Illinois Department of Transportation

State Management Plan

DRAFT

Copies of this document are available in alternative formats upon request. Please contact the following individual to discuss suitable formats:

Bureau Chief
Transit Compliance
Illinois Department of Transportation
Office of Intermodal Project Implementation
Springfield, Illinois 62764
Internet Relay: 711

Revision History

The State Management Plan (SMP) is a document that describes the state's policies and procedures for administering FTA's Section 5310, 5311, and 5339(a) programs. This document fulfills the Illinois Department of Transportation/ Office of Intermodal Project Implementation (OIPI) obligations in this regard. IDOT is required to have an approved SMP on file with FTA Region V and to update it regularly to incorporate any changes in program management or new requirements.

Version	*Type of Update*	*Requires Stakeholder Review*	*FTA Approval Date (if required)*	*Effective Date*
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1 Introduction

1.1 Purpose

The state management plan (SMP) establishes the Illinois Department of Transportation's (IDOT) policies and procedures for administering Federal Transit Administration (FTA) grant programs for which IDOT serves as the designated recipient. The state-managed FTA programs covered by this SMP include:

- 49 U.S.C. § 5311, Formula Grants for Rural Areas
  - § 5311(b)(3), Rural Transit Assistance Program
  - § 5311(f), Intercity Bus Program
- 49 U.S.C. § 5310, Enhanced Mobility of Seniors and Individuals with Disabilities Program
- 49 U.S.C. § 5339, Bus and Bus Facilities Formula Program

This SMP also addresses the following state-funded program:

- Downstate Operating Assistance Program
- Downstate Mass Transportation Capital Improvement Fund
- Multi-modal Transportation Bond Fund
- Series B: Transportation Bond, Series B Fund
- Downstate Cooperative Transportation Grant Program
- Downstate Reduced Fare Grant Program

This State Management Plan is issued pursuant to Chapter 53 of Title 49, United States Code, applicable U.S. DOT and FTA regulations, grant requirements, certifications and assurances, and applicable Illinois law. It establishes IDOT's policies and administrative procedures for managing state-administered public transportation grant programs.

This SMP applies to IDOT personnel responsible for administering these programs and to all subrecipients receiving financial assistance under the programs covered by this document unless otherwise stated. If any provision of this SMP conflicts with applicable

federal or state law, regulation, grant agreement, or other controlling legal authority, the controlling legal authority governs.

1.2 Office of Intermodal Project Implementation

The IDOT, Office of Intermodal Project Implementation (OIPI – Transit), is required to maintain an approved State Management Plan (SMP) on file with the Federal Transit Administration (FTA) Region V office and to update the plan regularly to reflect changes in program management and applicable federal requirements. OIPI – Transit must also provide stakeholders with an opportunity to review and comment when developing a new SMP or making significant revisions to an existing plan. FTA permits designated agencies to either maintain separate management plans for each federal program or consolidate multiple programs into a single document. Because many entities in Illinois receive funding from multiple programs, OIPI – Transit has elected to develop a single SMP. To improve clarity, however, the requirements applicable to each funding program are addressed separately within this document.

This SMP supersedes all previous versions of the IDOT State Management Plan and remains in effect until a subsequent SMP is approved by the FFTA. OIPI – Transit will update the SMP, as necessary, to comply with applicable FTA guidance and requirements.

The Illinois General Assembly established the IDOT to support the development of intercity, urban, and community public transportation throughout Illinois. Consistent with federal law, the Governor designated IDOT as the state agency with primary authority and responsibility for administering programs funded by the Federal Transit Administration (FTA).

OIPI – Transit supports public transportation serving Illinois' 96 downstate counties and promotes collaborative and regional approaches to public transportation service delivery when appropriate. The Office is composed of several bureaus that support Illinois' intermodal transportation system, including:

- Bureau of Transit Capital
- Bureau of Transit Operations
- Bureau of Transit Compliance

1.3 IDOT Mission

The mission of the IDOT is to support safe, reliable, accessible, and coordinated transportation services that enhance mobility and quality of life for residents throughout

Illinois. IDOT works collaboratively with public transportation providers, regional partners, local governments, and community stakeholders to improve transportation access and strengthen mobility options across the state.

As the agency responsible for administering state and federal public transportation funding programs, OIPI – Transit is committed to responsible stewardship of public resources, transparency in program administration, and continuous improvement through effective management practices and oversight.

OIPI – Transit carries out this mission through several primary areas of activity:

Transit: Administers state and federal funding programs supporting public transportation services throughout Illinois, including rural and urban bus systems, demand-response transportation, paratransit services, and specialized transportation programs for seniors and individuals with disabilities. Transit activities also include program oversight, technical assistance, compliance monitoring, and operational support to help recipients meet applicable federal and state requirements while delivering safe and effective transportation services.

OIPI-Transit has several bureaus: the Bureau of Transit Capital, the Bureau of Transit Compliance, and the Bureau of Transit Operations. The Bureau of Transit Capital primarily administers, manages, and allocates state and federal capital funds to subrecipients across the state. The Bureau of Transit Compliance ensures that IDOT and transit partners comply with all program requirements and regulations and maintain compliance with applicable federal requirements. The Bureau of Transit Operations administers, manages, and allocates state and federal operating grants to transit agencies. Each subrecipient that receives funding from OIPI-Transit is assigned an operating project manager and a capital project manager. Project managers will communicate directly with subrecipients and help navigate grant administration and compliance requirements.

Rail: Oversees programs and initiatives that support passenger and freight rail transportation throughout Illinois and promotes coordination and long-range planning efforts that strengthen the state's multimodal transportation network.

Aeronautics: Supports the development, maintenance, and improvement of Illinois' aviation system, including coordination with local airports and aviation stakeholders.

Safety and Research: Oversees initiatives related to transportation safety, data analysis, research, and program evaluation to support informed decision-making and continuous improvement across transportation programs.

Intermodal Coordination and Capital Investment: Supports investments in vehicles, facilities, equipment, and infrastructure improvements that maintain and enhance Illinois' transportation network while promoting regional coordination and collaborative approaches to service delivery.

See Exhibit 1.1 for the OIPI – Transit organization chart.

1.4 Transit Organization

To support these efforts, OIPI – Transit continues to strengthen program management practices, improve transparency and accountability, and encourage innovation and partnership in the delivery of transportation services throughout the state.

Under the Section 5311 program, OIPI – Transit contracts with downstate public bodies to provide transit services to residents in nonurbanized areas of Illinois. These entities work closely with assigned project managers within the Bureaus of Transit Operations and Transit Capital, who serve as the primary point of contact for communications, program administration, and technical assistance related to grant activities.

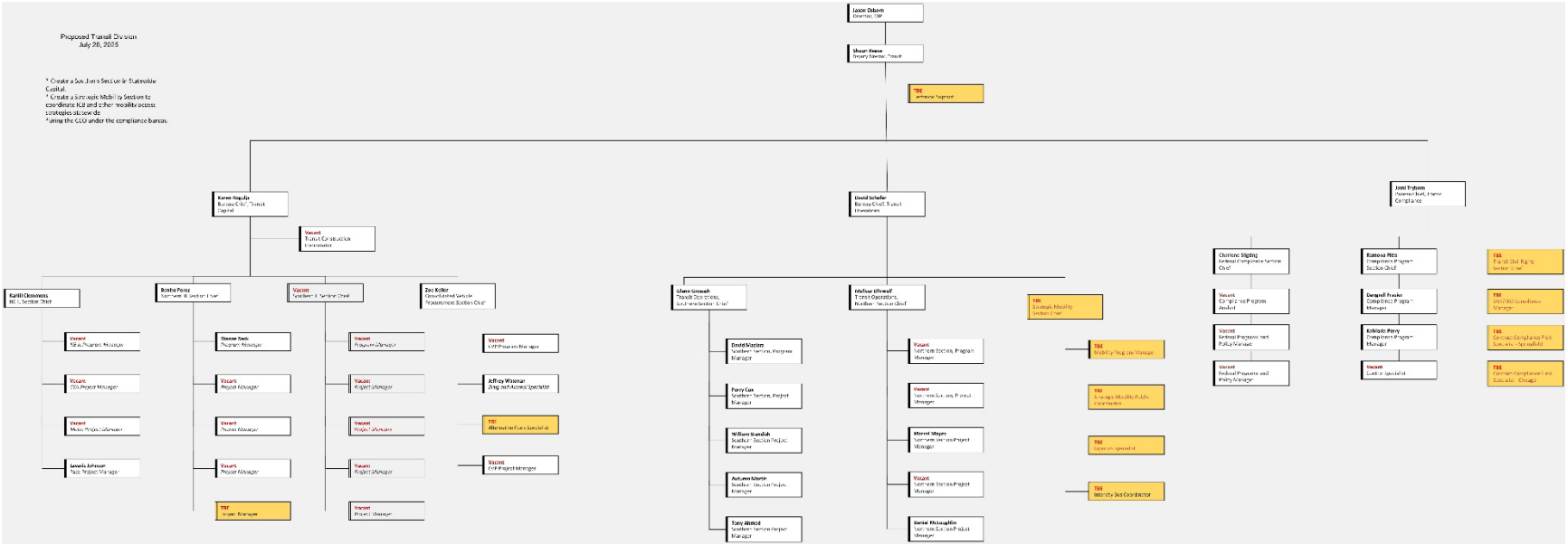
1.4.1 Bureau of Transit Capital

The Bureau of Transit Capital consists of three sections: Northeast Illinois (NE-IL), Statewide, and the Consolidated Vehicle Procurement (CVP) Program. The NE-IL Section administers all state funding for the Regional Transportation Authority (RTA) and Services Boards (Chicago Transit Authority [CTA], Metra, and Pace) in the Chicagoland Region. The Statewide Section administers all federal and state capital funding for subrecipients outside of the RTA region. The CVP Section uses FTA's Section 5310, 5311, and 5339 funding to purchase and award paratransit vehicles to subrecipients throughout the state to operate paratransit services. The Statewide Section administers state capital funds in accordance with the appropriating legislation, such as Rebuild Illinois, and administers federal capital funding in accordance with FTA's guidance and circulars.

1.4.2 Bureau of Transit Operations

The Bureau of Transit Operations is comprised of two sections: northern and southern. Both sections are responsible for ensuring the adequate and timely release of operating funding to transit providers outside the NE-IL region.

Exhibit 1.1 Org Chart



More specifically, the Bureau of Transit Operations is responsible for administering the following:

- The Downstate Operating Assistance Program (DOAP) provides operating assistance for downstate transit agencies.
- The Federal Transit Administration (FTA) Section 5311 program, which provides operating and capital assistance to rural transit providers across Illinois.
- FTA Section 5311(b) and 5311(f) programs provide support for rural transit training and intercity bus service, respectively.

The Joint Committee on Administrative Rules (JCAR) for DOAP (Title 92, Chapter 1, Subchapter h, Part 653) outlines the procedures, conditions, and limitations applicable to state operating assistance grant programs. All funding is administered in compliance with the enabling and appropriating legislation. The Bureau of Transit Operations ensures that all eligible operating expenses, as defined under 30 Illinois Compiled Statutes (ILCS) 740, are reimbursed promptly. These grants generally fund operating expenses for public transportation systems, such as the following:

- Materials, fuels, supplies, and non-rolling stock equipment
- Routine maintenance and repair needs
- Employee wages and benefits
- Administrative costs
- Insurance and taxes
- Payment for Debt Service
- Other costs, typically annual operating costs

IDOT Direct Funding Recipients are responsible for the direct implementation of the operating, capital, or planning projects supported by these grant programs. To ensure compliance and full reimbursement of obligated funds, the IDOT Direct Funding Recipients must submit all required documents and information specific to their grant.

1.4.3 Bureau of Transit Compliance

The Bureau of Transit Compliance is composed of two sections: Federal and General. Both sections are responsible for leading statewide transit compliance and policy oversight functions. The two sections develop, interpret, and implement policies and procedures to ensure adherence to FTA, state, and departmental regulations. The Bureau oversees compliance activities involving more than 50 public transit agencies and 300 nonprofit subrecipients, manages responses to federal audits such as FTA's State Management

Review, and provides technical guidance, corrective action planning, and training to strengthen compliance capacity among transit partners.

In addition to compliance monitoring, the Bureau of Transit Compliance supports long-range planning and program integration, including development of the Statewide Transportation Improvement Program (STIP), multimodal improvement plans, and coordination of reporting requirements across bureaus. Internally, the bureau collaborates with financial, legal, and audit offices, and, externally, it works with FTA, RTA, Illinois Department of Central Management Services (CMS), the Governor's Office, and local transit districts. By combining compliance enforcement with forward-looking policy and planning, the Bureau ensures that Illinois maximizes federal funding opportunities while safeguarding program integrity.

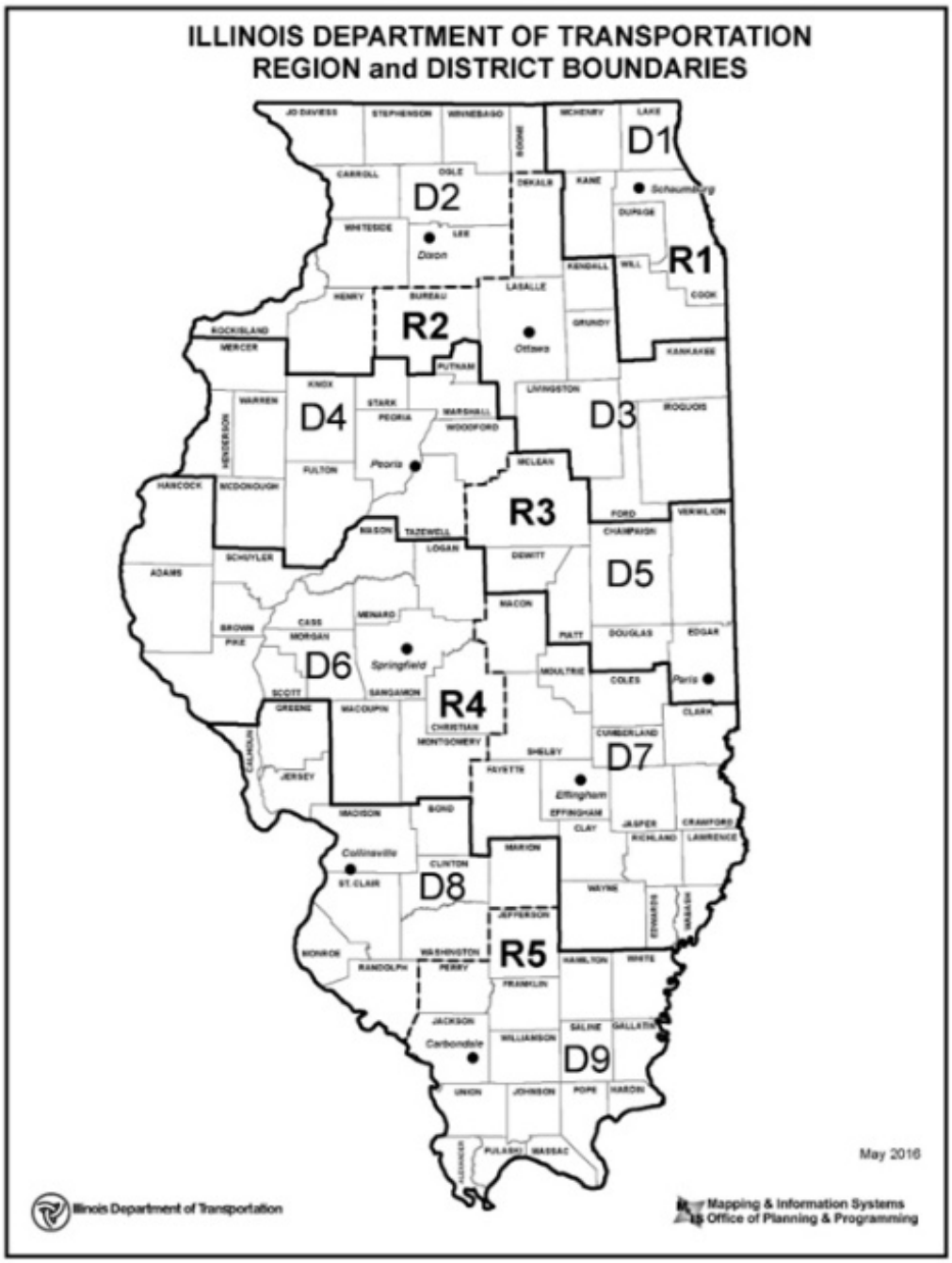
1.5 OIPI – Transit Questions and Contact

Questions and correspondence related to program administration should be directed to:

Bureau Chief, Transit Compliance
Illinois Department of Transportation
Office of Intermodal Project Implementation
2300 S Dirksen Parkway, Room 323
Springfield, IL 62764

IDOT has established regional and district boundaries throughout the state primarily for planning and administrative purposes (Exhibit 1.2). The boundaries are also used in evaluating equity and compliance with IDOT's Title VI Program.

Exhibit 1.2. IDOT Regions and Districts



2 Roles and Responsibilities

2.1 Federal Transit Administration Role

The Federal Transit Administration (FTA) provides overall policy and program guidance to states; apportions funds annually; develops and implements financial management procedures; initiates and manages program support activities; and conducts national program reviews and evaluations.

Most federal public transportation laws are codified in Title 49, United States Code (U.S.C.), Chapter 53, which establishes the authority of the Federal Transit Administration (FTA). Chapter 53 incorporates provisions of the Urban Mass Transportation Act, originally enacted in 1964. Congress authorizes funding for FTA programs through surface transportation legislation, including the Infrastructure Investment and Jobs Act of 2021 (IIJA). These laws amend Chapter 53 to establish, modify, or reauthorize FTA funding programs and requirements.

The FTA Region V Office provides program oversight and administration for the State of Illinois. Region V activities include, but are not limited to:

- Reviewing and approving grant applications;
- Obligating federal funds;
- Managing grants;
- Administering and overseeing grants awarded to direct recipients;
- Overseeing the implementation of annual programs and Programs of Projects (POP);
- Receiving required certifications and assurances;
- Reviewing and approving State Management Plans and Program Management Plans;
- Conducting State Management Reviews for states receiving Sections 5310, 5311, and 5339 program funds;
- Conducting Triennial Reviews of direct recipients of Section 5307 program funds;
- Performing special or enhanced reviews at FTA's discretion; and

- Providing technical assistance, guidance, and oversight as needed.

2.2 Illinois Department of Transportation Role

In 1972, the Illinois General Assembly established the Illinois Department of Transportation (IDOT) to oversee the development, operation, and coordination of the state's transportation system. Through the Office of Intermodal Project Implementation (OIPI), IDOT supports public transportation, passenger rail, freight rail, aeronautics, and other intermodal transportation initiatives throughout Illinois.

Consistent with state and federal law, the Governor has designated IDOT as the state agency with primary authority and responsibility for administering Federal Transit Administration (FTA) funding programs under Sections 5310, 5311, and 5339. IDOT administers these programs in accordance with applicable federal regulations, FTA circulars and guidance, and state requirements.

Through OIPI – Transit, IDOT is responsible for:

- Identifying current and future public transportation and intermodal transportation needs throughout Illinois;
- Developing and administering programs supporting public transportation, passenger rail, freight rail, and intermodal transportation services and infrastructure;
- Coordinating transportation planning, programming, and policy development with federal, state, regional, and local stakeholders;
- Administering federal and state funding programs for public transportation, including operating, capital, and technical assistance programs;
- Reviewing grant applications, executing grant agreements, reimbursing eligible expenses, and monitoring compliance with applicable federal and state requirements;
- Providing technical assistance, oversight, training, and compliance support to public transportation providers and grant recipients;
- Supporting regional coordination and mobility initiatives designed to improve transportation access and efficiency throughout Illinois;
- Conducting planning studies, technical reviews, and data analysis to support informed transportation investment decisions;
- Promoting safe, reliable, accessible, and coordinated transportation services for Illinois residents;

- Maintaining coordination with federal, state, regional, and local agencies, transportation providers, and industry partners on transportation-related initiatives and programs; and
- Supporting the continued development and improvement of Illinois' multimodal transportation network through strategic planning, capital investment, oversight, and innovation.

2.3 Subrecipient Responsibilities

Under state-administered FTA programs, IDOT provides funding to subrecipients that may either directly operate public transportation services or provide funding to entities that operate transit services on their behalf. In arrangements where subrecipients provide funding to lower-tier entities, subrecipients are responsible for monitoring grant-assisted activities to ensure compliance with applicable federal and state requirements.

A subrecipient remains responsible for compliance with all applicable federal and state requirements, regardless of whether project activities are performed by contractors, operators, consultants, or other lower-tier entities. IDOT may impose additional requirements as conditions of award where permitted by law.

Subrecipients are responsible for administering and managing awarded funds in accordance with federal regulations, grant agreements, applicable FTA circulars, and IDOT requirements. Subrecipient responsibilities include, but are not limited to:

- Demonstrating the legal, financial, and technical capacity to carry out the program, including applicable safety and security requirements;
- Providing administrative and management support necessary for project implementation;
- Providing adequate technical inspection and supervision of work performed under the award, when applicable;
- Ensuring compliance with grant agreements, applicable laws, regulations, and safety standards;
- Maintaining project schedules and monitoring performance to ensure project goals are achieved;
- Managing expenditures within the approved project budget;
- Ensuring compliance by contractors, consultants, and service operators;
- Maintaining property inventory records and safeguarding all federally funded assets;
- Maintaining continuing control over the use of project property;

- Establishing asset management and maintenance procedures to maintain equipment and facilities in a state of good repair;
- Conducting required audits in accordance with applicable federal requirements;
- Preparing and submitting reports required by IDOT and FTA;
- Maintaining records necessary for audits, reviews, and oversight activities;
- Obtaining required approvals prior to incurring costs or undertaking activities requiring IDOT or FTA concurrence;
- Establishing and implementing financial management procedures consistent with 2 CFR § 200;
- Conducting oversight of lower-tier subrecipients, contractors, and lessees;
- Maintaining insurance coverage sufficient to protect the federal interest in federally funded assets;
- Preparing and following written maintenance plans for federally funded assets;
- Developing and maintaining procurement procedures consistent with federal and state requirements;
- Preparing independent cost estimates and conducting required cost or price analyses for applicable procurements;
- Complying with Build America, Buy America requirements;
- Maintaining written procedures for handling bid protests and resolving protests in accordance with applicable procurement requirements;
- Implementing Disadvantaged Business Enterprise (DBE), Title VI, Equal Employment Opportunity (EEO), Americans with Disabilities Act (ADA), and other applicable civil rights requirements;
- Ensuring accessible transportation services are provided to individuals with disabilities, including complementary paratransit service where required;
- Ensuring personnel receive training required by applicable federal or state requirements and any additional training necessary to administer grant-funded activities;
- Developing and implementing the required drug and alcohol testing programs;
- Submitting required audits, compliance documentation, and other information requested by IDOT or FTA; and
- Subrecipients must cooperate with monitoring activities and implement corrective actions when required.

3 Federal Requirements

This chapter addresses the range of requirements that must be addressed if the transit system seeks federal financial assistance in the operation of public transit services. Due to its complexity and additional state requirements, procurement is addressed in a dedicated chapter of this state management plan.

3.1 Program of Projects Development

The Program of Projects (POP) submitted by the Illinois Department of Transportation (IDOT) to the Federal Transit Administration (FTA) must provide for fair and equitable distribution of Section 5311 funds throughout the state, including eligible tribal areas, and ensure the maximum feasible coordination with other public transportation services supported through federal funding sources.

All nonurbanized areas and federally recognized Indian tribal organizations in Illinois are eligible to receive Section 5311 funding. Since the 1990s, IDOT has supported a locally developed planning process intended to promote coordination among transportation providers and human service agencies. As part of this process, designated "lead agencies" serve as the administrative entities responsible for coordinating public and specialized transportation services within their service area and for administering funding provided through OIPI – Transit.

To achieve program goals and objectives, OIPI – Transit prioritizes available funding in the following order:

- Funding for state administration;
- Funding sufficient to ensure that at least 15 percent of the state's annual Section 5311 apportionment is utilized for intercity bus projects, including both capital and operating assistance;

- Funding for subrecipients at levels determined by IDOT, including operating assistance, Rural Transit Assistance Center (RTAC) activities, Human Services Transportation Plan (HSTP) activities, and intercity bus assistance; and
- Remaining funds to support the Consolidated Vehicle Procurement (CVP) Program.

Subrecipients are expected to participate in applicable metropolitan and/or rural transportation planning processes facilitated by the regional planning agencies within their service areas. Active participation in these planning efforts helps ensure that public transportation needs are considered in regional transportation decisions and investment priorities.

Subrecipients are encouraged to coordinate with planning organizations, local officials, and elected representatives involved in the transportation planning process. These stakeholders play an important role in establishing transportation priorities and supporting decisions related to transportation funding, capital investments, and service improvements.

3.2 Programming

After OIPI – Transit completes its review of all the applications, a Program of Projects (POP) is prepared for each funding program directly administered by IDOT. These include Section 5310, Section 5311, and Section 5339.

OIPI – Transit will prepare several POPs: all Section 5311 projects will be included in one POP; the Section 5310 program will be in a second POP, while Section 5339 projects will be in a third POP.

Projects in the POP may be categorized as Category A or Category B. Projects in Category A include those projects that OIPI – Transit has determined have met all the federal statutory and administrative requirements for approval applicable to both the project activities and the subrecipient. Projects in Category B include those projects that IDOT anticipates approving during the current fiscal year, but that have not yet met all federal statutory and/or administrative requirements. For example, a project that has not yet completed the National Environmental Policy Act (NEPA) process or other federal environmental requirements for a facility project may be classified as Category B.

OIPI – Transit will draw up the financial assistance contract for the project only after FTA approval of the Program of Projects. A grant agreement must be executed by the subrecipient, and then it will be executed by IDOT.

The POP, by reference, will also be included in IDOT's Statewide Transportation Improvement Program (STIP) as required by the joint planning regulations issued by the Federal Highway Administration (FHWA) and FTA. Consistent with IDOT practice, summary categories for each respective grant program are included in the STIF. In addition, state and local applicants will work with metropolitan planning organizations (MPOs) to include any Section 5310 projects being proposed within the MPO's planning/study area boundaries in the Transportation Improvement Program (TIP) according to federal guidelines.

Inclusion in the Program of Projects or the TIP does not guarantee funding; proposed federally-funded projects are subject to FTA approval of a grant application submitted by OIPI – Transit.

3.3 Financial Management Systems

3.3.1 Standards

The financial management system of each subrecipient must provide for the following:

(1) Identification, in its accounts, of all federal and state awards received and expended, and the federal and state programs under which they were received. Federal program and federal award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and name of the pass-through entity, if any.

(2) Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements imposed by FTA and IDOT, and oversight, monitoring, and reporting of program performance.

(3) Records that identify the source and application of funds for federally funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest, and be supported by source documentation.

(4) Effective control over, and accountability for, all funds, property, and other assets. The subrecipient must adequately safeguard all assets and ensure that they are used solely for authorized purposes.

(5) Comparison of expenditures with budget amounts for each federal award.

(6) Written procedures to implement the requirements of 2 CFR § 200.305, which requires the recipient to minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the subrecipient, whether the payment is made by electronic funds transfer, issuance or redemption of checks, warrants, or payment by other means.

(7) Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the federal award.

3.3.2 Cost Allowability Principles

The total cost of a federal or state award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

Except where otherwise authorized by statute, costs must meet the following general criteria to be allowable under federal awards:

(1) Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles;
(2) Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amounts of cost items;
(3) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the subrecipient;
(4) Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost;
(5) Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only, as otherwise provided for in this part;
(6) Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally-financed program in either the current or a prior period;
(7) Be adequately documented; and
(8) Costs must be incurred during the approved budget period.

3.3.3 Indirect Costs

If indirect costs are charged to a grant award, indirect costs claimed must be consistent with the terms of an indirect cost rate proposal (ICRP) submitted and approved by either a federal cognizant agency for indirect costs or, in the absence of such approval, IDOT's Bureau of Business Services. The ICRP must conform to the rules issued under 2 CFR § 200. Subrecipients may also claim the de minimis rate of 15% without the need to submit an indirect cost rate proposal to IDOT.

A proposal to establish a cost allocation plan or an indirect (F&A) cost rate, whether submitted to a federal cognizant agency for indirect costs or maintained on file by the

subrecipient, must be certified by the subrecipient using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in 2 CFR § 200, Appendix IV (nonprofit entities) or Appendix VII (public entities). The certificate must be signed on behalf of the agency by an individual at a level no lower than the vice president or chief financial officer of the subrecipient that submits the proposal.

3.3.3.1 Program Income

3.3.3.1.1 Program income – Defined

The Office of Management and Budget (OMB) is responsible for setting the policies for grant awards made by executive branch departments, including the U.S. Department of Transportation. The Uniform Guidance defines program income. It should also be noted that the U.S. Department of Transportation has promulgated its definition of program income (a slight variation of the definition found in the Uniform Guidance). This definition reads as follows:

> *…Gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the grant or cooperative agreement during the period of performance. Program income includes, but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal assistance.*

As can be seen from these definitions, various revenues may be earned by a recipient or subrecipient of FTA funds that could be classified as "program income," including, but not necessarily limited to, revenues derived from:

(1) Fees for services performed;
(2) The use or rental of real or personal property acquired under its award;
(3) The sale of commodities or items fabricated under its award;
(4) License fees and royalties on patents and copyrights;
(5) Advertising/concessions specifically required by the federal award, and pertaining to specific activities or accomplishments which result from the performance of the federal award; and
(6) Payments of principal and interest on loans made with federal assistance.

3.3.3.1.2 Exclusions

Interest earned on advances of federal assistance is not considered program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, taxes, special assessments, levies, and fines raised by a recipient and subrecipient, and interest earned on any of them. Proceeds from the sale of real property or equipment are not program income. Farebox revenues are also not considered program income.

3.3.3.1.3 Allowable Treatment of Program Income

Both OMB and FTA encourage the generation of program income. FTA Circular 5010.1F, Chapter VI, § 8, "Program Income," states that recipients (and subrecipients) are encouraged to earn income to defray program costs where appropriate.[1] When such income is earned, however, the transit system must follow OMB and FTA guidance on the use of program income.

OMB outlines three methods of applying program income during the period of performance of the grant:[2]

Method 1: Deduction – Program income is deducted from the total allowable costs, reducing the overall total amount of the federal award and the required non-federal share. Under this method:
Method 2: Addition – Program income is added to the total allowable costs, increasing the overall total amount of the Federal award.
Method 3: Cost-Sharing – Program income is used to meet the federal award's cost-sharing (e.g., non-federal share) requirement.

3.3.3.1.4 FTA's Rules on the Use of Program Income.

OMB clarifies that the deduction method will be used if the federal agency does not specify a method for applying program income.[3] FTA Circular 5010.1F addresses the allowable treatment of program income. Key points in FTA's guidance:

[1] See 2 CFR § 200.307(a) where OMB states: *Non-Federal Entities are encouraged to earn income to defray program costs where appropriate* and FTA Circular 5010.1F where FTA reiterates: *Grantees are encouraged to earn income to defray program costs where appropriate*.

[2] 2 CFR § 200.307(b)(1) – (3).

[3] 2 CFR § 200.307(b). One exception to the use of the deduction method is applicable in situations where the federal agency does not specify in its award terms in grants to institutions of higher education and nonprofit research institutions.

- 2 CFR § 1201 pertaining to program income supersedes 2 CFR § 200.307 regarding the treatment of program income.
- In some circumstances, FTA permits the use of program income to meet the non-federal share of a grant award in which the program income was earned (Cost Sharing Method).
- For some FTA capital programs (Sections 5307, 5311, 5337, and 5339), revenues from the sale of advertising and concessions may be used as the non-federal share or may be retained as part of a subrecipient's undisbursed cash surplus.
- Income from a service agreement with a state or local social service agency or a private social service organization to provide transportation may be used as the non-Federal share for the grant award in which the program income is earned.
- If not addressed in the previous two points above, program income may not be used to reduce the non-federal share of the award from which it was earned, but may be used as the non-federal share for future awards.[4]

3.3.4 Contributions and Donations

The costs of contributions and donations, including cash, property, and services, **from** a subrecipient to other entities are unallowable. The value of services and property donated (that is, in-kind donations) **to** a subrecipient may not be charged to a federal award either as a direct or indirect cost; however. the value of donated services and property may be used to meet cost sharing requirements with the prior approval of OIPI – Transit.

Services donated to the subrecipient must be supported by the same methods used to support the allocability of regular personnel services. Additionally, the donated personal property or service must have a direct benefit to the operation of a public transportation service. Subrecipients are responsible for determining the Fair Market Value (FMV) for donated property and space subject to the approval of OIPI – Transit.

3.3.5 Internal Controls

Each recipient of funds from IDOT must establish and maintain effective internal control over the federal award that provides reasonable assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal or state award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the

[4] FTA Circular 5010.1F, Ch. VI § 8.g

Comptroller General of the United States and the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

3.4 Audit

Any subrecipient that expends more than $1,000,000 during the subrecipient's fiscal year in federal awards from all sources (not just FTA awards) must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 CFR § 200.500.

3.4.1 Auditee Responsibilities

3.4.1.1 Procurement of Independent Audit Services

Any IDOT subrecipient that meets the applicability standards defined above must:

(1) Procure or otherwise arrange for the audit required 2 CFR § 200.509 Auditor selection, and ensure it is properly performed and submitted when due.
(2) Prepare appropriate financial statements, including the schedule of expenditures of federal awards
(3) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

When procuring audit services, the objective is to obtain high-quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear, and the subrecipient must request a copy of the audit organization's peer review report, which the auditor is required to provide under GAGAS.

Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the subrecipient must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises in procuring audit services.

The subrecipient must prepare financial statements that reflect its financial position, results of operations, or changes in net assets, and, where appropriate,

cash flows for the fiscal year audited. The financial statements must be for the same organizational unit and fiscal year that are chosen to meet the requirements of 2 CFR § 200. However, entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits

The subrecipient must also prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with 2 CFR § 200.502.

3.4.1.2 Audit Corrective Actions

The subrecipient is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the subrecipient must prepare a summary schedule of prior audit findings. The subrecipient must also prepare a corrective action plan for the current year's audit findings. The summary schedule of prior audit findings and the corrective action plan must include the reference numbers that the auditor assigns to audit findings. Since the summary schedule may include audit findings from multiple years, it must include the fiscal year in which the finding initially occurred.

3.4.2 Audit Report Submission

3.4.2.1 IDOT

Annual audits of the subrecipients will be submitted to IDOT within 30 days after the completion of the audit.

3.4.2.2 Federal Audit Clearinghouse

The audit must be completed and the data collection form and report package required by the Federal Audit Clearinghouse (FAC) must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period (whichever is sooner). If the due date falls on a Saturday, Sunday, or federal holiday, the reporting package is due the next business day.

3.5 Project Close-Out

3.5.1 Final Invoicing

Subrecipients will initiate and show reasonable progress throughout the period of performance and close their grants in a timely manner per their agreement.

The subrecipient must submit the following within 30 days after the contract end date:

(1) A claim/invoice and documentation for the remaining eligible project expenses
(2) Copies of reports or documents produced because of the contract
(3) Other reports as required as a condition of the contract

3.5.2 Close-Out

OIPI – Transit has the right to unilaterally initiate contract close-out following an initial written notice if any of the following occur:

(1) Sixty (60) days have passed since the contract expiration date, and/or the subrecipient has submitted a reimbursement request within this sixty-day period that has been designated as the Final Invoice;
(2) The subrecipient has misused funds or failed to make appropriate use of project property; or
(3) The grant is inactive.

3.5.3 Record Retention

Financial records, supporting documents, statistical records, and all other subrecipient records pertinent to a federal award must be retained for a period of three years from the date of the close-out notice from IDOT or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-federal entities. The only exceptions are the following:

(1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action is taken.
(2) When the subrecipient is notified in writing by the federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

(3) Records for real property and equipment acquired with federal funds must be retained for 3 years after final disposition.

3.6 Asset Management

Any subrecipient that has used federal funds to acquire real property or tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the subrecipient for financial statement purposes or $10,000 (or the current capitalization threshold set in 2 CFR § 200.1).

3.6.1 Title to Assets

Title to tangible personal property or real property shall rest in the name of the subrecipient. IDOT reserves the right to hold the first lien on the asset or, in the case of real property, issue a Memorandum of Grant Agreement to ensure that asset management requirements are met by the subrecipient.

3.6.2 Transit Asset Management (TAM) Plans

Every agency must develop a transit asset management (TAM) plan if it owns, operates, or manages capital assets used to provide public transportation and receives federal financial assistance under 49 U.S.C. Chapter 53 as a recipient or subrecipient. Each transit provider must designate an Accountable Executive (49 CFR 625.5) to ensure appropriate resources for implementing the agency's TAM plan and the Transit Agency Safety Plan.

Federal regulations at 49 CFR § 625 classify all covered entities as either Tier I or Tier II agencies.

- Tier I provider means a recipient that owns, operates, or manages either (1) one hundred and one (101) or more vehicles in revenue service during peak regular service across all fixed route modes or in any one non-fixed route mode, or (2) rail transit.
- Tier II provider means a recipient that owns, operates, or manages (1) one hundred (100) or fewer vehicles in revenue service during peak regular service across all non-rail fixed route modes or in any one non-fixed route mode; (2) a subrecipient under the 5311 Rural Area Formula Program; or (3) any American Indian tribe.

Each Tier I provider must develop and carry out a TAM plan that includes each element described in 49 CFR § 625.25(b).

Tier II entities must meet these same requirements or may elect to participate in a Group TAM Plan. IDOT has served as the sponsor for a Statewide Group TAM Plan.

TAM plans must include:

(1) An inventory of the number and type of capital assets. The inventory must include all capital assets that a provider owns, except equipment with an acquisition value under $50,000 that is not a service vehicle. An inventory also must include third-party-owned or jointly procured exclusive-use maintenance facilities, passenger station facilities, administrative facilities, rolling stock, and guideway infrastructure used by a provider in the provision of public transportation. The asset inventory must be organized at a level of detail commensurate with the level of detail in the provider's program of capital projects.

(2) A condition assessment of those inventoried assets for which a provider has direct capital responsibility. A condition assessment must generate information at a level of detail sufficient to monitor and predict the performance of the assets and to inform the investment prioritization.

(3) Information at a level of detail sufficient to monitor and predict the performance of the assets and to inform the investment prioritization.

(4) A description of analytical processes or decision-support tools that a provider uses to estimate capital investment needs over time and develop its investment prioritization.

(5) A provider's project-based prioritization of investments

(6) A provider's TAM and SGR policy.

(7) A provider's TAM plan implementation strategy.

(8) A description of key TAM activities that a provider intends to engage in over the TAM plan horizon period.

(9) A summary or list of the resources, including personnel, that a provider needs to develop and carry out the TAM plan.

(10) An outline of how a provider will monitor, update, and evaluate, as needed, its TAM plan and related business practices, to ensure the continuous improvement of its TAM practices.

3.6.2.1 IDOT Responsibilities in the TAM Plan

Transit agencies subject to FTA's Transit Asset Management (TAM) regulations are in two groups: Tier I and Tier II. Tier I agencies must develop their own TAM plan, while members of Tier II may develop their own plan or participate in a

Group Plan. A TAM Group Plan is a single TAM plan that is developed by a sponsor on behalf of at least one Tier II provider.

As Tier II participants are mostly Section 5311 subrecipients, a state DOT is typically the group plan sponsor. OIPI – Transit has assumed the role of a group plan sponsor in Illinois. This obligation requires OIPI – Transit to:

(1) Develop a group TAM plan for its tier II provider subrecipients, except those subrecipients that are also direct recipients under the 49 U.S.C. 5307 Urbanized Area Formula Grant Program. The group TAM plan must include a list of those subrecipients that are participating in the plan.
(2) Comply with the requirements of this part for a TAM plan when developing a group TAM plan.
(3) Coordinate the development of a group TAM plan with each participant's Accountable Executive.
(4) Make the completed group TAM plan available to all participants in a format that is easily accessible.

3.6.2.2 Subrecipients Responsibilities in the TAM Plan

Tier II participants in a group plan also have obligations, as follows:

(1) A Tier II provider may participate in only one group TAM plan.
(2) A Tier II provider must provide written notification to a sponsor if it chooses to opt-out of a group TAM plan. A provider that opts-out of a group TAM plan must either develop its own TAM plan or participate in another sponsor's group TAM plan.
(3) A participant must provide a sponsor with any information that is necessary and relevant to the development of a group TAM plan.

3.6.3 Asset Use

Except as otherwise provided by FTA or OIPI – Transit, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the subrecipient must not dispose of or encumber its title or other interests. Equipment must be used by the subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the subrecipient must not encumber the property. When no longer needed for

the original program or project, the equipment may be used in other activities supported by FTA/IDOT.

3.6.4 Asset Management

3.6.4.1 Real Property Management Requirements

For all real property placed in service under a grant awarded on or after December 26, 2014, OIPI – Transit requires that subrecipients maintain a real property inventory and submit reports on the status of real property in which the federal government retains an interest. Real property includes land, affixed land improvements, structures, and appurtenances. FTA has an interest in real property when FTA funds were used to purchase, construct, improve, or repair the property. The inventory and reports must address the FTA-funded real property of the subrecipient (or property leased to operators).

The real property inventory must include:

(1) Property location/physical address
(2) Use and condition
(3) Summary of conditions on the title
(4) Brief description of improvements, expansions, and retrofits
(5) Useful life for the assets
(6) Date placed in service
(7) Original acquisition cost
(8) Sources of funding
(9) Federal and non-Federal participation ratios
(10) Award identification number
(11) Appraised value and date
(12) Anticipated disposition or action proposed
(13) Date of disposal (if applicable)
(14) Sale price of the property (if applicable)

Consistent with FTA practices, OIPI – Transit shall require the real property reports to be submitted in conjunction with its periodic comprehensive oversight review process.

3.6.4.2 Equipment Management Requirements

Procedures for managing equipment, whether acquired in whole or in part under a federal award, until disposition takes place, will, at a minimum, meet the following requirements:

(1) Property records must be maintained that include
   a. A description of the property
   b. A serial number or other identification number
   c. The source of funding for the property (including the FAIN)
   d. Name of the entity that holds the title
   e. Acquisition date
   f. Cost of the property
   g. The percentage of federal participation in the project costs for the federal award under which the property was acquired
   h. Location of the property
   i. Current use of the property or equipment
   j. Condition of the property
   k. Any ultimate disposition data, including the date of disposal and the sale price of the property.

(2) A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the subrecipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

3.6.5 Asset Maintenance Requirements

If the subrecipient owns or has improved real property or acquired real property, either in whole or in part, with federal or state financial assistance, OIPI – Transit requires that the subrecipient prepare a facility maintenance plan.

Subrecipients must keep federally funded vehicles, equipment, and facilities in good operating condition. Subrecipients must keep Americans with Disabilities Act (ADA) accessibility features on all vehicles, equipment, and facilities in good operating order.

Proper maintenance of assets is key to protecting the FTA investment and prolonging the useful life of the asset. All subrecipients must have a written maintenance plan(s) for FTA-funded assets.

3.6.5.1 Real Property Maintenance Requirements

Real property must be appropriately maintained. A description of the improvements, expansions, retrofits, and maintenance of real property must be properly documented in the facility inventory (see Chapter 3.6.4.1).

Subrecipients must have written procedures for building maintenance. This plan should address:

- Maintenance objectives
- Current age and condition of the building component/system
- Preventive maintenance schedules for each component/system that define events at each maintenance milestone
- Assignment and responsibility for preventive maintenance checks
- Critical systems unplanned maintenance and actions
- Recordkeeping and records retention practices

OIPI – Transit may conduct facility inspections and review maintenance records to ensure that the subrecipient is following its maintenance program and keeping the facility in a state of good repair.

3.6.5.2 Equipment Maintenance Requirements

Subrecipients are responsible for preparing written vehicle maintenance plans. The plan should recognize each type of vehicle in the fleet and establish a schedule of preventive maintenance actions to occur at planned intervals, measured by time or miles, whichever is recommended by the original equipment manufacturer (OEM). OIPI – Transit will provide subrecipients some discretion in determining the appropriate intervals for preventive maintenance inspections to accommodate such things as specific manufacturer recommendations, vehicle age, unique operating conditions, etc. OIPI – Transit expects recipients to follow their program for preventive maintenance, but understands that circumstances may prevent inspections from being completed exactly at the interval specified. To account for this, OIPI – Transit allows a 10 percent deviation from the scheduled interval as being considered on time; OIPI

– Transit reserves the right to audit maintenance histories to determine if fewer than 80 percent of the inspections for any mode or operation occurred on time.

The maintenance interval tolerances and performance expectations described in this chapter are OIPI – Transit administrative policy and are intended to assist in evaluating maintenance program effectiveness. They do not replace or supersede manufacturer recommendations or applicable federal requirements.

3.6.5.3 Warranty Claims

For vehicles under warranty, the subrecipient typically must perform a series of preventive maintenance actions if the warranty is to remain valid. If the recipient either does not perform these required maintenance routines or performs them at greater intervals than the manufacturer's maximum intervals, the recipient runs the risk of invalidating vehicle warranty provisions.

OIPI – Transit requires that the subrecipient have a system for identifying warranty claims, recording claims, and enforcing claims against the manufacturers. An aggressive warranty recovery program ensures that the cost of defects is borne properly by the equipment manufacturer and not the subrecipient, OIPI – Transit, and FTA. There should be clear procedures to identify warranty repairs, record the warranty claim, submit the claim to the manufacturer, and follow up on unpaid claims.

3.6.5.4 Insurance

All subrecipients must provide, at a minimum, insurance coverage for real property and equipment acquired or improved with federal funds as provided to property without a federal interest owned by the subrecipient. Additionally, in the event property or equipment suffers a casualty loss, the subrecipient is obligated to return a pro rata share, equal to the ratio of federal participation in the acquisition cost of the asset, to OIPI – Transit for return to the federal government.

3.6.5.4.1 Real Property

FTA requires subrecipients to ensure all buildings and contents are accounted for. Buildings are defined as:

> *…a structure that is affixed to a permanent site with two or more outside rigid walls and a fully secured roof. This includes manufactured or modular*

office trailers that are built on a permanent chassis, transported to a site in one or more sections, and affixed to a permanent foundation. Trailers are considered "residential rental property" and follow real property guidelines.

Contents are defined as:

…personal property within a building, including fixtures, machinery, equipment, and supplies. In addition to the costs to repair or replace, contents insurance coverage shall include the cost of debris removal and the reasonable cost of removal of contents to minimize damage.

Section 102 of the Flood Disaster Protection Act of 1973 (FDPA) prohibits the federal government from providing funds for the acquisition or construction of buildings located in a special flood hazard area (100-year flood zone) unless the owner of the property first has obtained flood insurance. Specifically, IDOT may not provide any financial assistance for the acquisition, construction, reconstruction, repair, or improvement of a building unless the subrecipient has first acquired flood insurance under the FDPA to cover the buildings constructed or repaired with Federal funds. The Federal Emergency Management Agency (FEMA) has defined "building" in its regulations implementing the National Flood Insurance Program (NFIP) as noted above. In addition, where structures are both above and below ground, the flood insurance requirement applies where at least 51 percent of the cash value of the structure, less land value, is above ground.

Subrecipients shall also maintain appropriate commercial general liability or equivalent self-insurance coverage for transit facilities in accordance with applicable law and OIPI – Transit requirements.

Self-insurance may not be used to satisfy flood insurance requirements that have not been exempted from the requirements by the Federal Insurance Administrator.

3.6.5.4.2 Equipment

The Uniform Guidance (2 CFR § 200.313(d)(3)) requires each subrecipient to have a control system in place to ensure safeguards for preventing property loss, damage, or theft. Any loss, damage, or theft of equipment must be investigated. The subrecipient must notify OIPI – Transit of any loss, damage, or theft of equipment that will have an impact on the program.

Subrecipients must annually document compliance with this chapter by providing a certificate of insurance coverage. A vehicle schedule listing the vehicles the subrecipient has covered with liability and collision insurance must also be submitted.

Subrecipients shall maintain adequate insurance coverage for vehicles and equipment acquired or improved with federal or state financial assistance, as applicable. Liability insurance limits for vehicles operated by subrecipients shall be established by OIPI – Transit. Subrecipients shall maintain collision and property insurance sufficient to protect the federal and/or state interest in federally or state-funded assets at current fair market value.

The liability insurance limits on vehicles operated by subrecipients will be determined by OIPI – Transit.

3.6.5.4.3 Other Insurance to Protect the Federal Interest

Consistent with the requirements of 2 CFR § 200.310, OIPI – Transit requires all subrecipients to maintain collision insurance on vehicles at least equal to the federal interest in the vehicle at current fair market value.

3.7 Drug and Alcohol Testing Program

Subrecipients and operators with safety-sensitive employees, as defined by 49 CFR § 655, must have a drug and alcohol testing policy detailing the provisions of their drug and alcohol programs. The policy must cover all the provisions noted below and must reflect all periodic updates and regulatory amendments.

3.7.1 Drug and Alcohol Policy

3.7.1.1 Policy Contents

The following checklist identifies the minimum requirements of a drug and alcohol testing policy as defined by 49 CFR § 655.15:

(1) Proof of policy adoption by the appropriate local governing board or other “final authority” with effective date indicated;
(2) Identity of the person, office, branch, and position designated by the employer to answer questions about the anti-drug and alcohol misuse program;
(3) Categories of employees who are subject to testing;

(4) Prohibited behavior, including when the regulations prohibit the use of alcohol and drugs;

(5) Testing circumstances for drugs and alcohol (i.e., pre-employment, random, post-accident, reasonable suspicion, return-to-duty (only for employers with a second-chance policy), and follow-up testing (only for employers with a second-chance policy));

(6) Procedures for testing for the presence of prohibited drugs or alcohol misuse, protecting the employee and integrity of the drug and alcohol testing process, safeguarding the validity of test results, and ensuring the test results are attributed to the correct covered employee;

(7) Proof of the requirement that a covered employee submits to drug and alcohol testing;

(8) Description of the kind of behavior that constitutes a refusal to take a drug or alcohol test, and a statement that such a refusal constitutes a violation of the employer's policy;

(9) Description of the consequences for a covered employee who has a verified positive drug test result, a confirmed alcohol test with an alcohol concentration of 0.04 or greater, or refuses to submit to a test, including the mandatory requirements that the covered employee be removed immediately from his or her safety-sensitive function and be referred to a substance abuse professional; and a

(10) Description of the consequences for covered employees found to have an alcohol concentration of 0.02 or greater but less than 0.04.

If applicable, proof of notice provided to covered employees identifying additional elements of an anti-drug use or alcohol misuse program and proof that those elements are not inconsistent with, or contrary to, federal regulations.

3.7.1.2 Training

Subrecipients and operators are required to provide at least 60 minutes of drug training for covered employees and at least 120 minutes of training for supervisors and other officers authorized by the employer to make reasonable suspicion determinations.

3.7.1.3 Records from Previous Employers

Subrecipients and operators, after obtaining an employee's written consent, must request information on the US DOT drug and alcohol testing history for the two previous years of any employee who is seeking to begin performance of

safety-sensitive duties for the subrecipient or operator for the first time (i.e., a new hire, an employee who transfers into a safety-sensitive position). Subrecipients or operators must request the following information from U.S. DOT-regulated employers who have employed the employee during any period during the two years before the date of the employee's application or transfer:

- Alcohol tests with a result of 0.04 or higher alcohol concentration
- Verified positive drug tests
- Refusals to be tested (including verified adulterated or substituted drug test results)
- Other violations of the US DOT agency drug and alcohol testing regulations

3.7.1.4 Types of Tests

The subrecipient or operator must conduct the required types of tests, consistent with 49 CFR § 655.41, as follows:

- Pre-employment drug testing
- Reasonable suspicion testing
- Post-accident testing
- Random testing

Consistent with the subrecipient's or operator's drug and alcohol testing policy, the following optional tests may also be conducted:

- Pre-employment alcohol testing
- Return-to-duty testing

3.7.1.5 Random Testing Rates

The minimum annual percentage rate for random drug testing is 50 percent. The FTA Administrator may lower this rate to 25 percent of all covered employees if the Administrator determines that the data received under the reporting requirements of 49 CFR § 655.72 for the two preceding consecutive calendar years indicate that the reported positive rate is less than 1.0 percent.

The minimum annual percentage rate for random alcohol testing is 25 percent or more. The Administrator may lower this rate to 10 percent of all covered employees if the Administrator determines that the data received under the reporting requirements of 49 CFR § 655.72 for two consecutive calendar years indicate that the violation rate is less than 0.5 percent.

3.7.1.6 Credentials of Third-Party Agents

The subrecipient or operator is responsible for ensuring all third-party service agents are properly credentialed to perform the required functions. The certificates of the service agents who support the recipient's drug and alcohol testing program. The subrecipient or operator must maintain documentation in its files and ensure the qualifications of the service agents are up to date:

- Certifications dated within three years: substance abuse professionals
- Certifications dated within five years: breath alcohol technicians, collectors, and medical review officers

3.7.1.7 Reporting

OIPI – Transit is responsible annually for preparing and maintaining a summary of the results of its subrecipients' anti-drug and alcohol misuse testing programs. OIPI – Transit will collect from each Section 5311 recipient the required data to complete the MIS form.

3.8 Charter

All subrecipients are prohibited from using FTA-funded equipment and facilities to provide charter service that unfairly competes with private charter operators. Subrecipient may operate a charter service only when the service meets a specified exception defined in the rule (49 CFR § 604).

3.8.1 Exemptions to the Charter Regulation

Demand response transportation is categorically excluded from being defined as a charter service. Additionally, exemptions, which are not considered charter service, require no notification to registered charter providers, record-keeping, quarterly reporting, or other requirements. The charter service regulation exempts the following services:

(1) *Transportation of Employees, Contractors, and Government Officials*: Subrecipients are allowed to transport their employees, other transit systems' employees, transit management officials, transit contractors and bidders, government officials and their contractors, and official guests to or from transit facilities or projects within their geographic service area or proposed geographic service area for the purpose of conducting oversight functions such as inspection, evaluation, or review.

(2) *Private Charter Operators*: The prohibitions do not apply to private charter operators that receive, directly or indirectly, Federal financial assistance under the

over-the-road bus accessibility program or to non-FTA-funded activities of private charter operators that receive, directly or indirectly, FTA financial assistance.

(3) *Emergency Preparedness Planning and Operation*: Subrecipients are allowed to transport their employees, other transit systems' employees, transit management officials, transit contractors and bidders, government officials and their contractors, and official guests for emergency preparedness planning and operations.

(4) *Section 5310 and 5311 Subrecipients*: The prohibitions do not apply to subrecipients that use Federal financial assistance from FTA for program purposes, that is, transportation that serves the needs of either human service agencies or targeted populations (elderly, individuals with disabilities) under Section 5310 or 5311. "Program purposes" does not include exclusive service for other groups formed for purposes unrelated to the special needs of the identified targeted populations.

(5) *Emergency Response*: Subrecipients are allowed to provide service for up to 45 days for actions directly responding to an emergency declared by the president, governor, or mayor, or in an emergency requiring immediate action prior to a formal declaration.

(6) *Subrecipients in Non-Urbanized Areas*: Subrecipients in non-urbanized areas may transport employees, other transit systems' employees, transit management officials, and transit contractors and bidders to or from transit training outside their geographic service area.

3.8.2 Exceptions to the Charter Regulations

Exceptions are considered charter service and have administrative, record-keeping, and reporting requirements. The subrecipient must retain records of each charter service provided for at least three years. Charter service hours include time spent transporting passengers, time spent waiting for passengers, and "deadhead" hours (time spent getting from the garage to the origin of the trip and then the time spent from the trip's ending destination back to the garage). The charter regulation treats as exceptions the following community-based charter services:

(1) Government officials on official government business
(2) Qualified Human Service Organization (QHSO)
(3) Leasing FTA-funded equipment and drivers
(4) When no registered charter provider responds to a notice from a subrecipient
(5) Agreement with registered charter providers
(6) Petitions to the Administrator

If a subrecipient provides charter service under one of the above exceptions, after providing such service, the agency must record and submit to OIPI – Transit the following:

- The government organization's name, address, phone number, and e-mail address
- The date and time of service
- The number of passengers (specifically noting the number of government officials on the trip)
- The origin, destination, and trip length (miles and hours)
- The fee collected, if any
- The vehicle number for the vehicle used to provide the service.

3.8.3 Oversight

If a subrecipient engages the services of another entity to provide all or part of public transportation in the service area, it must ensure the service operator adheres to the charter regulation.

3.9 School Bus Service

3.9.1 General

Subrecipients are prohibited from providing school bus service in competition with private school bus operators unless the service qualifies and is approved by the Federal Transit Administration (FTA) Administrator under an allowable exemption. FTA-funded equipment and facilities cannot be used for exclusive school bus service under any circumstances.

3.9.2 Tripper Service

Tripper service means regularly scheduled public transportation service that is open to the public, and that is designed or modified to accommodate the needs of school students and personnel, using various fare collection or subsidy systems. Tripper service is uniquely associated with fixed route operations.

Buses used in tripper service must be clearly marked as open to the public and may not carry designations such as “school bus” or “school special.” These buses may stop only at a subrecipient’s or operator’s regular service stop. All routes traveled by tripper buses must be within a subrecipient’s or operator's regular route service as indicated in their published route schedules.

3.10 Private Sector Participation in FTA Programs

Federal law requires the public to be involved in the transportation planning process and specifically requires that private providers be provided an opportunity to be consulted in developing transportation plans and programs in both urbanized and rural areas. Public involvement processes must be proactive and provide complete information, timely public notice, full public access to key decisions, and opportunities for early and continuing involvement throughout the transportation planning and programming process.

Subrecipients are encouraged to partner with private- for-profit bus operators, taxicab companies, and transportation network companies and engage local and regional planning agencies in discussions about transit services and needs.

Transit system planning and service reviews should include private providers for their input on the following:

(1) Can any existing services be provided more efficiently by private providers?
(2) What new services could be developed and operated by private providers?
(3) Are private providers given a fair opportunity to bid for the operation, maintenance, or administration of any transit services?

The Transportation Advisory Board should include representation from the private transportation sector.

Subrecipients are required to certify compliance with this provision through the standard assurances certification.

3.11 IDOT Monitoring of Subrecipients

3.11.1 Basic Principles

Federal grants management principles require that IDOT, as the recipient of FTA funds, provide adequate oversight of its subrecipients. This responsibility includes ensuring that the subrecipient is complying with federal requirements. OIPI – Transit maintains a resource library where the current version of key documents used in the oversight process can be found. Resource documents are located in the Grants Management System "BlackCat" and can be found on idot.illinois.gov.

3.11.2 IDOT Responsibilities

OIPI – Transit uses a combination of management methods to ensure adequate oversight of subrecipients; these methods include site oversight reviews (conducted by OIPI – Transit representatives and/or contractors), periodic site visits by the assigned IDOT project managers, and submission of specialty reports, as appropriate.

Transit systems utilizing federal or state funds may be subject to Comprehensive Compliance Review Assessment. This review is intended to ensure that Section 5311 subrecipients are adhering to all federal and state statutes, program requirements, and policies when administering federal and/or state-funded transit projects. Reviews are done on a periodic schedule and conducted by third-party contractors.

Nonprofit organizations utilizing rolling stock purchased with federal or state funds may be subject to a Section 5310 Program Review. This review is intended to ensure that Section 5310 subrecipients are adhering to all federal and state statutes, program requirements, and policies when administering federal and/or state-funded transit projects. Reviews are done on a periodic schedule and conducted by OIPI – Transit for subrecipients in Northeastern Illinois. Human Service Transportation Plan (HSTP) Coordinators perform these reviews for subrecipients in their designated HSTP region(s). These reviews also include the inspection of federal and/or state-funded rolling stock.

3.11.3 Subrecipient Responsibilities

Subrecipients are required to maintain the financial capacity to administer a project throughout its duration. Financial reviews (on-site audits) may be conducted by OIPI – Transit without notice. Potential triggers for review include, but are not limited to, delinquent reimbursement requests, inadequate documentation of expenditures, excessive revisions, unsatisfactory progress, delinquent reports, audit findings, and/or the repeated failure to procure funded capital items.

3.11.3.1 Comprehensive Compliance Review Assessment

Entities subject to the oversight process are required to do the following:

(1) Respond to the contractor's request for subrecipient information and documentation 10 days prior to the scheduled on-site review;
(2) Arrange for facilities that allow for potential virtual participation;
(3) Ensure all appropriate staff participate in a one-to two-day session for contractor questions on topics related to federal compliance of the transit program; and

(4) Respond to any corrective actions stipulated in the assessment report within the prescribed timeframes detailed in the report

3.11.3.2 Program Compliance Oversight Monitor (PCOM)

Entities subject to this oversight process are required to do the following:

(1) Establish an employee of the agency, local government, or shared employee with another Section 5311 and/or rural Downstate Operating Assistance Program (DOAP) subrecipient as the agency's Program Compliance Oversight Monitor (PCOM). The PCOM shall monitor and analyze various compliance areas for the subrecipient, including, but not limited to:

a. The level and performance of public transportation service being provided by the subrecipient and/or its operator(s), if any, within the subrecipient's service area. This includes monitoring for equivalent service using the measures defined by 49 CFR 37 when applicable.
b. The utilization, condition, and maintenance of Project Facilities;
c. The driver and staff training activities of the subrecipient and/or its operator(s), if any;
d. All service contracts associated with the Project, including any service contracts between the subrecipient's operator and a third party within the subrecipient's territorial boundaries. For the service contracts, the PCOM shall monitor the revenues received and the number of trips provided. The PCOM shall ensure all service contract revenue collected by the subrecipient and/or its operator(s) is properly accounted for, and reimbursements are reconciled with the Public Transportation Account at the end of the state fiscal year;
e. Compliance with the requirements of the Agreement;
f. The ability for all customers to obtain pertinent public transportation information and schedule service with the subrecipient and/or its operator(s), if any; and
g. Any additional items requested by the Department.

4 Pre-Award and Application Requirements

4.1 Application Process

4.1.1 Notice of Funding Opportunities

In a Notice of Funding Opportunity (NOFO) or a Call for Projects, OIPI – Transit will inform potential grantees of all competitive application requirements, including application submittal instructions, deadlines for submittals, informational webinars, and evaluation criteria. In recent years, competitive grant applications have been submitted to OIPI-Transit electronically through a web-based application, such as Microsoft Forms, the BlackCat system, or via email.

Late applications will not be considered for funding under any circumstances unless otherwise authorized by OIPI – Transit.

4.1.2 Eligible Applicants

Each federal and state funding program may have its own eligible applicant criteria and eligible expense categories; these requirements are outlined in the next section of the SMP by funding source.

4.1.3 Applications

Applicants seeking state funding and federal funding must meet state and/or federal grant application requirements when submitting to OIPI - Transit.

Applicants will need to submit a competitive application for individual projects. OIPI – Transit will then review whether the project is eligible for specific capital funding opportunities and evaluate it based on established program requirements and scoring criteria. Once deemed eligible and selected by OIPI – Transit, the applicant will complete a number of steps in BlackCat to create the project and attach it to an application. Once approved by OIPI – Transit in BlackCat, OIPI – Transit will prepare and circulate a grant agreement for signature using DocuSign.

OIPI – Transit will acknowledge receipt of the competitive application. Acknowledgment of the application is an assurance that OIPI – Transit will review the application; it does not obligate the agency to approve the project. However, OIPI – Transit considers the application as representing local intent to commit local funding, if applicable, and undertake the proposed project promptly, if approved.

During the initial review and evaluation of a competitive application, OIPI – Transit may require the applicant to file additional supporting documents. OIPI – Transit will specify the nature of these documents, which may vary with the project.

Evaluation criteria for grant applications will be published in the NOFO. For downstate providers, OIPI – Transit may use the Capital Needs Assessment (CNA) priority scores as a significant factor in the scoring and selection of project applications. Criteria may vary year to year and program to program, so applicants should review individual NOFOs carefully. Criteria are generally developed and weighted to align with OIPI – Transit organization-wide goals, such as those in the Long-Range Transportation Plan, and with goals specific to OIPI Transit, such as those in the Illinois Public Transportation Plan. Examples of capital evaluation criteria may include:

- Planning and Coordination
- State of Good Repair
- New or Expanded Projects
- Innovation and Sustainability
- System Performance
- Project Readiness

In general, capital projects included in funding applications are expected to be previously identified as priorities by the transit agency, and, therefore, they should already be included in the CNA and other relevant planning documents (e.g., long-range transportation plans, metropolitan planning organization (MPO)/regional planning organization (RPO) transportation plans, 5310 coordination plans, local board-approved plans, and budgets).

When OIPI – Transit is satisfied that all required documents relevant to the evaluation of the application have been submitted, a final review of the application will be undertaken. Projects will be reviewed based on the needs of the public transportation system under consideration, other state public transportation needs and priorities, and the availability and applicability of state and/or federal funding.

4.1.4 Risk Assessment

OIPI has commenced a new transit-specific risk assessment, which will determine the level of oversight, as well as concurrence thresholds, applied to each transit agency. The higher the risk, the greater the oversight and the lower the concurrence thresholds. Low-risk agencies may be granted authority to award contracts without concurrence and/or may be granted pre-award authority. Transit agencies will need to prepare a risk assessment annually prior to the start of the new state fiscal year. IDOT project managers will review the transit agencies' submittals and conduct separate risk assessments, which include additional questions about the transit agencies. The established risk levels of each transit agency will remain in place for the entirety of the following state fiscal year. IDOT reserves the right to increase the risk level of an agency between risk assessments if warranted, based upon documented changes in risk. The risk assessment will, at a minimum, use the provider's annual audits, the most recent compliance review (IDOT or FTA Triennial), the provider's responsiveness to required submittals, and the provider's prior experience with transit funding and prior procurement experience to assess risk. Each transit agency will be assessed in the following areas:

- Management systems
- History of performance
- Reports and findings from audits or compliance reviews
- Effectiveness in implementing statutory, regulatory, or other requirements
- Management and oversight of project equipment and use

4.1.5 Pre-Award Costs

Pre-Award costs are any costs incurred prior to the execution of a grant agreement. Pre-award costs are typically not authorized for capital or operating grants.

State law (30 ILCS 500/20-80(d)) stipulates that no requisition for payment can be submitted until a fully executed grant agreement is completed. Executed grant agreements must be reduced to writing, signed by all necessary parties, and filed with the Comptroller. Executed grant agreements are made available for reference on BlackCat.

Unless specifically authorized by OIPI in the grant agreement, subrecipients shall not be paid for any supplies that were received or services that were rendered before the fully executed grant agreement is in place. If pre-award costs are authorized, they must be charged to the initial budget period of the award or as otherwise specified in the grant agreement.

5 Funding Sources

5.1 Overview

IDOT is the designated recipient of federal funds from FTA for all Tier II Providers in the State of Illinois. As the designated recipient, FTA formula funds flow from IDOT to subrecipients. OIPI – Transit is responsible for oversight and compliance with federal laws and regulations. Federal funding generally provides up to 80% of the total cost of a project or administrative operating expense and 50% of system operation expenses.

The required non-federal share may be provided through state appropriations, local funding, or eligible Transportation Development Credits (TDCs), as permitted by applicable federal requirements. The local transit providers that are subrecipients of federal funding through IDOT may also provide local contributions to achieve the required 20% match as outlined in the Downstate Operating Assistance Program (30 Illinois Compiled Statutes [ILCS] 740).

OIPI-Transit is responsible for administering state capital transportation funds, including funding from the Downstate Transit Improvement Fund (DTIF), the Rebuild Illinois Capital Program, and the Urban DOAP Debt Service.

The following sections of this chapter will discuss federal and state funding sources, IDOT departments involved in both capital and operating funding, and the management system used by OIPI-Transit.

5.2 Federal Sources

5.2.1 Urban Formula Program (49 U.S.C. § 5307)

Codified at 49 U.S.C. 5307, under this program, the Secretary may make grants to assist States and local governmental authorities in financing capital and planning projects, Job Access and Reverse Commute (JARC) projects, and certain operating costs in urbanized areas (population more than 50,000). FTA's Urbanized Formula Program funds are available to urbanized areas for planning, capital, and operating assistance. IDOT, as the

Governor's delegate, designates these funds to small urban transit agencies, which allows them to apply directly to FTA for these funds

5.2.2 Enhanced Mobility of Seniors and Individuals with Disabilities Program (49 U.S.C. § 5310)

Title 49 U.S.C. § 5310 authorizes the formula assistance program for the Enhanced Mobility of Seniors and Individuals with Disabilities Program and provides formula funding to States, Designated Recipients, and State or local governmental authorities that operate a public transportation service (recipients) to improve mobility for seniors and individuals with disabilities.

This program provides funds for capital expenses to recipients for:

- Public transportation projects planned, designed, and carried out to meet the needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.
- Public transportation projects that exceed the requirements of the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101 et seq.).
- Public transportation projects that improve access to fixed-route service and decrease reliance on complementary paratransit.
- Alternatives to public transportation projects that assist seniors and individuals with disabilities with transportation.

This program provides apportionments specifically for large UZAs, small UZAs, and rural areas via a formula.

Eligible subrecipients for other eligible Section 5310 activities include a state or local governmental authority, a private nonprofit organization, or an operator of public transportation that receives a Section 5310 grant indirectly through a recipient.

In Illinois, OIPI – Transit currently administers Section 5310 through the Consolidated Vehicle Procurement (CVP) Program, which provides capital assistance.

5.2.2.1 Program Goals

The goal of the Section 5310 program is to improve mobility for seniors and individuals with disabilities throughout the country by removing barriers to transportation services and expanding transportation mobility options available.

Toward this goal, FTA provides financial assistance for transportation services planned, designed, and carried out to meet the special transportation needs of seniors and individuals with disabilities in all areas—large urbanized, small urbanized, and rural. The program requires coordination with other federally assisted programs and services to make the most efficient use of Federal resources.

5.2.2.2 IDOT Role in Program Administration

OIPI – Transit is responsible for selection of projects and will apply to FTA for funding using TrAMS on behalf of itself and/or eligible subrecipients for Section 5310 projects. OIPI – Transit's role in program administration includes:

(1) Document the State or Designated Recipient's procedures in an SMP or PMP;
(2) Plan for future transportation needs and ensure integration and coordination among diverse transportation modes and providers;
(3) Develop project selection criteria consistent with the coordinated planning process;
(4) Notify eligible local entities of funding availability;
(5) Solicit applications from potential subrecipients;
(6) Determine applicant and project eligibility;
(7) Certify that allocations of funds to subrecipients are made on a fair and equitable basis;
(8) Submit an annual POP and grant application to FTA;
(9) Ensure subrecipients comply with Federal requirements;
(10) Certify that all projects are included in a locally developed, coordinated public transit–human services transportation plan developed and approved through a process that included participation by seniors; individuals with disabilities; representatives of public, private, and nonprofit transportation and human service providers; and other members of the public;
(11) Certify that to the maximum extent feasible, services funded under Section 5310 are coordinated with transportation services assisted by other Federal departments and agencies;
(12) Ensure that at least 55 percent of the area's apportionment is used for traditional Section 5310 projects carried out by the eligible subrecipients as described in Section 5 of Chapter III of this circular;

(13) Oversee the implementation of projects as developed and prioritized in the coordinated plan, including, where not specified in the coordinated plan, selecting entities to carry out projects consistent with procedures approved in the coordinated plan and/or documented in the Designated Recipient's State or Program Management Plan. In cases where the Designated Recipient is responsible for allocating funding among localities or regions that have developed and approved individual coordinated plans, the Designated Recipient shall select projects consistent with a process developed in collaboration with organizations responsible for developing local or regional coordinated plans;
(14) Manage all aspects of award distribution and oversight for subrecipients receiving funds under this program;
(15) Submit required FTA reports;
(16) Comply with pass-through entity requirements outlined in 2 CFR § 200;
(17) Ensure that all activities are conducted in compliance with Federal civil rights statutes and regulations, including Title VI of the Civil Rights Act of 1964, the Equal Employment Opportunity Act, Disadvantaged Business Enterprise requirements, and the Americans with Disabilities Act; and
(18) Oversee any required audits and award closeout.

5.2.2.3 Eligibility Recipients

Section 5310 funds are apportioned to designated recipients in two areas:

(1) Urbanized Areas over 200,000
(2) Rural Area and Small Urbanized Areas under 200,000 in population

By agreement with the appropriate designated recipients, OIPI – Transit manages the Section 5310 program in three areas: large urbanized areas, small urbanized areas, and rural areas.

OIPI – Transit awards funds to the following types of eligible subrecipients:

- A private nonprofit organization; or
- A local governmental authority that:
    - Is approved by OIPI – Transit to coordinate services for seniors and individuals with disabilities; or
    - Certifies that there are no nonprofit organizations readily available in the area to provide the service.

Consistent with federal guidance (FTA Circular 9070.1H or current version), federally recognized Indian Tribes may also be eligible subrecipient. A Tribe that wishes to obtain Section 5310-eligible capital equipment may follow the process defined the SMP.

The Tribe then has the option to become a Direct Recipient of the allocated funding and receive it directly through FTA or receive funds through OIPI – Transit as a subrecipient. After the OIPI – Transit has notified a Tribe of the selection of its project(s), the Tribe may notify the OIPI – Transit of its desire to apply directly to FTA for these funds. Both the Tribe and OIPI – Transit must agree to the decision for the Tribe to receive the allocated funding directly from FTA. When an agreement has been reached, OIPI – Transit will notify FTA by a letter of the project(s) and amount of funds that it allocated to the Tribe from the Illinois Section 5310 apportionment.

5.2.2.4 Types of Projects

Section 5310(b) provides that of the amounts apportioned to States and Designated Recipients, not less than 55 percent shall be available for traditional Section 5310 projects—those public transportation capital projects planned, designed, and carried out to meet the specific needs of seniors and individuals with disabilities when public transportation is insufficient, unavailable, or inappropriate.

As an administrative policy, IDOT currently limits statewide Section 5310 funding to traditional capital projects administered through the Consolidated Vehicle Procurement (CVP) Program. Examples of capital expenses that meet the 55 percent traditional project requirement include, but are not limited to:

(1) Rolling Stock and Related Activities for Section 5310-Funded Vehicles
   a. Acquisition of expansion or replacement buses or vans, and related procurement, testing, inspection, and acceptance costs;
   b. Vehicle rehabilitation or overhaul;
   c. Preventive maintenance;
   d. Radios and communication equipment; and
   e. Vehicle wheelchair lifts, ramps, and securement devices.

(2) Passenger Facilities Related to Section 5310-Funded Vehicles
   a. Purchase and installation of benches, shelters, and other passenger amenities;
   b. Support Facilities and Equipment for Section 5310-Funded Vehicles
   c. Extended warranties that do not exceed the industry standard;

d. Computer hardware and software;
e. Transit-related intelligent transportation systems (ITS);
f. Dispatch systems; and
g. Fare collection systems.

5.2.2.5 Eligible Service Areas

A Section 5310-project applicant must demonstrate that they are coordinating and providing service within the rural or urbanized area defined in the application.

5.2.2.6 Eligible Assistance Categories

Section 5310 funds are available for capital expenses to support the provision of transportation services to meet the specific needs of seniors and individuals with disabilities.

Under federal law, a minimum of 55% of funds apportioned to the state must be used for "traditional" Section 5310 projects. It is not sufficient that seniors and individuals with disabilities are merely included (or assumed to be included) among the people who will benefit from the project.

OIPI – Transit has determined that the immediate needs of the statewide Section 5310 program are best served through implementing a Consolidated Vehicle Procurement Program. Therefore, all programmed funds will go toward this category.

The project examples described below are illustrative and are not intended to limit other activities that may be eligible under applicable federal law and IDOT policy. OIPI – Transit categorizes Section 5310 applications by the following definitions:

- **Replacement**: This category denotes either the planned or the unplanned withdrawal of a vehicle that is either considerably past its useful life, dangerously deteriorated, or otherwise rendered unusable
- **New**: This category denotes the implementation of service with vehicles where none previously existed, such as a new paratransit route or new periods of availability, or the services to be provided by a newly proposed paratransit system or provider

- **Expanded**: This category denotes a project that is either a capacity improvement with new vehicles, the planned extension of existing routes, or the period of availability by an existing paratransit system or provider.

5.2.2.7 Distribution of Funds

OIPI – Transit's goal is to ensure that a fair and equitable distribution occurs. These procedures include:

(1) Assuring equity of distribution of benefits among eligible groups within the state or urbanized areas, as required by Title VI of the Civil Rights Act;
(2) Assuring that the Consolidated Vehicle Procurement (CVP) projects were included in a locally developed coordinated plan; and
(3) Documenting evidence that the local coordinated plan was developed and approved in cooperation with stakeholders, including individuals with disabilities and seniors utilizing transportation services.

OIPI – Transit will evaluate and rank project applications based on the following criteria:

- Level of Existing Service: A quantitative measure examining present and potential clients and consistency with the populations intended to be served by the program.
- Applicant's Experience: A qualitative measure of fleet and grant administration, other client services, and duration of service.
- Operations – Utilization: A quantitative measure of clients, trips, mileage, and the variety of services offered.
- Operations – Administration: Complete, accurate policies, including Safety and Security plans, budgets, staffing documents, and transportation staff training.
- Operations – Maintenance: Published plans, executed, and documented vehicle repair and preventive action schedules.
- Service Coordination

OIPI – Transit generally targets the following distribution of available Section 5310 funding, subject to applicant demand, program priorities, and available appropriations:

- 80% funding for replacement service vehicles
- 10% funding for expansion service vehicles

- 10% funding for new service vehicles

5.2.2.8 Federal Share of Project Expenses

5.2.2.8.1 Capital Expense

The federal share of eligible capital costs may not exceed 80 percent of the net cost of the activity. The non-federal share of capital costs is 20 percent; OIPI – Transit provides the match for the non-federal share. Capital expenses are primarily used to support the acquisition of rolling stock.

5.2.2.8.2 Operating Expense

Federal law authorizes operating assistance for certain eligible Section 5310 activities. However, OIPI – Transit does not currently fund operating assistance under its statewide Section 5310 program. Should OIPI – Transit elect to fund operating projects in the future, the federal participation rate may not exceed 50 percent of eligible operating expenses.

5.2.2.9 Local Share of Project Expenses

The local share may be provided from an undistributed cash surplus, a replacement or depreciation cash fund or reserve, a service agreement with a State or local service agency or private social service organization, or new capital. Some examples of these sources of local match include: State or local appropriations; dedicated tax revenues; private donations; revenue from service contracts; toll revenue credits; and net income generated from advertising and concessions. The non-cash share, such as donations, volunteered services, or in-kind contributions, is eligible to be counted toward the local match as long as the value of each is documented and supported, represents a capital cost that would otherwise be eligible under the program, and is included in the net project costs in the project budget. In addition, the local share may be derived from Federal programs that are eligible to be expended for transportation, other than DOT programs, or from DOT's Federal Lands Highway Program. Examples of types of programs that are potential sources of local match include: employment, training, aging, medical, community services, and rehabilitation services.

5.2.2.10 Fund Transfers

Transfers of Section 5310 funds to other programs are not permitted.

5.2.2.10.1 Transfer of Funds to Other Eligible Areas

OIPI – Transit may use funds apportioned for small urbanized and rural areas for projects serving another area of the State if the Governor certifies that all the objectives of the Section 5310 program are being met in the specified areas. Funds apportioned to small urbanized and rural areas may also be transferred for use anywhere in the State, including large, urbanized areas, if the State has established a statewide program for meeting the objectives of the Section 5310 program. However, funds apportioned to large UZAs may not be transferred to other areas.

In any event, OIPI – Transit will only transfer apportioned funds only after consulting with responsible local officials, publicly owned operators of public transportation, and nonprofit providers in the area from which the funds to be transferred were originally apportioned.

5.2.3 Rural Areas Formula Grant Programs (49 U.S.C. § 5311)

The Formula Grants for Rural Areas Program, codified at 49 U.S.C. 5311 (Section 5311), is authorized under the provisions set forth in the IIJA and previous authorizations.

Under the Section 5311 program, the Secretary may make grants to assist States and Indian Tribes in financing capital, operating, planning, and job access and reverse commute (JARC) projects associated with providing public transportation in rural areas.

5.2.3.1 Program Goals

The Section 5311 program supports both the maintenance of existing public transportation services and the expansion of those services through the following program goals:

(1) Enhancing access to health care, shopping, education, employment, public services, and recreation in rural areas;
(2) Assisting in the maintenance, development, improvement, and use of public transportation systems in rural areas;
(3) Encouraging and facilitating the most efficient use of all transportation funds used to provide passenger transportation in rural areas through the coordination of programs and services;
(4) Providing financial assistance to help carry out national goals related to mobility for all, including seniors, individuals with disabilities, and low-income individuals;

(5) Increasing availability of transportation options through investments in intercity bus services;
(6) Assisting in the development and support of intercity bus transportation;
(7) Encouraging mobility management, employment-related transportation alternatives, joint development practices, and transit-oriented development (TOD); and
(8) Providing for the participation of private transportation providers in rural public transportation.

5.2.3.2 IDOT Role in Program Administration

The governor has designated IDOT as the agency that will have the principal authority and responsibility for administering the Section 5311 and Section 5339 programs. Specifically, the role of IDOT is to:

(1) Document the State's procedures in a State Management Plan (SMP);
(2) Notify eligible local entities of the availability of the program;
(3) Plan for future transportation needs and ensure integration and coordination among diverse transportation modes and providers;
(4) Ensure an accurate and complete list of projects is included in the Statewide;
(5) Transportation Improvement Program (STIP);
(6) Solicit applications;
(7) Develop project selection criteria;
(8) Review and select projects for approval;
(9) Forward an annual POP and grant application to FTA;
(10) Certify eligibility of applicants and project activities;
(11) Ensure compliance with Federal requirements by all subrecipients;
(12) Monitor local project activity;
(13) Oversee project audit and closeout; and
(14) File an NTD report each year for itself and each subrecipient.

5.2.3.3 Eligibility Subrecipients

Eligible subrecipients include local governmental authorities, nonprofit organizations, and operators of public transportation or intercity bus service that receive FTA grant funds indirectly through a recipient. In the case of intercity bus projects, private for-profit operators of transit services or intercity

bus services may participate in the program as third-party contractors for recipients or as subrecipients.

The following entities are the eligible applicants for Section 5311 funds in Illinois:

- Transit Districts not within a federally recognized urbanized area that are also authorized under the Illinois Compiled Statutes to receive Section 5311 Program assistance;
- Counties outside of the Regional Transportation Authority (RTA) region in Northeastern Illinois (Cook, DuPage, Lake, Kane, Will, and McHenry counties) or the Metro East portion of the Bi-State Development Authority, which includes Madison County; and
- Cities or Towns of between 20,000 and 50,000 inhabitants not within an urbanized area or the Regional Transportation Authority (RTA) region in Northeastern Illinois (Cook, DuPage, Lake, Kane, Will, and McHenry counties) or the Metro East portion of the Bi-State Development Authority (Madison County).

Consistent with guidance in FTA Circular 9040.1H (or most recent version), a federally recognized Indian Tribe providing public transportation services in a rural area is also an eligible recipient of Section 5311 funds. If the Tribe is selected to receive IDOT Section 5311 funding, the Tribe has the option to receive the funds as a subrecipient of OIPI – Transit or receive the funding from FTA. If the Tribe elects to be a direct recipient from FTA, the Tribe must notify OIPI – Transit in writing of its intent to apply directly to FTA for these funds. Both the Tribe and the OIPI – Transit must agree to the decision for the Tribe to receive the State allocated funding directly from FTA. When an agreement has been reached, the OIPI – IDOT will notify FTA by a letter of the project(s) and amount of funds that it allocated to the Tribe from the State's Section 5311 apportionment.

Direct recipients of Section 5307 in urbanized areas may also be eligible subrecipients of Section 5311 funds. Because of the wide range of circumstances under which an entity may provide services in both urbanized and rural areas, IDOT requires the subrecipient to develop a reasonable basis for allocating operating costs between the two FTA funding sources. The cost allocation process must also be applied to "joint" capital projects. Similarly, a subrecipient

that purchases vehicles under either the Section 5307 or 5311 program for use in any part of a combined urbanized and rural service area should ensure that it is using program funds according to federal eligibility requirements. When there is a question as to the reasonableness of the subrecipient's cost allocation methodology, FTA looks to OIPI – Transit to determine the reasonableness of the allocation process.

All Section 5311 subrecipients must participate in the regional Human Services Transportation Plan (HSTP) as a prerequisite for funding eligibility.

5.2.3.4 Eligible Services and Services Areas

IDOT will use Section 5311 funds for public transportation projects, including job access and reverse commute projects, and intercity bus transportation projects in nonurbanized areas. A nonurbanized area is any area that has not been designated as an urban area by the U.S. Census Bureau.

Since the goal of Section 5311 is to enhance the overall mobility of people living in rural areas, Section 5311 projects may include transportation to urbanized areas from rural areas. IDOT will consider the trip as eligible for Section 5311 funding, provided one trip end (origin or destination) is in a nonurbanized area.

The service area may include destinations across a state line. Operators of interstate service are required to comply with the Federal Motor Carrier Safety Administration (FMCSA) regulations.

5.2.3.5 Eligible Assistance Categories

Eligible assistance categories include transit capital, operations, and project administration.

Under 49 U.S.C. § 5311(f), IDOT must expend at least 15 percent of its Section 5311 apportionment to develop and support intercity bus transportation, unless, after consultation with affected intercity bus service providers, it is determined that the intercity bus service needs of the state are met adequately.

IDOT also receives Rural Technical Assistance Program (RTAP) funding to support training, planning, and technical assistance activities. OIPI – Transit uses Section 5311 administrative and RTAP funds to provide this assistance through the Rural Transit Assistance Center (RTAC).

In addition to the above assistance, RTAC can arrange to provide support in other functional areas such as marketing and promotion, accounting and reporting, coordination, and personnel and labor relations.

5.2.3.5.1 Capital Assistance

Capital expenses are broadly defined in 30 ILCS 740/3-1.08. In this compiled statute, capital means "any expenditure of monies for equipment or facilities necessary for the provision of public transportation services." Under the Section 5311 program, capital expenses are limited to the CVP program and for intercity bus services only.

5.2.3.5.1.1 Special Allowance #1 for ADA Complementary Paratransit Services

In circumstances where subrecipients operate fixed route service, thereby necessitating the operation of complementary paratransit services, up to 10 percent of the annual IDOT apportionment of Section 5311 funds may be used to fund the paratransit service at the 80 percent federal participation ratio. This provision is conditioned on the fact that the entity must be in full compliance with 49 CFR § 27, 37, and 38.

5.2.3.5.1.2 Special Allowance #2 for ADA Complementary Paratransit Services

Under other conditions, IDOT may use up to 20 percent of its annual Section 5311 apportionment at the capital project 80/20 federal/local share ratio to pay for ADA complementary paratransit services if the state, subrecipient, or whoever is operating the service meets the requirements above and meets at least two of the requirements listed below.

(1) Provides an active fixed-route travel training program that is available for riders with disabilities.
(2) Provides that all fixed-route and paratransit operators participate in a passenger safety, disability awareness, and sensitivity training class on at least a biennial basis.
(3) Has memoranda of understanding in place with employers and the American Job Center to increase

access to employment opportunities for people with disabilities.

5.2.3.5.2 Special Treatment of Maintenance Expenses

States may, at their discretion, treat maintenance as either operating or capital expenses for Section 5311 funding purposes. This means maintenance expenses can be reimbursed at the 80 percent level at IDOT's discretion. OIPI – Transit will permit projects to receive 80 percent funding ("capital maintenance") under the Section 5311 program. However, even if these expenses are eligible for funding under Section 5311 at the capital match ratio, under Generally Accepted Accounting Principles (GAAP), the subrecipient will generally classify these funds as operating expenses in its internal accounting system.

However, it is critical that the subrecipient clearly differentiate accounting records from grant reimbursement records, as the subrecipient may not claim the same maintenance expense in both categories (capital and operating).

5.2.3.5.3 Operating Assistance

Operating expenses are those costs directly related to system operations. Operating expenses eligible in IDOT's Section 5311 program can be found in 30 ILCS 740/3-1.04 and include the following:

(1) Drivers' wages and benefits
(2) Mechanics' wages and benefits
(3) Contract maintenance services
(4) Materials and supplies directly related to transit and the maintenance of vehicles
(5) Fuels and lubricants
(6) Rentals or leases of vehicles
(7) Taxes other than income taxes
(8) Payment made for debt service (including principal and interest) on publicly owned equipment and facilities
(9) Any other expenditure that is an operating expense according to standard accounting practices and not defined as an administrative expense

Only **net** operating expenses are eligible for assistance. Net operating expenses are those expenses that remain after the subrecipient subtracts

operating revenues from eligible operating expenses. In tabulating operating revenues, IDOT requires the following to be deducted from total operating costs:

(1) All farebox revenues
(2) Pre-paid passes (whether purchased by an individual or by an organization on behalf of an individual
(3) Route guarantees

Farebox revenues do not include payments made directly to the transportation provider by human service agencies to purchase service.

However, the purchase of transit passes or other fare media for clients would be considered farebox revenue. A voluntary or mandatory fee that a university or similar institution imposes on all its students for free or discounted transit service is not farebox revenue. Payments made directly to the transportation provider by human service agencies and university fees passed on to the transit provider would be considered "program income" and may be used to reduce the net operating cost of the service or may be used as local match on the existing grant.

5.2.3.5.4 Administration Assistance

Under the Section 5311 program, the FTA permits IDOT to treat project administrative expenses incurred by a local provider as a separate cost category from capital or operating expenses. This allows states to consider administrative expenses as "non-operating" expenses. FTA may fund non-operating expenses up to an 80 percent federal share or more if the state is eligible for the sliding scale of federal share. Additionally, FTA provides IDOT latitude in defining what costs may be treated as an allowable administrative expense.

Administrative expenses eligible in IDOT's Section 5311 program can be found in 30 ILCS 740/3-1.09 and include the following:

(1) General administrative expenses (e.g., salaries of the project director, secretary, and bookkeeper)
(2) Marketing expenses
(3) Insurance premiums or payments to a self-insurance reserve
(4) Office supplies
(5) Facilities and equipment rental

(6) Approved overhead rates

5.2.3.6 Distribution of Funds

Rural public transportation services are available in all downstate rural areas. Beginning in 2005, OIPI – Transit initiated a funding formula distribution strategy to ensure that all nonurbanized areas were eligible for funding. Today, funding is distributed to all areas, taking into account federal appropriations and past funding over the last several years.

5.2.3.7 Federal Share of Project Expenses

5.2.3.7.1 Capital Projects

The federal share for capital projects that receive funding under the Section 5311 program, with limited exceptions, may not exceed 80 percent of the net project cost unless one of the exceptions to this listed below applies to the project. The federal share may exceed 80 percent for certain projects related to the Americans with Disabilities Act, the Clean Air Act, and certain bicycle projects. These special categories are defined below.

5.2.3.7.1.1 Vehicles

The federal share is 85 percent for the acquisition of vehicles for purposes of complying with or maintaining compliance with the following:

- Americans with Disabilities Act of 1990 (ADA; 42 U.S.C. 12101 et seq.)
- Clean Air Act (CAA; 42 U.S.C. 7401 et seq.).

5.2.3.7.1.2 Vehicle-Related Equipment and Facilities

The federal share for project costs for acquiring vehicle-related equipment or facilities (including clean fuel or alternative fuel vehicle-related equipment or facilities) for purposes of complying with or maintaining compliance with the CAA, or required by the ADA, is 90 percent.

FTA considers "vehicle-related equipment" to be equipment on and attached to the vehicle.

The subrecipient may itemize the cost of specific, discrete, vehicle-related equipment being purchased to be in compliance with ADA or CAA. The federal share is 90 percent of the cost for these itemized elements.

5.2.3.7.1.3 Bicycle Facilities

As provided by 49 U.S.C. § 5319, the federal share is 90 percent for those bicycle access projects or portions of bicycle access projects designed to:

- Provide access for bicycles to public transportation facilities;
- Provide shelters and parking facilities for bicycles in or around public transportation facilities; and
- Install equipment for transporting bicycles on public transportation vehicles.

5.2.3.7.2 Operating Projects

49 U.S.C. § 5311(g)(2) provides that the federal share shall not exceed 50 percent of the net operating cost of the project.

5.2.3.7.3 Administration

OIPI – Transit has taken advantage of FTA's permissive authority and will fund project administration at the 80% level.

5.2.3.8 Non-Federal Share of Project Expenses

5.2.3.8.1 Eligible Sources of the Non-Federal Share of Project Expenses

The subrecipient agrees to provide sufficient funds or approved in-kind resources to serve as the non-federal share for all its federally assisted awards in compliance with 49 U.S.C. Chapter 53. The subrecipient must certify in the project application that it has or will have available the proportionate amount of the non-federal share to pay promptly the costs incurred or that become due to implement the Section 5311 grant award, except in the rare circumstance that the Federal Government determines in writing that the non-federal share may be deferred.

Consistent with federal cost principles found at 2 CFR § 200.403(f), the subrecipient may not use an amount as the non-federal share for more than one award. Amounts over the required match are, likewise, unavailable for use in other Federal awards.

Depending on the source of FTA funding, the non-Federal share may include:

(1) Cash from non-governmental sources other than revenues from providing public transportation services;
(2) Downstate Operating Assistance Program funds;
(3) Non-farebox revenues from the operation of public transportation service, such as the sale of advertising, concession revenues, or a voluntary or mandatory fee that a college, university, or similar institution imposes on all its students for free or discounted transit service, are not farebox revenue;
(4) Assets from other federal sources, if authorized by federal law to be used for the non-federal share for the specific project;
(5) Amounts received under a service agreement with a State or local social service agency or private social service organization; and
(6) Undistributed cash surpluses, replacement or depreciation cash funds, reserves available in cash, or new capital.

5.2.3.8.1.1 Service Agreements with a State or Local Social Service Agency

Under Subsection 5311(g)(3)(C), funds received pursuant to a service agreement with a state or local social service agency or a private social service organization may be used as local match. Income from contracts to provide human service transportation may be used either to reduce the net project cost (treated as revenue) or to provide the local match for Section 5311 operating assistance (treated as program income). In either case, the cost of providing the contract service is included in the total project cost. Unlike other forms of program income, income from contracts to provide human service transportation may be used as the local match for the grant in which the income is generated.

The manner in which a subrecipient applies income from human service agencies to a project affects the calculation of

net operating expenses and, therefore, the amount of Section 5311 operating assistance the project is eligible to receive. IDOT's method of suballocating its apportionment among its subrecipients is a discretionary action, subject only to the statutory requirements. While IDOT may not prohibit a subrecipient from using income from human service agency contracts as a source of local match, IDOT may elect to regard the degree to which a subrecipient demonstrates local financial commitment to the project from other sources of local funds as a rating factor in its discretionary allocation decisions.

5.2.3.8.1.2 Transportation Development Credits

Federal law permits states with toll facilities to earn credits that can be applied toward the non-federal share of FTA projects. Known as Transportation Development Credits (TDCs, formerly referred to as "toll credits"). In some circumstances, IDOT may use TDCs as the local match to FTA projects.

5.2.3.9 State Funding for the Local Share

FTA grant programs do not require the state to provide any match to the appropriated federal funds. However, the amount of local matching funds needed to receive a federal transit grant may be reduced if state funds are available to assist subrecipients. OIPI – Transit will determine when state funds are available and the amount of state assistance that will be provided for each program.

5.2.3.10 Special Intercity Bus Local Match Provision

49 U.S.C. § 5311(g)(3)(D) provides that in the case of an intercity bus project that includes both feeder service and an unsubsidized segment of intercity bus service to which the feeder service connects, the local match "may be derived from the costs of a private operator for the unsubsidized segment of intercity bus service as an in-kind match for the operating costs of connecting rural intercity bus feeder service funded under 5311(f)."

OIPI – Transit permits this type of match for its approved intercity bus providers.

5.2.3.11 Project Selection Criteria and Method of Distributing Funds

Section 3.2 details how IDOT develops its program of projects. OIPI – Transit ensures a fair and equitable distribution of the funds in the preparation of its POP.

5.2.3.12 Joint Urban and Rural Projects

OIPI – Transit encourages the coordination of transit services in urbanized and nonurbanized areas.

5.2.3.12.1 General

In some localities, a subrecipient receives both Section 5307 and 5311 funding to provide public transportation to urbanized and surrounding rural areas. IDOT is required to ensure that such joint projects only use Section 5311 funds to assist the rural portion of those localities.

Because of the wide range of circumstances under which an operator may provide services in both urbanized and rural areas, FTA expects the subrecipient to develop a reasonable basis related to the service provided for allocating operating costs between the two FTA funding sources. The subrecipient must also apply this procedure to "joint" capital projects. Similarly, a subrecipient that purchases vehicles under either the Section 5307 or 5311 program for use in any part of a combined urbanized and rural service area should ensure that it has capital replacement policies in place to ensure that it is using program funds according to federal eligibility requirements. When there is a question as to the reasonableness of the subrecipient's cost allocation methodology, FTA looks to OIPI – Transit to make a determination.

5.2.3.12.2 Cost Allocation Plan

Subrecipients who receive both Section 5307 and Section 5311 funds are required to allocate expenses that are not readily attributable to urban or rural service using methods that will proportionally assign such shared expenses to the respective grant program based on the amount of service provided in rural and urban areas. This is done by determining the percentage of service that operates in rural/urban areas and using that percentage to allocate total expenses to each grant. (Ex: transit systems that operate 80% of the time in rural areas would charge 80% of expenses to

5311 and 20% to 5307). This process is known as a service-based cost-allocation plan. While FTA has stated that the method a recipient chooses to determine how their services are split between rural and urbanized areas is up to the subrecipient, that method must be consistent and fair.

Transit systems must establish and consistently apply a reasonable cost allocation methodology. OIPI – Transit provides a cost allocation model that subrecipients may use to document compliance with this requirement.

5.2.3.13 Intercity Bus Transportation

5.2.3.13.1 Federal Requirements

49 U.S.C. § 5311(f) requires each state to expend at least 15 percent of its annual Section 5311 apportionment "to carry out a program to develop and support intercity bus transportation," unless the governor certifies that "the intercity bus service needs of the state are being met adequately." Additionally, Section 5311(f) requires a state to consult with intercity bus providers before the governor makes this certification.

The requirement to spend at least 15 percent applies only to the amount of FTA's annual apportionment of Section 5311 funds to the state; it does not apply to any funds the state subsequently transfers to its Section 5311 program from another program.

5.2.3.13.2 IDOT Implementation

OIPI – Transit recognizes the importance of providing intercity bus routes to connect communities across Illinois.

To meet its obligations under 49 U.S.C. § 5311(f), OIPI – Transit issues a competitive Request for Proposals that serves as the state's call for projects. OIPI – Transit will convene an evaluation committee of transportation professionals to review the service proposals based on:

(1) Consistency with the IDOT Long-Range Transportation Plan
(2) Connectivity with the national ICB network
(3) Projected ridership and revenue recovery
(4) In-kind match potential

Evaluation criteria will be identified in the applicable solicitation and may vary based on available funding and program priorities. See Section 4.2.3.8 for unique local match sources that are specific to projects funded under Section 5311(f).

5.2.3.14 Fund Transfers

When permitted, OIPI – Transit may transfer other federal funds to the Section 5311 program. The Governor may transfer any amount of the state's apportionment under 49 U.S.C. § 5307 for small urbanized areas (UZAs) under two hundred thousand in population to supplement the state's Section 5311 program. The Governor may make such transfers only after consultation with responsible local officials and publicly owned operators of public transportation services in each area to which the funding was originally apportioned. The Governor may transfer funds without consultation within the last ninety days in which the funds are available for obligation, for use anywhere in the state.

IDOT may transfer Surface Transportation Program (STP) funds, Congestion Mitigation and Air Quality (CMAQ) funds, and certain other flexible funds from FHWA to FTA to use for transit projects.

Generally, flexible funds transferred to Section 5311 are subject to the program requirements applicable to Section 5311.

5.2.3.15 State Administration and Technical Assistance

5.2.3.15.1 State Administration Set Aside in the Section 5311 Program

OIPI – Transit may use up to 10 percent of its apportioned Section 5311 funds, including funds apportioned under Section 5340, to administer the Section 5311 program.

Allowable administrative costs include salaries, overhead expenses, supplies, and office equipment used to administer the program. Allowable technical assistance costs may include program planning, program development, development of vehicle and equipment specifications, management development, coordination of public transportation programs (public and private, for-profit and nonprofit), and such research as the state may deem appropriate to promote effective means of delivering public transportation service in rural areas. No local share is required for these expenses. The state

may pass any portion of these funds on to subrecipients for the same purposes and, at its discretion, may impose a local share requirement.

5.2.3.16 State RTAP

5.2.3.16.1 Program Objectives

49 U.S.C. 5311(b)(3) authorizes the Secretary (of Transportation) "to make grants and contracts for transportation research, technical assistance, training, and related support services in rural areas." The Rural Transportation Assistance Program (RTAP) provides a source of funding to assist in the design and implementation of training and technical assistance projects and other support services tailored to meet the specific needs of transit operators in rural areas.

The objectives of RTAP are to:

(1) Promote the safe and effective delivery of public transportation in rural areas and make more efficient use of public and private resources;
(2) Foster the development of state and local capacity for addressing the training and technical assistance needs of the rural transportation community;
(3) Improve the quality of information and technical assistance available through the development of training, technology, and technical assistance resource materials;
(4) Facilitate peer-to-peer self-help through the development of local networks of transit professionals;
(5) Support the coordination of public, private, specialized, and human service transportation services; and
(6) Build a national database on the rural segment of the public transportation industry.

The Rural Transit Assistance Center was created in 1990 to manage the RTAP in Illinois. Housed at the Illinois Institute for Rural Affairs at Western Illinois University, RTAC's mission is to promote the safe and effective delivery of public transportation in rural areas and more efficiently use public and private resources.

5.2.4 Bus and Bus Facilities Program (49 U.S.C. § 5339)

The Bus and Bus Facilities Program is authorized under 49 U.S.C. § 5339, as amended. The program provides financial assistance for capital projects to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. Assistance Listing 20.526 applies to this program. The Secretary may make grants under this section to assist eligible recipients in financing capital projects to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities.

Each year, FTA apportions Section 5339 funds to large urbanized areas and the states. The states receive one apportionment for small urbanized areas and a separate apportionment for nonurbanized areas.

5.2.4.1 Program Goals

Pursuant to 49 U.S.C. 5339, the Federal Transit Administration (FTA) awards grants under this section to designated recipients in the large urbanized areas (UZAs) and states for the purpose of financing capital bus and bus-related projects that will support the continuation and expansion of public transportation services in the United States.

5.2.4.2 IDOT Role in Program Administration

OIPI – Transit responsibilities for urbanized areas include:

- Issuing a competitive call for projects
- Identifying projects for funding
- Submitting a grant application to FTA
- Monitoring grant balances and taking appropriate action to avoid lapse of available funding.

OIPI – Transit responsibilities for rural areas include:

- Identifying eligible projects in rural areas based on local needs;
- Developing a program of projects (POP) for applications approved for funding;
- Submitting a grant application to FTA for the Section 5339 POP
- Reporting on behalf of subrecipients contained in the POP; and
- Ensuring that subrecipients and projects comply with all applicable federal requirements.

5.2.4.3 Eligible Subrecipients

Under IDOT's statewide Section 5339 program, eligible subrecipients include existing Section 5311 subrecipients and eligible small urbanized area Section 5307 recipients served by IDOT as the designated recipient. Selection of projects is based on the same criteria used for Section 5311.

5.2.4.4 Eligible Service Areas

Section 5339-funded projects may be in small urbanized or rural areas. All urbanized area projects must be included in the Transportation Improvement Program (TIP) developed and approved by the metropolitan planning organization (MPO).

Projects not within metropolitan planning boundaries are required only to be in the Statewide Transportation Improvement Program (STIP). The grant application should identify the latest approved STIP (or amendments) containing the project(s), the appropriate page numbers or other identifying numbers, and a statement identifying the date that FTA and FHWA approved the STIP (or STIP amendment) that contains the proposed project(s) within the appropriate section of the FTA electronic award management system. Projects listed in the TIP and STIP must be derived from and consistent with the state's long-range plan and the MPO metropolitan plan.

5.2.4.5 Eligible Assistance Categories

Eligible capital projects include projects to replace, rehabilitate, and purchase buses and related equipment.

5.2.4.6 Federal Share of Project Expenses

5.2.4.6.1 Capital Projects

The federal share for capital projects that receive funding under the Section 5339 program, with limited exceptions, may not exceed 80 percent of the net project cost unless one of the exceptions listed below applies to the project. The federal share may exceed 80 percent for certain projects related to the Americans with Disabilities Act, the Clean Air Act, and certain bicycle projects. These special categories are defined below.

5.2.4.6.1.1 Vehicles

The federal share is 85 percent for the acquisition of vehicles for purposes of complying with or maintaining compliance with the following:

- Americans with Disabilities Act of 1990 (ADA; 42 U.S.C. 12101 et seq.)
- Clean Air Act (CAA; 42 U.S.C. 7401 et seq.).

5.2.4.6.1.2 Vehicle-Related Equipment and Facilities

The federal share for project costs for acquiring vehicle-related equipment or facilities (including clean fuel or alternative fuel vehicle-related equipment or facilities) for purposes of complying with or maintaining compliance with the CAA, or required by the ADA, is 90 percent.

FTA considers "vehicle-related equipment" to be equipment on and attached to the vehicle.

The subrecipient may itemize the cost of specific, discrete, vehicle-related equipment being purchased to be in compliance with ADA or CAA. The federal share is 90 percent of the cost for these itemized elements.

5.2.4.6.1.3 Bicycle Facilities

As provided by 49 U.S.C. § 5319, the federal share is 90 percent for those bicycle access projects or portions of bicycle access projects designed to:

- Provide access for bicycles to public transportation facilities
- Provide shelters and parking facilities for bicycles in or around public transportation facilities
- Install equipment for transporting bicycles on public transportation vehicles

5.2.4.7 Non-Federal Share of Project Expenses

5.2.4.7.1 Eligible Sources of the Non-Federal Share of Project Expenses

The subrecipient agrees to provide sufficient funds or approved in-kind resources to serve as the non-federal share for all its federally assisted awards in compliance with 49 U.S.C. Chapter 53. The subrecipient must certify in the project application that it has or will have available the proportionate amount of the non-federal share to pay promptly the costs incurred or that become due to implement the Section 5339 grant award, except in the rare circumstance that the Federal Government determines in writing that the non-federal share may be deferred.

Consistent with federal cost principles found at 2 CFR § 200.403(f), the subrecipient may not use an amount as the non-federal share for more than one award. Amounts over the required match are, likewise, unavailable for use in other Federal awards.

Depending on the source of FTA funding, the non-Federal share may include:

(1) Cash from non-governmental sources other than revenues from providing public transportation services;
(2) Downstate Operating Assistance Program funds;
(3) Revenues derived from the sale of advertising and concessions;
(4) Revenues from an undistributed cash surplus, a replacement or depreciation cash fund or reserve, or new capital;
(5) Amounts received under a service agreement with a State or local social service agency or private social service organization; or
(6) Revenues generated from value capture financing mechanisms.

5.2.4.7.1.1 Service Agreements with a State or Local Social Service Agency

Under 49 U.S.C. 5339 (a)(7)(B)(iv), funds received pursuant to a service agreement with a state or local social service agency or a private social service organization may be used as local match. Income from contracts to provide human service transportation may be used either to reduce the net project

cost (treated as revenue) or to provide the local match for Section 5311 operating assistance (treated as program income). In either case, the cost of providing the contract service is included in the total project cost. Unlike other forms of program income, income from contracts to provide human service transportation may be used as the local match for the grant in which the income is generated.

5.2.4.7.1.2 Transportation Development Credits

Federal law permits states with toll facilities to earn credits that can be applied toward the non-federal share of FTA projects. Known as Transportation Development Credits (TDCs, formerly referred to as "toll credits"). In some circumstances, IDOT may use TDCs as the local match to FTA projects.

5.2.4.8 State Funding for the Local Share

FTA grant programs do not require the state to provide any match to the appropriated federal funds. However, the amount of local matching funds needed to receive a federal transit grant may be reduced if state funds are available to assist subrecipients. IDOT will determine when state funds are available and the amount of state assistance that will be provided for each program.

5.2.4.9 Method of Distributing Funds

Section 3.2 details how IDOT develops its program of projects. OIPI – Transit, based on the Capital Needs Assessment and the various Transit Asset Management plans, awards Section 5339 funds based on these guidance documents.

5.3 State Sources

In addition to FTA programs, OIPI – Transit manages several state-funded programs and is responsible for handling and dispersing state capital transportation funds, including funding from the Downstate Transit Improvement Fund (DTIF), the Rebuild Illinois Capital Program, and the Urban DOAP Debt Service.

- Downstate Operating Assistance Program
- Downstate Mass Transportation Capital Improvement Fund

- Multi-modal Transportation Bond Fund
- Series B: Transportation Bond, Series B Fund
- Downstate Cooperative Transportation Grant Program
- Downstate Reduced Fare Grant Program

Each program is described below.

5.3.1 Operating Assistance

5.3.1.1 Downstate Operating Assistance Program

5.3.1.1.1 Eligible Service

The Downstate Public Transportation Act, referred to as the Downstate Operating Assistance Program (DOAP), was established by the Illinois General Assembly (30 ILCS 740) to provide operating funds to assist in the development and operation of public transportation services statewide.

DOAP pays up to 65% of eligible expenses based on each eligible participant's annual appropriation from the General Assembly. The program is administered by OIPI – Transit. The Bureau of Transit Operations administers DOAP funding by reviewing and approving subrecipient applications, monitoring financial and program compliance, and ensuring that reimbursements are consistent with statutory requirements. OIPI – Transit also provides technical assistance to support subrecipients in managing their transit operations effectively.

5.3.1.1.2 Eligible Recipients

Eligible recipients include a:

- City, village, or incorporated town
- County
- Local mass transit district organized under the Local Mass Transit District Act (70 ILCS 3610/1)

5.3.1.1.3 Eligible Expenses

Eligible activities may include transportation services provided through the cooperative program, specialized transportation for students with disabilities during off-peak service hours, vocational and career education transportation, transportation planning, scheduling and coordination

activities, transportation equipment, infrastructure, or other capital needs necessary to implement the approved program.

5.3.1.2 Downstate Cooperative Transportation Grant Program

This is a new program established by the General Assembly program is to support partnerships between eligible public transit agencies and educational institutions to provide transportation access for students.

5.3.1.2.1 Eligible Service

This program supports eligible costs directly associated with approved cooperative transportation programs. Cooperative programs shall not operate exclusive school bus service in direct competition with private school bus operators (49 CFR Part 605).

Entities for the cooperative programs include:

- Public school districts;
- Regional offices of education;
- Public career centers; and
- Public technical education centers administered by the Illinois State Board of Education

5.3.1.2.2 Eligible Recipients

Eligible recipients are those authorized under 30 ILCS 740 and include a:

- City, village, or incorporated town
- County
- Local mass transit district organized under the Local Mass Transit District Act (70 ILCS 3610/1)

5.3.1.2.3 Eligible Expenses

Amounts under this program are subject to appropriation. Eligible activities may include transportation services provided through the cooperative program, specialized transportation for students with disabilities during off-peak service hours, vocational and career education transportation, transportation planning, scheduling and coordination activities, transportation equipment, infrastructure, or other capital needs necessary to implement the approved program.

5.3.1.3 Illinois Downstate Reduced Fare Program

This program was established to permit IDOT to administer a program of competitive grant awards to eligible public transportation entities that supports a reduced fare program for:

- Students enrolled in public schools;
- Students enrolled in public career centers or public technical education centers administered by the Illinois State Board of Education;
- Regional offices of education; and
- Public career centers.

5.3.1.3.1 Eligible Service

This program is designed to reduce fares for existing transportation services provided to the target populations.

5.3.1.3.2 Eligible Recipients

Eligible recipients are those authorized under 30 ILCS 740 and include a:

- City, village, or incorporated town
- County
- Local mass transit district organized under the Local Mass Transit District Act (70 ILCS 3610/1)

5.3.1.3.3 Eligible Expenses

Eligible expenses include the difference between the published regular fare and the reduced fare. Transit agencies must maintain source documentation to support all monthly reimbursement requests and verify that the reduced fare was provided to eligible students.

5.3.2 Capital Funding

Funding for Bureau of Transit capital projects historically has come from a variety of state and federal sources.

Illinois is the transportation hub of the nation and the sixth largest state in the United States, but it had not had a comprehensive, multiyear capital plan since 2009. Illinois' historic Rebuild Illinois Capital Program was enacted in 2019 as a result of the passage of two Illinois House Bills (142 and 62) and two Senate Bills (1939 and 690), which provided

new transit funding opportunities to maintain and improve transit systems across the state. Mass transit received $4.5 billion of the 33.2 billion dollars appropriated for transportation in the plan. Of the $4.5 billion, $452 million was appropriated for non-RTA, "statewide" projects. Of this amount, $300 million was bond funding, and the remaining amount was from the Downstate Mass Transportation Capital Improvement Fund (PayGo). The PayGo fund will continue to accrue tax-based revenue beyond 2025, and additional appropriations of this funding are expected in future years. Rebuild Illinois funding can be used as a nonfederal match for federally funded projects.

The following summarizes the capital funding and cash sources that have been available through OIPI-Transit to public transit providers and providers of specialized transit services. Federal funds managed by IDOT have been addressed previously. State funding sources are addressed below.

5.3.2.1 Downstate Mass Transportation Capital Improvement Fund

Downstate transit providers can receive funding for projects that expand and improve transit service, increase transportation options, and enhance quality of life in downstate communities. The fund receives a portion of the annual gas tax revenue, referred to as PayGo.

5.3.2.1.1 Eligible Projects

This is a long-term, recurring source of capital funding for the state. Eligible project types typically include acquisition, construction, extension, reconstruction, and improvement of mass transportation assets, including facilities, revenue and nonrevenue vehicles, and other equipment used in connection with providing public transportation.

5.3.2.1.2 Eligible Projects

Eligible recipients are those authorized under 30 ILCS 740 and include a:

- City, village, or incorporated town
- County
- Local mass transit district organized under the Local Mass Transit District Act (70 ILCS 3610/1)

5.3.2.1.3 Eligible Expenses

All eligible capital costs are reimbursed for 100% of project costs; no local share or match is required.

5.3.2.2 Multi-Modal Transportation Bond Fund

The fund receives money from the sale of bonds. Awards are competitive and are selected based on predetermined evaluation in the Capital Needs Assessment. Bond sales were limited to appropriations included in the original 2019 legislation.

The Bureau of Transit Capital divided the appropriated capital funds to provide the option of separate calls for projects over a multi-year period. As of the issuance of the SMP, all bond funds have been obligated to statewide transit projects. However, if additional bonds are issued, this program will again award capital funds to eligible projects.

5.3.2.3 Downstate Transit Improvement Fund (DTIF)

As stipulated in the Downstate Operating Assistance Program's (DOAP) administrative rules (Title 92, Chapter 1, Subchapter h, Part 653), the DTIF is made up of all funds that remain in the Downstate Public Transportation Fund after the payment of the fourth quarterly payment to participants in each fiscal year.

The Transit Downstate Transit Improvement Fund Program provides additional state capital assistance to participants of the Downstate Public Transportation Fund for eligible public transportation projects in their service areas. The program aims to enhance public transportation services by supporting necessary projects and purchases identified in relevant assessments and planning documents.

5.3.2.3.1 Eligible Projects

Eligible projects must be required for the provision of public transportation, included in the Illinois Department of Transportation's (IDOT) annual Capital Needs Assessment, and aligned with comprehensive planning documents for the applicant's region.

5.3.2.3.2 Eligible Projects

Eligible recipients include participants in the Downstate Operating Assistance Program.

5.3.2.3.3 Eligible Expenses

All monies each year in the DTIF held solely for the benefit of the participants in the Downstate Public Transportation Fund shall be appropriated to make competitive capital grants to the participants of the Downstate Public Transportation Fund.

6 Coordination

6.1 Coordination Principles in Community Transportation

Coordination improves the efficiency and effectiveness of public transportation services. IDOT promotes coordination among public transportation providers, local governments, private and nonprofit transportation providers, human service organizations, and the public to maximize available transportation resources and improve mobility throughout Illinois. IDOT provides on-site technical assistance and RTAP financial resources to encourage coordination between transportation services.

6.1.1 IDOT Requirements

Federal transit law requires that projects selected for funding under the Section 5310 program be included in a locally developed coordinated public transit-human services transportation plan and that the plan be developed and approved through a process that included participation by seniors, individuals with disabilities, representatives of public, private, and nonprofit transportation and human services providers, and other members of the public.

IDOT requires that all state-administered programs be subject to the requirement for projects to be included in the locally developed Human Services Transportation Plan (HSTP). This is an IDOT administrative policy intended to promote statewide coordination and consistency.

Projects selected for funding shall be included in a coordinated plan that minimally includes the following elements at a level consistent with available resources and the complexity of the local institutional environment:

(1) An assessment of available services that identifies current transportation providers to the extent practicable (public, private, and nonprofit);

(2) An assessment of transportation needs for individuals with disabilities and seniors. This assessment can be based on the experiences and perceptions of the planning partners or on more sophisticated data collection efforts, and gaps in service;
(3) Strategies, activities, and/or projects to address the identified gaps between current services and needs, as well as opportunities to achieve efficiencies in service delivery; and
(4) Priorities for implementation based on resources (from multiple program sources), time, and feasibility for implementing specific strategies and/or activities identified.

The HSTP must be developed and approved through a process that includes participation by:

- Seniors
- Individuals with disabilities
- Representatives of public, private, and nonprofit transportation and human service providers
- Members of the public

FTA and IDOT strongly encourage coordination and consistency between the local coordinated public transit– human services transportation plan and metropolitan or statewide transportation planning processes described in 23 CFR Part 450.

Applications for programs subject to the coordinated planning requirement require an inventory of local transportation resources, a written notification of local transportation providers, and documentation describing the planning and coordination process. These efforts are intended to supplement the mandated public hearing and State Clearinghouse notification.

The service planning areas are listed in Exhibit 3.1.

6.1.2 IDOT Requirements for the Coordinated Plan

IDOT maintains guidance to assist local entities in preparing coordinated plans.

Exhibit 5.1 Coordination planning regions

7 Civil Rights Requirements

The subrecipient must agree to comply, as a condition of a grant award, with all applicable civil rights statutes and implementing regulations. IDOT will not award federal financial assistance to an entity that has failed to satisfy applicable federal or state civil rights requirements, or that is otherwise ineligible to receive federal financial assistance:

- Title VI of the Civil Rights Act of 1964
- Equal Employment Opportunity
- Americans with Disabilities Act of 1990
- Disadvantaged Business Enterprise

Additionally, the State of Illinois requires compliance with the provisions within the Illinois Human Rights Act before entering into grant award agreements.

Additionally, the State of Illinois requires compliance with the provisions within the Illinois Human Rights Act (775 ILCS 5/) before entering into grant award agreements.

To the extent required by applicable law and the terms and conditions of the award, the civil rights requirements described in this section apply to lower-tier subrecipients, contractors, subcontractors, and other third parties.

7.1 Title VI

Title VI prohibits discrimination on the basis of race, color, or national origin in any program or activity that receives federal funds or other federal financial assistance. Programs that receive federal funds cannot distinguish among individuals on the basis of race, color, or national origin, either directly or indirectly, in the types, quantity, quality, or timeliness of program services, aids, or benefits that they provide or the manner in which they provide them. This prohibition applies to intentional discrimination as well as to procedures, criteria, or methods of administration that appear neutral but have a discriminatory effect on individuals because of their race, color, or national origin.

7.1.1 First-Time Applicants

Subrecipients applying for FTA funding for the first time shall provide information regarding their Title VI compliance history if they have previously received funding from another federal agency. This shall include a copy of any Title VI compliance review activities conducted in the previous three years. The summary shall include:

(1) The purpose or reason for the review.
(2) The name of the agency or organization that performed the review.
(3) A summary of the findings and recommendations of the review.
(4) A report on the status and/or disposition of such findings and recommendations. This information shall be relevant to the organizational entity submitting the application, not necessarily the larger agency or department of which the entity is a part.

7.1.2 Requirements for a Title VI Program

7.1.2.1 Basic Requirements

FTA requires that all subrecipients and their operators document their compliance with DOT's Title VI regulations by submitting a Title VI Program to IDOT once every three years. For all subrecipients, the Title VI Program must be approved by the subrecipient's board of directors or appropriate governing entity or official(s) responsible for policy decisions prior to submission to IDOT.

Subrecipients must submit their Title VI programs to be reviewed and approved by IDOT's Bureau of Civil Rights. Upon receiving approval of the program, the subrecipient must implement its program; IDOT will verify implementation through its oversight review process. Title VI programs must be updated at least every three (3) years; IDOT may provide technical assistance with updating the program.

Every Title VI Program shall include the following information:

(1) Notice to the public stating compliance with Title VI and informing the public regarding protections afforded against discrimination
(2) Instructions for how to file a Title VI complaint and the complaint form
(3) A list of any public transit-related Title VI investigations, complaints, or lawsuits
(4) A public participation plan that includes an outreach plan to engage minority and limited English proficient populations

(5) A copy of the subrecipient's plan for providing language assistance to persons with limited English proficiency

(6) Subrecipients that have transit-related, non-elected planning boards, advisory councils or committees, or similar bodies, the membership of which is selected by the recipient, must provide a table depicting the racial breakdown of the membership of those committees, and a description of efforts made to encourage the participation of minorities on such committees or councils.

(7) If the subrecipient has constructed a facility, such as a vehicle storage facility, maintenance facility, operation center, etc., the subrecipient shall include a copy of the Title VI equity analysis conducted during the planning stage with regard to the location of the facility when one was required under applicable FTA Title VI requirements.

In addition to these requirements of the plan, any subrecipient that operates fixed route service has additional elements that must be included in the program. These entities are responsible for establishing system-wide standards and policies.

7.1.2.2 Additional Requirements for Fixed Route Operators

All fixed route transit providers shall set service standards and policies for each specific fixed route mode of service they provide. Fixed route modes of service include, but are not limited to local bus, express bus, commuter bus, and bus rapid transit. These standards and policies must address how service is distributed across the transit system and must ensure that the manner of the distribution affords users access to these assets.

Service standards must include, for each fixed mode operated:

(1) Vehicle load
(2) Vehicle headway
(3) On-time performance
(4) Service availability

Service policies must include for each fixed mode operated:

(1) Distribution of transit amenities
(2) Vehicle assignment

7.1.2.3 IDOT Responsibilities

IDOT is responsible for all subrecipient compliance with Title VI requirements. These obligations impose various requirements on IDOT, including:

(1) Documenting its process for ensuring that all subrecipients are complying with the general reporting requirements, as well as other requirements that apply to the subrecipient based on the type of entity and the number of fixed route vehicles it operates in peak service if a transit provider. These processes include:
   a. Requiring the subrecipient to submit updated Title VI programs every three years to the IDOT Office of Civil Rights; and
   b. Reviewing Title VI compliance during period compliance oversight reviews.

(2) At the request of FTA, in response to a complaint of discrimination, or as otherwise deemed necessary, IDOT shall request that subrecipients who provide transportation services verify that their level and quality of service is provided on an equitable basis. Subrecipients that are fixed route transit providers are responsible for reporting as outlined in Section 6.1.1.2.

7.1.2.4 Joint Urban/Rural Project Reporting Responsibilities

An IDOT subrecipient may also be a direct recipient of funds from the FTA; this circumstance may create confusion on which entity to submit Title VI reports. Consistent with FTA Circular 4702.1B, these entities must submit reports directly to FTA; and, as a subrecipient, the entity must also submit its Title VI program to IDOT.

7.2 Disadvantaged Business Enterprise

On October 3, 2025, U.S. DOT issued an Interim Final Rule[5] that removed race- and sex-based presumptions from the definitions of "socially and economically disadvantaged individual," and instead provides that the owner of a DBE or ACDBE applicant must demonstrate on a case-by-case basis that the individual meets the criteria described in 49 CFR § 26.67. As a result of this change, IDOT must reevaluate the eligibility of all existing DBEs; this process is underway, but no scheduled date for completion has been established.

[5] Interim Final Rule, *Disadvantaged Business Enterprise Program and Disadvantaged Business Enterprise in Airport Concessions Program Implementation Modifications*, 90 FR 47969 (Oct. 3, 2025).

During this reevaluation period, no Tier I subrecipient may include DBE contract goals in its third-party procurements, nor should any current expenditure be counted towards an overall DBE goal. Accordingly, the semi-annual reporting process is suspended until IDOT completes the recertification process.

IDOT will update the SMP upon completion of the eligibility reevaluations.

7.3 Equal Employment Opportunity

Subrecipients shall comply with all applicable federal employment discrimination laws and regulations administered by the U.S. Equal Employment Opportunity Commission (EEOC). Where applicable, subrecipients shall maintain employment policies and procedures consistent with those requirements.

7.4 Americans with Disabilities Act

Titles II and III of the Americans with Disabilities Act of 1990 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, including complementary paratransit service. Federal regulations at 49 CFR § 37 address:

(1) Transportation facilities
(2) Acquisition of accessible vehicles
(3) Paratransit as a complement to fixed route service
(4) Provision of service

7.4.1 Nondiscrimination

No entity shall discriminate against an individual with a disability in connection with the provision of transportation service. This wide-ranging prohibition is applicable regardless of the receipt of federal funding. The following rights and prohibitions apply to all IDOT subrecipients.

7.4.1.1 Right to Use Service

A transit agency cannot deny to any individual with a disability the opportunity to use the agency's transportation service for the general public if the individual is capable of using that service. This means that the entity cannot deny service because it perceives it to be "safe" or "unsafe" for that individual. All riders take on some level of risk when traveling (e.g., standing while riding a bus, crossing

busy streets, or walking along roadways with quickly moving traffic). Individuals with disabilities also have the right to decide the level of risk they are willing to take to travel independently.

7.4.1.2 Priority Seating

Transit agencies cannot require an individual with a disability to use designated priority seats if the individual does not choose to use these seats.

7.4.1.3 Special Charges

A transit agency cannot impose special charges for providing required accessible services to individuals with disabilities. Examples of prohibited charges include charging individuals more to ride in lift-equipped vehicles.

7.4.1.4 Personal Care Attendants (PCAs)

A transit agency cannot require an attendant to accompany an individual with disabilities. If there are safety concerns, the agency may discuss these matters with the passenger, family members, or caretakers, but cannot mandate that an individual travel with a PCA.

7.4.1.5 Insurance Issues

A transit agency's obligations cannot be mitigated by an insurer declining to provide liability coverage for required services to individuals with disabilities; a transit agency cannot use this decision as a basis for not providing the required services. This also applies if insurance companies require anything contrary to the regulations.

7.4.1.6 Rider Conduct

The ADA permits denial of service to individuals with a disability based on several limited circumstances. If the individual engages in violent, seriously disruptive, or illegal conduct, or represents a direct threat to the health or safety of others, then service may be denied. IDOT recognizes that, in some instances, determining such behaviors can be challenging, particularly as it relates to the serious disruptive criterion. Given that a service refusal can be a denial of a civil right, the threshold for seriously disruptive conduct, like the other denial bases, is an intentionally high standard. A transit agency cannot refuse service to individuals with disabilities solely because their appearance or involuntary behavior may offend, annoy,

or inconvenience employees or other riders. Additionally, transit agencies should not make presumptions about an individual's behavior due to a disability.

It is recommended, as a best practice, that transit agencies make reasonable attempts to resolve issues with riders or, if appropriate, caregivers or guardians. If the issues cannot be resolved, it is also required that the transit provide for due process before denying an individual's civil rights. This can be accommodated by providing the opportunity to contest that decision, correct the situation, and resume service.

7.4.2 Reasonable Modification of Policies and Practices

Amendments to U.S. DOT's ADA regulation implemented in 2015 stipulated that providers of designated public transportation must make reasonable modifications in policies, practices, or procedures when the modifications are necessary to avoid discrimination on the basis of disability or to provide program accessibility to their services. FTA nor IDOT are prescriptive with respect to this requirement; rather, it is critical that the transit agency have implemented its own processes for making decisions on and providing responsible modifications of policies and practices.

This requirement does not mean that a transit organization affirmatively responds to every request; the rule provides for three exceptions; in these situations, the agency may deny a request for a reasonable modification. These exceptions are:

- Granting the modification would result in a fundamental alteration of the transit service
- Allowing the request would create a direct threat to the health and safety of others
- Granting the request is not necessary to allow the passenger use of the transit agency's services, programs, or activities (e.g., the requested modification would make the transit trip more convenient, but the passenger could nevertheless use the service successfully to get where he or she is going without the modification

IDOT recommends all transit agencies have written procedures to implement these requirements and train all appropriate staff accordingly.

7.4.3 Transportation Facilities

New facilities, or alterations to existing facilities, must be constructed to meet the requirements of 49 CFR § 37 and the requirements set forth by the Architectural and Transportation Barriers Compliance Board (Access Board). Compliance with these

standards is not required where an entity can demonstrate that it is structurally impracticable to meet the requirements.

7.4.4 Acquisition of Accessible Vehicles

All new bus or rail vehicles purchased or leased for use in fixed-route service by public entities must be accessible. Used bus or rail vehicles purchased or leased for use in fixed-route service by public entities must be accessible, with a good-faith efforts exception. Remanufactured vehicles must be accessible to the maximum extent feasible, with an engineering exception.

Vehicles used in demand-response service must be accessible unless equivalent service is provided. Equivalency is evaluated based on the following factors:

(1) Response time
(2) Fares
(3) Geographic area of service
(4) Hours and days of service
(5) Restrictions or priorities based on trip purpose
(6) Availability of information and reservations capability
(7) Any constraints on capacity or service availability

These requirements extend to vehicles used in fixed-route service operated under contract or other arrangements or relationships.

7.4.5 Provision of Service

7.4.5.1 Fixed Route

All subrecipients that provide fixed route service must meet minimum service requirements:

(1) Ensure that on all routes with headways that exceed 30 minutes and the vehicle has an inoperative lift, the subrecipient promptly provides alternative transportation to individuals with disabilities unable to use the vehicle due to the inoperable lift.
(2) Allow a passenger who uses a lift or ramp to board or disembark from a vehicle at any designated stop, unless the lift or ramp cannot be deployed.
(3) Ensure that when an individual with a disability needs to sit in a seat or occupy a wheelchair securement location, the public or private entity

must ask the following persons to move in order to allow the individual with a disability to occupy the seat or securement location.

(4) Allow adequate vehicle boarding and disembarking time.

(5) Make stop announcements at transfer points, major intersections, destination points, intervals along the route to orient passengers, and any stop upon request.

(6) Provide an effective means of route identification when more than one route serves a stop.

7.4.5.1.1 Complementary Paratransit

Each subrecipient operating a fixed route system shall provide paratransit or other special services to individuals with disabilities that are comparable to the level of service provided to individuals without disabilities who use the fixed route system. Complementary paratransit service for ADA paratransit-eligible persons shall be an origin-to-destination service. Service must also be provided to visitors to the subrecipient's service area for any combination of 21 days during any 365-day period.

Additionally, each subrecipient subject to this requirement must also establish an eligibility process to certify that the individuals cannot otherwise use or navigate an accessible fixed route service. Certifications must be conducted within 21 days after receipt of a complete application; presumptive eligibility must be granted if the certification process takes longer than 21 days.

Each subrecipient subject to this requirement must establish an administrative appeal process through which individuals who are denied eligibility can obtain a review of the denial.

Subrecipients, at their option, may establish an administrative process to suspend, for a reasonable period of time, the provision of complementary paratransit service to ADA-eligible individuals who establish a pattern or practice of missing scheduled trips. As an administrative policy, IDOT limits suspensions for a pattern or practice of missed trips to a maximum of 30 days.

In providing complementary paratransit, the subrecipient must meet the service criteria in 49 CFR § 37.131(a) – (g).

7.4.5.2 Demand Response

All transit services not classified as fixed route services, for ADA compliance purposes, are considered demand response services. Demand responsive systems encompass a wide variety of service types, including traditional dial-a-ride service, taxi subsidy service, vanpool service, and route deviation service. Complementary paratransit service, also a type of demand responsive system, has its own service requirements and is uniquely provided only by operators of fixed route services (and described above).

Equivalent service is an underlying measure of nondiscrimination for demand responsive service with inaccessible vehicles in the fleet. Demand responsive fleets are permitted to include inaccessible vehicles as long as the service to individuals with disabilities is provided in the "most integrated setting appropriate" and is equivalent to the service provided to individuals without disabilities.

7.4.5.2.1 Certification of Equivalency

A public entity receiving FTA funds under 49 U.S.C. 5311 or a public entity in a small urbanized area which receives FTA funds under 49 U.S.C. 5307 from a state administering agency rather than directly from FTA, which determines that its service to individuals with disabilities is equivalent to that provided to other persons, must, before any procurement of an inaccessible vehicle, file with IDOT a certificate that it provides equivalent service meeting the standards detailed in Section 6.4.2.

7.4.5.3 Route Deviation Service

Route deviation service operates along established routes that typically have designated stops. Between these stops, vehicles deviate from an established route to pick up or drop off riders within a defined off-route service area. Route deviation service may be defined as either fixed route or demand response service. If fixed route, complementary paratransit requirements apply; if deemed demand response, the transit agency does not need to provide complementary paratransit service. To be considered demand responsive rather than fixed route, route deviation services must accept deviation requests from all riders. Deviated fixed route services that limit route deviations only to riders with disabilities are not demand responsive services.

Examples of practices that would result in a determination that route deviation services are fixed route include the following:

- Labeling services as route deviation in plans and other documents, but not advertising them as such to the public. To ensure that riders are aware of and able to use the service, both FTA and IDOT require that transit agencies advertise the availability of route deviations (e.g., including the information on schedules and in other public information).
- Establishing restrictive policies for deviations that would significantly limit the use of the service by individuals with disabilities who are not able to get to and from designated stops and can therefore only use the service by requesting deviations. This would include:
    - Charging excessive surcharges for deviations
    - Establishing overly restrictive areas within which riders can request deviations
    - Limiting deviations to only certain trip purposes
    - Unreasonably capping the number of permitted deviations

8 Procurement Requirements

8.1 Introduction

The Bureau of Transit Capital has primary responsibility and management of transit federal and state capital programs and projects undertaken by OIPI - Transit. Capital projects may entail acquisition of real property, equipment, goods and supplies, and professional services; the Bureau is responsible for ensuring these activities follow applicable federal and state procedures.

8.2 Procurement Guidance

8.2.1 Governing Documents

Subrecipients receiving funds from IDOT must ensure that if federal funds are used in procurement activities, all applicable federal requirements must be met. These rules include (in hierarchical order):

- Procurement requirements articulated in 49 U.S.C. § 5300, such as Buy America
- 2 CFR § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- FTA Circular 4220.1G, Third-Party Contracting Guidance
- FTA Circular 5010.1F, Award Management Requirements
- IDOT State Management Plan
- Transit Grants and Procurement Handbook (TGPH)

If federal funds are used in the procurement, federal requirements will prevail where there is a conflict between federal, state, or local procurement laws or guidance. Similarly, if state funds are used, state requirements will prevail where there is a conflict with local laws.

State procurement law can be found in 30 ILCS 500, the "Illinois Procurement Code." In addition, 50 ILCS 505 through 50 ILCS 531 govern local government purchases and contracts. If federal funds are involved in the procurement, the following documents provide guidance:

IDOT has produced the **Illinois Department of Transportation: Transit Grants and Procurement Handbook** that provides detailed information on both federal and state requirements for subrecipient procurement activity. The State Management Plan incorporates key elements from this Handbook; however, recipients should be fully knowledgeable of the Handbook requirements prior to undertaking procurement activity.

8.3 IDOT Post-Award Requirements for Capital Projects

8.3.1 Review and Concurrence

In accordance with the risk assessment determinations, OIPI-Transit review and concurrence are required before certain activities may be undertaken by a grantee. If there is no risk assessed to the agency, the standard provisions apply. Activities requiring review and concurrence include the following:

- Soliciting bids and award of third-party contracts, use of force-account labor, issuing and awarding other contracts or agreements relating to procurement, construction (change orders, disposal of scrap or used equipment and materials), professional services, or land acquisition.
- Entering into agreements for use or lease of project facilities by an operator or carrier, or use by other than the grantee
- Leasing or sharing of grant-funded Project Equipment or project facilities by carriers, operators, or agencies
- Grant Budget Revisions when the line-item adjustment is 10% or greater and all Grant Amendments
- Disposition of or change in use of grant-funded facilities
- Reducing or terminating service during the project or the post-settlement period
- Continued use of scrap, used, or disposable equipment after replacement by the project
- Taking any action that may limit the continued public use of project facilities or limit the best possible use of grant funds

8.3.2 Procurement Thresholds and Concurrence Requirements

8.3.2.1 Thresholds

IDOT written concurrence is required prior to initiating a procurement (hereinafter referred to as “pre-bid concurrence”) and prior to entering into a contract with a third party for equipment, goods, or services (hereinafter referred to as “pre-award concurrence”). Concurrence requirements vary depending on the procurement threshold, as determined by the subrecipient’s

independent cost estimate (ICE) developed prior to conducting the procurement (Exhibit 7.1).

Exhibit 7.1 Procurement Thresholds and Concurrence Requirements

Procurement Type	Threshold*	Pre-Bid Concurrence Required?	Pre-Award Concurrence Required?
Micro-purchases	Less than $10,000	No	No
Small purchases	$10,000 – $99,999	No	Yes
Formal purchases	>$100,000	Yes	Yes

*These amounts are significantly less than the current federal thresholds, which are set at less than $15,000 for micro-purchases and between $15,000 and $350,000 for small purchases.

The procurement thresholds described in this section establish IDOT concurrence requirements and do not alter the federal procurement methods or thresholds established under 2 CFR Part 200. Subrecipients shall comply with the applicable federal procurement requirements while also obtaining IDOT concurrence when required by this SMP.

Note that when local procurement regulations adopt purchasing thresholds below the amounts shown in the exhibit's threshold column, the method of procurement must adhere to the local threshold; however, OIPI's concurrent thresholds remain as stated in the table.

8.3.2.2 Concurrence Request Forms and Submittal Timeframes

Pre-bid and pre-award requests must be submitted via the prescribed method (e.g., email, BlackCat) to the assigned OIPI project manager. Each request must be accompanied by a concurrence checklist and all required submittal items. Separate forms have been prepared related to the type of procurement and/or dollar value of the procurement activity. Refer to the IDOT Transit Grants and Procurement Handbook, Appendix C, for the appropriate form.

Subrecipients are expected to submit their request at least 60 calendar days, but no less than 45 calendar days, prior to the anticipated advertisement date or bid expiration date to ensure adequate time for IDOT review, unless otherwise authorized by IDOT. Failure of the grantee to provide all required materials and information in the initial submission will result in a delay of approval. Delays

due to missing information do not count against the 60 days OIPI needs to complete the concurrence review process.

8.4 Open Market Procurement Requirements

Open market procurements are competitive acquisitions of goods, services, or equipment open to any qualified supplier. They exclude real estate and regulated services such as utilities. Subrecipients should consult IDOT if unsure whether a purchase qualifies, and a specific method may be prescribed based on procurement type and cost.

8.4.1 Types of Open Market Procurements

Under 2 CFR § 200.320, there are three categories:

- Informal (micro-purchases, simplified acquisitions)
- Formal
- Noncompetitive

8.4.1.1 Informal Procurements

8.4.1.1.1 Micro-Purchases

The micro-purchase threshold in Illinois is $10,000, or lower if the subrecipient's own policy sets it lower. No competitive quotes are needed if the price is reasonable and documented. Purchases should be distributed equitably among suppliers where practicable. FTA third-party terms generally do not apply.

Subrecipients must maintain a written history consistent with 2 CFR § 200.318(i), specifying the procurement method rationale, contract type (if any), contractor selection, and price basis. Davis-Bacon applies to construction over $2,000.

8.4.1.1.2 Simplified Acquisitions

Simplified acquisitions in Illinois range from $10,000 up to $100,000. Subrecipients must obtain, at a minimum, written or oral quotes from an adequate number of qualified sources (minimum of two quotes). Award goes to the best-value (typically lowest-cost) vendor. Subrecipients must maintain a written history and determine the price is reasonable. Many FTA contract

clauses apply above $10,000; it is the responsibility of the subrecipient to determine and apply these provisions.

8.4.1.2 Formal Procurements

Formal procurement procedures must be used for all procurements estimated to be $100,000 or more or at the subrecipient's own (lessor) threshold. These are competitive purchases and require public advertisement.

8.4.1.2.1 Sealed Bids.

Publicly solicited invitations for bids (IFBs) lead to a firm fixed-price award to the lowest responsible bidder whose bid conforms to the invitation. A subrecipient may use this method when it develops complete and realistic specifications, two or more responsible bidders can compete, and the contract lends itself to selection based on price alone.

Requirements for sealed bids include:

- The subrecipient identifies an adequate number of qualified sources, allows sufficient vendor response time, and publicly advertises the solicitation
- A clear and precise specification has been developed.
- Bids are opened publicly at the stated time and place.
- Award is made in writing to the lowest responsive, responsible bidder. Factors like discounts, transportation, and life-cycle costs count only if specified in the IFB (payment discounts only if valid based on prior experience).
- Documentation is provided to all rejected bidders.

8.4.1.2.2 Competitive Proposals

The method of procurement uses Requests for Proposal as the solicitation document when sealed bids are not appropriate.

Requests for proposals require public notice, with all evaluation factors and their relative importance identified. The subrecipient must solicit multiple qualified entities and consider all responses to the extent practicable. Written procedures for technical evaluation and selection are required. Award is made to the responsible offeror whose proposal is most

advantageous, considering price and other factors. The resulting contract type is typically a fixed price or cost reimbursement type.

8.4.1.2.3 Architectural, Engineering, and Land Surveying Services

Competitive proposals may be used for qualifications-based selection of A/E services, where the most qualified firm is chosen, and compensation is then negotiated as fair and reasonable. Price is not a selection factor. This method applies only to A/E services, not other professional services, and not to other services from A/E firms that could perform the proposed work.

If no federal funds are involved, the Local Government Professional Services Selection Act (50 ILCS 510) applies. The standard method is a Request for Qualifications (RFQ), answered with a Statement of Qualifications (SOQ). Its requirements:

- Public Notice (50 ILCS 510/4). Firms may file qualifications annually. For a new project, unless it has a satisfactory relationship with existing firms, the political subdivision must do one or more of the following:
    - Mail or email a notice to firms on file
    - Advertise in a daily newspaper of general circulation, stating the due date, time, and place
    - Post an advertisement on its website with project descriptions and submission instructions
- Evaluation (50 ILCS 510/5): The subrecipient evaluates firms on qualifications, personnel, experience, performance data, timeliness, location, workload, and other written qualifications-based factors. Discussions and presentations are allowed. Cost or compensation estimates may not be requested before selecting a firm for negotiation.
- Selection (50 ILCS 510/6): The subrecipient selects and ranks at least three of the most qualified firms, then negotiates with the top-ranked firm for fair and reasonable compensation. If fewer than three firms respond, the subdivision may negotiate with those it finds qualified.
- Contract Negotiation (50 ILCS 510/7): The subrecipient determines in writing what constitutes fair and reasonable compensation for the desired scope of service. Negotiations are instituted with the top-ranked firm; if negotiations with the top firm fail, the subrecipient terminates consideration of the firm. The subrecipient conveys this outcome in writing and opens negotiations with the next-ranked firm. Terminated negotiations cannot be reopened. If all selected firms fail, re-evaluate the scope, value, and fees, and compile a second list of at least three firms.

- Waiver of Competition (50 ILCS 510/8): Notice, evaluation, and selection requirements may be waived by resolution for an emergency requiring expedited selection, or when estimated costs are under $40,000.

8.4.1.3 Noncompetitive Procurement

OIPI embraces the federal concept of obtaining maximum feasible competition in all procurements above the micro-purchase threshold. There are limited circumstances when federal funds are involved that permit other than free and open competition. A noncompetitive procurement method may only be used if one of the following circumstances applies:

- The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold.
- The procurement transaction can only be fulfilled by a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation.
- The recipient or subrecipient requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provides written approval.
- After soliciting several sources, the competition is determined to be inadequate.

8.4.1.4 State Requirements Applicable to Procurement Methods

8.4.1.4.1 Materials, Equipment, or Vehicles

Any procurement of materials, equipment, or vehicles is subject to the Illinois small purchase threshold ($100,000 or more), even if the subrecipient is using federal funds to finance the procurement. Generally, these procurements lend themselves to the development of a detailed specification, thereby making the use of sealed bids the preferred method of procurement. In rare cases with unique circumstances, where a great deal of customization is required, a request for proposals (RFP) may be used.

8.4.1.4.2 Construction Services

Construction services include the construction of new facilities or renovations to existing facilities such as structures, buildings, and parking lots. Construction services include any alteration of real property. Construction services do not include detached equipment or bus remanufacturing, significant detached equipment overhauls, or purchase of

rolling stock or any other manufactured items that are not affixed to real property. However, the purchase and installation of major systems within a facility or structure may be considered construction (e.g., a bus wash system purchased and installed by a construction contractor). Construction materials supplied by the general contractor to perform the work are included. Construction services are subject to the small purchase threshold ($100,000) for competitive source selection.

In addition, Davis-Bacon and/or the Illinois Prevailing Wage Act and the Illinois Works Job Program Act will apply to construction projects. Davis-Bacon applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works (See Section 7.7.5 of the Illinois Department of Transportation: Transit Grants and Procurement Handbook for more information on these state requirements).

8.4.2 Buy America/Build America

Depending on the nature of the procurement, a project may be subject to Buy America requirements, Build America requirements, or both. Subrecipients are responsible for determining the applicable domestic preference requirements before initiating a procurement.

8.4.2.1 Buy America

Buy America requirements (49 CFR § 661) apply to all federally funded procurements over $150,000 that include the use of iron, steel, and manufactured products in the project. FTA has interpreted this threshold as applicable to the cost of iron, steel, or the manufactured product, not the cost of the entire project, and applies whether the expense was incurred by the subrecipient or its contractors/ subcontractors. A recipient may not break up procurements into smaller purchases in order to come under the $150,000 threshold. Additionally, to be eligible for federal funding, the acquisition of rolling stock requires that more than 70% of the components of the vehicle be produced in the United States.

8.4.2.1.1 Iron and Steel

The steel and iron requirements apply to all construction materials made primarily of steel or iron and used in infrastructure projects such as transit

or maintenance facilities, rail lines, and bridges. These items include, but are not limited to, structural steel or iron, steel or iron beams and columns, running rail, and contact rail. These requirements do not apply to steel or iron used as components or subcomponents of other manufactured products or rolling stock (see Section 7.6.2.3).

8.4.2.1.2 Manufactured Products

A manufactured product is a broadly defined term that includes any product created from a manufacturing process (the application of processes to alter the form or function of materials or of elements of the product in a manner adding value and transforming those materials or elements so that they represent a new end product functionally different from that which would result from mere assembly of the elements or materials).

For a manufactured product to be considered produced in the United States:

- All of the manufacturing processes for the product must take place in the United States, and
- All of the components of the product must be of U.S. origin. A component is considered of U.S. origin if it is manufactured in the United States, regardless of the origin of its subcomponents.

8.4.2.1.3 Rolling Stock

For rolling stock, 70% or more of the components of the vehicle must be produced in the United States.

8.4.2.1.4 Certifications

In any federally funded procurement involving the purchase of iron, steel, or a manufactured product, the subrecipient must include in its bid or request for proposal an appropriate notice of the Buy America provision. Such specifications must require, as a condition of responsiveness, that the bidder or offeror submit with the bid or offer a completed Buy America certificate in accordance with 49 CFR § 661.6 or § 661.12, as appropriate (there are different certifications for iron, steel, and manufactured products from the certification to be submitted for rolling stock).

Subrecipients may not obtain signed Buy America certifications **after** contract award for their own contracts or contracts of other recipients to

make the contracts eligible for Federal funding. Subrecipients may, however, obtain signed Buy America certifications before buying off state GSA-type contracts to make them eligible for Federal funding. OIPI ensures Buy America requirements are met on all CVP procurements.

8.4.2.2 Build America

8.4.2.2.1 Construction Materials Definition

A procurement funded by a federal award obligated on or after November 10, 2022, must comply with the Build America provisions contained in the Infrastructure Investment and Jobs Act (Pub. L. No. 117-58). This applies to construction materials used in a federally assisted project and includes:

- Non-ferrous metals
- Plastic and polymer-based products (including polyvinyl chloride, composite building materials, and polymers used in fiber optic cables
- Glass (including optic glass)
- Fiber optic cable (including drop cable)
- Optical fiber
- Lumber
- Engineered wood
- Drywall

8.4.2.2.2 Build America Waiver for De Minimis Costs and Small Grants

On August 16, 2023, U.S. DOT announced a waiver of Buy America requirements for steel, iron, manufactured products, and construction materials under a single financial assistance award for which:

- Costs of non-compliant products are de minimis (meaning, the total value of the non-compliant products is no more than the lesser of $1,000,000 or 5% of total applicable costs for the project) or
- The total amount of Federal financial assistance applied to the project, through awards or subawards, is less than $500,000.

8.4.3 Cost and Price Analysis

Subrecipients must perform a cost or price analysis for every procurement above the simplified acquisition threshold, including contract modifications. The analysis occurs after

bids are received but before award. Its method and depth depend on the circumstances, but it begins with an independent estimate prepared before bids or proposals arrive.

8.4.3.1 Independent Cost Estimate (ICE)

An ICE is required for all procurements above the simplified acquisition threshold. It is prepared before bids or proposals are received and serves as the starting point for judging whether prices are reasonable. It can be a simple budget estimate or a detailed one based on drawings, specifications, and past procurements.

"Independent" means prepared without influence from anyone with a financial interest in the award, not necessarily by someone outside the recipient's organization, though outside expertise may help on large, complex procurements. Subrecipients should avoid relying on vendor quotes; if unavoidable, gather quotes from multiple vendors.

8.4.3.2 Price Analysis

Price analysis evaluates the total proposed price, without examining individual cost elements, and is typically used for competitive procurements. Adequate competition requires at least two responsive and responsible bids or proposals; when met, the market is presumed to produce fair and reasonable prices, and price analysis is generally sufficient. Bids should be compared against the ICE, and any discrepancy between the ICE and the low bid must be analyzed and explained. See FTA's *Pricing Guide for FTA Grantees* for techniques.

8.4.3.3 Cost Analysis

Subrecipients are obligated to perform a cost analysis when price analysis is insufficient, such as when:

- The offeror submits itemized cost elements (labor hours, overhead, materials);
- Price competition is inadequate (e.g., single source); or
- A contract is modified.

A cost analysis may be unnecessary if the price is based on a catalog or market price for a commercial product sold in substantial quantities to the public, or on prices set by law or regulation. Each cost element and its development must be evaluated for fairness and reasonableness. IDOT has forms available in Appendix E of the *Transit Grants and Procurement Handbook.*

8.4.4 Bonding Requirements

For all procurements of construction services exceeding the federal threshold established under 2 CFR § 200, a bid guarantee bond or bid bond is required at five percent (5%) of the total bid price, a performance bond is required at 100% of the contract value, and a payment bond equal to 100% of the contract value is required.

If federal funds are not used in the construction project, the previously noted requirements may be modified if a local governmental unit passes an ordinance or resolution for an amount below the federal threshold established under 2 CFR § 200. The performance bond must be for 100% of the contract value.

The Public Construction Bond Act (30 ILCS 550/0.01) requires that when bonds are furnished, prior to the completion of 50% of the contract for public works, the local governmental unit may not withhold retainage in excess of 10% of any payment made prior to the date of completion of 50%. When more than 50% of the contract for public works is complete, the local governmental unit shall reduce the retainage so that no more than five percent (5%) is held, and no more than five percent (5%) of the amount of any subsequent payments may be withheld as retainage. In addition, P.A. 103-0570 also places identical retainage requirements on the contractor and its subcontractors.

8.4.5 Contracting With Small Businesses, Minority Businesses, Women's Business Enterprises, Veteran-Owned Businesses, and Labor Surplus Area Firms

When possible, the recipient and subrecipient should ensure that small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms (See U.S. Department of Labor's list) are considered as set forth below.

- These business types are included on solicitation lists
- These business types are solicited whenever they are deemed eligible as potential sources
- Dividing procurement transactions into separate procurements to permit maximum participation by these business types
- Establishing delivery schedules (for example, the percentage of an order to be delivered by a given date of each month) that encourage participation by these types of businesses
- Using organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- Requiring a contractor under a Federal award to apply this section to subcontracts.

8.4.6 Single Bid Procurements

A single bid or single source procurement occurs when a subrecipient, after fulfilling all requirements for an open market procurement, receives only one bid or proposal in response to its solicitation. **Single bids or proposals are not considered sole-source procurements**. If such an event occurs, the subrecipient must undertake specific steps before proceeding with a contract award.

Upon receiving a single bid or proposal in response to a competitive solicitation, the subrecipient must determine if its solicitation was unduly restrictive. This could include actions such as:

- Review of the specifications for undue restrictiveness
- Survey of potential sources that chose not to submit a bid or proposal, or other actions
- Review of whether the solicitation was adequately advertised
- Review of the open response period for a sufficient period of time, given the complexity of the project.

These actions should be documented in writing. Further, if the subrecipient determines that the single bid or proposal was due to factors beyond its control, a cost analysis must be conducted.

8.5 Joint Procurements

The term "joint procurement" means a method of contracting in which two or more purchasers (typically all FTA recipients or subrecipients) agree from the outset to use a single solicitation document and enter into a single contract with a vendor for delivery of property or services in a fixed quantity, even if expressed as a total minimum and a total maximum. Unlike a State or local government purchasing schedule, a joint procurement is not drafted for the purpose of accommodating the needs of other parties that may later want to participate in the benefits of that contract.

Both OIPI and FTA encourage the use of the joint procurement method as a method to obtain better pricing through larger purchases. If FTA funds are used in a joint procurement, recipients and subrecipients participating in the joint procurement must ensure compliance with all applicable FTA and federal requirements and include all required clauses and certifications in the joint solicitation and contract documents.

8.6 State or Local Government Purchasing Schedules or Purchasing Contracts

A "state or local government purchasing schedule" means an arrangement that a state or local government has established with one or more vendors in which those vendors agree to provide an option to the state or local government and its subordinate government entities to acquire specific property or services in the future at established prices. These arrangements are similar to the General Services Administration's (GSA) Cooperative Purchasing Program available for Federal Government use. If the State or local government wishes to permit others to use its schedules, the State or local government might seek the agreement of the vendor to provide the listed property or services to others with access to the schedules, or it may permit the vendor to determine whether or not it wishes to do so. The CVP is an example of a state government purchasing schedule.

FTA does not authorize recipients to use interstate purchasing schedules (where multiple States together create a schedule of contracts for ordering), because this practice curtails opportunities for competitive procurements. An exception to this general restriction on interstate schedule ordering exists for cooperative procurements of rolling stock and related equipment authorized by section 3019(b) of the FAST Act. The FAST Act authorizes interstate ordering from cooperative procurements only for rolling stock and related equipment.

8.7 Assignment

When a recipient or subrecipient finds it has **unintentionally** acquired contract rights, including unexercised options, in excess of its needs, other recipients or subrecipients may make use of the unneeded contract rights via assignment. This practice is sometimes referred to as the assignee-recipient "piggybacking" on the assignor-recipient's contract.

OIPI notes that under 2 CFR § 200.318(d), a subrecipient must limit its procurements to the amount of property and services required to meet its reasonably expected needs. Because a recipient should be able to justify the quantities it procures, having written statements of its anticipated material requirements in the recipient's contract files may prove helpful. Thus, opportunities for purchases using assigned contract rights should be very limited. However, if a subrecipient intends to conduct a purchase through assignment, the following elements apply to the subrecipient (referred to as the "assignee" subrecipient):

- The assignee-subrecipient should assure itself that the assignment is permitted under its local rules and the terms of the underlying contract and will not be resisted by the contractor.

- The assignee-recipient should look for terms in the underlying contract explicitly permitting assignment. The assignee-recipient may reduce its risk in this regard by obtaining the contractor's consent to the assignment.
- The assignee-recipient should determine whether the contract prices originally established are still fair and reasonable before using those rights.
- The assignee-recipient is responsible for determining that the underlying contract complies with all Federal requirements.

Glossary of Terms

A

Accounting System: An accounting system consists of the business papers, records, and reports, plus the procedures that are used in recording transactions and reporting their effects. An example of an accounting system is the Uniform System of Accounts (USOA).

Accrual Accounting. A method of financial accounting where revenues are recorded when earned instead of when received, and expenses are recorded when incurred instead of when paid.

Active Vehicles: The vehicles available to operate in revenue service at the end of the fiscal year, including:

- Spares
- Vehicles temporarily out of service for routine maintenance and minor repairs
- Operational vehicles

Acquisition: The process of acquiring assets. Examples of transit-related acquisitions can include rolling stock, nonrevenue vehicles, administrative facilities, maintenance facilities, equipment, real property, services, or others.

Acquisition Cost: The cost of the asset, including the cost to prepare the asset for its intended use. For example, the cost of equipment may include the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software include those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Other charges such as the cost of inspection, installation, transportation, taxes, duty, or protective in-transit insurance should be treated in accordance with the applicant's or recipient's regular accounting practices, as separate line items. The cost of items separately installed and removable from rolling stock, such as fareboxes and radios, is treated as a separate acquisition and not as part of the cost of the vehicle if not included in the procurement of rolling stock.

ADA: Americans with Disabilities Act of 1990

Administration Expense: The cost to administer a project, which includes, but is not limited to, director's, secretary's, and bookkeeper's wages and fringe benefits, office supplies, administrative office space, and utilities. The maximum Federal share for 5311 projects for project administration is 80 percent.

Amendment: A modification to correct or change the terms of an existing contract.

Applicant: An entity that is seeking, but has not yet been awarded, specific assistance from IDOT in the form of a grant agreement. This may include applications for funding from FTA through the IDOT.

Application: A specific form submitted to IDOT for an award of state and/or federal assistance through a grant agreement. A competitive grant application is typically required shortly following an IDOT call for projects to evaluate the need and eligibility of projects with a capital funding opportunity. A grant application is required to initiate and finalize a grant agreement between IDOT and a subrecipient on a specific project.

Apportionment. A statutorily prescribed division or assignment of funds based upon prescribed formulas in the law.

Appraisal: A written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of fair market value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

Architectural Services: An architect is a person who is qualified by education, training, experience, and examination and who is licensed under the laws of this state to practice architecture. The practice of architecture includes the offering or furnishing of professional services, such as consultation, environmental analysis, feasibility studies, programming, planning, aesthetic and structural design, technical submissions consisting of drawings and specifications and other documents required in the construction process, administration of construction contracts, project representation, and construction management in connection with the construction of any private or public building, building structure, building project, or addition to or alteration or restoration thereof. See Section 5 of the Illinois Architecture Practice Act of 1989 for additional information.

Audit Finding: Deficiencies that the auditor is required to report in the schedule of findings and questioned costs. (See § 200.516(a)).

Auditee: Any non-Federal entity that must be audited (See 2 CFR § 200.501).

Auditor: An auditor who is a public accountant or a Federal, State, local government, or Indian Tribe audit organization that meets the general standards specified for external auditors in generally accepted government auditing standards (GAGAS). The term auditor does not include internal auditors of nonprofit organizations.

Authorized Representative: The individual legally authorized to accept and commit funds on behalf of the subrecipient.

Average Trip Length: The average distance ridden for an unlinked passenger trip (UPT) by time period (weekday, Saturday, Sunday) is computed as passenger miles traveled (PMT) divided by unlinked passenger trips (UPT). May be determined by sampling or calculated based on actual data.

B

Bid: An offer of price in reference to specified terms, conditions, and product or project specifications.

Bonds: A financing mechanism used to raise funds. A bond is secured debt offered through a legal entity (usually a state or local government) that guarantees the purchaser's right to receive a fixed interest payment and the right to be paid the par value of the bond at a definite future date when the bond matures.

Brooks Act: 40 U.S.C. 11, Selection of Architects and Engineers. The Brooks Act requires agencies to promote open competition by advertising, ranking, selecting, and negotiating contracts based on demonstrated competence and qualifications for the type of engineering and design services being procured at a fair and reasonable price. Engineering- and design-related services are defined in 23 U.S.C. §112 (b)(2)(A) and 23 CFR §172.3 to include program management, construction management, feasibility studies, preliminary engineering, design engineering, surveying, mapping, or other related services. These other services may include professional engineering-related services or incidental services that may be performed by a professional engineer or individuals working under their direction who may logically or justifiably perform these services.

Budget: A plan of financial operations containing an estimate of proposed expenditures and proposed means of financing those expenditures.

Budget Revision: Any change of budget allocations within the grant award and the overall grant budget that has a minor impact on the budget allocations of the original grant.

Bus (MB): A transit mode comprised of rubber-tired passenger vehicles operating on fixed routes and schedules over roadways. Vehicles are powered by:

- Diesel
- Gasoline
- Battery
- Alternative fuel engines are contained within the vehicle.

C

Call for Projects: A request for applicants to apply for funding for an eligible project. The call for projects requests information on the scope, purpose, and cost of the project. Competitive grant applications are reviewed, and eligible projects are selected for funding.

Capital: Expenses related to the purchase of capital equipment and financing capital projects. Equipment means an article of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost, which equals the lesser of:

- The capitalization level established by the government unit for financial statement purposes, or
- $10,000.

Capital expenses are non-annually recurring and do not include operating expenses (OE) that are eligible to use capital funds, such as preventative maintenance.

Capital Needs Assessment (CNA): A tool used by OIPI-Transit to estimate downstate transit needs and determine transit infrastructure improvements throughout the state.

Capital Asset: Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that have useful lives over one year.

Capital Assistance: Financial funding to help cover the costs of equipment necessary to support transit services. Equipment is tangible property having a useful life of more than one year, e.g., vehicles, buildings, passenger stations, and fixed guideway (FG) facilities. See capital expenses for requirements.

Capital Expenses: The expenses related to the purchase of equipment. Equipment means an article of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost that equals the lesser of:

- The Capitalization level established by the government unit for financial statement purposes, or
- $10,000.

Capital expenses do not include operating expenses that are eligible to use capital funds.

Capital Maintenance Expenses: Expenses classified as operating expenses under the Uniform System of Accounts (USOA) that are eligible for capital funds under FTA formula programs, e.g., preventive maintenance costs.

Cash Accounting: Method of accounting that recognizes expenses in the period of the payment and revenue at the time cash is received.

Charter Service: Charter service means, but does not include demand response service to individuals:

- Transportation provided by a recipient at the request of a third party for the exclusive use of a bus or van for a negotiated price. The following features may be characteristic of charter service:
    - A third party pays the transit provider a negotiated price for the group;
    - Any fares charged to individual members of the group are collected by a third party;
    - The service is not part of the transit provider's regularly scheduled service, or is offered for a limited period of time; or
    - A third party determines the origin and destination of the trip as well as the scheduling; or
- Transportation provided by a recipient to the public for events or functions that occur on an irregular basis or for a limited duration and:
    - A premium fare is charged that is greater than the usual or customary fixed route fare; or
    - The service is paid for in whole or in part by a third party.

Closeout: The process by which the Federal agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed.

Code of Federal Regulations (CFR): A codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government.

Cognizant Agency for Audit: The Federal agency designated to carry out the responsibilities described in § 200.513(a). The cognizant agency for audit is not necessarily

the same as the cognizant agency for indirect costs. A list of Federal agency Single Audit contacts can be found on the Federal Audit Clearinghouse (FAC) website.

Cognizant Agency for Indirect Costs: The Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals on behalf of all Federal agencies. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit.

Commuter Bus (CB): Local fixed-route bus transportation primarily connecting outlying areas with a central city. Characterized by a motorcoach (aka over-the-road bus), multiple trip tickets, multiple stops in outlying areas, limited stops in the central city, and at least five miles of closed-door service.

Competitive Source Selection: a formal, structured method of procurement used to evaluate proposals from more than one potential vendor and award contracts based on pre-defined criteria to achieve the best value for the procuring party.

Complementary Paratransit Services: Transportation service required by the Americans with Disabilities Act (ADA) for individuals with disabilities who are unable to use fixed route transportation systems. This service must be comparable to the level of service provided to individuals without disabilities who use the fixed route system and meet the requirements specified in Sections 37.123-137.133 of Transportation Services for Individuals with Disabilities (Part 37), Code of Federal Regulations, Title 49, Volume 1. The complementary services must be origin-to-destination service (demand response (DR)) or on-call demand response (DR) service to an accessible fixed route where such service enables the individual to use the fixed route bus (MB) system for his or her trip. Service must be provided in a corridor Â¾ of a mile on either side of the bus routes.

Compliance: Means that a recipient or grantee has correctly implemented the requirements requested by federal or state rules and regulations.

Concurrence: Written approval from a state or federal authority that grants permission to the grantee to proceed with or refrain from a specific action. OIPI-Transit concurrence is commonly required to proceed with a third-party procurement.

Contract: A third-party written agreement between the subrecipient and a contractor that the subrecipient hires for an IDOT-assisted transit program.

Contractor: One who participates, through a contract or subcontract, in an IDOT-assisted transit program.

Contract Change Order: Also known as an amendment, a contract change order is a document that corrects or changes the terms of an existing contract, including, but not limited to, total value, term, scope of work, specifications, or clauses.

Contract Revenues: Reimbursement by any organization, government, agency, or company, as a result of a formal contractual agreement with the transit service operator, for trips provided to a specific passenger or group of passengers.

Coordinated Human Services Transportation Plan: A locally developed, coordinated transportation plan that identifies the transportation needs of individuals with disabilities, seniors, and people with low incomes, provides strategies for meeting those needs, and prioritizes transportation services for funding and implementation.

Cost Allocation Model: A cost allocation model is a model chosen and developed by the transit agencies to be used in allocating shared operating costs to the appropriate modes. The cost allocation model consists of the method, cost pools, and variables that the transit agencies would use to allocate their shared costs.

Cost Analysis: A detailed analysis, performed by the procuring agency, of the cost proposal offered by the top-ranked firm in response to an RFQ or RFP. A cost analysis is conducted to determine whether the offered price is fair and reasonable.

Cost Proposal: The price offered by a professional services firm for a defined scope of work, in response to an RFQ or RFP.

D

Debt Service: This is a payment made toward loans, including principal and interest, on publicly owned equipment or facilities.

Demand Response (DR): A transit mode comprised of passenger cars, vans, or small buses operating in response to calls from passengers or their agents to the transit operator, who then dispatches a vehicle to pick up the passengers and transport them to their destinations. A demand response (DR) operation is characterized by the following:

- The vehicles do not operate over a fixed route or on a fixed schedule except, perhaps, temporarily to satisfy a special need, and
- Typically, the vehicle may be dispatched to pick up several passengers at different pick-up points before taking them to their respective destinations and may even be interrupted en route to these destinations to pick up other passengers. The

following types of operations fall under the above definitions, provided they are not on a scheduled fixed route basis:

- Many origins - many destinations
- Many origins - one destination
- One origin - many destinations, and
- One origin - one destination.

Designated Recipient: (A) An entity designated, in accordance with the planning process under 49 U.S.C. 5303 and 5304 by the governor of a State, responsible local officials, and publicly owned operators of public transportation, to receive and apportion amounts under Section 5336 to urbanized areas of 200,000 or more in population or (B) a State or regional authority, if the authority is responsible under the laws of a State for a capital project and for financing and directly providing public transportation (49 U.S.C. 5302).

Direct Recipient: An entity that receives funding directly from FTA.

Disability: The term "disability" has the same meaning as in Section 3(1) of the Americans with Disabilities Act of 1990, 42 U.S.C. 12102. The term "disability" means, with respect to an individual: (1) a physical or mental impairment that substantially limits one or more major life activities of such individual, (2) a record of such an impairment, or (3) being regarded as having such an impairment. In this circular, the terms "person with a disability" or "people with a disability" have the same meaning as "individual(s) with a disability."

Disadvantaged Business Enterprise (DBE): A for-profit small business that (1) is at least 51% owned by one or more individuals who are both socially and economically disadvantaged or (2) whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

DBE and Equal Employment Opportunity (EEO) Contract Compliance Manager (CCM): This individual is responsible for monitoring OIPI's recipients and subrecipients to ensure they comply with DBE and EEO regulations as they pertain to the contracts and grants disbursed by OIPI.

Designated Public Transportation: Transportation service provided by a public entity (other than public school transportation) by bus, rail, or other conveyance (other than transportation by aircraft or intercity or commuter rail transportation) that provides the general public with general or special service, including charter service, on a regular and continuing basis.

Deviated Fixed Route Service: Transit service that operates along a fixed alignment or path at generally fixed times, but may deviate from the route alignment to collect or drop off passengers who have requested the deviation.

Direct Cost: An object class cost (e.g., labor, services, materials, and supplies) that is incurred exclusively for a particular function, mode, and type of service (TOS).

E

Elderly. Illinois law 20 ILCS 105/3.05 specifies: a person 55 years of age or older, or a person nearing the age of 55 for whom opportunities for employment and participation in community life are unavailable or severely limited and who, as a result thereof, has difficulty in maintaining self-sufficiency and contributing to the life of the community. In FTA programs, an individual who is 65 years of age or older (49 U.S.C. 5302). The term "older adult" has the same meaning as the term "senior.

Engineering Services: "Professional engineering" means the application of science to the design of engineering systems and facilities using the knowledge, skills, abilities, and professional judgment developed through professional engineering education, training, and experience. "Professional engineering practice" means the consultation on, conception, investigation, evaluation, planning, design of, selection of materials to be used in, administration of construction contracts for, or site observation of an engineering system or facility where such consultation, conception, investigation, evaluation, planning, design, selection, administration, or observation requires extensive knowledge of engineering laws, formulae, materials, practice, and construction methods. A person shall be construed to practice or offer to practice professional engineering who practices or who, by verbal claim, sign, advertisement, letterhead, card, or any other way, is represented to be a professional engineer, or through the use of the initials "P.E." or the title "engineer" or any of its derivations or some other title implies licensure as a professional engineer, or holds himself or herself out as able to perform any service which is recognized as professional engineering practice.

Equipment: means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or $10,000.

Excess Project Equipment: Project equipment that was initially purchased under an IDOT grant, which the grantee determines is no longer required for its needs or discharge of its responsibilities.

Excess Real Property: Real property that was initially purchased under an IDOT grant, which the grantee determines is no longer required for its needs or discharge of its responsibilities.

Expansion (fleet): The acquisition of revenue vehicles for expansion of transit service.

F

Fare: All income directly earned from carrying passengers, paid either in cash or through prepaid tickets, passes, etc. It includes donations from those passengers who donate money on the vehicle, reduced fares paid by passengers in a user-side subsidy arrangement, or payments made through an agreement to provide fare-free service for a certain group, e.g., payments from a university to provide free service to students. It also includes base fare, zone or distance premiums, express service premiums, extra cost transfers, and special transit fares.

Federal Interest. For purposes of reporting on real property or when used in connection with the acquisition, improvement, or disposition of real property, equipment, or supplies under a Federal award, Federal interest means the dollar amount that is the product of (1) the percentage of Federal participation in the total cost of the property, equipment, or supplies and (2) current fair market value of the property, improvements, or both to the extent the costs of acquiring or improving the property were included as project costs. In cases where the fair market value of property is not readily discernible, FTA may elect to establish the Federal interest by other means, such as straight-line depreciation.

Federal Share: The portion of the federal award costs that is paid using federal funds.

Fixed Route Service: Services provided on a repetitive, fixed schedule basis along a specific route with vehicles stopping to pick up and deliver passengers to specific locations; each fixed route trip serves the same origins and destinations, such as rail and bus (MB), unlike demand response (DR) and vanpool (VP) services.

Force-Account Labor: Construction or maintenance services performed by employees of the subrecipient.

FTA: The Federal Transit Administration. FTA is one of 10 operating administrations within the U.S. Department of Transportation (USDOT). Headed by an administrator appointed by the President of the United States, FTA functions through a Headquarters office in Washington, DC, 10 Regional Offices, and several Metropolitan Offices that assist transit agencies in all 50 States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, Northern Mariana Islands, American Samoa, and federally recognized Indian Tribes.

G

Generally Accepted Accounting Principles (GAAP): The meaning specified in accounting standards issued by the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Grant: An award of financial assistance, in the form of money or property in lieu of money, by the federal government to an eligible recipient or subrecipient. Used interchangeably with grant agreement.

Grant or Grant Agreement: A legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. 6302, 6304, (1) is used to enter into a relationship the principal purpose of which is to transfer anything of value to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. 6101(3)) and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use; (2) is distinguished from a cooperative agreement in that it does not provide for substantial involvement of the Federal awarding agency in carrying out the activity contemplated by the Federal award; and (3) does not include an agreement that provides only (i) direct United States Government cash assistance to an individual, (ii) a subsidy, (iii) a loan, (iv) a loan guarantee, or (v) insurance (2 CFR 200.1).

Grant Amendment: Modification of a grant that includes a change in scope of work and/or a change in total state and/or federal funding.

Grantee: An entity that receives grant monies through IDOT and is accountable for the use of the funds provided as designated through the grant agreement.

Governor: The governor of a State, the mayor of the District of Columbia, and the governor of a territory of the United States, including the designee of the governor.

H

Human Services Transportation: Transportation services provided by or on behalf of a human service agency to provide access to agency services and/or to meet the basic, day-to-day mobility needs of transportation-disadvantaged populations, especially individuals with disabilities, seniors, and people with low incomes.

Human Service Transportation Plan (HSTP): SAFETEA–LU requires that projects selected for funding be derived from a coordinated public transit-human services transportation plan. Plans must be developed in good faith in coordination with appropriate planning partners and with opportunities for public participation. This good-faith effort should be documented. SAFETEA–LU requires that projects selected for funding be derived from a coordinated public transit-human services transportation plan. Plans must be developed in good faith in coordination with appropriate planning partners and with opportunities for public participation. This good faith effort should be documented.

I

Illinois Compiled Statutes (ILCS): A cumulative organization of Public Acts. Public Acts are bills that have become law. Most, but not all, Public Acts are incorporated into the Illinois Compiled Statutes. Some Public Acts and portions of Public Acts, such as those authorizing land conveyances or making appropriations, are not included in the Illinois Compiled Statutes.

Illinois Department of Transportation (IDOT): IDOT is responsible for planning, construction, and maintenance of Illinois' transportation network, including highways and bridges, airports, public transit, rail freight, and rail passenger systems

Illinois Procurement Code: 30 ILCS 500. This is the legislation that governs state procurements. While this legislation does not apply directly to OIPI-Transit's grantees, many of its requirements influenced the requirements in this handbook, since in many cases, these requirements are also best practices.

Incidental Use: The limited non-transit use of project property that does not conflict with the original authorized purpose of the project property or the recipient's ability to maintain satisfactory continuing control.

Indirect Cost: Those costs incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. It may be necessary to establish

multiple pools of indirect costs to facilitate equitable distribution of indirect expenses to the cost objectives served. Indirect cost pools must be distributed to benefited cost objectives on a basis that will produce an equitable result in consideration of relative benefits derived. For Institutions of Higher Education (IHE), the term facilities and administrative (F&A) cost is often used to refer to indirect costs.

Indirect Cost Rate Proposal: The documentation prepared by a recipient to substantiate its request to establish an indirect cost rate as described in appendices III through VII and appendix IX to this part.

Individual With a Disability: An individual who, because of illness, injury, age, congenital malfunction, or other incapacity or temporary or permanent disability (including an individual who is a wheelchair user or has semi-ambulatory capability), cannot use effectively, without special facilities, planning, or design, public transportation service or a public transportation facility. 49 USC 5302(a)(5).

Information Technology Systems: Computing devices, ancillary equipment, software, firmware, and related procedures, services (including support services), and resources. See also the definitions of computing devices and equipment in this section.

Intercity Bus Service: Regularly scheduled bus service for the general public that operates with stops in rural areas over fixed routes connecting two or more urbanized areas not in close proximity, has the capacity for transporting baggage carried by passengers, and makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available. Intercity bus services funded under Section 5311(f) include those that support the connection between rural areas and the larger regional or national system of intercity bus service, meet the intercity travel needs of residents in rural areas, and support the infrastructure of the intercity bus network through planning, marketing assistance, and capital investment in facilities and equipment.

Internal Control: Processes designed and implemented by recipients and subrecipients to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations.

J

Job Access and Reverse Commute (JARC) Project. A transportation project to finance planning, capital, and operating costs that support the development and maintenance of transportation services designed to transport welfare recipients and eligible low-income individuals to and from jobs and activities related to their employment, including transportation projects that facilitate the provision of public transportation services from urbanized areas and rural areas to suburban employment locations.

Joint Development: Public transportation improvements that enhance economic development or incorporate private investment and that otherwise meet the statutory terms found at 49 U.S.C. 5302(4)(G).

K

L

Large Urbanized Area: An Urbanized Area (UZA) with a population of at least 200,000 at the time of the most recent decennial census.

Local Governmental Authority: A political subdivision of a State, an authority of at least one State or political subdivision of a State, an Indian Tribe, or a public corporation, board, or commission established under the laws of a State.

Low-Income Individual: An individual whose family income is at or below 150 percent of the poverty line, as that term is defined in Section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by that section, for a family of the size involved.

M

Mass Transit District (MTD): A district created under the authority of 70 ILCS 361 (Local Mass Transit District Act) Section 3 for the purpose of acquiring, constructing, owning, operating, and maintaining mass transit facilities for public service or subsidizing the operation thereof.

Master Agreement: The FTA document containing FTA and other cross-cutting Federal requirements applicable to the FTA recipient's Award. FTA updates the Master Agreement annually and publishes the latest version and superseded versions on its public website.

The Master Agreement is incorporated by reference and made part of each FTA grant or cooperative agreement and each amendment thereto.

Metropolitan Planning Organization (MPO): The policy board of an organization designated by agreement between the governor and units of general purpose local government to carry out the metropolitan planning process, including development of long-range transportation plans and Transportation Improvement Programs (TIP) for metropolitan planning areas of a State (49 U.S.C. 5303). The process and requirements of MPO designation are described at 23 CFR 450.310. (18) Mobility Management: Consists of short-range planning and management activities and projects for improving coordination among public transportation and other transportation service providers carried out by a recipient or subrecipient through an agreement entered into with a person, including a government entity, under 49 U.S.C. Chapter 53 (other than Section 5309).

Micro Purchase: an individual procurement transaction for supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchases comprise a subset of a recipient's or subrecipient's small purchases using informal procurement methods.

Minimum Useful Life: The minimum acceptable period a capital asset purchased with FTA funds must be used in service prior to being replaced or removed from service. The minimum useful life for rolling stock is calculated based on the date the vehicle is placed in revenue service. While the useful life of land is indefinite, real property improvements on land, such as construction, buildings, and other fixtures, may have a minimum useful life similar to personal property. The use of an asset beyond its minimum useful life does not extinguish the Federal interest in the asset or the obligation to use and dispose of property in compliance with Federal requirements.

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

Modified Total Direct Cost (MTDC): All direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $50,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of $50,000. Other items may only be excluded when necessary

to avoid a serious inequity in the distribution of indirect costs and with the approval of the cognizant agency for indirect costs.

N

National Environmental Policy Act (NEPA). NEPA (42 U.S.C. 4321 et seq.) established the Council on Environmental Quality (CEQ) and requires Federal agencies, when planning projects or issuing permits, to conduct environmental reviews to consider the potential impacts on the environment by certain actions. CEQ's NEPA regulations are codified at 40 CFR Parts 1500–1508. FTA, along with the Federal Highway Administration (FHWA) and the Federal Railroad Administration (FRA), jointly administers regulations to implement NEPA and supplement CEQ's regulations, which are codified at 23 CFR Part 771.

National Transportation Database (NTD): Reports presenting statistical information about the financing and operations of public transportation systems providing transit service.

Net Project Cost: The part of a public transportation project that reasonably cannot be financed from revenues. See 49 U.S.C. 5302. FTA interprets "revenues" as farebox revenues.

Nonprofit Organization: A corporation or association determined by the Secretary of the Treasury to be an organization described by 26 U.S.C. 501(c), which is exempt from taxation under 26 U.S.C. 501(a), or one which has been determined under State law to be nonprofit and for which the designated State agency has received documentation certifying the status of the nonprofit organization.

Notice of Funding Opportunity (NOFO): A formal announcement of the availability of federal funding through a financial assistance program from a federal agency. The notice of funding opportunity provides information on the award, such as who is eligible to apply, the evaluation criteria for selecting a recipient or subrecipient, the required components of an application, and how to submit the application. The notice of funding opportunity is any paper or electronic issuance that an agency uses to announce a funding opportunity, whether it is called a "program announcement," "notice of funding availability," "broad agency announcement," "research announcement," "solicitation," or some other term.

O

Operating Expenses: Those costs necessary to operate, maintain, and manage a public transportation system. Operating expenses usually include such costs as driver salaries, fuel, and items having a useful life of less than one year.

P

Pass-Through Entity: A recipient or subrecipient that provides a subaward to a subrecipient (including lower-tier subrecipients) to carry out part of a Federal program. The authority of the pass-through entity under this part flows through the subaward agreement between the pass-through entity and the subrecipient.

Period of Performance: The time interval between the start and end dates of a federal award, which may include one or more budget periods. Identification of the period of performance in the Federal award consistent with § 200.211(b)(5) does not commit the federal agency to fund the award beyond the currently approved budget period.

Personal Property: Property other than real property. It may be tangible or intangible.

Personally Identifiable Information (PII): Information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some PII is available in public sources such as telephone books, websites, and university listings. The definition of PII is not attached to any single category of information or technology. Instead, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that could be used to identify an individual when combined with other available information.

Preventive Maintenance: Maintenance costs related to vehicles and non-vehicles. Specifically, preventive maintenance includes all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset cost-effectively, up to and including the current state of the art for maintaining such an asset. Under 49 U.S.C. 5302, preventive maintenance is a type of capital project.

Program Income: Gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance, except as provided in 2 CFR § 200.307(c). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items

fabricated under a Federal award, license fees, and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.

Program of Projects (POP): A list of projects to be funded in grant applications submitted to FTA by a Designated Recipient, State, or local government. The POP lists the recipients and subrecipients and indicates whether they are private nonprofit agencies, governmental authorities, or private providers of transportation service. The POP also designates the areas served (including rural areas, as applicable) and identifies any Tribal entities. The POP also identifies intercity bus and Rural Transportation Assistance Program (RTAP) projects. In addition, the POP includes a brief description of the projects, the total project cost, the Federal share for each project, and the amount of funds used for program administration from the allowed percentage.

Public Transportation: Public Transportation means regular, continuing shared-ride surface transportation services that are open to the general public or open to a segment of the general public defined by age, disability, or low income. Public transportation generally includes, but is not limited to, transportation services provided by buses; heavy rail; light rail; commuter rail; fixed guideway; bus rapid transit; passenger ferryboats; trolleys; inclined railways; people movers; vans; streetcars; jitneys; and aerial tramways. Public transportation can be either fixed route or demand-response service but excludes intercity passenger rail provided by Amtrak or other entities; intercity bus service; charter bus service; school bus service; sightseeing services; courtesy shuttle services provided by individual businesses; and intra-terminal or intra-facility shuttle services. The terms "transit" and "mass transportation" are used interchangeably with "public transportation."

Q

R

Recipient: An entity that is awarded funds directly from FTA to carry out an activity under a Federal program to support a specific project. In this circular, FTA uses the term "recipient" interchangeably with "grant recipient" and "Direct Recipient." The term "recipient" does not include "subrecipient."

Regional Transportation Planning Organization (RTPO): Designated organization to enhance the planning, coordination, and implementation of statewide strategic long-range transportation plans and transportation improvement programs, with emphasis on addressing the needs of non-metropolitan areas of the State.

Rural Area: An area encompassing a population of fewer than 50,000 people (49 U.S.C. 5302).

S

Senior: An individual who is 65 years of age or older (49 U.S.C. 5302). The term "older adult" has the same meaning as the term "senior."

Shared-Ride: Two or more passengers in the same vehicle who are otherwise not traveling together. Every trip does not have to be shared-ride in order for a service to be considered shared-ride, but the general nature of the service must include shared-rides. (31) Small Urbanized Areas: An urbanized area (UZA) with a population of at least 50,000 but less than 200,000 (as used in the context of FTA formula programs).

Small Urbanized Areas: As used in the context of FTA formula programs, small urbanized areas (UZAs) mean UZAs with a population of at least 50,000 but less than 200,000.

State: A State of the United States; the District of Columbia; Puerto Rico; the Northern Mariana Islands; Guam; American Samoa; and the Virgin Islands (49 U.S.C. 5302). Under 49 U.S.C. 5339, the term "State" means a State of the United States, and the term "territory" means the District of Columbia; Puerto Rico; the Northern Mariana Islands; Guam; American Samoa; and the Virgin Islands.

Statewide Transportation Improvement Program (STIP): A statewide prioritized listing/program of transportation projects covering a period of four years that is consistent with the long-range Statewide Transportation Plan, Metropolitan Transportation Plans (MTPs), and Transportation Improvement Programs (TIPs) and that is required for projects to be eligible for funding under Title 23 U.S.C. and 49 U.S.C. Chapter 53 (23 CFR 450.104).

Subrecipient: An entity that receives a subaward from a pass-through entity to carry out part of a Federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a federal agency.

T

Takedown: An amount or percentage subtracted from the total dollar amount appropriated for a Federal program before other apportionment or allocation of the funds. For example, the Tribal Transit Program (TTP) and Rural Transportation Assistance Program (RTAP) are takedowns from the total amount appropriated by Congress under the Formula Grants for Rural Areas Program (Section 5311).

TNC: Transportation Network Company, such as Lyft and Uber.

Traditional Section 5310 Projects: Those public transportation capital projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.

Transit: The term "transit" means public transportation.

Transit Asset Management (TAM): The strategic and systematic practice of procuring, operating, inspecting, maintaining, rehabilitating, and replacing transit capital assets to manage their performance, risks, and costs over their life cycles for the purpose of providing safe, cost-effective, and reliable public transportation. See 49 CFR Part 625.

Transit-Oriented Development (TOD): A compact, mixed-use development near transit facilities and high-quality walking environments. A TOD leverages transit infrastructure and can promote ridership, local economic development, affordable housing, and private sector investment.

Transit Worker: Any employee, contractor, or volunteer working on behalf of the transit agency.

Transportation Improvement Program (TIP): A prioritized listing/program of transportation projects covering a period of four years that is developed and formally adopted by an MPO as part of the metropolitan transportation planning process, consistent with the Metropolitan Transportation Plan (MTP), and required for projects to be eligible for funding under Title 23 U.S.C. and 49 U.S.C. Chapter 53 (23 CFR 450.104).

U

UEID: Unique Entity Identifier is a 12-character alphanumeric code SAM.gov assigns to every entity registered to do business with the federal government. It replaced the 9-digit DUNS number in April 2022.

Urbanized Area (UZA): An area encompassing a population of not less than 50,000 people that has been defined and designated in the most recent decennial census as an Urban Area by the Secretary of Commerce (49 U.S.C. 5302).

UPT: Unlinked Passenger Trips, or the number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles, no matter how many vehicles they use to travel from their origin to their destination.

Useful Life: The minimum acceptable period a capital asset purchased with FTA funds should be used in service. The minimum useful life for rolling stock is calculated based on the date the vehicle is placed in revenue service. Land does not have a useful life. However, real property improvements on land, such as buildings and other fixtures, usually have a useful life.

Useful Life Benchmark: The expected lifecycle of a capital asset for a particular transit agency's operating environment, or the acceptable period of use in service for a particular transit agency's operating environment.

USOA: A structure of categories and definitions used for NTD reporting to ensure uniform data.

V

Vehicle Hours/Miles: The hours/mile that a vehicle is scheduled to or actually travels from the time it pulls out from its garage to go into revenue service to the time it pulls in from revenue service. Vehicle hours are also referred to as platform time.

Vehicle Revenue Hours: The hours that vehicles are scheduled to or actually travel while in revenue service. Vehicle revenue hours include: layover/recovery time but exclude deadhead time, operator training, vehicle maintenance testing, and other non-revenue uses of vehicles.

VOMS: Vehicles Operated in Annual Maximum Service (VOMS). The number of revenue vehicles operated to meet the annual maximum service requirement. This is the revenue vehicle count during the peak season of the year; on the week and day that maximum service is provided. Vehicles operated in maximum service (VOMS) exclude atypical days or one-time special events.

W

Wait Time: The time spent by passengers while waiting for a transit vehicle

WCAG: Web Content Accessibility Guidelines (WCAG) covers a wide range of recommendations for making web content more accessible. The guidelines aid in ensuring content is more accessible to a wider range of people with disabilities, including accommodations for blindness and low vision, deafness and hearing loss, limited movement, speech disabilities, photosensitivity, and combinations of these, and some accommodation for learning disabilities and cognitive limitations.

X

Y

Z

Zone Fares: A system of fares where a transit system's service area is divided into zones with different specified rates or fares.