

Report **2**

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**Impacts Of Federal Grant  
Requirements On Transit Agencies**



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NATIONAL COOPERATIVE TRANSIT RESEARCH & DEVELOPMENT PROGRAM

Report **2**

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# Impacts Of Federal Grant Requirements On Transit Agencies

**ELLEN H. KRET and SUBHASH MUNDLE**  
Booz, Allen & Hamilton, Inc.  
Bethesda, Maryland

**AREAS OF INTEREST**

Administration  
Planning  
Finance  
(Public Transit)

RESEARCH SPONSORED BY THE URBAN MASS  
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**TRANSPORTATION RESEARCH BOARD**  
NATIONAL RESEARCH COUNCIL  
WASHINGTON, D.C.                      DECEMBER 1982

## NATIONAL COOPERATIVE TRANSIT RESEARCH & DEVELOPMENT PROGRAM

Administrators, engineers, and many others in the transit industry are faced with a multitude of complex problems that range between local, regional, and national in their prevalence. How they might be solved is open to a variety of approaches; however, it is an established fact that a highly effective approach to problems of widespread commonality is one in which operating agencies join cooperatively to support, both in financial and other participatory respects, systematic research that is well designed, practically oriented, and carried out by highly competent researchers. As problems grow rapidly in number and escalate in complexity, the value of an orderly, high-quality cooperative endeavor likewise escalates.

Recognizing this in light of the many needs of the transit industry at large, the Urban Mass Transportation Administration, U.S. Department of Transportation, got under way in 1980 the National Cooperative Transit Research & Development Program (NCTRP). This is an objective national program that provides a mechanism by which UMTA's principal client groups across the nation can join cooperatively in an attempt to solve near-term public transportation problems through applied research, development, test, and evaluation. The client groups thereby have a channel through which they can directly influence a portion of UMTA's annual activities in transit technology development and deployment. Although present funding of the NCTRP is entirely from UMTA's Section 6 funds, the planning leading to inception of the Program envisioned that UMTA's client groups would join ultimately in providing additional support, thereby enabling the Program to address a large number of problems each year.

The NCTRP operates by means of agreements between UMTA as the sponsor and (1) the National Academy of Sciences, a private, nonprofit institution, as the Primary Technical Contractor (PTC) responsible for administrative and technical services, (2) the American Public Transit Association, responsible for operation of a Technical Steering Group (TSG) comprised of representatives of transit operators, local government officials, State DOT officials, and officials from UMTA's Office of Technology Development and Deployment, and (3) the Urban Consortium for Technology Initiatives/Public Technology, Inc., responsible for providing the local government officials for the Technical Steering Group.

Research Programs for the NCTRP are developed annually by the Technical Steering Group, which identifies key problems, ranks them in order of priority, and establishes programs of projects for UMTA approval. Once approved, they are referred to the National Academy of Sciences for acceptance and administration through the Transportation Research Board.

Research projects addressing the problems referred from UMTA are defined by panels of experts established by the Board to provide technical guidance and counsel in the problem areas. The projects are advertised widely for proposals, and qualified agencies are selected on the basis of research plans offering the greatest probabilities of success. The research is carried out by these agencies under contract to the Academy, and administration and surveillance of the contract work are the responsibilities of the Academy and Board.

The needs for transit research are many, and the National Cooperative Transit Research & Development Program is a mechanism for deriving timely solutions for transportation

problems of mutual concern to many responsible groups. In doing so, the Program operates complementary to, rather than as a substitute for or duplicate of, other transit research programs.

### NCTRP REPORT 2

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The members of the technical committee selected to monitor this project and to review this report were chosen for recognized scholarly competence and with due consideration for the balance of disciplines appropriate to the project. The opinions and conclusions expressed or implied are those of the research agency that performed the research, and, while they have been accepted as appropriate by the technical committee, they are not necessarily those of the Transportation Research Board, the National Research Council, the National Academy of Sciences, or the program sponsors.

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## **FOREWORD**

*By Staff  
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The research results in this report will be useful to transit agencies, Metropolitan Planning Organizations (MPO's), UMTA, and legislators in complying with and revising federal capital grant requirements for transit rolling stock and maintenance facilities. Grantsmen and planners for transit agencies and MPO's will find of interest recommendations concerned with consolidating and streamlining documentation and procedural requirements. Officials with the Urban Mass Transportation Administration will find of interest recommendations to streamline award procedures and ideas for legislators drafting legislation.

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The costs and effects of federal grant requirements have been of increasing concern to transit agencies. One area of particular concern has been UMTA's Section 3 discretionary capital funding program. This report reviews the Section 3 grant application process and the impacts of transit agency compliance with promulgated regulations, administrative policies, and issued guidelines. Based on a survey of transit operator experience, impacts have been defined to include direct levels of effort; delays in project implementation; inflationary cost escalation, and a loss of management flexibility. Recommendations are presented in the report for streamlining the grant application procedure and document, and for improving coordination among participant agencies.

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## **NCTRP TECHNICAL STEERING GROUP**

Annual research programs for the NCTRP are recommended to UMTA by the NCTRP Technical Steering Group (TSG). Under contract to UMTA, the American Public Transit Association, supported by the Urban Consortium for Technology Initiatives/Public Technology, Inc., is responsible for operation of the TSG, the membership of which is as follows.

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# IMPACTS OF FEDERAL GRANT REQUIREMENTS ON TRANSIT AGENCIES

## SUMMARY

Over the past 20 years, federal assistance for transit systems has grown substantially in terms of both scope and funding. With each new funding program came new regulations; and each new regulation added another layer of complexity, paperwork, and cost. Such requirements have obliged many transit agencies to allocate scarce resources to federally mandated procedural work. Increasingly concerned about the costs and effects of the requirements, these agencies have begun to consider whether the price of obtaining federal funding outweighs its benefits.

This research focus is on the costs and other impacts of regulatory and administrative requirements associated with the Urban Mass Transportation Act's Section 3 discretionary capital funding program for bus and bus-related facility projects. An application for a Section 3 grant requires from 20 to 30 exhibits of supportive documentation, regulatory assurances, certifications, and compliance submissions. Although the requirements have remained very similar in principle since the early 1970's, little is understood about their impact on the applicant agency's costs and its management flexibility and control.

This research project was undertaken to quantify the impacts of federal requirements on transit systems. The approach to conducting the research consists of determining the actual costs incurred and associated impacts experienced by large, medium, and small transit operators and examining the extent to which congressional intent has been served by the various application requirements. The outcome of the research effort is a set of recommendations for improving the grant application process. The recommendations address procedural and substantive requirements of the application process and document based on a quantification of direct and indirect impacts these requirements have had on transit systems.

An analysis of Section 3's grant application procedures begins with a review of its administrative requirements. Implementation of the capital assistance program is a shared responsibility between the grantor, UMTA, and the grantee, the transit agency. To carry forth its legislated mandate, often phrased as generalized principles rather than specific instructions, the administering agency UMTA develops policies, regulations, and guidelines. These interpretations of congressional intent serve as the rules for implementing the funding program. Since the discretionary funding program is to a large degree administered in the field, UMTA's ten regional offices are responsible for the implementation of these policies, regulations, and guidelines. The grantee agency is responsible for interpreting UMTA directives and preparing the application package to comply with these requirements.

Eligibility for discretionary funds is based on several conditions. The first condition is satisfaction of the Act's statutory provisions. The second condition is compliance with the terms and conditions set forth in numerous and varied federal regulations. The third condition is conformance with UMTA-adopted policies and priorities for capital investment as set forth in the Administration's Program Plan. UMTA staff are responsible for reviewing and awarding grants on the basis of these conditions.



## Findings

Preparation of the capital grant application requires the assignment of personnel and expenditure of resources on the part of the potential grantee. The following findings concerning the application preparation process and document have been formulated based on on-site interviews with five medium-sized transit agencies and telephone interviews with four larger and four smaller agencies.

*Frequency of submittal varies with agency size.* Smaller agencies indicate that a capital grant application is submitted once every year or two on a project basis. Medium-sized agencies evidence little consistency in their submittal practices. Most of the larger agencies submit from two to seven capital grants each year, which may or may not be combined with Section 5 applications.

*Section 3 grants are used to finance a wide range of projects.* All agencies interviewed applied for and received discretionary capital funds for the purchase of buses and related equipment. Most agencies also used program funds for architectural/engineering studies and construction of maintenance facility and operating base improvements. Other projects less frequently cited include computers, transit improvements in Central Business Districts, park-n-ride lot construction, and maintenance equipment purchases.

*Most applications are amended regardless of system size or project type.* The amendment may be for a change in scope and/or change in budget. Application amendments, if large enough, may require a subsequent amendment to the regional Annual Element (AE) of the Transportation Improvement Program (TIP).

*The commitment of staff resources to preparing capital grants varies by system size.* At small agencies, one person is in responsible charge for preparing the application package as well as conducting several other tasks. Within the medium-sized operator group, several agencies have full-time grants administrators. Large agencies delegate grant preparation to a department or program office having its own staff. Each unit has a supervisor or manager and a staff ranging in size from two to four professionals plus clerical support.

*The External Operating Manual is out-of-date.* UMTA has issued a series of guidelines for completing an application, as well as other regulations related to specific elements of the application. Foremost among these is the External Operating Manual (EOM), initially issued in August 1972, and updated through 1974 (3). A section of this manual describes procedures for preparing the application, eligibility factors, additional statutory requirements to be satisfied, and selection criteria guidelines. The usefulness of this exhaustive document is limited by the fact that it has been 8 years since its last revision. In the meantime, program objectives and orientation have shifted in response to congressional and executive mandates.

Because it is partially obsolete, only 8 of the 13 agencies contacted for this study rely on portions of the EOM for completing their applications. A more frequent response was that the previous year's application is used as a model for completing the current one. If last year's grant was approved, the thinking is that a similar application package for a new project will yield analogous results.

The administration of the Section 3 capital grant application process involves two major communication links: (1) between regional UMTA offices and the applicants; and (2) between the applicants and regional or state planning agencies. As one respondent wittingly commented on the importance of good communication, "The key to a successful application is knowing what UMTA is looking for." Methods of communication between UMTA regions and applicants range from mailing copies of official regulations to holding informal one-to-one personal meet-

ings. Most project-specific instructions for preparing a grant application are communicated orally by telephone. A cooperative working relationship is felt to be key to the award of program funds.

*Required detail varies among UMTA regions.* The Section 3 grant application contains several exhibits of supportive documentation, numerous assurances, certifications, and compliance submissions. The origin of most requirements can be traced to the Urban Mass Transportation Act or a related piece of congressional legislation. Across the five regions surveyed, similar items were identified as necessary for a Section 3 grant application. (Interviews were conducted with transportation representatives in UMTA Regions I, III, IV, V, and VIII.) Based on the responses of this group, a generalized set of application requirements was developed. A listing of these items is presented in Table S-1. A particular region may, however, have additional items on its checklist; another may have fewer items. Differences lie in the level of detail required for particular exhibits and the individual transportation representative's degree of flexibility in enforcing the requirements. Responsibility for ensuring grantee compliance with statutory, regulatory, and policy requirements is entrusted to the regional transportation representative.

*Costs and impacts vary by transit agency and project type.* Compliance with mandated conditions of aid and application requirements can impact the transit agency in numerous ways. These include the allocation of personnel and operating funds; delays in project implementation; inflationary cost escalation; and loss of management flexibility. The findings concerning experienced costs and impacts are highlighted as follows:

#### 1. The Level of Effort Required to Complete a Grant Application Varies Signifi-

TABLE S-1  
CONTENTS OF A SECTION 3 GRANT APPLICATION

Standard Form 424	
Budget Information	
Budget Sections A-E	
Estimated Project Budget or Line Item Budget	
Net Project Cost and Grant Funds	
Local Funds Commitment	
Program Narrative	
Exhibit A	Project Description
Exhibit B	Public Transportation System ( <i>one-time submission updated as necessary</i> )
Exhibit C	Project Justification
Exhibit D	Project Financing:
...	Disposition of Equipment or Facilities
...	Financing from Revenues
...	Private Financing
Exhibit H	Use of Project Facilities
Exhibit I	Labor
...	Identification of Unions
...	Impact of Project on Employees
Exhibit J	Public Hearing
...	Public Notice
...	Transcript
Exhibit K	Relocation ( <i>if applicable</i> )
Exhibit L	Protection of the Environment
Exhibit O	Flood Hazards ( <i>if applicable</i> )
Assurances	
Standard	Assurances or Reference to One-Time Submission
Opinion of Counsel	
...	Applicant's Legal Authority to Apply for Grant ( <i>may be included in One-Time Submission</i> )
...	Assurance of No Pending Litigation
Authorizing Resolution	
Certifications	
With Application Document	
...	Public Hearing
...	Flood Hazard Area
...	Charter Service
...	DOL 13(c)
On File with UMTA	
...	Title VI
...	MBE
...	Transportation Planning
...	Special Efforts

cantly Across the Transit Industry — The major factors determining commitment levels include:

- Availability of in-house documents; either planning reports, technical studies or capital grant applications for similar projects.
- Complexity of the proposed project.
- Prior experience in preparing applications.
- Use of updated preparation instructions.

In general, preparation of the budget, project description, justification, and environmental analysis, together with the conduct of the public hearings consume the majority of professional time. Applicants also report the overall administration of the preparation process as time-consuming. The bottom line, however, is that the process is working much smoother than it ever did and with minor exceptions, with few complaints.

2. Sources of Delay Are Located Both Within and Outside the Transit Agency — Delays in project implementation can pose serious problems for a transit agency. During an inflationary period, delays in application preparation will result in increased capital costs. Delays can also result in the postponement of new services; extended periods of high maintenance and operating costs; and poor public relations. The reasons for a stalled application can either be internal to the transit agency or external to it. The most frequently cited causes of delay are summarized on Table S-2.

3. Restrictions on Management Flexibility Are the Most Significant Indirect Cost — Regulations impact management powers in three ways. The first pertains to UMTA's transportation planning requirements and the restrictions it places on the capital grant application process. Management flexibility is also affected by the length of the application preparation, review and approval process, which aver-

TABLE S-2  
SOURCES OF DELAY

Respondent	Location of Delay	
	Transit Agency and/or Other Local Agency	Federal Level
Transit Agencies	<ul style="list-style-type: none"> <li>• Internal decisionmaking</li> <li>• TIP/AE approval and amendment process</li> <li>• Additional technical analysis for project justification or environmental assessment submissions</li> <li>• A-95 review process</li> </ul>	<ul style="list-style-type: none"> <li>• Changing guidance from UMTA</li> <li>• UMTA transportation planning requirements</li> <li>• Long UMTA review period</li> <li>• 13(c) review and certification delays</li> <li>• Delayed notification of award and release of funds</li> </ul>
UMTA Regional Offices	<ul style="list-style-type: none"> <li>• Unapproved TIPs/AEs</li> <li>• Incomplete submissions               <ul style="list-style-type: none"> <li>- missing signatures</li> <li>- omission of assurances</li> <li>- incomplete justification</li> <li>- incomplete environmental analysis</li> <li>- missing public hearing documents</li> <li>- insufficient budget information</li> </ul> </li> <li>• Applications submitted late in the fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>• 13(c) review and certification requiring two or three months</li> <li>• Late Congressional appropriations and delayed release of funds</li> </ul>

ages from between 8 to 10 months. This long lead time reduces a manager's decision-making flexibility and his responsiveness to changing circumstances. The third restriction relates to the procedures and certifications required under 13(c) of the Urban Mass Transportation Act.

The costs of application preparation are fixed; that is, costs do not appreciably vary with the size of the funding request. Rather than the size of the grant or the urban area, the major determinant of application preparation costs is the type of project being proposed. Although similar requirements must be satisfied by all applicants, some categories of projects require additional supportive analysis and assurances. For example, construction projects require that the issues of environmental protection, relocation, and flood hazards be addressed; for bus procurements, these issues are eliminated. The analysis requirements for project justification and environmental protection also vary according to the complexity of the project as well as UMTA's interest in the particular type of funding request.

It was hypothesized that the lengthy 8 to 10-month preparation and review process experienced by the case study transit agencies would cause increased capital costs. To investigate this hypothesis a base case time line was developed for a typical bus replacement application scenario. By comparing experienced delays from the case study sites to the idealized schedule, the length of the inflationary delay could be determined. Total elapsed time for the base case was slightly over 3 months. Actual experienced times for similar projects were 8 to 10 months. Bid prices for standard size buses were used to estimate the inflationary cost impacts of the 5 to 7-month differential. For similar equipment, it would not be unusual for bid prices to increase an average of \$3,000 within 5 to 7 months; annually this moderate increase would translate into a low 4 percent price escalation rate.

Fluctuations in bid prices are determined to large extent by the supply and demand of the market. The bus manufacturer's objective is to keep the assembly line in production. Therefore, should demand for buses be strong, cost escalation impacts would be greater; if the market were softer, prices would hold constant or decline. Estimating the precise inflationary impact of delays is a speculative exercise. One can only identify trends in capital costs and suggest that were agencies prepared to go ahead with project implementation, some cost savings would result. The magnitude of the cost saving would be dependent on conditions in the marketplace at the time.

#### *Recommendations*

By 1981 the transit industry viewed Section 3 capital grant application procedures as fairly routine. Many of the problems encountered in the early and mid-1970's were mitigated through adjustments on the part of the local transit agency and the Urban Mass Transportation Administration.

However, problems remain, as the substantive and procedural requirements continue to evolve. While recent paperwork reduction initiatives are one step in the right direction, there are significant areas for improvement and further research. Highlighted in the following are the most significant remaining problem areas; options for their improvement; and where appropriate, recommended approaches.

*Need for consolidated guidelines.* A set of consolidated guidelines for application preparation is critically needed. Although informal verbal communication is beneficial, much time and effort are wasted resolving preliminary basic issues.

Since it does not appear that the *External Operating Manual* will be comprehensively updated in its entirety, the best approach would be for UMTA to prepare and distribute a circular providing guidelines for capital grant preparation. It should contain a comparison of new and old procedures; definitions of terms; an overview description of application procedures; definition and preparation guidelines for the budget; descriptions of all one-time, annual and project specific submissions and certifications; and sample forms.

*Need for streamlined applications.* Five elements of the application are key input to the funding decision-making process. These project specific submissions include: (1) line item budget, and source and amount of local funds, (2) project description, (3) project justification, (4) public hearing testimony (if any), and (5) environmental protection (if applicable). The information provided by these exhibits is used to determine the merit of the proposed funding request.

Many of the remaining submissions are basic assurances and certifications that the agency will comply with statutory requirements and administrative regulations during the implementation of the capital assistance project. Though not technically difficult to complete, the preparation of these assurances is often viewed as a time consuming and cumbersome task. These include: Use of Project Facilities; Labor; Opinion of Counsel; Charter Service Certification; Public Hearing Certification; and Civil Rights Assurances.

Three options should be considered for streamlining all or some of these exhibits and certifications. The first approach, and most radical, is a self-certification procedure. Accountability for compliance would be transferred from the grantor, UMTA, to the grantee, the transit agency. UMTA would accept the agency's own statement that it is in compliance with all conditions of aid. An alternative to self-certification would be to have the MPO do the certifying in conjunction with its responsibilities for the TIP.

The self-certification procedure would rely on audits as the control and enforcement mechanism. In addition, several legal requirements, such as the assurance of public control, could be transferred to the grant contract document.

The disadvantages of self-certification include a probable need to change statutory language; more uncertainty concerning the acceptability of local practices; a need to rewrite guidelines to a very specific level of detail; and the cost of audits. Among the advantages are a reduction in paperwork and increased local transit agency accountability, since the burden of proof would rest with them.

A second approach is to expand the contents of one-time submissions to include more assurances and certifications. The transit agency would certify in advance its compliance with the itemized conditions with respect to specific applications. Once reviewed and acknowledged by UMTA, the certifications remain in effect until otherwise notified or circumstances change. The applicant need only reference the date of the acknowledgment letter in its project application. The major disadvantages of this approach are increased uncertainty concerning local agency compliance and increased reliance on judgment on behalf of UMTA transportation representatives. The benefit is a reduction in the number of exhibits and assurances submitted with each project funding request.

A third approach, and most conservative, could be used in concert with the second. Selected or all assurances could be submitted annually and updated with each application as required. The disadvantage to this approach is that many small and medium-sized operators submit only one capital grant application each year; their paperwork requirements, therefore, would not be reduced. The advantage to UMTA is that it maintains tight accountability control over the transit agency and receives up-to-date information for making its compliance findings.

*Need to reduce application preparation levels of effort.* Through discussions with UMTA and a sample of transit agencies, several opportunities have been identified for consolidating and streamlining documentation and procedural requirements. The first opportunity involves combining related exhibits to reduce duplications of effort within the application document. For example, relocation and flood hazard information currently requiring separate exhibits, could be merged and presented in the section entitled "Protection of the Environment."

A second approach recommends the expanded use of categorical exclusions. The introduction of distinct classes of action requiring different levels of analysis has greatly simplified procedures for environmental analysis. The environmental impacts for specified types of projects have a priori been determined to be insignificant; any projects of that type qualify for categorical exclusion status and therefore require neither an Environmental Impact Statement nor an Environmental Assessment. Purchase of buses as replacement vehicles is an example of a categorical exclusion.

*Need to streamline UMTA review and award procedures.* Overall, the Urban Mass Transportation Administration's grant review and award procedures are inconsistent and lengthy. Regional field offices are reported as generally responsive to applicant needs, although some "bottlenecks" in processing appear to be unavoidable. Transportation representatives are typically flooded with several funding requests at the close of the fiscal year, thereby congesting processing channels.

Final approval processing can be lengthy, ranging from several weeks to several months. The reasons for delay are not clear, but contributing factors include delayed congressional funding actions, quarterly schedule of programmed expenditures ceilings, and lax schedules and requirements for congressional or UMTA public notification of award and release of funds.

Guidelines, outlining recommended final processing tasks and a schedule for the completion of these tasks, would expedite administrative processing and grant release procedures.

*Need to coordinate local, state, and federal capital planning efforts.* Another recommendation and a suggestion for further research is in the area of capital improvement planning and programming. Weak coordination among local, state, and federal levels of government and across planning and grants functions contributes to delays, costs, and applicant frustration. Although beyond the scope of this research project, the frequent mention of these items demonstrates their significance. Additional research is needed in these areas, particularly concerning state and local relationships, before specific recommendations can be formulated and evaluated.

Currently the entire structure of the financial assistance program, as well as the federal planning program, is under examination. Regardless of the outcome, the basic need remains for: (1) consolidated grant application guidance; (2) streamlined applications; (3) reduced duplications of effort; and (4) improved inter-governmental coordination. Improvements in these areas will enhance the efficiency and effectiveness of any future capital assistance program.

*Need to assess existing institution frameworks at state and local levels of government.* By all indications, some very significant changes appear to be on the verge in institutional relationships. The Congress and UMTA are in the midst of exploring options for a reorganization and reemphasis of the federal transit assistance program. The overall direction of change is pointed at greater participation by state and local governments in setting transit program policies and in funding allocation decision-making. As more administrative responsibilities are shifted out of the federal bureaucracy and into state government, either as a part

of a block grant transit program or some modification thereof, the importance of state and local practices will increase. Once the federal role is reduced, responsibility for promulgating and implementing administrative guidelines would rest with the states. Each state would be responsible for developing its own investment strategy and an allocation program for determining each transit agency's eligible projects and funding level.

Before these changes occur, an assessment of existing institutional frameworks at state and perhaps even local levels of government should be made. This examination should address the following issues: current role in funding transportation capital projects, existing administrative settings, an assessment of the capability of state and local governments to assume additional responsibilities, and identification of needed institutional changes and potential problems to be encountered.

A review of these issues will provide much needed information as to the feasibility of a reduced federal role and the actions needed to assure a successful transfer of responsibility.

## CHAPTER ONE

# INTRODUCTION

### PROBLEM STATEMENT

Growth in financial assistance to state and local public agencies for urban mass transportation during the 1960's and 1970's was accompanied by a proliferation of federally imposed conditions for aid. Such requirements have obliged many transit agencies to allocate scarce resources to federally mandated procedural work. Increasingly concerned about the costs and effects of these requirements, these agencies have begun to consider whether the price of obtaining federal funding outweighs its benefits.

The regulatory and administrative requirements associated with a Section 3 capital grant application are one such area of concern and are the subject of this report. Section 3 of the Urban Mass Transportation Act of 1964, as amended, authorizes the Urban Mass Transportation Administration (UMTA) to make discretionary grants to local public agencies in response to applications for assistance in financing the acquisition or construction of mass transit equipment and/or facilities (1). Unless otherwise noted, all references to sections of the Act refer to the Urban Mass Transportation Act of 1964, as amended.) Eligible projects include buses and other rolling stock, rail and bus facilities, and improvements needed for efficient and well-coordinated public transportation systems. Most large- and medium-sized transit agencies submit a minimum of the Section 3 application per year. Currently, a Section 3 grant application requires several exhibits of supportive documentation, numerous regulatory assurances, certifications, and compliance submissions. Although the requirements have remained very similar in prin-

ciple since the early 1970's, little is understood about their impact on the applicant agency's costs and its management flexibility and control.

Over the past 20 years, federal transit assistance has grown substantially in scope and funding. With each new funding program came new regulations; each new regulation added another layer of complexity; paperwork, and cost. An analysis of the Section 3 grant application process as it exists today should proceed from an understanding of the program's legislative history as well as other federal mandates which impact the capital grant process. An examination of the legislative background sheds light on how the process and its substantive requirements evolved. A description of transit's capital assistance program from the early 1960's to the 1980's is presented in Appendix A of this report.

The issue also concerns the impacts of incorporating other federal requirements into the grant process. The overall purpose of these related requirements has been to ensure that broad national objectives are met when local agencies use federal funds. The sources of these additional requirements are other federal laws, regulations, Executive orders, and U.S. DOT policy initiatives. They represent a series of safeguards to protect the environment, labor, civil rights, the elderly, the handicapped, and the public's right to comment, among others. These requirements and their impact on application procedures are also discussed in Appendix A.

The promise to reduce paperwork and expedite the processing of transit grants is long-standing. The UMTA Administrator in 1976 promised to simplify and clarify the grant process which he described as "out-dated and overly

cumbersome'' (2). Following in his footsteps the subsequent UMTA Administrator sought to create a more direct and simple path between transit agencies and UMTA bureaucrats. He dispersed the Washington-based office of Transit Assistance to UMTA's 10 regional offices and gave the regions the power to approve grants up to \$5 million without seeking headquarter's approval. But the federal assistance program continued to be hampered by red tape and administrative delay. Recent initiatives have finally made inroads toward trimming the procedural and content requirements for a Section 3 capital grant application.

Compliance with federally mandated conditions and requirements results in the allocation of valuable transit personnel and resources to the preparation of the grant application and its accompanying documentation. Time and personnel are also expended in tracking the grant approval process to its culmination in a signed grant contract. Costs of compliance are widespread and may include the following: allocation of funds and personnel to administration; delays in implementing service, equipment, and facility improvements; inflationary cost escalation resulting in increased capital costs; revisions of project scope; and reduction in management flexibility.

Identification and examination of actual incurred costs associated with program requirements are needed to assess the breadth and magnitude of these impacts on transit agencies. A related issue concerns the extent to which the legislative intent has been served by these regulatory requirements. Regulations dictate the procedural flow of paper as well as the substance of the material. It is therefore necessary that the degree to which the application requirements satisfy congressional objectives for the discretionary funding program also be determined.

## RESEARCH OBJECTIVES AND APPROACH

This research project was undertaken to quantify the impacts of federal requirements on transit systems. The approach to conducting this research consists of determining the actual costs incurred and associated impacts experienced by large, medium, and small transit operators and examining the extent to which congressional intent has been served by the various application requirements. The outcome of the research effort is a set of recommendations for improving the grant application process. These results should be useful to transit agencies, UMTA, and legislators in revising their requirements, if necessary.

### Research Objectives

The purpose of this project is threefold. The first objective of the study is to determine the costs and effects of federal legislation, regulations, UMTA circulars, administrative letters, and formal administrative guidelines for the Section 3 grant application process. The research specifically does not consider Section 13(c) and 504 requirements; Section 5 capital and operating grants; applicability to fixed guideway systems; project management for approved grants; and applicability to specialized transit services.

The second study objective is to identify the degree to

which the legislative intent of Congress has been served. Requirements are interpreted by at least three levels of participants in the capital grant application process: UMTA Headquarters, regional field offices, and transit operators. The purpose is to compare observed results of compliance with the procedural intent of legislated requirements.

The third objective of the study is to formulate recommendations for improving the Section 3 grant application process. The study results should prove useful to the current participants: transit agencies in the preparation of future grant applications; UMTA in revising its regulations and policy guidelines; and legislators in reforming existing laws and statutes, if necessary.

### Research Approach

A multistep research design was developed toward accomplishing the study's objectives. Each step in the process is outlined as follows:

1. *Scenario definition* — The costs and effects of the Section 3 capital grant process should be determined on the basis of real world experience. To satisfy this objective, an analysis framework consisting of four scenarios was developed. The scenarios simulate a medium-sized transit agency applying for a Section 3 capital grant for one or more of the following projects:

- Bus fleet expansion;
- Bus fleet replacement;
- Maintenance facility construction; and
- Amendment to an approved project scope or budget.

The research involved identifying all procedural and reporting requirements for completing an application for each scenario application.

2. *Case study agencies* — Five case study transit systems which prepared Section 3 grant applications or amendments in Fiscal Year 1981 served as the basis for determining actual experienced costs. All are medium-sized systems with fleets ranging in size from 140 to 560 buses. The applications and amendments involved from zero funds for a change in project scope amendment to \$11.5 million for the construction of a new maintenance facility. Together, the agencies are located in four of UMTA's ten regional offices.

The purpose of the case study exercise was to isolate the expenses and other impacts associated with a particular scenario. The five case study sites and the scenario each addresses are as follows:

- a. Broward County Division of Mass Transit, Fort Lauderdale, Florida: Application for a maintenance facility and amendments to previously approved projects.
- b. Dallas Transit System, Dallas, Texas: Application for fleet expansion.
- c. Greater Richmond Transit Company, Richmond, Virginia: Application for bus fleet replacement.
- d. Memphis Area Transit Authority, Memphis, Tennessee: Amendments for additional vehicles and substitution of vehicles.



- e. Utah Transit Authority, Salt Lake City, Utah: Applications for two maintenance/storage facilities.

- d. Wichita Metropolitan Transit Authority, Wichita, Kansas.

On-site interviews were conducted with managers and staff members of the case study agencies. Topics for discussion included the following:

- Interpretation of federal legislative, regulatory, and administrative grant-related requirements.
- Procedures for completing a grant application: steps, staff, time, and other resources expended on the application.
- A review of the FY-1981 grant application or amendment.
- Channels of communication among the transit agency, Metropolitan Planning Organization, UMTA, and other involved parties.
- Impacts of compliance with federal requirements: program flexibility, costs of meeting requirements, and timing of projects.
- Sources of delay: at the transit agency, at the MPO, at UMTA.

It was essential that the results of the interviews identify both direct and indirect impacts of the application procedure. Direct impacts refer to those costs and impacts incurred as a result of specific regulations or other procedural instructions received from UMTA. Indirect costs and impacts are those that may be ascribed to the regulations by the applicant but could not be directly attributed to any specific requirement. These indirect costs may be based on the professional judgment of the applicant rather than on any UMTA regulatory or administrative mandates.

3. *Applicability of results* — The cost and impact findings resulting from the case study interviews could be further expanded upon to determine their applicability to larger and smaller transit agencies. The objective is to test whether the grant application and its supporting documentation differ according to the size of the urban area which the transit system serves or according to the amount of funding request. A sample of eight larger and smaller agencies selected for this test is as follows:

#### *Large Agencies*

- a. Metropolitan Transit Authority of Harris County (MTA), Houston, Texas.
- b. Metropolitan Transit Commission (MTC), St. Paul, Minnesota.
- c. New Jersey Transit (N.J. Transit), Newark, New Jersey.
- d. Regional Transportation District (RTD), Denver, Colorado.

#### *Small Agencies*

- a. Ann Arbor Transportation Authority, Ann Arbor, Michigan.
- b. Lowell Regional Transit Authority, Lowell, Massachusetts.
- c. Peninsula Transportation District Commission, Hampton, Virginia.

Telephone inquiries to these agencies addressed similar issues as those listed for the case study sites. A summary description of the transit operators contacted as part of this study is given in Table 1.

4. *Program evaluation* — The second study objective is the identification of the extent to which the legislative intent of Section 3 is actually served. The test is the comparison of observed results of compliance to the original procedural intent of grant requirements. Discussions with three groups were conducted: (1) UMTA as the regulatory agency, (2) key staff members of transit industry organizations such as the American Public Transit Association, and (3) congressional staff. Discussions with representatives from UMTA's Headquarters and regional offices were conducted to clarify understanding of the regulatory interpretation of statutory law, policy interpretation of regulatory requirements, enforcement of procedural and substantive requirements, and use of the application's information in decision-making. Interviews with APTA provided a perspective of the transit industry's concerns, as well as insight to legislative background of the Section 3 funding program. Finally, to ascertain the legislative intent of the discretionary program and its accompanying conditions for aid, interviews were conducted with congressional staff members of the Senate Subcommittee on Urban and Housing Affairs, and the House Subcommittee on Investigations and Oversight of the Public Works and Transportation Committee.

5. *Program recommendations* — The third objective of the study is to develop recommendations for: (1) procedural reforms to expedite UMTA's obligation of funds; and (2) strategies to reduce the costs incurred by transit agencies. Several options are available for streamlining elements and procedures while maintaining compliance with statutory and many regulatory requirements. Several of these were evaluated as to their advantages and disadvantages to the grantor and grantee. On the basis of the findings generated by the research conducted in steps 1 through 5, recommendations were formulated for reforming the capital grant application process.

## ORGANIZATION OF THE REPORT

The remainder of this report is organized into three chapters and five appendixes. Chapter Two presents the results of an examination of the funding program's administrative setting, the grant application requirements, and the costs and impacts of compliance. Chapter Three contains an assessment of the regulatory requirements and an analysis of the associated impacts. Chapter Four completes the report with a discussion of opportunities for improving the grant application process.

Several appendixes accompany the body of the report. Appendix A presents background material on the evolution of UMTA's transit assistance programs and its coincidental conditions of aid. Appendixes B, C, and D contain examples of UMTA's application preparation instructions and materials.

TABLE 1  
CASE STUDY TRANSIT AGENCIES

Transit Agency	UMTA Region	Fleet Size	Recent Federal Grant Approval
<b>Small Agencies</b>			
Ann Arbor Transportation Authority	V	60	\$ 1.1 million for A/E and purchase of land for new facility
Lowell Regional Transit Authority	I	38	\$ 7.0 million intermodal transportation facility \$ 3.0 million system refurbishing
Peninsula Transportation District Commission	III	118	\$ 0.8 million for bus retrofit, A/E study, computer, and bus shelters
Wichita Metropolitan Transit Authority	VII	74	Buses, radios, bus shelters
<b>Medium Agencies<sup>(a)</sup></b>			
Broward County Division of Mass Transit	IV	140	\$10.6 million for construction of new maintenance facility
Dallas Transit System	VI	558	\$ 6.7 million for purchase of new buses.
Greater Richmond Transit Authority Company	III	208	\$ 4.0 million for purchase of new buses
Memphis Area Transit Authority	IV	313	Amendments to change scope and budget of bus purchase grant
Utah Transit Authority	VIII	340	\$ 7.7 million for renovation of operating base
<b>Large Agencies</b>			
Metropolitan Transit Authority of Harris County	VI	772	Amendment to bus purchase grant
Metropolitan Transit Commission, Twin Cities	V	1,071	\$ 5.7 million for purchase of new buses
New Jersey Transit	II	2,400	\$ 6.5 million for rehabilitation of buses
Regional Transportation District, Denver	VIII	671	\$18.9 million for purchase of articulated buses

(a) On-site interviews were conducted at the five medium-sized transit agencies; small and large agencies were interviewed by telephone.

## CHAPTER TWO

# FINDINGS

Examination of the grant application process in accordance with the research design led to the development of a broad range of findings. These findings address procedural and substantive requirements of the application process and document. The examination is further extended to quantifying the direct and indirect impacts these requirements have had on transit systems.

Over the years, UMTA has developed an administrative procedure to implement the capital assistance program. The application preparation process, grant review and award process, and communication channels between involved parties are described in the "Administrative Setting" section of this chapter. The contents of the application document and

their links to statutory and regulatory requirements are established in the second section entitled "Grant Application Requirements." The chapter concludes with an examination of actual costs and impacts associated with the capital grant application which have been experienced by a wide cross section of transit agencies. Categories of impacts include direct level of effort, inflationary, and indirect costs.

### ADMINISTRATIVE SETTING

An analysis of Section 3's grant application procedures begins with a review of its administrative requirements.

Implementation of the capital assistance program is a shared responsibility between the grantor, UMTA, and the grantee, the transit agency. The Federal Government is responsible for setting policy, promulgating procedural and substantive requirements, allocating funds, and approving grants. These responsibilities are further divided between UMTA's Washington Headquarters office and its ten regional offices. The grantee agency is responsible for interpreting UMTA directives and preparing the application package to comply with these requirements.

#### **Grant Review and Award Process**

On a national scale, demand for capital assistance exceeds the level of available funds. Under Section 5, financial assistance (including that for capital assistance) is awarded on the basis of a formula. Under Section 3, financial assistance is awarded on a competitive basis at the discretion of UMTA. Eligibility for discretionary funds is based on several conditions. The first condition is satisfaction of the Act's statutory provisions. These will be discussed in detail in a following section of this chapter. One significant statutory provision is that of Section 3(h) under which buses and bus-related projects can only be financed through the discretionary program if and when Section 5 formula funds have been exhausted. The second condition is compliance with the terms and conditions set forth in numerous and varied federal regulations. The third condition is conformance with UMTA-adopted policies and priorities for capital investment as set forth in the Administration's Program Plan. UMTA staff are responsible for reviewing and awarding grants on the basis of these conditions.

To guide UMTA's funding allocation decisions, national priorities for federal financing of transportation improvements are identified in a National Program Plan. Developed by UMTA Headquarters before the fiscal year begins and before any applications are received, the Program Plan is a broad outline of a national capital investment strategy for the upcoming year.

During the same time period, UMTA's ten regional field offices prepare preliminary Regional Program Plans (RPP). These plans itemize all capital projects programmed for federal funding during the upcoming fiscal year. Information for the RPPs is retrieved from Transportation Improvement Programs/ Annual Element (TIP-AE) documents and discussions with operators. Projects in the list are assigned a funding priority in accordance with the guidelines outlined in the National Program Plan. For example, in 1982, bus fleet replacement, maintenance facility upgrading or expansion, and computer equipment for the purpose of increasing operational productivity were high investment priorities. On the other hand, expansion of fleets to provide additional service and transit mall projects were ranked as low priority projects. RPP's are forwarded to Headquarters for Review. Throughout the year, the RPP's are updated quarterly to adjust for project schedule and scope modifications.

Appropriated funds are programmed for each UMTA region, and in some cases for urban areas, on a preliminary basis. The funding allocations are based on a combination of factors: previous year's commitments; need, as demonstrated by grantees' capital improvement program; historical

allotments; conformance with national investment strategy; and regional distribution, but not necessarily in that order. As one transit representative aptly noted, "Every year the process works a little differently."

When the fiscal year begins, regional UMTA offices begin to receive inquiries and applications. As they are received, each application is reviewed in its entirety by an assigned transportation representative. Other members of the office, such as the Civil Rights Officer, Community Planner and Legal Counsel, review appropriate elements of the application document. Internal check-off lists are used to expedite processing. Following this review, applicants are requested to supply any missing information, additional supportive documentation, or omitted certifications or signatures. Assuming that all conditions are satisfactorily met, that the project is favorably reviewed, and that it is in accordance with the allocation guidelines outlined in the RPP, the Regional Administrator signs the grant award and an obligation date is specified.

At this time, the grant application package, including regional office review forms, is sent to Headquarters in Washington, D.C. A check is made for compliance with the Program Plan in terms of budget and scope, and information is entered into the computer grant tracking system. During the first year of the current Administration, applications were reviewed in detail by UMTA Headquarters staff. This review was conducted for the purpose of monitoring and control, since the previous Administration's Program Plan had been established the preceding September. Applications were reviewed to determine whether the projects were in conformance with the new Administration's goals for public transit investment. This comprehensive review reportedly ended with the adoption of the 1982 National Program Plan.

Selected projects continue to be scrutinized by the Office of Capital and Formula Assistance. The extra review may be triggered by unusual costs or by a special federal interest in projects of a particular type; for example, energy contingency plans or articulated buses. Routine bus purchases and maintenance facilities are generally not examined in detail.

Following approval by the Urban Mass Transportation Administrator, the application is sent to the Office of the Secretary for final review and approval. Upon approval, the grant award is sent to the Office of Public Affairs for announcement and release. Upon release, the transit agency is notified of the grant award.

#### **Application Preparation Process**

Preparation of the capital grant application requires the assignment of personnel and expenditure of resources on the part of the potential grantee. Findings concerning the application preparation process have been formulated based on on-site interviews with five medium-sized transit agencies and telephone interviews with four larger and four smaller agencies.

#### *Frequency of Submittal*

Many agencies prepare joint Sections 3 and 5 bus-related

capital grant applications. Although the funding programs differ—Section 3 funds are distributed on a discretionary basis, while Section 5 monies are allocated on formula basis—the application requirements are very similar. In these cases, UMTA staff divide program monies according to the availability of Section 5 funds. The discretionary program's law stipulates that "[n]o project for the replacement or purchase of buses and related equipment or the construction of bus-related facilities shall be approved unless the Secretary finds that such a project cannot be reasonably funded out of the apportionments under Section 5(a)(4) of this Act." (UMTA 1964, as amended 3(a)(1)(B).) Thus, an agency's formula allocation must be fully committed prior to its award of discretionary funding.

Frequency of submittal varies with agency size. Smaller agencies indicate that a capital application is submitted once every year or two on a project basis. Section 5 funds cover most of their capital needs; as a consequence, Section 3 monies are not regularly used. Medium-sized agencies evidence little consistency in their submittal practices. Three of the five interviewed submit combined Section 3 and 5 applications for all programmed projects for the year. One agency internally designates its projects as "3" or "5" and submits separate applications. The fifth agency distinguishes its capital needs by project and may, as needed, prepare more than one Section 3 application per year. Most of the larger agencies interviewed (agencies with fleets greater than 600 buses) indicate that they submit from two to seven capital grants each year, which may or may not be combined with Section 5 applications. Applications are usually submitted on the basis of a single project and its related capital needs. One large operator, the MTA of Harris County, does not use its Section 5 for operating assistance and is able to cover most of its capital needs with its formula allocation.

#### *Types of Projects*

Section 3 grants are used to finance a wide range of projects. All agencies interviewed applied for and received discretionary capital funds for the purchase of buses and related equipment. Most agencies of all sizes also indicated that architectural/engineering studies and construction of maintenance facility and operating base improvements were funded through the program. Other projects less frequently cited include computers, transit improvements in Central Business Districts, park-n-ride lot construction, and maintenance equipment purchases. In general, the larger the agency, the more varied are the projects funded through the Section 3 program.

#### *Frequency of Amendment*

Most applications are amended, regardless of system size or project type. The amendment may be for a change in scope and/or change in budget. Application amendments, if large enough, may require a subsequent amendment to the regional Annual Element (AE) of the Transportation Improvement Program (TIP). Amendments may result from new information provided during the architectural/engi-

neering stage of the project. For example, in one case, a project was changed from the rehabilitation of an existing maintenance facility to the construction of a new one. Project changes may also be required based on UMTA's review of the application, changing circumstances in local service needs, or local funding availability. A request for 50 standard buses, for example, may be reduced to 40, or changed to 30 articulated buses.

#### *Assignment of Personnel*

The commitment of staff resources to preparing capital grants varies according to system size. At small agencies, administrative staff are limited. One person is in responsible charge for preparing the application package as well as conducting several other tasks. Titles include: Grants and Personnel Administrator, Deputy Administrator, Planning Coordinator, and Service Coordinator. Other responsibilities include a combination of the following activities: administering capital grants, preparing and administering operating grants, personnel functions, managing service contracts, marketing, finance, capital planning, service or route planning, specialized transportation services, and Section 15 reporting. Two of the small operators estimated that 10 percent of a person-year is devoted to capital grant application responsibilities.

Within the medium-sized operator group, three of five agencies have full-time grants administrators. In addition to capital and operating grants, the grants administrators have responsibility for one of the following duties: planning support, secretary to the Transit Board, or contract monitoring and acquisitions. A fourth agency delegates the responsibility for capital grant application to its Manager of Development, Planning, and Marketing. The fifth medium-sized operator surveyed contracts the preparation of its applications to an outside consultant who is also its Transit Board's policy consultant.

Large agencies delegate grant preparation to a department or program office having its own staff. Titles include Intra-governmental Relations, Grants and Contracts, and simply Grants. Each unit has a supervisor or manager and a staff ranging in size from two to four professionals plus clerical support. Within each unit, one person is generally responsible for capital grant applications, although in one instance the responsibility was divided between fixed facilities and equipment projects. Other responsibilities of the units include planning coordination, tracking legislation, monitoring compliance with Federal Minority Business Enterprises (MBE) and Title VI Civil Rights requirements, contract monitoring, operating grants, and special projects.

#### *Application Procedures*

The application package consists of numerous pieces of documentation, assurances, and program-specific submissions. The extensiveness and level of detail contained in the typical capital assistance application requires that a set of procedures be followed to ensure its acceptability. UMTA has issued a series of guidelines for completing an application, as well as other regulations related to specific elements

of the application. These are listed on Table 2. Foremost among these is the *External Operating Manual (EOM)*, initially issued in August 1972, and updated through 1974 (3). A section of this manual "describes in detail application procedures and requirements for those receiving capital grants and prescribes UMTA's bases for selecting projects from among those eligible and for determining the amount of the grant to be made" (3, p. II-8-1). Guidelines are set forth concerning the following items:

1. Basic eligibility factors for applicants, projects, and amounts, and determination of costs.

2. Procedures for preparing the application. An appendix contains detailed instructions and sample forms for the applicants to follow.

3. Additional statutory requirements that must be satisfied prior to approval of a grant. As listed, these include:

- Program for unified or officially coordinated urban mass transportation system.
- Protection of private transportation companies.
- Review of area planning and protection of the environment.
- Use of project improvements.
- Employee protection.
- Relocation requirements.
- Nondiscrimination in program benefits.
- Special needs of the elderly and handicapped.
- Public fall-out shelter construction.

4. Guidelines for capital grant selection describe the basic purposes of the capital grant program, which projects will be selected, and how the federal share will be determined. These guidelines define the following:

- Prioritized objectives.
- Program categories, priorities and guidelines separated by three size categories: under 250,000 population, 250,000 up to 1,000,000 population, and 1,000,000 or over.
- Program analysis guidelines for UMTA staff review.

Effective as of July 1, 1972, these guidelines were last updated in 1974. The usefulness of this exhaustive document is limited by the fact that it has been 8 years since its last revision. In the meantime, program objectives and orientation have shifted in response to congressional and executive mandates. In addition, the administering organization, UMTA, has since been decentralized from its Headquarters to its ten regional offices.

Because it is partially obsolete, only 8 of the 13 agencies contacted rely on portions of the EOM for completing their applications. A more frequent response was that the previous year's application is used as a model for completing the current one. If last year's grant was approved, the thinking is that a similar application package for a new project will yield analogous results.

Circulars issued subsequent to the EOM, and the Federal Register are sources of special topic guidelines. Their titles and references are listed in Table 2. Two important topics covered by Circulars are the preparation and use of a one-time submission for standard assurances, and guidelines for preparing environmental assessments. The Federal Register

TABLE 2  
SELECTED APPLICATION PREPARATION  
REFERENCES

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1. *External Operating Manual (EOM)*, UMTA 1000.2, August 1972 and updates through 1974.
  2. *Guidelines for Preparing Environmental Assessments*, UMTA Circular 5620.1, October 16, 1979.
  3. *One-Time Submission of Standard Assurances for UMTA Capital Assistance Applications*, UMTA Circular 9100.1, February 21, 1978.
  4. *Land Acquisition and Relocation Assistance under the Urban Mass Transportation Act*, UMTA Circular 4530.1, March 21, 1978.
  5. "Charter and School Bus Operations," UMTA Regulation, 41 Federal Register, April 1, 1976.
  6. "Reducing the Paperwork Burden on Transit Operators," Notice of Amendments to UMTA Operating Procedures and Requirements, 45 Federal Register, March 17, 1980.
  7. "Urban Transportation Planning," UMTA and FHWA Regulation, 46 Federal Register, August 6, 1981.
  8. "Rolling Stock Procurement: Additional Statutory Requirements and Program Guidelines," UMTA Notice, 47 Federal Register, February 18, 1982.
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contains notifications of changes in UMTA's procedures and requirements. Most agencies either request such information from UMTA's regional offices or receive and review the material directly.

Larger agencies have developed their own guidelines for internal use to assure the submission of complete and accurate applications. Small- and medium-sized agencies typically rely on a previous application in addition to the aforementioned Circulars and Federal Register.

Of UMTA's eight regions in which interviewed agencies are located, four distribute checklists to their grantees. These checklists clearly delineate the elements of the grant application which it expects to receive. Each region has independently developed its own form. Sample copies are provided in Appendix B. Agencies indicated that these checklists are useful in assembling the documents and exhibits, but that they do not provide any guidance as to the specific information to be provided.

The application preparation procedures vary by transit agency. One basic similarity is that one person is in responsible charge for assembling, writing, and reviewing most elements of the application package. Technical information is solicited from maintenance, engineering, service development, and operations departments for incorporation into bus and maintenance-related requests. Consultant studies often provide much of the technical information needed for a facility application. Several of the respondents indicated that internal planning and budget documents provide much of the descriptive information needed for nonproject-specific documentation; e.g., service area description, fleet roster, and financial statistics. In two cases, detailed capital plans furnished necessary project-specific information. Other departments involved in processing include planning, accounting/finance, administration, and legal counsel. Information from all sources is scrutinized by a central person and synthesized into an application document.

The application document and its processing procedures,

which will be discussed in more detail in following sections, have evolved to the current format since the 1970's. By 1982, all contacted transit agencies remarked that the application preparation is a very routine procedure with the exception of annual adjustments to one item or another, or special requests for information. There was, however, some disagreement as to the level of effort required to complete applications for different types of projects. Nonstandard projects, in general, are more complicated and require more effort. Procurement of articulated buses would be an example of a nonstandard project. Some agencies also indicated that a grant would require more detailed documentation should it be for a maintenance facility or for buses to be used in service expansion. Overall, however, most elements of the application would remain the same.

### **Communication Channels and Coordination**

As one respondent wittingly commented on the importance of good communication: "The key to a successful application is knowing what UMTA is looking for." Communication is the flow and interpretation of information. The administration of the Section 3 capital grant application process involves two major communication links: (1) between regional UMTA offices and the applicants; and (2) between the applicants and regional or state planning agencies. Findings as to the status of these communication channels are discussed in the following.

#### *Communication Between UMTA Regions and Applicants*

Methods of communication range from mailing copies of official regulations to holding informal one-to-one personal meetings. On the formal end of the spectrum, most agencies receive written communications from UMTA in the form of update circulars and excerpts from the Federal Register, although many local agencies report that they must request these on a specific-item basis. During the grant preparation stage, very little guidance is communicated through individual letters to a particular transit agency.

On the informal end of the communication spectrum are interpersonal relationships. With a few exceptions from two particular regions, grantees stress the importance of telephone conversations. Smaller agencies tend to have less frequent telephone contact with UMTA. The majority of the medium-sized agencies contact their transportation representatives at least once a week. Larger agencies, with the exception of one, also maintain a minimum of once a week telephone communications. Furthermore, two large transit agencies indicated that talks with their local UMTA office occur at least once every other day, although the subject matter may not be a pending capital grant. Regardless of size, site visits by UMTA personnel are usually conducted for facility projects where inspection of the old facility is required.

All applicant agencies indicated that an informal working relationship with UMTA has been established. Smaller agencies do not, in general, receive guidance as to the availability of Section 3 funding and, in several cases, had to revise their project budget and scope to match allocation levels. While

there has been an appreciable level of turnover in grants personnel at the contacted small agencies, there have been very few staffing changes at the medium-sized agencies or in their counterparts at UMTA. Tenure in their respective role is a determinant of the kind of relationship established between the grantee and grantor staff members. A stable situation facilitates the development of open communication channels and exchange of information. With the exception of one system, large agencies have also established informal relationships with their UMTA representatives. The general feeling is to work out any problems by telephone or, better yet, by in-person meetings.

In summary, most project specific instructions for preparing a grant application are communicated orally by telephone. Information pertaining to funding levels and project priorities is also communicated by phone, if at all. Most agencies would welcome on-site visits to their system by UMTA personnel. Several make arrangements to meet with their transportation representative at UMTA's regional offices several times throughout the year. A cooperative working relationship is felt to be key to the award of program funds.

#### *Communication Between Local and State Agencies and Applicants*

The major point of contact between the transit agency and the regional or state planning/coordinating agency involves the Transportation Improvement Plan (TIP) and its Annual Element (AE). In the majority of cases, the transit agency prepares the transit element of the regional TIP and its AE, and submits these to the metropolitan planning organization (MPO), which is also in many cases the local A-95 review agency. The recommended transportation projects for a 3 to 5-year program period are identified in the TIP. It also indicates the area's priorities, programs the implementation of recommended projects, and estimates total costs and revenues for the program period. The AE describes those projects scheduled for the current program year in terms of project type, total cost, and source of funds.

The MPO reviews submitted transportation projects and mediates between local agencies, as necessary, on the selection of projects for inclusion in the regional TIP. This official Plan undergoes a local and state A-95 review process, the purpose of which is to coordinate the activities of numerous agencies and to ensure the Plan's compatibility with regional and state development and transportation goals. Except for some procedural differences, all transit agencies participate in a similar TIP-AE process.

Upon its A-95 endorsement, the TIP is submitted to UMTA to demonstrate that the urban area has a continuing, cooperative, and comprehensive transportation planning process that results in programs consistent with the comprehensively planned development of the urban area<sup>(4)</sup>. A joint certification by UMTA and the Federal Highway Administration as to the acceptability of the urban area's transportation planning process is a necessary condition for the receipt of federal capital assistance.

Although all TIP's and AE's undergo A-95 review, not all applications are similarly reviewed. Of the 13 agencies interviewed, 5 agencies send their grant application document

through the A-95 review process. These agencies either received a directive from UMTA requiring the review or responded to regional or state review requirements. The responsiveness of the A-95 clearinghouse and/or MPO varies by urban area. Most of these transit agencies feel that an A-95 review of the application is a wasted effort because nothing new is being presented. For the other agencies, prior inclusion of the project in the AE is sufficient for satisfying the statutory requirement that the proposed project be in compliance with the officially coordinated urban mass transportation system. Although not required to obtain formal A-95 sign-offs, several agencies circulate the application to keep other agencies (e.g., the MPO) informed of their actions. Experience of the agencies surveyed indicates that the length of this process ranges from 2 weeks to 2 months.

### GRANT APPLICATION REQUIREMENTS

The Section 3 grant application contains several exhibits of

supportive documentation, numerous assurances, certifications, and compliance submissions. The process by which these requirements have developed is shown in Figure 1. The origin of most requirements can be traced to the Urban Mass Transportation Act or a related piece of congressional legislation. To carry forth the legislative mandate, often phrased as general principles rather than specific instructions, the administering agency UMTA develops policies, regulations, and guidelines. These interpretations of congressional intent serve as the rules for implementing the funding program. Because the discretionary funding program is to a large degree administered in the field, UMTA's ten regional offices are responsible for the implementation of these policies, regulations, and guidelines. And finally, it is the transit agency which has the task of correctly interpreting the instructions in order for its capital grant application to be in compliance with all conditions for aid.

This section of Chapter Two identifies and provides brief descriptions of the application contents. Links are drawn

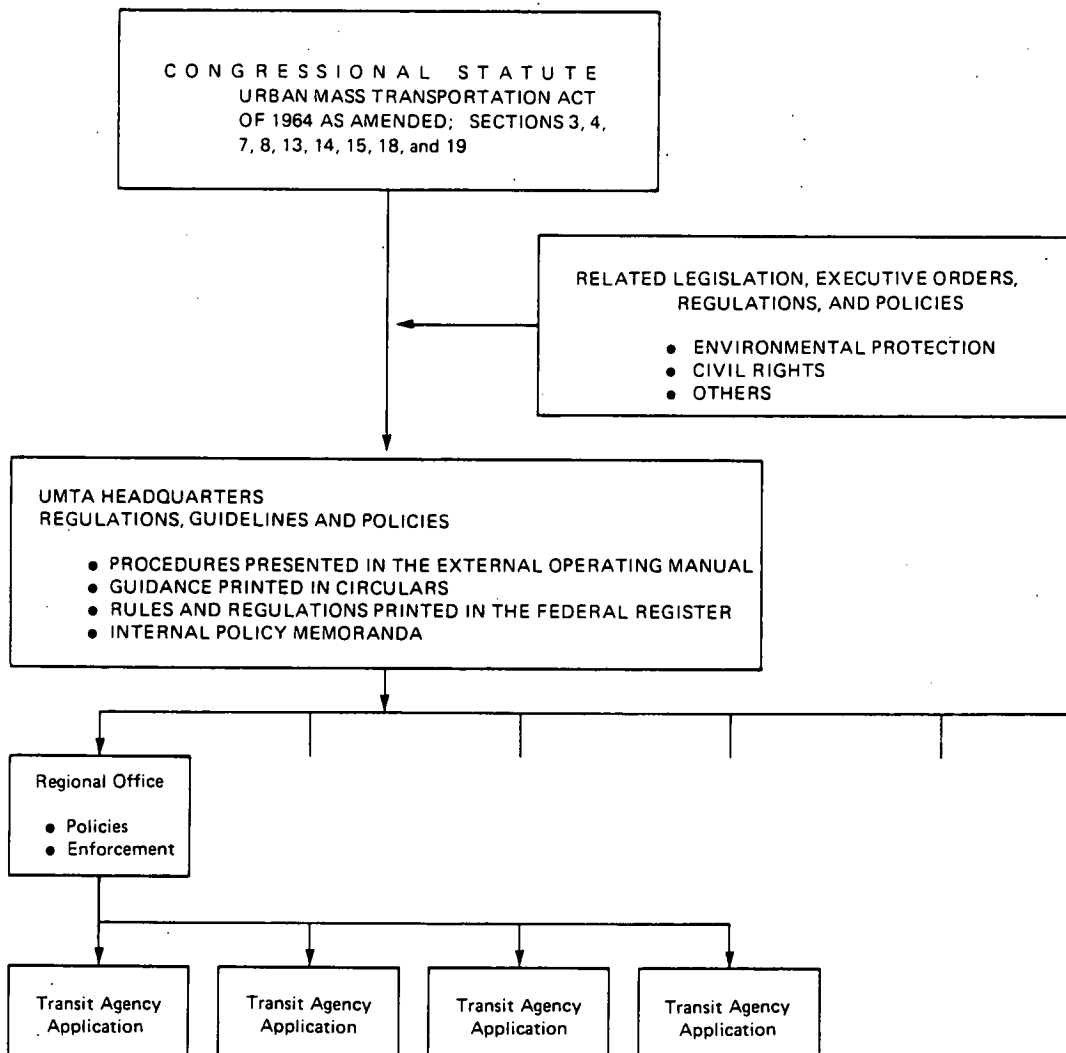


Figure 1. Grant application requirements.

between specific requirements and clauses of legislation or regulation. Similarities and differences among regional interpretations are presented and discussed. This section concludes with the research findings as to what transit properties are submitting in their applications and grant amendments.

### UMTA Requirements

Official requirements of the capital grant application can be found in the *External Operating Manual*, update *Circulars*, and regulations printed in the *Federal Register*. The substance of each item in the application package is summarized below based on the most recent printed description of that item and interviews with UMTA transportation representatives. An example grant application, supplied by UMTA to transit agencies for use as a model can be found in Appendix C.

### Budget Information

The budget section of the application typically contains five pro forma sections (A-E) and Section F—Other Budget Information. Section A is a project summary identifying by grant program, federal and nonfederal budgeted funds. Section B—Budget Categories—itemizes the budget by ten object class categories for each grant program, should there be other funding programs besides Section 3. An alternative use of the exhibit is to separate the application into its component projects. Section C identifies by grant program the source of and amount of nonfederal funds. Section D forecasts cash needs by quarter by source. Section E estimates the amount of federal funds needed to complete the project. This information, although in conformance with federal guidelines is of little use in administering the discretionary program. Most bus-related Section 3 projects do not involve another federal funding program, therefore, much of disaggregation by program category is useless and repetitive. Furthermore, the object categories in Section B do not provide a sufficiently detailed line item budget. As a result, the most important budget information is left for inclusion as Section F—Other. Three key items are typically required: (1) line item budget or “Estimated Project Budget”; (2) “Net Project Cost and Grant Funds” (previously Exhibit E; see Appendix C); and (3) local funds commitment.

The line item budget lists equipment to be purchased or facilities to be constructed by component and its associated cost. One regional UMTA office requires the use of UMTA budget codes and descriptions. The line item budget must identify those items of equipment or construction described elsewhere in the application.

Computation of the net project cost must be explained by the applicant. Although the instructions found in the EOM specify that language must appear verbatim from its example, transportation representatives are looking for a statement that net project costs are based on the consideration of anticipated revenues received from either the proceeds of the sale of facilities or equipment to be replaced, or from transit system revenues. Total net project cost is then broken into federal grant request and local contribution components.

The third item required in this section has recently gained in its significance. The applicant must identify and oftentimes document the source and amount of local contribution that is available for the project. Documentation may include a city council resolution earmarking local funds for the project.

### Program Narrative

The narrative contains statutory and program requirements presented in a series of exhibits. Experience gained through interviews conducted in this study shows that applicants submit between 8 and 14 of these exhibits with each application.

*Exhibit A—Project Description.* Every application contains this exhibit. The EOM prescribes a format for its completion which most agencies follow, often verbatim by simply filling in the blanks on the sample form. In addition to a project description which corresponds to the line items identified in the budget (e.g., buses, fareboxes, spare wheels), the exhibit contains several assurances (e.g., competitive bidding purchase practices). For a maintenance facility this exhibit could include a detailed description of the functions and elements of the proposed facility. Information contained in this exhibit is used to determine the eligibility of the project for Section 3 funds (Section 3(a)(1) of the Act).

*Exhibit B—Public Transportation System.* Prior to March 1980 a comprehensive description of the public transportation system was required with each application. Following the 1980 issuance of amendments to UMTA’s Operating Procedures and Requirements (5), the exhibit could be submitted once, kept on file, and updated as the system is modified. Information usually presented in this exhibit includes: roster of equipment, fare structure, span of service, ridership history, ridership description, financial arrangements and agreements, descriptions of other carriers, history of public transit in the area, and route map.

Most applicants incorporate their one-time submission by formal reference in the body of the application. Background information contained in this exhibit is used in part by UMTA to make the determination that the applicant has “the legal, financial and technical capacity to carry out the proposed project” (Section 3(2)(A)(i)) and that the proposed project is “needed for an efficient and coordinated public transportation system” (Section 3(a)(1)(B)).

*Section C—Project Justification.* This exhibit equals budget and project description exhibits in importance. A detailed format is outlined in the EOM for describing the benefits to be derived from the facilities or equipment, and impact on the transportation program of the urban area. None of the UMTA representatives contacted for this study reported that the EOM format was used, nor did any directly rely on the justification criteria outlined by the EOM, including a set of priorities and guidelines based on urban area size. Rather, justification criteria developed and used by the regions are based on demonstrated need. A discussion of the most frequently cited “need” criteria is presented by project scenario in a following section of this chapter.

The data submitted in this exhibit must be sufficient to support the required statutory determination that the facilities and equipment are “needed for an efficient and coordi-



nated public transportation system (Section 3(a)(1)(B) of the Act); or introduce "new technology in the form of innovative and improved products" (Section 3(a)(1)(C)); or enhance the effectiveness of any mass transportation project which enhances urban economic development or incorporates private investment (Section 3(a)(1)(D)).

*Exhibit D—Project Financing.* This exhibit in its entirety provides detailed information on the financial state of the transit system. The first element listed in the EOM is a description of how owned facilities or equipment are to be disposed of and a best estimate of the proceeds of any sale. UMTA is concerned that these proceeds be applied to reduce project cost (Section 4(a) of the Act).

In the second element, agencies identify any financing available from current system revenues. If none is available, it should be stated as such. The EOM specifies that the following items be attached to the exhibit: audited financial statements for the past 5 years; and projected costs and revenue for the next 5 years. Transit agencies usually submit financial statements for the past 5 years by attachment or by reference to another application, often for operating assistance. Projected costs and revenues are not submitted as regularly.

The third element requires a description of efforts to acquire private financing. Usually a statement that there is no private funding source is sufficient.

Since the importance of local funding is growing, agencies may be required to identify, if not already done so in the budget section, the local funding source and exact funding levels. The local match commitment may be required in the form of a letter or resolution.

*Exhibit F—Planning.* Prior to March 1980 this exhibit described the status of local transportation planning in order for UMTA to make the determination that the urban area had complied with statutory planning requirements contained in Section 8 of the Act. Joint UMTA/FHWA certification of local planning activities eliminated the need for this exhibit (4, 5). Although the exhibit per se has been omitted, half of the applications that were reviewed contained a reference to submitted TIP, AE, and Transportation Development Plans (TDP's).

*Exhibit G—Public Transportation Program.* This exhibit contains much of the information contained in an agency's Transit Development Program. Its purpose was to again guarantee that the urban area was in compliance with the statutory requirement that the proposed projects were part of the approved program of projects required by Section 8 of the Act (1). The removal of this lengthy exhibit was well advised. Certification review and approval of a local TIP-AE superseded its usefulness.

*Exhibit H—Use of Project Facilities.* This exhibit describes the arrangements that exist to ensure continuing public control over the operation or use of facilities or equipment. A verbatim quote from the EOM is usually included in the exhibit stating that the applicant understands the grant agreement will contain provisions to assure public use. This exhibit is directly linked to the statutory clause as follows: "No grant or loan shall be provided under this section unless the Secretary determines that the applicant has or will have satisfactory continuing control, through operation of lease or otherwise, over the use of facilities and the equipment" (Section 3(a)(2)(A)).

*Exhibit I—Labor.* This exhibit describes how the project will affect employees of the transit system and other public or private systems in the urban area. Required information includes identification of affected unions and other transit service providers in the urban area. The exhibit as presented in the EOM includes two assurances. First, it states an understanding of the Department of Labor's Certification and the protection afforded by 13(c) of the Urban Mass Transportation Act. Second, for construction projects, it contains assurance of wages in accordance with the Davis-Bacon Act. All reviewed applications contained these elements and followed the format and wording of the EOM.

Inclusion of this exhibit in the application is directly linked to the statutory provisions of 13(c) of the Act.

*Exhibit J—Public Hearing.* The EOM contains explicit instructions for the conduct of public hearings. It states that the applicant *must* hold a public hearing on the proposed project. To give the public adequate opportunity to present their views, a notice of the public hearing must be advertised at least twice in newspapers of general circulation, including those oriented to the minority community. The first advertisement should occur not less than 30 days before the date of the hearing. The submitted exhibit should contain a certified copy of the published notice and a certified transcript of the hearing. The EOM also provides a lengthy sample format for a notice of public hearing.

All surveyed transit agencies adhere to the guidelines set forth in the EOM. From interviews with five regional UMTA offices, it is ascertained that this is one exhibit that the representatives are very particular about the form and content of submissions. As one respondent commented, "Exhibit J is done by the letter of the law."

The law, however, at first glance is more flexible than the guidelines. Section 3 states that the application must certify that the applicant "has afforded an adequate opportunity for public hearings pursuant to adequate prior notice, and has held such hearings unless no one with a significant economic, social or environmental interest in the matter requests a hearing" (Section 3(d)). But public hearings are also referred to in Section 14—Environmental Protection. This section mandates that the Secretary of Transportation not approve any application for assistance under Section 3 unless he finds in writing, following a review of the application and of any hearing transcripts, that (1) the public with a significant economic, social, or environmental interest in the project had an adequate opportunity to present their views; (2) consideration had been given to the preservation and enhancement of the environment; and (3) consideration had been given to the interest of the community in which the project is located. Furthermore, "In any case in which a hearing has not been held before the State or local agency pursuant to Section 3(d), . . . [the Secretary] shall conduct hearings, after giving adequate notice to interested persons, on any environmental issues raised by such application." In response to this last provision, UMTA has instructed the applicant agency to assume responsibility for the conduct of public hearings.

*Exhibit K—Relocation.* Should the project require the displacement of persons or organizations, this exhibit must list the numbers to be relocated and how the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 will be met. Applicants, even in the case where assistance is sought for the purchase of buses,

submit this exhibit stating that the project will not cause relocation. Most UMTA representatives require this exhibit only in cases of a construction project.

This exhibit responds to Section 7 of the Act which states, "No financial assistance shall be extended to any project under Section 3 unless the Secretary determines that an adequate relocation program is being carried on (Section 7(a))."

*Exhibit L—Protection of the Environment.* Guidelines on the form and content of environmental assessments for urban mass transportation projects and for the evaluation of the significance of their projected environmental impacts is provided in UMTA Circular 5620.1 (6). These guidelines carry out the statutory requirements for protection of the environment as presented in Sections 3, 5, and 14 of the Act, Section 4(f) of the Department of Transportation Act of 1966 and the National Environmental Policy Act of 1969. These guidelines supersede EOM instructions.

The recommended approach to conducting an environmental assessment varies according to the type of project under consideration. Projects can be assigned to one of the following classifications. Class I actions normally have a significant impact on the environment and require an Environmental Impact Statement (EIS). An example in this class is the construction of a new fixed guideway system. Class II actions normally do not entail significant impacts on the environment, and thus require neither an EIS nor an Environmental Assessment (EA). Enough information must be contained in the application, however, for UMTA to verify that the project qualifies for categorical exclusion status. Among others, categorical exclusions include:

- Engineering to define elements of a proposal.
- "Purchase of vehicles of the same type (same mode) as replacements or to increase the size of the transit fleet, if such an increase can be accommodated by existing service facilities or new facilities. . . ."
- "Purchase and installation of operating or maintenance equipment to be located within the transit facility and with no significant physical impacts on areas removed from the site."
- "Installation of signs, small passenger shelters, and traffic signals, if no substantial amount of land is to be acquired or traffic disrupted."
- "Construction of new bus storage and maintenance facilities in areas predominantly zoned for industry and located on or near an arterial street with capacity adequate to handle anticipated bus traffic" (6, pp 6-7).

Class III actions are those for which the environmental impacts are not evident and for which an Environmental Assessment is prepared to determine the probable impacts. Class III actions may include transit terminals, administrative facilities, and park-and-ride facilities. Guidelines for preparation of an Environmental Assessment are presented in Circular 5620.1.

The reviewed applications did not make direct mention of Class II actions or categorical exclusions although the projects in several cases qualified for such. Much of the documentation for bus procurement projects was extraneous; whereas, additional information was needed for facility projects. Four of the five UMTA offices contacted follow the guidelines presented in Circular 5620.1 in reviewing submitted applications.

*Exhibit M—Elderly and Handicapped.* This exhibit has been eliminated from the application document (5). Recipients of federal mass transit assistance must, however, certify that they are making special efforts to provide transportation to the elderly and handicapped. This certification kept on file by UMTA is a separate submittal from the Section 3 application document.

*Exhibit N—Map and Nondiscrimination.* This exhibit was eliminated as a requirement for each application. Its function, which was to assist UMTA in determining whether transit service was being provided in a nondiscriminatory manner, has been assumed by the more comprehensive Title VI assurance.

*Exhibit O—Evaluation of Flood Hazards.* When a project includes construction, this exhibit must indicate whether or not the facility will be located in a flood plain. If so, an analysis of flood hazards should accompany the application. Based on this report, UMTA will determine the eligibility of the facility for funding assistance. All applications in the sample set addressed the issue of flood hazards, even though facilities were not being proposed by all applicants.

#### Assurances

Assurances state the applicant's intentions to comply with statutory requirements and regulations during the implementation of capital assistance projects. Assurances can be grouped into four categories: (1) standard assurances, (2) resolutions, (3) opinion of counsel, and (4) certifications.

*Standard Assurances.* Prior to 1978, numerous standard project assurances had to be submitted with each application. In February of that year, UMTA Circular 9100.1 was issued to reduce the paperwork required of applicants (7). A procedure was outlined by which standard assurances could be certified in advance with respect to specific applications. A description of the 21 standard assurances identified in Circular 9100.1 is contained in Appendix D. These assurances cover such diverse topics as compliance with the Hatch Act and the National Historic Preservation Act. Other items qualifying for the one-time submission procedure include:

- Assurance of compliance with Title VI of the Civil Rights Act.
- Legal eligibility assurances.
- Guideform assurance with respect to relocation requirements.

Certification of these standard capital assistance project assurances as acknowledged by UMTA, remain in effect until otherwise notified by UMTA. The applicant need only reference the date of the acknowledgment letter in its project application.

*Opinion of Counsel.* Each application must include a certification by the applicant's attorney that there is no pending legislation or litigation that might adversely affect the carrying out of a proposed Section 3 funded project. The one-time legal assurance which cites the applicant's legal authority to apply for and carry out a federal grant does not subsume this project specific submittal.

*Resolution.* A pro forma resolution is usually included in the application document, as presented in Appendix C. The

resolution signed by the recording officer of the applicant's governing body certifies that the designated official is authorized to: (1) execute and file the application for the capital improvement project, as described; (2) execute and file assurances effectuating Title VI of the Civil Rights Act of 1964; (3) supply additional information; (4) execute affirmative minority business policies in connection with the project's procurement needs; and (5) execute a grant contract (optional).

*Certifications.* In addition to those assurances listed above, several other formal certifications are often required before the application document is complete.

The first of these is *Charter Service Certification*. It is UMTA's intent as stated in Section 3(e) and (f) to sustain the position of private enterprise in the mass transit industry and to prevent UMTA-funded agencies from taking unfair competitive advantage of private operators. Special regulations have been implemented to protect the interest of private school bus, private charter bus, and other private transit operators who otherwise might have to compete with federally funded public operators for special business (§). The applicant must certify that: (1) it does not engage in charter bus operations in competition with private bus operations outside of its regular service area; and (2) it does not engage in school bus operations in competition with private operators, except under special conditions.

*Flood Hazard Area Certification* may also be required should real estate be acquired or construction undertaken. This certification is related to Exhibit O.

A *Public Hearing Certification* assures UMTA that the applicant has satisfied the requirements of Section 3(d) of the Act. These requirements are summarized as follows:

1. Afforded adequate opportunity for public hearing.
2. Considered the economic and social impacts of the proposed project.
3. Found the proposed project to be consistent with official comprehensive development plans.

The Act specifically requires that the application include a certification. A pro forma certification contained in the EOM is used by most agencies.

Under 13(c) *Certification* requirements, the Secretary of Labor must make a determination that fair and equitable arrangements have been made to protect the interests of employees affected by the project for which assistance is sought (Section 13(c) of the Act). This finding is based on the potentially affected labor union's agreement that the transit agency's action will not worsen any employee's working condition. The final product is a letter sent directly from DOL to DOT certifying that the provisions of 13(c) have been met.

### UMTA Regional Interpretations of Requirements

Across the five regions surveyed, similar items were identified as necessary for a Section 3 grant application. (Interviews were conducted with transportation representatives in UMTA Regions I, III, IV, V, and VIII.) Based on the responses of this group, a generalized set of application

requirements was developed. A listing of these items is given in Table 3. A particular region may, however, have additional items on its checklist; another may have fewer items.

Differences lie in the level of detail required for particular exhibits and the individual transportation representative's degree of flexibility in enforcing the requirements. These two conditions are dependent on several factors, including but not limited to the following: workload of the reviewer, reviewer's experience as a transportation representative, reviewer's knowledge of the applicant transit system, applicant's track record, reviewer's preferences and judgment, and number of applications submitted by a transit system.

Responsibility for ensuring grantee compliance with statutory, regulatory, and policy requirements is entrusted to the regional transportation representative. He or she is acting on the part of the Secretary of Transportation. Should questions arise as to the eligibility of an awarded project or grantee, the representative's judgment is called into question. In turn, the representative's award decision is based on the operator's application submittal. Its supportive documentation should provide, at a sufficient level of detail, adequate coverage to all the statutory, regulatory, and policy requirements that could potentially be questioned.

Discussed below are several examples where enforcement practices among the administrative regions differ.

TABLE 3  
CONTENTS OF A SECTION 3 GRANT APPLICATION

Standard Form 424	
Budget Information	
Budget Sections A-E	
Estimated Project Budget or Line Item Budget	
Net Project Cost and Grant Funds	
Local Funds Commitment	
Program Narrative	
Exhibit A	— Project Description
Exhibit B	— Public Transportation System ( <i>one-time submission updated as necessary</i> )
Exhibit C	— Project Justification
Exhibit D	— Project Financing:
...	Disposition of Equipment or Facilities
...	Financing from Revenues
...	Private Financing
Exhibit H	— Use of Project Facilities
Exhibit I	— Labor
...	Identification of Unions
...	Impact of Project on Employees
Exhibit J	— Public Hearing
...	Public Notice
...	Transcript
Exhibit K	— Relocation ( <i>if applicable</i> )
Exhibit L	— Protection of the Environment
Exhibit O	— Flood Hazards ( <i>if applicable</i> )
Assurances	
Standard	Assurances or Reference to One-Time Submission
Opinion of Counsel	
...	Applicant's Legal Authority to Apply for Grant ( <i>may be included in One-Time Submission</i> )
...	Assurance of No Pending Litigation
Authorizing Resolution	
Certifications	
With Application Document	
...	Public Hearing
...	Flood Hazard Area
...	Charter Service
...	DOL 13(c)
On File with UMTA	
...	Title VI
...	MBE
...	Transportation Planning
...	Special Efforts

### *Exhibit C—Justification*

This exhibit is carefully reviewed because it establishes the need for the proposed capital improvement. All reviewers require substantial supportive documentation. Justifications of need are evaluated in terms of each region's particular set of criteria. Categorized by project type, criteria used by the five regions are similar but not uniform. For the purchase of replacement buses the applicant must establish why additional buses are needed to operate current service levels. Key criteria for which standards have been established are age, mileage, condition and fleet spare ratio. Documentation requirements include fleet roster, analysis of maintenance costs should buses be younger than 12 years with less than 500,000 miles, and the agency's fleet replacement schedule.

For the procurement of buses to be used for service expansion, criteria include: spare ratio, ridership forecasts, availability of operating funds, and maintenance capabilities. In all cases, service plans for the expansion should be provided to include identification of routes and service levels. A summary plan could be provided in the exhibit accompanied by a reference to a Transit Development Program (TDP) on file at UMTA. Applications are reviewed on a case-by-case basis since precise standards have not been established.

The largest funding request and most infrequent for any one particular operator is typically for a maintenance facility. These applications are reviewed on a case-by-case basis. The first requirement is the establishment of need, as described by age and condition of existing facilities and space and equipment capacity. Need is often established through UMTA site visits to the old facility. Following the establishment of need, there is no uniform evaluation procedure among the five interviewed regions. An alternatives analysis of the cost to rehabilitate, expand, and build a new facility was mentioned twice. Documentation requirements typically included a description of the functions, size and sizing analysis: the latter to prevent overbuilding of the facility.

### *Exhibit D—Financing*

Instructions for this exhibit require the submittal of audited financial statements for 5 years, and projected costs and revenues for 5 years. Many representatives will accept a reference to these statements indicating that they can be found in Section 5 Operating Assistance Applications or previous capital assistance applications. Projected costs and revenues are not universally required. Documentation requirements for the commitment of local share varies: some regions require locally adopted resolutions, others rely on a letter of intention to fund.

### *Exhibit H—Use of Project Facilities*

This is a very important assurance; however, to reduce paperwork some regions will accept an annual certification.

### *Exhibit L—Protection of the Environment*

Environmental protection has been a highly visible issue since the 1970's and as such UMTA is particularly diligent in

its enforcement of rules and regulations in this area. Regional offices are utilizing the 1979 *Guidelines for Preparing Environmental Assessment*, but the level of detail required in this exhibit varies substantially by region and as the guidelines suggest, by project type.

In reviewing each application, the UMTA representative makes the determination as to what environmental analysis is needed in order to make the legislatively mandated finding, in writing, that "either no adverse environmental effect is likely to result from such project, or there exists no feasible and prudent alternative to such effect and all reasonable steps have been taken to minimize such effect" (Section 14(c)). The amount of environmental analysis and documentation needed to arrive at this finding varies. For example, the purchase of vehicles generally qualifies for a categorical exclusion, thereby requiring neither an Environmental Impact Statement nor an Environmental Assessment. To substantiate the categorical exclusion finding the *Guidelines* suggest a "detailed description of the proposed project and its setting is necessary to enable UMTA to verify that the proposed project is indeed a categorical exclusion." Some reviewers feel comfortable enough with the applicant and adequately informed to accept the claim of categorical exclusion without additional supportive documentation in Exhibit L. Exhibits A—Project Description, C—Justification, and J—Public Hearing provide sufficient information to support their finding of "no adverse environmental effect." At the other extreme, some reviewers are of the opinion that the environmental section of the application should be able to stand on its own. Thus, a complete exhibit requires a description of the need for, and elements of, the proposed action; alternatives to the proposed action; and environmental impacts (in the case of vehicles, no impacts). A third group of reviewers fall somewhere between these two positions in their documentation requirements.

Environmental protection issues can be more complex for maintenance facilities and service expansion. But again, all reviewers are following the 1979 *Guidelines*; it is the level of documentation that varies by particular application and by region rather than the specific criteria used. Close coordination between the applicant and UMTA on this exhibit is suggested in order to avoid incomplete or inadequate submissions.

### *One-Time Submissions, Certifications, and Deletions*

Changes to the original capital grant application have reduced paperwork requirements. Instructions for the use of one-time submissions require that the assurances be incorporated by reference in each project application. Other items do not require explicit reference; however, some regions prefer to have all exhibits documented in some manner. Should the material for a particular exhibit no longer be required, e.g., Exhibit E—Planning—the applicant should reference the previous submittal or appropriate document, e.g., planning certification and TIP-AE. Other regions do not require comprehensive coverage of all exhibits.

### **Case Study Submittals**

As the applicant who must comply with the medley of statutes and regulations, the transit agency is the end user of

all written and verbal instructions. The final interpretation of statutory, regulatory, administrative and policy requirements rests at the local level. Given UMTA's regional differences in preparation guidance, it was hypothesized that grantee applications would likewise vary by geographic area and project. To substantiate this assertion, the application documents submitted by five medium-sized operators were reviewed to determine the degree of conformity among them and with promulgated requirements. Operator size was another parameter to be considered. Discussions with eight larger and smaller grantees are the basis of the findings concerning the applicability of the medium-sized operators' experience to the transit industry as a whole. A summary of these findings, organized by specific requirement, is presented in this section.

### *Budget*

The three budget items of most interest to UMTA were submitted with each application in Section F—Other—and include: (1) Estimated Project Budget (line item budget); (2) Computation of Net Project Cost; and (3) Local Funds Commitment. Sections B, C, and D were usually completed as required, but E—Budget Estimates of Federal Funds for Balance of Project—was frequently blank.

### *Exhibit A—Project Description*

Similar information was provided by the sample agencies. Applications for buses followed the format provided in the EOM almost verbatim. Applications for maintenance facilities contained a description of the major functions to be served and elements of the project. Neither facility application contained the EOM's pro forma assurance statements. The information required of this exhibit was evident to all applicant agencies.

### *Exhibit B—Public Transportation System*

An overview of the transit system should be on file with the regional office. Only two medium-sized agencies made reference to a previous submittal. The others submitted detailed information pertaining to the following: roster of equipment, fares, span of service; ridership history and description, other carrier descriptions, and history of public transportation.

Small agencies generally submit a Section 3 application once every couple of years. During that time period the system has typically undergone enough change to require the submittal of a new Exhibit B with the grant application. Most large systems, on the other hand, submit one or more applications each year. The information on file for Exhibit B is therefore continuously updated as necessary, usually without the preparation of an entirely new submission.

### *Exhibit C—Project Justification*

At a minimum, applications for new buses addressed UMTA specified justification criteria: age, mileage, and

vehicle condition. One medium-sized agency presented an alternatives analysis of three options: purchase of articulated buses; rehabilitation of older buses; purchase of different new bus models. Another grantee examined anticipated performance requirements of the express service in which the new buses would be placed. This agency also described, in general terms, the maintenance cost savings and service area benefits to be gained.

The two applicants requesting maintenance facility construction funds took different approaches. The first established five specific reasons why a new facility was needed. It then discussed how the functions and elements of the new facility would improve maintenance operations. The second application described in very general terms the benefits to the system, the urban area, the user, and the agency. A description of the system's deteriorating maintenance facilities was also provided. This latter approach follows that described in the EOM. More detailed justification was contained in this applicant's Environmental Protection exhibit.

Smaller agencies frequently follow the EOM guidelines which include a superfluous discussion of the secondary benefits to be accrued to the service area and systemwide operations; e.g., new buses will attract more riders and reduce auto travel. Larger agencies tend to present the primary benefits to be derived from the project. For example, new buses will result in reduced maintenance costs and increased service reliability. Very few benefits, however, are quantified. In addition, the larger agency's frequent communication with UMTA allows it to focus its attention on those issues or criteria of most interest to the reviewer.

### *Exhibit D—Project Financing*

This exhibit was completed by all applicants and did not vary by project type. The only difference was found in the submission of audited statements and projected costs and revenues.

Several agencies responded that the financials were not required by their transportation representative. Where the statements were required, many applicants simply made reference to previously submitted statements for either Section 3 or 5 grants. In the case where the statements were submitted, the combined submission for two interviewed agencies was found to be 75 pages.

### *Exhibit H—Use of Project Facilities*

Pro forma statements from the EOM were used by all applicants.

### *Exhibit I—Labor*

Similar exhibits in conformance with the EOM were submitted by all applicants.

### *Exhibit J—Public Hearing*

Instructions provided in the EOM were followed by all

agencies. The initial application submittal was usually sent out without the exhibit and certification in order for UMTA's processing to begin. After the public hearing was held, the follow-up documentation was transmitted.

#### *Exhibit K—Relocation*

Although not applicable to the project, each of the bus applications contained this exhibit with the statement "No Relocation." Both facility applications addressed this issue as required.

#### *Exhibit L—Protection of the Environment*

The approach taken in preparing this exhibit is in part dependent on project type, i.e., does it qualify for a categorical exclusion. For bus acquisitions at medium-sized agencies, the exhibit contained a description of the project elements, and in general terms identified the benefits to be gained. Benefits included more attractive buses that might attract more riders, reduction in auto traffic, and possible associated reductions in air pollution. Agencies of all sizes included a statement that the bus acquisition project would not result in significant impacts; however, mention of categorical exclusions was rarely made.

Maintenance facilities may or may not qualify for categorical exclusions, and as such require some description of the project and its likely environmental impacts. One maintenance facility application simply stated that there would not be any adverse environmental impacts on the urban area. UMTA responded with a request for two items of information that are required for designating a maintenance facility as a categorical exclusion: (1) a traffic analysis indicating that the nearby streets have the capacity to adequately handle bus traffic; and (2) certification that the site is located in an area zoned predominantly for industry.

The second maintenance facility application included a comprehensive environmental assessment because the project did not qualify for a categorical exclusion. The initial submittal was returned to the agency because it was found to be too general in its assessment of impacts. The final 60-page Exhibit L strictly adhered to the guidelines set forth in Circular 5620.1.

#### *Exhibit O—Flood Hazards*

All applications addressed this requirement, even if the project was for the procurement of buses. Exhibits stated that the facilities used, or to be constructed, would not be located in a flood plain.

#### *Other*

Two agencies submitted an Exhibit M—Elderly and Handicapped—which contained a description of services provided to this user group. One system completed Exhibit N—Map and Nondiscrimination—by submitting a system route map and additional planning maps of the service area displaying population by age, race, and income.

#### *Standard Assurances*

All transit systems incorporated by reference the certification of standard project assurances previously acknowledged by UMTA.

#### *Authorizing Resolution*

Most operators used the EOM's statement verbatim.

#### *Other Certifications*

All interviewed agencies supplied these as required.

#### *Grant Amendments*

Most capital grants are amended for either a change in scope and/or revision in budget. Shortages in local funding, changing local needs, or the findings of preliminary architectural and engineering studies are cited as the instigating factors. Procedures and documentation requirements for amendments are far smaller in scope than those for an application. To determine the specific reporting requirements for a grant amendment, the experience of the Memphis Area Transit Authority (MATA) provided a case study example.

During 1980 and 1981, MATA undertook two amendments revising their original request for transit vehicles. The first amendment requested a change in project elements; no additional money was sought. The agency wanted to substitute articulated buses for its request for several standard size buses. The second amendment requested that the number of standard size buses be increased and that funding likewise be increased to cover 80 percent of the vehicles' cost.

The amendment process was directed by MATA's grants coordinator. Both amendment submittals contained the following information:

- Line item budget.
- Project description.
- Project justification.
- Annual Element Amendment Resolution.
- Authorizing resolution.
- Statement of recertification of all previously submitted assurances and certifications as they relate to applications, acceptances and use of federal funds.
- Section 13(c) certification.

Justification of the proposed changes was the key element in both requests. For example, in its request to substitute articulated buses for standard size buses, MATA established need for the larger vehicles by an analysis of its overloaded routes. It identified all routes with trips carrying more than 125 percent of seated capacity and routes for which two or three buses were scheduled for the same trip. MATA also identified operating cost savings that would result from increased headways made possible by the larger-than-standard buses.

Throughout the amendment process, MATA's grants coordinator worked very closely with the UMTA transportation representative. Timing of the requests was viewed as

critical. No difficulties were encountered in complying with UMTA requirements or in obtaining AE amendments from the MPO.

The level of effort expended in preparing the amendments could not be precisely determined due to changes in personnel. Best estimates were placed at one week or less of professional effort. Discussions with other agencies' grants personnel confirm the applicability of this estimate to other properties. The time and resource requirements for any particular amendment, however, are dependent on the magnitude of the proposed changes, information received from UMTA, as well as local political and institutional circumstances. As discussed earlier, the waiting period for receiving MPO approval of AE amendments varies significantly among urban areas.

### **COSTS AND IMPACTS OF FEDERAL REQUIREMENTS**

Compliance with mandated conditions of aid and application requirements can impact the transit agency in numerous ways. These include the allocation of personnel and operating funds; delays in project implementation; inflationary cost escalation; and loss of management flexibility. The findings concerning experienced costs and impacts are presented in this section.

#### **Direct Level of Effort**

Upon reviewing the extensive documentation requirements described previously in this chapter, it would be reasonable to assume that a fairly high level of effort, perhaps several person-months, would be required to satisfy all conditions. During the early 1970's, before a specialized grant function was established within many transit organizations, applications were often prepared in an unorganized manner, usually without the benefit of experience gained from the previous year's application. Designation of grants personnel has added continuity to the grants preparation process, significantly reducing the learning curve for a particular application. Changes in the program's requirements and administration have also helped to reduce costs. Many exhibits were deleted, one-time submissions were added, and regional UMTA transportation representatives familiar with local agencies were established as the main contact point. Together, these factors contributed to a significant reduction in preparation costs. The objective of this research was to determine recently experienced levels of effort necessary for obtaining Section 3 funds.

To examine the level of effort required of the case study agencies, direct resource expenditures were grouped into five categories, as shown on Table 4. These include elapsed time, professional labor, clerical labor, direct costs for public hearings, and other costs or resources. A similar table with three cost categories was prepared for smaller and larger transit systems, as shown by Table 5. In reviewing these tables, the reader is cautioned to consider that the figures are estimates obtained in interviews conducted often more than a year since the preparation period.

Elapsed time is counted from the date when application preparation began to when it was completed, except for pub-

lic hearing transcripts, 13(c) certifications, etc. It does include the assemblage of resolutions and assurances. The closing date may or may not coincide with the submission of the application to UMTA. Elapsed time ranged from 1 to 4 months for the medium-sized operators. Broward County's short, 1-month preparation time does not include provisions for additional technical analysis which was necessary to prove that the project qualified as a categorical exclusion. The supplemental traffic analysis was conducted for the agency by the local MPO. A second maintenance facility project required a total of 4 months for completion. Although 1 month lapsed during the initial preparation stage, an additional 3 months was needed for the preparation of a revised Exhibit L—Environmental Protection. Dallas and Richmond reported 2 months and 1 month, respectively, as necessary for completing the application's technical analysis and for obtaining all appropriate signatures. As indicated by Table 5, smaller transit systems reported longer grant preparation periods of 4 to 5 months; whereas, larger systems reported 2 to 3 months.

Professional labor includes the time of grants administrators, technicians, and managers used in completing or reviewing the application document. The reader is again cautioned concerning the accuracy of these estimates. Because Greater Richmond Transit Company (GRTC) contracts out to a consultant for the preparation of its application, the number of hours expended in that effort could be readily verified. Unfortunately, such accountability was not available at the other properties. Estimates of the professional effort required to complete the examined applications ranged from ½ day to 8 person-weeks. The amount of time was dependent on the availability of supporting documentation and type of project. For example, each year GRTC prepares a comprehensive Transit Development Program. Much of the documentation, such as fleet rosters, replacement schedules, and financial plans, can be extracted verbatim from this report and inserted into the application. On the other hand, at Dallas Transit System, similar information must be assembled from a wide assortment of sources, as evidenced by the 4-week professional effort.

The two maintenance facility projects also display a wide variation in commitment levels: 3 days and 8 weeks. Both agencies hired consultants to conduct facility planning studies—funded through Section 8—from which project description, justification, budget, and environmental analysis could be extracted. Broward County's facility projects qualified for an environmental categorical exclusion; whereas Utah Transit's did not. More than half of UTA's 8 professional weeks of effort were devoted to revising the project's environmental assessment because the consultant study did not address potential environmental impacts in sufficient detail to satisfy UMTA's requirements. Broward County also made effective use of its TDP document in its Section 3 application.

Professional effort at smaller agencies ranges from 1.5 weeks to 1 month; at large agencies, 1 week to 2 months. Although elapsed time at smaller agencies is significantly longer than that at other agencies, actual preparation time is not. This occurrence can be explained by realizing that the grants preparer at the small agency has numerous other responsibilities, many of which may not be related to grants administration. His attention may be divided among several

TABLE 4  
MEDIUM-SIZE AGENCIES' DIRECT LEVEL OF EFFORT TO COMPLETE AN APPLICATION

Project Type	Elapsed Time	Professional Labor	Clerical Labor	Direct Costs for Public Hearing	Other
Maintenance Facility Construction	1 month	3 days	3 days	N.A.	Technical analysis performed by MPO staff at no charge; Consultant facility planning study
Bus Purchase	2 months	1 month	1 month	\$200	Four days additional planning and accounting support
Bus Purchase	1 month	½ day	3 days	\$650	
Operating Base Expansion	4 months	2 months	2 months	\$700	Historical study costing \$2,500; Consultant Facility Planning Study; and General Counsel costs.

N.A. Not Applicable

TABLE 5  
ESTIMATED LEVEL OF EFFORT TO COMPLETE AN APPLICATION

Project Type	Elapsed Time	Professional Labor	Clerical Labor
Small Systems			
Preliminary A/E and Land Purchase	4-5 months	3 weeks	½ week
Facility Construction	N.A.	N.A.	N.A.
Equipment Purchase	5 months	1½ weeks	1 week
Bus and Equipment Purchase	4 months	1 month	1 week
Large Systems			
Bus Purchase	2 weeks	1 week	3-4 days
Bus Purchase	3 months	2 months	1 week
Bus Purchase and Rehabilitation	N.A.	2 weeks	3 days
Bus Purchase	2 months	3 weeks	1 week

nonrelated activities. At medium or large agencies the preparer may be less distracted by his other duties because they all relate to the same function: grants.

Clerical labor refers primarily to secretarial support. At medium-sized agencies clerical effort either equals or exceeds professional commitment. The explanation offered by the agencies was that as much material as possible is extracted from previous applications and in-house reports. A large operator, New Jersey Transit, indicated that as much as 70 pages of its application are standardized, with the exception of changing a few words and numbers in the appropriate places. Whereas the professional can cut and paste the application together, the secretary must type the entire document. Clerical support may also assist in setting up public hearings and in assembling routine documentation and assurances.

Smaller and larger agencies report significantly lower support levels, ranging from 3 days to 1 week.

Direct costs related to the conduct of public hearings are a fourth cost category. Advertising costs are the primary cost component ranging from \$200 to \$700. Payment for a court reporter averaging \$50 to \$60 may be an additional cost item. Meeting facilities are usually provided gratis. To reduce the burden of the hearings on staff and Board members, several systems combine their capital project hearings with regularly scheduled Transit Board meetings. Others combine Section 3 and 5 public hearings into one.

Other costs attributable to the grant application process include the participation of other functional departments, including planning, accounting, and legal counsel, and the preparation of supportive technical analyses. As mentioned,



federally funded Section 8 planning studies were conducted for the maintenance facility projects. Reports generated by these studies provided much of the project-specific information required for the application. The scope of one of these projects included the demolition and removal of potentially historically significant structures. An historical assessment was required to ensure that the requirements of applicable historic preservation law and cultural resource management were satisfied. The cost of this additional study was \$2,500.

In summary, the level of effort devoted to completing the grant application varies significantly across the industry. The major factors determining commitment levels include:

- Availability of in-house documents; either planning reports, technical studies or capital grant applications for similar projects.
- Complexity of the proposed project.
- Prior experience in preparing applications.
- Use of updated preparation instructions.

In general, preparation of the budget, project description, justification, and environmental analysis, together with the conduct of the public hearings consume the majority of professional time. Applicants also report the overall administration of the preparation process as time-consuming. For example, several respondents cited tracking down the Board's chairman for his signature on the authorizing resolution and other certifications as bothersome tasks. Pushing the application through internal review channels and scheduling the application on the agendas of necessary committee, council and board meetings were also identified as time-consuming activities. Interviews with grants coordinators in the study's diverse sample of transit agencies indicate, however, that the process is working much smoother than it ever did and with minor exceptions, with few complaints.

**Inflationary Costs**

Delays in project implementation can pose serious problems for a transit agency. During an inflationary period, delays in application preparation will result in increased capital costs. Delays can also result in the postponement of new services, extended periods of high maintenance and operating costs, and poor public relations. The reasons for a stalled application can be either internal to the transit agency or external to it. The most frequently cited causes of delay are summarized on Table 6 and are discussed below. Detailed schedules of the application preparation and review process for the five case study sites are depicted in Figure 2.

*Internal Sources of Delay*

Processing of the grant application can be slowed by a diverse array of factors. The first of these is interagency schedule coordination as it affects capital improvement programming. The case study of the Metropolitan Transportation Commission (MTC) in Minnesota illustrates this point. The TIP/AE is prepared on a calendar year schedule—often not receiving final approval until March. The MTC, however, submits its grants applications to UMTA in consideration of the federal fiscal year beginning in the previous October. Should MTC be prepared to submit its application to UMTA early in the fiscal year, for example in October, UMTA review of that grant could be delayed until final MPO and UMTA approval of the TIP/AE in March. The result would be a 5- month delay in processing the grant application. Very often, local, regional, state, and federal agencies do not appreciate each others fiscal year calendars and the delays that are caused by the lack of coordination.

Delays may also result from a TIP/AE amendment. Should

**TABLE 6  
SOURCES OF DELAY**

Respondent	Location of Delay	
	Transit Agency and/or Other Local Agency	Federal Level
Transit Agencies	Internal decisionmaking	Changing guidance from UMTA
	TIP/AE approval and amendment process	UMTA transportation planning requirements
	Additional technical analysis for project justification or environmental assessment submissions	Long UMTA review period
	A-95 review process	13(c) review and certification delays
UMTA Regional Offices	Unapproved TIPs/AEs	Delayed notification of award and release of funds
	Incomplete submissions	13(c) review and certification requiring two or three months
	- missing signatures	Late Congressional appropriations and delayed release of funds
	- omission of assurances	
	- incomplete justification	
- incomplete environmental analysis		
- missing public hearing documents		
- insufficient budget information		
	Applications submitted late in the fiscal year	

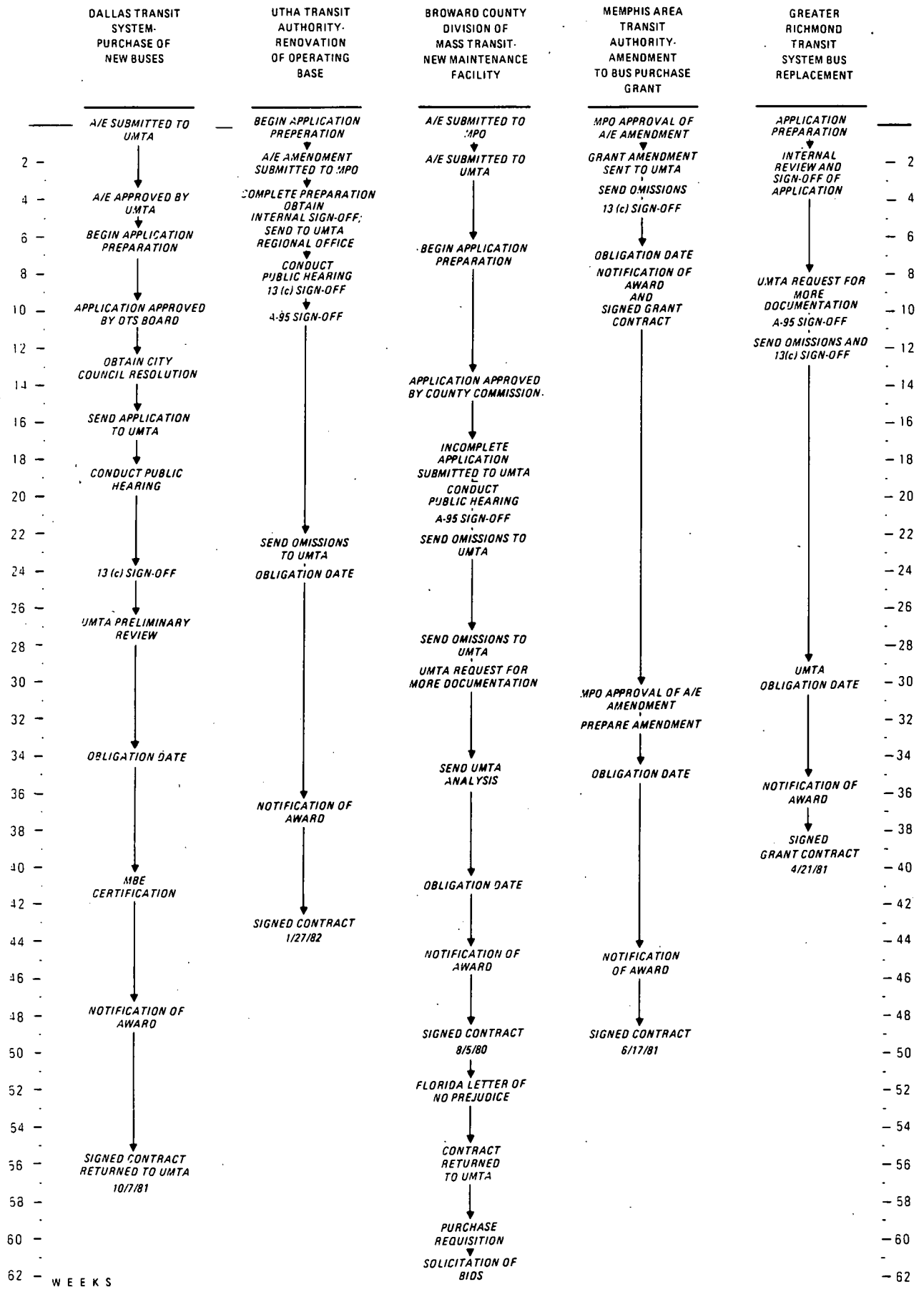


Figure 2. Grant preparation and review schedule for case study transit agencies.

an applicant budget a project at an amount greater or less than within 10 percent of the stated TIP/AE budget level, the TIP/AE document must be amended. This difference in project costs frequently occurs because the TIP/AE contains only projections of estimated costs, projections which had been prepared several months prior to the application. The grant application, on the other hand, has the benefit of a detailed line item cost analysis. A greater than 10 percent difference between the two cost figures is not unlikely. The TIP/AE must likewise be amended should the project's scope change.

The experience of transit agencies in obtaining these amendments varies significantly. A phone call to the regional MPO may be all that is required in one area; in another, several weeks of amendment preparation and documentation are followed by several months of processing. Most agencies' experience falls within these two extremes.

UMTA transportation representatives frequently cite incomplete application submittals as a major cause of delay. Omissions vary, ranging from simply a signature to adequate technical analysis. Items most frequently omitted in the initial submittals include the following:

- Public hearing notifications and transcripts.
- Assorted assurances.
- Commitment of local funding source.
- Adequate justification of why buses are needed for service expansion or why a new facility is warranted.
- Adequate environmental assessment or documentation for a categorical exclusion.
- Sufficient line item budget information.

Reviewers telephone or mail their comments and requests for additional information. The resubmitted material is then inserted into the application document. Turnaround time for transit agencies to respond to UMTA's requests ranges from 1 or 2 weeks for simple omissions to several months should additional technical analysis be required. The UTA required 13 weeks to complete a revised environmental impact assessment of its proposed expanded operating base.

Transit agency grants personnel often identified obtaining internal management or Board approval for the grant application as a source of delay. This delay is more often than not the result of an internal controversy over the merits or cost estimates of a particular project, rather than an organizational or communications problems. Should the transit system be a part of city or county government, as is the Dallas Transit System, the application requires a city council resolution or other stamp of approval prior to its submittal to UMTA. In Dallas, this process added 3 weeks to the schedule.

#### *External Sources of Delay*

The source of delay may be located outside the transit agency organization at UMTA Headquarters, its regional offices, the Department of Labor, or elsewhere. The major external factors impeding the grant application and review process are also given in Table 6.

The first of these mentioned frequently by grants personnel is the lack of a comprehensive instruction guide which is kept up-to-date with UMTA's frequently changing

requirements. Modifications to procedural and substantive requirements are currently issued in a fragmented manner; some are published as rules and regulations in the Federal Register, others are issued as UMTA Circulars. Policy directives are most frequently communicated verbally.

Several agencies indicated that they were unaware of particular paperwork reductions and simplified procedures; they have continued to submit unnecessary documentation with each application; e.g., Exhibit B—Public Transportation System. Other grants personnel take a conservative approach by using last year's successful application as a model for the current submittal, whether the requirements have changed or not. Another cause of delay is the time expended by operators in revising their submissions to meet the requirements of unpublished policies. Justification criteria are an example of such unwritten requirements where the applicant is often requested to send additional supportive documentation, documentation which could have been included in the initial submittal had its need been known. In all of the above cases, the lack of updated specific instructions delayed the preparation and review process.

Transit agencies and UMTA frequently cite 13(c) certification as a former problem which has been mitigated to some degree. To avoid delay, several applicants directly transmit copies of their applications to local unions for review, thereby circumventing the official channels of communication through UMTA, DOL, and union internationals. Others indicate that the responsiveness of DOL and/or the labor unions has improved over the past 2 years, but that some delay remains. The experience of medium-sized case study agencies is fairly typical, ranging from a 3- week turnaround time in the case of the UTA to 8 weeks in Dallas and Richmond.

UMTA's review period of the applicant's initial submission was in some cases identified as a source of delay. For the medium-sized agencies that were part of this study, this review period ranged from 3 weeks to 2 months. This timespan is dependent in part on the case load of the reviewer and the completeness of the submittal. Some local agencies feel that their regional UMTA offices are overburdened and understaffed and, as a result, are somewhat unresponsive to their immediate needs. Upon final completion of the application and receipt of all certifications, UMTA regional offices approve and obligate funds anywhere from 1 week to 19 weeks later: a 6- week turnaround time appears to be the average, although it varies by region and time of year. The factors influencing the length of the review period include UMTA case load; availability of funds; urgency of project; and scheduling of the project on the Regional Program Plan.

Following regional review of the application, the information is forwarded to Washington for final approval. The grant's obligation date is set by the regional office before the application is sent to Headquarters; the notification of award is released to the grantee following Headquarter's approval and grant announcement. More than half the 13 transit agencies contacted for this study identified the time period between obligation and notification dates as a major source of delay. For medium-sized agencies submitting grant applications, the timespan between these two events was as follows:

- Broward County: 4 Weeks
- Greater Richmond: 6 Weeks
- Utah Transit: 3 Months
- Dallas Transit: 3 Months

Discussions with other transit agencies support these findings; anywhere from 6 weeks to 3 months is common.

UMTA's transportation representatives cite congressional delays in the appropriation and authorization of funds as a major cause of delay. If the budgetary process is behind schedule and funds are not made available, grant applications cannot be approved and funds cannot be released. Once the funds are released, a processing bottleneck develops; during FY-1982, 80 percent of all grants were processed and approved in the latter 6 months of the year.

#### Indirect Costs

Indirect costs are those costs that can in general be ascribed to the grant application process, but can not be attributable to any specific requirements. This cost category includes tangible expenditures such as those for production, telephone, meetings, and possibly travel to UMTA's regional office. Transit agencies did not identify costs for those items as significant expenditures nor were records maintained for monitoring these costs.

Potential intangible indirect costs include training and loss of management flexibility. Specific instances of these costs were cited by the agencies interviewed; however, the incidence of their mention was infrequent. Technical training is not required for grants preparation; rather, the job requires a basic knowledge of transit operations and the agency organization. Prior experience in grantsmanship and inter-governmental relations is also of benefit. The most commonly used training tool is the previous year's application and any internally developed instructional guides. The training cost, therefore, pertains to the length of the "hands-on"

learning curve for a particular individual. Interviewed grants personnel indicated that completing one application from beginning to end should be all the training necessary.

Over the years, transit operators have expressed the opinion that their ability to bring about service, equipment, and facility improvements has been hampered by the strings of federal regulation. When questioned about the impacts Section 3 regulations have had on their management powers, three impacts were identified. The first pertains to UMTA's transportation planning requirements and the restrictions it places on the capital grant application process. Some managers feel tightly locked into decisions made the previous year during the TIP/AE planning process. Agencies are given little leeway in the application process to modify those earlier decisions; many will seek amendments to the adopted AE in order that their investment decisions continue to be responsive to current capital improvement needs.

The second way in which managerial flexibility is affected is by the length of the application preparation, review, and approval process. The total elapsed time from the date the transit agency begins work on the application to the agency's receipt of its notification of award averages from 8 to 10 months. This long lead time reduces a manager's decision-making flexibility and his responsiveness to changing circumstances. A few agencies circumvent these restrictions to some degree by utilizing the grant amendment procedure: new projects are substituted for those already approved, but no longer needed due to changing circumstances such as slowed ridership growth or declining operating funds.

The third restriction to management flexibility is the procedures and certifications required under 13(c) of the Act. The particular requirements of this clause, however, are beyond the purview of this study.

## CHAPTER THREE

# INTERPRETATION AND APPRAISAL

### APPRAISAL OF APPLICATION PROCEDURES AND REQUIREMENTS

Beyond assessing the impacts of federal grant requirements, a secondary objective of this research has been to identify the extent to which the legislative intent of Section 3 is being served. The first task in such an analysis is to review congressional objectives for the discretionary funding program. From an overall understanding of legislative mandates, the responsiveness of UMTA's promulgated regulations and policies and its administrative interpretation of those regulations can be judged. The third task is to evaluate the transit agency's interpretation of those regulations and to appraise the costs and impacts of compliance.

### Congressional Intent

The objectives of the Section 3 funding program have changed with the times. Originally intended to assist public authorities in the buy-out of ailing private carriers, its funds were subsequently allocated to large intensively developed transit systems as a financial boost to improve rapidly deteriorating capital stock and facilities. The assured availability of large sums of capital assistance also fostered the start of new rail systems. To develop a broad political base for its funding authorizations, discretionary monies were made available to urban areas of all sizes for all modes. Competing interests for federal funds developed. On one side

were older larger systems in desperate need of upgrading; on the other side were newly emerging bus systems anxious to serve small and medium-sized cities. To meet the demand for financial assistance, authorization ceilings climbed.

Statutory requirements evolved to set the ground rules for the allocation of Section 3's expanding coffers. One by one specific conditions of aid were incorporated into the Urban Mass Transportation Act to assure the recipients' compliance with a wide assortment of federally adopted policies. Several of these conditions thought to be outdated are currently being questioned by the new wave of legislators in Congress.

Statutory requirements have their origin with a congressional reaction to a heightened interest of the time or with some special interest group. Under the right circumstances, members of the Congress are receptive to expanding their political base through legislative actions. An example of congressional sensitivity is in the area of environmental protection. During the late 1960's and early 1970's, the environment was a highly visible political issue. Public pressure for congressional action resulted in the passage of the 1969 National Environmental Policy Act. Soon thereafter, specific requirements for DOT's consideration of environmental impacts were incorporated into UMTA's funding legislation.

Other examples pertain to the protection of union and private operator interests. In order for Congress to gain a broad base of support for public takeovers of private transportation carriers, union backing was deemed necessary. By including labor protectionist provisions directly in the Urban Mass Transportation Act, organized labor's backing was guaranteed. Similarly, private operators not partaking in public takeovers felt threatened and disadvantaged by the subsidies offered to public agencies. Since it was not congressional intent to promote public service over that of private carriers, Sections 3(f) and 3(g) of the Act were incorporated to protect the investment of school bus and other private operators. Similar connections to special interests can be drawn for other elements of Section 3 legislation.

#### **UMTA Regulations and Transit Agency Interpretation**

UMTA promulgates regulations and policies to implement and enforce the statutory mandate given to it by Congress. A detailed review of application requirements, as presented in Chapter Two, indicates that for each procedural and substantive requirement, a link can be drawn to a clause in the Urban Mass Transportation Act. Whereas some statutory provisions are precise in their meaning, others are more flexible and require interpretation. In its role as the administering agency, UMTA has assumed a conservative interpretive approach to the enforcement of statutory requirements. It has placed a strong emphasis on obtaining detailed documentation supporting its administrative findings of agency compliance. The Act, however, offers opportunities for the relaxation of a number of regulatory and administrative requirements, while still maintaining the spirit of law. Options for streamlining procedural and substantive guidelines are discussed in Chapter Four.

Transit agencies interpret UMTA issued requirements, often with the assistance of their regional field offices. Few submit complete applications as their initial funding request. By working closely with UMTA, they can identify and com-

plete omitted assurances and documentation. All of the agencies interviewed as part of this research project reported that they were able to satisfactorily comply with all conditions of aid. With minor exceptions, the agencies received grant contracts for their proposed project at or close to requested funding levels.

#### **APPRAISAL OF COSTS AND IMPACTS**

The costs of application preparation are fixed; that is, costs do not appreciably vary with the size of the funding request. The same submittals and conditions of aid apply regardless of project budget. It would be reasonable to expect, however, that UMTA would more carefully scrutinize an application for a \$10 million major bus replacement program than an \$800,000 request for six replacement buses. In order to reduce the likelihood of any omissions that could potentially jeopardize grant approval, the applicant of a large request may prudently decide to devote additional attention to those exhibits of most importance in UMTA decision-making. These exhibits include project description and justification, budget and source of funds, and environmental impact analysis.

Based on our discussions with 5 UMTA field offices and 13 transit agencies, the costs and impacts of application preparation cannot be differentiated by the size of system or urban area. The guidance presented in the EOM based on population threshold levels is not currently used in reviewing or preparing applications. Conditions of aid and documentation requirements are identical for systems of all sizes.

It would be expected that certain economies of expertise or organizational efficiencies would facilitate the large and small system's preparation process. Large systems typically dedicate an entire department or section to the grants function. Whereas the expertise of its staff members allows for effective application preparation, the size and complexity of the organization work are to its disadvantage. The large organization's specialized staff and dispersed functions slow the response time to data requests, add red tape, and complicate scheduling of necessary meetings and public hearings. The small agency, although not equipped with specialized grants sections, usually delegates the responsibility for the grants function to a particular staff position. Balancing the loss of expertise is the preparer's intimacy with the system's administrative organization and its operations. Less formal channels of communication, integration of several functions, daily contact with all participants, and familiarity with agency equipment and facility needs are advantages to a small agency grants coordinator. In summary, the benefits of a large agency's functional specialization and expertise are countered by the small agency's ability to effectively integrate activities and cut through institutional red tape.

#### **Variance by Project Type**

Rather than funding levels or urban area size, the major determinant of application preparation cost is the type of project being proposed. Although similar requirements must be satisfied by all applicants, some categories of projects require additional supportive analysis and assurances. For

example, construction projects require that the issues of relocation and flood hazards be addressed; for bus procurements, these issues are eliminated.

The analysis requirements for project justification and environmental protection change according to the complexity of the project as well as UMTA's interest in the particular type of funding request. For an uncomplicated and standard project such as a bus replacement purchase, the justification criteria are straightforward and uniformly applied: documentation consists of identifying the age, mileage, and condition of buses to be replaced, and the peak hour bus requirements and total serviceable fleet for calculating the spares ratio. A request for service expansion buses or perhaps for higher capacity articulated or double deck buses is less common. The justification criteria are less precise; as a consequence, each case is reviewed on its own merits as presented in the application. The applicant may therefore devote additional attention to this type of application, both in the technical analysis and in communications with the regional transportation representative. The key ingredient to obtaining a grant award is knowing what information UMTA is looking for in the application.

Maintenance facilities typically require a greater level of effort than rolling stock purchases. In addition to requiring more assurances pertaining to construction, the risk of significant environmental impacts is higher. The applicant must prove to UMTA that either the facility qualifies as a categorical exclusion for which neither an Environmental Impact Statement (EIS) nor Environmental Assessment (EA) is required, or that based on the evidenced findings of an EIS or EA, the project will not result in any significant impacts. UMTA and transit agency personnel work together in determining the scope and level of detail needed for UMTA to make its legislatively mandated written finding that the proposed project will not have a significant impact on the human environment.

#### Base Case Analysis

It was hypothesized that the lengthy 8 to 10-month preparation and review process experienced by the case study transit agencies would cause increased capital costs. To prove or disprove the hypothesis, a base case time line was developed for a typical bus replacement application scenario. By comparing experienced delays from the case study sites to the idealized schedule, the length of inflationary delay could be determined. Next, actual standard bus bid prices for a period of 1 year were used to measure any cost impacts. The results of this analysis are presented below.

The base case time line for a bus replacement procurement scenario, as illustrated by Figure 3, reflects a set of assumptions. First, it assumes that the application takes full advantage of all available one-time and annual submissions, that it includes only required exhibits, and that the project is in conformance with the TIP/AE. The second assumption is that a comprehensive informative instruction guide is available to, and used by, the applicant. The guidance enables the transit agency to submit an acceptable application, without major omissions or extraneous material. The third assumption pertains to the responsiveness of UMTA's regional and headquarters offices. The time span indicated on Figure 3

reflects UMTA's own estimates of minimum review periods. As shown, total elapsed time for the base case is slightly over 3 months. Actual experienced times for similar projects were 8 and 10 months. What is not depicted in the hypothetical base case is the time required for a transit agency to acquire local and/or state matching funds. Because of the wide diversity of capital assistance requirements and procedures found at local and state levels of government, it is difficult to make a generalization applicable to the industry as a whole.

Actual bid prices for standard size buses were used to estimate the cost impacts of the 5 to 10-month differential between base case and experienced time spans. Trends in unit bid prices submitted by General Motors and Grumman Flxible for 40' x 96" and 40' x 102" buses are presented in Figure 4. These bids are for standard equipment meeting average specifications, which at the time included wheel-

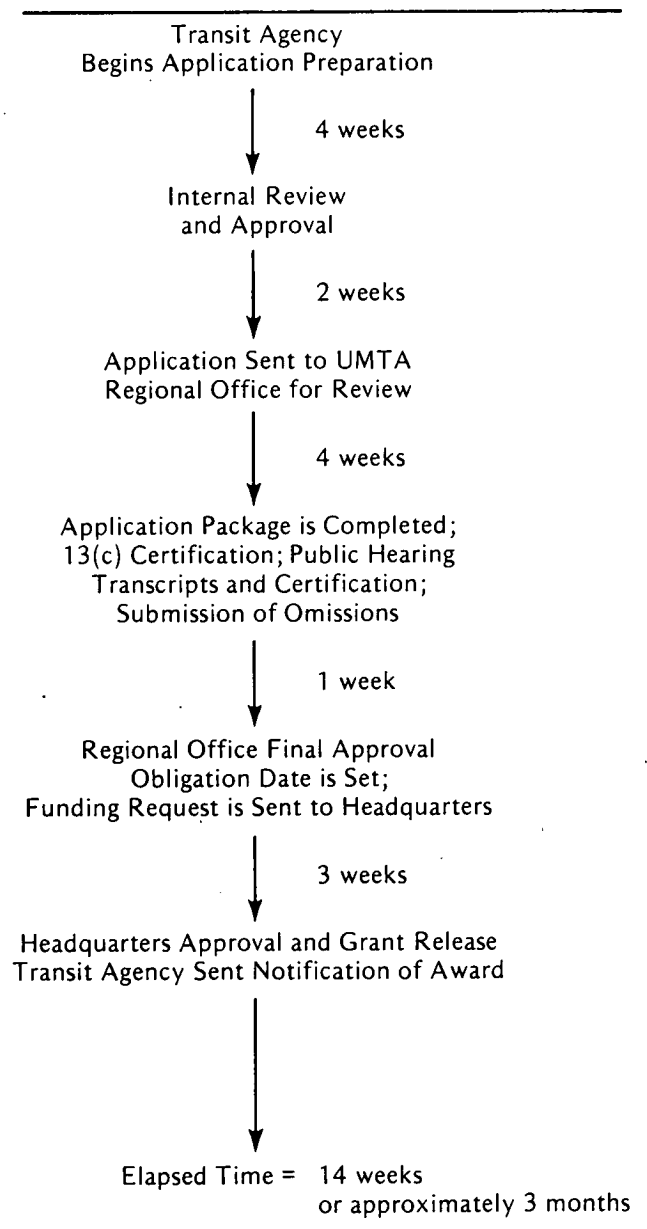


Figure 3. Base case time line.

chair lifts but few other options. Orders range in size from 30 to 100 vehicles.

Fluctuations in bid prices are determined to large extent by the supply and demand of the market. The bus manufacturer's objective is to keep the assembly line in production. Should demand slacken, bid prices will drop, or at least increase at a declining rate. Because of market driven fluctuations, it is difficult to construct a true inflationary index of bus prices for a short, 1-year time period. Rather, a comparison is made of bid prices offered on or around the date the agency received its notification of award to a hypothetical date corresponding to the abbreviated 3-month base-case time line. In this manner the inflationary impact of the extended schedule could be speculated. The results of this analysis are given in Table 7.

Assuming similar equipment, it would not be unusual for bid prices to increase an average of \$3,000 within 5 to 7 months; annually this moderate increase would translate into a low 4 percent price escalation rate. Should demand for buses be strong, cost escalation would be greater; if the market were softer, prices would hold constant or decline. Although \$3,000 is only 2 percent of total vehicle cost, the total inflationary impact for Greater Richmond's order of 28 buses would be \$84,000; for DTS's order of 59 buses, \$177,000.

The question remains as to whether transit agencies would implement their projects any sooner and capture the hypothetical cost savings if their grants were awarded earlier than is current practice. Based on the experience of the sampled transit agencies, the answer is unclear. Following execution of the grant contract, approximately half immediately began specification preparation; the others, for varied reasons preferred to wait. Among the reasons are the following:

- Paperwork and red tape involved in obtaining state and local funds.
- A wait-and-see attitude regarding other regulations impacting rolling stock procurements or facility construction; e.g., accessibility requirements and life-cycle costing analysis.
- Delays involved in arranging multiagency requests for bids.
- Internal decision-making.

Estimating the precise inflationary impact of delays would be a speculative exercise. One can only identify trends in capital costs and suggest that were agencies prepared to go ahead with project implementation, some cost savings would result. The magnitude of the cost saving would be dependent on conditions in the marketplace at the time.

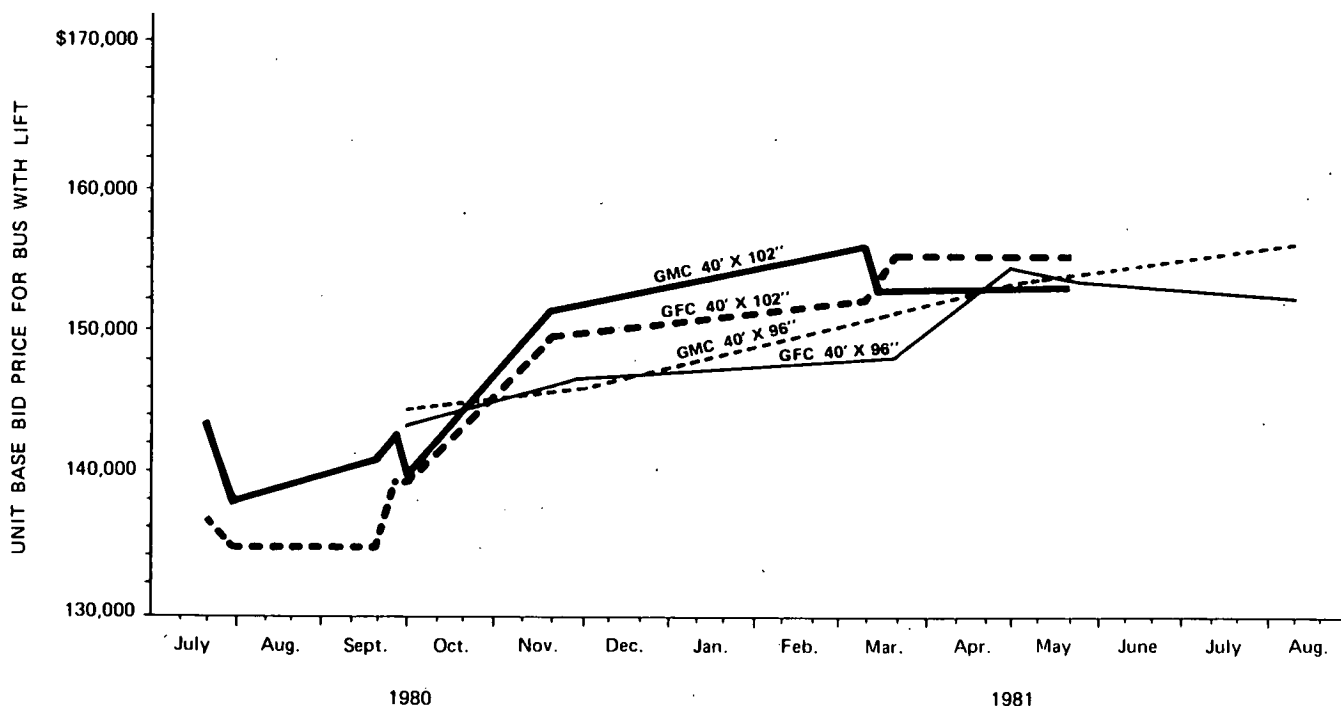


Figure 4. Actual bus bid prices—FY-1981.

TABLE 7  
INFLATIONARY IMPACTS OF DELAYED APPLICATION PROCESSING

Case Study Transit Agency	Actual Elapsed Time	Bid Prices			Potential Inflationary Impact
		At Start of Grant Application Preparation	At Actual Notification of Award	At Hypothetical Date for Base Case Time Line	
Dallas Transit System	10 months	\$150,000	\$153,000	\$148,000	\$0
	Nov 1980		to	to	—
	to		\$156,000	\$153,000	\$5,000
	Aug 1981				per bus
Greater Richmond Transit Company	8 months	\$135,000	\$153,000	\$150,000	\$3,000
	Aug 1980		to		per bus
	to		\$140,000		
	April 1981				

#### CHAPTER FOUR

## RECOMMENDATIONS AND SUGGESTED RESEARCH

By 1981 the transit industry viewed Section 3 capital grant application procedures as fairly routine. Many of the problems encountered in the early and mid-1970's were mitigated through adjustments on the part of the local transit agency and the Urban Mass Transportation Administration. As funding authorization levels climbed and the number of subsidy programs expanded, transit agencies recognized the financial benefits to be gained from federal assistance. Most agencies established a permanent grants function within the administrative framework of the organization to take advantage of available funding programs. It could consist of a four-person unit responsible for all grant-related activities, including operating, capital and technical studies grant applications; bidding and procurement; contracts; and grants administration. Or, it might entail 10 percent of one staff member's time for grant application preparation only. In either case the grant application function is no longer randomly assigned to different departments: its role has been firmly established.

Benefits of a permanent grants function have become evident. Direct continuous relationships developed with UMTA's transportation representatives have facilitated the opening of needed communication channels. Because written guidance is fragmented and often outdated and confusing, good verbal communication with UMTA is viewed as essential. It adds some flexibility to a cumbersome process; without these informal working relationships, many agencies would find it more time consuming and difficult to prepare their applications. Over the years, staff members have also

established workable internal procedures and passed them on, thereby significantly reducing the learning curve for the next generation of grants coordinators.

In the following, needs are highlighted, options for improvement are considered, and where appropriate recommendations are offered. This report ends with identification of areas in need of further investigation.

### NEED FOR CONSOLIDATED GUIDELINES

Costs and impacts vary significantly by transit agency and project type. Levels of professional effort required to complete a grant application range from ½ a day to 2 months. Explanations for the size of this variance can be traced to circumstances both within and beyond the control of the local transit agency. Contributing factors within the purview of the applicant include prior experience of the staff member in responsible charge, availability of source documents, such as a Transportation Development Program and previously submitted and approved application, past track record of the agency, and internal decision-making procedures.

Major factors beyond the control of the applicant include additional documentation and assurances for nonstandard and construction projects, degree of flexibility at the regional UMTA office, and lack of updated consolidated guidelines for grant applications. The last of these, a primary cause of operator frustration, can be readily corrected.

A set of consolidated guidelines for application prepara-



tion is critically needed. Agencies repeatedly comment that if they are to become more effective and efficient participants, the ground rules need to be known. Although informal verbal communication is beneficial, much time and effort are wasted resolving preliminary basic issues.

Since it does not appear that the *External Operating Manual* will be comprehensively updated in its entirety, the best approach would be for UMTA to prepare and distribute a circular providing guidelines for capital grant preparation. It should contain a comparison of new and old procedures; definitions of terms; an overview description of application procedures; definition and preparation guidelines for the budget; descriptions of all one-time, annual and project specific submissions and certifications; and sample forms. Although requirements for specific exhibits may be described in detail by other Circulars or the Federal Register, a summary of the requirements and reference to other source documents should be included. It is also recommended that project justification guidelines, including criteria and standards, by project type be incorporated in the instruction circular. As these change, updated criteria should be distributed.

Benefits to be gained by the issuance of a guidance manual are numerous. Confusion will be reduced as to what exactly are the grant application requirements. Improved clarity will enable agencies to submit complete applications in their initial submittal, hence reducing processing delays currently caused by omissions. Detailed instructions will facilitate a more efficient preparation procedure, because such will eliminate much of the extraneous material. And finally, it will achieve a higher level of uniformity across all applications across all regions.

#### NEED FOR STREAMLINED APPLICATIONS

Five elements of the application are key input to the funding decision-making process. These project-specific submissions include line item budget, and source and amount of local funds; project description; project justification; public hearing testimony, if any; and environmental protection, if applicable. The information provided by these exhibits is used to determine the merit of the proposed funding request.

Many of the remaining submissions are basic assurances and certifications that the agency will comply with statutory requirements and administrative regulations during the implementation of the capital assistance project. Though not technically difficult to complete, the preparation of these assurances is often viewed as a time-consuming and cumbersome task. These include:

- *Exhibit H—Use of Project Facilities*—assures continuing public control over the operation or use of facilities or equipment.
- *Exhibit L—Labor*—states the agency's understanding of DOL certification and the protection afforded by 13 (c) of the Urban Mass Transportation Act.
- *Opinion of Counsel* certifies that there is no pending legislation or litigation which might adversely affect the project.
- *Charter Service Certification* states that the applicant is in compliance with Sections 3(e) and 3(f) of the Act.

- *Public Hearing Certification* assures UMTA that the applicant gave adequate opportunity for public hearings; considered economic and social impacts; and found the project consistent with local plans.
- *Civil Right Assurances* certify that the applicant is in compliance with Title VI of the Civil Rights Act.

These submissions are prime candidates for consolidation and removal from the application document.

Three options should be considered for streamlining all or some of these exhibits and certifications. The first approach, and most radical, is a self-certification procedure. Accountability for compliance would be transferred from grantor, UMTA, to the grantee, the transit agency. UMTA would accept the agency's own statement that it is in compliance with all conditions of aid. An alternative to self-certification would be to have the MPO do the certifying in conjunction with its responsibilities for the TIP. The self-certification procedure would rely on audits as the control and enforcement mechanism. In addition, several legal requirements, such as the assurance of public control, could be transferred to the grant contract document. In the early days of federal assistance during public takeovers of private companies, UMTA felt it necessary to obtain up-front assurances of public use; today, most transit system capital assets are owned by public authorities.

The disadvantages of a self-certification procedure are as follows:

- Probable need to change statutory language which currently places the responsibility for enforcement with UMTA.
- More uncertainty concerning acceptability of local practices.
- Need to rewrite guidelines to a very specific level of detail and outline criteria for compliance.
- Cost of audits.

Among the advantages are the following:

- Reduction of paperwork because all boilerplate submissions are omitted from the application document.
- Increase of local agency accountability because burden of proof rests with them.

A second approach is to expand the contents of one-time submissions to include more assurances and certifications. The transit agency would certify in advance its compliance with the itemized conditions with respect to specific applications. Once reviewed and acknowledged by UMTA, the certifications remain in effect until otherwise notified or circumstances change. The applicant need only reference the date of the acknowledgment letter in its project application. The major disadvantages of this approach are increased uncertainty concerning local agency compliance and increased reliance on judgment on behalf of UMTA transportation representatives. The benefit is a reduction in the number of exhibits and assurances submitted with each project funding request.

A third approach, and most conservative, could be used in concert with the second. Selected or all assurances could be submitted annually and updated with each application as required. Using the example of charter service certification, the agency would be required to annually assure UMTA that

it does not provide services in competition with private transportation carriers. Should a project for which financial assistance is sought be in competition, a separate description of what agreements have been made would be submitted with the application. The disadvantage to this approach is that many small and medium-sized operators submit only one capital grant application each year; their paperwork requirements, therefore, would not be reduced. The advantage to UMTA is that it maintains tight accountability control over the transit agency and receives up-to-date information for making its compliance findings.

#### **OPPORTUNITIES TO REDUCE APPLICATION PREPARATION LEVELS OF EFFORT**

Through discussions with UMTA and a sample of transit agencies, several opportunities have been identified for consolidating and streamlining documentation and procedural requirements. Two types of approaches are suggested: (1) combine related exhibits; and (2) expand the use of categorical exclusions.

##### **Combine Related Exhibits**

Several opportunities exist to reduce duplications of effort within the application document as described below.

- Merge certifications with their appropriate exhibits. For example, the Public Hearing Certification should be a part of Exhibit J rather than a separate submittal.
- Merge Exhibit K—Relocation—and Exhibit O—Flood Hazards—with Exhibit L—Protection of the Environment. Instructions for preparing environmental assessments for Exhibit L require that these two impact categories be included in the environmental impact analysis (6). Additional exhibits are repetitious.
- Merge Exhibit D—Project Financing—with Budget Information. Exhibit D currently provides back-up material to the project cost and funding information provided in the Budget section. These materials include source and amount of local share, and disposition proceeds for determining net project cost. All project financing and cost data should be consolidated into one section of the application.
- Merge Exhibit A—Project Description—and Exhibit C—Project Justification. The organization of the current application requires that the solution, Exhibit A, be presented before any discussion of the problem or need, Exhibit C. Furthermore, in addressing the justification, applicants repeat the description of the project. The contents of these two exhibits could be reorganized to follow a more logical path of problem solving. A suggested approach is as follows:
  - a. Definition of problem or need.
  - b. Analysis of alternative approaches.
  - c. Appraisal of findings.
  - d. Recommended solution and description of project elements.

##### **Expand Use of Categorical Exclusions**

The introduction of distinct classes of action requiring different levels of analysis has greatly simplified procedures for environmental analysis. The environmental impacts for specified types of projects have a priori been determined to be insignificant; any projects of that type qualify for categorical exclusion status and therefore require neither an Environmental Impact Statement nor an Environmental Assessment. Purchase of buses as replacement vehicles is an example of a categorical exclusion project. A similar project classification scheme could be applied to other grant requirements. Two candidates are Public Hearings and Section 13(c). For example, rolling stock procurements might not necessarily require a public hearing, whereas all projects involving construction or purchase of land would require one. In the case of a bus purchase, notifications in local newspapers describing the project would give members of the community an opportunity to express interest in attending a prescheduled public hearing; should there be no interest in such, the public hearing would be cancelled. For projects more likely to generate community interest, such as construction of a maintenance facility, conduct of a public hearing would be mandatory.

##### **NEED TO STREAMLINE UMTA REVIEW AND AWARD PROCEDURES**

Overall, the Urban Mass Transportation Administration's grant review and award procedures are inconsistent and lengthy. Regional field offices are reported as generally responsive to applicant needs, although some bottlenecks in processing appear to be unavoidable. Transportation representatives, of which there are from 1 to 5 per region, assigned to transit agencies in several states and/or major urban areas may be flooded with several funding requests at once. A common occurrence at the close of the fiscal year, the deluge of applications congests processing channels.

Once the funding request is forwarded to Headquarters, the applicant is uninformed as to the status of its application. Final approval processing can be lengthy, ranging from several weeks to several months. The reasons for delay are not clear, but contributing factors include delayed congressional funding actions, quarterly schedule of programmed expenditure ceilings, and lax schedules and requirements for congressional or UMTA public notification of award and release of funds.

Guidelines, outlining recommended final processing tasks and a schedule for the completion of those tasks, would expedite administrative processing and grant release procedures.

##### **NEED TO COORDINATE LOCAL, STATE, AND FEDERAL CAPITAL PLANNING EFFORTS**

The final recommendation is in the area of capital improvement planning and programming. Weak coordination among local, state, and federal levels of government and across planning and grants functions contributes to delays, costs,

and applicant frustration. The most frequently cited examples of coordination failures include:

- Lack of coordination between federal, state, and local capital improvement planning and budgetary requirements.
- Incompatible schedules for the preparation and approval of the Transportation Improvement Programs/Annual Elements and the submittal of grant applications.
- Requirements to reconcile TIP/AE and grant application cost estimates within  $\pm 10$  percent.
- Repetitive requirements for local and state A-95 review of the grant application and TIP/AE documents.

Although beyond the scope of this research project, the frequent mention of these items demonstrates their significance. Additional research is needed in these areas, particularly concerning state and local relationships, before specific recommendations can be formulated and evaluated.

Currently the entire structure of the financial assistance program, as well as the federal planning program, are under examination. Regardless of the outcome, the basic need remains for: (1) consolidated grant application guidance; (2) streamlined applications; (3) reduced duplications of effort; and (4) improved intergovernmental coordination. Improvements in these areas will enhance the efficiency and effectiveness of any future capital assistance program.

#### SUGGESTED RESEARCH

By all indications, some very significant changes appear to be on the verge in institutional relationships. The Congress and UMTA are in the midst of exploring options for a reorganization of the federal transit assistance program. The overall direction of change is pointed at greater participation by state and local governments in setting transit program policies and in funding allocation decision-making. As it stands today, each state involved in providing all or a portion of the 20 percent nonfederal share of capital project financing has

established its own grant requirements and review procedures. Currently, many states and localities depend on UMTA for setting capital assistance policies and for project review. Should a project be approved by UMTA, the agency providing 80 percent of the project's funding needs, states and municipalities will as a matter of course commit the remaining funds, as available.

As more administrative responsibilities are shifted out of the federal bureaucracy and into state government, either as a part of a block grant transit program or some modification thereof, the importance of state and local practices will increase. Once the federal rate is reduced, responsibility for promulgating and implementing administrative guidelines would rest with the states. Each state would be responsible for developing an investment strategy and an allocation program for determining each transit agency's eligible projects and funding level. In addition the states may be responsible for ensuring transit agency compliance with transportation, as well as broad federal policies. Such policies include, among others, transportation planning requirements, special efforts for elderly and handicapped persons, environmental protection, civil rights, and labor protection.

Before these changes occur, an assessment of existing institutional frameworks at state and perhaps even local governments should be made. This examination should address the following issues:

1. Current role in funding transportation capital projects.
2. Existing administrative settings; policies and procedures, communication network, program planning, decision-making framework.
3. An assessment of the capability of state and local governments to assume additional responsibilities.
4. Identification of needed institutional changes and potential problems to be encountered.

A review of these issues will provide much needed information as to the feasibility of a reduced federal role in the actions needed to assure a successful transfer of responsibility.

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## APPENDIX A

## EVOLUTION OF TRANSIT ASSISTANCE

## AND GRANT APPLICATION PROCEDURES

FINANCIAL ASSISTANCE PROGRAMS

Prior to the early 1960s, equipment and rolling stock acquisition, and facility construction were carried out by private operators in accordance with their individually developed practices. There was no federal assistance for these activities and little federal interest. Public sector involvement in transit began when public transit authorities were created to take over and operate failing privately held systems.

It is interesting to note that federal funding involvement in transportation planning preceded any capital or operating assistance for transit per se. A summary of federal legislation concerning public transit is presented as Table A-1. The Housing Act of 1954 introduced Section 701 demonstrating Congressional concern with urban problems, including transportation, and

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recognized the planning process as the appropriate approach for dealing with urban problems. Shortly thereafter was the passage of the Federal Aid Highway Act of 1956. It went a step further by identifying the need to conduct urban transportation planning, including public transportation, on a regionwide comprehensive basis. The first legislation directly related to urban mass transportation capital improvements was the Housing Act of 1961; it was passed largely as a result of the financial difficulties experienced by commuter rail services. The Act inaugurated a small \$50 million low-interest program for acquisitions and capital improvements. The program was to be administered by the Home Finance Administration. Another \$25 million was authorized for transit demonstration programs. The Act also amended Section 701 by specifying that transit planning be a part of its urban planning programs.

In 1962, the Secretary of Commerce and the Housing and Home Finance Administrator submitted a report to President Kennedy on the topic of urban mass transportation. It stated that mass transportation programs were needed to provide a balanced transportation system which was essential to the attainment of the country's urban transportation policy objectives. Among these objectives were the following:

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TABLE A-1  
SUMMARY OF FEDERAL LEGISLATION CONCERNING PUBLIC TRANSIT

Year	Legislation	Effect
1954	Federal Housing Act of 1954	Introducing planning process for urban problems including transportation.
1956	Federal Aid Highway Act	Funds comprehensive regional urban transportation planning.
1961	Housing Act	Provides \$50 million for acquisitions and capital improvement to transit and \$25 million for demonstration projects.
1962	Federal Aid Highway Act	Cooperative, comprehensive and continuing planning necessary to receive federal highway funds after 1965.
1964	Urban Mass Transportation Act	Capital grants for acquisition and construction of transit facilities and equipment.
1965	Civil Rights Act	Minority business assurances.
1966	Urban Mass Transportation Act	Funds for planning engineering and design of new systems. Strict local planning requirements. Environmental protection.
1968	Intergovernmental Cooperation Act	Department of Transportation created. Requires regional review of all applications for aid (A-95).
1969	National Environmental Act	Environmental Impact Statement.
1970	Urban Mass Transportation Assistance Act	Twelve-year capital program for mass transit. Elderly and handicapped program. Public hearing requirements. Environment impact analysis.
1973	Federal Aid Highway Act	Allowed urban highway funds to be spent on mass transit. Increased federal participation from 2/3 to 4/5.
1974	National Mass Transportation Assistance Act	Provides funds for operating assistance. Low income area analysis.
1976	Regulation of Charter and School Bus Operations	Protection of private companies.
1978	Surface Transportation Assistance Act	Financial and operating reports mandated.

Source: Genevieve L. Leary, Montgomery County Department of Transportation, Rockville, Maryland.

Assurance of transportation facilities for all segments of the population;

Improvement of overall traffic flow; and

Meeting transportation needs at minimum cost.(1)

The President's message to the Congress incorporated these ideas. Congress in turn passed the landmark Urban Mass Transportation Act of 1964.

The objective of the Act is stated as: ". . . to encourage the planning and establishment of areawide urban transportation systems needed for economical and desirable urban development."(2) It signaled Congressional recognition that the nation's transit systems needed help if they were to improve their services and avoid further financial trouble. Federal assistance in the form of grants was to be provided for the construction or acquisition of transit facilities and equipment necessary to carry out a program for a unified and coordinated mass transportation system as part of the "comprehensively planned development of urban areas." Federal grants could

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fund up to two-thirds of the net project cost; however, if a comprehensive regional plan had not been produced, the federal funding ceiling was reduced to 50 percent. Although a large sum was authorized, only a small portion was actually obligated. Between 1961 and 1966, approximately \$375 million in federal funds was spent on mass transportation.

The Urban Mass Transportation Act of 1966 amended the 1964 Act by providing funds for the planning, engineering, and design for new system studies which would lead to an application for a capital grant. The law also included strict local planning requirements and labor protection provisions. The latter provisions were intended to prevent lay-offs and wage depression during the transition from private operators to public authorities. Environmental protection measures were also established in 1966 in Section 4(f) of the Department of Transportation Act.

The Department of Transportation was created soon thereafter. Its purpose was to coordinate transportation programs and to facilitate development and improvement of coordinated transportation services utilizing private enterprise to the maximum extent feasible. A

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Reorganization Plan divided mass transportation responsibilities between DOT and HUD. DOT assumed responsibility for capital grants; HUD retained responsibility for certifying satisfaction of planning requirements. The Reorganization Plan 2 finally established the Urban Mass Transportation Administration at the Department of Transportation.

The 1964 Act was passed largely to permit public takeovers of failing privately held operations. But funding needs grew from equipment buy-outs to include the maintenance and expansion of publicly operated service. During the 1960s, funding levels were established on a year-to-year basis. This made it difficult for agencies to plan a multi-year program of capital improvements. Congress recognized this weakness and in the Urban Mass Transportation Assistance Act of 1970 provided the first long-term commitment of federal funds. The new mass transportation program carried a federal commitment of \$10 billion over a 12-year period. Several other features of the Act impacted capital grant programs. It established a strong federal policy on transportation services for elderly and handicapped persons; two percent of the capital grant funds was authorized to finance programs to aid elderly and handicapped persons. The Act added

A-6

requirements for public hearings on the economic, social, and environmental impacts of proposed projects.(1) The hearings were also to ensure the project's consistency with the comprehensive plan for the area. Environmental protection measures were expanded to include an analysis of the environmental impacts of the proposed project, together with a determination by the Secretary of Department of Transportation that there was no feasible alternative to avoid any adverse impact.

In 1973 and 1974, the Federal Government intensified its commitment to transit. First, the Federal Aid Highway Act of 1973 increased the federal share from two-thirds to 80 percent of net project cost. Second, the National Mass Transportation Assistance Act of 1974 enlarged the scope of financial assistance to operating as well as capital needs. The emphasis of the program, however, remained in capital programs. Over a six-year period, almost \$4 billion was to be allocated to urban areas on the basis of a two-part distribution formula comprising population and population density factors. These funds could be used either for capital or operating assistance. Of the Act's remaining funds, \$7.3 billion was made available for capital assistance at the discretion of the Secretary. Accompanying this high investment in public transportation

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were new rules and regulations to protect the government's investment of public funds and to ensure the equitable dispersal of benefits.

In 1978, the 1974 Urban Mass Transportation Act was again amended when the Surface Transportation Assistance Act was signed into law. This Act continues the trend of increasing federal involvement in public transportation, but reorganizes the funding program. The Act encourages the routine purchase of buses or construction of bus-related facilities to be funded from the Section 5 Formula Program rather than from the Section 3 Discretionary Program. Section 5, as a consequence, was significantly strengthened through increased authorizations and the addition of specific subcategories within the section. To make its intention very clear, no project for replacement or purchase of buses and related equipment or construction of bus-related facilities would be approved unless such projects could not reasonably be funded out of the apportionment under Section 5 [3(h)].(2) The Act authorized \$7.48 billion of the total \$16.4 billion authorization for discretionary capital assistance for the five-year period 1979 through 1983.

A summary of UMTA's capital program funding levels is presented as Table A-2. As shown, UMTA accelerated its commitment of public funds during the early seventies through 1981 grant approvals. Lowered appropriations for FY 1982 will result in a reduction of funds available for transit capital improvements. Throughout this period, rail modes have consumed a majority share - - almost 70 percent - - of Section 3's discretionary funds. Section 5 capital funds also used for bus equipment and facility projects have increased bus mode funding levels. For example in 1981, bus capital grant approvals from Section 3 amounted to \$564.3 million; Section 5 funds increased that to \$925.5 million.

#### RELATED FEDERAL MANDATES

UMTA's administrative mandate extends beyond its primary responsibility of improving the nation's public transportation systems. It must integrate other national concerns into its own regulations and policies. The purpose, therefore, of many of its requirements is to make sure that UMTA's role at the local level does not end with its transit equipment and facility improvements but extends to ensuring that other federal mandates, transportation-related or not, are met when state and

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TABLE A-2  
SELECTED DEPARTMENT OF TRANSPORTATION  
GRANT APPROVALS  
(\$s in Millions)

	Fiscal Year <sup>(a)</sup>												
	1965-1970 Inclusive	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982 <sup>(b)</sup>
<b>Section 3. Discretionary</b>													
Bus	\$152.2	\$116.1	\$197.2	\$235.4	\$374.9	\$ 409.3	\$ 391.7	\$ 423.8	\$ 530.0	\$ 234.8	\$ 434.2	\$ 564.3	\$ 530.7
Rail	513.1	160.2	298.1	583.0	464.2	754.2	875.5	808.6	849.8	963.4	1,163.5	1,305.2	879.6
Other [16(b)](2) and Miscellaneous]	15.9	8.5	14.7	45.3	31.2	33.1	78.9	17.6	20.2	26.8	57.3	55.5	270.3
<b>Total</b>	<b>\$681.2</b>	<b>\$284.8</b>	<b>\$510.0</b>	<b>\$863.7</b>	<b>\$870.3</b>	<b>\$1,196.6</b>	<b>\$1,346.1</b>	<b>\$1,250.0</b>	<b>\$1,400.0</b>	<b>\$1,225.0</b>	<b>\$1,655.0</b>	<b>\$1,925.1</b>	<b>\$1,680.6</b>
<b>Section 5. Formula</b>													
Capital	-	-	-	-	-	\$ 9.1	\$ 32.3	\$ 39.4	\$ 50.1	\$ 255.6	\$ 431.2	\$ 361.2	\$ 334.2
Operating	-	-	-	-	-	142.5	411.8	571.8	685.3	868.5	1,120.7	1,129.5	1,031.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 151.6</b>	<b>\$ 444.1</b>	<b>\$ 611.2</b>	<b>\$ 735.4</b>	<b>\$1,024.1</b>	<b>\$1,551.9</b>	<b>\$1,490.7</b>	<b>\$1,365.2</b>
<b>Urban Systems</b>													
Capital	-	-	-	-	\$ 34.6	\$ 15.7	\$ 23.3	\$ 42.0	\$ 30.4	\$ 21.3	\$ 25.6	\$ 49.7	N.A.
<b>Interstate Transfers</b>													
Capital	-	-	-	-	\$ 51.0	\$ 65.7	\$ 553.0	\$ 392.3	\$ 556.4	\$ 599.7	\$ 675.4	\$ 609.9	\$ 560.0

N.A. Not Available

(a) Data are reported on a fiscal year basis. Fiscal years 1965 through 1975 began July 1 and ended June 30; fiscal year 1976 began July 1, 1975 and ended September 30, 1976; fiscal years 1977 through 1983 begin October 1 and end September 30.

(b) Figures represent appropriations as stated in Department of Transportation and Related Agencies Appropriation Act, 1982. Public Law 97-102 - December 23, 1981.

SOURCE: American Public Transit Association.

local governments use federal funds. Several of these safeguards which have been incorporated into the capital grant application process are described below.

A-95 Review Process - The Intergovernmental Cooperation Act of 1968 affected the processing of all federal grant applications. It required federal agencies to notify governors or legislators of the purpose and amounts of any grants in aid to the states. Circular A-95 was issued to carry forth this mandate. The circular established a project notification and review process (PNRS) in which intergovernmental links were established to implement the process. Metropolitan area and state clearinghouses were designated with the functions to (1) review and comment on projects proposed for federal aid in terms of their compatibility with comprehensive plans; and (2) coordinate the activities of numerous agencies. As a result, many applicants submit their applications for Section 3 assistance to their clearinghouse for review.

Protection of Private Operators - The Department of Transportation has issued a number of rules and regulations which establish policies related to specific clauses of its legislation. One area of special concern has been the protection of the rights of private

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enterprise. "It is UMTA's intent, through all its grant programs, to sustain the position of private enterprise within the mass transit field and also to prevent UMTA-funded agencies from using federal funds to thwart competition by private operators."<sup>(3)</sup> The regulations suggest that private operators be given "every" chance to provide transit services, either directly or by contract to the local transit operator. One such regulation is "Charter and School Bus Operations," April 1, 1976.<sup>(4)</sup> The objective of this issuance is to prohibit unfair competition to private operators by federally funded public transportation authorities. The regulations specify that grantees will not operate charter service outside the urban area in which it provides regular service. The regulations also limit the transportation of students by federally assisted operators when it would be in direct competition with private school bus operators.

Labor Relations - Another area of special concern has been labor protection. The Urban Mass Transportation Assistance Act of 1964 contains a clause, widely known as 13(c), that guarantees transit workers who might be negatively affected by a federal grant that their bargaining rights, compensation, and working conditions will be protected. By the passage of this clause,

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Congress required UMTA grant applications to routinely be reviewed by the U.S. Department of Labor to ensure that the grant would not adversely affect union workers. A condition of Section 3 assistance is that fair and equitable arrangements, as determined by the Secretary of Labor, be made to protect labor's rights. As a result, transit agencies must obtain labor union agreements to their grant request and have the agreement certified by the Secretary of Labor.

Civil Rights - The Urban Mass Transportation Administration also places a strong policy emphasis on civil rights. It requires the principles of equal opportunity and affirmative action to be integrated into its capital grant programs. Four elements of Civil Rights law are of particular importance to the transit industry:

- . Executive Order 11246 prohibits contractors on federally assisted projects from discriminating against any employee.
- . Executive Order 11625 encourages the involvement of minority business enterprises in construction and procurement activities.
- . Title VI of the Civil Rights Act of 1964 forbids discrimination under any program that receives federal financial assistance.
- . Section 109(a) of the UMTA grant contract which prohibits the grantee from discriminating against any employee and requires the grantee to assure non-discrimination.

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Environmental Protection - Environmental quality must also be safeguarded by transit assistance programs. Applicants must be able to ensure that federally funded mass transportation development is not detrimental to air or noise quality. Congress passed the landmark National Environmental Policy Act in 1969. It required the preparation of environmental impact statements for all major federally funded projects, including transportation projects. Statutory requirements specifically related to transportation are contained in Section 4(f) of the Department of Transportation Act and Section 14 of Urban Mass Transportation Act, as amended. The latter piece of legislation specifies that an application for Section 3 assistance will not be approved until it is determined

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that "an adequate opportunity was afforded for the presentation of views by all parties with significant economic, social, or environmental interest, and fair consideration has been given to the preservation and enhancement of the environment. . . ."(2) This determination is to be made through a DOT review of each transcript of a public hearing which is submitted with the grant application [Section 14(b)]. Section 14(b) also requires that the project application include a detailed statement on the environmental impact, any adverse impacts, alternatives, and any irreversible impacts which may be involved should the proposed project be implemented. DOT, prior to approving a grant, must determine either that no adverse environmental effect is likely, or that there is no feasible and prudent alternative to such effect, and all reasonable steps will be taken to minimize such.

Planning - Historically, congressional mandates for planning were prerequisites for major capital programs. Transit planning had its beginnings in the Housing and Urban Development Act of 1961 as a required element of Section 701 urban planning programs. The Federal Aid Highway Act of 1962 placed further emphasis on the need for planning by initiating the famous 3C transportation

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planning process as an eligibility requirement for the receipt of federal funds after 1965. The Act required that urban areas of 50,000 persons or more initiate a cooperative, comprehensive, and continuing transportation process to include public transportation. Guidelines defining the elements of a continuing, cooperative and comprehensive planning process were issued in 1963 and later refined and expanded. By the legislated deadline in 1965, all 224 existing urbanized areas had an urban transportation planning process underway.

The Urban Mass Transportation Act of 1964 required that federal assistance be provided for those projects necessary to carry out a program for a unified or coordinated mass transportation system as part of the comprehensively planned development of an urban area. The federal share was to be held at one-half the net project cost in those areas which had not completed their transportation planning process; if completed, the federal share would increase to two-thirds. By the late 1960s, however, the planning process came under scrutiny. Among the criticisms were that: (1) it was not keeping pace with needs for multi-modal integrated planning; (2) it did not address mid-range time horizons; and (3) its technical procedures were too cumbersome. UMTA and FHWA worked

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together for several years to develop joint regulations to guide a new urban transportation planning framework.

Under the regulations issued in the Federal Register, September 17, 1975, joint annual certification of the planning process became a condition for receiving federal funds. The regulations also incorporated previously legislated mandates, many of which were discussed above. These include requirements related to environmental impact analysis; air quality planning; special efforts to plan for transportation for the elderly and handicapped; and community participation in the planning process.

The unified transportation planning process was to produce several documents. The Transportation Plan contained a long-range element and a shorter Transportation Systems Management Element (TSME) for operational improvements. This plan had to be reviewed annually to confirm its validity. A multi-year Transportation Improvement Program (TIP) consistent with the Transportation Plan was another key planning document. The theme was to have transit agencies and the local transportation planning agency develop one comprehensive document upon which individual grants could be awarded. This one document approach was initially

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developed to reduce paperwork. The TIP, however, was subsequently criticized for increasing the detail of information requested of the operators. The Annual Element (AE) of this document has become the basis for federal funding of all projects in urban areas.

Regulations governing urban transportation planning under UMTA and FHWA grant programs were amended in July 1981 for the purpose of streamlining the planning process for areas under 200,000 population, incorporating recent legislative changes, and clarification of Transportation System Management (TSM) planning. In summary, the UMTA and FHWA continue to review and evaluate the transportation planning process in each urbanized area. Federal certification is not to be interpreted as the approval of any given project, but indicates the formal recognition that an acceptable 3C planning process exists. This certification, however, is a prerequisite to approval of individual project proposals. As of July 1981, annual certification is no longer required. Rather, it remains in effect until a new certification determination is made.

UMTA and FHWA are undertaking a comprehensive review of the urban transportation planning process which was

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laid out in 1975. The appropriate role of the Federal Government in urban transportation planning is under discussion and evaluation.

#### Initiatives to Reduce Paperwork

Many operators submit several Section 3 and 5 capital grants and amendments each year. Nevertheless, until 1978 the paperwork had to be repeated in total for each application. The Commission on Federal Paperwork examined UMTA's grant process and in its June 1974 report called the process "inefficient, burdensome, and duplicative."<sup>(5)</sup> Recent initiatives have made inroads toward trimming the procedural and content requirements of the grant application process.

Prior to February 1978, applicants submitted numerous standard project assurances with each individual application. The assurances state the applicant's intention to comply with statutory requirements in implementing capital assistance projects. Circular 9100.1 was issued outlining a procedure by which standard assurances are certified in advance with respect to an application for Section 3 assistance.<sup>(6)</sup> The four items previously submitted separately but which qualified for the one-time submission procedure include:

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- Standard Project Assurances
- Assurance of Compliance with Title VI of the Civil Rights Act
- Legal Eligibility Assurances (Opinion of Counsel)
- Guideform Assurance with Respect to Relocation Requirements

The certification of standard capital assistance project assurances remains in effect without the need for any further action by the applicants. UMTA will notify applicants of any statutory or administrative changes which require additional assurances. These assurances are discussed in more detail in Chapter 2 of this report.

In March 1980, UMTA issued amendments to its Operating Procedures and Requirements governing applications for capital grants, as described in the UMTA External Operating Manual (EOM).<sup>(7)</sup> Several actions were taken to reduce the paperwork burdens on transit operators. Those

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directly pertaining to Section 3 capital grants are described below.

UMTA approval of grant budget revisions are required when the amount exceeds 10 percent of the total budget. It had previously been five percent.

Exhibit B of the grant application contains a description of the public transportation system. Rather than being submitted with each application, it can be submitted once and updated as the system is modified.

Exhibit F had described the status of local transportation planning. The joint UMTA/FHWA certification review of local planning activities eliminated the need for this exhibit.

Exhibit G, Public Transportation Program, was also superseded by the certification review and approval of the local Transportation Improvement Program/Annual Element (TIP/AE). It too was eliminated from the application submission.

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Exhibit M, Elderly and Handicapped, was eliminated. UMTA reviews to determine the adequacy of the Elderly and Handicapped component of local planning actions were deemed adequate to satisfy statutory requirements.

Exhibit N, Distribution of Transportation Benefits, was eliminated as a requirement for each application. Its function, which was to assist UMTA in determining whether transit service was being provided in a non-discriminatory manner, was assumed by a more comprehensive Title VI assurance.

These exhibits are described in greater detail in Chapter 2 of this report.

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## REFERENCES TO APPENDIX A

1. Weiner, E., "Evolution of Urban Transportation Planning." Public Transportation: Planning, Operations and Management, Gray, G.E. and Hoel, L.A. Eds., Englewood Cliffs, New Jersey, Prentice-Hall, Inc., (1979) pp. 300-323.
2. U.S. Department of Transportation, Urban Mass Transportation Administration, Urban Mass Transportation Act of 1964, as amended through December 1978, and Related Laws. Washington, D.C., U.S. Government Printing Office, 1978.
3. U.S. Department of Transportation, Office of Public Affairs, Urban Mass Transportation Administration, Federal Assistance for Urban Mass Transportation. Washington, D.C., U.S. Government Printing Office, 1979.

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4. U.S. Department of Transportation, Urban Mass Transportation Administration, "Charter and School Bus Operations," Federal Register, Vol. 41, No. 64, April 1, 1976.
5. Crosby, T.R., "Fighting the Red Tape Worm." Mass Transit, Vol. V, No. 5 (May 1978) pp. 16-17.
6. U.S. Department of Transportation, Urban Mass Transportation Administration, Circular 9100.1, "One-Time Submission of Standard Assurances for UMTA Capital Assistance Applications." February 21, 1978.
7. U.S. Department of Transportation, Urban Mass Transportation Administration, "Reducing the Paperwork Burden on Transit Operations." Federal Register, Vol. 45, No. 53, March 17, 1980.

## APPENDIX B

## SAMPLE UMTA REGIONAL APPLICATION CHECKLISTS

- . Region I
- . Region III
- . Region IV
- . Region VIII

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UMTA REGION I

Section 3-5

APPLICATION REVIEW

Operation/Capital \_\_\_\_\_ Project No.: \_\_\_\_\_ Amendment \_\_\_\_\_  
 Applicant: \_\_\_\_\_ Federal Share \_\_\_\_\_ Change in Scope yes \_\_\_ no \_\_\_  
 Designated Recipient (05 only) \_\_\_\_\_ Trans. Rep. \_\_\_\_\_  
 City and UZA: \_\_\_\_\_ TIP/AE Approved \_\_\_\_\_  
 (date)  
 Programmed \_\_\_\_\_ E&H. Satisfactory \_\_\_\_\_

	On File		Comment
	NEW	Revised (Project No.)	
PERMANENT FILE			
1. Opinion of Counsel			
2. Standard Assurances			
3. Title VI Assurances			
4. Designated Recipient			
5. 5(i) (3) certification			
6. Charter & Schoolbus Agreement			
7. Half-fare			
8. Description of Transit System and UZA			
9. Labor (Unions identified)			
10. 504 Assurance			

PROJECT SUBMISSIONS

	TR	RC	N/A	Application Page No.
SF 424				
Budget III				
Authorizing Resolution				
Local Share (Source)				
MOE (05 only)				
Private Carriers (3e)				
13c certification				
Public Hearing: 30 Day Notice/Affidavits				
Transcript				
3d/5i certification				

Region I  
(Cont'd)

	TR	RC	N/A	Application Page No.
Charter and School Bus				
Project Description (Capital)				
Line Item Budget				
Project Financing				
A-95 (capital expansion only, Part of 424				
Continued Use Assurance				
Relocation (construction only)				
Land Acquisition Assurances (4530.1)				
Environment (UMTA Circular 5620:1)				
Flood Hazard				
Project Implementation Plan				

\_\_\_\_\_  
Transportation Representative

\_\_\_\_\_  
Regional Counsel

UMTA REGION III

SECTIONS 3/5 CAPITAL PROJECT APPLICATION CHECKLIST (REGION III)

PROJECT NO.: \_\_\_\_\_ FEDERAL FUNDS REQUESTED: \$ \_\_\_\_\_
GRANTEE: \_\_\_\_\_
DESIGNATED RECIPIENT: (\$5 ONLY): \_\_\_\_\_

I. APPLICATION CONTENT (NOTE PAGE NUMBER, IF AVAILABLE)

- 1. \_\_\_\_\_ SF-424 (SIGNED BY AUTHORIZED PERSON)
2. \_\_\_\_\_ OMB FORM 80-RO-186, PART III
3. \_\_\_\_\_ AUTHORIZING RESOLUTION
4. \_\_\_\_\_ ATTORNEY'S CERTIFICATION OF NO PENDING LITIGATION OR LEGISLATION
5. \_\_\_\_\_ INCORP. BY REFERENCE STATEMENT (STD. ASSUR. & ENH.) OR UPDATED SUBMISSIONS
6. \_\_\_\_\_ EXHIBIT A: PROJECT DESCRIPTION
7. \_\_\_\_\_ PROJECT BUDGET
(a) ESTIMATED COSTS REASONABLE AND REALISTIC
(b) CORRECT NACS CODES
(c) SUPPORTING SERVICES LIMIT (2% OF EQUIPMENT PLUS 6% OF CONSTRUCTION AND FORCE ACCOUNT COSTS)
(d) CONTINGENCIES NOT TO EXCEED 10% OF ALL ITEMS EXCEPT SUPPORTING SERVICES
(e) IF EQUIPMENT REPLACED, INCLUDE REVENUE FINANCING
(f) FEDERAL SHARE EXACTLY 80% (WHOLE DOLLARS) WITH NET PROJECT COST ENDING IN ZERO OR FIVE
8. \_\_\_\_\_ EXHIBIT C: PROJECT JUSTIFICATION
9. \_\_\_\_\_ EXHIBIT D: PROJECT FINANCING
(a) DISPOSITION OF REPLACED EQUIPMENT
(b) BUS STOCKPILING ADDRESSED
10. \_\_\_\_\_ LOCAL SHARE:
SOURCES: \_\_\_\_\_
DOCUMENTATION: \_\_\_\_\_
11. \_\_\_\_\_ EXHIBIT J: PUBLIC HEARING
(a) CERTIFIED TRANSCRIPT; PUBLIC HEARING HELD \_\_\_\_\_
(b) CERTIFIED 30-DAY NOTICE; ADVERTISED ON \_\_\_\_\_
(c) STANDARD 3(d) AND 5(i) CERTIFICATION (DATED AFTER PUBLIC HEARING)
12. \_\_\_\_\_ EXHIBIT K: RELOCATION
13. \_\_\_\_\_ EXHIBIT L: ENVIRONMENT (SEE UMTA C 5620.1)
(a) NO IMPACT CATEGORY \_\_\_\_\_
(b) FINDING OF NO SIGNIFICANT IMPACT DATED \_\_\_\_\_
(c) ENVIRONMENTAL IMPACT STATEMENT DATED \_\_\_\_\_
14. \_\_\_\_\_ EXHIBIT O: FLOOD HAZARDS
(a) SIGNED FLOOD INSURANCE FORMS \_\_\_\_\_
15. \_\_\_\_\_ ANY ITEMS INCLUDED THAT ARE NOT REQUIRED? \_\_\_\_\_
16. \_\_\_\_\_ CORRECT NUMBER OF COPIES (ORIGINAL AND TWO COPIES)

II. OTHER ITEMS

- 1. CIVIL RIGHTS REVIEW: TO \_\_\_\_\_ RETURN \_\_\_\_\_
2. 15(c): TO \_\_\_\_\_ RETURN \_\_\_\_\_
3. TIP/AE APPROVAL DATE \_\_\_\_\_; PROJECT WITHIN 10% OF AE \$ AMOUNT? \_\_\_\_\_
4. MASTER FILE COMPLETE? \_\_\_\_\_
5. \_\_\_\_\_ ALL TIER IV \$5 FUNDS OBLIGATED (\$5 ONLY)
6. \_\_\_\_\_ SUFFICIENT FORMULA FUNDS AVAILABLE (\$5 ONLY)
7. \_\_\_\_\_ MAINTENANCE OF EFFORT MET (SEE CURRENT OPERATING ASSISTANCE GRANT)
8. \_\_\_\_\_ PROJECT ON APPROVED PROGRAM PLAN
9. \_\_\_\_\_ FOR \$5 IN NON-URBANIZED AREAS:
(a) A-95 CLEARINGHOUSE APPROVAL - STATE # \_\_\_\_\_ REGIONAL # \_\_\_\_\_
(b) EVIDENCE THAT \$18 FUNDS INSUFFICIENT \_\_\_\_\_
(c) UMTA COMMUNITY PLANNER SIGNOFF \_\_\_\_\_

REMARKS:

DATE \_\_\_\_\_

TRANSPORTATION REPRESENTATIVE \_\_\_\_\_

SECTIONS 5/5/16(b)(2) CAPITAL PROJECT AMENDED APPLICATION CHECKLIST (REGION III)

PROJECT NO.: \_\_\_\_\_, AMENDMENT NO. \_\_\_\_\_  
FEDERAL FUNDS REQUESTED: \$ \_\_\_\_\_  
GRANTEE: \_\_\_\_\_  
DESIGNATED RECIPIENT: (§ 5 ONLY): \_\_\_\_\_

1. AMENDED APPLICATION CONTENT (NOTE PAGE NUMBER, IF AVAILABLE)
1. \_\_\_\_\_ SF-424 (SIGNED BY AUTHORIZED PERSON)
2. \_\_\_\_\_ OMB FORM 80-RO-186, PART III
3. \_\_\_\_\_ AUTHORIZING RESOLUTION
4. \_\_\_\_\_ ATTORNEY'S CERTIFICATION OF NO PENDING LITIGATION OR LEGISLATION
5. \_\_\_\_\_ INCORPORATED BY REFERENCE STATEMENT (STANDARD ASSURANCES AND EXHIBITS) OR UPDATED SUBMISSIONS, IF NECESSARY
6. \_\_\_\_\_ DESCRIPTION OF AND JUSTIFICATION FOR PROPOSED CHANGES
7. \_\_\_\_\_ AMENDED PROJECT BUDGET (THREE-COLUMN FORMAT -- (i) LATEST APPROVED BUDGET, (ii) PROPOSED CHANGES AND (iii) TOTAL PROPOSED BUDGET
  - \_\_\_\_\_ (a) ESTIMATED COSTS REASONABLE AND REALISTIC
  - \_\_\_\_\_ (b) CORRECT MACS CODES
  - \_\_\_\_\_ (c) COMPLETED LINE ITEMS REFLECT FINAL ACTUAL COSTS
  - \_\_\_\_\_ (d) SUPPORTING SERVICES LIMIT (2% OF EQUIPMENT PLUS 6% OF CONSTRUCTION AND FORCE ACCOUNT COSTS)
  - \_\_\_\_\_ (e) CONTINGENCIES NOT TO EXCEED 10% OF ALL ITEMS EXCEPT SUPPORTING SERVICES
  - \_\_\_\_\_ (f) IF EQUIPMENT REPLACED, INCLUDE REVENUE FINANCING
  - \_\_\_\_\_ (g) FEDERAL SHARE EXACTLY 80% (WHOLE DOLLARS) WITH NET PROJECT COST ENDING IN ZERO OR FIVE
8. \_\_\_\_\_ EXHIBIT D: PROJECT FINANCING (IF APPLICABLE)
  - \_\_\_\_\_ (a) DISPOSITION OF REPLACED EQUIPMENT
  - \_\_\_\_\_ (b) BUS STOCKPILING ADDRESSED
9. \_\_\_\_\_ ORIGINAL PUBLIC HEARING SUFFICIENT? \_\_\_\_\_
10. \_\_\_\_\_ ORIGINAL 13(c) SUFFICIENT? \_\_\_\_\_
11. \_\_\_\_\_ ORIGINAL ENVIRONMENTAL FINDING SUFFICIENT? \_\_\_\_\_
12. \_\_\_\_\_ ANY ITEMS INCLUDED THAT ARE NOT REQUIRED? \_\_\_\_\_
13. \_\_\_\_\_ CORRECT NUMBER OF COPIES (ORIGINAL AND TWO COPIES)

ALSO REQUIRED, IF ADDITIONAL FUNDS ARE REQUESTED:

14. \_\_\_\_\_ LOCAL SHARE:  
SOURCES: \_\_\_\_\_  
DOCUMENTATION: \_\_\_\_\_

II. OTHER ITEMS

1. CIVIL RIGHTS REVIEW: TO \_\_\_\_\_ RETURN \_\_\_\_\_
2. REVISED FEDERAL SHARE WITHIN 10% OF AMOUNT INCLUDED ON APPROVED TIP/AE DATED \_\_\_\_\_ ? \_\_\_\_\_
3. MASTER FILE COMPLETE? \_\_\_\_\_
4. \_\_\_\_\_ ALL TIER IV § 5 FUNDS OBLIGATED (§3 ONLY)
5. \_\_\_\_\_ SUFFICIENT FORMULA FUNDS AVAILABLE (§ 5 ONLY)
6. \_\_\_\_\_ SUFFICIENT FUNDS AVAILABLE TO THE STATE FOR FY \_\_\_\_\_ (§ 16(b)(2) only)
7. \_\_\_\_\_ MAINTENANCE OF EFFORT MET (SEE CURRENT OPERATING ASSISTANCE GRANT)
8. \_\_\_\_\_ AMENDED PROJECT ON APPROVED PROGRAM PLAN
9. \_\_\_\_\_ FOR §3 IN NON-URBANIZED AREAS:
  - \_\_\_\_\_ (a) A-95 CLEARINGHOUSE APPROVAL - STATE # \_\_\_\_\_  
REGIONAL # \_\_\_\_\_
  - \_\_\_\_\_ (b) EVIDENCE THAT §18 FUNDS INSUFFICIENT \_\_\_\_\_
  - \_\_\_\_\_ (c) UMTA COMMUNITY PLANNER SIGNOFF \_\_\_\_\_

REMARKS:

DATE \_\_\_\_\_  
DESTRA/SAMUELSEN, URO-III, OCTOBER 1980

TRANSPORTATION REPRESENTATIVE \_\_\_\_\_

URBAN MASS TRANSPORTATION ADMINISTRATION  
REGION III  
MASTER FILE: Checklist for One-Time Submissions (Sections 3 & 5)

APPLICANT/GRANTEE \_\_\_\_\_

CITY and URBANIZED AREA \_\_\_\_\_

DESIGNATED RECIPIENT (§ 5 only) \_\_\_\_\_

\_\_\_\_\_ Legal Eligibility (Opinion of Counsel)

\_\_\_\_\_ Designation of Recipient (§ 5 only)

Standard Assurances:

\_\_\_\_\_ 1 - 13 (§ 5 operating - UMTA C 9050.1)

\_\_\_\_\_ 1 - 21 (§ 3/5 capital - UMTA C 9100.1)

\_\_\_\_\_ Section 504 Assurance

\_\_\_\_\_ Section 5 (i)(3) Assurance (§ 5 only)

\_\_\_\_\_ Title VI Assurance

\_\_\_\_\_ Competitive Bidding

--If operating grants exist, Standard Assurance No. 13 is adequate. If there is no operating grant, competitive bidding assurance has to be submitted.

\_\_\_\_\_ Public Transportation System (Exhibit B, capital) or Transit System Overview (operating)

\_\_\_\_\_ Use of Project Facilities (Exhibit H, § 3/5 capital)

Labor (operating; Exhibit I capital)

\_\_\_\_\_ Unions identified

\_\_\_\_\_ Elderly and Handicapped Half Fares (Exhibit P - § 5 only)

Charter and School Bus (Exhibit E, § 5 operating)

Charter

School Bus

Certification of Nonapplicability

\_\_\_\_\_

\_\_\_\_\_

If applicable:

Charter/School Bus Agreement

\_\_\_\_\_

\_\_\_\_\_

Charter Cost Allocation Plan

\_\_\_\_\_

\_\_\_\_\_

On file for the project year and previous two project years (PY, PY-1, PY-2):

Audited Financial Statements/Section 15 Reports

TIP/Annual Element

The Master File Assurances and the above-listed items were reviewed and found to be complete / incomplete.

\_\_\_\_\_ Date

\_\_\_\_\_ Signature

REMARKS:

UMTA REGION IV

UMTA CAPITAL GRANT APPLICATION SUMMARY

2/18/80

The purpose of this document is to serve as a summary and guideline for the preparation of an UMTA Capital Grant. It incorporates the changes, additions, deletions and superseding guidance that has been developed since the original Application Instructions for Capital Grant Projects (UMTA 1000.2) was published in 1974. This summary also includes our latest efforts in paperwork reduction.

Three specific points should be highlighted: (1) Any material submitted under separate cover must be specifically incorporated by reference into the current application; (2) Individual exhibits can only be considered to have been replaced and/or superseded after the replacement document has been properly executed, filed and approved; and (3) All narrative exhibits should be presented in sufficient detail to facilitate local and UMTA decision making.

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Current Exhibit	Revised Status
Pre-Application Forms (p.1-6)	No longer required. Grantee may submit letter application if deemed necessary.
Part I Application Forms (p.7-11)	Replaced by OMB SF424 (UMTA C 9050.1 "Application Instructions for Section 5 Operating Assistance Projects" Section III-2)
Part II Project Approval Information. (p.12)	N/A
Part III Budget Forms (p.13-20)	No change
Part IV Program Narrative (p.21-59)	
-Exhibit A: Project Description (p.25)	No change (detail as appropriate and necessary)
-Exhibit B: Public Transportation System (p.26)	Replaced by Transit System Overview - UMTA C 9050.1 Section II-A
-Exhibit C: Project Justification (p.28)	No change (detail as appropriate and necessary)
-Exhibit D: Project Financing (p.32)	Add Section 5 and FAUS availability analysis
-Exhibit E: N/A	No change
-Exhibit F: Planning (p.35)	Replaced by TIP/AE and Annual Certification



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<p>-Exhibit G: Public Transportation Program (p.37)          -Exhibit H: Use of Project Facilities (p.40)          -Exhibit I: Labor (p.41)</p>	<p>Replaced by TIP/AE, TDP and Annual Certification          No change          No change</p>
<p>-Exhibit J: Public Hearing (p.43)          -Exhibit K: Relocation (p.46)          -Exhibit L: Protection of the Environment (p.48)          -Exhibit M: Elderly and Handicapped (p.51)          -Exhibit N: Distribution of Transportation Benefits (p.52)          -Exhibit O: Flood Hazards (p.54)</p>	<p>No change (note: Minority publications)          Replaced by UMTA C 4530.1 "Land Acquisition and Relocation Assistance under the Urban Mass Transport Act of 1964, as Amended"          Replaced by DMTA C 5620.1 "Guidelines for Preparing Environmental Assessments"          Replaced by TIP/AE and UMTA C 9050.1 Section II-C          Replaced by UMTA C 1160.1 "Interim Guidelines for Title VI Information Specific to UMTA Programs"          No change</p>
<p>Part V Assurances for Capital Grant Projects (p.61-85)          -Assurances for Capital Grant Projects (p.63)          -Resolution (p.67)          -Opinion of Counsel (p.69)          -Certification of Adequate Opportunity (p.71)          -Title VI (p.72)          -Relocation (p.83)</p>	<p>Replaced by UMTA C 9100.1 "One Time Submission of Assurances for UMTA Capital Assistance Applications" (note: Only if properly executed and filed)          No change (note: Grantee may wish to add Execution Authorization per UMTA C 9050.1)          Replaced by UMTA C 9100.1 (note: Subsequent updating)          No change          Replaced by UMTA C 9100.1          No change</p>

CHECKLIST FOR CAPITAL GRANTS

GRANTEE: \_\_\_\_\_ DATE REVIEWED: \_\_\_\_\_  
 PROJECT NO. \_\_\_\_\_ TRANS. REP. \_\_\_\_\_

\_\_\_\_\_ SF-424  
 \_\_\_\_\_ Part III (OMB)  
 \_\_\_\_\_ Estimated Project Budget  
 \_\_\_\_\_ Project Description (A)  
 \_\_\_\_\_ Transit System Overview (B)  
 \_\_\_\_\_ Project Justification (C)  
 \_\_\_\_\_ Detailed for UZAs over 250,000 pop.  
 \_\_\_\_\_ Project Financing (D)  
 \_\_\_\_\_ Audited Financial Statements for past 5 years  
 \_\_\_\_\_ Projected Costs & Revenues for Project for next 5 years  
 \_\_\_\_\_ TIP/AE & Certification (F)  
 \_\_\_\_\_ Use of Project Facilities (H)  
 \_\_\_\_\_ Draft Lease & Supervisory Agreement  
 \_\_\_\_\_ Labor (I)  
 \_\_\_\_\_ Public Hearing (J)  
 \_\_\_\_\_ Transcript-Certified  
 \_\_\_\_\_ Published Notice-Certified  
 \_\_\_\_\_ 3(d) & 5(i) Certification of Adequate Opportunity  
 \_\_\_\_\_ Relocation (if displacement occurs) (K)  
 \_\_\_\_\_ Environment (L)  
 \_\_\_\_\_ Description of one-half fare procedures (M)  
 \_\_\_\_\_ Title VI (N)  
 \_\_\_\_\_ Evaluation of Flood Hazards (O)  
 \_\_\_\_\_ 13(c) Letter Date  
 \_\_\_\_\_ Land Acquisition (if applicable)  
 \_\_\_\_\_ One-time Standard Assurances Incorporated by reference  
 (preferable in cover letter)  
 \_\_\_\_\_ Legal Assurance of "no pending litigation"  
 \_\_\_\_\_ Project Implementation Schedule (to PMD for approval)  
 \_\_\_\_\_ Authorizing Resolution  
 \_\_\_\_\_ "Designated official is authorized to execute grant contract  
 agreements" added

Checklist for Capital Grants

- \_\_\_\_\_ Guideform Assurance re: relocation (if applicable)
- \_\_\_\_\_ MBE
- \_\_\_\_\_ EEO
- \_\_\_\_\_ 504 Certification
- \_\_\_\_\_ 5(i)(3)
- \_\_\_\_\_ Supplemental Agreement if grantee and designated recipient are different

UMTA REGION VIII

TABLE OF CONTENTS  
Section 3 Capital Projects

- I. - Transmittal Letter - Include required reference to UMTA C 9100.1/"One Time Submission of Standard Assurances"
- II. - General Title VI Information - Required in Section 4b of Chapter 1 of UMTA C 1160.1
- III. - Application for Federal Assistance - Standard Form 424 with A-95 Review Comments attached at #22b
- IV. - Budget Information - OMB 80-RO-186 (Part III) with
  - (1) Computation of Net Project Cost and Grant Funds supplement attached at line 23 of Section F "Other Budget Information",
  - (2) Estimated Project Budget also attached at line 23 of Section F "Other Budget Information", and (3) Letter Committing Local Share for Project.
- V. - Program Narrative
  - Exhibit A - Project Description
  - \* Exhibit B - Public Transportation System (including equipment roster)
  - Exhibit C - Project Justification (reference to TDP programming)
  - Exhibit D - Project Financing
    - 1. Proceeds of Sale of facilities and equipment to be replaced
    - 2. Financing from Transportation System Revenues
    - 3. Private Financing
    - 4. Audited Financial Statements of Revenues and Expenses
  - \* Exhibit F - Planning
  - \* Exhibit G - Public Transportation Program
  - Exhibit H - Use of Project Facilities
  - Exhibit I - Labor
  - Exhibit J - Public Hearing
    - 1. Certified copy of published notice
    - 2. Certified transcript of public hearing
    - 3. Certification to meet Section 3(d) of UMT Act of 1964, as amended
    - 4. Proof that notice of public hearing was supplied to principal elected officials of each general purpose unit of government within whose jurisdictions the project is located

Region VIII  
(Cont'd)

Exhibit K - Relocation

Exhibit L - Environmental Analysis

1. Description of Proposed Action
  - a. General
  - b. Specific Line Items (elements in project)
2. Justification for Proposed Action
  - a. General
  - b. Specific Line Items (elements in project)
3. Alternatives to Proposed Action
  - a. General
  - b. Specific (i.e., alternative site analysis)
4. Environmental Impacts
5. List of Agencies and Persons Contacted
6. Appendices

\* Exhibit M - Elderly and Handicapped

Exhibit O - Evaluation of Flood Hazards

VI. - Assurances

\*\* A. Standard Assurances for Section 3 Capital Projects

B. Resolution

\*\* C. 1. Basic Opinion of Counsel  
2. Annual Legal Assurance

\*\* D. Assurance of Compliance Under Civil Rights Act

\*\* E. One-Time Submission of Standard Assurances for UMTA  
Capital Assistance Applications

\*\*\* F. "Special Efforts" Certification (Elderly and Handicapped)

\* Exhibit required only if this is first Section 3 application for applicant or if TDP and/or Transition Plan are not up to date. (i.e., Project is not described or appropriately scheduled for implementation in TDP)

\*\* Items A, C.1, and D are not required if item E has been submitted.

\*\*\* Not required if already executed and on file with UMTA

APPLICATION REVIEW CHECKLIST  
SECTION 3 ASSISTANCE

Project No. \_\_\_\_\_ Date Received: \_\_\_\_\_

Date  
Accepted

\_\_\_\_\_ Application is consistent with current approved TIP/AE

\_\_\_\_\_ 13(c) Certification

\_\_\_\_\_ Compliance with applicable Civil Rights Requirements

\_\_\_\_\_ Relocation Plan

\_\_\_\_\_ Environmental Analysis

\_\_\_\_\_ Class I (EIS)

\_\_\_\_\_ Class II (Categorical Exclusion)

\_\_\_\_\_ Class III (FONSE)

\_\_\_\_\_ Project Budget Summary

Federal \_\_\_\_\_

Applicant \_\_\_\_\_

State \_\_\_\_\_

Local \_\_\_\_\_

Other \_\_\_\_\_

Total \_\_\_\_\_

\_\_\_\_\_ Transmittal Letter

\_\_\_\_\_ General Title VI Information

\_\_\_\_\_ Standard Form 424

\_\_\_\_\_ Budget Information

\_\_\_\_\_ Computation of Net Project Cost

\_\_\_\_\_ Estimated Project Budget

\_\_\_\_\_ Commitment of Local Share

\_\_\_\_\_ Exhibit A - Project Description

\_\_\_\_\_ Exhibit C - Project Justification

Region VIII  
(Cont'd)

\_\_\_\_\_ Exhibit D - Project Financing  
           \_\_\_\_\_ Proceeds from Sale of Facilities/Equipment  
           \_\_\_\_\_ System Revenues  
           \_\_\_\_\_ Private Financing  
           \_\_\_\_\_ Audited Statements

\_\_\_\_\_ Exhibit H - Use of Project Facilities

\_\_\_\_\_ Exhibit I - Labor

\_\_\_\_\_ Exhibit J - Public Hearing  
           \_\_\_\_\_ Certified Copy of Notice  
           \_\_\_\_\_ Transcript of Public Hearing  
           \_\_\_\_\_ 3(d) Certification  
           \_\_\_\_\_ Notice of Hearing to Officials

\_\_\_\_\_ Exhibit K - Relocation

\_\_\_\_\_ Exhibit L - Environmental Analysis  
           \_\_\_\_\_ Description  
           \_\_\_\_\_ Justification  
           \_\_\_\_\_ Alternatives  
           \_\_\_\_\_ Impacts  
           \_\_\_\_\_ Agencies/Persons Contacted  
           \_\_\_\_\_ Appendices

\_\_\_\_\_ Exhibit O - Evaluation of Flood Hazards

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\_\_\_\_\_ \*Standard Assurances for Section 3 Projects  
           \_\_\_\_\_ Resolution  
           \_\_\_\_\_ \*Basic Opinion of Counsel  
           \_\_\_\_\_ Annual Legal Assurance  
           \_\_\_\_\_ \*Assurance of Compliance Under Civil Rights Act

Page 3.

\* \_\_\_\_\_ One-Time Submission of Standard Assurances for UMTA Capital Assistance Application.

\_\_\_\_\_ "Special Efforts" Certification (Elderly and Handicapped)

\_\_\_\_\_  
\_\_\_\_\_

Comments:

The subject application is now complete.

\_\_\_\_\_ Date

\_\_\_\_\_ Transportation Representative



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	<u>Exhibit</u>	
	A Project Description .....	C-21
	B Public Transportation System .....	C-23
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	D Revenue Financing .....	C-29
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Appendix C contains an example grant application currently distributed by an UMTA Regional Office to transit agencies for use as a model. Other more current references are needed for satisfactory completion of a grant application.

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SAMPLE FORMAT  
 (For staff use only)  
 A P P L I C A T I O N  
 of the  
 \*\*\*\*\*  
 For a  
 MASS TRANSPORTATION CAPITAL IMPROVEMENT GRANT  
 under the  
 URBAN MASS TRANSPORTATION ACT OF 1964

Supplementary Information for Applicants - (Do Not Include in Application)

Employees Affected by Projects.....	C-53
Purchase of Motor Vehicles - Air Pollution Criteria....	C-55
Land Acquisition.....	C-56

(Date)

NOTE: Titles of all items on Index (except Exhibit O) must be included verbatim, and topic addressed in each application. Also, those portions which must be included verbatim in all applications are marked with vertical broken line, as follows: |||

NOTE: Submit original and five copies (11 copies, if a commuter railroad project) to Urban Mass Transportation Administration, U. S. Department of Transportation, Washington, D. C. 20590

(Letterhead)

(Date)

Urban Mass Transportation Administration  
U. S. Department of Transportation  
Washington, D. C. 20590

Gentlemen:

The \*\*\*\*\*applies for a grant of \$\*\*\*\*\*under the Urban Mass Transportation Act of 1964 to assist in financing a capital improvement project generally described as:

(a) Purchase of \*\* new \*\* - passenger, air-conditioned diesel transit buses.

(b) Construction of \*\*\*\*\*.

The applicant represents that the data submitted to the Department of Transportation in support of this application are true and correct.

Sincerely,

(Title)

as the U. S. Department of Transportation may require in connection with the application or the project.

CERTIFICATE

The undersigned duly qualified and acting (Title of Officer) of the (Exact Legal Name of Applicant) certifies that the foregoing is a true and correct copy of a resolution, adopted at a legally convened meeting of the (Governing Body of Applicant) held on \_\_\_\_\_, 19\_\_\_\_.

If applicant has an official seal, impress here.

\_\_\_\_\_  
(Signature of Recording Officer)

\_\_\_\_\_  
(Title of Recording Officer)

\_\_\_\_\_  
(Date)

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(sample)  
RESOLUTION

Attachment

Resolution No. \_\_\_\_\_

Resolution authorizing the filing of an application with the Department of Transportation, United States of America, for a grant under the Urban Mass Transportation Act of 1964, as Amended.

WHEREAS, the Secretary of Transportation is authorized to make grants for mass transportation projects;

WHEREAS, the contract for financial assistance will impose certain obligations upon the applicant, including the provision by it of the local share of project costs; and

WHEREAS, it is required by the U. S. Department of Transportation in accord with the provisions of Title VI of the Civil Rights Act of 1964, that in connection with the filing of an application for assistance under the Urban Mass Transportation Act of 1964, as Amended, the applicant give an assurance that it will comply with Title VI of the Civil Rights Act of 1964 and the U. S. Department of Transportation requirements thereunder:

NOW, THEREFORE, BE IT RESOLVED by (Governing Body of Applicant)

1. That (Designated Official) is authorized to execute and file an application on behalf of (Exact Legal Name of Applicant) with the U. S. Department of Transportation, to aid in the financing of (Brief Description of Project).
2. That (Designated Official) is authorized to execute and file with such application an assurance or any other document required by the U. S. Department of Transportation effectuating the purposes of Title VI of the Civil Rights Act of 1964.
3. That (Name of Authorized Representative), (Title), is authorized to furnish such additional information

ASSURANCE OF COMPLIANCE UNDER CIVIL RIGHTS ACT

The attached Departmental Standard DOT Title VI Assurance is applicable to all UMTA programs under which grants are extended. As indicated, appendices A or C may be applicable dependent upon the type of project and the activities involved. The general assurance undertakes to alert the recipient to the occasion and necessity for including these additional clauses. For example, appendix C is to be consulted when the grant recipient undertakes "the subsequent transfer of real property acquired or improved under (Urban Mass Transportation Programs)."

Execution of the Assurance is required of all applicants for UMTA assistance, whether by loan or grant, as part of the application.

The Assurance obligates the recipient to include in all of its contracts, including procurements of material and equipment, a further assurance binding contractors to the anti-discrimination provisions of Title VI and obligating them to further bind subcontractors.

It further obligates the recipient to notify all bidders through solicitations that the recipient will affirmatively insure full opportunity for minority businesses to bid on contracts, free from discrimination.

Recipients who seek to subsequently transfer or grant access to property acquired pursuant to an UMTA-assisted project, are required by the new Assurance to obligate the transferee or licensee to the anti-discrimination provisions of Title VI.

ASSURANCE OF COMPLIANCE WITH  
TITLE VI OF THE CIVIL RIGHTS ACT OF 1964  
(DEPARTMENT OF TRANSPORTATION)

The (Title of Recipient) (hereinafter referred to as the "Recipient") HEREBY AGREES THAT as a condition to receiving any Federal financial assistance from the Department of Transportation it will comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d-4 2000d-4 (hereinafter referred to as the Act) and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964 (hereinafter referred to as the Regulations) and other pertinent directives, to the end that in accordance with the Act, Regulations, and other pertinent directives, no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Recipient receives Federal financial assistance from the Department of Transportation, including the Urban Mass Transportation Administration (UMTA), and HEREBY GIVES ASSURANCE THAT it will promptly take any measures necessary to effectuate this agreement. This assurance is required by subsection 21.7(a)(1) of the Regulations.

More specifically and without limiting the above general assurance, the Recipient hereby gives the following specific assurances with respect to the (Project Number):

1. That the Recipient agrees that each "program" and each "facility" as defined in subsections 21.23(c) and 21.23(b) of the Regulations, will be (with regard to a "program") conducted, or will be (with regard to a "facility") operated in compliance with all requirements imposed by, or pursuant to, the Regulations.
2. That the Recipient shall insert the following notification in all solicitations for bids for work or material subject to the Regulations and made in connection with a project under the Urban Mass Transportation Act of 1964, as amended (the UMTA Act) and, in adapted form in all proposals for negotiated agreements:

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The Recipient, in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to 2000d-4 and Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation issued pursuant to such Act, hereby notifies all bidders that it will affirmatively insure that in regard to any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.

3. That the Recipient shall insert the clauses of Appendix A of this assurance in every contract subject to the Act and the Regulations.
4. That the Recipient shall insert the clauses of Appendix B of this assurance, as a covenant running with the land, in any deed from the United States effecting a transfer of real property, structures, or improvements thereon, or interest therein.
5. That where the Recipient receives Federal financial assistance to construct a facility, or part of a facility, the assurance shall extend to the entire facility and facilities operated in connection therewith.
6. That where the Recipient receives Federal financial assistance in the form, or for the acquisition of real property or an interest in real property, the assurance shall extend to rights to space on, over, or under such property.
7. That where the Recipient receives Federal financial assistance to carry out a program of managerial training under section 10(a) of the Urban Mass Transportation Act of 1964, as amended, the assurance shall obligate the recipient to make selection of the trainee or fellow without regard to race, color or national origin.
8. That where the Recipient receives Federal financial assistance to carry out a program under the Urban Mass Transportation Act of 1964, as amended, the assurance shall obligate the recipient to assign transit operators and to furnish transit operators for charter purposes without regard to race, color or national origin.

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9. That where the Recipient receives Federal financial assistance to carry out a program under the Urban Mass Transportation Act of 1964, as amended, routing, scheduling, quality of service, frequency of service, age and quality of vehicles assigned to routes, quality of stations serving different routes, and location of routes may not be determined on the basis of race, color, or national origin.
10. That the Recipient shall include the appropriate clauses set forth in Appendix C of this assurance, as a covenant running with the land, in any future deeds, leases, permits, licenses, and similar agreements entered into by the Recipient with other parties: (a) for the subsequent transfer of real property acquired or improved under (Project Number); and (b) for the construction or use of or access to space on, over or under real property acquired, or improved under (Project Number).
11. That this assurance obligates the Recipient for the period during which Federal financial assistance is extended to the project, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property or interest therein or structures or improvements thereon, in which case the assurance obligates the Recipient or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the Recipient retains ownership or possession of the property.
12. The Recipient shall provide for such methods of administration for the program as are found by the Secretary of Transportation or the official to whom he delegates specific authority to give reasonable guarantee that it, other recipients, subcontractors, contractors, subcontractors, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Act, the Regulations and this assurance.
13. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Act, and Regulations, and this assurance.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Recipient

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by the Department of Transportation under Federal Urban Mass Transportation Programs and is binding on it, other recipients, subcontractors, contractors, subcontractors, transferees, successors in interest and other participants in the Federal Urban Mass Transportation Program. The person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Recipient.

DATE \_\_\_\_\_

\_\_\_\_\_  
(Recipient)

by \_\_\_\_\_

(Signature of Authorized Official)

Attachments

Appendices A, B, and C  
Department of Transportation

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## APPENDIX A

During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

- (1) **Compliance with Regulations:** The contractor shall comply with the Regulations relative to nondiscrimination in federally-assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
- (2) **Nondiscrimination:** The contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
- (3) **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
- (4) **Information and Reports:** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Recipient or the Urban Mass Transportation Administration (UMTA) to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information is required or a contractor is in the exclusive possession of another who fails or refuses to

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furnish this information, the contractor shall so certify to the Recipient, or the Urban Mass Transportation, as appropriate, and shall set forth what efforts it has made to obtain the information.

- (5) **Sanctions for Noncompliance:** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the Recipient shall impose such contract sanctions as it or the Urban Mass Transportation Administration may determine to be appropriate, including, but not limited to:
  - (a) Withholding of payments to the contractor under the contract until the contractor complies, and/or
  - (b) Cancellation, termination or suspension of the contract, in whole or in part.
- (6) **Incorporation of Provisions:** The contractor shall include the provisions of paragraph (1) through (6) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the Recipient or the Urban Mass Transportation Administration may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, that, in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the Recipient to enter into such litigation to protect the interests of the Recipient, and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

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## APPENDIX B

- A. The following clauses shall be included in any and all deeds effecting or recording the transfer of real property, structures or improvements thereon, or interest therein from the United States.

## (GRANTING CLAUSE)

NOW, THEREFORE, the Department of Transportation, as authorized by law, and upon the condition that the Recipient will accept title to the lands and maintain the project constructed thereon, in accordance with the Urban Mass Transportation Act of 1964, as amended, the Regulations for the Administration of Federal Urban Mass Transportation Programs and the policies and procedures prescribed by the Urban Mass Transportation Administration of the Department of Transportation and, also in accordance with and in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation (hereinafter referred to as the Regulations) pertaining to and effectuating the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252; 42 U.S.C. 2000d to 2000d-4), does hereby remise, release, quitclaim and convey unto the (Name of Recipient) all the right, title, and interest of the Department of Transportation in and to said lands described in Exhibit "A" attached hereto and made a part hereof.

## (HEBENDUM CLAUSE)

TO HAVE AND TO HOLD said lands and interests therein unto (Name of Recipient) and its successors forever, subject, however, to the covenants, conditions, restrictions and reservations herein contained as follows, which will remain in effect for the period during which the real property or structures are used for a purpose for which Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits and shall be binding on the (Name of Recipient), its successors and assigns.

The (Name of Recipient), in consideration of the conveyance of said lands and interests in lands, does hereby

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(App.B, Pg.2)

covenant and agree as a covenant running with the land for itself, its successors and assigns, that (1) no person shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination with regard to any facility located wholly or in part on, over or under such land hereby conveyed (,) (and)\* (2) that the (Name of Recipient) shall use the lands and interests in lands so conveyed, in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended (,) and (3) that in the event of breach of any of the above-mentioned nondiscrimination conditions, the Department shall have a right to re-enter said lands and facilities on said land, and the above described land and facilities shall thereon revert to and vest in and become the absolute property of the Department of Transportation and its assigns as such interest existed prior to this instruction.\*

\*Reverter clause and related language to be used only when it is determined that such a clause is necessary in order to effectuate the purposes of Title VI of the Civil Rights Act of 1964.

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October 20, 1970

The following clauses shall be included in all deeds, licenses, leases, permits, or similar instruments entered into by the Recipient pursuant to the provisions of Assurance 6(a).

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this (deed, license, lease, permit, etc.) for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits the (grantee, licensee, lessee, permittee, etc.) shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964; and as said Regulations may be amended.

(Include in licenses, leases, permits, etc.)\*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to terminate the (license, lease, permit, etc.) and to re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, lease, permit, etc.) had never been made or issued.

(Include in deeds)\*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to re-enter said lands and facilities thereon, and the above described lands and facilities shall thereupon revert to and vest in and become the absolute property of (Name of Recipient) and its assigns.

The following shall be included in all deeds, licenses, leases, permits, or similar agreements entered into by (Name of Recipient) pursuant to the provisions of Assurance 6(b).

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(App.C, Pg. 2)

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds, and leases, add "as a covenant running with the land") that (1) person on the ground of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the ground of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964), and as said Regulations may be amended.

(Include in licenses, leases, permits, etc.)\*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to terminate the (license, lease, permit, etc.) and to re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, lease, permit, etc.) had never been made or issued.

(Include in deeds)\*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to re-enter said land and facilities thereon, and the above described lands and facilities shall thereupon revert to and vest in and become the absolute property of (Name of Recipient) and its assigns.

\*Reverter clause and related language to be used only when it is determined that such a clause is necessary in order to effectuate the purpose of Title VI of the Civil Rights Act of 1964.

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Honorable Harold R. Snodgrass  
Commissioner,  
Department of Public Property  
1020 Municipal Service Building  
Milton, North Carolina 19054

Re: Application for Financial Assistance -  
Urban Mass Transportation Act of 1964  
- CENTER CITY COMMUTER CONNECTION

Dear Commissioner Snodgrass:

This communication will serve as the requisite opinion of counsel to be filed with the United States Department of Transportation in connection with the application of the City of Milton for financial assistance pursuant to the provisions of the Urban Mass Transportation Act of 1964, as amended, for the Center City Connection Project.

1. The City of Milton is a public body authorized to contract for and receive a Federal grant, being a first-class city in the Commonwealth of North Carolina, endowed with broad powers of home rule under its Home Rule Charter, adopted April 17, 1951.

2. The City of Milton is authorized under its Home Rule Charter, Section 5-900(c), to provide and assist public transportation by acquisition, construction and operation of existing or additional transit facilities. This assistance may be provided directly by the City or by lease arrangements with other parties.

3. The authority of the City of Milton to provide its share of the project funds is set forth in the City's 1971-76 Capital Program, approved by City Council, May 29, 1970. The affect of this ordinance is to make funds available for this project. Thus, in line 94, at page 34, the Capital Program provides for financing the Center City Commuter Connection and allied facilities, including

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land acquisition by the use of Federal funds in the amount of \$45,800,000, self-sustaining new loan fund in the amount of \$10,000,000; tax supported operating revenue in the amount of \$786,000; and tax supported new loan funds in the amount of \$7,074,000. Funds granted by the Commonwealth of North Carolina for the purposes of this project amount to \$8,839,000.

4. The Department of Public Property's authority to contract for and receive a Federal grant is contained in Resolution No. 217 which was adopted by the Council of the City of Milton on June 23, 1966.

5. I have reviewed the pertinent Federal, State and local laws including the pertinent provisions of the Home Rule Charter, adopted by the electors April 17, 1951, and I am of the opinion that there is no legal impediment to your making this application. Furthermore, as a result of my examination, I find that there is no pending or threatened litigation which might in any way adversely affect the proposed project with the exception of the pending reorganization of the North Carolina Central Railroad presently before the United States District Court for the Eastern District of North Carolina. This matter may require the trustees to obtain court approval of any action they intend taking with respect to the lease arrangement or operation arrangements they may desire to enter into.

Very truly yours,

James A. Morton  
Assistant City Solicitor

**NOTE:**

In the event the proposed project could result in the institution of eminent domain proceedings by the Applicant, the Opinion of Counsel should include a reference to any relevant statutes which might have a bearing on such proceedings.

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CERTIFICATION

In order to meet the requirement of section 3(d) of the Act, the final application must include the Certification contained below. The applicant is cautioned that this certification cannot be completed until it has held a public hearing (see Exhibit J), has considered the environmental impacts of the proposed project (see Exhibit K), and has found that the proposed project is consistent with official plans for the comprehensive development of the urban area (see Exhibits F and G and OMB Circular A-95 requirements).

(Name of Applicant)

HEREBY CERTIFIES THAT, in the development of this application for a Mass Transportation Capital Improvement Grant under the Urban Mass Transportation Act of 1964, as amended, it:

1. Has afforded adequate opportunity for public hearings pursuant to adequate prior notice, and has held such hearings, in accordance with the requirements set forth by the Urban Mass Transportation Administration.
2. Has considered the economic and social effects of this proposed project and its impact on the environment.
3. Has found that this proposed project is consistent with official plans for the comprehensive development of the urban area.

Date \_\_\_\_\_ Name of Applicant \_\_\_\_\_

By \_\_\_\_\_  
(President, Chairman of the Board, or Comparable Authorized Official)

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Vendors of new vehicles will be required to certify that the vehicles will comply with the air pollution criteria currently established by the Environmental Protection Agency (Note: These criteria are described on page \_\_\_\_\_).

(Insert the Land Acquisition Assurance outlined on page \_\_\_\_\_, if applicable.)

\*\*\*

The Estimated Project Budget should be as detailed as possible in its description of equipment (passenger size, engine type, and any special or optional equipment such as air-conditioning, Environmental Improvement Packages, etc.) and facilities (number of and purpose of buildings, square footage, dimensions, size of sites, etc.).

The budget must clearly indicate what is included in the project and explain the basis of the cost estimate for each item. The allowance for contingencies should be based on the degree to which the cost estimate is judged to be firm--5% is a reasonable allowance for buses, 10% in most other circumstances. Outline plans and specifications, when available, should accompany the application (one copy only). Specifications for buses should include the certification on air pollution requirements contained in the above paragraph.

It must be stressed that UMTA's approval of a project does not include approval of plans and specifications contained in the application. Final specifications and plans must be submitted to UMTA for review and written concurrence before the advertising for a solicitation of bids.

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EXHIBIT A. PROJECT DESCRIPTION

The project consists of:

1. Purchase of \*\*\* new \*\*\* passenger air-conditioned diesel transit buses, less tires.

Based on \*\*\* it is estimated that each vehicle will cost \$\*\*\*. Delivery and conditioning costs are estimated at \$\*\*\* per vehicle. It is, therefore, estimated that the \*\*\* vehicles included in this item will cost \$\*\*\* each, or a total \$\*\*\*. (Any related equipment, such as fare boxes, spare wheels, engines, etc., must be listed separately.)

2. Construction of \*\*\*\*\* etc.

The project construction work is to be presented so that each construction contract is fully described and its estimated cost appears as separate line items in the project budget. In the construction of mass transportation facilities, consideration should be given to the inclusion of dual-use public fallout shelter. Information concerning fallout shelter requirements and criteria can be obtained from local civil defense directors. The additional cost of providing dual-purpose public fallout shelter is an eligible project cost. Specific reference to the provision of fallout shelter, and an estimate of the additional cost should be included in this exhibit, when appropriate.

ESTIMATED PROJECT BUDGET

1. Purchase of *** new *** passenger buses	\$****
2. Construction of ****	\$****
Subtotal	\$*****
Contingencies (****%)	***
<u>Estimated Gross Project Cost</u>	\$*****

Purchases will be made through competitive bidding in accordance with the established procedures of the applicant (Describe and give reasons for any work to be done by employees of the applicant or without competitive bidding).

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EXHIBIT B. PUBLIC TRANSPORTATION SYSTEM

(The following is illustrative of the type of information to be covered in this Exhibit).

1. \*\*\*\*\* Transit, Inc.

The principal mass transportation carrier in the urban area is \*\*\*\*\* Transit, Inc. This carrier provides service within the City limits and also serves \*\*\* subdivisions outside, but adjacent to, the City line.

\*\*\*\*\* Transit, Inc., is a subsidiary of the \*\*\*\*\* from which it now leases \*\*\* transit buses. \*\*\*\*\* of these were new in 19\*\*, and the remaining \*\*\* were purchases in 19\*\*. Garage and shop facilities are provided by the City at a rental of \$1 per year. (Note: Attach a Roster of Equipment as Exhibit B, Attachment 1. Show quantity, year of manufacture, manufacturer, model number, passenger capacity, fuel, and condition, to include trends in repair costs or down time, number of service interruptions, etc.)

Service is provided on \*\*\* routes, over \*\*\* miles of City streets, between \*\*\* a.m. and \*\*\* p.m., Monday through Friday, and between \*\*\* a.m. and \*\*\* p.m. on Saturdays, on \*\*\* minute headways.

Fares are:	Adult ****c	Tokens *** for \$**
	Schools ****c	Tickets ** for \$**
	Transfers between routes: No Charge	

Since \*\*\* ridership on \*\*\*\*\* Transit, Inc., has declined from approximately \*\*\* million to approximately \$\*\*.\* million a year. Figures for the past \*\*\* years indicate a continued decline, although at a somewhat lesser rate than in the other years since \*\*\*\*\*.

<u>Year</u>	<u>Riders</u>
1966	*****
1967	*****
1968	*****
1969	*****
1970	*****
1971	*****

A significant portion of riders are school children (\*\*\*\* in 1969), since the \*\*\*\*\* Board of Education does not provide any form of transportation in the operation of the school system. (Describe here any school bus service performed, including contracts, special routes or runs, fare practices, etc.)

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\*\*\*\*\* Transit buses are available for incidental charter service within the City and for more than \*\*\* miles outside the City limits. Revenues from this source in 19\*\* totaled \*\*\*\*\*.

## 2. Financial Arrangement between City and \*\*\*\* Transit, Inc.

The existing Lease and Supervisory Agreement between the City and \*\*\*\*\* Transit, Inc., provides \*\*\*\*\* (Describe major provisions).

Copies of the Agreement, as amended, are attached. (Attachments 2 and 3 to this Exhibit)

## 3. Other Mass Transportation Carriers in the \*\*\*\*\* Urban Area.

a. \*\*\*\*\* Suburban Lines. This carrier operates scheduled service with \*\*\*\* buses in \*\*\*\* and \*\*\*\* townships and between these areas and downtown \*\*\*\*\*. This carrier operates with closed doors with the City of \*\*\*\*, except (a) to pick up or discharge passengers to and from areas beyond the City limits, and (b) for \*\* blocks on \*\*, between \*\* and \*\* streets, where service is not provided by any route of \*\*\*\*\* Transit, Inc.

b. \*\*\*\* Bus Service. This company provides only charter service.

c. \*\*\*\*\* provides inter-city service between \*\*\*\*\* and \*\*\*\*\*, and operates with closed doors except to pick up and discharge passengers to and from areas beyond the service area of \*\*\*\*\* Transit, Inc.

(Describe any joint fare, transfer, or other arrangements for the coordination among carriers serving the urban area.)

(Include a brief history of mass transportation in the urban area.)

(Each carrier's routes are to be identified on the map included as Exhibit N of this application.)

(To the extent feasible, this Exhibit should identify the composition of current ridership, trip purposes, origins and destinations, etc. The narratives in Exhibits M and N may be referenced, where appropriate.)

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## EXHIBIT C. PROJECT JUSTIFICATION

Using the following format, describe the benefits to be derived from the facilities or equipment and relate these benefits to the transportation program of the urban area.

The data submitted in this Exhibit must be sufficient to support the required statutory determination (Section 4(a) of the Act) -- ". . . that the facilities and equipment . . . are necessary for the sound, economic, and desirable development of . . ." the urban area.

### General Comments

This involves: (1) the benefits to the individual user, (2) the benefits to the operating carrier (improvements in maintenance economies, dependability, etc.) and (3) the benefits to the system area and the urban area as a whole. The latter benefits can best be described in relationship to area planning objectives and the program for a "unified or officially coordinated public transportation system."

This Exhibit should identify any proposed changes in service levels, especially for those dependent on public transportation, such as more frequent scheduling of service; efforts to promote increased patronage; special express bus service for the commuting labor force or other service changes consistent with local societal goals. Reference may be made to Exhibit G, if this information appears there in detail.

This Exhibit should identify the proposed project's probable immediate (1st year) and longer term (2-4 years) impact upon maintaining or increasing potential ridership, particularly by those dependent on public transportation. There must be evidence of some significant number of continuing riders under current conditions, particularly of the local public agency.

Specific reference should be made to the relationship of the project of other local undertakings for community development -- downtown revitalization, urban renewal, public housing programs, etc.

To the extent that UMTA's Research, Development and Demonstration program produces marketable and economically feasible results (hardware and software), grant applicants will be expected to consider them, and substitute them for inferior goods or methods, if this can be done as a practical matter. An applicant will not be eligible for any assistance, however, if he refuses or fails to meet a specification in the following cases:

- Where the specification/method is clearly understood to be the prevailing industry standard;
- Where the market mechanism does not induce the use or hardware of systems in the public interest; e.g., air pollution, noise control devices.

(The use of new technology or systems is not per se an objective of the Capital Grant program. The technology itself is only a means to an end. But encouraging its use is consistent with a major purpose of the Urban Mass Transportation Act related to development of improved facilities, equipment, techniques and methods.)

### Specific Comments

This involves a detailed justification supporting each major element of the proposed project.

APPLICATIONS for MEDIUM or LARGE SYSTEMS (urban areas with populations of 250,000 or more.)

This Exhibit must indicate the extent to which the proposed project relates to relief of congestion in corridors within which vehicular traffic would generally be experiencing the following: (1) peak-hour travel speeds of 20 mph or less, (2) service at level D or lower (per HRB Special Report 87; Highway Capacity Manual, 1965), and (3) traffic volume-to-capacity ratio approaching one during a.m. and p.m. peak travel hours.

APPLICATIONS for LARGE SYSTEMS (urban areas with a population of 1,000,000 or more.)

This Exhibit must include all of the above, plus the following: for large scale projects--generally those with a net project cost of over \$10 million--UMTA may require "before and after" analyses to determine the impact of the project with respect to specified objectives. UMTA will discuss with the applicant the procedures, methodology, financing, and technical resources for undertaking such studies. The results of these discussions should be documented in this Exhibit.

APPLICATIONS for LARGE SYSTEMS, RAIL OR OTHER GRADE-SEPARATED TRANSIT

This Exhibit must include all the above, plus address the following points, either by means of detailed narrative, or specific reference to the comprehensive regional transportation plan and the project plan:

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- a. The regional transportation plan is truly comprehensive in terms of geography, population, alternative transportation modes and land-use patterns, and has a workable timetable for implementation.
- b. The regional transportation plan satisfactorily accommodates all major development and redevelopment projects identified as "possible," all major forecast changes in land use, and emerging social welfare requirements to the extent they can be clearly identified and are amenable to improvement by transportation.
- c. The financing plan is fully developed, or the gaps and their time-phasing significance are clearly identified (including costs and revenues for research and development; investment and operating requirements for construction of the project and the first 1-3 years, 3-5 years, and 5-10 years of operation) of the proposed transit system or project.
- d. That the applicant has a workable program for implementation of planned requirements other than those under consideration for funding by UMTA. Especially sought is some indication of attention to the possibility of affecting congestion through non-capital intensive means.
- e. That the systems engineering, architectural and technical features of the system or project provide maximum consideration of environmental impact--air pollution; noise pollution; displaced families; acreage used in alternative proposals; property taxes under alternative proposal; zoning changes; and such other consideration of environmental impact as may be within the purview of the grant applicant. Special attention should be given to planning land-use around stations and terminals.

In evaluating the relative impact of the proposed project on congestion, the applicant should use indicators such as those listed below, to the extent this is feasible. It is recognized that their applicability to incremental projects within existing systems may be limited in some respects. The indicators are to apply to time periods of 1-3, 3-5, and 5-10 years from the date of project completion.

- a. Daily passengers boarded per dollar of net project cost (NPC).

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- b. Daily passenger-miles per dollar of NPC.
- c. Increase in passenger-miles per man year.
- d. Increase in passenger-miles per day.

APPLICATIONS for LARGE SYSTEMS, COMMUTER RAILROAD

This exhibit must include the above, plus the following:

The Federal share of fixed plant improvements which may benefit other railroad services will be reduced by the percent of total benefits obtained by freight and intercity passenger service, if this can be reasonably ascertained. And if so, the cost and benefit allocation must be specified in this Exhibit and be used in computing net project cost (Exhibit E).

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EXHIBIT D. PROJECT FINANCING

1. Proceeds of sale of facilities or equipment to be replaced. \$\*\*\*\*

(Proceeds of sale of facilities to be replaced by the capital improvements covered by the project must be estimated and applied to reduce Project Cost. Describe facilities (if none, or if vehicles are to be "cannibalized," so indicate) and indicate (a) how they will be disposed of and (b) basis of estimating proceeds of sale).

2. Financing from Transportation System Revenues. \$\*\*\*\*

Estimate that portion of Gross Project Cost which can be financed from current revenues of the transit system. Please note that these estimates are to be based on the current revenues of the entire transit system, including charter and incidental revenues, and not only that part to be assisted by this proposed project. Identify sources of revenues and indicate how such financing will be arranged.

(If no financing from current revenues of the transit system is possible, so state and explain in detail why this is the case)

(Attach to this Exhibit (1 copy only): (a) audited or certified financial statements covering the operations of the transit system during the past five years and (b) a five-year financial statement indicating all expected costs and revenues of the proposed project. If a breakeven operation is not anticipated on the basis of forecasts of traffic generated by desired service levels and fares and resultant finances for the next five years, the applicant must indicate the means by which funds will be available to meet all prospective operating deficits for at least five years)

3. Private Financing. \$\*\*\*\*

(Describe efforts made to obtain private financing for the capital improvements covered by this project. If such efforts have not been made, this should be fully explained.)

(Include also in this Exhibit a statement of any financial assistance--State, county or local--which has been undertaken to preserve or improve the local public transportation system, such as tax abatement of other assistance to private carrier, use of general funds to cover operating deficits, etc., and cite the statutes under which this assistance is rendered).

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EXHIBIT E. NET PROJECT COST AND GRANT FUNDS

Estimated gross project cost (from Exhibit A) ----	\$
Deduct Project financing (from Exhibit D) -----	\$
Estimated Net Project Cost -----	\$
Federal Grant requested (2/3 of net project cost)	\$
Local contribution (1/3 of net project cost) -----	\$
Total (Equals Net Project Cost) -----	\$

\*\*\*

The local contribution will be made in cash by the City of \*\*\*\*\*, from the sources other than Federal funds or transit revenues. Funds are currently available in \*\*\*\*. Attach copies of appropriating legislation and other pertinent documentation that indicates the specific source and amount of the funds and when the funds will be available. (Note: If funds are not currently available, describe expected source. Also describe fully any public land, materials or other property, or services of ascertainable value proposed to be credited to the local share.)

It is further understood that no refund or reduction of the local contribution (exclusive of the additional contribution referred to above) shall be made at any time unless there is at the same time a refund of a proportional amount of the Federal grant.

The final 10% of the Federal grant may be withheld pending the final audit and closeout of the project.

\*\*\*

The applicant must provide a table that shows the actual disbursements of Federal funds required, by year, to complete the project using the Federal fiscal year of project approval as the base year. The following is a sample cash disbursement schedule:

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<u>Period</u>	<u>Net Project Costs</u>	<u>Federal Grant</u>
First Quarter (After Project Approval)	\$ ***	\$ ****
Second Quarter	***	****
Third Quarter	***	****
<u>Fourth Quarter</u>	<u>***</u>	<u>****</u>
First FY Total	***	****
Second FY Total	***	****
Etc.		

- Door-to-door travel time;
- Waiting periods at terminals and transfer points;
- User comfort and convenience at terminals, transfer points and on transit vehicles;
- Protection of transit patronage from inclement weather during waiting periods at terminals and transfer points; and
- Design of project to permit use by elderly, handicapped or disabled transit users.

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EXHIBIT F. PLANNING

UMTA will determine whether the area is eligible under the Regular Program planning requirements, or whether the area is ineligible. This determination will be made through contact with the agencies named in the preliminary capital grant application. If a submission of material is necessary, UMTA will make that request of the areawide planning agency. A copy of this request will go to the project applicant. This may necessitate a cooperative effort between the grant applicant and the planning agency, in order to prepare the submission. The Urban Mass Transportation Planning Requirements Guide provides a detailed explanation of the planning requirements for UMTA capital grants.

In this section of the application, a brief description of the status of comprehensive and transportation planning and transit planning and programming is required. This Exhibit should also list the names, addresses, telephone numbers of the areawide (regional) planning agency, and the metropolitan and State clearinghouses in accordance with OMB Circular A-95.

APPLICATIONS for LARGE SYSTEMS (urban areas with a population of 1,000,000 or more.)

This Exhibit must include all the above, plus clearly demonstrate that the proposed project was chosen after alternative transport schemes were considered and fully evaluated, the points of analysis including:

- (1) Consideration of previous project investments and maximizing the efficiency of current facilities and equipment.
- (2) Examination of all reasonable mechanical alternatives, of usage of newest state-of-the-art technology, and adaptability of the project to future technological advances on a schedule permitting timely provision of such advances.
- (3) Analyses of alternative systems on the basis of full system costs (research and development, investment and operating) over at least two five-year periods, where applicable. UMTA and the grant applicant will discuss the applicability of this requirement, and methodology to be used.
- (4) Examination of alternative transit systems, based upon level of service to transit riders, to include such considerations as:

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EXHIBIT G. PUBLIC TRANSPORTATION PROGRAM

(See the HUD Urban Mass Transportation Planning Requirements Guide, under the hearing "D. Transit Planning and Programming.")

Describe fully in this Exhibit:

1. Transit Development Program
2. Plan for Maintenance of the Transit Development Program

Attach to this Exhibit (one copy only) documents relating to the Transit Development Program. If the Program has not been completed, indicate clearly:

1. The present status of the program.
2. When it will be completed.
3. Adequate coordination with any other urban or sub-urban transit operations in the area (exclusive of those provided by intercity operators), in conjunction with relevant political jurisdictions and planning agencies, and supported, as necessary and possible, by appropriate actions by State or local regulatory authorities. Among the subjects to which consideration must be given are minimum route overlapping or competition within specific service areas, a policy determination with respect to transfers among all connecting carriers, plans for comfortable and convenient transfer points and well-coordinated schedules, and the development and use of joint facilities, where appropriate.

The following narrative is illustrative of the data presented by a smaller city where there is only one principal mass transit carrier in the urban area:

As indicated in Exhibit B, \*\*\*\*\* Transit, Inc., is the principal local carrier within the urban area. \*\*\*\*\* Suburban Line operates only a limited service to and from areas outside the City not served by \*\*\*\*\* Transit.

Under the Lease and Supervisory Agreement, the City has effective control of fares, routes, and schedules of \*\*\*\*\* Transit. The City also controls the routes of \*\*\*\*\* Sub-urban Lines within the City.

The Traffic Engineer, under the City Engineer and City Manager, is responsible for coordinating all public

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transportation facilities within the City--including traffic-ways, public mass transportation, airport access, etc.--and for the administration of the Lease and Supervisory Agreement with \*\*\*\*\* Transit, Inc.

The City has projected the long-range capital needs of \*\*\*\*\* Transit, Inc., to include:

Step 1. Purchase **** new diesel buses-----	\$ *****
Step 2. Construct garage and shop facility-----	*****
Step 3. Purchase **** additional buses-----	*****
Estimated capital needs-----	\$

This application covers Step 1. No timetable has yet been assigned Steps 2 and 3, but these improvements will be required within the next five to ten years. Other capital needs will be identified as the City gains further experience under the Lease and Supervisory Agreement.

APPLICATIONS for MEDIUM, or LARGE SYSTEMS (urban areas with populations of 250,000 or more)

This Exhibit must include the above, plus the proposed capital grant project must be related to the completed metropolitan regional transportation and/or supporting studies completed or underway. From such materials, UMTA must be able to determine:

- a. That the system's requirements at present and for the next five-to ten year period have been fully developed in the metropolitan plan and are reasonably supported by the forecast. As provided in item (d) in the Small Systems Category, estimates of the initial investment and operating cost must be provided for the first five years. The assumptions upon which the estimates are based must be explicit and will be evaluated by UMTA for reasonableness.
- b. That there is a workable program for implementation of the transportation elements in the metropolitan plan other than those under immediate consideration for funding by UMTA. Especially sought is some indication of attention to the possibility of increasing transit usage through non-capital intensive means.

APPLICATIONS for LARGE BUS SYSTEMS (urban areas with populations of 1,000,000 or more)

This Exhibit must include all the above, plus there must be a detailed plan for coordinating bus transit conventionally

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operated on streets and highways with any grade-separated service, either presently operating or to be completed within the next five years.

APPLICATIONS for LARGE SYSTEMS, RAIL or OTHER GRADE-SEPARATED TRANSIT

This Exhibit must include all the above, plus the applicant must demonstrate that the coordination of grade-separated conventional street and highway transit has been specifically planned or accomplished for the proposed system or project. This is best demonstrated by its inclusion in the Transit Development Program.

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EXHIBIT H. USE OF PROJECT FACILITIES

Describe the arrangements which exist or will be made to insure satisfactory continuing public control over the operation or use of the facilities or equipment, whether publicly or privately operated. Following is an example of data needed where the facilities will be owned by the public agency and leased to a private operator:

The capital improvements comprising this project will be owned by the \*\*\*\*\* City and are being obtained for use in provision of mass transportation service in the \*\*\*\*\* urban area, either under the Lease and Supervisory Agreement with \*\*\*\*\* Transit, Inc., or otherwise in the event that such agreement is terminated.

A draft of the Lease and Supervisory Agreement is attached to this exhibit.

\*\*\*

It is understood that the grant agreement will contain provisions to assure the continuation of such use during the useful life of the project facilities and that, in the event such facilities are sold or otherwise devoted to another use during their useful life, the City will be required to refund a proportionate share of the Federal grant based on the sale proceeds or the market value of the facilities.

To insure this continued use, the project sponsor will be required to submit to UMTA, at the beginning of each calendar year during the period specified in the grant agreement, a certification that the grant facilities and equipment continue to be used in accordance with the purposes for which the grant was approved and that no part of the local share of net project cost has been refunded or reduced.

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EXHIBIT I. LABOR

(Note: Refer to information on page 52).

I. Indicate how the project will affect employees of the Transportation system to be assisted or of other transportation systems in the urban area; and identify each system and labor union involved.

Following is an example of the data needed:

1. The project will not adversely affect the employees of the \*\*\*\*\* Transit, Inc.

\*\*\*\* of the buses will replace vehicles now in use on regular routes. \*\*\*\* will be used as spares and to provide experimental service on new routes. No drivers will be laid off as a result of the acquisition of the new buses; additional employment may be required in connection with the proposed experimental routes.

The present maintenance crew consists of a foreman, \*\*\*\* mechanics, and \*\*\*\* washers. No change will be made in the maintenance crew as a result of the purchase of the new vehicles.

Employees of \*\*\*\*\* Transit, Inc. are represented by \*\*\*\* Union, Local \*\*\*\*.

2. The project will not adversely affect the employees of any other transportation system in the urban area. \*\*\*\* carriers, other than \*\*\*\* Transit, Inc., provide scheduled local service within the urban area.

- (a) \*\*\*\* Suburban Lines operates service with \*\*\*\* buses in \*\*\*\* and \*\*\*\* townships and between these areas and downtown \*\*\*\*\*. This carrier operates with closed doors, except to pick up and discharge beyond, within the service area of \*\*\*\*\* Transit, and \*\*\*\* Transit does not provide service within the area served by \*\*\*\* Suburban.

It is understood that the grant agreement will contain provisions, determined by the Department of Labor, by which the City of \*\*\*\* will warrant that the project will not

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adversely affect the employment and working conditions of the employees of \*\*\*\*\* Transit, Inc., and will agree that if any such employees are adversely affected, appropriate protection shall be afforded under the provisions of section 13(c) of the Urban Mass Transportation Act of 1964, as amended.

Where any employee or employees of the transportation system to be assisted or if other transportation systems in the urban area will be in any way adversely affected by the project, the numbers and classifications of employees involved must be specifically identified and the application must indicate how the provisions of section 13(c) of the Urban Mass Transportation Act of 1964, as amended, will be met.

\*\*\*

II. Include an assurance that all those employed by contractors or subcontractors performing construction work financed with UMTA assistance shall be paid wages in accordance with the provisions of the Davis-Bacon Act, as amended. The format of this assurance should be:

The (Name of Applicant) assures that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with assistance under the Urban Mass Transportation Act of 1964, as amended, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

A. Description of Project:

(1) (Describe project including items to be purchased, constructed, acquired, etc.)

(2) (Location of the project)

(3) (Estimated cost of the project--Federal/local share--including the source of the local share)

B. Relocation: (If no relocation will result from the project, the applicant should include statement (1); otherwise statement (2).)

(1) No persons, families or businesses will be displaced by this project.

(2) ( ) persons, families, and/or businesses are estimated to be displaced by this project. Persons, families and businesses so displaced will be afforded rights as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

C. Environment: (Indicate whether the proposed project will or will not have a significant environmental impact upon the urban area)

D. Comprehensive Planning: (Indicate that this project is in conformance with comprehensive land use and transportation planning in this area. Indicate that the project is currently under review by the A-95 Clearinghouse and 204 Review Agency, or; that comments have been received from those agencies)

E. Elderly and Handicapped: (Indicate how the project will take into consideration the special needs of the elderly and physically handicapped persons)

II. At the hearing, (Applicant) will afford an opportunity for interested persons or agencies to be heard with respect to the social, economic, and environmental aspects of the project. Interested persons may submit orally or in writing evidence and recommendations with respect to said project.

III. A copy of the application for a Federal grant for the proposed project, together with an environmental analysis

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EXHIBIT J. PUBLIC HEARING

The applicant for a capital grant, or another public agency designated by the applicant with the concurrence of UMTA, must hold a public hearing on the proposed project. This hearing is to be held to give parties with significant social, economic, or environmental interests an adequate opportunity to publicly present their views on the proposed project. The applicant, or designated public agency, shall publish notice of intent to hold the public hearing in newspapers of general circulation in the locality, including newspapers oriented to the minority community. This notice shall be advertised at least twice, with the first advertisement occurring not less than 30 days before the date of the hearing. If UMTA determines that the notice of the public hearing or the hearing itself was inadequate, it may require the applicant to hold an additional hearing.

This exhibit should contain:

1. A transcript of the hearing
2. A copy of the published notice

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SAMPLE FORMAT FOR NOTICE OF PUBLIC HEARING

This is the suggested Notice of Public Hearing which will meet the requirements for financial participation in the UMTA program. It shall be published in newspapers of general circulation in the area to be affected by the proposed project, including newspapers oriented to the minority community. The notice shall be advertised at least twice, the first of which must be published a minimum of thirty (30) days before the date of the hearing.

NOTICE OF PUBLIC HEARING

Re: (brief description of project)

I. Notice is hereby given that a public hearing will be held by (Applicant or agency holding hearing) at (address of hearing location) at (time and date) for the purpose of considering a project for which financial assistance is being sought from the Urban Mass Transportation Administration, pursuant to the Urban Mass Transportation Act of 1964, as amended, generally described as follows:

and the transit development plan for the area, is currently available for public inspection at (location).

\_\_\_\_\_  
APPLICANT'S AUTHORIZED REPRESENTATIVE

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EXHIBIT K. RELOCATION

Where the project requires the displacement of families, individuals, business concerns, or non-profit organizations, the numbers of each must be listed and the application must indicate how the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 will be met.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 establishes an expanded program of relocation assistance for persons displaced from their homes, businesses, or farms by projects receiving Federal financial assistance. It applies to UMTA land acquisition and construction projects. Its provisions will become fully effective July 1, 1972, when relocation payments and expenditures will be considered as project costs. States and localities will then be required to share in relocation costs just as in other project costs.

The Act reaffirms the following basic policies that have been applicable to UMTA projects--

- No persons shall be displaced from their residences unless and until adequate replacement housing has been made available to them.
- Prior to approval of any project which involves the displacement of persons, the applicant must give assurance that it has an adequate relocation program for persons to be displaced by the project and that an equal number of decent, safe, and sanitary dwellings will be made available (built if necessary) to persons who are displaced. Such replacement housing must be located in the same area or in areas generally not less desirable in regard to public utilities and public and commercial facilities, reasonably accessible to their places of employment, at rents or prices within their financial means. Replacement housing must be open to all persons regardless of race, color, religion, sex or national origin.
- No construction which involves displacement will be authorized to proceed until the persons to be displaced have been offered adequate and fair housing in accordance with the relocation program.

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Detailed information on relocation requirements is available in the DOT regulation on the subject, dated May 28; 36 Federal Register p. 9178.

**NOTE:** The applicant should work with the Transportation Representative in formulating the relocation program.

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EXHIBIT L. PROTECTION OF THE ENVIRONMENT

The National Environmental Policy Act of 1969, section 4(f) of the Department of Transportation Act, and section 14 of the UMT Act of 1964, as amended, require UMTA review of every proposed project to determine if it may have a "significant" or "substantial" impact on the environment, either adverse or favorable.

To meet this requirement, UMTA requires that a draft environmental statement be submitted with every preliminary application for capital grant assistance. Copies of this draft statement are to be made available to the public and interested government agencies prior to the public hearing. Copies are also to be forwarded to the A-95 Clearinghouses which will perform the necessary State and local agency environmental review. The applicant should ensure that the State Highway Departments and the FHWA Division office for the area receive copies of the statement and are asked for comments. Upon receipt of comments of State and local agencies through the A-95 Clearinghouses and the comments made at the public hearing, the applicant is to review the comments made at the public hearing; the applicant is to review the comments submitted and incorporate them into a redraft of the statement, if such action is warranted. In all cases, any comments received must be forwarded to UMTA, along with another copy of the draft environmental statement, if it has been changed. This material should be forwarded as soon as possible, preferably no later than at the submission of the final application. An early submission of this information will allow UMTA to make the determination of whether the proposed project may have "significant" or "substantial" impacts on the environment in the early stages of final application development and begin any necessary Federal agency reviews early enough to prevent delays in the approval process.

If the scope of the proposed project is substantially changed, UMTA will make the determination as to whether the environmental statement will have to be redrafted and the review processes repeated.

The draft environmental statement, and any redraft of it, should consist of:

1. A description of the proposed project and any adverse impact on the environment.
2. Discussion of any unavoidable adverse environmental effects of the project as proposed.
3. Reasonable alternatives to any portion of the project having an impact which would minimize or eliminate adverse environmental impacts. Each alternative should include a statement of financial costs and environmental benefits.
4. A comparative analysis of the short-term and local impact on the environment and the long-term environmental consequences.
5. A statement of any environmental impacts which will result in any irreversible and irretrievable commitment of resources. This statement should include an analysis of the likelihood of adverse environmental impacts which will be caused by future developments generated by this proposed project.
6. A discussion of problems and objections raised by Federal agencies, State and local entities, and citizens and the disposition of the issues involved.

Section 4(f) of the Department of Transportation Act requires that the Secretary shall review any program or project which requires the use of any publicly-owned land from a public park, recreation area, or wildlife and waterfowl refuge or historic site. Any application for the acquisition of land falling within the scope of section 4(f) must include a Draft Environmental Statement that provides the following additional information:

1. A description of any publicly-owned land from a public park, recreation area or wildlife refuge, or of any land from a historic site, which is involved in or taken by the project, including its site, available activities, use, patronage, and relationship to other similarly used lands in the vicinity. Maps, plans, and drawings, showing in sufficient scale and detail the project and its impact on the park, recreation wildlife, or historic area, and photographs.
2. A statement of the national, State or local significance of the area as determined by the Federal, State or local officials having jurisdiction thereof.

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- 3. Similar data, for alternative designs and locations, including cost estimates and technical feasibility, and appropriate analysis of the alternatives.
- 4. If there is no feasible and prudent alternative, a description of the planning undertaken to minimize harm to the protected area, a statement of action taken to implement this planning, a specific statement that there is no feasible and prudent alternative, and that the project plans include all possible steps to minimize harm to the area involved.

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EXHIBIT M. ELDERLY AND HANDICAPPED

The applicant must make every reasonable effort to ensure that the elderly and handicapped will be able to use mass transportation effectively. This is especially important when new facilities are to be built, but modifications to present facilities and service should also be considered.

The map submitted as EXHIBIT N should also show those areas with large elderly or handicapped populations.

There must be a description of any studies and plans that are addressed to the transportation needs of the elderly and handicapped, with final reports made a part of this exhibit.

Include basic facts concerning these groups, such as their percentage of the population, programs and institutions devoted to their needs, particularly any transportation programs (e.g., Senior Citizen Fares, special routes, etc.). Include the costs of special equipment or facilities, either installed or being considered, and the probable ridership estimated to be attracted by them.

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EXHIBIT N. MAP OF THE APPLICANT'S JURISDICTION NON-DISCRIMINATION IN THE TRANSPORTATION SYSTEM

All applications for assistance must contain a map of the jurisdiction of the applicant showing the areas which are inhabited predominantly by Negroes, Puerto Ricans, Spanish and Mexican-Americans, and "other races" as classified in "Population Characteristics" of the Final Reports of the 1970 Censuses of Population and Housing. If such a study has been prepared for the locality involved, reference should be made to the Report. If not locally available, copies of these reports can be procured from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402, for a nominal charge.

UMTA must be able to ascertain whether or not the services, facilities, and equipment of the existing transportation system and the improved system will be available to all persons and that no person on the ground of race, color or national origin will be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the use of benefits of the transit system to be assisted under the Urban Mass Transportation Act of 1964, as amended. To accomplish this, the map and an accompanying narrative statement should include the following information (reference may be made to other exhibits of the application, where appropriate).

- 1. How will the proposed project affect minority areas? For example, will the project require the displacement of minority persons from their residences and businesses?
- 2. Where bus systems are involved, the following items are to be identified: existing and proposed transit routes, trippers, minority areas, major traffic generators (residential areas, shopping areas, industrial areas, commercial areas, hospitals, schools, etc.), transfer zones, ridership (by routes), maximum load points and average load factors (by routes), headways, and transit fares. Also, controls will be used to ensure that routing, scheduling, quality of service, quality of stations serving different routes, locations of routes,

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frequency of service, and age and quality of vehicles assigned to routes, are planned and implemented so that no person or group of persons will be discriminated against on the basis of race, color or national origin.

- 3. Where rail systems are involved, the following items are to be identified: existing and proposed lines (designated express or local), location of stops, minority areas, major traffic generators, and transit fares.
- 4. How residents from affected minority areas will be involved in the project in order that the plans, programs and policies developed or implemented during the project will be responsive to the needs of the residents.

This exhibit should contain sufficient demographic, economic, and technical data to assist in the comparison and evaluation of existing conditions with forecasts and recommended changes.

The demographic information requested in EXHIBIT M is to be supplied on this map.

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EXHIBIT O. EVALUATION OF FLOOD HAZARDS

Where transportation facilities are to be constructed as part of the project, the applicant must indicate whether or not the proposed facilities will be located in a flood plain. In those instances where construction is proposed in flood plains, the applicant will be required to furnish an engineering report containing an analysis of the flood hazards involved in the proposed construction, the methods proposed to protect against them, and the basis on which it is concluded that it will not be hazardous to construct the facility as designed. In determining the eligibility of such facilities for assistance, a review will be made of the engineering aspects referring to the provisions of Executive Order 11296. The review will include thorough consideration of drainage conditions on all sites including storm water entering and leaving the site and possible ground water problems.

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Supplementary Information for Applicants--  
Employees Affected by Projects

Section 13(c) of the Act specifies that as a condition to any financial assistance, fair and equitable arrangements be made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. The protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. With respect to Item No. 3, the section further provides that such protection shall in no event provide benefits less than those established pursuant to section 5(2)(f) of the Interstate Commerce Act, as amended. This protection extends to any technological displacement which occurs during any research or demonstration project assisted under section 6 of the Act. The contract providing for the grant of assistance must specify the terms and conditions of the arrangements.

To assist the Secretary of Labor in discharging his responsibilities, the normal course of procedure would be for an applicant to contact or arrange for the contact of all representatives of the employees involved in the transaction and, prior to the filing of the final application, to negotiate or assure the negotiation of agreements with such representatives respecting each of the subject matter areas under section 13(c) which are applicable to the project, discussed above.

Information must be included in the final application which will be adequate to identify the employees of the transportation system to be assisted, and of any other transportation systems, who may be affected by the project and any unions representing these employees. The anticipated effect of the project upon these employees (whether or not it is believed to be adverse) must be described in full, including the possible impact of the project upon their collective bargaining contracts, employment rights, privileges and benefits, including pensions, collective bargaining rights, and overall

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position with regard to their employment. The results of any discussions or negotiations with representatives of workers who may be affected by the project, and any understanding reached, must be stated.

If agreement has not been reached respecting protective arrangements for employees affected by the project, prior to filing the final application, this should be fully explained. The Secretary of Labor will be so informed by the Department of Transportation in order that he may review the position of the applicant and of employee representatives and make determinations required by law, prior to approval of the final application.

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Supplementary Information for Applicants--  
Purchase of Motor Vehicles

The Environmental Protection Agency (EPA) has the responsibility for establishing criteria for the prevention and control of air pollution.

The vendor of any motor vehicle to be purchased with project funds will be required to furnish written certification that the current EPA criteria have been met.

The EPA is now formulating new criteria based on the 1970 amendments to the Clean Air Act. These new criteria will, in a short time, supersede the current air pollution control criteria.

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Supplementary Information for Applicants--  
Land Acquisition

Pursuant to the requirements of Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, applicants shall be guided by the following policies:

- Every reasonable effort shall be made to acquire real property by negotiation.
- Before negotiation is initiated, real property must be appraised, and the owner or his agent must have the opportunity to accompany the appraiser during inspection of the property.
- Before initiation of negotiation, an amount believed to be just compensation shall be determined on the basis of the approved appraisal of fair market value of the property to be acquired. An offer to acquire the property for the amount so determined shall be promptly made.
- Before an owner is required to surrender possession of real property, he shall be paid the full amount of the agreed purchase price or the amount of an award in condemnation proceedings, or an amount not less than the approved market value of the property shall be deposited with the court in condemnation proceedings.
- If an interest in real property is to be acquired through eminent domain, proceedings should be begun promptly to avoid the necessity for an owner to undertake legal action to establish the fact of a taking of his real property.
- If acquisition of part of the property would leave the owner with an uneconomic remnant, the applicant shall offer to acquire the remnant.

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value of the property; is not less than the approved appraised value; disregards any decrease or increase in fair market value attributed to the project for which the property is being acquired; and apportions the total amount of the compensation among separately held interests in the property.

- The amount of any damages to any part of the real property excluded from the taking.

Other requirements relating to payments to tenants for any improvements made to real property that is to be taken, and reimbursement for expenses incidental to the transfer of title to the real property acquired and to litigation expenses, are included in the DOT regulation 36 F.R. 9178 at 9189.

- In acquiring real property, the applicant shall avoid scheduling construction that will require a lawful occupant to move from a dwelling or to move a business or farm, without ninety (90) days written notice of the required moving date. If the property is rented to the former owner or to a tenant for a short term or one subject to short notice, no more than the fair rental value for a short-term occupancy shall be charged.
- In acquiring real property, the applicant shall not advance the term of condemnation, defer negotiations, condemnation or the deposit of funds in court, or take any other coercion action to compel an owner to agree to a price for his property.

When an applicant makes an offer to purchase real property, it shall provide the property owner with a written statement of the basis for the amount determined to be just compensation. The statement shall include:

- An identification of the real property and the particular interest being acquired.
- If any separately held interest in the real property is not being acquired in whole or part, a certification to that effect.
- An identification of buildings, structures, and other improvements, including fixtures, removable building equipment, and any trade fixtures considered to be part of the real property.
- Identification of any real property improvements, including fixtures, not owned by the owner of the land.
- Identification of the types and approximate quantity of any personal property located on the premises that is not being acquired.
- A declaration that the determination of just compensation is based on the fair market

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APPENDIX D  
SUMMARY OF STANDARD PROJECT ASSURANCES

1. Applicant is a public body with legal authority to make application
2. Applicant will comply with Title VI of the Civil Rights Act of 1964 in terms of the receipt of project benefits
3. Applicant will comply with Title VI of the Civil Rights Act of 1964 in terms of prohibiting employment discrimination
4. Should project involve land acquisition, applicant will comply with Title II and III of Uniform Relocation Assistance and Real Property Acquisitions Act
5. Applicant will comply with Hatch Act involving political activity of employees
6. Wage rates will be established to prohibit private gain by individuals
7. Safeguards will be established to prohibit private gain by individuals
8. UMTA and Comptroller General will have the right to examine records

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9. Applicant will comply with administrative provisions of Circular A-102
10. Facilities of applicant are not listed on EPA's list of violating facilities
11. Applicant will comply with flood insurance purchase requirements
12. Applicant will assist UMTA in complying with the National Historic Preservation Act
- 13.\* Applicant will comply with Executive Orders relating to flood hazards and water pollution
- 14.\* Sufficient funds are available to meet the non-federal share of the cost of construction and to operate and maintain the facility
- 15.\* Applicant will obtain UMTA approval of final working drawings and specifications
- 16.\* Applicant will provide Architectural Engineering supervision during construction and furnish progress reports
- 17.\* Facility will be operated and maintained in accordance with federal, state and local standards
- 18.\* Applicant will comply with accessibility standards
- 19.\* Work will commence within a reasonable amount of time

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- 20.\* Applicant will not dispose title or interest in site during federal interest
21. Applicant will comply with regulations, policies, guidelines, and requirements of OMB Circulars A-95, A-102 and FMC 74-4

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\* Applicable only to projects involving construction

Source: U.S. Department of Transportation, Urban Mass Transportation Administration, One-Time Submission of Standard Assurances for UMTA Capital Assistance Applications, Circular 9100.1, February 21, 1978.

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**TRANSPORTATION RESEARCH BOARD**

**National Research Council**

**2101 Constitution Avenue, N.W.**

**Washington, D.C. 20418**

**ADDRESS CORRECTION REQUESTED**

