

ARIZONA DEPARTMENT OF TRANSPORTATION

Section 5311 and 5339 Guidebook
Grant Guidelines

Rural Public Transit Grant Program
FFY2026 Funding Cycle
Reimbursement Period Beginning October 2026



November 2025

Rural Public Transit Grant Program

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PART I. OVERVIEW

A. INTRODUCTION

The Multimodal Planning Division (MPD) of the Arizona Department of Transportation (ADOT) administers the Federal Transit Administration (FTA) Formula Grants for Rural Areas Program commonly known as the Section 5311 Program or as the Rural Public Transit Program. This program provides funds for public transportation and intercity bus projects serving rural areas. The division also manages Section 5339 Bus and Bus Facilities (statewide) Funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities for fixed route bus services only per FTA guidelines. The purpose of these funds is to address the mobility needs of Arizona's rural population. Section 5311 Program grants are intended to provide access to employment, education, health care, shopping, and recreation and Section 5339 funding provides access to funds to maintain a state of good repair of transit assets and transit facilities. .

This guidebook is intended to inform the reader about the Rural Public Transit Grant Program. It includes information on:

- The purpose of the program
- Who is eligible for the program and expectations of applicants
- Program administration
- Responsibilities of program participants
- How to apply for funding
- Support and resources available to program participants

B. PURPOSE

The Rural Public Transit Grant Program provides funding to support the administrative, operating, intercity operating and capital, capital and planning costs of operating public transit services in rural areas. Federal funds for the Section 5311 Program are apportioned to the States on a formula basis. States have the primary responsibility for administering the program. Federal funds for the 5339 Program are apportioned to States on a formula basis as well. In Arizona, ADOT MPD manages the Program. FTA defers most of the responsibility for developing grant program standards, funding criteria, and state management policies and procedures to the State in order to provide maximum flexibility to distribute funds based on the State's needs.

Funds may be used only to support public transit service in Non-Urbanized Areas, which are defined as fewer than 50,000 in population (as defined by the U.S. Census). Grants are available on a competitive basis to address the mobility needs of the general public and Rural Public Transit services are expected to coordinate with human service transportation and other providers in their service areas.

Funds may be used for public transit services operating: a) within rural communities, b) among rural communities, and c) between rural communities and Urbanized Areas. Section 5311 Program funds cannot be used for public transit services that operate exclusively within an Urbanized Area, as those services are funded through other FTA programs.

Nationally, it is recognized that many people living in rural communities do not have access to an automobile and need transportation in order to access services, employment, and medical care. ADOT is

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committed to assisting local communities in building effective transit services through a combination of technical support, training, and funding. As part of that commitment, the ADOT MPD strongly encourages coordination of services to facilitate the most efficient use of Federal, State and local resources. ADOT's goal is to support the development of a statewide multi-modal transportation system that is economically efficient and environmentally sound.

C. TRIBAL TRANSIT PROGRAM

The FTA Tribal Transit funding program is a separate funding program that allows federally-recognized Tribes to receive funds directly from FTA. FTA makes the funds available directly through a separate application process with the FTA.

Recipients of Tribal Transit funds may use the funds for any purpose that is eligible under Section 5311, which includes planning, capital, and operating assistance for rural public transit services and support for rural intercity bus service.

Only Federally recognized tribes are eligible recipients for funds under the FTA Tribal Transit Program. However, tribes which are not federally recognized are eligible for Section 5311 funds through ADOT. Federally recognized tribes may elect to apply for funds from either ADOT for the Section 5311 program or from FTA for the Tribal Transit Program to provide public transit services, or both.

D. PROGRAM UPDATES – NEW FOR 2026

The FTA circular for Formula Grants for Rural Areas: Program Guidance and Application Instructions can be found online at: http://www.fta.dot.gov/legislation_law/12349_15693.html

POLICY SUBJECT	CHANGE
Program Name	The program name has been changed to Rural Public Transit Grant Program to facilitate the award of Section 5311, Section 5339 Statewide and 5305(e) funds in one application cycle. FTA has incorporated guidance for the 5311 and 5339 statewide funding in Circular 9040.1 Rural Areas Formula Grant Program Guidance. To facilitate the award and utilization of FTA funds, ADOT will determine which funds to award during the application cycle.
Section 5339 (Statewide)	Section 5339 Bus and Bus Facilities (statewide) funding may be used to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities for fixed route bus services only per FTA guidelines. Section 5339 funding is not eligible for use for demand response programs.
Section 5311 routes in Urban Areas	Clarification is provided that a public transportation provider that receives only Section 5311 funds may use those funds for a geographically continuous public transportation service that primarily serves a rural area but has a limited number of route stop(s) within an urbanized area (UZA) and is designed primarily to bring rural passengers to and from the UZA.
Intercity Bus	FTA defines intercity bus service as regularly scheduled bus service for the general public transit that operates with limited stops in rural areas over fixed routes connecting two or more urban areas not in close proximity, that has the capacity for transporting baggage carried by passengers, and that makes meaningful connections with scheduled intercity bus service to

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	more distant points, if such service is available. Please note that services provided from rural areas to only one urban area are not eligible for the Intercity Bus 15% set aside.
Tribal Award - Transfer to FTA	<p>Tribes that receive notice of award from ADOT may elect to receive their allocation from FTA directly rather than as a sub-recipient of the State's Rural Public Transit grant program. Tribes that choose this option must notify ADOT of their selection at the time of preliminary award and must submit to ADOT a transfer request.</p> <ul style="list-style-type: none"> • Both the Tribe and the State DOT must agree to the transfer. • ADOT notifies FTA by a letter of the project(s) and amount of funds that it allocated to the Tribe. • The requirements for State allocated funds are more comprehensive as compared to requirements that apply under the TTP. These are two separate funding sources and though a Tribe is eligible to receive both types of funding, the requirements are not the same. Tribes that receive State allocated funding are subject to the additional requirements. <p>Tribes that operate fixed-route service are eligible recipient of Section 5339 funds. If Section 5339 funds are allocated to a Tribe by a State for an eligible project, the Tribe has the option to receive the funds directly from FTA as a Direct Recipient or from the State as a subrecipient.</p>
Local Financial Support. Local Match Ratio	Both sections have been updated to identify that both 5311 and 5305(e) funds are available for transit planning activities. 5311 funds can only be provided at 80/20 match while 5305(e) funds can be provided at 94.30/5.70 match. ADOT will determine the type of funding awarded depending upon eligibility and use.
Capital Expense Match Ratio	Clarification has been added to identify that vehicles can be awarded at 85/15 if they comply with the clean air act and 85/15 is available for vehicle related equipment in compliance with the ADA. Capital funds will be awarded based upon eligibility and availability by ADOT.
Capital Expenses	<p>ADOT can award Section 5311, STBG Flex or Section 5339 funds for capital projects.</p> <ul style="list-style-type: none"> • Section 5339 funds are restricted to subrecipients that operate fixed route bus services only and are available at 80/20. • Capital expenses include facilities or equipment with a useful life of at least one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient for financial statement purposes, or as defined in 2 CFR 200.1 (\$10,000). Capital Expenses generally exceed \$10,000 purchase cost. • ADOT will award funds based upon FTA eligible uses and availability and eligibility. • Section 5339 funds cannot be awarded to subrecipients that only operate demand response service.
Capital Construction	Guidance has been added regarding capital construction projects, ADOT strongly encourages communication with your program manager in

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Projects	advance of the application process. Most capital construction projects require extensive planning prior to applying for funding. Applicants must ensure that the exact location of the construction project is identified, that the proper environmental processes are documented and approved by ADOT (and FTA). More information regarding requirements for capital facility construction can be found in section H.
Complementary ADA Paratransit	ADOT can only award Section 5311 funds for Complementary ADA Paratransit. Applicants must have a current Complementary Paratransit plan (updated annually) or they can submit a certification of continued compliance in accordance with 49 CFR Part 37 (37.135c) and must be able to demonstrate how the costs of delivering Complementary Paratransit are kept separate from other operational expenses.
Indirect Costs	Any non-Federal entity (excluding state and local governments and Indian Tribes who receive more than \$35 million in federal funding) that has never received a negotiated indirect cost rate, or a current rate, may elect to charge a de minimis rate of up to 15% of modified total direct costs which may be used indefinitely.
Additional Backup Documentation	Per FTA Circular 5010, timesheets are required for any personnel that charges time to the Rural Public Transit grant.
Federal Acquisition Thresholds	As of 10/1/2025 the federal acquisition thresholds have been increased. The micro purchase threshold will increase to \$15,000 and the simplified acquisition threshold will increase to \$350,000.
Vehicle/Equipment Disposition	Added guidance that revenue received from the sale of vehicles or equipment must be reinvested into the transit program. Also updated the vehicle sales proceeds calculations in accordance with federal law.
Requirements Related to Facilities Eligibility	Guidance has been provided to assist applicants interested in pursuing funding for facility projects. Planning is a critical step in the facility planning process and ADOT encourages anyone requesting funding for any facility to review this section.
Flood Insurance	Subrecipients must secure flood insurance for any FTA funded building located in a special flood hazard area before receiving Federal assistance to acquire, construct, reconstruct, repair, or improve that building.
Labor Protection	The Davis-Bacon Act applies only to construction projects. Under this requirement, all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of loans or grants under Chapter 53 be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor. ADOT is not able to reimburse for construction expenses without first obtaining assurance that required labor standards have been paid for the construction work.
Single Audit	The single audit threshold has been increased to \$1,000,000 in federal funding. All Audit Reports must be submitted to the Federal Audit Clearinghouse. If the agency is not subject to the single audit requirement, but conducts an audit, the findings

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	must be submitted to ADOT and the costs of the audit cannot be charged to the ADOT grant funding.
DBE Plan	All ADOT sub-recipients are required to adopt the ADOT DBE Plan. Agencies can adopt the DBE plan as part of the application, but must follow any federal or local requirements regarding adoption of plans if they receive funding directly from FTA. Please note that subrecipients with their own DBE plan must follow the ADOT DBE Plan when expending funds awarded by ADOT.
Federal Motor Carrier Safety Administration	Updated guidance has been provided regarding FCSA compliance for transit operators.
NTD - National Transit Database	Additional guidance provided regard the data required to be submitted to ADOT for the annual NTD report.
General Transit Feed Specification (GTFS) Data for Fixed Route Modes	FTA requires NTD reporters with fixed route modes to create and maintain a General Transit Feed Specification (GTFS) feed. Additional guidance is provided in this section.
Safety and Security	While 5311 recipients are not currently required to have a full Public Transportation Agency Safety Plan (PTASP) like Section 5307 recipients, they are still subject to various safety and security regulations and guidelines. These include, but are not limited to, drug and alcohol testing, compliance with Federal Motor Carrier Safety Administration (FMCSA) regulations, and implementing measures to address identified safety risks.
Buy America Domestic Preference	FTA funding comes with a requirement to use U.S. manufactured steel, iron, manufactured products, and construction materials. A new section has been added to provide additional guidance on this requirement.
Employee Political Activity	The Hatch Act limits the political activities of State and local agencies and their officers and employees whose principal employment activities are financed in whole or part with Federal funds, including a Federal grant, cooperative agreement, or loan. The Hatch Act does not apply to a nonsupervisory employee of a public transportation system (or of other agencies or entities performing related functions) receiving FTA assistance to whom the Hatch Act would not otherwise apply.
Project Signage	FTA recipients are encouraged to prominently display project signage designed to identify projects approved and funded by ADOT. Given the wide variability of transit projects, FTA does not specify a particular size or format of sign, but provides guidelines which are outlined in this section.

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E. CONTACT INFORMATION

<p>For program and training related inquiries please contact:</p> <p>ARIZONA DEPARTMENT OF TRANSPORTATION</p> <p>Multimodal Planning Division</p> <p>1611 West Jackson , Mail Drop 310-B</p> <p>Phoenix, Arizona 85007</p>
<p>Counties: Apache, Coconino, Navajo and Yavapai (CYMPO region not included)</p> <p>Regions: FMPO (MetroPlan) and NACOG</p>
<p>Luke Taylor</p> <p>ltaylor3@azdot.gov</p> <p>480.848.3545</p>
<p>Counties: Cochise, Gila, Graham, Greenlee, Pinal and Santa Cruz.</p> <p>Regions: CAG, SCMPO, SEAGO and SVMPO</p>
<p>Jesse Zaragoza</p> <p>jzagoza2@azdot.gov</p> <p>480.848.6756</p>
<p>Counties: La Paz, Mohave, Pima and Greyhound.</p> <p>Regions: BHCMPO, LHMPPO, PAG and WACOG (YMPO region not included)</p>
<p>Shatawn Reed</p> <p>sreed2@azdot.gov</p> <p>480.979.4111</p>
<p>Counties: Maricopa, Yavapai (CYMPO region only) and Yuma</p> <p>Regions: CYMPO, MAG and YMPO</p>
<p>Mary Villarreal - Perry</p> <p>mvillarreal-perry@azdot.gov</p> <p>480.721.0443</p>

The ADOT Rural Public Transit grant program and public transit website can be accessed through the ADOT home page at <https://azdot.gov/planning/transit-programs-and-grants>. The website is the primary source of information for participants in the Section 5311 Program.

This guidebook is available on the website along with information on related programs and initiatives. From this site, users can link to numerous other local and national transit web sites, including the U.S. DOT and FTA websites. Recipients should periodically check this site for Rural Public Transit grant program and other ADOT Transit Program updates.

If an applicant or recipient has any questions in regards to the contract or stated requirements, please contact:

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State and Regional Contacts

Multimodal Planning Division
Arizona Department of Transportation
Attention: Sally J. Palmer, [Contracts Program Manager](#)
Telephone: 602-712-6732
Email: SPalmer@azdot.gov

Prospective Rural Public Transit participants and those already participating in the Program may obtain coordination and planning assistance, demographics information, and information about other providers through the Council of government(s) or Metropolitan Planning Organization(s) in their region(s).

Civil Rights Contact Information

When an applicant accepts Rural Public Transit Grant Program funds, the agency agrees to comply with all applicable Federal and State Civil Rights statutes and regulations, including but not limited to Title VI—Nondiscrimination, Equal Employment Opportunity (EEO), Americans With Disabilities Act (ADA), Disadvantaged Business Enterprise (DBE), Limited English Proficiency (LEP) and other Civil Rights components of the grant program.

To better manage and support the Civil Rights functions, ADOT has two offices supporting these programs. The Business Engagement and Compliance Office (BECO) handles all functions related to DBE including assisting with contract compliance and DBE reporting. The Civil Rights office assists with all other Civil Rights areas of compliance.

<p>ARIZONA DEPARTMENT OF TRANSPORTATION Civil Rights Office 1801 W. Jefferson St Suite 101 Phoenix, AZ 85007 Phone: (602) 712-8946 CivilRightsOffice@azdot.gov</p> <p>Contacts: Krystal Smith or Danielle Valentine</p>	<p>ARIZONA DEPARTMENT OF TRANSPORTATION Business Engagement and Compliance Office 1801 W. Jefferson St Suite 101 Phoenix, AZ 85007 Phone: (602) 712-7761 lpcontractorcompliance@azdot.gov</p> <p>Contacts: Melanie Peterson Melanie Peterson Local Public Agency Sub-recipient Program Manager 1801 West Jefferson Street, MD154A Phoenix, AZ 85007</p> <p>LPAcontractorcompliance@azdot.gov Office: (602) 712-7761 https://azdot.gov/business/business-engagement-and-compliance</p>
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PART II. APPLICATION PROCESS

A. APPLICATION PROCESS

E-grants is the on-line program for all Transit Applications submitted to the Arizona Department of Transportation. See <https://egrants.azdot.gov>. All users must register and be granted access.

All users from an organization that need access to their application should register in E-grants **prior** to initiating an application. This ensures that they will be automatically assigned to the application. (See E-Grants User Roles below.) Changes in agency contact information must be provided to ADOT through E-grants.

The Rural Public Transit Application is a 2-year application cycle and will be open in even years. All awards will be eligible for funding for 2 years. At ADOT's discretion, ADOT may call for projects for new applicants in the odd year. New Applicants must contact ADOT and have completed a planning study to be considered eligible for this odd year funding cycle application. Applicants must identify the funding requested for Year 1 and Year 2 when submitting their application.

While the application cycle is for 2 years, ADOT awards funding for each 12 month period prior to the start of the applicable federal fiscal year. During the review and award process, ADOT will determine the type of FTA funds to award, including 5311, 5339 statewide and 5305e (planning). Grantees will be awarded funding in the first year for estimated year one expenses. Grantees in good standing will have their 2nd year of the program amended to add funding for the second year. ADOT will amend the awards towards the end of the 1st year to fund the 2nd year based on the applications and the budget discussion as well as where the sub-recipient is in their use of the funds. This will be done by a revision to the Exhibit A. The revised Exhibit A must be signed by the sub-recipients appropriate signatory authority prior to ADOT reimbursing the Year 2 awards. Any scanned documents attached in E-Grants shall comply with minimum 300 dpi scanning requirements, be clearly legible, and in PDF format.

A 2-year budget spreadsheet should be attached to the budget page to demonstrate the desired fund allocations in each year. In this way the applicant may show the funding needed for each year and when the capital funds would most likely be expended. The local match from the sub-recipient must be committed for the full portion of the **awarded** Exhibit A. The initial award is meant to cover the 1st year of administrative and operating expenses as well as any capital awarded. The amended 2nd year of funding will increase the total award, but ADOT recognizes that the local match for the first year was supported and expended per the grantee's reimbursements and does not require the full two years of the local match to be available towards the program at any one time. The 2-year budget allows applicants to demonstrate preferred funding by year. (See Budget page in E-grants 5311 application)

2026 Application Cycle

2026 Rural Public Transit Guidebook posted	October 2025
Rural Public Transit Application Opens in E-grants (NOFA)	December 2025
Application Deadline	February 2026 - date to be determined
2026 Contract Reimbursements Begin	October 1, 2026

**Dates anticipated, subject to change. Awards are dependent on FTA award of ADOT grant application.*

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E-Grants User Roles:

1. *Organization Administrator* – The Organization Administrator is the person responsible for ensuring that their organization information and the users access stays current. If an employee leaves, the Organization Administrator is required to remove their access. This role can perform all other functions allowable in the system including starting, writing, and submitting grants, reports, and reimbursement requests.
2. *Authorized Official* – This role can perform all functions allowable in the system including starting, writing, and submitting grants, reports, and reimbursement requests. This role cannot modify or eliminate access for the organization in the system, but can do all other functions.
3. *Financial Officer* – This role can start, and write grants and reimbursement requests. (Financial Officers cannot submit grants, but can submit reimbursement requests.)
4. *Grant Writer* – This role can start, and write grants. Grant Writers are limited to the application function.
5. *View Access* – This role can see applications, but cannot actively save or edit the system.
6. *Attorney* – This role was designed to allow an attorney access to the contracts for signature purposes. Attorneys can save and view the contracts. They also receive notices pertaining to the contracts, such as a completed contract when it is executed. Attorneys can see all of the application, and may be actively participating, but they cannot submit the contract or work on reimbursement requests.

B. APPLICANT/PROJECT ELIGIBILITY

ELIGIBILITY CRITERIA

The following eligibility criteria should be considered before applying for Rural Public Transit Grant Program funding.

Eligible Applicants - Eligible applicants for Rural Public Transit funds include local public bodies (e.g., counties and municipalities), State agencies, Tribal governments and related Tribal communities and private non-profit agencies.

General Public Service – The transportation services funded under Rural Public Transit, Section 5311 funds, must be open to the general public and marketed to the general public. Projects or portions of projects which exclude certain groups of the general public, or are intended to benefit a specific group to the exclusion of others, are **not** eligible for funding. Providers of special needs transportation (e.g., elderly or disabled clients) are eligible to apply if their transit services are open to the general public. ADOT strongly encourages a local government entity to be the operator of Rural Public Transit service due to the local funding commitment needed for local match. Job Access/Reverse Commute are also eligible activities that should be provided by, coordinated or contracted through an eligible 5311 provider.

Rural Service Area – Section 5311-funded rural public transit operations must serve areas outside of “Urbanized Areas.” The U.S. Census Bureau defines an “Urbanized Area” as an area with a central city of at least 50,000 in population, and includes the surrounding closely settled area. Transit services which operate exclusively within Urbanized Areas are not eligible for Section 5311 funding. A public transportation provider that receives only Section 5311 funds may use those funds for a geographically continuous public transportation service that primarily serves a rural area but has a limited number of route stop(s) within an urbanized area (UZA) and is designed primarily to bring rural passengers to and from the UZA.

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Planning – Historically, successful applicants for Rural Public Transit Grant funds have been involved in multi-modal transportation planning processes. Applicants serving Non-Urbanized portions of metropolitan areas should contact their Metropolitan Planning Organization (MPO) for assistance. If you are unsure as to your status in terms of meeting planning requirements, please contact an ADOT Section Program Manager. In addition, new programs should have completed a feasibility study and have an operations plan. Section 5311 and 5305 (5304) funds can be used to support planning efforts.

Coordination - Rural Public Transit Funds may be used in conjunction with, or to support, services provided under a variety of human service initiatives. Services funded under these initiatives potentially include a large group of economically disadvantaged clientele. Program applicants should work with local Department of Economic Security (DES) representatives to identify unmet transportation needs, investigate opportunities to coordinate service, and leverage funding opportunities available through these programs. Program participants are **required** to coordinate their services with other transportation providers in their areas, including potential purchase-of-service arrangements.

SPECIAL PROJECT ELIGIBILITY

In addition to the typical Section 5311 eligibility criteria described above, there are two other options for potential grantees to consider prior to applying for funds; intercity bus projects and pilot projects.

Intercity Bus Services

A subsection of the overall 5311 program, Section 5311(f), requires states to spend 15% of their annual Section 5311 apportionment to address unmet intercity bus service needs. FTA defines intercity bus service as regularly scheduled bus service for the general public transit that operates with limited stops in rural areas over fixed routes connecting **two or more urban areas** not in close proximity, that has the capacity for transporting baggage carried by passengers, and that makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available. Private for-profit operators are eligible to apply for intercity funds.

Pilot Projects

To meet critical gaps in transit service, for communities and between these locales and their proximate urban centers, including critical-purpose trips such as medical, employment and nutrition needs ADOT will consider pilot projects that demonstrate the viability of transit services that address these needs. In order to increase the opportunity for early-phase success for a particular project, ADOT may elect to modify or waive certain performance and evaluation criteria for pilot projects.

Pilot project applications will be evaluated by the standard Rural Public Transit grant program criteria and by how the following concerns are addressed in the planning process:

- Area wide scope of plans, documenting demand by user group and/or trip origins and destinations.
- Coordination of planning and articulation of demand among employers, businesses, social service agencies and user groups.
- Consolidation opportunities with social service transportation providers.

To request pilot projects status, local governmental agencies need to contact an ADOT Program Manager. ADOT will then schedule a meeting to review the proposal. Based on unmet transit needs and budget availability, ADOT may be able to assist applicants in developing necessary plans to support the funding request. Pilot projects must meet all requirements in the Rural Public Transit grant program for initial

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funding. Once beyond pilot status, ADOT encourages that the transit service be managed by a local governmental agency due to the need for local financial support.

Debarment and Suspension (Executive Orders 12549 and 12689)

A contract award must not be made to parties listed on the government wide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180. The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as, parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Each applicant is required to: (i) Be registered in SAM before submitting its application; (ii) provide a valid Unique Entity ID (formerly DUNS number) number in its application; and (iii) continue to maintain an active SAM registration with current information at all times during which it has an active grant award or an application or plan under consideration. ADOT may not make an award to an applicant until the applicant has complied with all applicable SAM requirements (see <https://www.sam.gov/SAM/> for details) and, if an applicant has not fully complied with the requirements by the time that ADOT is ready to make an award, ADOT may determine that the applicant is not qualified to receive an award and use that determination as a basis for making an award to another applicant.

C. TRIBAL AWARD - TRANSFER TO FTA DIRECT FUNDING

Tribes that receive notice of award from ADOT may elect to receive their allocation from FTA directly rather than as a sub-recipient of the State's Rural Public Transit grant program. Tribes that choose this option must notify ADOT of their selection at the time of preliminary award and must submit to ADOT a transfer request.

Both the Tribe and the State DOT must agree to the decision for the Tribe to receive the State allocated funding directly from FTA. When an agreement has been reached, the State 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. The requirements for State allocated funds are more comprehensive as compared to requirements that apply under the TTP. These are two separate funding sources and though a Tribe is eligible to receive both types of funding, the requirements are not the same. Tribes that receive State allocated funding are subject to the additional requirements.

Similarly, a Tribe that operates fixed-route service is an eligible recipient of Section 5339 funds. If Section 5339 funds are allocated to a Tribe by a State for an eligible project, the Tribe has the option to receive the funds directly from FTA as a Direct Recipient or from the State as a subrecipient.

D. SUB-RECIPIENT RESPONSIBILITIES

Successful applicants for Rural Public Transit funding must meet Federal, State and local requirements. Key program elements are presented below.

Local Stakeholder Involvement – Transit Advisory Committee (TAC)

Obtaining and sustaining community support is an important part of developing and growing an effective rural public transit system. Applicants are responsible for garnering support from a broad number of stakeholders – local governments, local businesses, the medical community, agencies serving seniors and people with disabilities, as well as others. The TAC's role is to advise the grantee agency on the operation of the system. This includes ensuring that the service responds to changing local needs, commenting on service quality and effectiveness, soliciting community participation, helping the system achieve financial

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sustainability, and related issues. TAC members should be ambassadors for the transit program and serve as the Transit Manager's eyes and ears in the community.

In addition to the Transit Manager, the committee membership should include representation from the elderly, persons with disabilities community, local business, and other key stakeholders. Transit Managers are required to conduct meetings at least on a quarterly basis and submit the agenda or minutes of the meetings to ADOT. Meeting topics should include, but not be limited to: fare structures, monthly passenger statistics, training requirements, procurement, staffing issues, route structure, and any other transit concerns. If a Transit Advisory Committee is not the best approach for your community, please coordinate with your ADOT program manager on your alternative approach for including stakeholder involvement.

Local Financial Support

Sustained local financial support is needed for effective transit systems. The Rural Public Transit grant Program reimburses subrecipients at the following ratios:

Eligible Expense	Federal Reimbursement	Local Match
Operations of transit services	58%	42%
Administration of transit services	80%	20%
Planning - 5311 funds	80%	20%
Planning - 5305(e) funds	94.30%	5.70%
Preventive Maintenance	80%	20%
Capital Items	80-90%	20-10%
Complementary Paratransit	58%-80%	42-20%

Planning

All projects require early, coordinated and comprehensive planning and they should involve participation by a variety of stakeholders. This comprehensive approach is strongly encouraged at the federal and state levels so that transportation investments are maximized to provide the most effective and efficient use of resources. ADOT's Rural Public Transit Grant Program provides assistance to local entities for initial transit planning activities or plans for growing and changing transit systems. Agencies should have short and long range planning in place for capital, service, coordination, revenue and marketing initiatives.

Planning documentation will be required for any new service or expansion of service. Appropriate documentation includes: route analysis or study, short-range transit plan, or transit feasibility study.

Coordination

Coordination is key to providing strong and effective transportation networks in communities. A comprehensive approach to planning and managing transit services will enable communities to identify how coordination would assist them in making the best use of their resources and strengthen their programs. ADOT MPD is continually strengthening its emphasis on coordination to reflect federal goals. Participants in the Rural Public Transit Grant Program are expected to actively work to coordinate services with other local providers and participate in coordinated planning activities.

ADOT encourages active transit systems to work with their local Department of Labor Jobs Programs, Department of Health and Human Services, Arizona Department of Economic Security Temporary

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Assistance to Needy Families (TANF), and local Area Agencies on Aging to coordinate local and regional transportation activities.

Regional Transportation Coordination Plans Per federal regulations; *Regional Transportation Coordination Plans* have been developed in each region of Arizona. Inclusion in a *Coordination Plan* is required for the FTA 5310 program and strongly encouraged for 5311 program participants. The rural COGs and the MPOs in Urbanized Areas are responsible for maintaining and updating *Transportation Coordination Plans* in each region.

Rural Public Transit programs are responsible for evaluating how well their current transit services meet the needs of transit-dependent individuals, including clients of the various human services programs.

Public and Private Sector Involvement

Rural Public Transit grantees must provide ways for active public involvement in the transit decision-making process. This is accomplished through the TAC (see Local Stakeholder Involvement – Transit Advisory Committee (TAC) section above), through public hearings, and other local government’s citizen participation processes. *Public Involvement is required as part of the Rural Public Transit grant process.* See more information about the Public Involvement Requirements in Part IV, Federal and State Requirements.

As part of this process, *private sector transportation providers must be notified of the agency’s intent to apply for Federal transit funding* and be given an opportunity to comment. The transportation network in rural Arizona includes both publicly funded and private for profit services. Most often, private carriers in Arizona serve intercity needs, provide tour services or operate local taxi services. Both public and private sector services are valuable components of a comprehensive passenger transportation network and private operators must be given an opportunity to participate in the development of public transportation services, to the extent feasible.

Safety

A commitment to operating safe services is a fundamental component of rural transit. Program sub-recipients must have a driver training program. See page 29 for more details regarding training requirements.

Record Retention

Financial Records, Supporting Documentation and all other records pertinent to a grant must be retained and made available upon request for a period of 7 years. All documentation for capital must be kept for at least 7 years or the duration of the useful life of the equipment + 3 years, whichever is longer. If any litigation, claims, or audit is started prior to the disposal date of the records, the records must be retained until all litigation, claims, or audit findings have been resolved.

E. PROJECT SELECTION PROCESS

This section describes the project selection process for Rural Public Transit grants, including the evaluation criteria, the review process and the appeals process.

Project Evaluation Criteria

ADOT’s Multimodal Planning Division uses the same evaluation criteria for all projects. However, it is recognized that new systems may not be able to achieve the same service levels as systems that have been in place for several years. ADOT MPD expects new systems to begin with a firm foundation and to

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steadily improve over the first few years of operations.

The evaluation criteria address six specific areas: Appropriateness and Effectiveness of Service, Benefit to Rural Community, Financial and Managerial Capability, Local Commitment to Transit and Accessibility, Safety and Training, and Coordination. Applicants from existing programs are evaluated based on current system performance, financial management, and contract deliverables. New applicants are evaluated on estimated performance and demonstrated operational and financial management capability.

Application Review Process

A Review Panel ranks applicants according to the evaluation criteria listed and submits its recommendations to ADOT staff, who then contacts applicants to discuss any issues that have been identified.

The ADOT 2050 Long Range Plan provides goals to guide future decisions.

Goal 1 - Preserve and Maintain the System

Goal 2 - Enhance Safety and Security

Goal 3 - Improve Mobility, Reliability, and Accessibility

Goal 4 - Environmental Health and Stewardship

Goal 5 - Support Equitable Access to the State Highway System

Goal 6 - Strengthen Partnerships

Goal 7 - Support Economic Vitality

The ADOT Transit Program through its State Management Plan first prioritizes the preservation/maintenance of systems, then the expansion of current systems and finally new systems, while also considering Title VI to ensure equitable distribution of funds throughout eligible areas of Arizona. Based upon this application review process, ADOT determines a fair and equitable distribution of available FTA funding using the following priorities:

Program Maintenance	Program Growth	Capital Investment
Maintain investment in administration and operations at least at the previous year's level recognizing economic factors such as decreased state and local revenues, inflation and conservation.	Capacity for individual program growth to meet local community needs as well as state program growth to ensure new program entry based upon the application review process.	Provide long term program capacity to meet annual variations in capital purchases without impacting administration and operations budgets.

ADOT conducts a Title VI evaluation to ensure fair distribution of funds. ADOT Program Managers approve the preliminary funding amounts for each project. ADOT then notifies each agency of anticipated funding. Actual grant awards, however, cannot be made until the Federal Transit Administration (FTA) approves the State's FTA grant applications.

Appeal Process

All applicants are notified of preliminary funding decisions made by ADOT. Applicants are given the opportunity to appeal award decisions. If filing an appeal, applicants must use the following process in order for the appeal to be considered valid.

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Letters of appeal must clearly identify the applicant, contact person, address, phone number, project description and grounds for appeal.

Letters of appeal must be submitted within ten business days of notification of award. Submit the appeal via email to your assigned Program Manager.
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ADOT reviews all appeals and notifies applicants of the decision within ten business days. If the applicant is not satisfied with the Program Manager's response, a further appeal may be made to the Transit Group Manager. **This appeal must be submitted within ten business days of the notice of the Program Manager's decision.** A copy of the additional appeal must also be sent to the Program Manager. The Transit Group Manager will then provide a written response to the applicant within 30 days of receipt of the appeal to the Transit Group Manager's Office.

F. LOCAL FUNDING SOURCES AND MATCH RATIOS

Local financial support is a key element in developing and sustaining an effective transit program. Applications lacking significant local financial support generally do not rank as high as those with a solid base of local funding.

Match Funding Resources

Federal funds typically **cannot** be used as local match including other DOT program funds, i.e. Section 5310. Typically, local match funding comes from the local sponsoring agency, usually a local government agency, but other sources may support the transit program.

Federal funds that may be used include:

- Older Americans Act Title III
- Temporary Assistance to Needy Families (TANF)
- [Tribal Transportation](#) Program
- STBG Flexible Funds
- Community Services Block Grant Funds
- Medicaid Transportation Funds

Non-Federal local match can be in the form of contract revenue, derived as part of purchase-of-service agreements with human service agencies, **only if the funding source is local or state**. If the source is federal, the revenue will only be considered as local match **if allowed by the federal funding source**. It should be noted though, that funds derived from purchase-of-service agreements pursuant to service agreements with a state, local social service agency, or a private social service organization may be treated as **local** rather than Federal funds, **even though the original source of such funds may have been another Federal program**.

Other examples of non-Federal local match sources include:

- State or Local Appropriations
- Dedicated Tax Revenues
- Private and Non-Profit Donations
- Net Income Generated from Advertising and Concessions
- University/School Contributions

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In-kind Match

In-kind match must be documented in the application and approved by ADOT. In-kind contributions may be used toward the local match only if the recipient formally documents the value of each non-cash share, is not considered a contribution to another award, are necessary and reasonable for the objectives of the award, and if the value represents a cost that would otherwise be eligible under the project. The net project cost must include the value of any in-kind contributions included in net project cost to the extent it is used as local match. In-kind match for Intercity funding must provide documentation of the in-kind miles being used as part of the application. ADOT must provide the Intercity in-kind match documentation to FTA as part of the federal grant application. **Use of non-cash match sources and documentation must be approved by ADOT.**

Advertising revenues and income generated from concessions may be included as local match or applied to the gross operations with farebox. Farebox revenues from service **cannot** be used as local match. Farebox revenue is only to be used to reduce the net operating expense of the program.

LOCAL MATCH RATIOS

The following table summarizes matching requirements for the different program elements.

Local Match Ratios	Maximum Federal Share	Minimum Local Share
Project Administration	80%	20%
Project Operating*	50% - 58%	50% - 42%
Capital (Sliding Scale / STP Flex, 5339 funding only at 80/20)*	80% - 90%	20% - 10%
Preventive Maintenance	80%	20%
Complementary Paratransit	58% - 80%	42% - 20%
Planning - 5311	80%	20%
Planning - 5305(e)	94.30%	5.70%
Training (RTAP Pre-Approved)	100%	0%

**Sliding Scale may be applied. ADOT will determine the ratio during budget award review.*

Administration Expense Match Ratio - 80/20

Only Section 5311 funds may be awarded for project administrative costs and the federal share of costs may not exceed 80%.

Operating Expense Match Ratio - 58/42

Only Section 5311 funds may be used to reimburse net operating expenses and the federal share of costs may not exceed 58%. The Local Match may come from unrestricted funds from service agreements or other Federal funding programs, as described in the definitions section.

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Certain forms of [in-kind match](#) (e.g., a volunteer driver) might be acceptable in lieu of cash. However, all in-kind matches must be approved by ADOT, included in the application and contract, and thoroughly documented in the sub-recipient's accounting system.

Capital Expense Match Ratio – 90/10, 85/15 or 80/20

The entire local match for most capital projects must be in cash. In-kind can be used towards the match for construction when approved in advance by ADOT. The Federal match share shall not exceed 80% of the net cost, unless the sliding scale match ratio is used. The Federal share may be 85% for vehicle-related equipment required to comply with the Americans with Disabilities Act (ADA). The Federal Share may be 85% for vehicle related equipment or facilities which comply with the Clean Air Act as amended. If STBG Flex funds are awarded for capital projects, the federal match ratio may be increased based on a sliding scale. ADOT will determine the final match ratio for all capital projects, depending on the types of funds awarded, the number of applications, and the amount of funding requested. ADOT will also determine whether the award of capital funds are Section 5311, STBG Flex or Section 5339 statewide funds.

PART III. PROGRAM ADMINISTRATION AND PROJECT MANAGEMENT

A. ELIGIBLE PROJECT EXPENSE AND REVENUE CATEGORIES

Administration Expenses - ADOT can only award Section 5311 funds for eligible project administrative costs. Costs may include, but are not limited to general administrative expenses such as salaries and fringe benefits for the project director, transit manager and secretary; marketing expenses, insurance premiums or payments to a self-insurance reserve, office supplies, facilities and equipment rental, professional services and administering drug and alcohol testing.

Recommended Administration ratio is 25% or less of the total award not including Capital (vehicles, bus shelters). Ratios above 30% will be considered on a case by case basis. Capitalized Preventative Maintenance is included.

Capital Expenses - ADOT can award Section 5311, STBG Flex or Section 5339 funds for capital projects. Section 5339 funds are restricted to subrecipients that operate fixed route bus services only and are available at 80/20. Capital expenses include the acquisition and improvement of public transit equipment and facilities needed for an efficient public transit system. By FTA definition, all capital expenses include facilities or equipment with a useful life of at least one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient for financial statement purposes, or as defined in 2 CFR 200.1 (\$10,000). Capital Expenses generally exceed \$10,000 purchase cost. Capital expenses include buses, vans, radios and communication equipment, vehicle rehabilitation, wheelchair lifts and restraints, passenger shelters, engine overhauls and special maintenance tools, operational support such as computer hardware/software and minor construction or rehabilitation of transit facilities. ADOT will award funds based upon FTA eligible uses and availability and eligibility. Section 5339 funds cannot be awarded to subrecipients that only operate demand response service.

If applicants intend to apply for capital construction projects, ADOT strongly encourages communication with your program manager in advance of the application process. Most capital construction projects require extensive planning prior to applying for funding. Applicants must ensure that the exact location of the construction project is identified, that the proper environmental processes are documented and approved by ADOT (and FTA). If the project is located adjacent to a state highway then written concurrence from the ADOT District Engineer office must be provided. The applicant must provide the appropriate supporting documentation to ADOT in order for the construction project to be funded. More information regarding requirements for capital facility construction can be found in section H below.

“Intelligent transportation system” (ITS) equipment are eligible expenditures and includes vehicle locator systems, scheduling software, information kiosks, etc. Agencies can apply for software, hardware, computers, etc. to support dispatch and scheduling needs; however, the technology and equipment needed must be supported by a written assessment (Systems Engineering Analysis) and documented in a Regional ITS Architecture Plan as per [FTA guidance](#). The State of Arizona has published a [Arizona Statewide ITS Architecture](#) plan, which is a roadmap for transportation systems integration. It represents a shared vision of how each agency's systems will work together in the future, sharing information and resources to provide a safer, more efficient, and more effective transportation system for travelers in the region. The architecture provides an overarching framework that spans all of the region's transportation organizations and individual transportation projects. Using the architecture, each transportation project can be viewed as an element of the overall transportation system, providing visibility into the

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relationship between individual transportation projects and ways to cost-effectively build an integrated transportation system over time. Transit ITS projects are a critical component in the Regional ITS Architecture plan.

Complementary ADA Paratransit – ADOT can only award Section 5311 funds for Complementary ADA Paratransit. Complementary ADA Paratransit is eligible for reimbursement at a maximum of 80/20 ratio depending on funds available. Applicants must have a current Complementary Paratransit plan (updated annually) or they can submit a certification of continued compliance in accordance with 49 CFR Part 37 (37.135c) and must be able to demonstrate how the costs of delivering Complementary Paratransit are kept separate from other operational expenses. Complementary Paratransit should be applied for under the Other Capital Page in E-grants. These funds are limited to a maximum of 10% of the ADOT annual 5311 formula apportionment. Applicants who do not have a Complementary Paratransit plan may apply for planning funds to complete a plan and would then be eligible to apply for Complementary Paratransit operational funds in Year 2 and must annually update the plan or certify annually that updates are not needed.

When evaluating paratransit service, the following considerations should be observed:

- The service must be provided within three quarters of a mile (0.75) of the fixed-route corridor
- Fare for the service must not be more than twice the fare of the fixed route
- Organizations must have an established eligibility criteria and procedure for determining eligibility
- Organizations must have a system to monitor and track service denials
- Service must be provided when requested or within a 2 hour window or it is considered a denial
- Requests for reservations must be accepted during normal business hours on a next day basis
- Days and hours of service must be the same as for fixed route, except for routes designated as commuter/express service or university service, for which no complementary service is required

Local Matching Funds - Local matching funds are primarily cash contributions from local or state sources. The local share may include: state or local appropriations, dedicated tax revenues, private donations, or net income generated from advertising and concessions. [In-kind match](#) may be included; however, it must be approved by the ADOT Program Manager, included in the application and contract, and thoroughly documented in the recipient's accounting system.

Fares - Grantees are not required to charge a fare. Grantees may establish a fare based upon its local needs. The Farebox and other operating revenue reduce the overall project operating costs eligible for Federal funding.

Indirect Costs — Indirect costs may only be reimbursed based on a current, approved Indirect Cost Allocation Plan submitted with the application. Cost Allocation Plans (CAPs) and/or Indirect Cost Rate Proposals must be approved by FTA or another Cognizant Federal agency or ADOT if no direct federal funds are received. Any non-Federal entity (excluding state and local governments and Indian Tribes who receive more than \$35 million in federal funding) that has never received a negotiated indirect cost rate, or a current rate, may elect to charge a de minimis rate of up to 15% of modified total direct costs which may be used indefinitely.

Intercity and Intercity Feeder Service — ADOT can only award Section 5311 funds for Intercity and Intercity Feeder Routes. Intercity Routes are regularly scheduled bus service for the general public that

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operates with stops in rural areas over fixed routes connecting two or more urbanized areas not in close proximity. Intercity feeder routes are from a rural to an urban or connect from a rural to an Intercity Route. These routes must connect to a larger intercity network. If the route does not connect to a second urban area, it will not be considered for Intercity funding. The marketing materials and websites must indicate that this is an Intercity or Intercity Feeder Route. These routes have limited stops in the communities they serve and must allow passengers to carry baggage. ADOT awards 15% of its Section 5311 formula funds to Intercity per FTA requirements. ADOT will not fund intercity routes that do not demonstrate a significant benefit to rural communities. As with all programs, ADOT funds the deficit of the operating expenses after the fare has been deducted. See Operating for eligible expenses.

Net Operating Expense — Net operating expense is the expense balance that remains after operating revenues including farebox are subtracted from eligible operating expenses.

Operating Expenses — ADOT can only award Section 5311 funds for Operating. Operating expenses are costs directly related to system operations. At a minimum, the following items are considered to be operating expenses: fuel; oil; licenses; salaries and fringe benefits for drivers, dispatchers and transit supervisor/operations manager. Maintenance costs may be included in the operations or may be capitalized (see Applying for Preventive Maintenance below). Operating expenses can be used for the following types of routes (further explanations of routes can be found in the E-grants Applications under “System Characteristics”):

- **Deviated/Flex or Fixed Route with Deviations:** A type of transit service that operates as conventional fixed route bus service along a fixed alignment or path with scheduled time points at each terminal point and key intermediate locations. Route deviation services are different from conventional fixed route bus service in that the bus may deviate from the route alignment to service destinations within locally defined distance (e.g., 3/4 mile) off the route. Following an off route deviation, the bus must return to the point on the route it left.
- **Demand Response:** Demand Response (also called Dial-a-Ride) operates 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.
- **Commuter Route:** Characterized by service predominantly in one direction during peak periods, limited stops, use of multiple ride tickets and routes of extended length (must have at least 5 miles of closed door service). Often commuter routes are labeled as Express routes. Commuter routes do not require Complementary ADA Paratransit.
- **Fixed Routes:** A fixed route is public transportation in which a vehicle is operated along a prescribed route according to a fixed schedule and does not deviate. If you provide fixed route service then you must also provide Complementary ADA Paratransit (as described below).
- **Complementary ADA Paratransit:** Must be provided if operating Fixed Route service. Service provided to origins and destinations within three-fourths ($\frac{3}{4}$) of a mile on each side of each fixed route and the end of the fixed route. Service is provided for eligible persons determined through an application process. Service must be provided at any requested time on a particular day in response to a request for service made the previous day. The entity may negotiate pickup times with the individual, but the entity shall not require an ADA paratransit eligible individual to schedule a trip to begin more than one hour before or after the individual's desired departure time. The entity may permit advance reservations to be made up to 14 days in advance of an ADA paratransit eligible individual's desired trips. The fare for a trip charged to an ADA paratransit eligible user of the complementary paratransit service cannot exceed twice the fare that would be charged to an individual paying full fare for a trip of similar length, at a similar time of day, on the entity's fixed route system.

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Operating Revenues — Operating revenues are monies derived from the project which are returned to the operation of the project to offset operating costs. All farebox revenues paid by the riders (cash fares, fares from tickets, passes, etc.) are considered to be operating revenue and therefore cannot be used as local match.

Planning Expenses — Planning funds are available at an 80/20 match ratio for Section 5311 funds or higher for 5305 planning funds based upon availability. Eligible planning activities include: feasibility, implementation, operation, routes, facility, marketing, short range, regional mobility and coordination, ridership surveys, origin & destinations studies and plans. Planning activities may be funded by either planning funds at the discretion of ADOT.

Preventive Maintenance — ADOT can only award Section 5311 funds for capitalized preventive maintenance. All activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner, up to and including the current state of good repair for maintaining such asset. Preventive Maintenance is eligible for vehicles, and building components and systems.

Applying for Preventive Maintenance — Preventive Maintenance may be capitalized if sufficient grant funds are available. Preventive Maintenance is otherwise considered part of the operating budget. The match ratio for capitalized Preventive Maintenance is 80/20. Preventive Maintenance should be applied for under the Other Capital Page in E-grants.

B. EXPENSE REIMBURSEMENT

Cost Reimbursement Basis

All payments made under the Rural Public Transit Program are on a cost reimbursement basis, up to the authorized amounts described in Exhibit A of the grant agreement. All expenses incurred during the grant period must be paid in full by the subrecipient to be eligible for reimbursement by ADOT. Non-compliance with billing schedules may result in delay or denial of reimbursement.

Additional backup documentation (i.e. timesheets) is required for any personnel that charge their time to the Rural Public Transit grant.

ADOT will not consider requests for prepayment, no exceptions.

Billing Schedule and Payments

Reimbursement requests must be submitted through E-Grants. Reimbursement requests must include the back-up documentation, performance information and documentation of local match. The reimbursement request must be adequately supported by including a system generated financial summary, like a general ledger. In the event a system-generated expense or general ledger cannot be provided, it is acceptable to use a manually-created or spreadsheet ledger. However, in this case, all support documentation must also be submitted.

Receipts must be kept on file. Reimbursement Requests are due 45 days following the end of the month. After 45 days, the reimbursement request is considered delinquent. Agencies may request an extension by contacting their Program Manager. Final invoices for the Federal fiscal year must be submitted by November 15.

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C. PROJECT MANAGEMENT, MONITORING, AND REPORTING

Roles and Responsibilities: *Grantee*

Grantees (ADOT grant sub-recipients) have the primary responsibility for managing their Rural Public Transit projects. This includes ensuring the transit service meets local needs, is safe, is operated effectively and efficiently, meets performance standards, is coordinated with other agencies, and is marketed to the public and to human service agencies. In addition, the service must be operated in compliance with Federal and State regulations. The grantee is also responsible for identifying areas where technical assistance may be needed in order to fulfill these requirements.

Grantee Sub-Recipients to provide ADOT with the following:

MONTHLY

- Reimbursement Requests
- Performance Data (passenger trips, vehicle miles, etc.)
- DBE Contracting Activities (required monthly at <https://adot.dbesystem.com/>)
- Capital Milestones

E-grants monthly reimbursement requests are due 45 days after the month ends

QUARTERLY Transit Advisory Committee (TAC) Minutes and/or Agendas

ANNUALLY

- Annual Complementary Paratransit Plan Update or Certification in compliance with 49 CFR Part 37 (37.135 c)
- Single Audit Report (required at \$1,000,000 in federal grants). All Audit Reports must be submitted to the Federal Audit Clearinghouse.
- National Transit Database (NTD) Report
- Insurance Certificates
- Federal Certs and Assurances
- Title VI Plan
- Assure that transit funding awards are included in the local Transportation Improvement Plan (TIP)

OTHER

- Proposed scheduling or fare changes must be reported to Program Manager and [Public](#) prior to implementation
- [Accident reporting](#) to Program Manager within 48 hrs.
- Asset Management / Vehicle records must be maintained and updates shared with the Program manager.

Grantees are required to maintain records of ridership, service characteristics, maintenance activities, expenses, and revenues on a daily basis. The information grantees collect, monitor, and report is needed to assess the performance of their transit services. This information is then tabulated for monthly and annual reports. Grantees submit these statistics monthly in reports accompanying their monthly invoice.

In addition, Transit Managers have the primary responsibility for monitoring and reporting system performance on a daily, weekly, and monthly basis. **The ADOT Program Manager must be notified as soon as possible of any significant variances in system performance and/or approved budget.**

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Transit Managers need to ensure the following:

- Drivers are well trained and this training is reflected in how they carry out their jobs on both a daily basis and in emergency situations;
- Vehicles are safe, well maintained, and costs for maintenance are appropriate. Grantees must document routine maintenance: i.e., oil change, fluids, and tire condition. The vehicle must be maintained in accordance with the manufacturer's recommended maintenance standards;
- Transit service is provided at appropriate levels, meets the needs of the community, and is accessible; and
- Costs of operating services are reasonable and both revenues and expenses are in line with budget projections.

Effective administration and management of transit systems include the following:

I. Financial and Management Capability

Demonstrate effective management and administration skills. This includes all aspects of transit service operation, financial management, and compliance with Federal regulations.

- Qualifications and experience in demand response, fixed route transit and paratransit programs, as well as qualification and experience in grant administration, public service or governmental programs.
- Adequacy of management oversight and public involvement. What is the role and membership of the TAC? Do goals and objectives address current issues? Are objectives measurable and achievable?
- Adequacy of marketing plans and strategy. Do materials communicate effectively with all key market segments, including those who are elderly, have low incomes, or have disabilities? Are routes publicized in the General Transit Feed Specification, as required by FTA, allowing users to find transit information on platforms such as Google or Apple maps?
- Adequacy of maintenance program and performance. Is routine preventive maintenance in accordance with OEM specifications and transit best practices and documented? Are problems with vehicles, including accessibility equipment, addressed in a timely fashion?
- Past performance of ADOT grant activities. Are invoices submitted on a timely basis? Are all requirements met?
- Demonstrate compliance with applicable State and Federal requirements, including non-discrimination laws, statutes, and regulations.
- Assurance that persons employed and served by the agency are not discriminated against because of race, color, national origin, or disability.
- Compliance with hiring, terminating, and promoting in accordance with Equal Employment Opportunity and the applicable Titles of the Civil Rights Act of 1964.
- Past Civil Rights, including Title VI and ADA, or Equal Employment Opportunity complaints and the outcome of such complaints.

II. Appropriateness and Effectiveness of Coordination of Service

Maximize the use of available resources through coordination and joint planning with all service area transportation providers and human service organizations.

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- Level of coordination with city and county governments, regional councils of governments, Metropolitan Planning Organizations, and others. A coordination agreement is one way of illustrating the level of coordination.
- Demonstration of actual or anticipated operating efficiencies, elimination of duplicative services and service extensions as the result of coordination.
- Demonstration of operating efficiencies produced should illustrate lower costs per unit of service.
- Demonstration of the level of involvement in coordinating public transit services, human service transportation, and employment transportation services.

III. Service

Provide otherwise unavailable transit services that are appropriate to community needs and provided in an efficient manner.

- Type of service is suited to community characteristics and ridership levels
- Benefit to rural communities
- Service indicators
- Vehicle service miles and hours
- Ridership levels
- Passengers per mile and hour
- Service miles per vehicle
- Cost indicators (estimates for new applicants)
- Cost per mile and service hour
- Cost per passenger trip
- Monthly fare revenues
- Trip purpose and passengers served
- Appropriateness of the routes and schedules for targeted ridership
- Service to populations that are disadvantaged, such as those with low levels of auto ownership or those with high levels of people who are elderly or have disabilities.
- Number and types of local activity and employment centers served, including new developments.

IV. Local Commitment to Transit

Receive financial assistance for local transit operations and seek involvement in planning and policy decisions by local governments and community groups.

- Financial support from local government, and local match available to meet or exceed requirements. Are adequate local matching funds available to replace vehicles in a timely manner?
- Resolution of eligibility and support from the governing body of the applicant agency and (ideally) others.
- Participation in local transportation planning and policy decisions.
- Breadth of local financial base and success in working with local governments, other providers, and other sectors of the community (human service organizations, education, employment and training, private sector providers, the business community, etc.)

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V. Accessibility, Safety & Training

Provide service that is safe and recognizes the needs of persons with disabilities.

Demonstrated competence in driver training and driver ability is required.

- Awareness of the trip needs of people with disabilities in the planning and marketing of the service.
- Accessibility of project vehicles and service. Are accessible features kept in good repair? Is there a back-up vehicle available when accessible vehicles need repair? Does the system comply with training and service provisions of the Americans with Disabilities Act?
- Provisions for efforts that assure a drug and alcohol free workplace.
- Compliance with State and Federal Drug and Alcohol Compliance.
- Provision of training for safety-sensitive and supervisory personnel.
- Relationship between your agency's risk management program and transit operations.
- Attendance at ADOT sponsored training sessions and conferences.

In Good Standing

It is the policy of MPD to administer state and federal grants in compliance with all appropriate Federal and State regulations and use best practices in the management of public funds and public accounting. Grantees are expected to maintain a "good standing" status to continue to receive grant funds.

The following is required to remain in good standing

- Comply with all grant agreement requirements;
- Responsiveness to communications and request for information from ADOT;
- Maintenance of adequate financial records that document and support all grant expenditures;
- Submission of invoices that are accurate and timely;
- Full participation in site visits with timely responses to any deficiencies.
- Submission of reports including audit documents, vehicle insurance certificate, quarterly TAC minutes, etc.;
- Satisfactory progress of the grant funded project; and
- Timely reporting of accidents as required.

D. TRAINING

Training is an important part of a transit program. An effective training program includes driver training to ensure passenger safety, staff training to ensure that clients are handled in an efficient, firm, yet sensitive manner, and client training in terms of how to use the system.

Driver training is the single most important tool that transit management has available to improve a system's operational efficiency, image, and risk management. Vehicle operators are the first and often the only personal contact that passengers have with the transit system. Drivers should be familiar with the vehicles they operate, knowledgeable of the system fare structure, transfer procedures, fare collection, how to complete required forms, safety and security, emergency and accident handling

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procedures, how to interact with the elderly and persons with disabilities, CPR, first aid, and Passenger Assistance Service and Safety training (PASS).

Expected Training Program

The following are components of a required Americans with Disabilities Act (ADA) training program:
<ul style="list-style-type: none">• Operate vehicles and equipment safely• Knowledge of and proper use of vehicle ADA equipment• Appropriate attention to the differences among persons with disabilities• Treat persons with disabilities in a respectful and courteous way• Assist passengers properly
In addition to ADA requirements, Standard Training Programs include: <ul style="list-style-type: none">• Defensive Driving training*• PASS (Passenger Service and Safety - CTAA) or START (Safety Training and Rural Transit - National RTAP)*• Customer Service*• Emergency Preparedness and Evacuation (covered by PASS and START)• Biohazard Training*• First Aid*• CPR• Safety and Security• Reasonable Suspicion (Drug & Alcohol Training for Supervisors*)• Dispatcher Training*• 24 hour behind the wheel training for drivers with experienced driver*• Vehicle Pre and Post Trip Inspection Training*• Transit Operations Policies and Procedures*• All employees must receive at least one hour of training on the effects and consequences of prohibited drug use; pre-employment and drug/alcohol testing requirements*
*Required

All Transit Managers and Supervisors must take the Reasonable Suspicion Training and should renew the training at least every 2 years. All shifts must have at least one person who has taken the reasonable Suspicion Training during operational hours. FTA offers this training on-line. The agency must record the start and finish time of the Reasonable Suspicion Training. At a minimum, FTA requires one hour of drug and one hour of alcohol training for a total minimum of two hours of training every two years.

Rural Transit Assistance Program (RTAP)

RTAP is a nationwide technical assistance program designed for rural and tribal transit providers. The RTAP program includes a reimbursement program for training materials and scholarships.

Current RTAP services include a resource library, a training scholarship program, networking meetings, conference attendance, and on-site technical assistance. The [National RTAP](#) website is a valuable resource providing training materials, Procurement Pro, and a free General Transit Feed Specification (GTFS) builder.

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ADOT reserves training funds for all approved Rural Public Transit projects funded at 100%. **Requests for training must be approved by the RTAP Coordinator at least 30 days prior to attendance and reimbursement for training expenses must be submitted within 45 days of training.**

All training requests will follow the procedure outlined in the RTAP Policy and Procedures Handbook. The handbook is posted on the RTAP web page, [Rural Transit Assistance Program \(RTAP\)](#). For additional information on program training requirements or to request training, contact the RTAP Training Coordinator at RTAP@azdot.gov.

E. PROCUREMENT

Grantees procure a variety of operating and capital items. In doing so, purchasing policies must comply with Federal, State and local procurement requirements. Grantees are required to develop purchasing policies in compliance with FTA requirements. Grantees should coordinate with their Program Manager regarding large purchases.

Grantees procedures for managing equipment, whether acquired in whole or in part with grant funds, until disposition takes place, will at a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and 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 shall be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the grantee or sub grantee is authorized or required, by ADOT, to sell the property, proper sales procedures must be established to ensure the highest possible return.

Grantees are to follow FTA Third-Party Contracting Guidelines per FTA Order 4220.1.

The basic general procurement standards are:

- Procurements must conform with Federal, State and Local Law, whichever of the laws are more stringent;
- Grantees must have in place a contract administration system;
- Grantees must have written standards of conduct;
- Competition of projects must be full and open; and
- Grantees must have written protest procedures to handle and resolve disputes relating to procurements. In all instances, the grantee will disclose information regarding Section 5311 related protests to ADOT

Grantees can utilize the standard work for subrecipient procurement here: [Subrecipient Procurement](#).

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Federal Thresholds

Federal Thresholds until 9/30/2025

Micro-purchases	Small Purchases	Above \$250,000
By federal regulation, purchases under \$10,000 must document the decision process. ADOT always recommends getting multiple quotes. Construction projects over \$2,000 must include the federal language and follow Davis Bacon requirements.	Between \$10,000-\$250,000, a minimum of 3 quotes are required; federal language must be attached to all purchase documents.	A formal bid process must be followed with all federal clauses included and followed.

Federal Thresholds beginning 10/01/2025

Micro-purchases	Small Purchases	Above \$350,000
By federal regulation, purchases under \$15,000 must document the decision process. ADOT always recommends getting multiple quotes. Construction projects over \$2,000 must include the federal language and follow Davis Bacon requirements.	Between \$15,000-\$350,000, a minimum of 3 quotes are required; federal language must be attached to all purchase documents.	A formal bid process must be followed with all federal clauses included and followed.

Procurement Pro is a valuable tool that can assist localities in preparing the federal terms and conditions. The required clauses are also outlined in the ADOT Grant Agreement.

Procurement Pro link: <http://www.nationalrtap.org/>

All procurements must include the ADOT Transit DBE language and be reported in the LPA-DBE system <https://arizonalpa.dbesystem.com>. Vehicle procurements from vehicle manufacturers on the Transit Vehicle Manufacturers (TVM) list <http://www.fta.dot.gov/civilrights/12891.html> are exempt from ADOT DBE requirements, but the inclusion on the TVM list must be documented.

Most standard state and federal procurement regulations are incorporated in local government purchasing policies and procurement procedures. These policies and procedures, under the direction of local finance departments and/or legal counsels, should be coordinated with the subrecipients ADOT Grant Agreement and applicable FTA Circulars and be updated to comply with FTA requirements. Nonprofits and Tribal agencies should follow federal procurement code 42.20. The local governments must follow the state and federal procurement codes.

Regarding methods of solicitation: i.e., Invitation for Bid (IFB) or Request for Proposal (RFP), ADOT allows grantees to use either the prescribed method identified by ADOT or a method established by your City, County, or Tribal government processes.

Vehicle Procurements

ADOT has executed FTA compliant vehicle contracts that are used to procure most vehicle purchases for the Rural Public Transit program. Due to the extensive FTA compliance steps in procuring vehicles, ADOT will procure your vehicle once your final award has been issued. When ADOT begins the procurement process for your vehicle, the local match must be provided immediately upon receipt of the local match

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invoice. If immediate payment can not be made, contact your Program Manager.

If your agency would like to procure a vehicle you must contact your ADOT Program manager and obtain pre-approval. ADOT will only grant approval to procure vehicles if your transit agency has experience in procuring vehicles in compliance with FTA requirements. Sub-recipients who are granted approval may purchase off the ADOT Vehicle Contracts and must follow the cooperative purchasing requirements outlined in the contract and managed by the Arizona Department of Administration (ADOA) and/or ADOT Procurement. Subrecipients must provide their Program Manager with all documentation necessary to comply with the FTA Pre-Award and Post Delivery Audits prior to reimbursement. Otherwise, sub-recipients are encouraged to utilize another joint procurement process. This process allows grantees to purchase by joining together with another agency or through an existing open contract established by another agency to procure vehicles, goods, and services. Through this process grantees can benefit from volume purchases and the reduction in administrative workload and expenses.

If a recipient of FTA funds has unintentionally acquired more goods or options than it needs to support its transit system, the assignment of options to another recipient or subrecipient (i.e. “piggybacking”) may be allowed. Joint Procurement is the FTA preferred method of coordinated procurement, but “piggybacking” is allowed if used appropriately. Prior to entering into a “piggybacking” or joint procurement agreement, check with your ADOT Program Manager for approval.

Grantees must submit a copy of the vehicle or other capital specifications and a copy of the contract if using a joint procurement to their Program Manager for approval.

Grantees must obtain authorization from ADOT Program Manager for any vehicle purchase prior to submitting an order with the vendor. If approved, grantees will also be responsible to submit the information requested to the FTA Transit Vehicle Award Report (<https://www.surveymonkey.com/r/vehicleawardreportsurvey>) within 30 days of the PO being issued by the grantee. Failure to receive prior approval may result in delay of reimbursement. Before ADOT can reimburse any purchase, all required documentation must be submitted.

F. VEHICLES

Vehicle Accessibility: Providing wheelchair and other mobility device accessibility to local areas is a priority in order to meet the needs of individuals of all ages with mobility-impairments. However, applications for non-accessible vehicles will also be considered by ADOT if that type of vehicle best meets an agency’s needs. In order to acquire a non-accessible vehicle, applicants must assure adequate ADA-compliant “Equivalent Service.”

Purchase of Vehicles ([see vehicle procurements for more details](#))

Option 1: ADOT procures vehicles through a state contract. Sub-recipients must identify whether their intention is to use the ADOT contract for procurement in the application. Applicants must submit vehicle Build/Quote Sheet and vendor required documentation with the application. Local match must be submitted upon receipt of invoice from ADOT.

Option 2: Reimbursement – Upon pre-approval from your Program Manager, ADOT will approve and provide reimbursement for the purchase of any suitable bus or van following prescribed procurement procedures. Any special equipment or options desired by the grantee, but not deemed essential by ADOT, will be paid 100% by the grantee.

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Leased Vehicles

ADOT has not historically participated in the leasing of vehicles. Rural Public Transit Program funding is approved on an annual basis and leases are typically made for five years. ADOT cannot guarantee Rural Public Transit Program funding for additional program years or the life of a lease. Federal guidelines mandate that grant funds be expended in the most cost-effective fashion, which in most cases would be a direct purchase. For ADOT to consider participating in a vehicle lease, the applicant must demonstrate that the lease provides cost efficiency (i.e. a lease incorporating both maintenance and insurance). ADOT may also require a project requesting leasing to request bids for private operation of the system. ADOT will not participate in a lease which extends beyond the useful life of the vehicle based on average annual mileage.

Vehicle Useful Life

Transit Vehicles purchased using federal funds through ADOT will have a lien placed on the vehicle from the time of purchase until the disposal of the vehicle. The time that the vehicle is used in transit service is defined as the useful life. ADOT considers the range of useful life from the minimum mileage and age that it can be considered for disposal. A vehicle has not met its useful life simply because it has reached a certain age or mileage. Vehicles that have been replaced should continue to be utilized as a spare as long as the vehicle can continue being used with normal maintenance costs. Once a vehicle has been replaced it should be listed in the inventory as a spare. Vehicles listed on an agency fleet list as spare because it has already been replaced cannot be replaced again.

A vehicle that becomes a cost burden due to maintenance issues can be removed from the fleet with permission from ADOT. Receipts documenting maintenance or repair costs along with an estimate of the new repair costs need to be provided as back-up documentation. A vehicle will not be retired from the fleet because of routine maintenance issues (tires, oil changes, batteries etc....).

For sub-recipient replacement vehicle planning purposes, ADOT has determined the minimum useful life for the following vehicles:

Vehicle Minimum Useful Life Guidelines

Vehicle Type	Minimum Years	and / or	Minimum Miles
Minivan With Ramp	6 years	and / or	100,000 mi.
Minivan No Ramp	6 years	and / or	100,000 mi.
Maxi Van With Lift	6 years	and / or	100,000 mi.
Maxivan No Lift	6 years	and / or	100,000 mi.
Cutaway with Lift	7 years	and / or	200,000 mi.
Sport Utility Vehicle (SUV)	7 years	and / or	150,000 mi.
Crew Cab Trucks	7 years	and / or	150,000 mi.
Buses over 30 ft	7 years	and / or	300,000 mi.
Heavy duty buses 35+ ft	10 years	and / or	350,000 mi.
Trolleys	14 years	and / or	500,000 mi.
Automobile	4 years	and / or	100,000 mi.

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Transit Asset Management - ADOT Group Plan benchmarks.

Sub-recipients should use the guidelines below to estimate how long it will take each vehicle type to reach the appropriate mileage for replacement purposes. The minimum useful life is the point at which ADOT will consider disposal without justification for serious on-going mechanical failure. 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.

The TAM Useful life Benchmarks are the point at which serious consideration should be made as to whether the vehicle should be replaced for safety reasons. These useful life points are guidelines and agencies should take into consideration their own asset management lifecycles and the condition of the vehicle. Vehicles in good working order are encouraged to be used as long as they can be safely operated and do not need to be replaced because they have met a certain age or mileage.

Asset Inventory Detail

Revenue Vehicles

Asset Category/Class	Total Number	Average Age	Average Mileage	ADOT Useful Life Benchmark	ADOT Useful Life Benchmark
Revenue Vehicles	477	5.99	140,720	Years	Mileage
<i>AO - Automobile</i>	23	3.22	35,113	8	100,000
<i>BR - Over-the-road-Bus</i>	0	0	0	14	500,000
<i>BU - Bus</i>	12	6.17	136,710	14	500,000
<i>CU - Cutaway Bus</i>	255	5.72	126,951	10	400,000
<i>FB - Ferryboat</i>	0	0-	0-		
<i>MV - Minivan</i>	114	6.63	217,460	8	100,000
<i>SV - Sport Utility Vehicle</i>	10	6	109,070	8	100,000
<i>Trucks and other Rubber Tire Vehicles</i>	1	9	150,148	8	100,000
<i>TB- Trolleybus</i>	0	0	0	7	200,000
<i>VN - Van</i>	62	6.94	101,157	8	100,000

ADOT is utilizing Useful Life Benchmarks for vehicles based upon years or mileage whichever occurs first.

Subrecipients in the Rural Public Transit Program are required to conduct an annual inspection of their vehicles and are not eligible to use ADOT Equipment Services for annual inspections.

Sub-recipients may be scheduled for a desk review or site visit in which vehicle service records will be examined to determine whether there has been appropriate use of the vehicle. If a review reveals the sub-recipient is underutilizing the vehicle (either in service type or time in service), ADOT has the right to remove the vehicle from the sub-recipient and transfer it to another agency that can use the vehicle more effectively. This may include moving the vehicle into a regional pool or shared vehicle situation based on regional coordination and mobility management needs.

If a transfer occurs due to underutilization, the sub-recipient's future vehicle funding requests will be highly scrutinized and may not be funded based on past performance.

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Incidental Use

Notice must be provided to the ADOT Program Manager of any incidental use of vehicles not related to the regularly scheduled general public service prior to providing the service.

Vehicle Title and Lien

Per FTA requirements, vehicle lien releases can only occur at the time ADOT has deemed the vehicle has reached the end of its useful life **and** the vehicle is being sold or transferred. When requesting lien release prior to disposal, please submit the [Vehicle Disposal Request Form](#) to your ADOT program manager.

G. DISPOSITION OF ASSETS

FTA allows two options for the disposition of assets: Vehicle Disposals and Vehicle Transfers. Vehicles that have not met their useful life and are no longer needed by the subrecipient must be transferred to another Rural Public Transit agency. Vehicles that have met their useful life may be designated for transfer due to the current delays in procuring new vehicles. Subrecipients must reach out to their program manager to discuss the disposition of assets.

Vehicle / Equipment Disposition

Vehicles should be used in the manner they were prescribed until they reach the end of their useful life and have been disposed of. A lien-released vehicle does not provide an agency with the opportunity to sell the vehicle without prior approval from ADOT. Agencies must complete a Vehicle Disposal Request Form and submit it to ADOT for authorization of sale. Agencies must fill out the form to the best of their ability with the latest mileage and must identify the method of sale. If three quotes are chosen by the agency for the disposal process, the quotes must be provided with the vehicle disposal request form.

Local public agencies may adopt their own rules and procedures for disposing of federally-funded surplus property as long as the disposal or sale is conducted in an open, public process. Revenues from the sale of property must be reinvested in the transit program for the same purpose. For example, proceeds from a vehicle sold are used for purchasing a replacement vehicle; proceeds from office equipment would go towards purchase of new office equipment.

When vehicles are sold and the vehicle is sold for \$10,000 or less, the recipient may retain the full proceeds from the disposition. If the proceeds are greater than \$10,000, then per 49 U.S.C. 5334(h)(4)(B) the recipient may retain \$5,000 and the percentage of the local share of the original award. The remaining funds must be returned to ADOT and ADOT must return the funding to FTA. Subrecipients may not deduct selling and handling expenses from the reimbursement for the Federal Share of sales proceeds. The lien release and disposal of the equipment must be approved in advance of the sale.

The following requirements must be met when disposing of federally funded property:

- If the vehicle is going to be sold, the vehicle can go to auction (preferred method, see below for additional requirements) or three written quotes must be obtained and provided to ADOT prior to the sale for approval.
- If an on-line search is used to research a vehicle, use the make, model and year to narrow the search. Screen captures of like vehicles offered for sale can be used as an estimate. Include the URL or link to the search that was performed for back-up documentation. Online quotes may be used for the 3 quotes required as long as a print-out or screen shot is provided.
- The Vehicle Disposal Request Form is required and includes at a minimum the following documentation:

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- A copy of the Exhibit A from the application year the vehicle was awarded or the grant information, especially the federal match ratio.
- ADOT Identified Vehicle Type (i.e. cutaway with lift)
- Vehicle Make and Model (i.e. Startrans Supreme Senator)
- Vehicle Model Year
- Current Mileage
- Delivery Date/Date Put Into Service
- Date Removed From Service

Vehicles sold at auctions or private dealers (third parties) must have the following conditions met per FTA guidelines:

- The auction contract includes a requirement to place an advertisement in the local paper in advance of the sale **and/or** put a notice on the agency's internet page saying that on "X" date the vehicles are being auctioned on behalf of the grantee and telling interested people how to contact the auctioneer.
- If a fleet management company sells the FTA property, it is required to sell the vehicle at the highest possible return. Fair process would require a sufficient number of wholesale dealers interested in acquiring the vehicles. Simply selling them to the vendor they originally purchased from is not sufficient.

Vehicle Transfer - Sub-recipient Procedure

Completely fill out the Vehicle Disposal Request Form including the reasons for transfer. Submit the form to your Program Manager. Clearly state the reason for the transfer and when the vehicle was last in service. A copy of the Exhibit A from the application year the vehicle was awarded should be attached to the request. The Program Manager will review the reason and determine if it is appropriate to consider the transfer.

Once the vehicle has been transferred, the transferring agency must provide an updated asset inventory to reflect the vehicle has been transferred. The formal email request, along with the documentation of board approval, and a revised asset inventory must be submitted to ADOT.

Vehicle Transfer - ADOT Procedure

Once the formal request with the completed Vehicle Disposal Request Form is submitted by the sub-recipient requesting transfer of the vehicle, ADOT will reach out to other eligible sub-recipients under the Rural Public Transit program and determine the best location to transfer the vehicle. In determining the best location for the vehicle, ADOT will take into consideration:

- Rural Public Transit Subrecipient vehicle needs; and
- the age and condition of the vehicle.

ADOT will then initiate the paperwork to complete the next steps for the transfer of the vehicle to the new subrecipient. Depending upon the age of the vehicle, the original recipient of the vehicle may request reimbursement for the remaining local match value which will be coordinated by your assigned ADOT Program Manager. Once the transfer is complete, both subrecipients will need to update their vehicle inventories.

H. REQUIREMENTS RELATED TO FACILITIES ELIGIBILITY

FTA generally assists in building two kinds of facilities: 1) non-passenger-facing facilities that support transit operations, such as maintenance garages, operations centers, and administrative buildings and 2) passenger-facing facilities that provide passenger amenities and/or extend into the built environment, such as bus or rail terminals; stations; bus stop infrastructure; transfer facilities; park-and-ride lots; and intermodal facilities that include both transit and intercity bus or rail services.

FTA's general policy is to provide assistance for facilities that are adequate for the recipient's present needs and that will meet, in a realistic way, its needs of the future. This not only includes room for future expansion based on fleet and service needs but also the potential transition to cleaner fuel vehicles and the infrastructure necessary to maintain and/or accommodate those vehicles.

When applying for a grant to build a facility, a subrecipient must be able to fully describe the project and estimate the cost of the facility. Planning for the project may include a feasibility study or needs assessment for the project that provides preliminary cost estimates, funding sources, and possible site locations and related environmental work. The next phase is engineering and design, which could include costs for development of an environmental document specific to the project and real estate appraisals. Once ADOT and FTA have reviewed and approved the environmental documentation, funds may be requested for land acquisition and construction.

There must be a planning basis for every project. Accordingly, ADOT is required to include the planning justification in the grant application submitted in TrAMS. Planning activities are an eligible expense under Section 5311 but not under Section 5339(a). However, costs associated with environmental compliance, including engineering and design that are incidental to project delivery, are eligible capital expenses under Section 5339(a). Feasibility studies at varying levels of detail as appropriate and proportionate should be undertaken in support of projects to acquire, install, construct, replace, or rehabilitate major transit facilities.

Bus shelters and other improvements to bus boarding and alighting areas must comply with standards for accessibility established by USDOT regulations implementing the transportation provisions of the ADA (49 CFR Parts 27, 37, and 38, as amended). A map indicating the transit network and shelter, other bus stop infrastructure improvements, and bus boarding and alighting area location must be developed and included in the grant application.

The basis for a new transfer facility or transportation center should be documented in a planning/feasibility study. Elements would include:

1. A determination of transit demand and other uses;
2. An evaluation of existing transfer facilities or sites to satisfy existing and future transit needs;
3. An evaluation and selection of sites if a new facility is warranted;
4. A preliminary concept design and cost estimate of the transit transfer facility;
5. Development of a staging and financing plan; and
6. Environmental documentation for the new facility

The basis for new maintenance and administrative facilities or major expansions or renovations of existing facilities should be documented in a planning/feasibility study. Activities would include:

1. An evaluation of the condition and adequacy of the existing facility, if any;
2. Development of site evaluation criteria;

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3. Identification and evaluation of alternative sites based on site evaluation and design requirements;
4. Final site selection and preliminary concept building design;
5. Environmental documentation; and
6. Development of a staging and financing plan.

Bicycle and pedestrian paths within a certain distance of a transit stop or station qualify as associated transit improvements as defined in 49 U.S.C. 5302(2) and are eligible capital projects under Section 5311. Pedestrian paths located within a half mile of a transit stop or station and bicycle paths located within three miles of a transit stop or station are eligible capital projects.

FTA has developed a "[Construction Project Management Handbook](#)" to provide guidelines for use by public transit agencies undertaking substantial construction projects within an award, either for the first time or with little prior experience with construction project management. The handbook provides a comprehensive introduction to construction project management, including the applicability of the principles of project management and of all phases of project development—from project initiation through planning; environmental clearance; real estate acquisition; design; construction; commissioning; and closeout. The principles outlined in the handbook may be considered for use on projects but are not required. The handbook provides guidance tailored more to agencies that are constructing maintenance and operational facilities, intermodal terminals, park-and-ride stations, and other similar supporting transit facilities that may be shorter projects.

In determining the site or location of certain facilities (e.g., storage facilities, maintenance facilities, operations centers, etc.), subrecipients must conduct a Title VI equity analysis to ensure the location is selected without regard to race, color, or national origin in accordance with the applicable requirements laid out in FTA Circular 4702.1B, "Title VI Requirements and Guidelines for Federal Transit Administration Recipients."

I. INSURANCE AND LICENSING REQUIREMENTS

Liability Insurance

All Rural Public Transit Program participants including any subcontractors must maintain adequate property, liability, workers' compensation and employer liability insurance coverage.

Grantees must maintain insurance in accordance with Exhibit G of the ADOT grant agreement for all transit services and property including transit facilities, bus stops, bus shelters, parking lots, etc.

The current minimum requirement for automobile liability insurance is based on vehicle size, and is as follows:

Combined Single Limit (CSL) of \$5,000,000	Combined Single Limit (CSL) of \$2,000,000	Combined Single Limit (CSL) of \$1,000,000
For vehicles carrying sixteen (16) or more passengers	For vehicles carrying five (5) to fifteen (15) passengers	For vehicles carrying four (4) or less passengers

Grantees must maintain collision and comprehensive coverage for the full fair market value of each vehicle provided under this Program. The deductible for such coverage shall not exceed five thousand

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dollars (\$5,000). Umbrella policies and self-insurance policies can count towards these requirements. Grantees must also maintain workers' compensation and employer liability insurance at the current minimum:

Workers' Compensation Insurance - subrecipient will need to abide by state statutory limits.

Employers' Liability Insurance per accident	Employers' Liability Insurance per employee - Disease	Employers' Liability Insurance policy limit - Disease
\$500,000	\$500,000	\$1,000,000

Grantees must ensure and be able to document that up-to-date insurance is obtained and on file. This information must be readily available for review by ADOT and its auditors. A current insurance card must also be located in vehicles **at all times**.

Vehicles for which the State of Arizona or ADOT is listed on the title as vehicle owner or lien holder must also show the State of Arizona or ADOT as "loss payee."

ADOT shall be an "additional insured" on all insurance policies required under this program. Insurance policies shall be endorsed to include the following additional insured language: "The State of Arizona, ADOT/MVD and its officers, officials, agents, and employees to be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Sub Recipient involving automobiles owned, leased, hired or borrowed by the Sub Recipient." The Grantee's insurance coverage shall be the primary insurance with respect to all other available sources.

Policies required under this program shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees.

Notice of Cancellation: Any changes material to compliance with the insurance coverage required under this program shall require sixty (60) days written notice to ADOT.

Acceptability of Insurers: Insurance is to be placed with duly licensed or approved non-admitted insurers in the State of Arizona with an "A.M. Best" rating of not less than A- VII. ADOT in no way warrants that the above-required minimum insurer rating is sufficient to protect the Grantees from potential insurer insolvency.

To comply with these requirements, ADOT has developed an Insurance checklist to assist Grantees in submitting required documentation for yearly renewals, Certificate of Insurance with endorsements and cancellation notices to MLB_MPD@azdot.gov. Grantees must list the name of your agency and Agreement Number in the subject line of the e-mail.

Failure to show Proof of Insurance will result in the vehicle being placed out of service.

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Flood Insurance

Subrecipients must secure flood insurance, as required by the Flood Disaster Protection Act of 1973, 42 U.S.C. 4012a(a), for any FTA funded building located in a special flood hazard area, as defined in 44 CFR Part 59, before receiving Federal assistance to acquire, construct, reconstruct, repair, or improve that building. In addition, the building and its contents must be covered by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or equal to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less. Current limits are \$500,000 per building and \$500,000 for the contents of each building.

FTA has defined building and contents coverage in its Emergency Relief rule, 49 CFR Part 602, as follows:

1. Building. For insurance purposes, 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.
2. Contents coverage. For insurance purposes, contents are 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.

Driver and Vehicle Licenses

All Rural Public Transit grantees must use drivers that hold a current and valid Arizona Driver’s License. The ADOT Motor Vehicle Division requires licensing in keeping with their Commercial Driver’s License Program as follows:

Vehicles under 14-passenger capacity including driver
<ul style="list-style-type: none">• Class D (Operator’s) License
Vehicles 15 passenger and over
<ul style="list-style-type: none">• Class B or C Commercial License with bus/ with a ‘P’ passenger endorsement when driving a vehicle designed to carry 16 or more passengers (including driver) with a GVWR that does not exceed 26,000 pounds..• Class B or C Commercial License with bus/ ‘P’ passenger endorsement ADOT encourages all agencies which have any vehicles in excess of 16 passenger capacity to have all drivers obtain a Class B or C Commercial License.

**Grantees are also required to comply with Arizona laws in the licensing of all agency vehicles.*

I. ACCIDENT REPORTING

Participants in the Rural Public Transit program are required to report any accidents that require post-accident testing based on FTA Drug and Alcohol testing criteria to the ADOT Program Manager. This would include:

1. Any safety-sensitive employee, who is involved in an accident where there is a loss of life, must submit to drug and alcohol testing. Additionally, any safety-sensitive employee not directly involved in the accident, but whose performance could have contributed to the accident as determined by the employer shall be tested.
2. Whenever any individual involved in an accident is transported away from the scene for immediate medical treatment as a result of the accident. All safety-sensitive employees

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must be tested unless their behavior can be completely discounted as a contributing factor to the accident.

3. Whenever one or more vehicles incurs disabling damage as a result of the accident which requires the vehicle being towed away from the scene by a tow truck or other vehicle, testing is required (unless the employee's behavior can be completely discounted as a contributing factor).

ADOT must be notified of **any** accident within 48 hours by email to the Program Manager. If the accident occurs on a weekend or holiday the accident must be reported on the next regularly scheduled workday. The subrecipient must develop a report to file with ADOT at the earliest availability of the documentation. Documents to be provided include:

- Police Reports
- Vehicle involved (Year, Make, Model, VIN)
- Agency and Rider Incident Reports
- Vehicle Damage Estimates
- Other pertinent information available or requested by the ADOT Program Manager

PART IV. FEDERAL AND STATE REQUIREMENTS

A. ROLES AND RESPONSIBILITIES

Roles and Responsibilities: ADOT

In ADOT's role as the State agency administering the Rural Public Transit Program, ADOT receives an allocation of funds from FTA annually to not only support rural transit projects, but also to cover the administrative costs it incurs in managing the program. Those funds are used by ADOT to complete the following activities.

ADOT'S Administrative Activities

- Providing program information, planning, and technical assistance for Rural Public Transit project development.
- Documenting grant procedures in a State Management Plan (SMP), annual program announcement; grantee technical assistance: application review, evaluation and selection; forwarding of annual Programs of Projects to the FTA; certifying applicant and project eligibility; ensuring subrecipient compliance with Federal requirements; project monitoring; and overseeing project audit and closeout.
- Integrating the Rural Public Transit Program with other ADOT administered FTA Programs including the Section 5310, Rural Transit Assistance Program (RTAP), Section 5339 Bus and Bus Facilities, and the Transportation Planning Programs (Sections 5303 and 5304 Statewide Transportation Planning Program and the Metropolitan Transportation Planning Program).
- Monitoring the progress of each project through audits and site visit reviews.

MPD oversight begins at the time of the application and contracting process, ensuring that all required information is submitted. Reviewing monthly reports, invoices, and other contract deliverables are other areas where ADOT monitors grantee performance. ADOT staff will participate in TAC meetings when possible and conduct on-site visits to observe the systems and to ensure Rural Public Transit Program compliance.

On-Site Visits

ADOT, as the administrative agent for Federal funds, is required to monitor grantees on a regular basis. Comprehensive site visits are performed to review all elements of grant administration, as specified in the ADOT Grant Agreement and guidebooks. These visits include a detailed review of receipts to verify reimbursement requests, ridership statistics, funding, transit service operation and service to the general public. Conducted at least every three years, they include the following oversight areas:

- Level and Quality of Transit Services
- Training Program
- Safety and Risk Management
- Procurement Procedures
- Marketing Strategy
- Review Invoices and Reports
- Financial Management
- EEO Poster

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- [Title VI Poster](#)
- Civil Rights Compliance (Title VI, DBE, EJ, LEP, ADA)
- Vehicle/Facilities Maintenance Plan
- Continuing Control of FTA Funded Vehicles/Facilities
- Vehicle Inspections / Maintenance Records / Insurance Policies
- Charter/School Bus Service
- Compliance with all Federal Certificates and Assurances
- Any Additional Requirements of FTA or the State

Drug and Alcohol Testing Program, policy, procedures and testing programs are reviewed at a minimum every two years in a separate site visit. Site visits will be more frequent if there are compliance issues.

Continuing Control of FTA Funded Facilities

When facilities are acquired, built, or improved through Rural Public Transit funding, ADOT will ensure satisfactory continuing control of the capital facility through the site visit process. ADOT will ensure that there is no degradation or failure to maintain the Federal investment, that facilities are available to the public, and that grantees comply with ADA and other federal requirements.

Financial Management Audits

See [Audits of State and Local Governments Section](#).

FTA Compliance Audits

Consistent with FTA's oversight responsibilities, FTA may elect to conduct financial, drug & alcohol, or other program area(s) audits. ADOT will assist grantees in preparing for FTA audits, if needed. As a Federal program, Federal legislation and a variety of Federal regulations form the foundation of how the Rural Public Transit program is operated.

In this section, the basic Federal and State requirements are summarized. In addition to reading the abbreviated summaries in this guidebook, applicants are urged to review the relevant federal regulations, circulars and guidance. All current FTA Circulars can be found on this web page: [FTA Circulars](#).

In the application and contract documents, program applicants will see these fundamental regulations referenced in various sections. As you complete the application, it may be helpful to return to this section to get a broader understanding of each Federal or State requirement.

B. FEDERAL GOVERNMENT OBLIGATIONS TO THIRD PARTIES

Grantees (Sub-recipients) must agree that, without the Federal government's express written consent, the Federal government is not subject to any obligations or liabilities to any grantees, any third-party contractor, or any other person not a party to the Grant Agreement or Cooperative Agreement in connection with the performance of a funded project. Notwithstanding any concurrence provided by the Federal government in or approval of any solicitation, grantee, or third-party contract, the Federal government continues to have no obligation or liabilities to any party, including the grantee and third-party contractor.

C. PRIVATE ENTERPRISE INVOLVEMENT

Applicants must ensure that private-for-profit and private non-profit transit operators are given the opportunity to participate in the planning and implementation of the project to the maximum extent

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feasible. This includes soliciting private companies' participation in their planning process and encouraging private companies to actively participate in the planning process.

ADOT encourages all applicants to fully utilize the resources and expertise of private providers such as taxicab companies, intercity bus operators and human service transportation systems, considering the capability of these firms to provide the needed service. Purchase of service agreements or contracts with private operators are an appropriate means of providing general public transportation service.

Applicants should review local regulations to ensure that private companies are treated fairly. This includes revising or encouraging adjustments in local regulations to permit private companies to operate the applicants' services more efficiently.

Applicants should periodically review their existing services to determine if private companies can provide parts of the service, or the entire service, more efficiently. Consider the total cost of providing transportation service when comparing public and private service proposals. The subsidies provided to public and private nonprofit transportation providers such as capital assistance grants, operating subsidies, and the use of public facilities should be reflected in the cost comparisons.

Finally, applicants must have a process in place to resolve disputes with private transportation providers.

Documentation such as letters of support, formal agreements or minutes of meetings will assist the application. The application must contain a list and description of all transportation providers in the service area including the days and hours of service, number of passengers, frequency of service, fare charged, and area served.

Requirements the applicant must meet related to private enterprise involvement are:

Provide Reasonable Notice to Private Operators: The applicant must provide reasonable notice to all transportation providers in the proposed service area to inform them of the project and ascertain whether the private providers could participate in the project. This is accomplished by publishing a public notice in a newspaper of general circulation and/or website, by writing letters to providers, as well as holding a public involvement process. ([See Public Involvement.](#)) Also the applicant must send letters to each private provider describing the project and providing the notice of the public involvement process. These letters must be sent via registered mail or if by email, must have a return email from the provider confirming receipt of the notice. The application must contain a copy of the notice of public process as published and a summary of the public involvement process, together with copies of the letters sent, any exhibits and written statements submitted.

D. REQUIRED PUBLIC NOTICE

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.

Prior to application submission, all applicants for Rural Public Transit Program funds must provide an opportunity for public involvement. Public notice must be sufficiently early for the public to participate

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in the decision making process. Any fare or significant route changes should also have an accompanying public involvement process.

Public notices shall be published in the newspaper(s) having general circulation in the vicinity of the proposed undertaking and/or on the front page of the community's website for a minimum of 2 weeks. Additional notices can be posted throughout the community (libraries, grocery stores, post offices, etc.) published through a Facebook page/social media, radio announcements, and community listserve(s). **Publish two notices of public meetings, at least one week apart.** Schedule the date of the meeting at least five days after the second notice is published.

The grant proposal, any fare changes, and/or significant route changes must be made available for public inspection. Any public meetings should be held at a place and time generally convenient for persons affected by the proposed undertaking. The site must be accessible to the elderly and persons with disabilities. Provisions should be made for submission of written statements, exhibits, and oral statements. Interpreters must be provided for non-English speaking persons if requested. A written summary of the oral proceedings must be prepared. A [Title VI](#) statement must be included in the notice and visible at any public involvement meeting.

The notice of the public meeting must include (see example on the next page):

- Name of the applicant
- Time, date, and place of the meeting
- Description of the project, including the area to be served by the proposed undertaking, items to be purchased, constructed, etc.
- A statement which allows individuals with Limited English Proficiency per Title VI requirements and needed ADA assistance the ability to request an accommodation.

Public Notice for Fare and Services Changes

ADOT requires a minimum of two weeks' notice for fare and service changes. All fare and service changes should be posted on buses and the public should receive at least one other way of receiving notification of the changes as well as an opportunity for public comment.

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Example of FTA Rural Areas Formula Grant Programs (Section 5311 and Section 5339) Public Notice

Public notice is hereby made that the **[specify name of Applicant]** is applying for federal financial assistance to provide public transportation service as follows: (specify the type of service (fixed-route, demand responsive, etc.), the project duration, and the general service area covered).

Public notice is further made that the **[specify name of Applicant]** is also applying for federal financial assistance to purchase (describe what will be purchased) that will be used to provide public transportation service for (specify the type of service (e.g. fixed-route and/or demand responsive) and the general service area covered).

The transportation service will be available to the general public during all hours of operation. The project is expected to be financed by FTA Section 5311 Rural Program public transportation funds, with additional funds to be provided from (Section 5339 Bus and Bus Facilities if applying for capital funding and/or Section 5305(e) funds if applying for planning funding). The total federal share is expected to be \$_____.

[specify name of Applicant] ensures that the level and quality of transportation service is provided without regard to race, color, or national origin in accordance with Title VI of the Civil Rights Act of 1964 and with the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973. For more information regarding our Title VI/ADA obligations or to file a complaint, please contact us at the address given below.

Comments on the proposed project are invited from the general public, private bus and taxi companies, other public transportation providers and human service agencies. Interested parties may comment on the project or obtain more details about the project by writing to:

(Name of Applicant's Contact Person)

(Address)

(Telephone No. and Email)

Human service agencies that receive assistance from other Federal agencies for non-emergency transportation services are encouraged to participate and coordinate with the provider in the planning, design and delivery of transportation services. Agencies may obtain copies of the service description and submit proposals for service coordination. Private bus and taxi operators may request copies of the project service description from the above named person and may submit comments on the service as described.

If you wish to comment on any aspect of the proposed project, submit a proposal or a request for service coordination or request a public hearing on this project, you must make your interest known in writing within fifteen calendar days of the date of this publication and provide your comments within fifteen calendar days of your receipt of the project service description. Your requests and/or comments must be forwarded to the above person.

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E. LABOR PROTECTION

1. Davis-Bacon Act. For FTA programs, 49 U.S.C. 5333(a) imposes Davis-Bacon Act prevailing wage requirements. This provision applies only to construction projects. If a project involves construction, Section 5333(a) requires the Secretary to ensure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of loans or grants under Chapter 53 be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor. ADOT is not able to reimburse for construction expenses without first obtaining assurance that required labor standards have been paid for the construction work.
2. Before FTA may award a grant to ADOT for capital or operating assistance, fair and equitable arrangements must be made to protect the interests of transit employees affected by the proposed FTA assistance (49 U.S.C. 5333(b), formerly Section 13(c) of the Federal Transit Act). Those arrangements must be certified by the Secretary of Labor as meeting the requirements of the law. To comply with this requirement, applicants must provide the labor protection information required in the Rural Public Transit Application. ADOT is required (annually) to certify to the Department of Labor that Rural Public Transit subrecipients are in compliance with 49 U.S.C 5333(b).

F. AUDIT REQUIREMENTS FOR FEDERAL AWARDS

Each grantee that receives over \$1,000,000 in federal funding, including funding from other federal agencies is required to prepare an annual audit that complies with [2 CFR Part 200](#). A copy of this annual audit must be electronically submitted to the Federal Audit Clearinghouse (FAC) designated in 2 CFR 200.512 et seq., at [The Federal Audit Clearinghouse](#).

The FTA requires ADOT to perform financial audits of this program. In any given year, ADOT's auditor may request to examine the financial records of sub-recipients. These actions are designed to ensure tighter budget-process control, asset inventory management and enhanced ADOT-FTA reporting capability. If the agency is not subject to the single audit requirement, but conducts an audit, the findings must be submitted to ADOT and the costs of the audit cannot be charged to the ADOT grant funding.

If the amount of FTA funds granted to a particular sub-recipient does not trigger the requirement for the 2 CFR Part 200 audit, the State may still request to review the total Federal funds received by an agency to determine if, in combination with their total Federal funds from all sources exceeds the \$1,000,000 threshold. At a minimum, ADOT requires sub- recipients to bring to the attention of the State any audit findings relevant to their use of FTA funds.

The Single Audit Act provides that: The audit shall cover the entire operations of the transit agency and departments that received Federal financial assistance during the year. A series of audits of individual departments, agencies, and establishments for the same fiscal year may be considered a single audit.

An independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits shall conduct the audit.

The Auditor shall determine whether:

- The financial statements of the agency present fairly its financial position and results of its financial operation in accordance with generally accepted accounting principles.

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- The agency has internal accounting and other control systems to provide reasonable assurance that it is managing the Federal financial assistance program in compliance with applicable laws and regulations.
- The agency has complied with laws and regulations that may have material effect on its financial statements and on each major Federal assistance program.
- Audits shall be submitted annually as part of the contract deliverables.

FTA does not require an annual financial audit of a sub-recipient when assistance is provided solely in the form of capital equipment procured directly by the State.

G. DISADVANTAGED BUSINESS ENTERPRISES (DBE)

All ADOT sub-recipients are required to adopt the ADOT DBE Plan. Agencies can adopt the DBE plan as part of the application, but must follow any federal or local requirements regarding adoption of plans if they receive funding directly from FTA. Please note that subrecipients with their own DBE plan must follow the ADOT DBE Plan when expending funds awarded by ADOT.

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

The Objectives of the DBE Program are: ADOT's policy is to ensure nondiscrimination in the award and administration of DOT-assisted contracts in its highway, transit and airport financial assistance programs. To achieve this, ADOT will strive:

- To create a level playing field on which DBEs can compete fairly for DOT-assisted contracts;
- To ensure that the DBE program is narrowly tailored in accordance with applicable law;
- To ensure that only firms that fully meet this part's eligibility standards are permitted to participate as DBEs;
- To help remove barriers to the participation of DBEs in DOT-assisted contracts; and
- To assist the development of firms that can compete successfully in the marketplace outside the DBE program.

Sub-recipients (grantees) of Rural Public Transit funds shall take affirmative steps to ensure that socially and economically disadvantaged business enterprises participate in the performance of contracts and subcontracts. This may be accomplished by way of actual transportation service providers, or as suppliers of commodities or services needed in the operation of transportation service.

Where the sub-recipient or subcontractor is found to have failed to exert sufficient reasonable and good faith efforts to involve DBEs in the work provided, ADOT may declare the sub-recipient or subcontractor in breach of contract; refer to 49 CFR pt. 26.

ADOT files semi-annual contracting activity reports to FTA. The sub-recipients must submit all contract invoice activity through the Arizona Local Public Agency Contract Management System at

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<https://arizonalpa.dbesystem.com/> on a monthly basis. ADOT's DBE office has resources on their website available to sub-recipients: [Guides and Policies - DBE Contract Compliance](#).

All applicants who receive preliminary approval for their project may contact ADOT Business Engagement and Compliance Office LPAcontractorcompliance@azdot.gov and request assistance in locating DBEs for contracting opportunities.

H. CIVIL RIGHTS REQUIREMENTS

All sub-recipients of FTA assistance are responsible for compliance with all Civil Rights requirements applicable to transit related projects, including 49 U.S. 5332 (Nondiscrimination), Title VI of the Civil Rights Act of 1964, [FTA Circular 4702.1B](#), Equal Employment Opportunity (EEO), Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990. Pursuant to Executive Orders 14224 and 14173 and DOT policy guidance concerning recipient's responsibilities to Limited English Proficient (LEP) persons ([FTA C 5010.1](#)). Sub-recipients also must include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary, to identify the affected parties.

Sub-recipients must ensure compliance with Title VI of the Civil Rights Act of 1964. Title VI states that "no person in the United States shall be excluded from participation, denied the benefits of, or be subjected to discrimination in any Federally-funded program, policy or activity on the basis of race, color or national origin."

ADOT's Civil Rights Department maintains a [website](#) with ADA/Title VI resources for FTA Subrecipients.

Title VI – Non-Discrimination

In accordance with Title VI of the Civil Rights Act of 1964 (49 C.F.R. Part 21) and related statutes and regulations, the agency must comply and further ensure that:

"No person in the United States shall, on the grounds of race, color, or national origin, age, sex, disability, or income status, be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination under any programs or activity receiving federal financial assistance."

In accordance with [FTA Circular 4702.1B](#) grantees must submit a Title VI program plan to the ADOT Civil Rights Office (CRO) for review and approval prior to receipt of federal financial assistance from ADOT. Please see the Rural Public Transit Notice of Funding Availability for more guidance on the plan or visit the [ADOT Civil Rights](#) website for more information.

The Title VI Implementation program plan must include:

1. Title VI Notice to the Public, including a list of locations where the notice is posted
2. Title VI Complaint Procedures (i.e., instructions to the public regarding how to file a Title VI discrimination complaint)
3. Title VI Complaint Form
4. List of transit-related Title VI investigations, complaints, and lawsuits
5. Public Participation Plan, including information about outreach methods to engage minority and limited English proficient populations (LEP), as well as a summary of outreach efforts made since the last Title VI Program submission
6. Language Assistance Plan for providing language assistance to persons with limited English proficiency (LEP), based on the DOT LEP Guidance

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7. A table depicting the membership of non-elected committees and councils, the membership of which is selected by the recipient, broken down by race, and a description of the process the agency uses to encourage the participation of minorities on such committees
8. A Title VI equity analysis if the recipient has constructed a facility, such as a vehicle storage facility, maintenance facility, operation center, etc.
9. A copy of board meeting minutes, resolution, or other appropriate documentation showing the board of directors or appropriate governing entity or official(s) responsible for policy decisions reviewed and approved the Title VI Program.

All Fixed Route Transit Providers must submit:

10. Service standards
 - Vehicle load for each mode
 - Vehicle headway for each mode
 - On time performance for each mode
 - Service availability for each mode
11. Service policies
 - Transit Amenities for each mode
 - Vehicle Assignment for each mode

Specific citations for FTA provisions for sub-recipients include:

- Title VI of the 1964 Civil Rights Act, Section 601.
- Title VI Regulation, 49 CFR, Part 21.

[FTA Circular 4702.1B](#), "Title VI Requirements and Guidelines for FTA Recipients," outlines specific State and subrecipient requirements.

Americans with Disabilities Act (ADA)

All ADOT sub-recipients must comply with the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973. The ADA was enacted by Congress as a national mandate for the elimination of discrimination against individuals with disabilities. In addition, any new construction of public access facilities must have accessible features incorporated to provide accessibility to individuals with mobility disabilities. Section 504 prohibits discrimination on the basis of disability in any program or activity receiving Federal financial assistance.

In accordance with FTA Circular 4710.1 ADOT Civil Rights Office will review grantees conformance with ADA requirements to ensure their services, vehicles, and facilities are accessible to and usable by individuals with disabilities. The following written policies and procedures will be reviewed:

- ADA transportation service provisions
- Auxiliary Aids and Services
- ADA Complaint Procedures (i.e., instructions to the public regarding how to file an ADA discrimination complaint)
- ADA Complaint Form
- List of transit-related ADA investigations, complaints, and lawsuits

Service Provisions: The ADA has a standard practice of specific service and operational provisions for transportation providers. During management reviews / site reviews, ADOT will interview sub-recipients regarding the status of the following ADA transportation service provisions:

- Procedures to ensure wheelchair lift equipped vehicle availability;

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- Wheelchair lift/ramp and securement use;
- Vehicle identification mechanisms in accordance with ADA;
- Maintenance of accessible features on vehicles;
- Lift deployment at stops, where requested;
- Adequate time for vehicle boarding and disembarking (what actions are taken to ensure that reasonable time is provided?);
- Announcement of stops (where applicable);
- Service animals (what policies and procedures are in place which are in accordance with ADA?);
- Service to persons using respirators or portable oxygen;
- Public information/communications (what actions are taken to apprise the disability community of transportation services available, and to otherwise ensure that persons with disabilities are given maximum opportunity to participate in the provision of services?); and
- Driver and related staff training in wheelchair securement and sensitivity to passengers.

Sub-recipients should undertake all reasonable means to provide for the needs of sight and hearing-impaired individuals in their communication regarding transportation services provided. Braille-etched signs and other forms of written communication as well as telephone devices for the hearing impaired are some examples of facility improvements, covered under the ADA.

For more information on ADA requirements, please visit the following [website](#).

Equal Employment Opportunity

Sub-recipients Equal Employment Opportunity Programs (EEO) must ensure that recipients do not discriminate against any employees or applicants for employment because of race, color, religion, sex, disability, age or national origin. Such action must include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training. The sub-recipient also agrees to comply with any implementing requirements FTA may issue.

Sub-recipients must comply with current Title VI, EEO, LEP and ADA regulation requirements, as identified in the respective assurances enclosed in the application package. Failure by the sub-recipient to carry out the terms of the Title VI, DBE, EEO, LEP and ADA programs will be treated as a violation of the Grant Agreement.

All transit programs must keep a complaint log. Complaints which may be related to the Title VI and ADA must be documented and the follow-up must be documented. The program must follow their complaint process as outlined in their Title VI Plan. The program must follow the policies for all other complaints as outlined in the program policy or driver handbook.

I. FTA CHARTER REQUIREMENTS

FTA's Charter Bus Service Rule, which implements 49 U.S.C. 5323(d), protects private-charter operators from unauthorized competition from FTA grant recipients. Sub-recipients must contact their Program Manager before agreeing to proceed with any charter operations.

The [regulations](#) defines charter service but does not include demand response service to individuals as follows:

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(1) Transportation provided 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 characteristics of charter service:

- A third party pays 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 regularly scheduled service, or is offered for a limited period of time
- A third party determines the origin and destination of the trip as well as scheduling.

(2) Transportation provided 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.

Examples of services that do not meet the definition of charter service and, therefore, are not considered charter services by FTA are:

- Service requested by a third party that is irregular or on a limited basis for an exclusive group of individuals and the grantee does not charge a premium fare for the service and there is no third party paying for the service in whole or in part
- Shuttle service for a one-time event if the service is open to the public, the itinerary is determined by the grantee, the grantee charges its customary fixed route fare and there is no third party involvement
- When a university pays the grantee a fixed charge to allow all faculty, staff, and students to ride the transit system for free so long as the grantee provides the service on a regular basis along a fixed route and the service is open to the public
- When the grantee sees a need and wants to provide service for a limited duration at the customary fixed route fare

The charter regulations include **exemptions** and **exceptions**.

Exemptions

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: Grantees 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 its 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.

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3. Emergency Preparedness Planning and Operation: Grantees are allowed to transport their employees, other transit system 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 Recipients: The prohibitions do not apply to grantees 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: Grantees 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.

Recipients in Non-Urbanized Areas: Grantees 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 its geographic service area.

All Exceptions must be recorded and reported to your assigned ADOT Program Manager quarterly. They must also be posted prior to the charter activity at the FTA Charter Registration website.

Exception	Procedure
<p>Exception 604.6 – Government officials on official government business (GO)</p> <ol style="list-style-type: none">1. Is restricted to its geographic service area2. Must not generate revenue, except as required by law3. Is limited to 80 hours annually. May petition for additional charter hours	<p>Record the following information:</p> <ol style="list-style-type: none">1. Government organization's name, address, phone number, and email address2. Date and time of service3. Number of government officials and other passengers4. Origin, destination, and trip length (miles and hours)5. The fee collected, if any6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>

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<p>Exception 604.7 – Qualified human service organizations (QH)</p> <p>Service to persons:</p> <ol style="list-style-type: none"> 1. With mobility limitations related to advanced age, 2. With disabilities, or 3. With low income <p>Organization must register if it does not receive funds from programs listed in Appendix A of the charter regulation.</p>	<p>Ensure that the human service agency is qualified, that is, it receives funds from programs listed in Appendix A of the charter regulation or has registered on the FTA charter website at least 60 days before the charter request.</p> <p>Record the following information:</p> <ol style="list-style-type: none"> 1. QHSO's name, address, phone number, and email address 2. Date and time of service 3. Number of passengers 4. Origin, destination, and trip length (miles and hours) 5. The fee collected, if any 6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>
<p>Exception 604.8 – Leasing FTA funded equipment and drivers to a charter service operator (LE) only if the following conditions exist:</p> <ol style="list-style-type: none"> 1. The operator is registered on the FTA charter registration website 2. The operator owns and operates buses or vans in a charter service business 3. The operator received a request for charter service that exceeds its capacity either of the number of vehicles operated or the number of accessible vehicles 4. The operator has exhausted all of the available vehicles for all registered charter providers in your geographic service area 	<p>Record the following information:</p> <ol style="list-style-type: none"> 1. Registered charter provider's name, address, telephone number, and email address 2. Number of vehicles leased, types of vehicles leased, and vehicle identification numbers 3. Documentation presented by the registered charter provider that the four conditions are satisfied. <p>Retain the record for three years.</p>
<p>Exception 604.9 – When no registered charter provider responds to a notice posted on the FTA charter website (WN):</p> <ol style="list-style-type: none"> 1. Within 72 hours for charter service requested to be provided in less than 30 days, or 2. Within 14 calendar days for charter service requested to be provided in 30 days or more. 	<p>Include the in the e-mail notice sent to the list of registered charter providers:</p> <ol style="list-style-type: none"> 1. Customer name, address, phone number, and e-mail address (if available); 2. Requested date of service; 3. Approximate number of passengers 4. Type of equipment requested, bus(es) or van(s); 5. Trip itinerary and approximate duration; and

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	<p>6. The intended fare to be charged for the service.</p> <p>If an “undeliverable” notice is received in response to its e-mail notice, fax the notice.</p> <ol style="list-style-type: none"> 1. If service is provided, record the following information: 2. The group’s name, address, phone number, and email address 3. Date and time of service 4. Number of passengers 5. Origin, destination, and trip length (miles and hours) 6. Fee collected, if any 7. Vehicle number (example, bus 102) <p>Retain all records (email sent, undeliverable notice, facsimile, record of charter) for three years.</p>
<p>Exception 604.10 – Agreement with registered charter providers</p> <ol style="list-style-type: none"> 1. If a new charter provider registers in the geographic service area, may continue to provide charter service for 90 days without an agreement with the newly registered charter provider. 2. Any parties to an agreement may cancel at any time after providing a 90-day notice. 	<p>Record the following information:</p> <ol style="list-style-type: none"> 1. The group’s name, address, phone number, and email address 2. Date and time of service 3. Number of passengers 4. Origin, destination, and trip length (miles and hours) 5. Fee collected, if any 6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>
<p>Exception 604.11 – Petitions to the Administrator for:</p> <ol style="list-style-type: none"> 1. Events of regional or national significance 2. Hardship (<200,000 population only) 3. Unique and time sensitive events that are in the public interest 	<p>For an event of regional or national significance, the petition shall describe how registered charter providers were consulted and will be utilized, include a certification that the recipient has exhausted all the registered charter providers in its service area, and submit the petition at least 90 days before the first day of the event.</p> <p>For a hardship request, the exception must be for deadhead time that exceeds total trip time from initial pick-up to final drop-off, including wait time and shall describe how the minimum duration would create a hardship on the group requesting the charter.</p> <p>For a unique and time sensitive event, the petition shall describe why the event is unique and time sensitive and would be in the public’s interest.</p> <p>Record the following information:</p> <ol style="list-style-type: none"> 1. The group’s name, address, phone number, and

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	<p>email address</p> <ol style="list-style-type: none">2. Date and time of service3. Number of passengers4. Origin, destination, and trip length (miles and hours)5. Fee collected, if any6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>
<p>Note: Charter service hours include: time spent transporting passengers, time spent waiting for passengers and “deadhead” hours.</p> <p>Charter Registration Website: Charter Bus Service Registration</p>	

J. INTERCITY BUS

FTA identifies intercity bus service as regularly scheduled bus service for the general public which operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, which has the capacity for transporting baggage carried by passengers. Package express service may be included, if incidental to passenger transportation. 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. Commuter service (service designed primarily to provide daily work trips within the local commuting area) is excluded from the definition.

While much of the public transportation service funded under the Rural Public Transit grant program covers large distances because of the nature of the areas served, not all long distance trips are included in the definition of intercity service. Similarly, service that only stops at an intercity bus facility among other destinations within the city at either end of a route that covers a long distance, without regard to scheduled connections, is eligible for Section 5311 funding as public transportation, but is not an intercity feeder service.

A public entity operating or contracting for intercity bus service is not required to provide complementary paratransit service for individuals with disabilities who are unable to use the fixed route intercity bus service.

Intercity bus service is a vital link between otherwise isolated rural communities and the rest of the nation. In recent years the major intercity carriers have abandoned many less productive routes. Patronage generated in rural areas, however, appears to be important to the continuing viability of the remaining intercity routes. One objective of the funding for intercity bus service under Section 5311, therefore, is to support meaningful connections between non-urbanized areas and scheduled intercity bus service in urban areas to more distant points. Intercity services accommodate baggage carried by passengers. Another objective is to support services to meet the intercity travel needs of residents in non-urbanized areas. ADOT awards 15% of its Section 5311 formula funds to Intercity per FTA requirements.

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K. SCHOOL BUS REQUIREMENTS

Grantees are prohibited from providing exclusive school bus service unless the service qualifies under an allowable exemption and is approved by the FTA Administrator. In no case can FTA-funded equipment or facilities be used to provide exclusive school bus service.

1. Do you provide school “tripper” service?

A tripper is an extra bus that is added to a route to provide capacity or service that cannot be accommodated by the buses already in service.

If yes, does the tripper service meet the following criteria to be considered public transit service?

- a. Service is regularly scheduled?
- b. Buses are clearly marked as open to the public?
- c. Buses have no special designations (e.g., school bus, school special)?
- d. Buses use regular bus stops?
- e. Service is noted on published schedules?

If not, the service does not qualify as public transit service and cannot be provided with FTA-funded equipment or out of FTA-funded facilities.

Please note: Agencies may work with schools for donations in exchange for students receiving transit passes. This is common with colleges and universities but there can be no exclusive service contract.

L. FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION (FMCSA)

All commercial motor vehicles (CMVs) (as defined in [49 CFR 390.5T](#)) used on a highway in interstate commerce to transport passengers must comply with applicable Federal Motor Carrier Safety Regulations (FMCSRs). The State of Arizona has adopted the FMCSA for intrastate (within state) commerce and passenger transportation. Regulations apply to any “for-compensation” motor carrier and receipt of FTA grant money qualifies all Rural Public Transportation grantees as “for-compensation” motor carriers. There are numerous requirements for transportation providers that operate commercial vehicles. These include requirements related to driver qualifications, and employers are responsible to ensure their employees meet these requirements. There are some exemptions for local units of government who operate their service, however, those exemptions do not apply to any subcontractors.

If your organization operates any of the following types of vehicles, that vehicle is considered a commercial motor vehicle under Federal and State law:

- designed or used to transport 16 or more passengers, including the driver, (interstate or intrastate)
- designed or used to transport 9-15 passengers (including the driver) for compensation, (interstate or intrastate) or
- has a gross vehicle weight rating or gross combination weight rating, or gross vehicle weight or gross combination weight, of 10,001 pounds or more, whichever is greater (interstate)

For vehicles designed to transport 9 to 15 passengers including the driver, the [following FMCSA regulations apply](#):

- Part 390 Federal Motor Carrier Regulations, General Markings (USDOT#)
- Part 391 Qualifications of Drivers
- Part 392 Driving of Commercial Motor Vehicles

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- Part 393 Parts & Accessories Necessary for Safe Operation
- Part 395 Hours of Service
- Part 396 Inspection, Repair, Maintenance

For vehicles designed to transport 16 or more passengers including the driver:

- all those above plus
- Commercial Driver's License (CDL)
- Part 382 Controlled Substances and Alcohol Use and Testing

Electronic Logging Device Exemption

Short-haul operations

150 air-mile radius driver. A driver is exempt from the requirements of [§§ 395.8](#) and [395.11](#) if:

- a. The driver operates within a 150 air-mile radius (172.6 statute miles) of the normal work reporting location;
- b. The driver, except a driver-salesperson, returns to the work reporting location and is released from work within 14 consecutive hours;
- c. A passenger-carrying commercial motor vehicle driver has at least 8 consecutive hours off-duty separating each 14 hours on-duty; and
- d. The motor carrier that employs the driver maintains and retains for a period of 6 months accurate and true time records showing:
 - i. The time the driver reports for duty each day;
 - ii. The total number of hours the driver is on-duty each day;
 - iii. The time the driver is released from duty each day; and
 - iv. The total time for the preceding 7 days in accordance with [§ 395.8\(j\)\(2\)](#) for drivers used for the first time or intermittently.

Local Government Exemptions

Local governments and their drivers are generally exempt from many Federal Motor Carrier Safety Regulations (FMCSRs). However, this exemption is not absolute, and specific regulations like [drug and alcohol testing](#) (Part 382) and [CDL requirements](#) (Part 383) still apply. Furthermore, exemptions may not apply if a local government's vehicles or drivers operate in [interstate commerce](#), cross state lines, or transport hazardous materials.

General Exemption: § 390.3T(f)(2) of the FMCSRs provides an exemption for federal, state, and local governments, as well as agencies established under a compact between states approved by Congress, from certain FMCSRs, specifically those in 49 CFR Chapter III, Subchapter B, parts 350-399.

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Specific Requirements:

Despite the general exemption, local governments and their drivers must still comply with certain regulations, including:

Drug and Alcohol Testing: Part 382 of the FMCSRs, which outlines drug and alcohol testing requirements, applies to government entities and their drivers.

Commercial Driver's License (CDL): Part 383, which covers CDL requirements, also applies to government entities and their drivers.

Interstate Commerce:

The general exemption does not apply to local government operations that involve interstate commerce, which is defined as transportation that crosses state lines or has the intent to cross state lines.

Local units of government are exempted from the following (government must be the motor carrier):

- Rules governing applications for Operational Authority (Part 365)—Operating authority application;
- Safety Fitness Procedures (Part 385)—New Entrant Safety Monitoring;
- Federal Motor Carrier Safety Regulations, General (Part 390)—Markings (USDOT#);
- Driver Qualifications (Part 391)
 - o Responsibilities of drivers,
 - o Driver qualification file, and
 - o Certificate of medical examination;
- Hours of Service (Part 395)
 - o Maximum driving times and
 - o Driver's record of duty status;
- Vehicle Inspection, Repair, and Maintenance (Part 396)
 - o Driver vehicle inspection reports,
 - o Periodic inspection, and
 - o Inspection of vehicles in operation.

Note: The exemptions for local units of government outlined in this section do not apply to subcontractors of local governments, even if they are non-profit organizations.

For more information regarding compliance with FMCSA, visit:

<https://csa.fmcsa.dot.gov/safetyplanner/Resources/FormsLibrary.aspx>

M. DRUG FREE WORKPLACE ACT REQUIREMENTS

In accordance with the Drug-Free Workplace Act of 1988 (41 U.S.C. 701 et seq.) and 49 CFR Part 32, each recipient is required to maintain a drug-free workplace for all employees and to have an antidrug policy and awareness program. The recipient must agree that it will provide a drug-free workplace and comply with all requirements of 49 CFR Part 32.

ADOT has adopted a Drug & Alcohol-Free Workplace Policy. In addition to the Department, ADOT requires sub-recipients who receive FTA funds to comply with the regulations contained in 41 U.S.C. 8103. Drug free workplace requirements for Federal grant recipients Subrecipients are required to provide a written drug-free workplace policy statement notifying employees that the unlawful

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manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and stating specific actions that will be taken for violations. All agencies should post a drug free workplace announcement / poster in an area that their employees can easily see. Subrecipients are required to maintain a drug free workplace for all award-related employees; report any convictions occurring in the workplace timely; and have an ongoing drug free awareness program.

N. DRUG & ALCOHOL REQUIREMENTS

In the interest of safety in transit operations, subrecipients receiving Section 5311 or 5339 funds that have safety-sensitive employees must have a drug and alcohol testing program in place for such employees.

The purpose of the D&A Testing Program is to help prevent accidents, fatalities, and injuries resulting from misuse of alcohol or the use of prohibited drugs by employees who perform safety-sensitive functions. Recipients must also certify annually that they are in compliance with DOT and FTA regulations concerning D&A testing (49 CFR Parts 40 and 655 respectively). Establishing a testing program is a condition of FTA funding.

FTA's regulation requires testing of employees who perform one or more of five transit safety-sensitive functions, which are defined at 49 CFR 655.4. The regulation requires the following six types of testing for illegal drug use and alcohol misuse: preemployment (including transfer from a non-safety-sensitive position to a safety-sensitive position and removal from the random pool for 90 days or more); reasonable suspicion; random; post-accident; return-to-duty (after a violation); and follow-up (a minimum of six tests in 12 months after returning to duty). Return-to-duty and follow-up tests are required to be directly observed.

Technical assistance materials and training information to help recipients implement the rules are available at [FTA's website](#) or by contacting your Program Manager for the ADOT Transit Drug and Alcohol Policy Template.

Safety sensitive functions are defined as those duties that include operation of revenue vehicles (whether or not in revenue service), operation of a non-revenue service vehicle when required to be operated by a holder of a Commercial Driver's License, controlling the movement or dispatch of the vehicles, maintenance of vehicles (unless in the case of the Rural Public Transportation programs 5311, 5307 or 5309 in an area less than 200,000 in population and contracts out such services), and security personnel who carry firearms, and supervisors who could perform any of the above responsibilities.

GRANTEE REQUIREMENTS

FTA's regulation requires each subrecipient to establish and implement a substance abuse prevention program consisting primarily of a testing program but with elements requiring training, educating, and evaluating safety-sensitive employees. The regulation requires the development of a detailed policy statement that must be distributed to all safety-sensitive employees and employee organizations. In addition, 49 CFR Part 655, subpart D, establishes prohibited alcohol concentration levels and behavior, and employers are directed to take specific action on the basis of the level of alcohol concentration. FTA requires the entity's governing body to formally adopt the policy. An entity's governing body is the board of directors or highest-ranking officials. The person who is primarily responsible for implementing and managing the program usually guides development of the initial draft of the policy and presents it to the governing body for review and approval. It is generally useful to involve top management officials, union officials (if the employees are represented) and local legal counsel in reviews of the draft policy.

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The policy must indicate proof of governing board adoption. Some entities include a header on their entire document that contains the policy number, adoption date, and appropriate signature. Other common methods include notating in the policy the date of the adoption and the ability to review the documentation upon request, a page documenting meeting minutes, or a formal adoption page complete with signatures. Another method is to include it as an appendix.

Although policies must be changed, readopted, and redistributed to reflect significant regulatory revisions, policy re-adoption is not necessary for minor regulatory changes. The same applies to minor changes in the policy statement such as the name of the entity's new Drug and Alcohol Program Manager, Medical Review Officer (MRO), Substance Abuse Professional (SAP), collection site, or testing laboratory. Such changes are often included in an appendix and described in a form distributed to safety-sensitive employees. The current revision date should also be indicated in the policy document.

Policy Statement

At a minimum, transportation operators and their subcontractors must adopt a policy which details the prohibited behaviors, testing requirements, identified sources of assistance for substance abuse problems, and the consequences for refusal to take tests and for positive drug and alcohol results.

Employee and Supervisor Education

Transportation operators must have a training program for all employees in safety sensitive positions that are compliant with the regulation. Employees must be trained prior to assuming their duties. The policy must include a community service "hotline" telephone number and the name of a person where employees can obtain assistance. In addition, supervisors who have the responsibility and authority to refer employees for testing under reasonable cause must receive additional training in manifestations and behavioral cues indicative of drug and alcohol use and abuse.

Your application should contain a list of managers who completed supervisor training. The application package also includes Substance Abuse Program Implementation Checklist that must be completed by continuing project applicants.

Substance Abuse Testing Program

Rural Public Transit recipients must be in compliance with the FTA Drug & Alcohol Testing Program. Transportation providers must test employees who perform safety sensitive functions for the use of prohibited drugs: marijuana, cocaine, opioids, phencyclidine (PCP), MDMA (ecstasy) and amphetamines and for alcohol. There are potentially six conditions which testing is mandatory:

Pre-employment and/or Pre-duty - Testing for drugs and the receipt of a negative test result is required prior to an employee performing in a safety sensitive position and before a current employee is transferred into a safety sensitive position. A pre-employment test is also required when a current employee who has not performed safety sensitive duties for more than 90 days **and** has been removed from the random pool, is brought back to work to perform safety sensitive duties.

Reasonable Cause - Testing is required when an employee in a safety sensitive function is observed by a trained supervisor to be exhibiting behavior indicative of drug or alcohol abuse. The decision to perform a "Reasonable Suspicion" test must be made based on specific contemporaneous, articulable observations concerning the appearance, behavior, speech, or body odor of the safety-sensitive employee. Reasonable Cause testing for drugs may be done anytime a safety sensitive employee is on

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duty. Reasonable Cause testing for alcohol may only be done just prior to, during or immediately after an employee has performed a safety sensitive duty.

Post – Accident - Testing is mandatory when an incident meets the FTA thresholds defining an accident. The thresholds for performing a test are as follows:

1. Any safety-sensitive employee, who is involved in an accident where there is a loss of life, must submit to drug and alcohol testing. Additionally, any safety-sensitive employee not directly involved in the accident, but whose performance could have contributed to the accident as determined by the employer shall be tested.
2. Whenever any individual involved in an accident is transported away from the scene for immediate medical treatment as a result of the accident. All safety-sensitive employees must be tested unless their behavior can be completely discounted as a contributing factor to the accident.
3. Whenever one or more vehicles incurs disabling damage as a result of the accident which requires the vehicle being towed away from the scene by a tow truck or other vehicle, testing is required (unless the employee's behavior can be completely discounted as a contributing factor).

Random - The random selection of employees is conducted in a scientific manner from a pool of safety sensitive employees ensuring that the employee has the same chance of being selected for testing every time there is a random selection done; The minimum random testing rate is set by the FTA and the testing must be spread over 12 months, in an unpredictable, unannounced manner. Testing must also be spread over all hours/days of operation. Testing must be performed immediately upon notification of the employee. Effective January 1, 2019, FTA is increasing the minimum required random drug testing rate from 25 percent to 50 percent for employers subject to the FTA's drug and alcohol rule. All 5311 agencies must comply with drug testing rates that are currently in effect.

Should the agency choose to retain the employee who refuses to test or has a positive drug or alcohol test result, the following additional conditions require testing of the employees:

Return-to-Duty - Testing of the employee is required after a policy violation resulting in a positive drug or alcohol test or the refusal to test. If the employer wants to return the employee to safety sensitive duties the employee must be evaluated by a Substance Abuse Professional (SAP) and once the SAP recommends the employee is ready to return to duty a negative drug and/or alcohol test must be required by the employer.

Follow-up-Testing - Any employee who has tested positive on a drug test or .04 or greater on an alcohol test or refused to be tested, must be evaluated by a Substance Abuse Professional. Upon the completion of the return to duty testing requirement, the SAP will prescribe the number of unannounced tests in addition to the usual conditions of testing that must be performed. The tests must be a minimum of 6 within the first 12 months of returning to work and can continue up to 60 months.

Reporting Procedures

Transportation operators must certify compliance and submit reports to ADOT on an annual basis as per 49 CFR Part 40. The reports shall be submitted on the appropriate form and shall consist of the requirements stated within the regulation which includes but is not limited to the number and results of drug and alcohol tests on the forms provided within the federal register or within the FTA

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implementation Guidelines. Failure to certify compliance or submit the required reports will result in the suspension of your system's eligibility for operating and capital funding.

Implementation in Arizona

When you implement the drug and alcohol regulations, you will affect all aspects of your operation including boards or commissions, the employee, the personnel system, and sub-contractors.

If you as the grantee subcontract services, you are responsible for ensuring that subcontractors are in compliance with the regulations that will require monitoring of their programs. In addition, you must also create new contractual relationships with appropriately qualified medical experts and certified drug testing laboratories and certified alcohol testing facilities, equipment and technicians. All Arizona Rural Public Transit projects will be required to comply with and participate in ADOT's Drug and Alcohol Program.

For those sub-recipients without their own contracted testing programs, ADOT will assist the agency by supplying guidance.

N. APPLICANTS' CERTIFICATIONS AND ASSURANCES

ADOT's Multimodal Planning Division is responsible for ensuring subrecipient compliance with applicable Federal requirements. FTA Certifications and Assurances are published annually and must be signed prior to the contract execution. ADOT will notify all current grantees when new FTA Certifications and Assurances are required.

O. NATIONAL TRANSIT DATABASE (NTD)

The FTA requires each designated recipient under the Section 5311 program to submit annual rural data through the National Transit Database (NTD). The NTD is the system through which the FTA collects uniform data needed by the Secretary of Transportation to administer department programs. FTA requires each State DOT receiving funds under the Section 5311 program to submit an annual report for each Section 5311 transit agency. Each grantee must provide the following information:

For each Subrecipient

- Transit Agency Profile
 - NTD Identification Number
 - Reporter Name
 - Division/Department Name
 - DBA (doing business as) and/or Acronym
 - address
 - UEI - Unique Entity Identifier
 - Website URL
 - Emergency Contact

by mode of transportation (i.e. commuter bus, bus (intercity and fixed route), demand response, and vanpool etc.)

- Annual Vehicle Revenue Miles
- Annual Vehicle Revenue Hours
- Regular Unlinked Passenger Trips
- Sponsored Unlinked Passenger Trips (Demand Response only)
- Costs Coordinated
- Major Incidents, Minor Incidents and Fatalities

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Subrecipients must also identify the types of service (TOS). Agencies report four TOS to the NTD:

- Directly Operated (DO)
- Purchased Transportation — General (PT)
- Purchased Transportation – Taxi (TX)
- Purchased Transportation — Transportation Network Company (TN)

General Transit Feed Specification Data for Fixed Route Modes

FTA requires NTD reporters with fixed route modes to create and maintain a General Transit Feed Specification (GTFS) feed. In accordance with the Bipartisan Infrastructure Law, FTA collects GTFS data for fixed routes as part of a broader effort to collect NTD reporters' geographic service area coverage data. GTFS is a common format that allows public transit agencies to publish their transit data in a way that most software applications can read.

Agencies must maintain a public domain GTFS dataset that reflects their fixed route service, as well as a publicly accessible link from which the GTFS dataset can be collected. Specifically, agencies should create and host one or more links containing their GTFS data. Each link must provide a compressed (.zip or "zip") archive containing at least one copy of each of the required text files listed below under GTFS Data Requirements, covering all fixed route modes. Links should provide a direct download of the GTFS dataset zip file. All links must be persistent (i.e., static), machine readable, and not password protected. The dataset may have multiple links, such as one per mode.

The reporting period for the State's report is July 1st through June 30th. While entities may also report to NTD directly when they are direct recipients or Tribes, the NTD data for 5311 funded service must be provided to ADOT when requested. Subrecipients should refer to [NTD's Reduced Reporter Policy Manual](#) which provides information on how to track the required information. NTD policy states that all costs should be directly associated with a mode of service. When this is not possible, subrecipients may allocate costs in accordance with NTD guidelines.

P. SAFETY AND SECURITY

As part of the Federal Transit Administration (FTA), eligible Rural Public Transit grant sub-recipients are required to comply with guidance contained in the Emergency preparedness, Response and Recovery requirements in the FTA Security Initiative. One of the requirements involves the completion of a [Safety, Security and Emergency Preparedness Plan \(SSEPP\)](#). ADOT staff are committed to exploring coordinated approaches to assist grantees in implementing a disaster safety and emergency evacuation plan, with a focus on ensuring business continuity during emergencies and providing effective evacuation support.

FTA safety and security requirements for the Rural Public Transit Grant primarily focus on ensuring safe and reliable public transportation in rural areas. While 5311 recipients are not currently required to have a full [Public Transportation Agency Safety Plan \(PTASP\)](#) like Section 5307 recipients, they are still subject to various safety and security regulations and guidelines. These include, but are not limited to, drug and alcohol testing, compliance with [Federal Motor Carrier Safety Administration \(FMCSA\) regulations](#), and implementing measures to address identified safety risks.

Key safety and security requirements for 5311 recipients:

Drug and Alcohol Testing:

Section 5311 recipients and subrecipients must adhere to FTA's drug and alcohol testing

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requirements, as outlined in 49 CFR Part 655. This includes testing for safety-sensitive employees, such as those operating revenue service vehicles, dispatchers, and maintenance personnel.

Compliance with FMCSA Regulations:

Section 5311 recipients and subrecipients may also be subject to FMCSA regulations, particularly those related to commercial vehicle operations and safety.

Safety Management:

While not required to develop a full PTASP, Rural Public Transit recipients are encouraged to implement Safety Management Systems (SMS) and take steps to identify and address safety risks within their operations.

Emergency Management:

Recipients should have plans and procedures in place to address potential emergencies, including coordination with local emergency responders and having protocols for passenger and employee safety.

ADA Compliance:

Recipients providing fixed-route service must ensure compliance with the Americans with Disabilities Act (ADA), including providing complementary paratransit service where required.

Q. BUY AMERICA DOMESTIC PREFERENCE

FTA funding comes with a requirement to use U.S. manufactured steel, iron, manufactured products, and construction materials. This domestic preference is called Buy America.

1. Steel and Iron. All steel and iron manufacturing processes must take place in the United States, except metallurgical processes involving refinement of steel additives. The steel and iron requirements apply to all construction materials made primarily of steel or iron and used in maintenance facilities, rail lines, and bridges.
2. Manufactured Products. For a manufactured product to be considered produced in the United States: (1) all the manufacturing processes for the product must take place in the United States and (2) all the components of the product must be of U.S. origin.
3. Construction Materials. Construction materials used in an FTA-funded project are subject to the domestic preference requirement of the Build America, Buy America Act, Pub. L. 117-58, div. G, tit. IX, 70911 – 70927 (2021), as implemented by OMB guidance to Federal awarding agencies on the Buy America Preference at 2 CFR 184.6.
4. Rolling Stock. For purposes of Buy America, rolling stock includes “all individual items identified as rolling stock in 49 CFR 661.3 (e.g., buses, vans, cars, railcars, locomotives, trolley cars and buses, ferry boats, as well as vehicles used for support services), train control, communication, and traction power equipment that meets the definition of end product at 49 CFR 661.3.
 - a. Domestic Content. Rolling stock must have a minimum amount of domestic content, and final assembly of the rolling stock must occur in the United States. For rolling stock procurements that will deliver a first production vehicle during or after FY 2020, the cost of components and subcomponents produced in the United States must be more than 70 percent of the cost of all components of the rolling stock (49 U.S.C. 5323(j)(2)(C)).
 - b. Pre-award and Post-delivery Reviews. Grant recipients must undertake reviews of rolling stock to be used in revenue service both before formal award of the contract and following delivery of the vehicles. The purpose is to ensure compliance with Buy

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America's domestic content requirements, the recipient's bid specifications, and Federal Motor Vehicle Safety Standards (49 U.S.C. 5323(m)).

5. Responsibilities. Under 49 CFR 661.13, a recipient's responsibilities are:
 - a. To adhere to the Buy America clause in its award agreement with FTA;
 - b. To include in its bid specification for procurement 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 a completed Buy America certificate in accordance with 49 CFR 661.6 or 661.12, as appropriate; and
 - c. To ensure a bidder complies with its original certifications. A bidder or offeror certifying that it will comply with the applicable Buy America requirements may not change its certification after bid opening or the submission of final offers. However, 49 CFR 661.13(b) allows a bidder or an offeror to correct an inadvertent error in a certification of noncompliance after a bid has been unsealed, with the burden of establishing the inadvertent error falling upon the bidder.
6. General Waivers. Recipients may use general waivers from the Buy America requirements without submitting a waiver request to FTA. General waivers are listed at Appendix A to 49 CFR 661.7 and on FTA Buy America website. Recipients should review general waiver requirements carefully to ensure that waivers are applied appropriately. FTA general waivers include waivers for:
 - a. Nonavailable Articles. This waiver incorporates all waivers published in 48 CFR 25.104, which establishes excepted articles, materials, and supplies for the Buy American Act of 1933 (41 U.S.C. 10a-d), as the waivers may be amended from time to time.
 - b. Microprocessors. FTA has issued a general public interest waiver from the Buy America requirements to microprocessors, computers, microcomputers, or software, or other such devices, which are used solely for the purpose of processing or storing data. This general waiver does not extend to a product or device which merely contains a microprocessor or microcomputer and is not used solely for the purpose of processing or storing data.
 - c. Small Purchases. FTA has issued a general public interest waiver that exempts "small purchases" from Buy America requirements at 49 U.S.C. 5323(j). The term "small purchase" means a purchase of not more than \$150,000 (49 U.S.C. 5323(j)(13)). FTA bases the exemption on the total amount of the contract or subcontract, including labor and options, and not just the value of the goods purchased (FTA's Guidance Letter on Buy America Small Purchase Waivers (Sept. 16, 2016)). This waiver does not apply to construction materials. Note that this small purchase waiver is not related to the micro-purchase or simplified acquisition thresholds that determine procurement processes.
 - d. De minimis costs and Small Grants Waiver. DOT has issued a Departmentwide waiver of the Buy America requirements for iron, steel, manufactured products, and construction materials under a single financial assistance award for which:
 - i. The total value of the non-compliant products is no more than the lesser of \$1,000,000 or five percent of total applicable costs for the project; or
 - ii. The total amount of Federal financial assistance applied to the project, through awards or subawards, is below \$500,000

iii.

R. EMPLOYEE POLITICAL ACTIVITY

To the extent applicable, the recipient agrees to comply with the provisions of the Hatch Act, 5 U.S.C. 1501–1508 and 7324–7326, and U.S. Office of Personnel Management regulations, “Political Activity of State or Local Officers or Employees,” 5 CFR Part 151. The Hatch Act limits the political activities of State and local agencies and their officers and employees whose principal employment activities are financed in whole or part with Federal funds, including a Federal grant, cooperative agreement, or loan. Nevertheless, in accordance with 49 U.S.C. 5323(l)(2) and 23 U.S.C. 142(g), the Hatch Act does not apply to a nonsupervisory employee of a public transportation system (or of other agencies or entities performing related functions) receiving FTA assistance to whom the Hatch Act would not otherwise apply.

S. RESTRICTIONS ON LOBBYING

Federal financial assistance may not be used to influence any member of Congress or an officer or employee of any agency in connection with the making of any Federal contract, grant, or cooperative agreement. The State, subrecipients, and third-party contractors at any tier awarded FTA assistance exceeding \$100,000 must certify they will not make any payment of Federal assistance for such purposes and must complete and submit standard form SF-LLL to disclose the expenditure of non-Federal funds for such purposes (49 CFR Part 20).

Other Federal laws also govern lobbying activities. For example, Federal funds may not be used for lobbying congressional representatives or senators indirectly, such as by contributing to a lobbying organization or funding a grassroots campaign to influence legislation (31 U.S.C. 1352). These laws do not prohibit general advocacy for transit. Providing information to legislators about the services a recipient provides in the community is not prohibited, nor is using non-Federal funds for lobbying, so long as the required disclosures are made.

T. PROJECT SIGNAGE

FTA recipients are encouraged to prominently display project signage designed to identify projects approved and funded by ADOT. Given the wide variability of transit projects, FTA does not specify a particular size or format of sign, but provides the following guidelines:

1. Project signs should display logos for ADOT and FTA. The logos should be included on every sign.
2. Signs should be designed to maximize visibility of logos and minimize any accompanying text.
3. Minimal text should be included on the sign. For example, “This project funded by...” preceding logos or “This station improvement...” or “This bus...” as appropriate, but text is not required.
4. Grantees may adapt placement of the logos and may design signs to be suitable to the specific project on which they are displayed but may not alter the design and colors of the logos themselves.
5. Signs at construction projects (facilities, for example) should be placed where they are visible to passersby and to customers approaching the site. FTA understands that a new facility may merit a durable permanent sign.
6. Revenue service vehicles may be identified by a decal and/or bumper sticker visible to the public and to boarding passengers. FTA understands that the useful life of a bumper sticker or decal may be less than the useful life of the vehicle to which it is attached.
7. If a construction project involves roadways, award recipients should use the guidance for road signs disseminated by FHWA division offices.

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8. Safety concerns should be taken into consideration in the placement of signs, so as not to obscure traffic control signs, for example, or create a hazard.
9. Grantees may use logos on paper documents and websites related to DOT-funded projects—for example, bid documents and website postings of contract awards.
10. The cost of producing and displaying the logos is an eligible project administration cost. However, costs associated with signage should be reasonable and limited. Signs should not be produced or displayed if doing so results in an unreasonable cost or expense.

U. TRIBAL CONSULTATION

The SUBRECIPIENT must exercise the State's tribal consultation and coordination protocol. The purpose for this provision is to ensure compliance with ADOT's MGT-16.01 DEPARTMENT-WIDE NATIVE NATION/TRIBAL GOVERNMENT CONSULTATION POLICY found in the transit program guidebook and Arizona Revised Statute Section 41-2051, Subsection C - Responsibilities of state agencies located at:

<https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/41/02051.htm>.

An ADOT Tribal Transportation Consultation Online Training Course and Handbook are available to the SUBRECIPIENT on the Arizona Tribal Transportation website at:

<https://aztribaltransportation.org/training>.

Appendices

Appendix A - Transit Insurance Checklist

Appendix B -ADOT Tribal Government Consultation Policy

Appendix A



TRANSIT GRANT AGREEMENT INSURANCE CHECKLIST

INSTRUCTIONS/TIPS/INFORMATION TO EASE THE INSURANCE PROCESS

Share this Checklist and the insurance requirements in your Agreement with your risk manager, insurance broker, or insurance agent.

Gather the documents described at each checkbox below (you must provide ADOT with a copy of each)

Sign the Checklist, attach required documents, and submit by email to ADOT Risk Management at mlb_mpd@azdot.gov. Please include the Agreement Number in the subject line.

CERTIFICATE OF INSURANCE (OR EVIDENCE OF SELF-INSURANCE)

☐ Certificate of Insurance

OR

☐ Evidence of self-insurance (include required additional insured, waiver, primary/non-contributory language)

Subrecipient Initials _____

**Certificate Holder should read: The State of Arizona or ADOT, 1324 N. 22nd Ave., Phoenix, AZ 85009*

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COMMERCIAL GENERAL LIABILITY

- ☐ Additional Insured endorsement form / policy section / self-insurance language
- ☐ Waiver of Subrogation endorsement form / policy section / self-insurance language
- ☐ Primary and Noncontributory endorsement form / policy section / self-insurance language

Subrecipient Initials _____

AUTOMOBILE COVERAGE

- ☐ Additional Insured endorsement form / policy section / self-insurance language
- ☐ Waiver of Subrogation endorsement form / policy section / self-insurance language
- ☐ Physical Damage coverage – Certificate of Insurance indicates maximum \$5000 collision and comprehensive deductible (does not apply to evidence of self-insurance)

Subrecipient Initials _____

WORKER'S COMPENSATION

- ☐ Waiver of Subrogation endorsement form or self-insurance language

Subrecipient Initials _____

Subrecipient Signature: _____ Date: _____

Appendix B

**ARIZONA DEPARTMENT OF TRANSPORTATION
POLICIES AND PROCEDURES**

**MGT-16.01 DEPARTMENT-WIDE NATIVE NATION/TRIBAL GOVERNMENT
CONSULTATION POLICY**

Effective: March 25, 2021

Supersedes: MGT-16.01 (07/23/2019)

Responsible Office: Director's Office (602) 712-7227

Review: March 25, 2023

Transmittal: 2021 – March

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1.01 PURPOSE

This policy establishes guidance for the Arizona Department of Transportation's (ADOT) relationship with Native Nations/Tribal Governments in the State of Arizona.

1.02 SCOPE

This policy is intended to guide ADOT personnel when interacting with the Native Nations/Tribal Governments in Arizona. To support the implementation of this policy, an online training course titled, ADOT Tribal Transportation Consultation Training and accompanying Handbook is available from the ADOT Learning Center Online Training page.

1.03 AUTHORITY

A.R.S § 28-332(A) Department of transportation jurisdiction

A.R.S. § 41-2051(C) Responsibilities of state agencies (supersedes Executive Order 2006-14)

Presidential Executive Order 13175 Consultation and Coordination with Indian Tribal Governments

United States Department of Transportation (US DOT) Order 5301.1 Programs, Policies and Procedures Affecting American Indians, Alaska Natives, and Tribes

18 U.S.C. § 1151 Indian country defined

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1.04 BACKGROUND

The Arizona Department of Transportation (ADOT) is a multimodal transportation agency that is responsible for planning, building and operating the state highway system and the Grand Canyon Airport. Within the State, multimodal transportation systems cross numerous jurisdictional boundaries. In particular, approximately 1,237 centerline miles of the state highway system traverse Native Nation/Tribal lands along with 12 airports maintained by the Native Nations/Tribal Governments. There are 22 Native Nations/Tribal Governments that have jurisdiction over approximately 28% of the land base within Arizona. Thus, the State is committed to work together with the Native Nations/Tribal Governments for the common

purpose of protecting the health, safety and welfare of the traveling public in Arizona through a continuously improving working relationship.

Furthermore, Executive Order 13175 dated November 6, 2000 (reaffirmed by President Barack Obama November 5, 2009 and by President Biden January 26, 2021), "Consultation and Coordination with Indian Tribal Governments", the United States Department of Transportation (US DOT) Order 5301.1 (November 16, 1999), "Department of Transportation Programs, Policies and Procedures Affecting American Indians, Alaska Natives and Tribes" and A.R.S. § 41-2051(C) "Responsibilities of state agencies", all set the basis for the state department of transportation to consult, cooperate and coordinate with Native Nations/Tribal Governments on actions that affect them. This is in addition to addressing environmental, cultural, historic, natural and human resource issues during the implementation of transportation programs and construction projects impacting Native Nations/Tribal reservations and aboriginal lands within the State boundaries. Consequently, the State is committed to consult, cooperate and coordinate with the Native Nations/Tribal Governments on the implementation of their respective multi-modal transportation mission and goals.

1.05 DEFINITIONS

Airport Development Grant	A written agreement between parties allowing certain approved airport improvement costs to be reimbursed by ADOT at a given rate of participation.
Consultation	Meaningful and timely discussion in an understandable language with tribal governments during the development of regulations, policies, programs, plans or matters that significantly or uniquely affect federally recognized American Indian tribes and their governments.
Cooperation	Working together in carrying out decision making activities to achieve a common goal or objective.

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Coordination	Cooperative actions among agencies and entities to integrate activities, responsibilities, and control to ensure resources of all parties are used as efficiently as possible.
Intergovernmental Agreement (IGA)	An agreement between political subdivisions including cities, counties, tribes or any other governmental agency or political subdivision. Includes interagency agreements, i.e., agreements between agencies or departments of the State.
Joint Project Agreement (JPA)	An agreement between parties for the joint exercise of powers to accomplish a task. A Joint Project Agreement is a type of intergovernmental agreement (IGA).
Memorandum of Agreement (MOA)/ Memorandum of Understanding (MOU)	A written agreement between parties to cooperatively work together on an agreed upon project or meet an agreed upon objective. The purpose is to have a written understanding of the agreement between parties.
Native Nations/Tribal Governments	The 22 Federally recognized Native Nations, Tribal Governments, and Tribal Communities that have jurisdiction over lands located within the boundaries of the State of Arizona. These tribes are acknowledged to exist by the Secretary of the Interior pursuant to the Federally Recognized Indian Tribe List Act of 1994, Public Law 103-454.
State Transportation Improvement Program (STIP)	A statewide prioritized listing/program of transportation projects covering a period of four years that is consistent with the state long-range transportation plan, metropolitan transportation plans, and Transportation Improvement Programs (TIPs), and required for a project to be eligible for funding under Title 23 United States Code and Title 49 United States Code, Chapter 53.

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1.06 POLICY

ADOT recognizes the sovereign status of Native Nations/Tribal Governments and their jurisdiction over lands within reservation boundaries as defined by Federal law [18 U.S.C. §1151]. ADOT also recognizes its exclusive control and jurisdiction over state highways within reservation boundaries as defined in A.R.S. § 28-332(A). In recognition of Native Nations/Tribal sovereignty, ADOT respects the unique and continuous existence of each Native Nation's/Tribe's government, people, history, culture, codes and laws.

1. ADOT is committed to developing relationships with the Native Nations/Tribes in Arizona, and will respect and consider all transportation concerns. ADOT appreciates and encourages the Native Nations'/Tribal Governments' contribution to the transportation concerns of the State of Arizona.
2. ADOT will neither solicit nor assert any claim to Federal resources that would otherwise be provided directly to Native Nations/Tribes, unless an impacted Native Nation/Tribe gives consent.
3. ADOT will maintain and operate State owned transportation infrastructure within Native Nation/Tribal lands in the best interest of the State while respecting the concerns of the Native Nations/Tribal Governments and their communities.
4. ADOT management, including the director, deputy directors, district engineers, and other designated staff, will maintain the appropriate working relationships with Native Nation/Tribal Government elected officials and staff to assure the continuous operation of all respective transportation systems.
5. ADOT will consult with Native Nations/Tribal Governments during the transportation planning processes and implementation of the Statewide Transportation Improvement Program (STIP) in accordance with Federal Highway Administration, Federal Transit Administration, and Federal Aviation Administration policies and this policy.
6. ADOT will enter into Intergovernmental Agreements, Joint Project Agreements, Memoranda of Agreement, Memoranda of Understanding or Airport Development Grants when considered mutually appropriate by ADOT and the appropriate Native Nation/Tribal Government.
7. ADOT, while acknowledging funding and jurisdictional limitations, will work with Native Nations/Tribal Governments to identify available resources to jointly or individually fund projects to benefit the State and Native Nation/Tribal communities.
8. ADOT will conduct technical training, when appropriate and as resources allow, and support planning, development, construction, maintenance, and operation of transportation facilities under Native Nation/Tribal jurisdiction.
9. ADOT will engage in partnering efforts, when appropriate and as resources allow, by encouraging and improving understanding and communication with the Native Nations/Tribal Governments.

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10. ADOT will encourage mutual understanding of unique cultural and organizational practices among ADOT and the Native Nations/Tribal Governments.
11. ADOT will provide timely opportunities for communication with Native Nations/Tribal Governments about decisions that may affect them. ADOT values reciprocity by Native Nations/Tribal Governments and encourages timely notification on matters that may affect the State.
12. ADOT will share appropriate technical information and data with Native Nations/Tribal Governments in accordance with established ADOT policy. ADOT values reciprocity and encourages all Native Nations/Tribal Governments to share appropriate technical data with the State in accordance with established Native Nations/Tribal Government policy.
13. ADOT will assist Native Nations/Tribal Governments to implement transportation programs by providing technical assistance, reference tools, sharing data, conducting joint Native Nations/Tribal Government and State projects, and by cooperatively resolving transportation issues to the extent resources allow.