118\(c\)](#) (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
- (6) Facility modernization

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

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 they have 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.

To date, no projects in our grant applications have been determined by FTA to qualify for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify annually 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).

Monitoring Compliance by Subrecipients

OPT has one full-time employee who conducts triennial reviews for all subrecipients. We use checklists for each area being reviewed, such as Charter, School Service, ADA, Drug and Alcohol, facility and equipment, Title VI, and procurement. We also review vehicle maintenance records for compliance. OPT project managers provide technical assistance to transit agencies to ensure compliance with all federal and state regulations.

FSRS - Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System

OPT submits the FFATA report within 30 days of the award/effective date of the grant award date or when the grant is uploaded into the FFATA system by FTA, as required.

III. SECTION 5339 and Other Competitive Grant Programs

ITEM A. PROGRAM GOALS AND OBJECTIVES

The FAST Act includes a new competitive program under Section 5339 that allows FTA to make grants to states and transit agencies for bus and bus facility capital projects. A sub-program, the [Low- or No-Emission Vehicle Program](#), provides competitive grants for bus and bus facility projects that support low and zero-emission vehicles. The competitive allocation provides funding for major improvements to bus transit systems that would not be achievable through formula allocations. 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 including technological changes or innovations to modify low- or no emission vehicles and to improve existing facilities or construct new facilities to accommodate low- or no emission vehicles.

In addition to the Section 5339 competitive grants, FAST Act also includes funding for new competitive grant programs for innovative transportation coordination, workforce training, and public transportation research activities.

MDOT was awarded Section 5339 competitive grants for buses and facility projects as well as electric buses and related infrastructure. In addition, MDOT received funds under the following competitive grant programs:

- Section 5310 Pilot Program Enhanced Mobility Rides to Wellness Demonstration and Innovative Coordinated Access and Mobility Program. The funds were used to fund the Michigan Access to Wellness Project (MAWP). The MAWP built on an already developing non-profit based brokerage model, the Michigan Transportation Connection (MTC), which combines the best elements of public and private transportation to provide Non-Emergency Medical Transportation (NEMT) in underserved areas. This grant was closed.
- Section 5312 Research, Dev., Demo/Deploy., and Evaluation Projects. This cooperative agreement funds the Comprehensive Healthcare Access with Rural Transit Solutions, Neighborhood Mobility on Demand, and App with Supporting Software and Hardware to Allow Clients Easier Access to Transportation. MDOT has worked with its subrecipient, Bay Area Transportation Authority, to develop and demonstrate a Mobility-On-Demand service to meet NEMT needs of rural residents in conjunction with the larger sandbox demonstration of On-Demand micro-transit in Traverse City, Michigan. The project will launch with the purchase of software technology developed specifically for On-Demand transportation and will subsequently be integrated into BATA's upcoming Intelligent Transportation System (ITS) technology suite. BATA will utilize the funding available through the FTA's award for the acquisition and implementation of ITS once they have completed the upcoming technology consultation funded by a 2019 Service Development and New Technology Program grant in process.

- Section 5312 Research, Dev., Demo/Deploy., and Evaluation Projects. This cooperative agreement provides funding for the evaluation of Michigan Mobility Challenge project. MDOT will contract with a university to conduct an independent evaluation of the \$8 Million Michigan Mobility Challenge projects, document the success and impact of individual projects and the potential impact nationally, and develop a synthesis report of the Challenge that includes findings, lessons learned, and recommendations for FTA and USDOT research and policy actions.
- Section 5312 COVID 19 Research Demonstration Program Projects. This cooperative agreement provides funding for two projects: 1) automated wheelchair securement systems on buses at five transit agencies in rural and urban service environments throughout the state. 2) the deployment of a smart phone app that integrates dispatching, scheduling, and fare payment to lessen exposure to the COVID-19 virus and improve efficiency. This project will take place in Charlevoix County's transit system, Charlevoix County Public Transportation in Michigan.

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.
 - f. Utilize low- or no-emission buses, facilities, and related equipment (including intelligent technology and software) for low- or no-emission buses to maximize positive environmental impacts.

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 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.
4. To assist transit agencies in their purchases/lease of low-or no-emission buses and the constructions/improvements of environmentally friendly transportation facilities.

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 several 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 longer termed basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan (LRTP). In July 2016, MDOT released the 2040 long-range transportation plan which is an update and extension to the 2005-2030 MI Transportation plan: Moving Michigan Forward (2030 MTP) and the 2035 MI Transportation Plan. 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/mdot/0,1607,7-151-9621_14807_14809---,00.html

The Michigan Mobility 2045 Plan, also known as the LRTP, is a 25-year plan for transforming Michigan's transportation system. MDOT has begun development of a new plan to replace the existing plan, known as the MI Transportation Plan, in consultation with the public and stakeholders. The plan is the first of its kind to incorporate not only an overall vision of the state's transportation system, but to include two additional federally required documents: the State Rail Plan and State Freight Plan. These three documents combined into one will provide a streamlined vision of the transportation future in Michigan across all modes.

Visit the Michigan Mobility 2045 website for more information

MM2045 Visioning Public and Stakeholder Participation Results

As part of the LRTP revision there are 19 published White Papers. The purpose of the white papers is 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. The white papers, including one for transit can be found at:

http://www.michigan.gov/mdot/0,1607,7-151-9621_14807_14809_42796---,00.html

In addition to these state level processes; local agencies establish their goals for use of federal funds in multiple 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 application, 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. For the Section 5339 competitive and other competitive programs, OPT notifies eligible applicants about the availability of the Notice of Funding Opportunity (NOFO) to solicit projects, prepares and provides project forms along with instructions, reviews forms to ensure project eligibility, accuracy, and completeness as well as evaluation criteria in the NOFO are properly addressed, and prepares and submits proposals. For the Section 5339 formula program, OPT allocates funds to rural transit agencies which have the highest percent of revenue vehicles past

their useful life. For small urban allocation, MDOT allocates funds based on Section 5307 funding levels for each agency. OPT has sole responsibility to certify the eligibility of the applicants, review applications, 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 Business Development manages the department's Disadvantage Business Enterprise (DBE) program and administers the department's Title VI program. The Michigan Department of Transportation has an Equal Employment Opportunity Officer (EEO) who manages the EEO programs. The Bureau of Finance and Administration executes contracts, provides accounting support, prepares, and submits 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 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 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 transit providers and local organizations 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 the applicant adequately addresses coordination requirements. Section 5311 recipients are subject to this review.

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

ITEM D. ELIGIBLE SUBRECIPIENTS

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 public transportation in rural and small urban areas of Michigan. There are presently 78 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 tribal governments in Michigan providing open-door public transportation.

ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

FTA requires a state/local match to access federal funds. Capital projects are matched eighty percent federal with a twenty 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 F. 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 for seniors and individuals with disabilities.
3. Reasonableness of existing and proposed level of service to the 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 when administered by MDOT, MDOT solicited projects from the small urban transit agencies and allocated funds based on the Section 5307 funding level for each agency.

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

1. Items must meet the following replacement requirements:

Asset Class:	Description:	Depreciable/Useful Life:
Bus: Small body on van cut-away	Light duty chassis - less than 30 feet	FTA/Altoona testing results
Bus: Medium body on truck chassis/trolleys	Medium duty chassis - less than 30 feet	FTA/Altoona testing results
Bus: Medium body on truck chassis/trolleys	Heavy duty chassis - 30 feet to 34 feet	Delivered prior to Jan. 1, 2008: 10 years or 350,000 miles. Delivered on or after Jan. 1, 2008: Altoona testing results
Bus: Large	Heavy duty chassis - 35 feet to 60 feet	Delivered prior to Jan. 1, 2008: 12 years or 500,000 miles. Delivered on or after Jan. 1, 2008: Altoona testing results
Cars, minivans, standard van, conversion van	Less than 13,000 pounds gross vehicle weight (GVW).	4 years or 100,000 miles
Asset Class:	Description:	Depreciable/Useful Life:
Trucks	Light duty (less than 13,000 pounds GVW).	4 years
Trucks	Heavy duty (more than 13,000 pounds GVW).	6 years
Office furniture and fixtures	Desks, files, safes.	10 years
Office equipment	Copiers, radios (digital/analog, 911, repeater, voice antenna, automatic vehicle locators), fax, phones, security cameras.	5 years
Computers and	Computers, card readers, card	5 years

peripheral equipment	punches, high-speed printers, mass storage units.	
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Software	Costs related to the purchase of the software should be capitalized. Costs of upgrades and enhancements that enable the software to perform tasks that it was previously incapable of performing should be capitalized. Fees paid for training, conversion costs and software maintenance are to be expensed.	3 years
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Maintenance tools, equipment	Power/hand tools, lawn mowers, snow blowers.	5 years
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Maintenance equipment and fixtures	Vehicle hoist/lift (four/six post life, in-ground, drive-on, scissor lift-electric or hydraulic), transmission flush and exchange unit, floor sweeper/scrubber, pressure washer/steam cleaner (hot/cold)/parts cleaner/steamer - upholstery cleaner, portable/vehicle installed generator, brake lathes/milling machines/drill press/grinders, lubrication and fuel dispensing equipment, carbon monoxide detectors/fuel leak detectors, roller cabinets, portable tool stands, compressors, diagnostic equipment, tractors - utility, lawn and attachments (e.g., back blades, snow blowers, mower decks).	12 years
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Maintenance equipment and fixtures	Vehicle hoist/lift (four/six post life, in-ground, drive-on, scissor lift-electric or hydraulic), transmission flush and exchange unit, floor sweeper/scrubber, pressure washer/steam cleaner (hot/cold)/parts cleaner/steamer - upholstery cleaner, portable/vehicle installed generator, brake lathes/milling machines/drill press/grinders, lubrication and fuel	12 years
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	dispensing equipment, carbon monoxide detectors/fuel leak detectors, roller cabinets, portable tool stands, compressors, diagnostic equipment, tractors - utility, lawn and attachments (e.g., back blades, snow blowers, mower decks).	
Passenger bus shelter		10 - 15 years
Buildings	Administration, maintenance garages, cold storage building/bus shelter.	40 years
Land	Cannot be depreciated.	0 years

- 2. The number of spare vehicles in the fleet should not exceed twenty percent of the number of vehicles operated in peak service.
 - Funds administered by MDOT will use 20 percent spare ratio unless justified based on capacity. One-to-one replacement, regardless of size of the vehicle, is acceptable. Replacing one vehicle with multiple smaller ones is allowed if revenue vehicle count during peak hours must increase by one vehicle and justification is provided based on capacity. This is determined at the time of the verification form submittal. Underutilized vehicles still count against the spare ratio.
- 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. MDOT will review revenue vehicles to ensure proper utilization. Vehicles are expected to be driven at least 10,000 miles per year to be considered properly utilized. Vehicles being driven less than 10,000 miles per year may not be eligible for replacement. This requirement is waived during the COVID-19 pandemic period.
- Requests for replacement equipment must be justified based on the replacement schedule.
- A facility request must be commensurate with the current level of service plus a reasonable factor for future expansion. Portions of the project not related to public transit services cannot be funded with CTF funds and federal funds applied through the application.
- Expansion buses and related equipment must be designated as such and justified.

- Capital projects under \$300 are not eligible.
- Capital project is needed to maintain or improve the efficiency, effectiveness and/or safety of the transit service provided to the public.
- 10 Revenue vehicles will allow funding for communication equipment, decals, camera,
 - or bike rack necessary to operate the vehicle, up to \$3,000.

Some types of vehicles may be purchased by the transit agencies under the State of Michigan 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, http://www.michigan.gov/mdot/0,4616,7-151-9625_21607-250388--,00.html.

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 TrAMS. When all the capital items are 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 and other awarded competitive programs, 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 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 governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a

local transportation program. Instructions may be obtained on our web page: http://www.michigan.gov/mdot/0,4616,7-151-9625_21607_25913---,00.html

The public transit operators with access to Internet submit an annual application for federal and state assistance via PTMS. Transit agencies without access to PTMS are instructed to contact their OPT project manager for access to PTMS. Applicants for Section 5310, Section 5311 Michigan Tribal Government, Intercity Service Development (Operating) and/or SDNT without access to PTMS are advised to mail their annual applications directly to their OPT project managers. Forms for these programs are available at OPT's [website](#).

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. ADA
6. 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 after further project verification process is completed and the program funds are available. Upon approval of the grant application, 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 H. TRANSFER OF FUNDS

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 I. 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 rural transit agencies and Section 5310 agencies are required to submit their local Title VI program for MDOT's approval. OPT compliance analyst monitors 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 2017, all plans were updated based on the revised Title VI regulations, 4702.1B. We requested updated plans in 2020. 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:

The recipient shall not discriminate based on 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 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. 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 49 CFR part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act 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 based on 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, which may include, but is not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or
- (4) Disqualifying the contractor from future bidding as non-responsible.

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 [2019 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 J. MAINTENANCE

Transit agencies are required under its master agreement with MDOT to maintain vehicles, equipment 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. OPT's compliance analyst conducts triennial on-site reviews of each transit agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the analyst selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. The analyst also uses a checklist to monitor the maintenance of vehicle accessibility features during field visits.

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. OPT's compliance analyst conducts triennial on-site compliance reviews and monitors the implementation of the facility maintenance plan along with a physical evaluation of the facility.

All equipment over \$5,000 must be reported in the Public Transit Management System (PTMS). As required under the master agreement agencies must use equipment purchased with federal or state funds for the provision of public transportation service for

the duration of its useful life and maintained in accordance with manufacturer recommendations. The compliance analyst uses a checklist to monitor equipment use during field visits as well as the condition of the equipment.

ITEM K. 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 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 per 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. The OPT's Compliance Analyst also uses 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 L. PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDOTs state extended purchasing program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurements. OPT reviews procurements for all federally required clauses and assurance 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 directly lead to construction.

For procurements greater than \$10,000 and less than \$250,000, OPT requires that subrecipients document competitive quotations or issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. For procurements of \$250,000 or greater, agencies must issue IFBs or RFPs. 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

MDOT enters a 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. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA.

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 R). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities. The compliance checklist includes a section on facilities.

Vehicle Use

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed if it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the 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.

Maintenance and Disposition

Contract requires transit agencies 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.

After the vehicle or equipment has met its useful life, the transit agency submits a request to their project manager to dispose of the property. Once the project managers have made a determination that the property has met its useful life, they notify the agency to dispose of the equipment following specific guidance. The equipment is recorded in PTMS as disposed. If the property was sold the amount received and date disposed is also recorded in PTMS. The amount received is also recorded in PTMS when the agency submits their quarterly operating assistance report (OAR). The project manager compares the amount on the OAR with the amount recorded for the disposed item in PTMS.

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.

SIGMA 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's expenses are audited annually by a Certified Public Accountant and/or MDOT's Commission Audit. Final close-out is performed using actual audited amounts. OPT staff performs audit citation follow-up.

Eligible expenses are determined by the Office of Management and Budget Super Circular, 2 CFR Par 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and MDOT's Local Public Transit Revenue and Expense Manual.

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.

OPT compliance analyst completes triennial compliance checklists for all agencies. 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.

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 M. OTHER PROVISIONS

Section 5339 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include, but not limited to: 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 \$150,000. The requirements flow down from Section 5339 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors comply. 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. The agency submits post award documents when requesting payment for a vehicle.

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 during the annual application process. 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. An external third-party consultant administers this consortium. OPT works with the drug consortia administrators as well as the individual Section 5339 subrecipients to ensure full compliance with drug and alcohol testing regulations.

The compliance analyst uses a compliance checklist to conduct a triennial review 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 are reviewed 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 5339 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 to provide a more straightforward and efficient environmental review process. Under the new regulations, Section [771.118\(c\)](#) (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 they have 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.

To date, no projects in our grant applications have been determined by FTA to qualify for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify annually 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), 5339(c), and 5312

For all agencies that submit annual application to MDOT, they 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 that submit annual application to MDOT 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).

Monitoring Compliance by Subrecipients

OPT has one full-time employee who conducts triennial reviews for all subrecipients. We use checklists for each area being reviewed, such as Charter, School Service, ADA, Drug and Alcohol, facility and equipment, Title VI and Procurement. We also review vehicle

maintenance records for compliance. OPT project managers provide technical assistance to transit agencies to ensure compliance with all federal and state regulations.

FSRS - Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System

OPT submits the FFATA report within 30 days of the award/effective date of the grant award date or when the grant is uploaded into the FFATA system by FTA, as required.

IV. SECTION 70

ITEM A. PROGRAM GOALS AND OBJECTIVES

Section 70 Ferry Boat Program (FBP) funds the construction of ferry boats and ferry terminal facilities. The FAST Act gives greater weight to the number of passengers carried by ferry systems. The formula is 35 percent based on the number of ferry passengers, including passengers in vehicles, carried by each ferry system; 35 percent based on the number of vehicles carried by each ferry system; and 30 percent based on the total route nautical miles serviced by each ferry system. The FAST Act also guarantees that a state with an eligible entity under the program will receive a minimum of \$100,000 in FBP funding each fiscal year.

The state goals are:

1. To provide a vital transportation connection around the State of Michigan with ferry services offered for passengers, autos, and commercial trucks to traverse the many waterways in and around the state. Ferries operate on the Detroit River, Kalamazoo River, St. Clair River, St. Mary's River, Lake Charlevoix, Lake Huron, Lake Michigan, and Lake Superior.
 - a. Provide essential ferry boat 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 ferry boat service.
 - c. Provide a level of ferry boat 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 ferry boat investments.

- a. Create policies that foster low user costs through efficient operations of ferry boat transportation services.
 - b. Encourage an efficient mix of private, public, and quasi-public modes of transportation.
 - c. Encourage the development and implementation of advanced ferry boat 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 ferry boat transportation service.
 - a. Provide public ferry boat transportation services which contribute to the conservation of energy.
 - b. Provide public ferry boat transportation services which contribute to the reduction of air and noise pollution.
 - c. Utilize public ferry boat transportation to provide relief from traffic congestion and to reduce land requirements for transportation facilities.
 - d. Coordinate public ferry boat transportation and land use planning to encourage environmentally responsible land use practices.

The state objectives are:

1. The implementation of public ferry boat 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 ferry boat service agencies to be more efficient and effective in providing public ferry boat transportation.
4. To encourage long-term funding stability by obtaining a secure local funding base.
5. To assist ferry boat service agencies in their purchases/lease of low-or no-emission ferry boats and the constructions/improvements of environmentally friendly transportation facilities.

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 several 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. 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/ferry boat, 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 longer termed basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan (LRTP). In July 2016, MDOT released the 2040 long-range transportation plan which is an update and extension to the 2005-2030 MI Transportation plan: Moving Michigan Forward (2030 MTP) and the 2035 MI Transportation Plan. 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/mdot/0,1607,7-151-9621_14807_14809---,00.html

As part of the LRTP revision there are 19 published White Papers. The purpose of the white papers is 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. The white papers, including one for transit can be found at:

http://www.michigan.gov/mdot/0,1607,7-151-9621_14807_14809_42796---,00.html

In addition to these state level processes, local agencies establish their goals for use of federal funds in multiple 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 application, 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.

[The Michigan Mobility 2045 Plan, also known as the LRTP, is a 25-year plan for transforming Michigan's transportation system. MDOT has begun development of a new plan to replace the existing plan, known as the MI Transportation Plan, in consultation with the public and stakeholders. The plan is the first of its kind to incorporate not only an overall vision of the state's transportation system, but to include two additional federally required documents: the State Rail Plan and State Freight Plan. These three documents combined into one will provide a streamlined vision of the transportation future in Michigan across all modes.](#)

[Visit the Michigan Mobility 2045 website for more information](#)

[MM2045 Visioning Public and Stakeholder Participation Results](#)

ITEM B. ROLES AND RESPONSIBILITIES

MDOT has been designated by the Governor as the state administering agency for the Section 70 FBP 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 flexes FBP funds to its federal grant for the following ferry boat service agencies: Beaver Island Transportation Authority, Eastern Upper Peninsula Transportation Authority, and Charlevoix County Transportation Authority. 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 Business Development manages the department's Disadvantage Business Enterprise (DBE) program and administers the department's Title VI program. The Michigan Department of Transportation has an Equal Employment Opportunity Officer (EEO) who manages the EEO programs. The Bureau of Finance and Administration executes contracts, provides accounting support, prepares, and submits 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 conducts procurements review and provide approval in accordance with procurement guidelines established by OPT in accordance with federal and state procurement guidelines.

ITEM C. COORDINATION

The Governor and the legislature have charged MDOT with the responsibility for developing coordination 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 transit providers and local organizations 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 the applicant adequately addresses coordination requirements. Section 5311 recipients are subject to this review.

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

ITEM D. ELIGIBLE SUBRECIPIENTS

Eligible authorities and eligible governmental agencies as defined in Act 51. Currently the subrecipients in the ferry boat grant managed by OPT are Beaver Island

Transportation Authority, Township Of Bois Blanc, Eastern Upper Peninsula
Transportation Authority, and Charlevoix County Transportation Authority.

ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS

FTA requires a state/local match to access federal funds. Capital projects are matched eighty percent federal with a twenty 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 F. 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 for seniors and individuals with disabilities.
3. Reasonableness of existing and proposed level of service to the public.
4. Level of coordination between human service agencies and the public transportation applicant.

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

1. Items must meet the following replacement requirements:

Asset Class:	Description:	Depreciable/Useful Life:
Bus: Small body on van cut-away	Light duty chassis - less than 30 feet	FTA/Altoona testing results
Bus: Medium body on truck chassis/trolleys	Medium duty chassis - less than 30 feet	FTA/Altoona testing results
Bus: Medium body on truck chassis/trolleys	Heavy duty chassis - 30 feet to 34 feet	Delivered prior to Jan. 1, 2008: 10 years or 350,000 miles. Delivered on or after Jan. 1, 2008: Altoona testing results
Bus: Large	Heavy duty chassis - 35 feet to 60 feet	Delivered prior to Jan. 1, 2008: 12 years or 500,000 miles.

		Delivered on or after Jan. 1, 2008: Altoona testing results
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Cars, minivans, standard van, conversion van	Less than 13,000 pounds gross vehicle weight (GVW).	4 years or 100,000 miles
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Asset Class:	Description:	Depreciable/Useful Life:
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Trucks	Light duty (less than 13,000 pounds GVW).	4 years
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Trucks	Heavy duty (more than 13,000 pounds GVW).	6 years
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Office furniture and fixtures	Desks, files, safes.	10 years
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Office equipment	Copiers, radios (digital/analog, 911, repeater, voice antenna, automatic vehicle locators), fax, phones, security cameras.	5 years
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Computers and peripheral equipment	Computers, card readers, card punches, high-speed printers, mass storage units.	5 years
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Software	Costs related to the purchase of the software should be capitalized. Costs of upgrades and enhancements that enable the software to perform tasks that it was previously incapable of performing should be capitalized. Fees paid for training, conversion costs and software maintenance are to be expensed.	3 years
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Maintenance tools, equipment	Power/hand tools, lawn mowers, snow blowers.	5 years
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Maintenance equipment and fixtures	Vehicle hoist/lift (four/six post life, in-ground, drive-on, scissor lift- electric or hydraulic), transmission flush and exchange unit, floor	12 years
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	sweeper/scrubber, pressure washer/steam cleaner (hot/cold)/parts cleaner/steamer - upholstery cleaner, portable/vehicle installed generator, brake lathes/milling machines/drill press/grinders, lubrication and fuel dispensing equipment, carbon monoxide detectors/fuel leak detectors, roller cabinets, portable tool stands, compressors, diagnostic equipment, tractors - utility, lawn and attachments (e.g., back blades, snow blowers, mower decks).	
Passenger bus shelter		10 - 15 years
Buildings	Administration, maintenance garages, cold storage building/bus shelter.	40 years
Land	Cannot be depreciated.	0 years

- 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.
- Requests for replacement equipment must be justified based on the replacement schedule.
- A facility request must be commensurate with the current level of service plus a reasonable factor for future expansion. Portions of the project not related to public transit services cannot be funded with CTF funds and federal funds applied through the application.
- Capital projects under \$300 are not eligible.
- Capital project is needed to maintain or improve the efficiency, effectiveness and/or safety of the transit service provided to the public.

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 TrAMS. 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.

Requirements

Subrecipients must conform with all the requirements under Section 70 FBP, 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 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 governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. Instructions may be obtained on our web page: http://www.michigan.gov/mdot/0,4616,7-151-9625_21607_25913---,00.html

The public transit operators with access to Internet submit an annual application for federal and state assistance via PTMS. All three ferry boat service agencies included in MDOT's FTA grant managed by OPT submit their FBP capital requests via the annual application process in PTMS.

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. ADA
6. 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 after further project verification process is completed and the program funds are available. Upon approval of the grant application, 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 H. TRANSFER OF FUNDS

If at the discretion of OPT project funds are to be flexed, or transferred, to FTA, OPT will work with the ferry boat service agencies, MDOT Bureau of Planning, MDOT Financial Operation Division and FHWA/FTA to transfer the funds. Once the funds are transferred to FTA, projects will follow the FTA requirements and regulations.

If at the discretion of OPT project funds are obligated as the FHWA funds instead of flexing to FTA, OPT will work with the ferry boat service agencies, MDOT Bureau of Planning, MDOT Financial Operation Division, and FHWA to obligate the funds via the MDOT Phase Initiator system.

OPT will be responsible for oversight of these projects whether they are flexed or obligated.

ITEM I. 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 rural transit agencies and Section 5310 agencies are required to submit their local Title VI program for MDOT's approval. OPT compliance analyst monitors 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 2017, all plans were updated based on the revised Title VI regulations, 4702.1B. We requested updated plans in 2020. 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:

The recipient shall not discriminate based on 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 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. 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 49 CFR part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act 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 based on 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, which may include, but is not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or
- (4) Disqualifying the contractor from future bidding as non-responsible.

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 [2019 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.

ITEM J. MAINTENANCE

The ferry boat service agencies are required under its master agreement with MDOT to maintain ferry boat, equipment and facilities procured with state and/or federal funds for the useful life of the item.

Ferry boat maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vessel maintenance plan to OPT for review and approval. OPT's compliance analyst conducts triennial on-site reviews of each transit agency's vessel maintenance program to ensure compliance with their approved plan. During this review, the analyst selects a random sample of the agency's vessel and conducts visual vessel inspections along with a review of the vessel's maintenance records. The analyst also uses a checklist to monitor the maintenance of vessel accessibility features during field visits.

If federal funds were used to construct or make improvements to a ferry boat facility, the agency is required to submit a facility maintenance plan to OPT for review and approval. OPT's compliance analyst conducts triennial on-site compliance reviews and monitors the implementation of the facility maintenance plan along with a physical evaluation of the facility.

All equipment over \$5,000 must be reported in the Public Transit Management System (PTMS). As required under the master agreement agencies must use equipment purchased with federal or state funds for the provision of public transportation service for the duration of its useful life and maintained in accordance with manufacturer recommendations. The compliance analyst uses a checklist to monitor equipment use during field visits as well as the condition of the equipment.

ITEM K. 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 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 per 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. The OPT's Compliance Analyst also uses 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 L. PROGRAM MANAGEMENT

Procurement

Procurement can be conducted directly by the subrecipient or through MDOTs state extended purchasing program. OPT supplies subrecipients with guidelines outlining all federal and state requirements for procurements. OPT reviews procurements for all federally required clauses and assurance 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 \$10,000 and less than \$250,000, OPT requires that subrecipients document competitive quotations or issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. For procurements of \$250,000 or greater, agencies must issue IFBs or RFPs. 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

MDOT enters a contract with the local transit operator and ferry boat service agencies that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 70 FBP funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency.

Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA.

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 vessels 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 R). MDOT requires adequate maintenance procedures are implemented to protect state and federally funded facilities. The compliance checklist includes a section on facilities.

Vessel Use

Subrecipients are allowed to use vessels only for the intended purpose under the original agreement. Agencies update the vessel inventory in PTMS when vessel(s) are purchased, and project managers review the inventory when processing payments and during the annual application process.

Maintenance and Disposition

Contract requires agencies to maintain vessel and facilities procured with state and/or federal funds for the useful life of the item.

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

If federal funds were used to construct or make improvements to a ferry boat/multi-modal facility, the agency is required to submit a facility maintenance plan to OPT for review and approval. The compliance analyst from OPT conducts triennial on-site compliance reviews and monitors 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. The compliance

analyst from OPT uses a checklist to monitor the equipment use during their field visits as well as the condition of the equipment.

After the vessel or equipment has met its useful life, the ferry boat service agency submits a request to their project manager to dispose of the property. Once the project managers have made a determination that the property has met its useful life, they notify the agency to dispose of the equipment following specific guidance. The equipment is recorded in PTMS as disposed. If the property was sold the amount received and date disposed is also recorded in PTMS. The amount received is also recorded in PTMS when the agency submits their quarterly operating assistance report (OAR). The project manager compares the amount on the OAR with the amount recorded for the disposed item in PTMS.

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.

SIGMA 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's expenses are audited annually by a Certified Public Accountant and/or MDOT's Commission Audit. Final close-out is performed using actual audited amounts. OPT staff performs audit citation follow-up.

Eligible expenses are determined by the Office of Management and Budget Super Circular, 2 CFR Par 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and MDOT's Local Public Transit Revenue and Expense Manual.

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.

OPT compliance analyst completes triennial compliance checklists for all agencies. Project managers make site visits when assistance is needed and provide regular feedback to the operator of the system.

Cost-effectiveness/Service Standards

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 M. OTHER PROVISIONS

Section 70 FBP subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include, but not limited to: 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 \$150,000. The requirements flow down from Section 5339 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors comply. 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. The agency submits post award documents when requesting payment for a vehicle.

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 during the annual application process. 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. An external third-party consultant administers this consortium. OPT works with the drug consortia administrators as well as the individual Section 5339 subrecipients to ensure full compliance with drug and alcohol testing regulations.

The compliance analyst uses a compliance checklist to conduct a triennial review 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 are reviewed 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 5339 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 to provide a more straightforward and efficient environmental review process. Under the new regulations, Section [771.118\(c\)](#) (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 they have 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.

To date, no projects in our grant applications have been determined by FTA to qualify for a FONSI.

Lobbying Restrictions

Agencies applying for federal assistance exceeding \$100,000, must certify annually 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).

Monitoring Compliance by Subrecipients

OPT has one full-time employee who conducts triennial reviews for all subrecipients. We use checklists for each area being reviewed, such as Charter, School Service, ADA, Drug and Alcohol, facility and equipment, Title VI, and Procurement. We also review vehicle maintenance records for compliance. OPT project managers provide technical assistance to transit agencies to ensure compliance with all federal and state regulations.

FSRS - Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System

OPT submits the FFATA report within 30 days of the award/effective date of the grant award date or when the grant is uploaded into the FFATA system by FTA, as required.