

**STATE MANAGEMENT PLAN**  
**FOR THE**  
**SECTION 5311 PROGRAM**  
**PUBLIC TRANSPORTATION FOR NON-URBANIZED AREAS**  
**NOVEMBER 2007**

**Prepared by:**

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The Section 5311 program is administered by the State of Wisconsin Department of Transportation (WisDOT) in accordance with chapter TRANS 6, Wisconsin Administrative Code, which gives primary guidance to potential and existing recipients. Additional information is provided through application materials, which are updated annually, Wisconsin's manual "Procedures For FTA Grant Program Administration And Management", as well as other materials provided by the Department as needed to maintain current information.

**1. Program Goals and Objectives**

The program goals and objectives are contained in Section TRANS 6.01, Wisconsin Administrative Code, and Appendix J of the Wisconsin Procedures for FTA Program Administration and Management Manual (Procedures Manual).

The goals of the Section 5311 program are to enhance access of people in non-urbanized areas for purposes such as health care, shopping, education, recreation, public services, and employment by encouraging the maintenance, development, improvement and use of public transportation services.

WisDOT is currently developing a long-range transportation plan for the state, Connections 2030, that will address all forms of transportation over a 25-year planning horizon: highways, local roads, air, water, rail, bicycle, pedestrian and transit. The overall goal of the planning process is to identify a series of policies to aid transportation decision-makers when evaluating programs and projects.

**2. Roles and Responsibilities**

WisDOT is the state agency designated by the Governor on December 28, 1978, to administer the Section 5311 program. Section 85.23, Wisconsin Statutes, grants statutory authority to the Department to administer the Section 5311 program. Within WisDOT, the Bureau of Transit, Local Roads, Railroads & Harbors is responsible for all aspects of administering the Section 5311 program.

Other state agencies involved in the review of Section 5311 applications include the Area Agencies on Aging and the Regional Offices of the Wisconsin Department of Health and Family Services. Each application receives an additional interagency review by a Regional Planning Commission or Clearinghouse under Presidential Executive Order E.O. 12372 (formerly A-95 review) if such an agency exists for that particular area of the state. Absent a regional review agency, the State Department of Administration conducts the review for those projects.

WisDOT is currently developing a long-range transportation plan for the state, Connections 2030, that will address all forms of transportation over a 25-year planning horizon: highways, local roads, air, water, rail, bicycle, pedestrian and transit. The overall goal of the planning process is to identify a series of policies to aid transportation decision-makers when evaluating programs and projects. WisDOT has completed the first phase of the planning process which involved developing plan themes, identifying policy topic areas and statewide corridors, and conducting public and internal outreach activities. WisDOT is currently working on the second phase of the planning process to include:

- Developing individual policies and arranged by theme;

- Preparing supporting chapters related to finance, implementation, system-plan environmental evaluation and environmental justice analysis;
- Revising statewide corridors to identify implementation activities;
- Comparing WisDOT plan activities to MPO, RPC and tribal plans;
- Initiating the consultation process with environmental resource agencies, MPOs, RPCs and tribes; and
- Conducting internal outreach activities.

The final phases of the plan will include a 60-day public comment period with informational meetings and targeted small group meetings, updating the plan to reflect public comments, public hearings, and adoption of the final plan.

### **3. Coordination**

In October 2005, Wisconsin Governor Jim Doyle charged a group of individuals from a number of state agencies to form the Interagency Council on Transportation Coordination (ICTC). The agencies represented on the Council are the Departments of Transportation, Health and Family Services, Workforce Development (including the Division of Vocational Rehabilitation), Veteran Affairs, and the Office of the Commissioner of Insurance. The Wisconsin ICTC was established to eliminate administrative barriers in state agencies that prohibit transportation coordination and to develop a state model of coordination. The Wisconsin ICTC is dedicated to creating a coordinated, accessible, affordable, dependable, safe, statewide system providing the best transportation services to transport disadvantaged individuals in Wisconsin. WisDOT supports the mission of ICTC and works with transportation systems to enable solutions that meet statewide goals.

During 2006, Wisconsin counties participated in a Human Services Transportation Coordination Assessment. Subsequently, 70 of the 72 counties completed action plans; the remaining counties are in the process of developing their action plans.

Each application must contain an exhibit that describes project coordination accomplished with other providers of transportation in the service area and the applicant's efforts to maximize the integration of existing funding sources with funds being applied for under the Section 5311 program. Review of the applications by Area Agencies on Aging and Health and Family Services District Offices, which administer various federal and state funded programs involving human service transportation, are also an integral part of the application process.

### **4. Eligible Recipients**

Eligible recipients are designated in TRANS 6.02(2), Wisconsin Administrative Code:

“Eligible applicants” means local public bodies, or federally recognized Indian tribal governing bodies, but does not include private transportation providers.”

WisDOT’s eligibility is more restrictive than federal eligibility in that non-profit organizations and operators of public transportation or intercity service are not eligible to apply or directly receive Section 5311 funds. However, local public bodies or Indian tribal governing bodies may subcontract with these entities to provide service.

## 5. Eligible Services and Service Areas

No limitation is imposed on eligible service and service areas. "Eligible public transportation service" is defined in TRANS 6.02(3) and "Public transportation service" is defined in TRANS 6.02(10):

"Eligible public transportation service" means a public transportation service operating or designed to operate in non-urbanized areas."

"Public transportation service" means a passenger transportation service provided to the general public on a regular and continuing basis by a public agency or private firm. Passenger fares shall be collected for the service in accordance with established tariff schedules. The transportation service may be provided by bus, rail, shared-ride taxicab or other conveyance. The service may constitute an entire public transit system or may be an individual route or a segment of a route provided by a common carrier of passengers. The service shall be authorized by the office of the commissioner of transportation under ch. 194, Stats., unless exempt under s. 85.20 (5), Stats., or under ch. 194, Stats. A transportation service provided exclusively for a subgroup of the general public is not considered to be a "public transportation service" for purposes of this chapter, unless it is part of an overall public transit service to the area."

## 6. Eligible Assistance Categories

There are three eligible assistance categories under the Section 5311 program; (1) Operating Assistance, (2) Capital Assistance, and (3) State Administrative and Technical Assistance. The "Project Administrative Expenses" are allowed under federal guidelines to be treated as "non-operating" and funded up to the 80 percent federal share. Current Wisconsin program guidance does not separate/recognize project administrative expenses as non-operating to be funded at the 80% level with the exception of bus procurement activities such as inspection, which is funded at the same level as capital costs at 80%, and marketing costs related to intercity service.

WisDOT's allocation of Section 5311 funds is made in accordance with TRANS 6.04, 6.05 and 6.06, Wisconsin Administrative Code:

**Trans 6.04 Distribution of federal aids. (1)** The state's annual apportionment of federal section 18 funds shall be distributed as follows:

- (a) Up to 10% will be reserved by the department for administrative and technical assistance purposes. Such technical assistance may include project planning, program development, management development, coordination of public transportation programs and research the department deems appropriate to promote effective means of delivering public transportation services in areas other than urbanized areas. Any uncommitted balance of the state's apportionment of administrative funds from a preceding project year may be used during subsequent years until the balance is depleted.
  - (b) Apportionments are initially available for operating assistance grants to eligible applicants, but when combined with state s. 85.20, Stats., operating assistance funds are limited to the lesser of either 70% of the total eligible operating expenses or the operating project cost. No city or village shall be appropriate for a municipal bus transportation system for purposes of receiving federal section 18 funds unless the system is approved by action of its governing body and by referendum vote of its electorate pursuant to s. 66.0803 (2) (a), Stats.
  - (c) Any balance remaining in the apportionment referred to in par. (b) after operating assistance limits are met under par. (b) shall be available to all eligible applicants for capital grants awarded in accordance with criteria set forth under s. Trans 6.06.
  - (d) Any balance remaining in the apportionment after capital assistance needs are met under par. (c) shall be available to all eligible applicants for operating assistance beyond the 70% limitation initially imposed in par. (b), not to exceed 50% of the operating project cost.
  - (e) Not less than 5% of the apportionment made available to the state shall be used for the development and support of intercity bus service. Eligible activities under this program may include planning and marketing, capital grants for intercity bus shelters, joint-use stops and depots, operating grants through purchase-of-service agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small transit operations and intercity bus carriers. This requirement is effective unless the governor certifies that the intercity bus service needs of the state are adequately being met.
- (2)** Any uncommitted balances of the state's apportionments or any unexpended balances from previous obligations shall be carried forward to the following year.

**Trans 6.05 Operating grants to areas other than urbanized.** Subject to the limitations set forth in s. Trans 6.03 (1), the operating assistance funds available in s. Trans 6.04 (1) (b) and (d) shall be allocated among eligible applicants in proportion to each applicant's share of the projected operating project costs of all applications.

**Trans 6.06 Capital grants. (1)** Capital assistance funds under s. Trans 6.04 (1) (c) shall be made available according to the following rank order of priority until all of the funds available are committed:

- (a) Projects to replace vehicles operated by existing systems;
  - (b) Projects to initiate a public transportation service;
  - (c) Projects to replace maintenance and storage facilities of existing systems;
  - (d) Projects to expand the number of vehicles operated by existing systems;
  - (e) Projects to expand and rehabilitate maintenance and storage facilities of existing systems; and
  - (f) Projects to purchase and install passenger amenities for existing systems such as shelters and bus stop signs.
- (2)** If available funds are not sufficient to fund all applications within a given category, then the department shall, after consultation with the applicants, reduce the scope or timing of proposed projects within that category to fit available funding.

Section 5311 funds may be transferred to Section 5307 after all requests for Section 5311 funds have been met.

## **7. Local Share and Local Funding Requirements**

Local share is the responsibility of the recipient. Non-USDOT federal funds can be used to cover the local share. Certain eligible recipients may utilize state urban (Sec. 85.20) transit aids to cover part of their operating assistance costs. Certain grantees may use state specialized (Sec. 85.21) transit aids to cover part of their operating and/or capital costs. Local recipients may also use income from human service agency contracts as local match.

Recipients of Section 5311 funds are required to contribute 20% of the cost for capital items and up to 50% of the net deficit for operating projects. Recipients of STRAP funds are required to contribute 20% of the net deficit for operating projects.

## **8. Project Selection Criteria and Method for Distributing Funds**

Distribution of Section 5311 funds is made in accordance with TRANS 6.04, 6.05 and 6.06, Wisconsin Administrative Code:

**Trans 6.04 Distribution of federal aids. (1)** The state's annual apportionment of federal section 18 funds shall be distributed as follows:

- (a) Up to 10% will be reserved by the department for administrative and technical assistance purposes. Such technical assistance may include project planning, program development, management development, coordination of public transportation programs and research the department deems appropriate to promote effective means of delivering public transportation services in areas other than urbanized areas. Any uncommitted balance of the state's apportionment of administrative funds from a preceding project year may be used during subsequent years until the balance is depleted.
- (b) Apportionments are initially available for operating assistance grants to eligible applicants, but when combined with state s. 85.20, Stats., operating assistance funds are limited to the lesser of either 70% of the total eligible operating expenses or the operating project cost. No city or village shall be appropriate for a municipal bus transportation system for purposes of receiving federal section 18 funds unless the system is approved by action of its governing body and by referendum vote of its electorate pursuant to s. 66.0803 (2) (a), Stats.
- (c) Any balance remaining in the apportionment referred to in par. (b) after operating assistance limits are met under par. (b) shall be available to all eligible applicants for capital grants awarded in accordance with criteria set forth under s. Trans 6.06. (d) Any balance remaining in the apportionment after capital assistance needs are met under par. (c) shall be available to all eligible applicants for operating assistance beyond the 70% limitation initially imposed in par. (b), not to exceed 50% of the operating project cost.
- (e) Not less than 5% of the apportionment made available to the state shall be used for the development and support of intercity bus service. Eligible activities under this program may include planning and marketing, capital grants for intercity bus shelters, joint-use stops and depots, operating grants through purchase-of-service agreements, user-side

subsidies and demonstration projects, and coordination of rural connections between small transit operations and intercity bus carriers. This requirement is effective unless the governor certifies that the intercity bus service needs of the state are adequately being met.

**(2)** Any uncommitted balances of the state's apportionments or any unexpended balances from previous obligations shall be carried forward to the following year.

**Trans 6.05 Operating grants to areas other than urbanized.** Subject to the limitations set forth in s. Trans 6.03 (1), the operating assistance funds available in s. Trans 6.04 (1) (b) and (d) shall be allocated among eligible applicants in proportion to each applicant's share of the projected operating project costs of all applications.

**Trans 6.06 Capital grants. (1)** Capital assistance funds under s. Trans 6.04 (1) (c) shall be made available according to the following rank order of priority until all of the funds available are committed:

- (a) Projects to replace vehicles operated by existing systems;
- (b) Projects to initiate a public transportation service;
- (c) Projects to replace maintenance and storage facilities of existing systems;
- (d) Projects to expand the number of vehicles operated by existing systems;
- (e) Projects to expand and rehabilitate maintenance and storage facilities of existing systems; and
- (f) Projects to purchase and install passenger amenities for existing systems such as shelters and bus stop signs.

**(2)** If available funds are not sufficient to fund all applications within a given category, then the department shall, after consultation with the applicants, reduce the scope or timing of proposed projects within that category to fit available funding.

## **9. Intercity Bus Transportation**

TRANS 6.04(1)(e) describes the procedures for implementing Section 5311(f), the intercity bus service provision. Beginning in 1980, Wisconsin has allocated a portion of its Section 5311 funds for intercity bus operating assistance.

(e) Not less than 5% of the apportionment made available to the state shall be used for the development and support of intercity bus service. Eligible activities under this program may include planning and marketing, capital grants for intercity bus shelters, joint-use stops and depots, operating grants through purchase-of-service agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small transit operations and intercity bus carriers. This requirement is effective unless the governor certifies that the intercity bus service needs of the state are adequately being met.

FTA guidelines require that states expend 15% of their Section 5311 appropriation for the development and support of intercity bus service, unless the Governor certifies that the state's intercity bus needs are being adequately met. Due to a declining intercity bus industry within Wisconsin, the amount of funding requested in recent years has been significantly less than 15% of the total federal appropriation. TRANS 6 provides for a Governor's Certification that the intercity bus needs are being adequately met if less than 15% of the appropriation is needed.

The Public Transportation Act of 2005 (SAFTEA-LU) requires states to consult with intercity bus service providers about the availability of 5311 funds before a governor can certify that there are no unmet intercity bus needs within the state and spend the unused funds for other programs. To meet this new requirement, the Wisconsin Department of Transportation sends letters to all current intercity bus providers serving the State to notify them about the availability of Section 5311 operating assistance funds in calendar year 2008 for intercity bus service. In addition, the American Bus Association has been contacted about the availability of these funds and the bus providers that the State has notified.

WisDOT is currently developing a long-range transportation plan for the state, Connections 2030, that will address all forms of transportation over a 25-year planning horizon: highways, local roads, air, water, rail, bicycle, pedestrian and transit. The overall goal of the planning process is to identify a series of policies to aid transportation decision-makers when evaluating programs and projects. As

part of this plan, WisDOT has documented the location of existing and abandoned intercity bus routes, an assessment of intermodal connections and travel time for existing routes, and a cost-benefit study, and an intercity bud model of potential ridership.

**10. Annual Program Development and Project Approval Process**

Application booklets/documents for Operating Assistance and Capital Assistance are distributed each year to potential applicants. The booklets contain all necessary exhibits to fulfill federal requirements. Federal certifications and assurances are provided in a separate document. Application materials are updated annually and electronically distributed in August. A summary of the program and call for applications is made each year through a news release about the program and sent to all major newspapers in the state during August. Completed applications *must* be submitted by October 15<sup>th</sup>. (Copies of the capital and operating applications are attached to this plan.) From the completed applications, a list of projects to be funded by Section 5311 funds is used to create the Program of Projects, which is included in the Section 5311 application to the FTA.

**11. Funds Transfers**

Section 5311 funds may be transferred to Section 5307 after all requests for Section 5311 funds have been met. Applications for Section 5311 funds are received by WisDOT in October, and reviewed by WisDOT staff during the months of October through December. A decision to transfer section 5311 funds to Section 5307 is made at the time FTA releases information regarding the amount of WisDOT's apportionment.

**12. State Administration and Technical Assistance**

Up to 10% of the state's annual apportionment of Section 5311 funds can be reserved by the Department and used for administrative and technical assistance purposes, as per TRANS 6.04(a), Wisconsin Administrative Code:

Up to 10% will be reserved by the department for administrative and technical assistance purposes. Such technical assistance may include project planning, program development, management development, coordination of public transportation programs and research the department deems appropriate to promote effective means of delivering public transportation services in areas other than urbanized areas. Any uncommitted balance of the state's apportionment of administrative funds from a preceding project year may be used during subsequent years until the balance is depleted.

WisDOT encourages existing participants to make technical assistance requests prior to the state's submission of the Program of Projects to FTA to insure that adequate funds will be available. Technical assistance utilizing WisDOT personnel will be available as time allows. In certain cases, consultants may be used to provide technical assistance. Up to one hundred percent (100%) of the technical assistance project costs will be covered with Section 5311 funds.

Section 5311 administrative funds are generally used by WisDOT to administer to section 5311 program, or to fund planning, technical assistance, or program administration of subrecipients. RTAP funds are generally used to cover training related costs through a scholarship program available to rural transit providers, and a subcontract for courses and technical assistance provided by the University of Wisconsin-Milwaukee's Center for Transportation Education and Development.

**13. Rural Transportation Assistance Program (RTAP)**

The RTAP Program of Projects is developed by the Department with input from the state RTAP Advisory Committee which consists of representatives of public and private transportation operators, state and local agencies, transportation planners and advocate groups involved with transportation of the state's rural citizens.

The program is administered in accordance with the guidelines outlined in FTA Circular 9040.1F.

**14. Private Sector Participation**

The Federal Transit Administration (FTA) requires that local recipients afford private, for-profit, transit and paratransit operators a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of proposed transportation services. Accordingly, each applicant for Section 5311 funds must make efforts to comply with this policy and provide documentation of such efforts in its application.

WisDOT will implement the following plan and meet the following requirements before it makes its assurances of compliance to FTA:

- A. WisDOT will require that local public body applicants give reasonable notice to private transportation providers and possible new business entrants when new transit services, and services that are significantly restructured, are being developed. Such notification will outline the criteria that will be taken into account in making public/private service decisions.
- B. As part of the application process, subrecipients must submit an application that contains the following information:
  - 1) A description of the current participation of private providers in Section 5311 supported services.
  - 2) A list of all forums, meetings, hearings or other opportunities for involving the private sector early in the system planning process.
  - 3) A description of the locally established criteria for making public/private service decisions.
  - 4) A description of any new or substantially restructured service contained in the current application for which private transportation providers and possible new business entrants could submit proposals.
  - 5) A description of the efforts the subrecipient has taken to notify private transportation providers and other potential entrants of the new or substantially changed service to be offered.
  - 6) A description of the private sector proposals, if any, offered for consideration of the new or substantially changed service and the rationale for inclusion or exclusion.

- 7) A description of the local methodology for making true cost comparisons when there are two or more public, private non-profit, or private for-profit operators, or combinations thereof, interested in providing service.
- 8) A description of any complaints regarding current proposals from private operators and how these were resolved.
- 9) A description of the local mechanism for resolving conflicts or complaints involving private operators.
- 10) A description of the method employed to periodically review (once every 1-3 years) the existing system to determine if the service or segments of the service can be provided more efficiently by the private sector.

WisDOT staff may be available to assist in the development and implementation of any of the above requirements.

- C. The WisDOT appeal process for resolving conflicts or complaints from private transportation providers that cannot be resolved at the local level involves a review by the Director of the Bureau of Transit, Local Roads, Railroads and Harbors, Division of Transportation Investment Management.
- D. To promote and facilitate implementation of private sector participation policies at the local level, WisDOT periodically sponsors workshops, conferences and training seminars to familiarize grantees and potential applicants of current private sector information and requirements.

## **15. Civil Rights**

The application booklets contain exhibits and certifications that address the Civil Rights requirements under Title VI. They also address EEO, Disadvantaged Business Enterprise (DBE) Requirements, Section 105(f), labor protection, and charter and school bus regulations.

Monitoring of the DBE program is accomplished through procedures outlined in Wisconsin's "Procedures for FTA Grant Administration and Management". Subrecipients are required to submit semi-annual reports to the Department. The Department in turn reports activities to FTA as required.

Section 5311 projects are evaluated without regard to race, color, or national origin. The State provides application information to any municipality or tribal government interested in starting or maintaining a public transit system. Technical assistance is provided to all applicants through on-site visits, workshops and visits to the central office in Madison to talk with staff about public transit issues.

## **16. Maintenance**

WisDOT requires Section 5311 subrecipients who have FTA funded vehicles, facilities and/or equipment to have maintenance plans and proof of insurance to protect the federal interest.

WisDOT has and will continue to provide sample formats for subrecipients to follow and will verify during our on annual site visits.

**17. Charter Bus and School Bus Operations**

Section 5311 recipients must comply with 49 CFR Part 604 (regarding charter bus operations) and 49 CFR Part 605 (regarding school bus protections), and sign appropriate certifications to that effect in the application process .

**18. Section 504 and ADA Reporting**

Fixed-route bus systems were required to submit to WisDOT an ADA Complementary Paratransit Plan, with annual updates. Each year, applicants were evaluated by WisDOT to ensure that they conformed to this requirement, and a report filed with FTA. After 1997, certification of compliance with ADA is required instead of annual updates for bus systems in compliance.

Demand-responsive systems must provide equivalent service to persons with disabilities. Service must be equivalent in terms of geographical area, hours of operation, and response time. These systems must certify that they provide equivalent service when capital assistance is sought for additional or replacement vehicles, particularly for non-accessible vehicles. A certification must be submitted with each capital assistance application and can be found in the attached application. WisDOT has provided model ADA policies to all Section 5311 subrecipients.

**19. National Transit Database**

WisDOT is responsible for collecting and entering all required data for the state and the state's 5311 recipients using information obtained from financial records and reports, operational reports, and annual grant applications.

**20. State Program Management**

A. Financial Management Plan

(1) Contracts

An electronic contract between the WisDOT and FTA is executed through FTA's TEAM system upon notification of approval of the Program of Projects. A contract is then executed between the WisDOT and each subrecipient. These contracts indicate a maximum federal share for the project. Appendix A of the Procedures Manual contains subrecipient contracts for operating and capital assistance respectively. Each subrecipient project is assigned a unique state ID number and project cost reports are provided to the state program manager monthly through the Financial Operating System (FOS).

(2) Requisitions and Invoices

The subrecipient must submit a Quarterly Operating Assistance Requisition to be reimbursed for operating project funds. Invoices for capital purchases or

construction work must be submitted, accompanied by documentation, for reimbursement purposes.

(3) Reimbursement to the State

The Department is reimbursed for any funds it has distributed under the Section 5311 program through the Electronic Clearinghouse Operation process.

(4) Audits and Project Close-Out Procedures

The Department conducts an annual audit of each operating assistance project. Eligible operating revenues and expenses are itemized in TRANS 6.03(a) and (b).

(a) Operating revenues shall consist of all passenger revenue derived from the project service, including the portion of through revenue attributed to eligible project routes, station revenue derived from the project service and any unrestricted federal, state or local funds received as a result of providing the project service that are not used to match federal section 18 funds.

(b) Eligible operating expenses are those transportation and overhead expenses associated with the provision of public transportation service including labor, fringe benefits, materials and supplies, utilities, insurance, purchased transportation service, license fees and certain lease expenses. The following expenses are not eligible project expenses:

1. Depreciation and amortization for publicly owned facilities and equipment;
2. Expenses that are offset or that will be offset by means that include, but are not limited to, cash discounts or refunds, tax rebates including fuel tax rebates, insurance proceeds or resale proceeds;
3. Interest expense, except that privately owned systems may include interest on short-term debt obligation;
4. Return on investment, except that a private transportation provider that negotiates all or part of a transportation service contract with an eligible applicant is eligible for a return on its investment. Its return on investment shall be a fixed amount and may not exceed an amount calculated by applying the interest rate the secretary of the treasury specifies under 50 USC App. 1215 (b) (2) as applicable to the period ending on December 31 of the year prior to the project year to the net book value of the private transportation provider's equipment and facilities used in providing the contracted for transportation service;
5. Lease-purchase payments;
6. Lease payments to a related party which are a less than arms length agreement. Only actual eligible expenses of owning the property, including depreciation and taxes, shall be allowed;
7. Lease payments by small urban area systems for revenue passenger vehicles, unless situations exist necessitating short-term leases. In this subdivision, 'short-term lease' means a lease of one year or less in duration. If the grantee is actively pursuing a federal grant to purchase vehicles, the eligibility of lease payments may be extended until delivery of the purchased vehicles;
8. Entertainment costs;
9. Fines and penalties;
10. Bad debts;
11. Charitable deductions;
12. User-side subsidies except those specifically funded under an intercity bus project;
13. Payments to members of advisory committees, transit commissions or transit boards;
14. Federal, state and local income taxes;
15. Expenses related to contractual agreements for special planning studies;
16. Indirect transit-related functions or activities of regional or local entities performed as a normal or direct aspect of general public administration;
17. Expenses for contingencies or capital acquisitions, including contributions to a capital reserve account or fund. For the purposes of determining eligible operating expenses, capital acquisitions are defined as the purchase of non-expendable personal property with a useful life of more than one year and an acquisition cost of \$1,000 or more per unit. A unit is defined as one or more like items. The cost of materials and supplies utilized in facility or vehicle repairs, regardless of cost, shall be considered as eligible operating costs so long as the repairs involve replacement of existing items.

18. Fees imposed upon a contracted service provider by the grant recipient, such as taxi license fees.

Capital projects are audited as they are completed. Project close-out procedures with subrecipients are initiated following audit as described in Wisconsin's "Procedures For FTA Grant Program Administration And Management" manual dated September, 1998. Grant close-out procedures, contained in that manual, require that close-out begins immediately after all work activities under the grant are completed and all close-out documentation submitted within the following 90 days.

#### B. Procurement and Third Party Contract Management

Construction and capital equipment purchasing procedures are included in WisDOT's procurement manual. The capital contract between the Department and a subrecipient contains the applicable procedures as part of the contract. Third party contracts follow FTA Circular 4220.1E.

WisDOT requires subrecipients of FTA funding to follow FTA guidelines and include all Federally required clauses in all procurement documents. In addition, subrecipients acquiring rolling stock are required to include both pre-award and post-delivery certifications for Buy American, FMVSS and Pre-Award Purchaser's Requirements. WisDOT will monitor subrecipient compliance through its review of procurement documents and will not fund non-compliant procurements.

WisDOT will consult appropriate Federal Circular Guidance and the most current Best Practices Procurement Manual, when doing a procurement. This same procedure will be followed to ensure that procurements accomplished with Federal Funding by subrecipients include the necessary clauses as well. Any procurement for rolling stock will include a copy of the Bus Testing Report or the signed certification by the vendor that the vehicle being bid is grandfathered into the testing program.

#### C. Property Management and Disposition

Property purchased under the Section 5311 program is managed and disposed of in accordance with Trans 6.10:

**(1)** In this section, "useful life" means:

- (a) Vans, autos, station wagons, and body on chassis buses—100,000 miles;
- (b) Small heavy duty single unit transit buses (up to 35 feet)—10 years;
- (c) Heavy duty single unit transit buses (35–40 feet)—12 years.

**(2)** Prior to requesting disposal of vehicles which have not reached their useful life, the grant recipient shall seek to transfer the vehicles to other eligible applicants under this chapter. The transfer of equipment requires department approval. If a transfer cannot be accomplished, the grant recipient shall request disposition instructions from the department.

**(3)** The grant recipient shall request disposal instructions from the department when it desires to dispose of any equipment or facilities purchased with federal section 18 funds. The department shall instruct the grant recipient to dispose of the equipment or facilities in the most efficient and practical manner.

**(4)** Proceeds received from the disposition of equipment and facilities may be retained by the grant recipient but shall be used for mass transit purposes, such as the following:

- (a) To purchase additional capital equipment.
- (b) To pay expenses of the operating assistance project.

- (c) To pay the local share of capital assistance projects.
- (d) To pay the local share of operating assistance projects.
- (5)** Any use by the grant recipient of proceeds from the disposal of equipment or facilities requires prior approval of the department. Records shall be maintained by the grant recipient to permit tracing of the use made of the disposal proceeds.
- (6)** The grant recipient shall ensure that preventive maintenance is performed on the equipment and facilities purchased with federal section 18 funds at a level no less than the manufacturer's recommended specifications.

Property is inventoried by the Department every even-numbered calendar year through a self-certification process.

**D. Program Management**

TRANS 6, Wisconsin Administrative Code, is the primary document used to administer the Section 5311 program. Changes to TRANS 6 require legislative review in accordance with state statutes. Public review and comment is afforded in this process.

**E. Vehicle Use and Disposal**

All vehicles and equipment and equipment purchased under the Section 5311 program must be used for public transportation purposes.

The useful life of all vehicles purchased under the program is at a minimum 100,000 miles. The useful life standards are described in Wisconsin's "Procedures For FTA Grant Program Administration And Management" manual dated September of 1998. Vehicle retirement policies and procedures are also described in that manual.

Vehicle maintenance is monitored on a regular basis during the subrecipient application review process. Each subrecipient, who has federally funded equipment, must have an adopted "Maintenance Plan" in place. The maintenance plan must meet minimum manufacturer standards. The Plan is reviewed by and approved by WisDOT staff. WisDOT staff also review maintenance records to document that the subrecipient is adhering its plan.

**F. Accounting System**

The Department maintains a Financial Operating System (FOS).. Each year the state's Legislative Audit Bureau conducts an audit of the 5311 Program to gain an understanding of the internal control structures at the agency, assessing the propriety of receipts and disbursements, and testing compliance with laws and regulations related to the administration of federal programs.

**G. Monitoring**

Subrecipients shall be monitored (via site visits) annually to ensure compliance with FTA program guidelines. Onsite visits include an annual application review and compliance checklists covering all applicable functional areas. Specifically, the following areas are reviewed: drug and alcohol records access; Facility/Vehicle/Equipment plans and records; insurance for

equipment/vehicles/insurance; public involvement; civil rights; planning; charter bus; school bus; and ADA policies.

The onsite review also covers each subrecipient's management plan, budget, third party contracts, and applicable federal certifications & assurances.

## 21. Other Provisions

- A. *5333(b) Labor Protection*. Each applicant must submit a 5333(b) Certification as part of the application process. A copy of each certification and a listing of the service providers, employee's unions, as well as the unions of other public transportation providers in the applicant's service area, are submitted to the Department of Labor. This 5333(b) information package is normally filed prior to the time WisDOT's 5311 application is filed with FTA.
- B. *Environmental Protection* - most projects and activities funded through the Section 5311 program do not normally involve significant environmental impacts and are granted "categorical exclusions". Applicants applying for construction project funds are required to submit information, which demonstrates that the project will have no significant effect on the environment. This information is submitted to FTA with the Program of Projects. FTA determines if a categorical exclusion is appropriate.
- C. *Buy America* - after October, 1996, Buy America requirements apply to purchases of \$100,000 or more. The sub-recipient is responsible for the purchase of capital items with oversight and technical assistance from WisDOT. Buy America certification or non-certification forms are part of the procurement package. WisDOT approves bid selections prior to procurement.
- D. *Pre-Award and Post-Delivery Audits* - the subrecipient is responsible for the purchase of most revenue vehicles. WisDOT approves the procurement package which must contain the appropriate pre-award and post-delivery certifications and audit information.
- E. *Drug and Alcohol Testing* - WisDOT provides technical assistance to subrecipients to initiate and maintain a drug and alcohol testing program prescribed by FTA. The applicant must certify that it will comply with the drug and alcohol regulations as part of the application process. WisDOT requires that subrecipients join a statewide drug and alcohol testing consortium, administered by a third party contractor, to assure that USDOT/FTA requirements are met. Grantees must report the results of their drug and alcohol testing as required by federal guidelines. WisDOT requires all subrecipients of Sections 5311 assistance to ensure the privacy of drug tests of transit safety sensitive employees. WisDOT has provided guidance to ensure compliance and will verify on site.
- F. *Charter Bus and School Bus Operations* -- Section 5311 recipients must comply with 49 CFR Part 604 (regarding Charter bus operations) and 49 CFR Part 605 (regarding School bus protections), and sign appropriate certifications to that effect as part of the application process.

- G. *Lobbying* – Section 5311 recipients must comply with 49 CFR 20.110 and sign a certification to that effect as part of the application process.