

PUERTO RICO STATE MANAGEMENT PLAN



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Definitions

1. Federal Transit Administration (FTA) is responsible for providing overall policy and program guidance; apportioning funds annually to the states; developing and implementing financial management procedures; initiating and managing program support activities and conducting national review and evaluation.
2. Consultation means one party confers with another identified party in accordance with an established process and, before acting, considers that party's views and periodically informs that party about action(s) taken.
3. Intercity Bus Service means regularly scheduled bus service for the general public that operates with limited stops 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.
4. Local Governmental Authority includes (A) a political subdivision of a state; (B) an authority of at least one state or political subdivision of a state; (C) an Indian tribe; or (D) a public corporation, board, or commission established under the laws of a state.
5. Other than Urbanized (Nonurbanized) Area means any area outside of an urbanized area. The term "nonurbanized area" includes rural areas and urban areas under 50,000 in population not included in an urbanized area.
6. Pre-Award Authority means authority given under specific and limited circumstances to incur costs for eligible projects before a grant is made without prejudice to possible federal participation in the cost of the projects(s). Applicants must comply with all federal requirements. Failure to do so will render a project or costs ineligible for FTA financial assistance.
7. Program of Projects (POP): The POP is a list of projects identified in the Transportation Improvement

Program to be funded in a grant application submitted to FTA by a state. The POP lists the subrecipients and indicates whether they are private non-profit agencies, public bodies, or private providers of transportation service, designates the areas served (including Congressional Districts), and identifies any tribal entities. The POP also identifies intercity bus projects. In addition, the POP includes a brief description of the projects, total project cost and federal share for each project, and the amount of funds used for program administration from the 15 percent allowed.

8. Public Transportation means surface transportation by a conveyance that provides regular and continuing general or special transportation to the public, but does not include school bus, charter, or intercity bus transportation.
9. Recipient means a state that receives a federal transit program grant directly from the Federal Government.
10. Rural Area means an area with low population and density outside the boundaries of an urban area. However, the term rural is commonly used to refer to all areas other than urbanized areas and is so used in this circular.
11. Standard Agreement The legally enforceable agreement between PRHTA and a subrecipient that defines the project (including its funding and scope of work), goals, terms and conditions of a grant award. It also may be referred to as a funding agreement or contract.
12. Subrecipient means a state or local governmental authority, a non-profit organization, or operator of public transportation or intercity bus service that receives Federal transit program grant funds indirectly through a recipient.
13. Urban Area means an area that includes a municipality or other built-up place that the Secretary, after considering local patterns and trends of urban growth, decides is appropriate for a local public transportation system to serve individuals in a locality.

14. Urbanized Area means an area encompassing a population of not less than 50,000 people that has been defined and designated in the most recent decennial census as an “urbanized area” by the Secretary of Commerce. Small urbanized areas as used in the context of FTA formula grant programs are urbanized areas with a population of at least 50,000 but less than 200,000.

Introduction

This State Management Plan (SMP) provides essential information for the understanding and implementation of Federal Transit Administration (FTA) transit grant programs managed and administered by the Puerto Rico Highway and Transportation Authority (PRHTA).

The Federal Coordination Office (FCO), a Division of PRHTA, is responsible for administering these funds in accordance with state and federal laws, statutes, and regulations. FCO, through a working relationship with the FTA, Metropolitan Planning Organizations (MPO), local governments, and transit providers, develops and maintains an effective and efficient network of transportation services available to the public.

This document will provide the reader with an understanding of the FTA's requirements for the administration and implementation of these programs and PRHTA policies and procedures for the management of the programs in Puerto Rico.

A. Puerto Rico Highway and Transportation Authority (PRHTA)

On August 10, 1992, the Governor designated the Puerto Rico Highway and Transportation Authority (PRHTA) as the State Agency responsible for receiving and administering the funds apportioned to the Island under the Urbanized (UA) and Non-urbanized Area (NUA) Programs of the Federal Transit Administration (FTA). Prior to 1991, the Puerto Rico Department of Transportation and Public Works (PRDTPW) was the designated recipient and were responsible for the policy development and administration of public transportation in Puerto Rico. In 1991, the Governor reorganized the PRDTPW as the policy making umbrella agency for transportation on the island, and the PRHTA became the designated recipient of the FTA funds.

The Governor designated the PRDTPW as the Operative Arm of the Puerto Rico Metropolitan Planning Organization (PRMPO) for all urbanized areas in Puerto Rico. The Secretary of the DTPW is its President. The

MPO is composed of three policy committees: (1) San Juan Urbanized Area (SJUA), (2) the Aguadilla Urbanized Area (AUA) and (3) Urbanized Areas Under 200,000 (UZA). Voting members consist of the mayors of each of the 72 urbanized area municipalities, and the heads of state and Federal agencies involved in transportation planning, including: Puerto Rico Department of Transportation and Public Works (PRDTPW), Puerto Rico Highway and Transportation Authority (PRHTA), Metropolitan Bus Authority (MBA), Puerto Rico Ports Authority (PRPA), Puerto Rico Planning Board (PRPB), Permission Management Office (PMO), Public Service Commission (PSC), Puerto Rico Integrated Transportation Authority (PRITA), Puerto Rico Department of Natural and Environmental Resources (PRDNER) and the Environmental Quality Board (EQB). Non-voting members include Puerto Rico Division of the Federal Highway Administration (PRFHWA), and FTA's Region IV.

The Federal Coordination Office (FCO), Strategies Planning Office and the Programming and Special Studies Area are responsible for planning and implementing the technical and administrative activities of the MPO, including organization of the Technical and Policy Committee meetings, development of the Transportation Improvement Program (TIP) and Statewide Transportation Improvement Program (STIP), documents in addition to planning enhancement and research projects for highway and transit projects, the Unified Planning Work Program (UPWP) and the State Planning and Research Program (SRP). The FCO is responsible for the plan and managing of several federal transit programs. This document outlines the policies and procedures for management of the section §5303/5304 -Metropolitan & Statewide and Nonmetropolitan Transportation Planning, §5307-Urbanized Area Formula Program Grants, §5310- Elderly Individuals and Individuals with Disabilities, §5311-Nonurbanized Area, §5324-Emergency Program and §5339- Bus and Bus Facilities Program.

B. Public Transportation System Profile

Públicos are privately owned and operated services regulated under the Public Service Commission. Services can operate specific routes but without a specific schedule. Públicos are operated under individual or franchise agreements, with fares regulated by route and special insurance requirements. Vehicle capacity varies from eight 8 to 24, and the vehicles may be owned or leased by the operator. This service does not receive any governmental, operating subsidies.

From data obtained from the National Transit Database (NTD), it is quite evident that the Públicos system has had a significant drop in trips made in between 2010 and 2016. This can be seen in Table 2.53. From 2010 to 2016 there have been more than 20 million fewer trips carried by Públicos across Puerto Rico, a drop of nearly 50%. Another summary statistic that shows a significant reduction is the annual passenger miles which has shown a decrease from 122,570,478 in 2013 to 90,291,870 in 2016.

Also, between Fiscal Year 2012 and Fiscal Year 2016, the Público system has lost 23% of its routes, down from 453 to 346. In the same 5-year period the number of vehicles available to provide transportation services have decreased by 31%. Similarly, sponsorship has also seen a significant decline, and is expected to continue to decrease in the absence of policies and programs aimed at stabilizing this transportation service. The following Figure presents the Público routes in Puerto Rico.

	2010	2011	2012	2013	2014	2015	2016
Público (Annual Unlinked Trips)	42,134,000	38,706,000	32,670,000	27,021,382	27,881,893	25,796,436	21,353,376
Change	-	(3,428,000)	(6,035,000)	(5,649,000)	861,000	(2,085,000)	(4,443,000)
%Change		(8.1%)	(15.6%)	(17.3%)	3.2%	(7.5%)	(17.2%)

Ferry service operated by the ATM provides public transportation to and from the two island municipalities of Culebra and Vieques.

In the San Juan Urbanized Area, public transportation is provided by the Metropolitan Bus Authority, a public transit agency within the PRDTPW; Metrobus, a private transit company under contract to the PRHTA (management, as well as the *Tren Urbano* Services) by the Integrated Transportation Alternative Office and “público”; and, to a lesser extent, private bus companies. In addition, ferry service is offered by the ATM linking Old San Juan and Cataño.

I. Management

a. Program Management

The Governor of Puerto Rico has designated the Puerto Rico Highway and Transportation Authority (PRHTA), as the recipient of FTA programs: Section 5303/5304 (Metropolitan & Statewide and Nonmetropolitan Transportation Planning), Section 5307 (Small Urbanized Area Formula Grants); Section 5310 (Enhanced Mobility of Seniors and Individuals with Disabilities); Section 5311 (Formula Grants for Rural Areas), Section 5324 (Emergency Relief Program) and 5339 (Buses and Bus Facilities Grants Program). As designated recipient of these programs, PRHTA is responsible for administering these program funds in accordance to State and federal laws, statutes, and regulations. It is the overall goal of the State to verify “fair and equitable distribution of program funds”. All subrecipients and sub recipients, must comply with all terms and conditions of FTA’s standard grant agreements and all management, statutory, procedural, and contractual requirements. Failure to adhere to all federal requirements will render any existing or potential subrecipient ineligible for federal financial assistance. PRHTA will also not take action that prejudices the legal and administrative findings that the FTA must make in order to approve a project.

This section describes PRHTA Program Management structure and processes related to the FTA grant programs which are the subject of this SMP. Included here are organizational roles and responsibilities for PRHTA and other stakeholders, technical assistance provisions, and State management and oversight.

i. Organization and staffing

The FCO Director is directly responsible for the administration and management of these Programs. The management team consists of FCO Director, an Executive Official, Planning Technicians and consulting services that provides the project management oversight for projects;

Offices	Description
FINANCE OFFICE	
FTA fiscal section	Maintain the financial accounting systems for projects; processes drawdown and project reimbursements for all Federal funding programs; prepares FFR.
Preintervention Office	Reviews reimbursement request; approves invoices for payment; sends the request to the Fiscal Section for FTA drawdown.
Treasurer's Office	Cuts checks and sends to Sub recipients.
CIVIL RIGHTS OFFICE	
Civil Rights	Ensures that civil rights obligation is fulfilled (Title VI and DBE).
LEGAL DIVISION	
Legal Office	Helps in preparation of Interagency Agreements, contracts and other legal aspects

The Programs are managed consistent with all Federal regulations including the following (These requirements also apply to Subrecipients for project administration.):

- ***“Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments”***, 49 CFR Part 18.

- FTA Circular 5010.1E, “***Grant Management Guidelines***”.
- FTA Circular 8100.1D, “***Program guidance for Metropolitan Planning and State Planning and research programs grants***”
- FTA Circular 9070.1G “***Enhanced Mobility of Seniors and Individuals with Disabilities Program Guidance and Application Instructions***”
- FTA Circular 9040.1G “***Formula Grants for Rural Areas: Program Guidance and Application Instructions***”
- “***Emergency Relief Program***”, 49 U.S.C 5324
- FTA Circular 5300.1 “***State of Good Repair Grant***”
- FTA Circular 5100.1 “**Bus and Bus Facilities Formula Program: Guidance And Application**”

Instructions

Copies of pertinent management documents are provided to Subrecipients and form part of the PRHTA’s “***Grant Management Guidelines***”, which provides information about Subrecipient responsibilities in the following areas as well as contains copies of and instructions for completing required forms, including quarterly progress reports, reimbursement requests, bid results, etc: The major sections of this manual include:

- Financial Management Systems
- Procurement
- Third Party Contracting
- Property Acquisition and Disposition

- Equipment Management
- Reporting
- Grant Closeout
- Certifications and Assurances

ii. Internal Roles and Responsibilities

1. Analyze results of funding cycle
2. Conduct statewide application workshops
3. Conduct successful applicant and vehicle delivery workshop
4. Coordinate and participate on the State Review Committee
5. Develop and maintain equipment inventory
6. Develop and update program documents, including grant application, evaluation criteria and the State Management Plan
7. Develop and update recipient procurement guidelines
8. Develop annual program timelines
9. Develop funding list and Program of Projects
10. Disadvantaged Business Enterprise (DBE) reporting
11. Verify compliance of all federal and State procurement regulations
12. Equipment disposition
13. Establish program policies
14. Verify vehicle compliance with pre award and post-delivery certification requirements

15. Interpret federal and State regulations and guidelines and provide technical assistance
16. Interpret federal and state regulations and guidelines pertaining to procurement.
17. Issue vehicle orders for eligible subrecipients
18. Maintain subrecipients and facility files.
19. Monitor vehicle equipment usage and facilities.
20. Oversee project audit and close out.
21. Prepare and execute standard agreements with subrecipients.
22. Prepare and submit amendments to federal grants application for grants in which funds are reprogrammed and expended.
23. Prepare and submit annual federal grants applications.
24. Prepare and submit Milestone and Federal Financial Reports for each grant via TRAMS.
25. Review and approve request for reimbursements.
26. Process invoice for payments
27. Project management and oversight
28. Provide technical assistance and follow up on program issues.
29. Provide technical assistance to recipients and sub recipients
30. Review and analyze state vehicles bids
31. Review and solicit grants applications
32. Title VI compliance
33. Monitor Drugs and Alcohol Policies, collection sites and verify DAMIS
34. Monitor ADA Policies and Procedures

35. Triennial On site monitoring of vehicle/ Equipment
36. Verify and monitoring TAM Plans and targets
37. Verify and Monitor PTASP Compliance

iii. External Roles and Responsibilities

Federal Transit Administration (FTA)

The FTA Headquarters Office is responsible for providing overall policy and program guidance; apportioning funds annually to the states; developing and implementing financial management procedures; initiating and managing program support activities; and conducting national program review and evaluation.

Federal Transit Administration Regional Office

For Sections 5303/5304, 5307, 5310, 5311, 5324, 5337 and 5339, the FTA Regional Office is tasked with assisting agencies with grant administration through the planning, finance, execution, and delivery of transit projects. The FTA Regional offices have the day-to-day responsibility for administration of the program. Regional office activities include reviewing and approving state grant applications; obligating funds; managing grants; overseeing the state's implementation of the annual program, including revisions to the Program of Projects (POP); receiving state certifications; reviewing and approving SMP, providing technical assistance and advice to the states as needed; and performing state management reviews every three years, or as circumstances warrant.

Puerto Rico Metropolitan Planning Organizations (PRMPO)

The Puerto Rico Metropolitan Planning Organization (PRMPO) is a transportation policy-making organization made up of representatives from local government and transportation authorities. PRMPO were created to ensure

that existing and future expenditures for transportation projects and programs were based on a comprehensive, cooperative, and continuing planning process.

The role of the PRMPO includes establishing a local forum for transportation decision making; evaluating transportation alternatives; developing and updating a long-range transportation plan; developing a Transportation Improvement Program (TIP), Transit Asset Management (TAM), Puerto Rico Transit Asset Management (TAMP), Public Transportation Agency Safety Plan (PTASP), Public Involvement Plan, Safety Performance Targets ; and getting the public involved. The PRHTA works in cooperation with these local groups in developing their TIPs. In accordance with federal regulations, the PRMPO establish their project priorities and PRHTA/FCO includes those in the statewide program.

Rural communities that are not a part of the urbanized areas of PRMPO as described above, but to ensure that federal and state regulations and guidelines for transportation planning in rural areas are met among their many duties, the Federal Coordination Office is responsible for providing a public forum and serving as an advisory board to review funding applications from sub-recipients.

Long Range Transportation Plan (LRTP)

The Puerto Rico Long Range Transportation Plan presents long range multimodal assessments of the statewide transportation program. Long range transportation Plan has been part of the PRHTA process for many years. Federal regulations guide development of the PRLRTP and require that it address transportation needs for a minimum of 20 years into future. The PRLRTP address all modes of transportation including transit, road and

bridges, bicycle, and pedestrian systems, for which PRHTA has direct responsibility or participates cooperatively to support other local and state government agencies. This plan is coordinated with urban and rural areas of the island and conforms to federal regulatory requirements.

The transportation planning supports the economic vitality for the state by increasing available options and enhancing the integration and connectivity of the transportation system, across and between modes, for private and public transportation. The transportation planning is more than merely listing highway and transit capital investment. It requires developing strategies for operating, managing, maintaining, and financing the area's transportation system to advance the long-term goals.

An efficient transportation system can improve the economy, shape development patterns, and influence quality of life and the natural environments. The PRHTA provides direct support to state, regional and local agencies in ongoing transportation planning. The transportation planning process is a cooperative effort between PRHTA, PRDTPW, PRMPO, and transit providers.

II. State Administration and Oversight

FCO is responsible for verifying that subrecipients, third party contractors, and lessees adhere to the applicable Federal and State Regulations. FCO develops and implements effective systems for monitoring and verifying compliance with statutory and program requirements. FCO subrecipients monitoring includes:

- Project monitoring and site visits.
- Training/Workshops for Subrecipients.

- Reporting Requirements (Milestone Progress Reports, Disadvantaged Business Enterprise Reports (DBE), National Transit Database (NTD) Reports (5311), Drug and Alcohol Management Information System Reports (5311), and Bi-annual Reports (5310). Reports are used to evaluate the performance of individual agencies deliverables and are compared with original service projections. Any concerns resulting from subrecipient monitoring or analysis of data, including, but not limited to; underutilized equipment, safety issues or potential misuse of equipment, are analyzed for follow-up.

Reports are used to evaluate the performance of individual agencies deliverables and are compared with original service projections. Any concerns resulting from subrecipient monitoring or analysis of data, including, but not limited to; underutilized equipment, safety issues or potential misuse of equipment, are analyzed for follow-up. DRMT will also take appropriate action and resolution to verify federal program compliance as follows:

- Wholly or partially suspend or terminate the current award for the subrecipient's projects.
- Withhold future awards to the subrecipient for the program.
- Take any other remedies that may be legally available.

III. Milestone Progress Report

Subrecipients periodically must provide FCO with progress reports on each of their FTA-funded projects. FCO provides the forms to be used as well as the schedule and frequency for filing these progress reports.

To comply with the reporting requirements for all active grants in accordance with FTA Circular 5010-1E Award Management Circular, the Puerto Rico Highway and Transit Authority (PRHTA) developed a procedure to

consolidate the Milestone Progress Report (MPR) and the Federal Financial Report (FFR). All this to provide the most accurate information regarding project progress and the use of obligated funds.

PROCEDURE TO CONSOLIDATE MPR'S AND FFR'S

- The PRHTA Federal Coordination Office (FCO) staff is responsible for submitting all required information regarding project progress to be included in the MPR's and its submittal in TrAMS.
- The PRHTA Finance Office is in charge submitting the FFR's with required information. The input for the FFR's is related to Federal Cash, Recipient Share, Unliquidated Obligations, and Program Income from each Award.
- Prior to submitting the FFR and MPR's, the related contracts/binding commitments and invoices of goods and service received from third party contractors corresponding to active Awards are received from subrecipients and submitted to the PRHTA Program Manager, who reviews payment requests to ensure that adequate supporting documentation is attached and that the charges are within the approved scope and budget of the project.
- The Staff of the FCO review the request and approve payment and submits the payment request to the PRHTA Finance Office. The Fiscal Section of the Finance Office in charge of Federal Transit Programs verifies that the costs are allowable and within the approved budget and requests the drawdown from FTA through the Electronic Clearing House Operation (ECHO).

Table 1. MPR's and FFR's Reporting Periods		
Quarter	Reporting Period	Reporting Due Date
Quarter 1	October- December	January 30 th
Quarter 2	January- March	April 30 th
Quarter 3	April- June	July 30 th
Quarter 4	July- September	October 30 th

- On each Quarter Report Period the Finance Office concludes its disbursement process 15 days before the end of each Quarter, to consolidate the Award funds balances and identify unliquidated obligations. A balance sheet report is generated and compared with the Award Funds Status Report.
- Every Quarter Report Period, PRHTA Finance Staff and Federal Coordination Office Program Managers meet to compare the balance sheets from each office. Balance Sheet is referred to how each program manager reconciles their projects (Grants Management System is currently not available). To correctly report unliquidated obligations of Award.

IV. National Transit Database (NTD)

Congress established the National Transit Database (NTD) to be the Nation's primary source for information and statistics on the transit systems of the United States. The legislative requirement for the NTD is found in Title 49 U.S.C. 5335(a). This statute requires that recipients or beneficiaries of grants from the Federal Transit

Administration (FTA) under the 5311 (including 5311(f) and CMAQ funds flexed to 5311) and 5339 programs submit data to the NTD. NTD reporting is also a requirement of the standard agreement language that agencies, as subrecipients of FTA funds, execute with PRHTA when grant funds have been awarded. FTA submits annual NTD reports to Congress summarizing transit service and safety data.

FTA uses NTD data to apportion funding to transit agencies in the United States. FTA apportions funds using NTD data from two years prior (e.g., Fiscal Year (FY) 2018 data was used for the FTA FY 2020 apportionment). FTA has separate funding programs for transit agencies that operate in urbanized and rural areas. Agencies that operate in both urban and rural areas may receive or benefit from both funding programs. To be eligible to receive funding from FTA, transit agencies must report to the NTD.

The NTD collects financial and service information from public transportation agencies across the country and requires all transit agencies to report on an annual basis. In the Annual Report, agencies provide a summary of transit characteristics, including financial and operating statistics.

PRHTA, as a State Department of Transportation, reports to NTD on behalf of its subrecipients. FCO is responsible for filing the Statewide Summary report to the NTD on behalf of PRHTA. NTD Direct Recipients receiving FTA funds as a subrecipient of PRHTA are not exempt from this required reporting. FCO supplies the forms for NTD reporting. Additional information regarding NTD is available online at <https://www.transit.dot.gov/ntd>.

V. Federal Transit Programs

a. Section 5303/5304

This program provides funding and procedural requirements for multimodal transportation planning in metropolitan areas and states that is cooperative, continuous, and comprehensive, resulting in long-range plans and short-range programs of transportation investment priorities. The section 5303 encourages and promote the safe and efficient management, operation, and development of surface transportation systems that will serve the mobility needs of people and freight and foster economic growth and development within and between states and urbanized areas. To accomplish the objectives stated in section 5303(a), each state shall develop a statewide transportation plan and a statewide transportation improvement program for all areas of the state.

Eligible Activities

Funds are available for planning activities that

- (A) support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency.
- (B) increase the safety of the transportation system for motorized and nonmotorized users.
- (C) increase the security of the transportation system for motorized and nonmotorized users.
- (D) increase the accessibility and mobility of people and for freight.
- (E) protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns

- (F) enhance the integration and connectivity of the transportation system, across and between modes, for people and freight
- (G) promote efficient system management and operation; and
- (H) emphasize the preservation of the existing transportation system.

Eligible Recipients

States and Metropolitan Planning Organizations and Non Profit Organizations

b. Section 5307

This program makes Federal resources available to urbanized areas and to Governors for transit capital and operating assistance in urbanized areas and for transportation related planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census.

Eligible Activities

Include planning, engineering design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs.

For urbanized areas with a population of 200,000 and over, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds. For urbanized areas under 200,000 in population,

the funds are apportioned to the Governor of each state for distribution. In Puerto Rico, the 5307 grants between 50,000-199,999 apply directly to FTA.

c. Section 5310

Title 49 U.S.C. 5310 authorizes the formula assistance program for the Enhanced Mobility of Seniors and Individuals with Disabilities Program to provide formula funding to states and designated recipients to improve mobility for seniors and individuals with disabilities. The program provides grant funds for capital and operating expenses to recipients for public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.

Under MAP-21 and FAST Act, this program no longer provides a single apportionment to each state, it now provides apportionments specifically for large urbanized (over 200,000), small urbanized (50,000-200,000), and rural areas (50,000), and requires new designations of designated recipients in large urbanized areas (UZAs).

The goal of the Section 5310 program is to improve mobility for seniors and individuals with disabilities throughout the country by removing barriers to transportation services and expanding the mobility options available. Toward this goal, FTA provides financial assistance for transportation services planned, designed, and carried out to meet the special transportation needs of seniors and individuals with disabilities in all areas – large urbanized, small urbanized, and rural. The program requires coordination with other federally assisted programs and services in order to make the most efficient use of federal resources.

PRHTA, as a designated recipient, has the authority and responsibility for administering the Section 5310 program. These responsibilities include but are not limited to:

- Documenting the state or designated recipient's procedures in a state management plan (SMP).

- Planning for future transportation needs and verify integration and coordination among diverse transportation modes and providers.
- Developing project selection criteria consistent with the coordinated planning process.
- Notifying eligible local entities of funding availability.
- Soliciting applications from potential subrecipients.
- Determining applicant and project eligibility.
- Certifying that allocations of funds to subrecipients are made on a fair and equitable basis.
- Submitting an annual program of projects (POP) and grant application to FTA.
- Verifying subrecipients comply with federal requirements.
- Certifying that projects are included in a locally developed, coordinated public transit-human service transportation plan developed and approved through a process that included participation by seniors; individuals with disabilities; representatives of public, private, and nonprofit transportation and human service providers; and other members of the public.
- Certifying that to the maximum extent feasible, services funded under Section 5310 are coordinated with transportation services assisted by other federal departments and agencies.
- Verifying that at least 55 percent of the area's apportionment is used for traditional Section 5310 projects carried out by the eligible subrecipients.
- Overseeing project audit and closeout.

Eligible Subrecipients

Eligible subrecipients under Section 5310 may be a state or local governmental authority, a private nonprofit organization, or a public transportation operator. Section 5310 provides that of the amounts apportioned to states and designated recipients, not less than 55 percent shall be available for traditional Section 5310 projects – those public transportation capital projects planned, designed, and carried out to meet the special needs of seniors and

individuals with disabilities when public transportation is insufficient, unavailable, or inappropriate. Further, the law provides that, for these projects a recipient may allocate the funds apportioned to it to:

- A private non-profit organization; or
- A state or local governmental authority

Eligible Projects

MAP-21 expanded the Section 5310 program funding to include mobility management and operating assistance projects. Not less than 55 percent shall be available for traditional (capital) Section 5310 projects. Notably, this 55 percent is a minimum. Eligible projects include purchase of rolling stock and related activities - the lists below provide an overview of eligible and non-eligible capital expenses per existing State rules:

Eligible Section 5310 projects (55 percent award funding minimum)

- ADA-accessible buses and vans (including baseline vehicle equipment). Excludes sedans or SUV's.
- Vehicle procurement testing, inspection, and acceptance costs
- Wheelchair restraints and securement devices.
- Radios and communication equipment.
- Initial component installation costs.
- Computer hardware and software (scheduling and dispatch software) in support of 5310 program purposes only.
- Extended warranties which do not exceed the industry standard (at the time of purchase only).
- Transit-related intelligent transportation systems (ITS); and the introduction of new technology, through innovative and improved products, into public transportation.

Non-Eligible Expenses

- Fixed route equipment such as, but not limited to fare boxes, destination signs, stop request system (yellow pull cords), transfer cutters.
- Preventive maintenance, as defined in the National Transit Database (NTD).
- Vehicle rehabilitation, manufacture, or overhaul.
- Transit Shelters or other facility improvements.
- Computer hardware and software equipment used for support of public transit services.
- Acquisition of transportation services under a contract, lease, or other arrangement.
- Cell phones and service agreements.
- Indirect costs.

For acquisition of transportation services and equipment under a third-party contract, see the Procurement Section for more information.

Only wheelchair accessible vehicles that meet the ADA requirements are eligible for funding. Vehicles are restricted from allowing non-emergency rear passenger access. FCO disallows vehicles to provide non-emergency passenger ingress or egress at the rear of the vehicle. In addition, any vehicle proposed for replacement must be for “like-kind” and be an accessible vehicle and meet the State established useful life criteria at the time the application is submitted. The replacement vehicle does not have to be originally federally funded. On an exceptional basis, vehicles will be considered for replacement prior to meeting useful life standards if the applicant can demonstrate that the vehicle has had a history of excessive maintenance and warrants early replacement. Sedans and Sport Utility Vehicles are not eligible for procurement or replacement under this program.

The following table lists the vehicles indicated in the current application that are eligible for replacement, service expansion, or new service grant funding. Grant awards for vehicles will be based upon State-approved pricing consistent with FTA’s Cost or Price Analysis requirements.

Table 2: Examples of Vehicles Currently Eligible for 5310 Grant Funding

Vehicle Type	Standard Passenger Capacity (Ambulatory/Wheel Chair)
Minivan	3/1
Small Bus	8/2
Medium Bus	12/2
Large Bus	16/2

Eligible Section 5310 projects for up to 45 percent award funding

Up to 45 percent of rural, small urbanized, and large urbanized areas’ annual apportionments may be utilized for:

1. Travel training. Training programs for individual users on awareness, knowledge, and skills of public and alternative transportation options available in their communities. This includes travel instruction and travel training services.
2. Volunteer driver and aide programs.
3. Operating assistance that is consistent with the 5310 program goals.

All requested 5310 project costs for Mobility Management and Operating must be documented and comply with the executed Standard Agreement. Final determination of eligibility on all requested reimbursement costs will be made by the 5310 Program Branch. The 5310 Program does not reimburse indirect costs.

1. Operating Assistance

Eligible operating assistance expenses include maintenance of existing service, introduction of new transit service, and expansion of existing service and is available for one year only. The following are examples of eligible expenses for operating assistance:

- Full Time Personnel (40 hours per week)
 - Driver Salaries (including benefits).
 - Dispatcher Salaries (including benefits).
 - Maintenance Mechanic Salaries (including benefits).
 - Administrative Staff Salaries (including benefits) directly related to the project.
- Part Time Personnel (less than 40 hours per week)
 - Salaries are allowable but not benefits.
- Other Direct Expenses
 - Fuel and Oil.
 - Tires, Parts, Maintenance.
 - Vehicle Licenses.
 - Vehicle Insurance.
 - Uniform/Purchase.
 - Capital Cost of Contracting.
 - Purchased Transportation.

2. Advertising

a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

b. The only allowable advertising costs are those which are solely for:

- (1) The recruitment of personnel required for the performance by the governmental unit of obligations arising under a Federal award.
- (2) The procurement of goods and services for the performance of a Federal award.
- (3) The disposal of scrap or surplus materials acquired in the performance of a Federal award except when governmental units are reimbursed for disposal costs at a predetermined amount.
- (4) Other specific purposes necessary to meet the requirements of the Federal award.

c. Unallowable advertising costs include the following:

All advertising costs other than as specified in subsection b.

3. Public relations costs.

a. The term public relations includes community relations and means those activities dedicated to maintaining the image of the governmental unit or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

b. The only allowable public relations costs are:

- (1) Costs specifically required by the Federal award.

- (2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards (these costs are considered necessary as part of the outreach effort for the Federal award); or
- (3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.

c. Unallowable public relations costs include the following:

All advertising and public relations costs other than as specified in subsections b.

- Communication costs. Costs incurred for telephone services, local and long-distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable.
- Training. The cost of training provided for project specific employee development is allowable. The cost of training is not to exceed 5% of the projects cost.

4. Mobility Management

- a. Mobility Management is intended to build coordination among existing public transportation providers and other transportation service providers with the intended result of expanding the availability of transportation services to the public.
- b. The only allowable Mobility Management costs are:
 - (1) The promotion, enhancement, and facilitation of access to transportation service that results in more service options or increases the efficiency of trips for passengers.
 - (2) Short term management activities to plan and implement coordinated services.
 - (3) Support State and local coordination policy bodies and councils.
 - (4) Operation of transportation brokerages to coordinate providers, funding agencies and customers.

(5) Provide customer-oriented travel navigator systems and neighborhood travel coordination activities such as coordinating individualized travel training and trip planning activities for customers.

(6) Development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs.

(7) Operation planning for the acquisition of intelligent transportation technologies.

(8) Salaries

- Full Time Personnel (40 hours per week)
 - Dispatcher Salaries (including benefits).
 - Administrative Staff Salaries (including benefits) directly related to the project.
- Part Time Personnel (less than 40 hours per week)
 - Salaries are allowable but not benefits.

c. Unallowable mobility management costs include the following:

All mobility management costs other than as specified in subsection b.

5. Advertising

a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

b. The only allowable advertising costs are those which are solely for:

(1) The recruitment of personnel required for the performance by the governmental unit of obligations arising under a Federal award.

(2) The procurement of goods and services for the performance of a Federal award.

- (3) The disposal of scrap or surplus materials acquired in the performance of a Federal award except when governmental units are reimbursed for disposal costs at a predetermined amount; or
- (4) Other specific purposes necessary to meet the requirements of the Federal award.

c. Unallowable advertising costs include the following:

All advertising costs other than as specified in subsection b.

Monitoring

Bi-Annual Reporting

To fulfill FTA and PRHTA requirements, the Bi-Annual Report applies to all 5310 vehicles, equipment, operating and mobility management projects. The information in the Bi-Annual Report is used to evaluate the project and program performance. The Bi-Annual Report is due twice a year (October 1 and April 1) to FCO

On-site Inspections

At a minimum, every two years, or at the discretion of the 5310 Program, an agency interview will be conducted for all FTA 5310 funded projects. For agencies that have vehicles and/or equipment, a vehicle/equipment inspection will be completed in addition to the agency interview.

Disposition and Project Close-Out

The Section 5310 program will release vehicles/equipment to subrecipient agencies, when it has been determined that the agency's vehicle/equipment has met the useful life requirement.

d. Section 5311

The Formula Grants for Rural Areas program was established by FTA (49 U.S.C. 5311) and it provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. The program also provides funding for state and national training and technical assistance through the Rural Transportation

Assistance Program. The 5311 Program also includes the Section 5311 (f) Program, which promotes intercity bus services in rural areas of the State, and the Section 5311(b) (3) Program, which promotes the Rural Transportation Assistance (RTAP) Program (see below for a description of the 5311(f) Intercity Bus Program and the 5311(b) (3) RTAP Program).

Eligible activities include planning, capital, operating, job access and reverse commute projects, and the acquisition of public transportation services.

The FTA 5311 Program circular list the following program goals:

- Enhance the access of people in rural areas to health care, shopping, education, employment, public services, and recreation.
- Assist in the maintenance, development, improvement, and use of public transportation systems in rural area.
- Encourage and facilitate the most efficient use of all transportation funds used to provide passenger transportation in rural areas through the coordination of programs and services.
- Assist in the development and support of intercity bus transportation.
- Provide for the participation of private transportation providers in rural areas.
- Improve access to transportation services to employment and employment related activities for welfare recipients and eligible low-income individuals.
- Provide financial assistance to help carry out national goals related to mobility for all, including seniors, individuals with disabilities, and low-income individuals.
- Encourage mobility management, employment-related transportation alternatives, joint development practices, and transit-oriented development.

Eligible Projects

1. Operating Assistance

Eligible Operating Assistance expenses include maintenance of existing service, introduction of new transit service, and expansion of existing service. The standard agreement for Operating Assistance projects is issued for one year. The following are examples of eligible expenses for Operating Assistance:

- Personnel
- Driver Salaries (including benefits).
- Dispatcher Salaries (including benefits).
- Maintenance Mechanic Salaries (including benefits).
- Administrative Staff Salaries (including benefits) directly related to the project.
- Other Direct Expense
- Fuel and Oil.
- Tires, Parts, Maintenance.
- Vehicle Licenses.
- Vehicle Insurance.
- Uniform/Purchase.
- Capital Cost of Contracting.
- Purchased Transportation (Third Party Contract).

2. Vehicle Purchase

The following are examples of eligible expenses for vehicle purchase: vehicles for new, existing, and/or expansion service and/or vehicle inspection.

3. Bus Related Equipment Purchase

The following are examples of eligible expenses for bus related equipment:

- Radios and communication equipment.
- Fare boxes.
- Wheelchair lifts and restraints.
- Computers; Hardware and Software (i.e. scheduling, routing).
- Intelligent Transportation System (ITS). (Note: The ITS project must be included in the regions approved Architecture Plan.

4. Transit Infrastructure

The following are examples of eligible expenses for Transit Infrastructure:

- Bus shelters/Benches/Signage.
- Safety and Security features (i.e. lighting, camera).
- Support items such as trash containers.
- ADA requirements and/or enhancements.
- Informational or scheduling structures.
 - Construction or rehabilitation of transit facilities including design, engineering, and land acquisition.

6. Preventive Maintenance

Applications for Preventive Maintenance projects are verified by FCO as having met all the statutory and administrative requirements for Project approval. Preventive Maintenance activities consist of routine revenue and non-revenue vehicle inspection and maintenance for bus operations. For the purpose of carrying out a preventive maintenance project, the labor (associated administrative and incidental costs) shall not exceed the estimated cost. The standard agreement for Preventive Maintenance projects is issued for one

year. The following are approved activities for the inspection and maintenance of revenue vehicles and service vehicles.

Inspection and Maintenance of Revenue Vehicles' Component Activities

- Oil changes, engine repairs, etc. are preventive maintenance activities and are considered preventive maintenance expenses.
 - Inspecting revenue vehicle components on a scheduled preventive maintenance basis (e.g. engine and transmission, fuel system, ignition system, chassis, exterior body and interior body, electrical system, lubrication system, trolleys, pantographs and third rail shoes, trucks, braking system, and air conditioning system).
 - Changing lubrication fluids.
 - Replacing minor repairable units of the above listed revenue vehicle components.
 - Making road calls to service revenue vehicle breakdowns.
 - Towing and shifting revenue vehicles to maintenance facilities.
 - Rebuilding and overhauling repairable components.
 - Performing major repairs on revenue vehicles on a scheduled or unscheduled basis (this work is generally done by the following facilities: machine shop, sheet metal shop, welding and blacksmith shop, woodworking shop).
 - Replacing major repairable units of revenue vehicles (including engines, transmissions, traction motors and air conditioners).
- Inspection and Maintenance of Service Vehicles' Component Activities*

- Inspecting service vehicle components on a scheduled preventive maintenance basis (e.g. engine and transmission, fuel system, ignition system, chassis, exterior body and interior body, electrical system, lubrication system, trolleys, pantographs and third rail shoes, trucks, braking system, and air conditioning system).

- Performing minor repairs to the above listed service vehicle components.
- Changing lubrication fluids.
- Replacing minor repairable units of the above listed service vehicle components.
- Making road calls for service vehicle breakdowns.
- Towing and shifting service vehicles to maintenance facilities.
- Rebuilding and overhauling repairable components.
- Performing major repairs on service vehicles on a scheduled or unscheduled basis (this work is generally done by the following facilities: machine shop, sheet metal shop, welding and blacksmith shop, woodworking shop).
- Replacing major repairable units of service vehicles (including engines, transmissions, traction motors and air conditioners). The following are approved activities for the maintenance of transit facilities and facility related equipment:
 - Maintenance administration.
 - Maintenance of vehicle movement control systems.
 - Maintenance of fare collection and counting equipment.
 - Maintenance of roadway and track.
 - Maintenance of structures, tunnels, bridges, and subways.
 - Maintenance of passenger stations.
 - Maintenance of operating station buildings.
 - Maintenance of garage and shop buildings, grounds, and equipment.
 - Maintenance of communication systems.
 - Maintenance of general administration buildings, grounds, and equipment.
 - Accident repairs of buildings, grounds, and equipment.

- Vandalism repairs of buildings, grounds, and equipment.
- Operation and maintenance of electric power facilities.

7. Planning and Technical Assistance

The following are examples of eligible expenses for planning and technical assistance activities:

- Planning Study (i.e. system-wide connectivity, improved service effectiveness, ridership forecast/survey, and transit coordination).
- Marketing Research and Innovation.
- Development and implementation of strategic marketing.

8. Bicycle Facility

The following are examples of eligible projects for bicycle facility:

- Constructing bicycle facilities (paths, bike racks, support facilities, etc.).
- Non-construction outreach related to safe bicycle use.
- Establishing and funding State bicycle coordinator positions for promoting and facilitating non-motorized transportation modes through public education, safety programs, etc. (limited to one full-time position per state).

Eligible Recipients

- States, Indian tribes or Alaskan Native villages, groups or communities identified by the Bureau of Indian Affairs (BIA)
- Subrecipients: State or local government authorities, nonprofit organizations, operators of public transportation or intercity bus service that receives funds indirectly through a recipient.

i. Rural Transit Assistance Program (RTAP)

The FTA Section 5311 Rural Transit Assistance Program (RTAP) ([49 U.S.C. 5311\(b\)\(3\)](#)) was created to provide grants to states for research, technical assistance, training and related support services for transit systems in rural areas. The objective of RTAP is to provide quality training and technical assistance, research, reports, best practice and peer-to-peer interactions for rural 5311 sub-recipients, and community transit service organizations.

Providers of public transit operators in Small Urbanized Areas, in addition to specialized transportation services funded by the FTA Section 5310 Program have many of the same training and technical assistance needs as transit providers in rural areas. FTA permits participation by these providers in RTAP- sponsored activities, at the State's discretion, so long as the activities are primarily designed and delivered to benefit rural transit providers.

Intercity Bus Program

The 5311(f) Intercity Bus Program ([49 U.S.C. 5311\(f\)](#)) provides funding to improve intercity bus connectivity between rural areas and urban areas to end the isolation of rural areas that are increasingly underserved by bus and transit services and also to “expend funds for the support of intercity bus transportation to the extent required by law.” The Intercity Bus Program is designed to address the “intercity bus transportation needs of the entire State” by developing projects that support one or more of the national objectives and State goals. The 5311(f) funds, which are discretionary funds, are distributed through a competitive process.

PRHTA currently spends 15 percent of its 5311 annual program apportionment on intercity bus transportation. If the State fails to meet the 15 percent set aside requirement, the State must certify to the Governor that the intercity bus needs of the State are being adequately met. The State must assess statewide intercity mobility needs no more than four years before the date of the certification. “In the absence of a certification from the Governor that intercity needs are adequately met, 15 percent of the State's annual apportionment must be obligated for intercity bus transportation within the period of availability (three years).” Please see [FTA C9040.1G, Chapter VIII](#).

The FTA 5311(f) Program circular lists the following program goals:

- Support the connection between rural and the larger regional or national system of intercity bus service.
- Support services to meet the intercity travel needs of residents in rural areas.
- Support the infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities.

The specific objectives established to meet 5311(f) program goals are to:

- Support and promote rural transit connection with larger regional and national system of intercity bus service.
- Support the intercity travel needs of residents in rural area.
- Meet the broader transportation needs of rural residents by providing meaningful connections to other modes of transportation.
- Facilitate coordination of rural/regional and private transit operations and intercity bus carriers.
- Support intercity bus planning and marketing infrastructure.

Eligible Subrecipients

Eligible subrecipients include:

- Public governmental authorities and transit providers.
- Private for-profit organizations.
- Private non-profit organizations.
- Tribal Governments.

a. Section 5324

FTA's Emergency Relief program, established under MAP-21 legislation, enables FTA to provide assistance to public transit operators in the aftermath of an emergency or major disaster. The program helps states and public transportation systems pay for protecting, repairing, and/or replacing equipment and facilities that may suffer or have suffered serious damage as a result of an emergency, including natural disasters such as floods, hurricanes, and tornadoes. The program can fund capital projects to protect, repair, or replace facilities or equipment that are in danger of suffering serious damage, or have suffered serious damage as a result of an emergency.

The program also improves coordination between U.S. DOT and the Department of Homeland Security (DHS) to expedite assistance to public transit providers in times of disasters and emergencies.

Eligible Activities

- Capital projects to protect, repair, reconstruct, or replace equipment and facilities of a public transportation system, including on an Indian reservation, which are in danger of, or have suffered serious damage, as a result of an emergency. Emergencies are defined as natural disasters affecting a wide area or catastrophic failures resulting from an external cause, and as a result, the governor of a state has declared as an emergency and the Secretary of Transportation has concurred, or the President has declared a major disaster.
- Operating costs related to evacuation, rescue operations, temporary public transportation service; or reestablishing, expanding or relocating public transportation route service before, during, or after an emergency.

Funding

- Funds will be appropriated by Congress as necessary.
- Recipients may also request to use available Section 5307 or Section 5311 funds under the provisions of Section 5324.

- The grants are only for expenses that are not reimbursed by the Federal Emergency Management Agency (FEMA).
- The federal share for capital and operating costs is 100% before 270 days of the declared emergency and 90-10 after 270 days.
- Operating costs are eligible for one year beginning on the date of declaration or for two years if the Secretary of Transportation determines there is a compelling need.

Eligible Recipients

- States and governmental authorities, including public transportation agencies.

b. Section 5339

The Bus and Bus Facilities Program originated as part of the section 5309 discretionary grant program established by the original transit authorization in 1964. MAP-21 established a new Section 5339, Bus and Bus Facilities Program, changing the program from discretionary to formula. The purpose of this program is to finance capital projects to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities.

Under the new Bus Program, funds are apportioned through a national distribution and a statutory formula. The national distribution provides a flat amount of funding to each State and territory. The formula provides additional funds based on population, vehicle revenue miles, and passenger miles. The grants under this section to the designated recipients in the large urbanized areas (UZAs) and states are for the purpose of financing capital bus and bus-related projects that will support the continuation and expansion of public transportation services.

Eligible Activities

- Capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

Eligible Recipients

- Eligible Recipients include designated recipients that operate fixed route bus service or that allocate funding to fixed route bus operators; and State or local governmental entities that operate fixed route bus service that are eligible to receive direct grants under 5307 and 5311.
- Subrecipients: An eligible recipient that receives a grant under the formula or discretionary programs may allocate amounts from the grant to subrecipients that are public agencies or private nonprofit organizations engaged in public transportation.

c. CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic.

FTA is allocated \$25 billion to recipients of urbanized area and rural area formula funds, with \$22.7 billion to large and small urban areas and \$2.2 billion to rural areas. Funding is provided at a 100-percent federal share, with no local match required, and will be available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19.

Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients, even those in large urban areas, are also eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency.

Eligible Activities

- All capital, operating, and planning activities normally eligible under Sections 5307 and 5311.

and all expenses listed as eligible for Section 5307/5311 ER flexibilities

- Operating assistance for all recipients.
- Operations or Maintenance contracts entered prior to January 20, 2020 are eligible regardless of whether those contracts met federal requirements. Any new contracts would need to follow all federal requirements.
- Capital Projects that were previously obligated into other FTA grants can be funded by ER Fund Flexibility or CARES Act grant IF:
 - Project meets eligibilities described above.
 - Cost was not incurred prior to January 20, 2020 (e.g., a contract was not executed before 1/20/2020.)
 - The applicants will also need to remove the projects from the previously obligated grants.
 - Funds already disbursed cannot be returned and reused.
- Funds are available until expended.
 - No lapse dates.
 - Recipients are encouraged to use funds expeditiously.

Other Information

- All Federal transit program (49 USC Ch. 53) requirements apply to CARES Act funding

- DOL certification
- A new split letter is required.
- The intercity bus (49 USC 5311(f)) requirement.
- Some expenses do not need to be in a TIP/STIP or long-range transportation plan.
 - Operating expenses
 - Capital expenses that do not involve a substantial change to the location, function, or capacity of an asset.

a. CRRSAA

The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) includes \$14 billion to be allocated to support the transit industry during the COVID-19 public health emergency.

Section 5310 funds are apportioned to Designated Recipients in large urbanized areas and to States in small urbanized and rural areas.

- Designated Recipients and States determine the allocation to subrecipients.
- Eligible for operating at 100% federal share
- Requirement to use 55% of funds for traditional capital projects does not apply to CRRSAA funds.
- The Coordinated Human Services Transportation Plan requirement for Section 5310 applies to CRRSAA funding
- Permits previously appropriated (unobligated) 5310 funds to be awarded at 100%
 - Non-CRRSAA funding must still meet the 55% requirement and be included in a coordinated plan

Eligible Expenses

- CRRSAA and unobligated CARES Act funding should be directed to the maximum extent possible:
 - To payroll and operations of public transit (including payroll and expenses of private providers of public transportation)
 - Unless the recipient certifies to FTA that the recipient has not furloughed any employees. Expenses subject to this requirement include capital expenses such as vehicle procurements or facility construction.
- Operating expenses for all recipients, including large urbanized areas, are still eligible beginning January 20, 2020. Examples include:
 - Administrative leave of operations personnel due to reductions in service or quarantine
 - Vehicle operator salaries
 - Fuel
 - Items with useful life less than 1 year
- Funds are available until expended.
 - No lapse date.
 - Recipients are encouraged to use funds expeditiously.

Other Information

- All Federal transit program (49 USC Ch. 53) requirements apply to CARES Act funding
 - DOL certification
 - A new split letter is required.

- Some expenses do not need to be in a TIP/STIP or long-range transportation plan
 - Operating expenses
 - Capital expenses that do not involve a substantial change to the location, function, or capacity of an asset.

VI. Annual Program of Project (POP) Development and Project Approval

Notice of the Availability of Funds

The statewide announcements for Sections 5303/5304, 5307, 5310, 5311, 5324 and 5339 are widely disseminated through various methods, to include:

- Existing public transportation providers.
- Members of the Metropolitan Planning Organizations (MPOs).
- Other interested agencies and operators of public transportation service; and
- General Public

Public Notification

PRHTA publicly advertises availability of funds to potential applicants by notifying by letter, by the PRHTA web sites and through a publication having general circulation across the state.

The application process for all Programs is conducted annually as described below.

ANNUAL APPLICATION AND POP PREPARATION PROCESS	
ACTIVITY	TIMETABLE
Notification of fund availability – FTA.	October

Letter of invitation to orientation meetings.	October
Published notice advising public of fund availability and regional orientation meetings.	November
Orientations to the public regarding fund availability, planning process and application solicitation process.	November/December
Individual technical assistance in planning and preparation of applications.	Ongoing
DEADLINE to submit proposal for funds to PRHTA.	Last working day of January
Evaluation of proposal by PRHTA staff.	February - March
Project selection and preparation of annual POP, including recommended projects to be funded in each category.	May
Submission of POP to FTA for approval.	June/July
Notification by FTA of POP approval.	September
Inclusion of projects in STIP approval process.	September/October

POP Approval Process

From the time an application is received by the PRHTA, it begins a process to assure that it not only meets quality standards in content, but also follows all the requirements described in the proposal.

Once projects are selected, the PRHTA prepares an annual POP, also known the Transportation Improvement Program, which includes the information: name of each Subrecipient; a brief description of each project; and total project cost with a breakdown of the local and Federal share. The POP also includes the funding level for State administration, as well as planning and technical assistance activities, and funds for the Intercity Bus Program

and RTAP in case of Section 5311. Projects are clearly identified and grouped. Since not all projects included in the POP are necessarily at the same stage of development. Three categories of projects (A, B, and C) are used to program funds. Upon submission of the annual POP, FTA will approve and obligate funds for the total level of funding requested in all three categories. All Sections funds are included in the STIP.

Category A Projects

Projects in this Category include those which have been certified by the PRHTA as having met all the statutory, administrative and/or programmatic requirements.

Category B Projects

Projects in this Category include those that the PRHTA anticipates approving during the current year, but that have not yet met all the statutory, administrative and/or programmatic requirements. As the requirements are satisfied, projects advance to Category A. The PRHTA notifies the FTA Regional Office, in writing, of this advancement. Upon approval, projects can begin drawing down funds. It should be noted that any Category B project that does not qualify as a “Categorical Exclusion (CE)”, under 23 CFR 771.115(b), requires an environmental clearance from FTA, before being advanced to Category A.

Project Selection

According to the TAM’s Final Rule, a prioritized list of proposed projects and Programs, needs to be identified for its assets to reach their SGR goals.

A consolidated list of general transportation priorities are categorized into three overarching areas they are as follows:



Though several municipalities are direct grantees of the FTA and do not require additional approval for grant requests, PRHTA typically plays a significant role in administering the grant selection and awarding process. Before 2020, PRHTA nor the municipalities have not needed to prioritize grants because the total amount of grant requests has been under the total amount allocated by FTA. Following a grant submission workshop held by PRHTA for the municipalities in late 2019, however, the total amount requested by the municipalities in 2020 has exceeded the total amount allocated, causing a need for PRHTA to develop a prioritization process for the first time. Shall this situation arise again, PRHTA's will prioritize the following projects:

1. Carryover Projects – Must be obligated within two years, after two years it will be considered a new project.
2. Vehicle Replacement / New Expansion – ADA Accessible
3. Preventive Maintenance for Vehicles
4. Operational Assistance
5. Rehabilitation of Facilities – All facilities with a term scale of less than 3

6. Bus Shelters
7. ADA Compliant Projects
8. Rehabilitation of Facilities – All facilities with a term scale greater than 3
9. Continuity Projects
10. New Capacity Projects

For project inclusion in the S/TIP, please see “*Guia de Solicitud de Proyectos*” in the following link https://act.dtop.pr.gov/wp-content/uploads/2020/09/Call-for-Project-Checklist_Rev-Aug-24-2020.pdf , Projects to be considered in the S/TIP must be submitted with all required project justification documentation. Failure to do so, will hinder its possibilities of being selected. Projects will not be programmed if documentation is missing.

Another factor that is considered while selecting projects is that all required reports as stated in the interagency agreement and federally required reports (DAMIS, NTD, Certifications and Assurances etc.) are up to date.

Intercity Bus Transportation

The PRHTA annually use no more than 15% of its annual NUA apportionment for the support of intercity bus transportation. The PRHTA assesses that the statewide intercity needs are being met in coordination with affected Subrecipients, private and public transportation service providers and the PSC. Other process is that the PRHTA publishes a notice requesting comments from private and public transportation providers and the public on meeting intercity bus transportation needs. If no comments are received, the Governor then certifies that the intercity bus service needs are met and the PRHTA prepares a transfer of these funds to the regular apportionment of the NUA program.

Transfer of Funds

Although the transfer of funds between 5310, 5311 and 5307 Program is allowed, due to the demand for **Section 5310** funds the PRHTA's policy is not to transfer any funds between these Programs.

Funds transferred between NUA (**Section 5311**) and Urbanized Areas (Section 5307) are made after consultation with responsible local elected officials and publicly owned operators of mass transportation services in each area, to which the funding was originally apportioned. The Secretary of the DTPW may (as the Governor's representative) transfer funds without consultation within the last 90 days in which these funds are available for obligation.

The Secretary of the DTPW may (as the Governor's representative) transfer any portion of the state's Section 5310 apportionment to Section 5311 or to Section 5307 under 200,000 if the funds will remain unobligated at the beginning of the 90-day period, before the end of the Federal fiscal year.

VII. Coordination

The approved applications for Sections 5303/5304, 5307, 5310, 5311, 5324 and 5339 are included in the STIP after consultation with local officials. The PRHTA publishes notices regarding the availability of the draft STIP providing a 15-day comment period.

Coordination of the between the PRHTA and the municipalities, begins with a notification of the availability of funds and an invitation to participate in regional orientation meetings explaining the goals of the Program, which is published in a newspaper of major circulation. A letter is also distributed inviting eligible applicants to participate in orientation sessions as well as in training seminars offered by PRHTA program staff. Individual meetings are held with potential applicants to provide technical assistance in project planning and the proposal submittal process.

Coordination is also achieved through the proposal process in that applicants must describe their efforts to coordinate with public agencies and private transit and paratransit operators in the area. Applicants must document the methods used to notify private operators (e.g. correspondence, advertisements) and document the response of private operators. PRHTA evaluates the extent to which the applicants provided an opportunity for public and private operator involvement in the project during the evaluation and selection of projects for funding.

The PRHTA will encourage subrecipients of all these Sections, to coordinate the use of their vehicles to the extent feasible. At the project planning stage and, as part of its technical assistance provided to the prospective applicants, the PRHTA will discuss coordination strategies. At the application stage, each program will evaluate the extent of coordination activities as one of the criteria for project selection. In addition, as part of the application review process, the coordinators of the Sections 5303/5304, 5307, 5310, 5311, 5324 and 5339 programs will meet to discuss the vehicle petitions received to determine if and how applicant vehicles could be coordinated. As part of the project monitoring process, each Program Coordinator could discuss service implementation with subrecipients and provide technical assistance on strategies to coordinate vehicles.

VIII. Private Sector Participation

Regulations issued by FTA require the public to be involved in the transportation planning process and specifically require that private providers be consulted in developing transportation plans and programs in both urban 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.

To ensure that all private provider and public transit operators are notified of the difference's FTA programs, PRHTA publish a Public Notice in one (1) of the main newspapers in Puerto Rico giving the opportunity to participate in regional meetings where the different programs of FTA are explained and application are distributed.

Also, to ensure that all private for-profit and public transit operators are notified of the Program 5310 applicant's intention to provide special services and that they are afforded an adequate opportunity to comment, a Public Notice is published in one (1) of the main newspapers in Puerto Rico describing the services that the applicant intends to offer to meet the special needs of senior and individuals with disabilities. The notice invites any interested private for-profit transit operator, within the service area, to comment on the proposed service by sending a written notice to the PRHTA and/or the local applicant within 15 days. In the event of conflict or complaint related to the development of new transportation services, the PRHTA will investigate, and give an opportunity for a public hearing to obtain the views of citizens on the proposed project to take whatever action is deemed necessary.

All applicants are required as part of the application process to submit a certification in which they assure that the proposed services will not in any way interfere with transportation services currently being provided by the public sector.

The transportation system in Puerto Rico, particularly in rural areas, is operated almost exclusively by private enterprise, that is, “públicos” and private bus lines. Public transportation providers supplement these privately operated systems, directly or by contract, in the SJUA. Accordingly, the PRHTA requires that each applicant, for FTA funds, certify in their proposal that they have afforded private transit operators a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of the proposed transportation services. In addition, they must provide evidence that efforts were made to identify and contact the private and public sectors in the planning and development of projects. This evidence includes, at least: notification of meetings (including a public hearing); a copy of meeting minutes and participant lists; and any other information describing their participation.

Subrecipients are responsible for establishing a local mechanism for resolving disputes in a fair and equitable manner and will be responsible for any conflicts or complaints at the local level. Any entity, which believes it has been unfairly treated at the local level, can request a meeting with the DTPW/PRHTA to discuss the issue.

IX. Compliances with Federal Requirements

The PRHTA enters a written IA with each subrecipient prior to expending funds on their local projects. It uses two standard agreements: (1) one for Capital Assistance Projects for Terminals and Shelters and (2) one for

Vehicle and Equipment Acquisition. These IA's define the scope of the project, funds allocated as well as Federal and State requirements. The PRHTA incorporates the terms of the Master Agreement between FTA and the PRHTA in its agreements, which state that the Subrecipient agrees to abide by all applicable clauses of the Master Agreement and acknowledges having received a copy of it. In addition to the IA, the PRHTA utilizes a variety of mechanisms to pass through Federal requirements to subrecipients and provide technical assistance.

The control and responsibility of the vehicles and/or equipment is with these Programs fund recipients. The recipients shall not sell, assign, encumber or in any way dispose of equipment or facilities without the prior written permission of the PRHTA. The recipient may not assign any portion of the work to be performed, or execute any contract, amendments or change orders thereto, or obligate itself in any manner with any third party with respect to its and responsibilities without the prior written approval of the PRHTA. The PRHTA makes a lien on all vehicles to assure that they cannot be sold or transferred until the end of their useful life.

Insurance

The recipient shall maintain collision and liability insurance (full cover) in an amount that will adequately protect the Program's vehicle and/or equipment throughout the period that it provides project services. The state requires that all public entities must also provide a minimum amount of public responsibility liability insurance with limits of \$300,000/\$50,000/\$100,000. The recipient agrees to hold the PRHTA harmless from any damage, which may result from the use of the vehicles or equipment acquired under these Programs and to this end, shall obtain Hold Harmless Insurance in favor of the PRHTA.

Each year the recipient submits to the PRHTA a copy of the policy renovation. Failure to provide documentation on policy coverage could result in legal action by the PRHTA for non-compliance with contract requirements.

X. Maintenance

PRHTA staff perform site visits to monitor assets, audit maintenance records and insurance coverage to protect the federal interest for the asset's useful life. Owners of capital assets funded by the FTA grant programs are required to maintain the vehicles, equipment, and property in good operating order or in working condition.

Maintenance Plan

Per [49 CFR 37.161-163](#) and [FTA Master Agreement](#), each Section 5307, 5310, 5311, 5324 & 5339 subrecipient agency is required to have a maintenance plan. Agencies describe their maintenance plan for the granted vehicles, facilities, and facility related equipment within their original program application. These items need to be included in the vehicle maintenance plan and facility maintenance plan:

- Goals and objectives of the maintenance program.
- Schedule for preventive maintenance.
- Maintenance procedures for wheelchair lifts and other accessibility features.

The plan should clearly identify the goals and objectives of a maintenance program and establish the means by which such goals and objective will be attained. In the maintenance plans, periodic reporting, maintenance record review, visual monitoring, and maintenance audits should also be addressed.

Language within the Standard Agreement specifically requires subrecipients to maintain equipment while it is in their possession. In addition, each subrecipient must have a maintenance plan to maintain ADA accessible features of equipment and facilities. Subrecipients must demonstrate compliance with this policy during the triennial on-site monitoring.

Vehicle and Equipment Monitoring

The following sub-sections describe the monitoring, and record keeping requirements related to the maintenance of equipment purchased with FTA grant funds.

Triennial Onsite Monitoring

Vehicles and equipment are monitored through analysis of the vehicle usage reports and triennial on-site monitoring. At least once every three years, staff conducts an on-site monitoring of all equipment purchased with FTA funds still under contract. Advanced arrangements are made with the agency to assure that equipment is available for monitoring. Computers, mobile radios, base stations, and all other items purchased with FTA funds are also monitored to verify equipment is being used for its intended purpose. A visual examination of each vehicle is made, and the vehicle odometer reading is recorded. Additionally, a review is made of the agency's vehicle reporting records, including the inspection reports and the ADA Service Provisions and any issues that may pertain to the agency's operation of equipment are discussed.

Record Keeping

The applicant is responsible for maintaining industry standard record keeping and accounting throughout the federal useful life of the vehicle and equipment. These records are subject to audit, according to the provisions of the grant programs.

Records for all FTA funded capital assets (facilities, vehicle and equipment) shall include, at a minimum, the following:

- Property description.
- Identification number (VIN, make, model, serial).
- Procurement/Acquisition related documents.
- Acquisition date.
- Cost.
- Percentage of federal participation in the cost.
- Standard Agreement.
- Location use and condition of property.
- Useful life disposition data, including the date of disposal.
- Sale price, or where applicable, the method used to determine its fair market value.
- Statement of who holds title to the equipment.

PRHTA staff will monitor these records as part of the triennial on-site monitoring. Information obtained during the physical inventory is collected and reports are generated to evaluate the performance of individual agencies

in comparison to their original service projections. This facilitates early identification and resolution of issues. For future planning purposes, information can also be generated on a statewide level, including equipment usage, types of trips, and clientele served.

XI. American with disabilities Act (ADA)

[Section 504 of the Rehabilitation Act of 1973](#), as amended by [29 U.S.C. 794](#), prohibits discrimination on the basis of handicap by recipients of federal financial assistance. The ADA, as amended by [42 U.S.C. 12101 et seq.](#), affords equal opportunity for employment, transportation, telecommunications, and places of public accommodation for people with disabilities (commuter bus services is exempt). PRHTA and subrecipients must also comply with [49 CFR Parts 27](#), [37](#), and [38](#) implementing the ADA and Section 504 in ensuring those requirements are met through these provisions:

- Prohibit discrimination against individuals with disabilities.
- Specify accessibility requirements for the design and construction of new transportation facilities.
- Require that vehicles acquired be accessible to and usable by individuals with disabilities, including individuals using wheelchairs (with limited exceptions for demand responsive systems providing equivalent service to individuals with disabilities) or a demonstration of inability to obtain an accessible vehicle despite good faith efforts to do so.
- Require governmental authorities, including a private non-profit entity “standing in the shoes” of the State as subrecipient operating fixed route transit must have complementary paratransit plans on file. Subrecipients of federal funds should ensure compliance in the areas of employment, public services,

public accommodations, telecommunications, and other provisions. Certification is accomplished annually through the funding application packages containing appropriate assurances.

All vehicles purchased with FTA funds are wheelchair accessible. All subrecipients and private nonprofit entities shall certify when signing the Standard Agreement that they will comply with [49 CFR Part 27](#) implementing the ADA. For those agencies purchasing vehicles directly, PRHTA reviews all bid specifications and procurement contracts to ensure that subrecipients specifically comply with Parts [37](#) and [38](#) of the ADA, Accessibility Standards.

PRHTA must also ensure that all vehicles acquired with FTA funds are equipped, maintained, and operated in accordance with 49 CFR Parts 27, 37, and 38 and that service provided does not discriminate against individuals with disabilities. All federally funded vehicles and newly constructed facilities, including joint use stops and depots for intercity bus transportation, must comply with ADA accessibility standards.

a. ADA Service Requirements and Service Options

The FTA regulation allows various transit service options including:

- Fixed Route Service with Separate ADA Complimentary Paratransit (for ADA eligible individuals);
- Route Deviation Demand Responsive that is open to the general which includes people with and without disabilities; and,
- ADA Complimentary Paratransit that is provided on the same vehicle as the Fixed Route Service. Other service options can be found at 49 CFR Part 37. Subpart A, Section 37.3.

A fixed route service is a system in which the vehicle is operated along a prescribed route, with regular stops according to a fixed schedule. Public operators of fixed route services open to the general public are required to provide “complementary paratransit” to persons with disabilities that are comparable to individuals without disabilities who use the fixed route system if they do not deviate for persons with disabilities.

Demand response is a route deviation service that is not on a fixed route.

ADA Complementary Paratransit provided on the same vehicle as the fixed route service is a service that serves the public including ADA persons on the same fixed route vehicle but deviates only for those who are ADA paratransit eligible.

Specifics for each service option and requirements are described below. Public and private subrecipients providing either fixed-route or demand responsive deviations services must comply with the ADA service requirements. Specifics for each service requirement can be found at 49 CFR Part 37, Subpart G. For additional information on service options and route deviation service options, please see the Appendix of this document, Route Deviation Checklist.

b. Fixed Route Service with Separate ADA Complimentary Paratransit

Subrecipients including private nonprofit entities who receive FTA 5311 funds and who operate a Fixed Route service must provide separate ADA Complementary Paratransit service for persons who, because of disability, are unable to use the fixed route system. The complementary paratransit service provided must be comparable to fixed-route service provided to people without disabilities (49 CFR Part 37.121(a)).

Prior to the initiation of the fixed route service, subrecipients shall submit to PRHTA a Complementary Paratransit Plan and written documentation of compliance that address each of the service provisions contained in the plan (49 CFR 37.135). The specific requirements of the plan are outlined in 49 CFR 37.139. The ADA regulations

(49 CFR 37.131) include the following six service criteria which must be met by the ADA Complimentary Paratransit Service providers:

- Service Area,
- Comparable Response Time,
- Comparable Fares,
- Trip Purpose Restrictions (i.e. no trip priorities requirement),
- Hours and Days of Service and,
- Capacity Constraints

The requirement to provide complimentary paratransit does not apply to intercity bus, commuter bus, rail and university services. The subrecipient and private nonprofit entities that operate a fixed route transit service must describe how it meets the ADA Complimentary Paratransit requirement in the annual application to PRHTA for FTA funds.

c. Demand Response Route Deviation Service that is Open to the General Public

Subrecipients and private nonprofit entities who provide user-initiated deviations from fixed route as demand response services in lieu of ADA complementary service, such as deviated fixed-route or demand response services, must make the service accessible and available to the general public.

To be considered demand responsive, service provided must deviate for the general public, not just for persons with disabilities meeting paratransit eligibility criteria. If deviations are restricted to a particular group, the service

ceases to be a form of demand-response service for the general public and ADA complementary paratransit service is required.

d. ADA Complementary Paratransit Provided on the Same Vehicle as the Fixed Route Service

In limited circumstances, subrecipients and private nonprofit entities can provide both ADA Complementary Paratransit service on the same vehicle as the Fixed Route service. In this service option, the fixed route vehicle would deviate only for people with disabilities who have been determined to be ADA paratransit eligible as required in 49 CFR 37.123-37.125).

In this service scenario, service to such persons must be provided according to the same requirements for complimentary paratransit as stated in regulations (49 CFR 37.123-131(a-f) with regards to eligibility process and service criteria such as, service area, response time, fares, absence of trip purpose restrictions, hours and days of service and origin to destination service. The entities that provide this service option shall have policies and procedures in place to ensure that the paratransit service provided operates free from capacity constraints (for example, trip denials, untimely pickups) as specified in ADA regulations (49 CFR 37.131 (f)).

PRHTA shall conduct periodic reviews of fixed route and ADA complimentary paratransit services operated by subrecipients and private nonprofit entities including, monitoring entities' websites, policies and procedures, and conduct compliance site visits of all service options provided by these entities during project monitoring inspections to ensure compliance with ADA requirements and services provided are adequately communicated to the public.

The ADA requires of transportation providers a number of specific service provisions to be in place and operational. As part of the triennial on-site monitoring visit, PRHTA staff will require subrecipients to respond to a series of questions to monitor compliance with ADA-required service provisions including:

- Subrecipient ADA Paratransit Plan where applicable
- Complimentary Paratransit service operated by fixed route service providers
- Route deviation systems used in lieu of the ADA complimentary paratransit to ensure accessible vehicles used and that the service is available to the general public
- ADA Complementary Paratransit provided on the same vehicle as the fixed route service
- Maintenance of accessible features
- Procedures to ensure lift availability and operation
- Use of lifts and securement devices
- Vehicle identification mechanisms if vehicles for more than one route serve the same stop
- Use of service animals
- Use of accessibility features
- Announcements on vehicles of stops on fixed route and transfer points
- Accessible formats for public information and communications
- Lift and/or ramp deployment at designated stops
- Service for persons using respirators or portable oxygen (per Title 13)

- Adequate time for boarding and disembarking vehicles
- Priority seating locations for persons with disabilities and seniors
- Service provider drivers are proficient in using the ADA equipment in their vehicle
- Training

XII. Title VI Civil Rights

The PRHTA requires that all applicants for Program 5303/5304, 5307, 5310, 5311, 5324 and 5339 funds include the following assurances in their application: "That no person, on the grounds of race, color, religion, sex or national origin, age or any disability will be excluded from participation in, or denied to benefits of, or be subject to discrimination under any project program or activity funded in whole or in part by FTA". "The applicant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin and that they will take affirmative action to ensure that applicants are employed and that employees are treated during employment, without regard to their race, color, religion, sex or national origin."

Each subrecipient shall make available to participants, beneficiaries, and other interested parties information regarding the recipient's Title VI Program. At a minimum, this includes the display of posters which summarize such requirements, e.g., Statement of Rights; Procedures for filing a complaint. In addition to the certifications that the recipients must provide, and the clause included in the agreement between the recipients and PRHTA, project staffs monitor compliance through project inspections which include a review of:

- a. Displayed information regarding recipients Title VI Program

- b. Recipients' procedures to file a complaint
- c. Equal Employment Opportunity, for example, displayed information of public policy
- d. Equal treatment to all clients and employees by reviewing any complaints made and informal conversations with clients.

a. Annual Title VI Certification and Assurance

Each subrecipient is required to have a signed “FTA Civil Rights Assurance” and a “DOT Title VI Assurance” on file. Copies of these assurances are forwarded to subrecipients for completion and signature.

b. Complaint Procedures

To comply with [49 CFR Section 21.9\(b\)](#), subrecipients shall develop procedures for investigating and tracking Title VI complaints filed against them and make their procedures for filing a complaint available to members of the public upon request. To reduce the administrative burden associated with this requirement, subrecipients may adopt the Title VI complaint investigation and tracking procedures developed by the recipient.

The State has not received any complaints regarding the distribution of FTA funds; however, if a discrimination complaint is received by the State, the complaint procedures described in [FTA Circular 4702.1B](#) will be used. Subrecipients are required to report complaints and lawsuits in their application for funding. During the subrecipient monitoring process, complaints and lawsuits are again reviewed.

c. Requirement to Record Title VI Investigations, Complaints, and Lawsuits

To comply with [49 CFR Section 21.9\(b\)](#), subrecipients shall prepare and maintain a list of any active investigations conducted by entities other than FTA, lawsuits, or complaints naming the recipient and/or subrecipient that allege discrimination on the basis of race, color, or national origin. This list shall include the date of the investigation, lawsuit, or complaint was filed; a summary of the allegation(s); the status of the investigation, lawsuit, or complaint; and actions taken by the recipient or subrecipient in response to the investigation, lawsuit, or complaint.

XIII. Procurement

All purchases utilizing federal funds, including the local procurement of supplies, equipment, construction, and services, shall be conducted in accordance with the Procurement Standards set forth in FTA's implementing regulations of 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," the Federal Office of Management and Budget (OMB) [Circular A-87](#) and [FTA Circular 4220.1F](#), "Third-Party Contracting Guidance" and FTA [Best Practices Procurement Manual](#) or any revision thereto.

Subrecipients must comply with the procurement requirements below:

- Written Procurement Policies- Subrecipients are required to have written procurement policies that are compliant with federal, state, and local procurement standards. may verify a subrecipient compliance on an as needed basis.
- Written Record of Procurement History – Subrecipients are required to maintain and make available records detailing the history of each procurement, which includes, the rationale for the method of procurement, the reason for the selection of the contract type, the reason for contractor selection or rejection, and the basis for the contract price.

- Independent Cost Estimate in conjunction with a Cost or Price Analysis – Subrecipients must perform an independent cost estimate (ICE) to assist with determining a competitive range for each procurement action. The ICE in conjunction with a cost or price analysis with every procurement action, including contract modifications such as exercising the option years and changing scope will form the basis of determining price reasonableness.
- Written Protest Procedures –Subrecipient solicitations must include written protest procedures and PRHTA must be named as a second level of review. Subrecipients must notify PRHTA when they receive a protest and provide consistent status updates.
- Essential Contract Elements –Subrecipient third-party contracts, subcontracts and contract modifications funded under the project award must contain essential elements including, but not limited to, the following: parties, price or rate of compensation, scope of work, contract timeline, contract termination and other legal considerations.

Procurement Process and Guidelines

PRHTA provides technical support and oversight to verify that all federal and State rules and regulations are unambiguously understood and followed by subrecipients. During the application process, applicants are required to submit certification of their agency's written procurement policy to verify acknowledgement and compliance with federal procurement standards. Upon grant award subrecipients sign the Standard Agreement and Annual List of Certifications and Assurances with PRHTA which identifies the FTA requirements and certify their compliance. Subrecipients are required to submit local procurement related documents to PRHTA for review and approval, including, but not limited to, solicitation for bids or proposals, independent cost estimates, draft third party contract agreements, proposal and bid evaluations and analyses, proposed contract

awards, contract amendments, and change orders (construction projects only). As the direct recipient to FTA funds, PRHTA certifies that it complies with the requirements of 49 U.S.C. Chapter 53 and that subrecipients comply with all applicable federal laws, regulations, and directives, including 2 CFR Part 1201 and FTA Circular 4220.1F, unless FTA states anything differently in writing. PRHTA does not relinquish the responsibility of reviewing and approving all procurements to PRHTA subrecipients that may also be direct FTA recipients. PRHTA typically reviews and approves procurement requests within 20 business days from the time complete documents are submitted; however, review times may vary depending on the complexity of the procurement documents to be reviewed.

Full and Open Competition

Subrecipients must conduct procurement transactions in a manner providing full, fair and open competition. Subrecipients are prohibited from restricting competition in federally supported procurement transactions. Some situations that restrict competition include, but are not limited to, unreasonable qualifications requirements, excessive bonding, noncompetitive pricing practices between firms, and noncompetitive awards to firms on retainer, organizational conflicts of interest, geographic preference, exclusionary or discriminatory specifications, i.e., brand name only, or any arbitrary action in the procurement process. Typically, State procurement laws and procedures are more restrictive than federal requirements.

Subrecipients that name a “third-party,” such as a partner, vendor, contractor, service provider, non-profit organization, or *any* entity outside the subrecipient’s *direct* employment, in their funding application are not exempt from the federal requirement of conducting a full, fair, and open competitively awarded procurement. Subrecipients that name a third-party in their funding application are not guaranteed the State will approve a subrecipient’s award to the named third party without first demonstrating compliance with federal procurement

standards and receiving PRHTA approval. The State's award of a standard agreement to a subrecipient that named a third party in their funding application does not indicate the State's approval of the named third-party.

The State will issue a formal letter of determination for all subrecipient third party contracting activities.

Prohibition against Geographic Preferences

Subrecipients shall conduct procurements in a manner that prohibits the use of statutory or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. This does not pre-empt State licensing laws. However, geographic location may be a selection criterion in procurements for architectural and engineering (A&E) services provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract. Procurement for A&E services will use the qualifications-based selection procedures (Brooks Act).

Awards to Only Responsible Contractors

FTA assisted contract awards shall be made only to "responsible" contractors possessing the ability, willingness and integrity to perform successfully under the terms and conditions of the contract. Responsibility is a procurement issue that is determined by the subrecipient after receiving bids or proposals and before making contract award. PRHTA and the FTA expect the prospective contractor to demonstrate affirmatively to the subrecipient that it qualifies as responsible and that its proposed subcontractor also qualifies as responsible.

Federally required clauses and requirements

Federally required clauses and requirements, as a rule, are required to be included in each third- party contract at every tier and in each subrecipient agreement at every tier. When clauses are required to flow down, the clauses and requirements flow down to all levels of the federal funding chain beginning with the subrecipient. Subrecipients shall use the State's FTA clauses except under special circumstances.

Inclusion of Federal Requirements when Receiving Federal Assistance

All subrecipient projects, except for projects undertaken without federal assistance, must include all federal requirements that would be included if the operating budget were fully federally funded and must comply with the Circular. FTA maintains that one dollar of federal assistance converts the operating funds of the transit property so that all such funds of the property therefore become subject to federal requirements. If receiving federal assistance, the requirements of the Circular apply, even if it is intended to apply all the federal assistance to pay salaries of direct hires and there is no intent to use that assistance in support of any procurement action.

Contract Period of Performance Limitation

49 USC § 5325(1) limits the procurement of rolling stock and replacement parts to no more than five years from the date of original contract. Although there is no limit on the term period for operating service contracts, subrecipients are expected to be cautious in establishing and extending their contract terms. Operating services contracts should be established no longer than minimally necessary to accomplish the purpose of the contract. All option periods must be evaluated, including the price, as part of the original award decision. Prior to exercising option periods: (1) a price or cost analysis must be conducted, and the option period price must be found to be fair and reasonable; and (2) the State must approve the contract extension.

Monitoring Procurements of Private Contractors and Subrecipients

In addition to complying with State and local law, subrecipients, transit management contractors, and depending on the structure of the contract, other contractors to which a State has contracted out a portion of its FTA funded operations, must comply with relevant FTA third-party contracting requirements when procuring goods and services with FTA assistance.

PRHTA is responsible for providing oversight and technical assistance so that all local procurement actions conducted by these organizations adhere to federal and state procurement standards. It is the responsibility of the subrecipient to verify that their third-party contractors adhere to state and federal requirements in conjunction with PRHTA federally funded third-party contracts.

Pre-award and Post-delivery Audits

As a condition of receiving FTA grant funds for the purchase of steel, iron, and rolling stock, subrecipients must certify compliance with Buy-America and the pre-award and post-delivery audit requirements. Procurements for vehicles, other than sedans or unmodified vans, must be audited in accordance with [49 CFR Part 663](#), “Pre-Award and Post-Delivery Audits of Rolling Stock Purchases.” By signing the Standard Agreement, all subrecipients certify that they will comply with Buy-America requirements and will conduct pre-award and post-delivery audits of rolling stock purchases. In addition, subrecipients sign and certify compliance with Rolling Stock Reviews on the Annual Certifications and Assurances. The process to be followed by each subrecipient can be found in the FTA handbook titled, “Conducting Pre-award and Post-delivery Audits for Rolling Stock Procurements.”

State Approval of All Third-Party Contracts

PRHTA will review and provide written determination for all third-party contracts, intergovernmental agreements, memorandums of understanding, change orders, option periods, or any agreement between the subrecipient and a third-party relating to the performance of the approved project in the Standard Agreement. The subrecipient agrees that it will not enter into any third-party agreement unless approved in writing by PRHTA. For 5310 projects, PRHTA will not submit a final purchase order for vehicles or equipment until the FTA has notified PRHTA that the grant has been fully funded and is available for disbursement.

Third-Party Contracting

[FTA Circular 4220.1F](#) sets forth federal guidelines for the solicitation, award and administration of third-party contracts. Compliance requires the inclusion of applicable federal clauses in all contracts between the subrecipient and their contractors. Federal clauses cannot be amended into existing third-party contracts. It is the responsibility of the subrecipient to monitor their contractors' activities and to verify compliance with third-party contracting requirements.

Written Procurement Procedures

PRHTA may verify applicant's compliance with the written procurement procedures requirement through a certification statement during the application process. If so, applicants must certify to having a board adopted, federally compliant, written procurement policy and procedures prior to execution of the standard agreement. As verification of compliance, PRHTA may ask applicants to submit their adopted written policy and procedures.

Awards Other Than Full and Open Competition

Procurements made by non-competitive award are restricted to criteria defined in C4220.1F, or revisions hereto. Non-competitive awards are not usual or customary and require significant documentation to be approved by PRHTA. Subrecipients are required to obtain prior PRHTA approval before awarding a non-competitive procurement. Non-competitive awards are approved by PRHTA on a case-by-case basis. Non-competitive procurements approvals are limited to a specific duration and may require on-going justification. Non-competitive awards that have not been approved by PRHTA prior to implementation may be denied federal funding support. Subrecipients must demonstrate why a non-competitive award is necessary and cannot be made through full and open competition. In addition, subrecipients must justify one or more of the following:

- **Sole Source- Unique Capability:** When competition is restricted because the good is only provided by a single vendor. This is typically applicable to goods.
- **Sole Source- Single Bid or proposal:** When a bid or proposal is advertised and fewer proposals are submitted than what may be reasonably expected for the good or service to be procured (competition adequacy), or when pricing for goods/services are directly solicited to a single vendor because the service is only provided by a single vendor. This is typically applicable to service providers.
- **Unusual and Compelling Urgency:** Used in situation where the subrecipient has such an unusual and urgent need for a good or service that the subrecipient would be seriously injured unless the solicitation is limited. This is also applicable in instances of a public exigency or emergency that will not permit a delay resulting from full and open competition.

Procurements by Purchase Order

Prior to issuing a purchase order, subrecipients must obtain approval from PRHTA. A legally binding contract is formed when the vendor or supplier accepts the purchase order from the subrecipient. Therefore, a purchase order is a third-party contract and must include all applicable federal clauses.

Protest Procedures

Subrecipients are responsible for resolving all contractual and administrative issues arising out of their third-party procurements. PRHTA expects each subrecipient conducting local procurements to have appropriate written protest procedures as part of their requirement to maintain or acquire adequate technical capacity to implement the project. The protest procedures should include the protester's ability to appeal to PRHTA once all subrecipient local administrative remedies have been offered and exhausted. PRHTA review of any protest will be limited to: 1) Violation of Federal law or regulation; or 2) Violation of Subrecipient's own protest procedures or failure to review a complaint or protest. The protest procedures should include the protester's ability to appeal to the FTA once all subrecipient local, and PRHTA administrative remedies have been offered and exhausted.

Piggybacking and Joint Procurements

Subrecipients shall contact PRHTA before purchasing from another agency's contract—a/k/a piggybacking—or making purchases through joint procurements. PRHTA reviews contracts and bids to verify federal compliance prior to authorizing an award of a third-party contract. PRHTA reviews purchasing documents, such as purchase orders, to verify federal and contract term compliance prior to authorizing purchase. Typically, subrecipients are not granted pre-award authority by PRHTA for the purchase of capital equipment. Subrecipients purchasing from unapproved or non-compliant third-party contracts, or subrecipients purchasing without prior authorization from PRHTA may be denied federal reimbursement.

Piggybacking

At the time of grant application, PRHTA may allow applicants to indicate the procurement method of obtaining assigned contractual rights from another agency's contract, a practice commonly referred to as piggybacking. The original contract must be found by PRHTA to be fully compliant with federal procurement rules and contain, among other things, appropriate assigning provisions. Subrecipients who obtain assigned contractual rights may exercise them after first determining the contract price remains fair and reasonable and receiving approval from PRHTA. To assist subrecipients, PRHTA provides a Piggybacking Worksheet, which outlines key questions for subrecipients to address prior to making a purchase from the original contract. Because purchasing through a piggyback can be a complex process, subrecipients shall contact PRHTA prior to procuring from another agency's contract. PRHTA, at the time of grant application, may limit the ability to make purchases through a piggyback procurement.

Joint Procurement

Agencies participating in a joint procurement have contractual rights to purchase from the awarded contract in lieu of being assigned options. As with all third-party contracts, PRHTA must authorize the joint procurement award of the third-party contract. Additionally, the purchasing documents (quote form, floorplan, etc.) must be authorized prior to purchase. Participating agencies' purchases may not make alterations to bid or proposal specification items unless the changes are approved in advance by PRHTA. Allowable specification changes typically include minor alterations such as: seating configuration, paint scheme, etc. Disallowable specification changes typically include major alterations such as: design, engine, transmission, air conditioning, etc.

State Contract

Agencies using a State contract to conduct local procurements using FTA funds administered by PRHTA must receive authorization from PRHTA prior to purchase. Purchasing documents (quote form, floorplan, etc.) must

also be authorized prior to purchase. Purchase requests shall not make alteration to bid specification items and may not include the addition of “unpublished” options.

Bus Testing

Each subrecipient Standard Agreement includes the required certification that all subrecipients will comply with the Federal Bus Testing Law ([49 CFR Part 665](#)) stating that “all new modified bus models must be tested at the FTA-sponsored test facility in Altoona, PA before FTA funds can be expended for their purchase.” For vehicles subject to bus testing, PRHTA requires the vendor provide a copy of the Altoona test report before bid award. When procurements are conducted by subrecipients, PRHTA requires that subrecipients certify that they will comply with bus testing regulations. Additionally, all bid specifications and contracts are reviewed by PRHTA staff to verify that bus testing requirements have been met and, specifically, that bus testing reports have been obtained.

Bus manufacturers are required to certify the following with the agency awarding the contract:

“The Contractor [Manufacturer] agrees to comply with 49 U.S.C. A 5323(c) and FTA's implementing regulation at 49 CFR Part 665 and shall perform the following:

1. A manufacturer of a new bus model or a bus produced with a major change in components or configuration shall provide a copy of the final test report to the recipient at a point in the procurement process specified by the recipient which will be prior to the recipient's final acceptance of the first vehicle.
2. A manufacturer who releases a report under paragraph 1 above shall provide notice to the operator of the testing facility that the report is available to the public.
3. If the manufacturer represents that the vehicle was previously tested, the vehicle being sold should have the identical configuration and major components as the vehicle in the test report, which must be

provided to the recipient prior to recipient's final acceptance of the first vehicle. If the configuration or components are not identical, the manufacturer shall provide a description of the change and the manufacturer's basis for concluding that it is not a major change requiring additional testing.

4. If the manufacturer represents that the vehicle is "grandfathered" (has been used in mass transit service in the United States before October 1, 1988 and is currently being produced without a major change in configuration or components), the manufacturer shall provide the name and address of the recipient of such a vehicle and the details of that vehicle's configuration and major components.”

XIV. Disadvantaged Business Enterprise (DBE)

Any project exceeding the threshold (receives more than \$250,000 in FTA funds of planning, operating or capital assistance) must submit contract award information to the PRHTA as part of its compliance with DBE program goals.

In order that a contractor or firm is considered a DBE, it must be certified as such by the PRHTA. This is accomplished by completing the document ***“Uniform Certification Application”*** and submitting it to the PRHTA’s Office of Civil Rights, which will review the application and render a determination. Only those firms certified annually by the PRHTA are counted towards the achievement of its DBE goal. The PRHTA produces an Annual DBE Directory which lists all firms and/or contractors certified as DBEs. DBE firms re-certify annually to the PRHTA DBE Coordinator. The PRHTA has a formal hearing process for DBE related complaints. If the issues cannot be resolved, the complaint is filed with the Civil Rights Office.

The PRHTA requires Subrecipients to include DBE requirements in Request for Proposal (RFP) documents and contracts. This is included as part of the Subrecipient contract review process made by the PRHTA to ensure that the DBE requirements are fulfilled.

Subrecipients are required to report on DBE activities towards achievement of **Annual DBE Goals** on a quarterly basis. Subrecipients awarding contracts during a quarter must submit DBE information to the PRHTA at the end of that quarter in order that it be incorporated in the PRHTA's DBE reports submitted to FHWA and FTA.

All Program subrecipients are required to adhere to the requirements of 49 CFR Part 23, as amended, *"Participation of Minority Business Enterprises in Department of Transportation Programs"*. Program 5310 is included in the PRHTA Disadvantaged Business Enterprise (DBE) program covering all funds received from FTA.

Transit Vehicle Manufacturer (TVM) DBE Program

Procurements for rollingstock require that each transit vehicle manufacturer, as a condition of being authorized to bid or propose on FTA-assisted transit vehicle procurements, certify that it has complied with the DBE program requirements. Certification is verified by PRHTA through the procurement third party contracting oversight process.

Under the U.S. DOT DBE regulations, a transit vehicle manufacturer means any manufacturer whose primary business purpose is to build vehicles specifically for public mass transportation. Such vehicles include, but are not limited to, buses, rail cars, trolleys, ferries, and vehicles manufactured specifically for paratransit purposes. The definition includes producers of vehicles that receive post-production alterations or retrofitting to be used for

public transportation purposes. Businesses that manufacture vehicles solely for personal use and for sale "off the lot" are not considered transit vehicle manufacturers. ([49 CFR 26.49](#))

Further, to the extent that a vehicle remanufacturer is responding to a solicitation for new or remanufactured vehicles with a vehicle to which it has provided post-production alterations or retrofitting (e.g., replacing major components such as an engine to provide a "like new" vehicle), the vehicle remanufacturer is considered a transit vehicle manufacturer.

Only those transit vehicle manufacturers listed on FTA's eligible TVMs list, or that have submitted a goal methodology to FTA that has been approved or has not been disapproved, at the time of solicitation are eligible to bid.

A TVM's failure to implement the DBE program in the manner prescribed by 49 CFR Part 26 may result in removal from FTA's certified TVMs list and the inability to bid on future FTA-assisted vehicle procurements.

Subrecipient failure to comply with the TVM DBE provisions may result in formal enforcement action or appropriate sanctions as determined by PRHTA of the FTA.

XV. Satisfactory Continuing Control

Equipment and real property acquired, built, or improved with the assistance of FTA grant funds must remain under the control of PRHTA and/or the subrecipients who are responsible for verifying that the equipment and real property continue for use by transit services. This section describes the satisfactory continuing control provisions for real property and equipment.

Real Property

Subrecipients are responsible for the management and disposition of property acquired with FTA funds. Real property acquisition and relocation activity must be conducted in accordance with the requirements in Sections 305 and 210 in the [Uniform Relocation Assistance and Real Property Uniform Relocation Act of 1970](#), as amended (Uniform Act), and codified in [49 CFR Part 24](#). FTA guidance states, “The objective of the Uniform Act is that owners of real property to be acquired for federal and federally assisted projects be treated fairly and consistently; that persons displaced be treated fairly, consistently and equitably; and that acquiring agencies implement the regulations in a manner that is efficient and cost effective.” Subrecipients may not incur costs prior to receiving approval from PRHTA.

Roles and Responsibilities

Subrecipient responsibilities include:

- Obtain appraisals and prepare initial environmental and other required documents prior to application submission.
- Prepare a physical inventory every two years.

PRHTA responsibilities include:

- Reviews submittals for accuracy and conformance to policy.
- Monitor subrecipients’ management and disposition of property.
- Perform on-site inspection of property.
- Provide policy guidance and direction.

Appraisal

Real property must be acquired at its current fair market value. Fair market value will be established based on a recent, independently prepared appraisal by a certified appraiser. An additional appraisal may be made if the subrecipient finds the valuation problem complex and deems a second appraisal to be appropriate. Subrecipients shall instruct appraisers to disregard any decrease or increase in the fair market value of the real property caused by the likelihood that the particular property is to be acquired for the project.

One appraisal and a reviewer's analysis are required when the estimated property value is \$250,000 or less. Two appraisals and a reviewer's analysis are required when the estimated property value exceeds \$250,000, or when an estimated property value in excess of \$250,000 must be resolved through eminent domain proceedings or if a property is to be condemned. FTA must review and concur in appraisals and review appraisals for acquisitions over \$500,000 or in-kind contributions of any value before federal funds are expended, or the value is used as local match. Instead of using its power of eminent domain, when a property cannot be purchased at appraised value, a subrecipient may propose acquisition through negotiated settlement. The subrecipient must document that reasonable efforts to purchase it at the appraised amount have failed and prepare written justification supporting why the settlement is reasonably prudent and in the interest of the public. When the settlement exceeds the offer by \$10,000, a litigation attorney must provide a written assessment of proposed settlement risks over the risks of proceeding in court. Prior FTA concurrence is required when a settlement of \$50,000 or more and must be further negotiated.

FTA has identified exceptions to obtaining a full appraisal. Full appraisal and/or negotiation procedures are not necessary in certain instances. PRHTA should be contacted for further guidance when any of the following conditions apply:

- The owner is donating the property.
- The subrecipient does not have authority to acquire property by eminent domain.
- The property qualifies as a voluntary acquisition as defined in [49 CFR 24.101\(a\)](#); or
- The valuation problem is uncomplicated, and the fair market value is estimated at \$2,500 or less, based on available data.

Unless one or more of the exceptions above applies, the project application that includes real property acquisition is considered incomplete without an appraisal. (Additional guidance can be found in [FTA Circular 5010.1D](#), Chapter IV.)

Assurances, Evaluation and Compliance

Real property must be acquired, managed, and used in accordance with the Uniform Relocation Assistance and Real Property Uniform Relocation Act of 1970 and 49 CFR Part 24, “Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs”. Applicants applying for funds for property acquisition must submit the assurance for Real Property Acquisition and Relocation with the Section 5311 application process in order for the application to be considered complete. Federal funds cannot be used to purchase any property proposed as local matching share.

Negotiation

Federal land acquisition regulations require that appraisals, including an “offer of just compensation” (with supporting documentation) be prepared before entering into negotiations or executing a purchase agreement for the land. A subrecipient may initiate the negotiation process prior to grant approval. However, no reimbursement will be made for costs incurred prior to execution of the Standard Agreement. It is, therefore, important for subrecipients to await notification that the Standard Agreement is fully executed before entering into the purchase agreement. The purchase agreement is normally executed at or prior to the opening of escrow. Payments are made on a reimbursement basis upon presentation of proper invoices and supporting documentation. Grant funds will not be available for deposit in escrow. Subrecipients should, therefore, be prepared to finance land acquisitions initially with local funds.

Vehicles and Equipment

PRHTA staff works in partnership with eligible subrecipients to procure vehicles and equipment using PRHTA approved vehicle and equipment procurement contracts that provide purchasing options for ADA-accessible vehicles in compliance with the program requirements. Among the benefits of using State-approved contracts is assurance that all federal and state safety requirements, regulations and guidelines are met in accordance with FTA Master Agreement.

Contracted Useful Life (see Table 2: Vehicles Eligible for 5310 Grant Funding, Section 3.1.5)

The contracted useful life standard is specified in the Standard Agreement. Subrecipients are required to maintain all Section 5307, 5310, 5311 & 5339 funded vehicles, per manufacturers suggested requirements until the

contracted useful life standard has been met. Contracted useful life for vehicles is defined in the scoring criteria as

Table 6: Contracted Useful Life

PRHTA Group Plan				
Asset-Rolling Stock	Fleet Size	FTA Default ULB	FY18 Base	FY19 Targets
Articulated Bus (AB)	2	14	0%	0%
Bus (BU)	184	14	9%	10%
Cutaway bus (CU)	100	10	6%	6%
Minibus (MB)	33	10	27%	14%
Minivan (MV)	2	8	0%	0%
Trolleybus (TB)	16	13	44%	44%
Van (Van)	80	8	39%	27%
Automobile (AO)	25	8	0%	0%
Asset-Equipment				
Automobile (AO)	40	8	53%	53%
Truck and other rubber vehicles	20	14	45%	45%
Maritime Transit Authority				
Asset-Rolling Stock				
Ferryboat (FB)	14	41	0%	0%
ATI-TU				
Asset-Rolling Stock	Fleet Size	FTA Default ULB	FY18 Base	FY19 Targets
Heavy Rail Passenger Car (HR)	74	31	0%	0%
Asset-Equipment				
Automobile (AO)	32	8	28%	34%
Trucks and other rubber vehicles	14	14	64%	56%
Asset-Facilities	Facilities	TERM Scale (below 3)	FY18 Base	FY19 Targets
Passenger/Parking	16	3	0%	0%
Administrative/Maintenance	2	3	0%	0%
Asset-Infrastructure	Track Segments	FY18 Base	FY19 Targets	
Rail Fixed Guideway-Performance Restriction	262	1.65%	5%	

These criteria are subject to review by PRHTA and a determination is based on the date the property (facility, vehicle, equipment) was put into active service, not based on the delivery date or the model year of the item. The useful life of mobile radios and other communication equipment attached to the vehicle will be equivalent to the useful life of the vehicle.

Like-Kind Replacement and Exchange

The Section 5310, 5311 and 5311(f) programs limit vehicle replacements to those within the same useful life category as shown in the “Useful Life” Section above and as described in FTA Circular 5010.1E.

Asset Management Systems

Federally funded vehicles, equipment or facilities must be used and maintained in accordance with the purpose and intent for which it was awarded under the FTA grant program whether the project or program continues to be supported by federal funds. The subrecipients must maintain control and accountability for all grant awards and property purchased with federal funds including procedures for asset management and adequate maintenance. Federally funded vehicles and equipment shall be operated and maintained in accordance with maintenance and inspection schedules provided by the manufacturer. No alterations may be made in its as-received condition without first receiving written approval from PRHTA. PRHTA will review all alteration requests on a case-by-case basis. Subrecipients must verify that resources are properly used and safeguarded and used solely for authorized purposes specified under the grant. In accordance with [49 CFR Part 18.32\(a\)](#) and [FTA C 5010.1E](#), PRHTA and subrecipients must maintain a current and complete Capital Asset Inventory including, but not limited, to the following

- Description of the asset.
- Identification number (year, make, model, serial, license, VIN).
- Funding source of property (grant program and Standard Agreement).
- Acquisition date.
- Warranty dates.
- Cost.
- Percentage of federal participation in the cost.
- Location of property.
- Use and condition of property.
- Useful life standard.
- Ownership and title.
 - o Disposition data, including the date of disposal and sale price, or, where applicable, method used to determine its fair market value.

Transit Asset Management Plans

The requirements for complying with the Transit Asset Management (TAM) rule are set forth in [49 CFR part 625](#).

TAM is a business model that prioritizes funding based on the condition of transit assets to achieve and maintain a State of Good Repair (SGR). It is a framework for transit agencies to monitor and manage public transportation assets, improve safety, increase reliability and performance, and establish performance measures to help keep transit systems operating efficiently and effectively.

FTA's Definition for "State of Good Repair" is: "The condition in which a capital asset is able to operate at a full level of performance". A capital asset is in a State of Good Repair when that asset:

1. Can perform its designed function,
2. Does not pose a known unacceptable safety risk
3. And, its lifecycle investments must have been met or recovered.

Any transit agency that receives federal financial assistance under 49 U.S.C. Chapter 53 and owns, operates, or manages transit capital assets used in the provision of public transportation is required to develop a TAM Plan. In Puerto Rico this does not include Section 5310 subrecipients because services provided in this program are not considered "público" transportation. Agencies are divided into two Tiers by the FTA to determine how sophisticated an agency's TAM Plan needs to be.

A tier one agency would have one of the following criteria: Operates rail; Greater than or equal to 101 vehicles across all fixed route modes; Or greater than or equal to 101 vehicles in one nonfixed route modes.

While a tier two agency would have one of the following criteria: a subrecipient of 5311 funds, be an American Indian Tribe; have less than or equal to 100 vehicles across all fixed route modes; Or have less than or equal to 100 vehicles in one non-fixed route mode.

TAM Plans must have the following components:

Tier One agencies must have the following components in their TAM Plans:

- An inventory of Capital Assets
- Condition Assessment
- Decision Support Tool

- Investment Prioritization
- TAM and State of Good Repair Policy
- Implementation Strategy
- A list of Key Annual Activities
- Identification of Resources
- Evaluation Plan

Tier Two agencies must have the following components in their TAM Plans:

- An inventory of Capital Assets
- Condition Assessment
- Decision Support Tool
- Investment Prioritization

Vehicle Certifications

The subrecipients are the registered owner of vehicles purchased with 5310, 5311, or 5339 funds. Successful subrecipients enter into a Standard Agreement which describes the program terms and conditions, and other requirements and regulations to comply with Department of Motor Vehicles (DMV). Subrecipients must comply with the requirements of the [Motor Carrier Safety Regulations](#). To protect the interest of the State and the federal government as described in section 9.1 above, the following language is included in the Standard Agreement:

“At all times, while the PROJECT vehicle and equipment is in the possession of the Contractor (grantee), the Contractor shall be the registered owner. The Contractor shall not transfer ownership of the PROJECT vehicle and equipment at any time while this contract is in effect. If the State must take possession of the vehicle and equipment, as a result of non-compliance with contract terms or by mutual agreement between

the State and the agency, the agency shall sign-off as registered owner upon the State taking possession of the equipment.”

Insurance Requirements

Insurance certificates are reviewed to verify that coverage meets the minimum requirements.

Detailed insurance requirements include:

- The minimum limits of liability may be increased by the State at any time upon thirty (30) days’ notice to the subrecipient.
- The subrecipient shall purchase collision and comprehensive (fire, theft, etc.) insurance for amounts equal to the actual cash value of each vehicle and any other equipment that is part of the project equipment, with deductibles acceptable to the State.
- The State, its officers, employees, and agents shall be named as additional insured.
- The State will not be responsible for any premiums or assessments on the policy.
- The subrecipient, and/or third-party subcontractor shall furnish to the State, before delivery of the project vehicle(s) to the subrecipient, a certificate of insurance issued by a company licensed to write such insurance in Puerto Rico.
- Prior to the annual insurance policy expiration date; the subrecipient shall furnish to the State a new certificate of insurance or other written evidence of insurance satisfactory to the State. At any time that such evidence of insurance has not been provided, the State shall have the right immediately to take possession of the project equipment and to enter the property of the subrecipient for this purpose.
- The subrecipient shall provide the State at least thirty (30) days’ notice of cancellation or material change of the vehicle insurance policy.

The following minimum insurance requirements apply to all subrecipients that are defined as a Public Agency, For-Profit, or Non-Profit entity:

Public Agency or For-Profit Entity

- Property Damage: The subrecipient shall place property damage, whether the property of one or more claimants, in an amount not less than one million five hundred thousand dollars (\$1,500,000) per occurrence (combined single limit) for property damage liability combined in respect to vehicles with seating capacity of fifteen (15) or less, or five million dollars (\$5,000,000) per occurrence for property damage liability combined in respect to vehicles with seating capacity of sixteen (16) or more.
- Bodily Injury: The subrecipient shall place bodily injury in an amount not less than one million five hundred thousand dollars (\$1,500,000) per occurrence (combined single limit) in respect to vehicles with seating capacity of fifteen (15) or less, or five million dollars (\$5,000,000) per occurrence for bodily injury in respect to vehicles with seating capacity of sixteen (16) or more.
- Vehicle Physical Damage: The subrecipient shall place Vehicle Physical Damage, including collision and comprehensive (fire, theft, etc.) insurance for amounts equal to the actual cash value of each vehicle and any other equipment with deductibles acceptable to the PRHTA.

Non-Profit Entity

- Property Damage: The subrecipient shall place property damage, whether the property of one or more claimants, in an amount not less than one million dollars (\$1,000,000) per occurrence (combined single limit) for property damage liability combined in respect to vehicles with seating capacity of fifteen (15) or less, or one million five hundred thousand dollars (\$1,500,000) per

occurrence for property damage liability combined in respect to vehicles with seating capacity of sixteen (16) or more.

- Bodily Injury: The subrecipient shall place bodily injury in an amount not less than one million dollars (\$1,000,000) per occurrence (combined single limit) in respect to vehicles with seating capacity of fifteen (15) or less, or one million five hundred thousand dollars (\$1,500,000) per occurrence for bodily injury in respect to vehicles with seating capacity of sixteen (16) or more.
- Vehicle Physical Damage: The subrecipient shall place Vehicle Physical Damage, including collision and comprehensive (fire, theft, etc.) insurance for amounts equal to the actual cash value of each vehicle and any other equipment with deductibles acceptable to PRHTA.

Use of Project Vehicles/Equipment and Property Management

Vehicles and equipment purchased with Section 5307, 5310, 5311, 5311(f), or 5339 funds must be used for the project described in the application. PRHTA verifies that these requirements are met through reporting and monitoring.

Control and responsibility for the operation of the vehicle(s) or other equipment must remain with the agency originally granted the equipment. Federal guidelines allow agencies to coordinate and assist in providing meal delivery services if these services do not conflict with the provision of transit services or result in a reduction of service to transit passengers. Other uses of the vehicle(s) or equipment are encouraged and permitted if such uses do not interfere with service to other seniors and individuals with disabilities and approved by PRHTA.

Transfer of Vehicles/Equipment

When there are vehicles/equipment that are within the useful life period and have been purchased with FTA funds they may be transferred to another subrecipient under certain circumstances such as:

- The vehicle/equipment is no longer needed by a subrecipient.
- The vehicle/equipment is not being used by the subrecipient as defined by contract terms or program rules;
and/or
- The subrecipient requests a transfer.

PRHTA determines the vehicle/equipment transfer. The subrecipient shall relinquish ownership as determined by PRHTA and shall forfeit receiving any compensation from the local match given at the time of purchase. Control and responsibility for the operation of the vehicles/equipment remains with the subrecipient until PRHTA authorizes a transfer. PRHTA will consider making this transfer after assessing the age, condition, and/or mileage of the vehicle/equipment. Priority in placing the vehicle/equipment will be based on the following criteria:

- Is the proposed subrecipient eligible within the same grant program?
- Will the proposed subrecipient take over service to the same clientele?
- Does the proposed subrecipient serve the same community?
- Is the proposed subrecipient within the same county or region?
- Is there a subrecipient elsewhere in the State in the same grant program?
- Is there a subrecipient in any FTA Grant Program administered by PRHTA?

In addition to using the above criteria, PRHTA will also evaluate potential transfer applicants' need for the vehicle/equipment. The transfer applicant will submit an abbreviated application containing the following information:

- Project Description and Justification for Funding Request (Replacement or Expansion).
- Proposed Service and Operating Plan (including map of service area).
- Existing Transportation Services (current fleet).
- Proposed Transportation Services.
- Signed Certifications and Assurances.

PRHTA staff will review these applications and the agency demonstrating the greatest need will be awarded the vehicle/equipment. Once the selection is made, both the contributing and receiving agency must submit a board resolution identifying the reason for the transfer, vehicle identification (VIN), service impact or service need, and the remaining federal interest in the vehicle/equipment. The receiving agency is responsible for all body and mechanical repairs necessary to restore the vehicle/equipment to a state of good repair. The receiving agency will enter a contract with PRHTA to deliver the appropriate service and maintain the vehicle/equipment for the remaining duration of the useful life in accordance with the contract terms and conditions.

PRHTA must notify FTA of all vehicle transfers. Information reported to FTA include: transferor/transferee name, list of vehicles (year, make, model) date placed in service, date removed from service, grant number which originally funded the vehicle, mileage, remaining useful life, federal share of remaining useful life and the reason for transfer.

Disposition of Equipment

In accordance with [49 CFR Part 19](#), [FTA Master Agreement](#) Section 19, and [FTA C 5010.1E](#), PRHTA established standards for the disposition of federally funded assets (vehicles, facilities and equipment) when the asset has met its useful life and federal interest requirements are met. Under the Standard Agreement, subrecipients are required to notify PRHTA whenever program equipment is no longer needed or used for grant purposes.

Prior to the disposition of any FTA funded capital asset, the subrecipient must submit to PRHTA a report that identifies the capital equipment to be retired or disposed. The report will be used to verify that a vehicle has met the minimum contracted useful life and that there is no remaining Federal interest. The report must include the following information:

- Equipment Serial Identification Number or Vehicle Identification Number;
- Make and Model of the equipment.
- Date when equipment was placed into service.
- Current age and mileage of rolling stock.
- Established minimum useful life period (include miles for rolling stock).
 - Proposed date of removal from service.
 - Disposition outcome (sale, transfer, use as backup).
 - Current market value.
 - Proposed anticipated spare ratio.

Whenever any federally funded property is withdrawn from the service for any reason prior to meeting the contracted useful life, and at the direction of PRHTA the subrecipient shall be required do one of the following:

- Remit to the State, for repayment to the FTA, a proportional amount of the fair market value of the property, which shall be determined by the ratio of the federal grant funds paid under this Agreement to the actual purchase cost of the property. Fair market value shall be deemed to be the unamortized value of the remaining service life per unit, based on a straight-line depreciation of the original purchase price, or the federal share of the sales price.
- Relinquish the property to the State in the same condition as when received by the subrecipient except for reasonable wear and tear resulting from its use. The parties shall thereupon determine the amount of compensation, if any, to be paid by the subrecipient to the State in order to avoid any State liability to

FTA or to others. Upon subsequent disposal of the property, the State shall reimburse the subrecipient for its proportional amount of the property value received or identified by the State, if any.

- When federally funded property is lost or damaged by fire, casualty, or natural disaster, the fair market value shall be calculated based on the condition of the property immediately before the fire, casualty, or natural disaster, irrespective of the extent of insurance coverage. Based on the calculation, the proceeds shall be applied to the cost of replacing the damaged or destroyed property taken out of service.
- If any damage to property results from abuse or misuse occurring with the subrecipient's knowledge and consent, the subrecipient agrees to restore the property to its original condition or refund the value of the federal interest in that property to the State.

When any federally funded property is withdrawn from service after it has met its contracted useful life, and at the direction of PRHTA, the subrecipient shall be required to do one of the following:

- For federally funded property with fair market value greater than or equal to \$5,000. The subrecipient will remain the registered owner and the State remains the lien holder. Should the subrecipient choose to sell the property, the State must be notified in advance of the pending sale and provide in writing the terms of the sale and the intended use of the sale revenue. All sale revenue must be retained in the subrecipient's transportation program. Supporting documentation on the use of sale revenue must be provided to the State upon request.
- For federally funded property with Fair Market Value Less Than \$5,000. The Certificate of Title will be released to the subrecipient. The subrecipient will remain the registered owner. The vehicle may be retained or sold. All proceeds from the sale of the property must be retained in the subrecipient's transportation program. Supporting documentation on the use of sale revenue must be provided to the State upon request.

PRHTA will accept a current market appraisal or assessment from the dealer of purchase to determine the current market value.

5310 Disposition

The vehicle/equipment disposition requirements for the 5310 Program follow the FTA Circular 9070.1F, 06/06/2014: “States and their subrecipients should follow state laws and procedures for disposing of equipment. States are not required to return to FTA proceeds from the disposition of equipment, regardless of the fair market value at the time the equipment is sold but should follow their own procedures regarding the use of the proceeds, so long as the proceeds remain in use for public transportation purposes. This applies to all equipment currently in use that was purchased by states with Section 5310 funds.”

In conformance with the above circular section. The Section 5310 program will release vehicles/equipment to subrecipient agencies, when it has been determined that the agency’s vehicle/equipment has met the contracted useful life requirement. Upon release of the title to the agency, the agency must keep the vehicle/equipment or its sale proceeds in their public transportation program. The State has the discretion of determining when the vehicle or equipment has met contracted useful life based on either mileage and/or age.

Charter Bus

The Charter Bus requirements apply to subrecipients and their contractors that provide transportation service. Pursuant to 49 U.S.C. Section 5323(d), 5323(r), and 49 CFR Part 604, program funds may not be used to provide charter service if there is at least one private charter operator willing and able to provide the service, except under one of the exceptions listed at 49 CFR Part 604-Subpart B. By signing the Standard Agreement, subrecipients

certify that they understand the requirements of 49 CFR Part 604 apply to any charter service involving these programs' equipment and that any violation of these requirements may require corrective measures and the imposition of penalties, including debarment from the receipt of further federal assistance for transportation.

School Bus

The School Bus requirements apply to subrecipients and their contractors that provide transportation service. Program funds may not be expended for the purpose of providing school bus operations. In line with this federal requirement, subrecipients certify at the time of application submittal that they will comply with school bus requirements as stated in [49 U.S.C. Part 5323\(f\)](#) and [49 CFR Part 605](#). Additionally, once approved each subrecipient is required to sign, along with the Standard Agreement, a separate certification regarding school bus requirements. According to State law, all school bus services must be provided in yellow school buses. Since PRHTA does not fund the purchase of yellow school buses, this additionally verifies that subrecipients are not providing school bus services with federally funded vehicles.

Buy-America

PRHTA purchases vehicles, steel, iron and manufactured products used in grant projects through a consolidated procurement. Buy-America ([49 CFR Part 661](#)) provisions are included in the solicitation and Buy-America certifications are obtained from vendors. PRHTA completes required pre-award and post-delivery certifications including the reviews of Purchaser Requirements, [Federal Motor Vehicle Safety Standards](#) (FMVSS), and Buy-America requirements. PRHTA reviews all procurement documents to verify the inclusion of the Buy-America Certification in the solicitation package. PRHTA maintains copies of the Vehicle Certifications.

PRHTA obtains a component breakdown from vendors to ascertain the domestic content of product components and subcomponents, as required. In addition, a resident inspector is used by PRHTA to verify compliance with Buy America at the vehicle manufacturer's facility.

If a subrecipient chooses to procure vehicles locally, PRHTA performs pre-award reviews of the subrecipient vehicle contract and purchasing documents to verify compliance with Buy America provisions, and pre-award and post-delivery certification for Buy America, FMVSS, and Purchaser Requirements. Subrecipients must submit the post-delivery Buy America, FMVSS, and purchaser's requirements certifications to PRHTA to receive reimbursement.

Offerors submitting bids for a vehicle contract are required to submit Certification of Buy America Compliance which includes a listing of the major bus components and subcomponents. Offerors must provide information on the manufacturer, country of origin, and percentage of vehicle cost for each item on the list. In addition, offerors must provide a description of the actual location and activities of final assembly point and the cost of final assembly. To determine compliance, PRHTA calculates the percentage of domestic content from the information provided in the solicitation. For procurements over \$150,000.00, documents are reviewed for inclusion of Buy America requirement prior to award. Also, pre-award audit and solicitation analysis are submitted to PRHTA for approval prior to award. Subsequent to project delivery, subrecipients must complete a post-delivery audit and final inspection and submit the post-delivery forms as described in the Standard Agreement.

The FAST ACT increases domestic percentage content requirements for Buy America through incremental increases. By FY2020, the Buy America requirement for rolling stock will total 70 percent. The FAST Act also makes important changes to the waiver denial process, requiring FTA to certify the availability and quality of the domestic sources for the product in the denied waiver.

All subrecipients certify by signing the Standard Agreement that they will comply with Buy America requirements and will conduct pre-award and post-delivery audits of rolling stock purchases. The process to be followed by each subrecipient to meet the Buy America requirement can be found in the FTA handbook titled, “Conducting Pre-award and Post-delivery Audits for Rolling Stock Procurements.” PRHTA reviews all procurement documents to verify the inclusion of required certifications and documents.

Debarment and Suspension

Subrecipients must comply with the federal debarment and suspension provisions contained within the Standard Agreement. Prior to third-party contract award, PRHTA verifies through the federal [System for Award Management](#) (SAM) that the selected contractor has not been suspended or debarred. PRHTA also reviews all procurement documents to verify the inclusion of the debarment and suspension certification to be submitted with each bid. It is also the responsibility of the subrecipient to notify PRHTA if any of its principals are presently excluded or disqualified under these regulations.

Lobbying

Subrecipients certify compliance with the Federal Restrictions on Lobbying by signing their Standard Agreement with PRHTA. The specific restrictions on lobbying are itemized in the Standard Agreement. The certification regarding lobbying must be signed and submitted by vendors bidding on contracts and subcontracts of \$100,000 or more in a local procurement completed by a subrecipient. PRHTA verifies that this certification is included during its review of all local procurement bid packages prior to release of the bid solicitation by the subrecipient. This same document is included in the State procurement documents and must be signed and submitted by each vendor bidding on any State procurement of \$100,000 or more.

Drug and Alcohol Program

Subrecipients and subcontractors for the 5311 program must establish and implement an alcohol misuse and anti-drug program that complies with all applicable FTA requirements of [CFR 49 parts 655](#) and [40](#). According to the FTA, “Recipients or subrecipients that receive only Section 5310 assistance are not subject to FTA’s drug and alcohol testing rule for employees who hold Commercial Driver’s Licenses.” Subrecipients assure compliance by signing the Certification and Assurances in the Application and the 5311 Standard Agreement certifying that they have met these requirements. PRHTA will take appropriate action within 30 days of receiving notification of a conviction.

The Agency Monitoring Form includes reference to the Drug and Alcohol policy, drug testing, and reporting. Subrecipients must certify annually that they are in compliance with the U.S. DOT and FTA regulations concerning drug and alcohol testing ([CFR 49 parts 655](#) and [40](#)).

The Rural Transit Assistance Program (RTAP) provides compliance training to subrecipients on FTA’s Drug & Alcohol program, which includes assistance to subrecipients in the development of their Substance Abuse compliance policies and programs.

Drug-Free Workplace

PRHTA has a Drug-Free Workplace Policy that complies with all requirements of [49 CFR Part 32](#). The Standard Agreement requires that the subrecipient certify that it will provide a drug-free workplace and establish a policy prohibiting activities involving controlled substances in compliance with State law. This language must also be included in all bids and award documents that the subrecipient may enter. Each vendor bidding on equipment

being purchased locally by a subrecipient must submit a signed “Drug- Free Workplace Certification” that is distributed to all safety-sensitive employees and employee organizations. Each vendor bidding on any State procurement of equipment must also submit this certification.

The program and training informs employees about the dangers of drug abuse; available drug counseling, rehabilitation, and employee assistance programs; about penalties that may be imposed; and that employees are to be aware that the recipient operates a drug-free workplace. The policy includes “if convicted of a drug statute violation that occurred in the workplace, all employees are to report it to the employer in writing no later than five calendar days after such a conviction.” Employees must sign a form indicating receipt of the policy and are required to attend mandatory training. Managers and supervisors offer assistance to employees when needed. Adverse action will be enforced and could lead to termination of employment with recipients and subrecipients.

Equal Employment Opportunity

PRHTA has an Equal Employment Opportunity Program Manager responsible for preparing, monitoring and implementing the PRHTA Equal Employment Opportunity Plan. The Division of Audits and Investigations verifies that all discrimination complaints are thoroughly investigated in accordance with the Equal Employment Opportunity Plan. PRHTA verifies nondiscrimination for ADA-eligible persons in terms of employment through the Directors Policy on Equal Employment Opportunity. In addition, PRHTA provides reasonable accommodations for persons with disabilities, per the Deputy Directors policy on Reasonable Accommodation. Each subrecipient specifically certifies within the program application that it will not discriminate against any employee or applicant for employment. Additionally, by signing the Standard Agreement with PRHTA each subrecipient certifies that it will comply with all applicable federal equal employment opportunity requirements.

Safety and Security

FTA's authority in transit safety is set forth in 49 U.S.C. Section 5329 of the Federal Transit Law. This law states FTA may withhold further financial assistance from any subrecipient that fails to correct any condition that FTA believes "creates a serious hazard of death or injury". FCO will also exercise authority to remove vehicles and facilities from service if it is deemed that identified vehicles or facilities that present, or contribute, to an unsafe environment for employees and transit customers.

All subrecipients that only receive FTA Section 5310 and FTA Section 5311 do not need to develop a PTASP.

The Rule will have an impact on urban transit systems that are direct recipients of federal financial assistance under 49 U.S.C. 5307. FCO encourages all 5307 direct recipients to develop and certify their own PTASP.

Financial Systems

Subrecipients generally directly procure construction services and vehicles. However, the PRHTA has the option of procuring vehicles for subrecipients when it deems convenient and in the best interest of subrecipients. For example, paratransit vehicles were procured for Section 5310, 5311, 5316, 5317 and 5339 subrecipients. In this case, subrecipients pay the 20% match to the PRHTA prior to delivery of said vehicle. A lien is placed on the title of these vehicles until the end of their useful life at which time the PRHTA transfers title to the subrecipient.

Invoices are submitted to the Program Manager who reviews payment requests to ensure that adequate supporting documentation is attached and that the charges are within the approved scope and budget of the project. The Staff of the FCO review the request and approve payment. Then, sends the payment request to the Finance Area.

The Fiscal Section FTA programs verifies that the costs are allowable and within the approved budget and requests the drawdown from FTA. The Government Development Bank receives the Federal funds and electronically transfers the money to the PRHTA General Funds account. The Fiscal Section FTA Programs sends a payment voucher to the Treasurer's Office to remit payment to the vendor or subrecipient. To ensure that these Sections funds are disbursed within 3 days of receipt from the Federal Government, the Treasury Office will prepare the reimbursement check a few days before requesting the FTA drawdown. Once the funds are received and deposited, the check will be immediately released for payment to the subrecipient or vendor.

The FCO staff and Fiscal Section FTA Programs charge direct staff time and travel expenses to the NUA or NF/JACR program. Staff prepares timesheets allocating time by project number (grant number). The Fiscal Section FTA Programs prepares the drawdown request and payment voucher based upon the timesheets.

The PRHTA ensures that Subrecipients have the fiscal capability to carry out the programs and receive and disburse Federal funds. Applicants are required to include an assurance stating that they have the capability to manage the project as part of the application process. **Subrecipients (local governments) must submit a Resolution from their Municipal Assembly certifying the availability of the local share.** The Subrecipient's financial management system must account for every federal dollar received and show where it went and for what it was used. The PRHTA reviews the system to assure that it:

- Is kept on a program year basis to facilitate audits and closeout.

- Is in accordance with acceptable accounting procedures.
- Maintains separate accounts for the project, either independently or within the existing account system.
- Has a system to segregate, accumulate and maintain allowable costs.
- Adequately documents and maintains files of all project costs.
- Can generate financial status reports.

The PRHTA reviews the documentation, including payroll, invoices paid, reimbursements received, cancelled checks, contracts, and vouchers during the project inspection visits.

Single Audits

All Subrecipients, who receive over \$300,000 in any given Fiscal Year in Federal funds, must submit a single audit report to the PRHTA Finance Area. **On or about September 1 of each year, the FCO Staff writes to each applicable Subrecipient informing them that they must prepare and submit their report to the PRHTA no later than December 31.** Once it is received, the Finance Area reviews the report and works with the Subrecipients to resolve findings.

Project Closeout

Subrecipients' projects are closed out within 90 days after its completion date. This is the process by which the PRHTA determines:

- That all work proposed under the project is finished and accepted by the PRHTA.

- Those final inspections were carried out.
- That all administrative work has been completed.
- That all reports have been submitted and accepted by the PRHTA.
- That all Federal cost shares have been adjusted.
- That all cash transactions between the PRHTA and Subrecipient have been settled.

The procedures used for closing out a grant include the submission of a final financial status report, summarizing project expenses together with the single audit report (if applicable). Once the project has been completed, the Subrecipient will submit to the PRHTA an annual certification that the facilities or equipment acquired with Federal funds are being used for the purposes for which the grant was approved.