

## Chapter 5 - Funding Applications and Agreements

The process for transit agencies to apply for state and federal funding varies with the type of funding. The Iowa DOT's Public Transit Team (PTT) has developed a Consolidated Transit Funding Application to use for state transit assistance (STA), and state administered federal operating and capital assistance. Other funding programs use separate application processes and may involve applying through the Iowa DOT or directly to Federal Transit Administration (FTA). This chapter will provide an overview of the application processes for different funding programs, as well as the types of agreements used by the various programs.

### Consolidated Transit Funding Application

Iowa's [Consolidated Transit Funding Application](#) is used by all transit agencies to apply for state and, in some cases, federal transit funding. All of Iowa's public transit agencies use the application to apply for STA. Transit systems providing service in areas up to 200,000 in population also use this process to apply for state administered FTA funding under the Section 5310 program. And, small urban and regional transit systems, along with the Des Moines Area Regional Transit Authority (DART), the provider for rural Polk County, use this process to apply for state administered FTA Section 5311 funding. Any system applying for statewide FTA Section 5339 capital funds must include its request in the consolidated application. The consolidated application also requests information on expected direct-funded federal transit assistance grants for large urban transit systems under the Section 5307 program, along with the Section 5310 program for transit systems serving areas with a population greater than 200,000. Any individual earmarks for capital projects for all transit systems should also be included.

Annually, following the release of the information by the FTA, the PTT announces the department's forecast of allocations of state transit assistance and federal formula assistance under the 5310 and 5311 programs to all transit systems and planning agencies. The goal for releasing these forecasts is December each year, but the timing depends on FTA transmitting that information to the PTT. These numbers are provided to assist local transit systems in budgeting for the next fiscal year. The numbers are also used to develop the transit element of the local Transportation Improvement Program (TIP) and the Consolidated Transit Funding Application. The 5310 and 5311 allocations are the actual dollars allocated, unless federal apportionments change. The STA allocation will include the transit system's percentage share of STA for the next year and a *projection* of the dollar amount. STA funds depend on the revenues from the motor vehicle use tax, which cannot be projected with any certainty.

The Consolidated Transit Funding Application is posted on PTT's Applications [webpage](#). The [application guidance](#) information includes the directions for submitting a Consolidated Transit Funding Application by the first business day in May. The projected STA allocations, allocations of 5310, 5311, and 5307 Federal Transit Assistance will also be available, along with the current year's Programming Guidance for Transit Vehicles.

The application must be submitted to PTT by the first business day in May. PTT staff reviews each application for accuracy and completeness. The Iowa DOT approves the STA allocations in June. At approximately the same time, the 5311 and 5310 projects are finalized with FTA.

5310 project proposals are received through the Consolidated Transit Funding Application process. Eligible projects must be contained in the local Passenger Transportation Plan (PTP) and the Transportation Improvement Program (TIP). Funds for these programs come from the current fiscal year's federal appropriation to Iowa

The 5307 formula allocations (for large urban systems in areas with population from 50,000 to 200,000 population) and all capital requests received through the Consolidated Transit Funding Applications are finalized after the next year's federal appropriation bill is adopted and FTA announces the apportionments to Iowa. Within 30 days of the announcement, the 5307 formula allocations are communicated to the affected transit systems and to FTA. The decisions on capital requests are normally discussed with the Iowa Public Transit Association (IPTA) at the Fall meeting, and finalized by the Iowa DOT in December.

**Authorizing Resolution** – Each Consolidated Transit Funding Application includes an authorizing resolution. The authorizing resolution includes:

- Dollar amount of funding;
- Type of project in each funding program;
- Transit system's percentage of state transit assistance formula funds;
- Request for advanced payment of state funds as required by the Iowa Code;
- Certification that the transit agency has the required non-federal match; and
- Designation of the transit system's authorized signatory who will be able to execute any agreements on the behalf of the transit system.

The authorizing resolution must be signed by the chief executive officer of the governing body.

**Public Hearing Documentation** – The Consolidated Transit Funding Application requires the transit agency to hold a public hearing to explain the state and federal funding requests. Public hearings MUST take place in an accessible building. Comments from the public regarding the need for the project will be recorded. A notice of the public hearing must be published in a newspaper of general circulation in the vicinity of the proposed project(s) approximately 30 days in advance of the hearing. The notice must describe the project(s) in sufficient detail to allow the public to be aware of the projects and funding sources. Vehicles must be broken out by category and listed with other major capital items with separate estimates of costs.

The hearing notice should be submitted to PTT to be posted to the private sector clearinghouse [webpage](#).

The following documentation of the public hearing must be included in the application:

- Copy of the hearing notice;
- Affidavit from the newspaper that the hearing notice was published; and
- Copy of the hearing transcript or minutes.

**TIP Documentation** – All projects submitted in the Consolidated Transit Funding Application are required to be included in the annual transit element of the local Transportation Improvement Program (TIP). The funding requests in the application must match the amounts programmed in the TIP. For rollingstock projects funded with statewide funds, the maximum programmed amount cannot exceed the ceilings for federal participation provided on the [Programming Guidance for Transit Vehicles](#) document and also posted on the Applications [webpage](#), as part of the Consolidated Funding Application. Project justification for some projects, such as capital projects that are not replacement or rehabilitation of existing vehicles, is required in the TIP. A copy of the Draft Transit Element of the local TIP must be included as part of the Consolidated Transit Funding Application.

Programming of transit projects for the TIP is done through the online Transportation Program Management System (TPMS) at <http://www.tpms.org/transit/>. This online system allows approvals to be applied at the transit agency, planning agency, DOT, and FTA levels without exchanging many paper copies of programmed project listings. It also includes vehicle inventories for each transit agency so it is easy to move programmed vehicles from year to year depending on funding availability.

A TPMS login and pin code can be acquired from Sree Mitra, [sreeparna.mitra@iowadot.us](mailto:sreeparna.mitra@iowadot.us), in the Public Transit Team. After logging in, the user is presented with the transit system's console showing the four-year period covered by the TIP and all vehicles or other projects projected to use federal funding over that time. Within TPMS, the user can program move projects between fiscal years and adjust funding amounts required. Instructions on the use of TPMS can be found at: [http://www.iowadot.gov/transit/planning\\_requirements.html](http://www.iowadot.gov/transit/planning_requirements.html).

**FTA Certifications and Assurances** – Each small urban and regional transit system must include a signed copy of FTA's current Certifications and Assurances. Large urban transit systems participating in FTA's TrAMS electronic grant management system may provide a signed copy of FTA's current Certifications and Assurances or provide the date the Certifications and Assurances were executed electronically. These individual forms will be the basis for PTT's Certifications and Assurances in the statewide application to FTA.

**Labor Protection Documentation** – All transit systems must submit a signed Labor Protection Agreement ([Exhibit 2](#)) certifying that the transit system will comply with the terms and conditions of the [Special FTA Labor Protection Warranty](#) for the 5339 and 5311 programs.

In addition, each small urban and regional transit system must supply two tables listing surface transportation providers in the project area. The first table should list providers under contract to the transit system ([Exhibit 3](#)). The second table should list providers not under contract, but operating in the area ([Exhibit 4](#)). The address and the union affiliation (if any) of the provider's employees must be listed in both tables. PTT is required to submit this information to the U.S. Department of Labor as part of the statewide 5339 and 5311 applications each year. These tables are part of the Consolidated Transit Funding application, which can be found on PTT's applications [webpage](#).

**Cost Allocation Plan/Indirect Cost Rate Documentation** – The federal Office of Management and Budget (OMB) requires that each entity receiving federal funding prepare either a cost allocation plan or an indirect cost rate proposal, if any indirect costs will be charged to the federally assisted project. If no indirect costs are charged to the transit program a statement as such must be included. Each year, as part of the Consolidated Transit Funding Application, any system requesting federal funds that will be administered as part of a statewide grant must provide a cost allocation plan or indirect cost rate proposal. The Certificate of Cost Allocation Plan and Certificate of Indirect Costs are part of the Consolidated Funding application, which can be found on PTT's applications [webpage](#).

**Pending Litigation/Civil Rights Complaints Documentation** – Each transit system requesting funding that will be administered as part of a statewide grant must report all pending litigation or civil rights complaints that may affect its ability to implement the project(s). Systems that have previously reported any such incidents must also report on the outcome.

**Certification of Equal Access for Persons With Disabilities** – Any demand response transit system requesting STBG funds for the purchase of vehicles not meeting the standards of the Americans with Disabilities Act (ADA) must submit a [Certification of Equal Access for Persons With Disabilities](#) (CEAPD) and the accompanying ADA Needs Analysis for Demand Responsive Public Transit. This states that when viewed in its entirety, the transit system provides equivalent levels of service for persons with disabilities. Only local funds and STBG-flex funds may be used for the purchase of non-ADA vehicles. The CEAPD is submitted on May 1 as part of the Consolidated Transit Funding Application, or at the time of an administrative modification to the Transportation Improvement Program to switch a STBG-funded vehicle to non-ADA.

The CAEPD is not required for the purchase of a non-ADA vehicle with local funds. To purchase non-ADA vehicles with STBG funds:

1. Transit System/Planning Agency programs in TIP the purchase of a non-ADA expansion vehicle using STBG funds
2. Transit System submits CEAPD on May 1 as part of the Consolidated Transit Funding Application, or at the time of a TIP administrative modification to change an ADA accessible vehicle to a non-ADA vehicle
3. Transit System's respective Planning Agency sends letter to the Iowa DOT's Program Management requesting the STBG funds be transferred from FHWA to FTA

Please note this option is available only to demand response transit systems, not urban fixed route systems. All fixed route and complementary paratransit vehicles must be ADA accessible.

**Facility Feasibility Documentation** – Any transit system requesting statewide capital funds for a new transit facility or facility improvement must submit a feasibility study documenting:

- the need for the project;
- an examination of project alternatives showing that the proposed solution is the most beneficial;
- the detailed project concept;
- the detailed budget estimate for the project; and
- the environmental assessment.

A project for which a feasibility study is not submitted with the Consolidated Funding Application is not eligible for statewide capital funding. If the project is funded through an individual earmark and a feasibility study is not included, the transit agency may be denied the option of having the project administered under the statewide grant for that year.

**Applications for Other Funds Not Included in the Consolidated Funding Application**  
**Iowa's Clean Air Attainment Program (ICAAP)** – Iowa DOT's Systems Planning Bureau conducts an annual competitive application process for this program. ICAAP supports projects designed to reduce congestion and improve air quality. Highway, transit, and trails projects, as well as educational campaigns, are eligible and evaluated on the basis of projected impact on congestion and air quality. Local applications are due to Systems Planning by October 1, for funding that is available approximately one year later. Projects do not need to be in the TIP/STIP at the time of initial application. Projects selected to receive ICAAP funding are usually recommended for approval to the Iowa Transportation Commission in February, to allow for inclusion in the next year's TIP/STIP.

Funding for transit projects selected to receive ICAAP funding is transferred from FHWA to FTA. The Program Management Bureau will request transfer of the funds at the national level. If the applicant is a large urban transit system (over 200,000 population) or is a large urban system (50,000 – 200,000 population) the ICAAP funds will be administered under the 5307 program. If the transit system is a small urban transit system (<50,000 population) or a rural transit system, the ICAAP funds will be administered as part of a statewide 5311 grant. In each case, PTT will include the projects in its statewide applications based on project information obtained in the ICAAP applications. More information is available on the Systems Planning Bureau ICAAP [webpage](#).

**Surface Transportation Block Grant (STBG) Program** – The application process for these flexible funds varies from area to area. The competition for STBG funds is at the local Metropolitan Planning Organization or the Regional Planning Affiliation level. When STBG funds are programmed for transit projects, the planning agency is required to send a letter to the Iowa DOT's Program Management Bureau requesting that the funds be transferred to FTA. If the applicant is a large urban transit system, the STBG funds will be administered under the 5307 program, and the transit system is responsible for including the project in its annual 5307 application to FTA. If the successful transit applicant is a regional or small urban transit system, the STBG funds will be administered as part of the statewide 5311 grant. In this case, PTT will include the project in its statewide application, based on project information obtained from the transit system.

**Intercity Bus Assistance Program (ICB)** – Although funded under FTA's 5311(f) program, Iowa's Intercity Bus Assistance Program has a different application process and timetable. Commercial intercity carriers and transit systems may apply for this program. Applications are solicited and due to the PTT by the first business day of October each year. Recommended projects are approved by the Iowa DOT in December and are funded during the following calendar year. The Intercity Bus Grant Applications materials can be found on PTT's Applications [webpage](#).

**Transportation Planning Applications** – The process for MPOs or RPAs to apply for transportation planning funds, including FTA funds allocated for that purpose, is addressed in [Chapter 4](#). It is also possible for large urban systems to program part of their 5307 formula allocation funds for support of planning-type activities, either in-house or by consultants. Projects should be documented in both the

planning agency's Transportation Planning Work Program (TPWP) and in the TIP. These planning funds would be applied for as part of the large urban transit system's annual 5307 application directly to FTA.

**Transit Capital Match Loan Program (Amoco Loan)** – [Amoco Loan applications](#) are due May 1 each year; however, should a hardship situation arise, PTT will consider applications throughout the year.

### **Federal Level Grant Applications**

All applications for grants from the FTA must be submitted electronically through the Transit Award Management System (TrAMS). The Iowa DOT submits the statewide grant applications to the FTA for Section 5310 elderly and persons with disabilities program, 5311 non-urban program and the statewide 5339 capital program. 5339 program funds may also be set up as individual applications for transit system who serve large urban areas over 50,000 in population. 5307 urban applications are submitted by individual urban systems. ICAAP and STBG grants administered by PTT are also submitted through TrAMS.

### **Statewide Applications to FTA**

**5310/5311 Formula Grants** – The statewide 5310 and 5311 applications are normally submitted to FTA shortly after FTA publishes the annual apportionments. The 5310 application contains "cost of contracted services" and capital projects for the upcoming state fiscal year, based on the state's formula allocation process used for both the 5310 and 5311 programs. The 5311 application contains operating assistance and occasionally capital projects for the upcoming state fiscal year, based on the state's formula allocation process used for both the 5310 and 5311 programs. The 5311 application also includes funding for Intercity Bus projects, RTAP and planning. A separate 5311 application includes capital transit projects programmed for small urban or regional transit systems from flex fund programs such as STBG or ICAAP/CMAQ.

Each application includes a "Program of Projects" which lists each subrecipient project, with information as to whether the subrecipient has completed all certifications and assurances, etc. A summary project budget and the state's certifications and assurances are also included. Approval by FTA is generally obtained 60-90 days after grant submittal, although complications related to capital projects, sometimes delay the approval process.

**5339** – The 5339 applications are normally submitted to FTA shortly after FTA publishes the annual apportionments. Two separate applications are submitted; one for projects programmed by transit systems serving urbanized areas with populations of 50,000-200,000 and another for non-urbanized areas. Areas with a population of over 200,000 receive direct apportionments. The applications submitted by the state contain capital projects selected through the PTMS process, in consultation with the Iowa Public Transit Association.

### **Individual Applications to FTA**

**5307** – A transit system in areas with more than 50,000 population may submit its individual annual 5307 application directly to FTA anytime after FTA publishes its funding apportionment tables following the adoption of the federal transportation appropriations bill. This application may contain operating assistance projects and/or preventive maintenance (operating is allowed only in areas under 200,000 population), capital projects, or planning projects programmed with 5307 funds. The application may also contain transit projects programmed to receive STBG funding. All projects must be in the annual element of an approved TIP/STIP. FTA generally approves the application within 60-90 days after submittal.

**FTA Grant Agreements** – FTA issues a grant agreement within the TrAMS system when the grant is approved. The grant agreement is in electronic form and is executed by both FTA and the applicant/recipient electronically. The FTA grant agreement sets forth the specifics of the grant award, in terms of the exact amount and source of funding, the project budget, plus any project specific restrictions or conditions. The grant agreement incorporates, by reference, both the recipient's application information and FTA's "Master Agreement."

**FTA Master Agreement** – The [FTA Master Agreement](#) is the "boilerplate" for all FTA grant agreements, providing a compilation of all the general requirements imposed for all FTA grants. A new version of the Master Agreement is issued at the beginning of each federal fiscal year (October 1) and applies to all FTA grants issued during that year. To determine which version of the Master Agreement applies, verify the date the FTA grant was approved.

**Iowa DOT Joint Participation Agreements** – The Iowa DOT issues Joint Participation Agreements for State Transit Assistance and each subrecipient project that is part of an approved statewide grant from FTA. The Joint Participation Agreement defines the project and presents the terms and conditions under which the project may proceed. All Joint Participation Agreements, except those for STA formula funds, list all the individual project elements funded, the maximum amount available for each, and the percentage of eligible costs that will be reimbursed under the agreement. STA formula agreements include a generic project element description and, rather than a firm dollar amount of funding, a percentage resulting from that year's distribution formula calculation. The percentage of the total STA funds available each month will be paid.

All of the Joint Participation Agreements list the project period during which the agreement will be in effect. For STA projects and federal operating assistance or cost of contracted operations projects, the project period is one state fiscal year (July 1-June 30). For federal capital projects, the effective period will begin on the date that the Iowa DOT approves the revised program. The project ending date will be two years from the end of the quarter in which the federal grant is approved. However, there is a provision in the agreement that any project element not obligated within one year of the end of the quarter may be dropped from the contract. Amoco Loan agreements also list the repayment schedule for the loan.

Joint Participation Agreements also list the transit agency's DUNS (Data Universal Numbering System) number to help the federal government uniquely identify entities. However, effective April 4, 2022, the federal government will switch from using DUNS identifiers to using a Unique Entity Identifier known as SAM obtained when registering with the System for Award Management website, <https://sam.gov/content/home>. Parties doing business with the federal government will no longer need to go to a third-party website to obtain their identifier. Using the SAM, the federal government streamlines the entity identification and validation process as businesses, like public transit agencies, already had to register with sam.gov prior to this switch in order to receive federal funding. If a public transit agency had previously registered in sam.gov, the entity has already been assigned a SAM number and is viewable by signing into the entity's sam.gov account.

All Joint Participation Agreements also incorporate, by reference, "[Part II](#)," that is issued separately.

**Part II (of Joint Participation Agreement)** – [Part II](#) contains the "boilerplate" for all of Iowa DOT's transit Joint Participation Agreements. Along with generic agreement language applying to all agreements, Part II includes the terms and conditions that apply to each federal funding program. Included are references to the FTA Master Agreement and various FTA program circulars, as well as state or federal regulations. In most cases these are included as appendices located on PTT's Joint participation agreement attachments [webpage](#).

**Procedures for Issuance/Executing Joint Participation Agreements** – Joint Participation Agreements for STA formula projects, 5310 cost of contracted service, and 5311 operating projects are issued each June. Joint Participation Agreements for federal capital projects will be issued within two weeks of the approval/execution of the federal grant. Agreements for AMOCO Loans will be issued within two weeks of the loan approval.

When the PTT issues a Joint Participation Agreement, two originals of the agreement will be sent to the manager of the applicant transit system. Both originals will already be signed by the PTT director. The transit system manager is responsible for having the authorized signatory sign both originals of the agreement and returning one of the signed originals to PTT. The transit agency manager keeps the other

signed copy for the transit system's files. The Joint Participation Agreement is "fully executed" when the authorized signatory signs the two originals.

**Iowa DOT Joint Participation Agreement Amendments** – All changes to Joint Participation Agreements are called amendments. This would include anything from a change in the project expiration date, to a change in the nature of a project element, or a change in the amount of funding for a project element. Amendments should be requested in writing, with a detailed discussion of the proposed change and justification for the change. Proposed amendments are reviewed by PTT staff. Potential action by the staff include:

- approving the proposed change;
- rejecting the approved change; or
- proposing an alternative change.

If either the originally proposed change or alternative change is found to be acceptable to both parties, a revised agreement is issued for execution by both signatories.

Some changes to a project do not require amendments to a Joint Participation Agreement. Transit systems are allowed to buy a larger vehicle than identified in the agreement, as long as the transit system is willing to only be reimbursed to the ceiling amount that would apply to the vehicle listed in the agreement, and ADA features, or other special features reflected in the ceiling price are not sacrificed. (Special features may include diesel engine, urban route configuration, etc.) Transit systems may also add ADA features to a vehicle originally programmed as non-ADA, with no change to the ceiling listed in the agreement. However, systems wishing to purchase a smaller vehicle than listed in the agreement or to drop ADA features, must request an amendment and will be subject to a reduction in the funding ceiling for that item.

It should be noted that the PTT considers any funds remaining in a project element after the specified project has been completed available for reprogramming to any statewide need. No preference is given to other projects within the particular agreement, or other existing or proposed projects desired by the transit system holding the agreement.

Funds not obligated within twelve months of the original expiration date may be withdrawn as a provision of the executed agreement.

**FTA Grant Agreements** – FTA requires a grant amendment any time additional funds are added to a grant. The process of applying for a grant amendment is identical to the process of applying for a grant. Changes to projects within a grant are considered "budget revisions" if the grant total does not change. Budget revisions are handled electronically, through FTA's TrAMS system. Some revisions require advance FTA approval. The TrAMS system monitors the nature of the revisions and will block the revision until FTA sign-off is received, if required.