

Chapter 2: Overview of Transit Programs

Section 5307 - Urbanized Area Formula Grants

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

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

For urbanized areas with a population of 200,000 and over, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds. For urbanized areas under 200,000 in population, the funds are apportioned to the Governor of each state for distribution. Kentucky has the option of 5307 grants between 50,000-199,999 that may apply directly to FTA or via the KYTC/OTD.

Section 5309 - Capital Investment Program

The Federal Transit Administration (FTA) Capital Investment Program funds provide assistance for bus and bus related facilities, establishment of new rail transit projects, and improvement and maintenance of existing rail transit and other fixed guide-way systems. Bus/Bus Facilities includes bus purchases and improvements to bus facilities. Funds are

allocated to recipients through a Congressional earmark or may originate from FTA and be nationally competitive.

The FTA administers the 5309 program. Applicants for Bus and Bus Facilities funding request appropriation earmarks from their Congressional representatives. If projects receive funding earmarks through legislative appropriation in the federal transportation funding bill, recipients are eligible to submit applications for 5309 funds to FTA/KYTC-OTD. FTA requires an 80/20 Federal/Local match for this program.

KYTC/OTD has historically utilized 5309 funds for a local vehicle replacement program for those vehicles that have reached or exceeded useful life and/or to enhance or construct transit facilities/infrastructure. At the discretion of the Cabinet, Toll Credits may be allowed for the local share.

Under MAP 21, Section 5309 FIXED GUIDEWAY CAPITAL INVESTMENT GRANTS (“NEW STARTS”)

Section 5309 Purpose

Provides grants for new and expanded rail, bus rapid transit, and ferry systems that reflect local priorities to improve transportation options in key corridors. This program defines a new category of eligible projects, known as core capacity projects, which expand capacity by at least 10% in existing fixed-guideway transit corridors that are already at or above capacity today, or are expected to be at or above capacity within five years. The program also includes provisions for streamlining aspects of the New Starts process to increase efficiency and reduce the time required to meet critical milestones.

Statutory References

49 U.S.C. Section 5309 / MAP-21 Section 20008

Eligible Recipients

State and local government agencies, including transit agencies.

Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities Program

Section 5310 Purpose

This program is intended to enhance mobility for seniors and persons with disabilities by providing funds for programs to serve the special needs of transit-dependent populations beyond traditional public transportation services and Americans with Disabilities Act (ADA) complementary paratransit services.

Statutory References

49 U.S.C. Section 5310 / MAP-21 Section 20009 Circular: C9070.1G

Eligible Recipients

- States (for all areas under 200,000 in population) and designated recipients.
- Subrecipients: states or local government authorities, private non-profit organizations, or operators of public transportation that receive a grant indirectly through a recipient.

Eligible Activities

- At least 55% of program funds must be used on capital projects that are:
 - Public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.
- The remaining 45% may be used for:
 - Public transportation projects that exceed the requirements of the ADA.
 - Public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit.
 - Alternatives to public transportation that assist seniors and individuals with disabilities.

What's New?

- Consolidates New Freedom Program and Elderly and Disabled Program.
- Operating assistance is now available under this program.

Funding

- Funds are apportioned for urbanized and rural areas based on the number of seniors and individuals with disabilities.
- Federal share for capital projects (including acquisition of public transportation services) is 80%. **formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities**

Funding (cont.)

- Federal share for operating assistance is 50%.
- Adopts New Freedom funding allocations:
 - 60% to designated recipients in urbanized areas with a population over 200,000.
 - 20% to states for small urbanized areas.
 - 20% to states for rural areas.

Ongoing Provisions

- Local share may be derived from other federal (non-DOT) transportation sources or the Federal Lands Highways Program under 23 U.S.C. 204 (as in former Section 5310 program).
- Permits designated recipients and states to carry out competitive process to select subrecipients.
- Recipients must certify that projects selected are included in a locally developed, coordinated public transit-human services transportation plan. The plan must undergo a development and approval process that includes seniors and people with disabilities, transportation providers, among others, and is coordinated to the maximum extent possible with transportation services assisted by other federal departments and agencies.
- Permits acquisition of public transportation services as a capital expense.

- Up to 10% of program funds can be used to administer the program, to plan, and to provide technical assistance.

The 5310 program assist private or designated public nonprofit agencies in meeting the transportation needs of older adults and ~~people~~ **individuals** with disabilities. The Office of Transportation Delivery, through the Section 5310 program, provides funds to private nonprofit entities, public bodies approved by the state to coordinate transportation services for older adults and people with disabilities, or public bodies which certify to the Governor that no private nonprofit entity or association is readily available in an area to provide the service.

Federal financial assistance under the Section 5310 program is limited to participation in the cost of capital equipment, cost for purchase of transportation service contract(s), mobility management, and state-level administrative costs to administer the program. **Because of the large statewide demand, the current policy of the Cabinet is to fund replacement vehicles, not expansion vehicles, unless in an extreme and documented case whereby an expansion of services is needed and greatly benefit the local community and the Commonwealth.**

The goal of the Section 5310 program is to improve mobility for older adults and people with disabilities throughout the state and to enhance coordination of federally assisted programs and services in order to encourage the most efficient use of federal resources and achieve the national goal of improved mobility of elderly persons and persons with disabilities. In Kentucky both private and public nonprofit agencies are encouraged to coordinate transportation services with agencies that provide transportation services to the public. KYTC/OTD is the designated recipient for **small** urban and rural areas of the State. **The State may also be a designated recipient for an urbanized area.** A fully Coordinated Plan is required.

Any applicant wishing to apply for a §5310 grant must follow the directions as detailed in Appendix C.2

² FTA Circular 9070. IG, June 6, 2014

COORDINATION REQUIREMENTS. Title 49 U.S.C. 5310, as amended by MAP-21, requires a recipient of Section 5310 funds to certify that projects selected for funding under this program are included in a locally developed, coordinated public transit-human service transportation plan and that the plan was developed and approved through a process that included participation by seniors; individuals with disabilities; representatives of public, private, nonprofit transportation and human service providers; and other members of the public. FTA strongly encourages coordination and consistency between the local coordinated public transit-human service transportation plan and metropolitan or statewide transportation planning processes, as described in 23 CFR part 450 and 49 CFR part 613.

Section 5311-Formula Grants for Rural Areas

The 5311 funds can be used for the costs of transit planning activities, transit operations and purchase of capital equipment or facilities to aid in provision of transit services in rural areas, as well as provide funds for state-level administration. Federal regulation requires that 15% percent of these funds be reserved each year to support an Intercity Bus Program, unless the Governor of a state certifies that intercity bus needs in the state are being met.

Through the Section 5311 Program, the **Office of Transportation Delivery (OTD)** provides administrative, operating and capital assistance to public transportation projects in nonurbanized (rural) areas. The program goals are:

- Assist in meeting the transportation needs of transit-dependent people and to enhance access to health care, shopping, education, employment, public services, and recreation;
- Assist in the maintenance, development, improvement and use of public transportation systems;
- Encourage and facilitate the most efficient use of all federal funds used to provide passenger transportation in non-urbanized areas through the coordination of programs and services;
- Assist in the development and support of intercity bus transportation; and
- Provide for the participation of private transportation providers in ~~nonurbanized~~ **rural** transportation to the maximum extent feasible.

Section 5311 Revisions: Proposed Circular : C 9040.1G

Low-income populations in rural areas now incorporated as a formula factor, similar to the repealed Job Access and Reverse Commute (JARC) program.

- Planning is an eligible activity.

- Appalachian Development Public Transportation Assistance Formula Program is a set-aside program.
- Administration, planning, and technical assistance set-aside for states reduced to 10% from 15%.
- Cost of unsubsidized portion of privately provided intercity bus service that connects feeder service is now eligible as in-kind local match.
- Certain expenditures by vanpool operators may be used as local match.

Formula Grants for Rural Areas

Funding

- Federal share is 80% for capital projects.
- Federal share is 50% for operating assistance.
- Federal share is 80% for Americans with Disabilities Act (ADA) non-fixed-route paratransit service, using up to 10% of a recipient's apportionment.

Rural Formulas

- 83.15% of funds apportioned based on land area and population in rural areas
- 16.85% of funds apportioned based on land area, revenue-vehicle miles, and low-income individuals in rural areas.

Appalachian Development Public Transportation Assistance Formula Program

- \$20 million formula program for states in the Appalachian Region.

Job Access and Reverse Commute Program (JARC) (Section 5316).

The Section 5316 Job Access and Reverse Commute Program (JARC Program) was a formula grant program for projects that improve access to employment-related transportation services for welfare recipients and eligible low-income individuals, and that transport residents of urbanized and rural areas to suburban employment opportunities. This program was repealed by MAP-21. Funds that were apportioned to urbanized and rural areas for Fiscal Year 2012 and prior years will remain available for obligation until they lapse or are expended, and remain subject to the program requirements at the time they were apportioned. Guidance for funds apportioned under the Section 5316 JARC Program is contained in FTA Circular 9050.1, "The Job Access and Reverse Commute (JARC) Program Guidance and Application Instructions."

While the Section 5316 JARC program was repealed under MAP-21, job access and reverse commute projects are now an eligible project type under the Rural Area Formula Program. Please see Chapter III – Eligibility – for a list of project types and requirements under Section 5311.

New Freedom Program (Section 5317).

The New Freedom Program (Section 5317) was a formula grant program that provided funding for capital and operating expenses to support new public transportation services beyond those required by the ADA and new public transportation alternatives beyond those required by the ADA designed to assist individuals with disabilities with accessing transportation services. The purpose of the New Freedom formula grant program was to provide additional resources to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society. Guidance for funds apportioned under the Section 5317 New Freedom Program is contained in FTA Circular 9045.1, "New Freedom Program Guidance and Application Instructions."

The New Freedom Program was repealed by MAP-21. Unexpended funds apportioned for Fiscal Year 2012 and prior years will remain available for obligation until they lapse or are expended, and are subject to the rules under which they were apportioned.

While the Section 5317 New Freedom Program was repealed under MAP-21, similar projects are eligible under the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Formula Program. Program information will be available in FTA Circular 9070.1G.

APPALACHIAN DEVELOPMENT PUBLIC TRANSPORTATION

ASSISTANCE PROGRAM (ADTAP)

1. **PROGRAM SUMMARY.** Title (49 U.S.C. 5311 (c) (2)) authorizes the Appalachian Development Public Transportation Assistance Program (ADTAP), which allocates funds by statutory formula (see Formula Allocations section below). This new program is a funded with a take-down under the Section 5311 program to provide additional funding to States in the Appalachian Region of the United States. FTA apportions the funds to designated States (see Eligible Recipients below) for purposes eligible under Section 5311; including capital, operating, planning, job access and reverse commute projects, and administrative costs.

FTA intends to coordinate with the Appalachian Region Commission (ARC) to foster the development of public transportation service in eligible areas: FTA's ADTAP will enhance existing transportation service and create new services in order to decrease isolation within the region.

2. **NATIONAL PROGRAM OBJECTIVES.** While this program is funded under FTA's Section 5311 program, the national program objective is to delivery of safe, reliable public transportation services to rural areas in the Appalachian region. Consistent with the objectives of the Section 5311 program; funds should enhance access to health care, shopping, education, employment, public services, and recreation.
3. **ELIGIBLE RECIPIENTS AND SUBRECIPIENTS.** Eligible rural recipients under the ADTAP include 13 States located in the Appalachian region: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia as defined under Title 40, section 14010 of the Appalachian Regional Development. Subrecipients of ADTAP funding include State or local governmental authorities, non-profit organizations, and operators of public transportation services.
4. **ELIGIBLE SERVICES AND SERVICE AREAS.** A service area must be located in the Appalachian region, to be eligible for funds. (Please see Table 3: Eligible States and Counties in the Appalachian Region).

STATES AND COUNTIES IN THE APPALACHIAN REGION

Kentucky:	Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe
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5. FORMULA ALLOCATIONS. FTA apportions ADTAP funds to designated States by a statutory formula based on the guidelines established under section 9.5(b) of the Appalachian Regional Commission Code. The allocation includes each State's remaining estimated need to complete eligible sections of the Appalachian Development Highway System (ADHS) as determined from the latest available cost estimates for completion of the System. Cost estimates are produced at approximate five year intervals. Allocations contain upper and lower limits in amounts or percentages to be determined by the Commission and are made in accordance with legislative instructions.
6. FUNDS AVAILABILITY. Appalachian Development Program funds are available for the fiscal year in which they are apportioned plus two additional fiscal years. If the State does not obligate its allocation during this period, FTA reallocates the funds among the States that are eligible to receive this funding by formula.
7. ELIGIBLE PROJECTS. A State may use ADTAP program funds for capital projects, operating assistance, planning, job access reverse commute projects, and the acquisition of public transportation services, including service agreements with private providers of public transportation. The State may also use up to 10 percent of its ADTAP program funds to administer the program and provide technical assistance to subrecipients. Technical assistance includes project planning, program and management development, public transportation coordination activities, and research the State considers appropriate to promote effective delivery of public transportation in rural areas of the Appalachian region.
8. LOCAL SHARE.
 - a. A 20% local match is required for Capital and 50% for Operating expenses.
 - b. There is no local match required for the additional 10 percent permitted for administration and technical assistance for ADTAP projects.
 - c. The Sliding Scale rate under Section 5311 is applicable to the ADTAP (See Chapter 111.5 for more information).
 - d. For eligible sources of local match see Chapter 111.4. C of this circular.
9. PROGRAM ADMINISTRATION. The ADTAP funds are a separate allocation, but are apportioned annually and can be combined in the regular Section 5311 grant application as long as the State DOT accounts for the use of ADTAP funds in the Program of Projects. In order to maximize Section 5311 program funding an eligible State should use ADTAP formula funding as the funding source for selected rural transit projects within the designated Appalachian region. Section 5311 funds should be used to address needs not covered by the ADTAP allocation.
10. TRANSFER PROVISIONS. States that are eligible for the ADTAP may use amounts that cannot be used for operating expenses for a highway project if the Governor approves the use in writing after appropriate notice and an opportunity for comment and appeal are provided to affected public transportation providers in the Appalachian region. The Governor must certify that the local transit needs are being addressed. In order for FTA to consider the transfer, a State must provide documentation to the FTA regional office that includes a description of the consultation used and certification by the local providers (i.e. State, local transit operators, and local RTPO (if applicable)) that all local operating needs are met. Upon receipt, FTA will

review the request and if approved will transfer the funds consistent with FTA's transfer process (please see chapter III. 6).

11. STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) AND/OR TRANSPORTATION IMPROVEMENT PROGRAM (TIP) REQUIREMENT. A State requesting ADTAP must comply with the planning requirements of 49 U.S.C. 5303 through 5305. Projects proposed for ADTAP funding must be a product of the statewide and nonmetropolitan transportation planning process and/or the metropolitan planning process specified in 23 CFR part 450 and 49 CFR part 613. With limited exceptions, States must include all Federal funds to be used for highway or transit projects in a Statewide Transportation Improvement Program (STIP) consistent with 23 U.S.C. 135 and 49 U.S.C. 5304. States must include ADTAP funds in the STIP (see Chapter IV. 2 for detailed information).

The Office of Transportation Deliver –OTD will incorporate Appalachian Program funds within the Section 5311 Rural Program of Projects. The first year of Appalachian Program funds will be offered equally to transit systems that have one of the fifty-four (54) Kentucky Appalachian counties. Historically, transit agencies located in the Appalachian area are underserved and include heavily populated persons with low income, unemployment, and persons with disabilities. Transit agencies should utilize the Appalachian Program funds first. Section 5311 Rural funds, if available, will be utilized in the Appalachian area when ADTAP are not sufficient.

RTAP Section 5311(b) (3) - Rural Transit Assistance Program

Section 5311(b)(3) authorizes the Secretary “to make grants and contracts for transportation research, technical assistance, training and related support services in non-urbanized areas.” The Rural Transit Assistance Program (RTAP) provides a source of funding to assist in the design and implementation of training and technical assistance projects and other support services tailored to meet the specific needs of transit operators in ~~nonurbanized~~ **rural** areas. RTAP has both state and national program components.

The State program provides an annual allocation to each state for development and implementation of training and technical assistance programs in conjunction with the State's administration of the Section 5311 formula assistance program. The national program provides for the development of information and materials for use by local operators and state-level administrators and supports research and technical assistance projects of national interest.

The objectives of RTAP are:

1. To promote the safe and effective delivery of public transportation in rural areas;
2. To make more efficient use of public and private resources;
3. To foster the development of state and local abilities to address the training and technical assistance needs of the rural transportation community;
4. To improve the quality of information and technical assistance available through the development of training and technical assistance resource materials;
5. To facilitate peer-to-peer self help through the development of local networks of transit professionals;
6. To support the coordination of public, private, specialized, and human service transportation services; and
7. To build a national data base of the small urban and rural public transportation industry.

Funds can be used to directly provide training and/or technical assistance with state staff, to contract with others for provision of training/technical assistance, to assist local entities with the cost of training available from other sources, and to develop local capabilities for self-help.

KYTC/OTD administers RTAP funding through a selection committee. RTAP Committee is comprised of Office of Transportation Delivery Executive Director or Public Transit Branch Manager, **or their designee**; one KYTC/OTD employee **appointed by OTD Executive Director**, and a member of each of the five Kentucky RTAP regions. The Kentucky Public Transit Association votes upon committee selection every ~~three~~ **two** years. RTAP Committee meets and determines the selection criteria requirements, and is the decision making body in determining project selection. **The Section 5311 Circular states that providers of specialized transportation in urbanized areas, such as Section 5310 funded agencies, as well as public transit operators in small urbanized areas, have many of the same training and technical assistance needs as transit providers in rural areas. FTA permits participation by these providers in RTAP sponsored activities, at the State's discretion, so long as the activities are primarily designed and delivered to benefit rural Transit providers. Depending on availability of funding and training capacity, small urban and urban 5310 systems and 5307 systems may be allowed to participate when there is surplus capacity in a training session and not more than incidental beneficiaries.**

Any applicant wishing to complete an RTAP application must comply with the guidelines and directions detailed in Appendix B.

Intercity Bus - Section 5311(f)

"Eligible Service and Service Areas. States can use Section 5311 funds for public transportation projects and intercity bus transportation projects in ~~nonurbanized~~ **rural** areas. The

purpose of Section 5311 assistance is the provision of public transportation services and maximum feasible coordination with other rural transportation services” (FTA C 9040.1F).

Section 5311(f) requires each state to spend fifteen percent of its annual Section 5311 apportionment "to carry out a program to develop and support intercity bus transportation," unless the Governor certifies that "the intercity bus service needs of the state are being met adequately." The required percentage applies only to the amount of FTA's annual apportionment of Section 5311 funds to the state, not to any funds the state subsequently transfers to its ~~nonurbanized~~ rural area formula program from another programs.

- “In many States, intercity bus service is a vital link between otherwise isolated rural communities and the rest of the nation. In the 1980’s and more recently, major intercity bus carriers abandoned many less productive routes. Patronage generated in rural areas, however, appears to be important to the continuing viability of the remaining intercity routes. One objective of the funding for intercity bus service under Section 5311, therefore, is to support the connection between ~~nonurbanized~~ rural areas and the larger regional or national system of intercity bus service. Another objective is to support services to meet the intercity travel needs of residents in ~~nonurbanized~~ rural areas. A third objective is to support the infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities. FTA encourages States to use the funding under 49 U.S.C. 5311(f) to support these national objectives, as well as priorities determined by the State” (FTA C 9040.1F). In order to promote coordination and to prevent the duplication of services, the Cabinet will not contract directly with for-profit intercity companies. The company must apply through and be funded through an existing Section 5311 public transit operator. Interline – means providing seamless ticketing and travel information for the convenience of customers. Transit 5311(f) agencies with regular/fixed routes may interline. To encourage the development of intercity feeder bus networks, FTA allows states to use the capital costs

of private, unsubsidized intercity bus service as in-kind match for the operating costs of 5311(f)-funded rural intercity for Regular Fixed Routes.

50% of an Intercity Bus such as Greyhound's total cost per mile can be used as local in-kind match. Demand response intercity feeder service is not eligible to interline in-kind match.

In Kentucky over the last several years, Greyhound has abandoned most of its rural service, but Greyhound and other private Operators maintain service between the larger Cities. Many of the rural public transit systems within Kentucky have picked up those abandoned lines as part of their daily public transportation operations as well as providing feeder service that connects the rural communities to the closest city with intercity bus service. Emphasis is placed on connecting the rural communities with the next larger market economy and connecting bus, rail and air transportation to help provide the vital link between otherwise isolated rural communities and the rest of the nation. The demand responsive intercity feeder service offered by Kentucky's rural public transit systems helps provide intercity connections to rural communities and increases ridership to help support the intercity service that is still provided by Greyhound and other operators offering Intercity Service between the larger cities.

Section 5339 Bus and Bus Facilities Formula Grant

Purpose

Provides capital funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities.

Statutory References

49 U.S.C. Section 5339 / MAP-21 Section 20029

Eligible Recipients

- Designated recipients and states that operate or allocate funding to fixed-route bus operators.
- Subrecipients: public agencies or private nonprofit organizations engaged in public transportation, including those providing services open to a segment of the general public, as defined by age, disability, or low income.

What's New?

- Replaces the Section 5309 Bus and Bus Facilities Program.

- Funds are eligible to be transferred by the state to supplement urban and rural formula grant programs (5307 and 5311, respectively).

Eligible Activities

- Capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities.

Funding

- \$65.5 million will be allocated, with each state receiving \$1.25 million and each territory (including D.C. and Puerto Rico) receiving \$500,000.
- Funds are available for three years after the fiscal year in which the amount is apportioned.
- Remaining formula based upon population, vehicle revenue miles and passenger miles.
- Federal share is 80% with a required 20% local match.

Section 5316—Job Access and Reverse Commute Program

~~The purpose of JARC Program is to provide financial assistance for projects benefiting low-income individuals to access work and work-related opportunities and to transport residents of urbanized areas and nonurbanized areas, regardless of income, to suburban employment opportunities. KYTC/OTD is the designated recipient of an annual apportionment by formula from FTA for the Section 5316 program in the small urban (50,000 or less than 200,000 in population) and rural areas of the state.~~

~~All projects funded with Section 5316 must be derived from a locally developed coordinated public transit human service transportation plan.~~

Section 5317—New Freedom Initiative

~~The New Freedom Program provides financial assistance for projects that support new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA) of 1990. KYTC/OTD is the designated recipient for an annual apportionment by formula from FTA for Section 5317 programs in the small urban (populations greater than 50,000 and less than 200,000) and rural areas of the state.~~

~~All projects funded with Section 5317 must be derived from a locally developed coordinated public transit human service transportation plan.”~~

Coordination Planning

~~SAFETEA LU requires required~~ projects under Section 5310, 5316, and 5317 be derived from a locally developed, coordinated public transit human services transportation plan for all FTA programs for underserved populations: ~~Elderly Individuals and Individuals with Disabilities (Section 5310), Job Access and Reverse Commute (JARC Section 5316), and New Freedom (Section 5317).~~ Projects selected for funding under the JARC and New Freedom programs, whether by the State or by the designated recipient (in large urbanized areas), must be derived from a local coordinated plan. The provisions of SAFETEA LU aim to improve transportation services for persons with disabilities, older Americans, and individuals with lower incomes. The provisions ensure that communities coordinate transportation resources provided through multiple Federal programs.

~~In urbanized areas with populations less than 200,000 and in rural areas, the State is the designated recipient for receipt and administration of funding under the JARC and New Freedom programs. For these areas, the Governor has designated the Kentucky Department of Transportation Cabinet (KYTC/OTD) to be responsible for administering the JARC and New Freedom programs, and has officially notified FTA's Region 4 office in writing of this designation. In urbanized areas over 200,000 in population, the Governor, in conjunction with responsible local officials, and OTD input designates the recipient. Urbanized areas over 200,000 in population include Louisville, Lexington, Northern Kentucky, and Henderson (Evansville Indiana). The Louisville area designated the Transit Authority of River City (TARC) and the Northern Kentucky area has designated the MPO, OKI as the designated recipient. The other areas are under review for a DR. Through a regional coordinated planning effort (discussed in Chapter 5 of this plan), KYTC/OTD will implement has implemented a uniform application and selection process for the Section 5310, 5316 and 5317 program.~~

Section §5305, (5303and 5304)– Metropolitan and Statewide Planning

These programs provide funding to support cooperative, continuous, and comprehensive planning for making transportation investment decisions in metropolitan areas and statewide. State Departments of Transportation (DOTs) and Metropolitan Planning Organizations (MPOs). Federal planning funds are first apportioned to State DOTs. State DOTs then allocate planning funding to MPOs. Funds are available for planning activities. Section 5303 is MPO planning and Section 5304 is Statewide planning and coordination that Kentucky utilizes funds to contract coordination and technical activities that will assist transit providers with various activities.

State Role In Programs Administration

It is the goal of KYTC/OTD to maximize the benefits received through Section 5310, 5311, ~~5316 and 5317~~ programs by facilitating mobility options to business, commercial, educational and other activities in support of local economic progress and development. To this end, the Office of Transportation Delivery has integrated the administration of these programs as much as possible to streamline its oversight functions, while remaining committed to the separate goals established for each program by Congress.

The KYTC/OTD shares a partnership role with local governments or its representatives and transit agencies committed to operating rural public transportation programs. As administrator of the funds, KYTC/OTD assumes responsibility for the organization and management of these programs. In this capacity, KYTC/OTD functions as a conduit for funds and financial programming. KYTC/OTD also responds to the Federal funding agency (FTA). KYTC/OTD develops criteria for application approval, notifies eligible local recipients of the availability of program funds, reviews and selects applicants for funding, ensures compliance with federal requirements, and monitors project activity.

Goals and Objectives

Kentucky Transportation Cabinet/Office of Transportation Delivery Mission Statement:

The Kentucky Transportation Cabinet's goal is to provide a safe, efficient, environmentally sound and fiscally responsible transportation system that promotes economic growth and enhances the quality of life in Kentucky.

The public transportation mission of the Kentucky Transportation Cabinet is to assist in the promotion of accessible, safe, cost-effective transportation that fulfills the needs of the citizens of Kentucky.

Office of Transportation Delivery Program Objectives

I. Introduction

The Commonwealth of Kentucky consists of three distinct areas: rural, small urban and large urban/metropolitan.³ Each area has specific but varying transit needs. Dispersed populations and vast distances between communities characterize rural areas in Kentucky. Sparse population combined with the great distances and the lack of transit amenities intensifies the need for transportation services.

Unable to access such necessities as medical care and nutrition programs the rural elderly and persons with disabilities become "prisoners" of their environment. The quality of available and affordable transportation in these rural regions has a direct bearing on the quality of life for all residents.

While the small urban areas usually contain basic services, residents of the smaller communities often must travel many miles to access specialized services. Transit systems serving these areas are usually demand response and provide service to the elderly and persons with disabilities including service to the public. The intercity transportation services provided by Kentucky's rural public transit systems help connect the smaller communities with the next larger market economy and connecting bus, rail and air transportation to help provide the vital link between otherwise isolated rural communities and the rest of the nation.

All urbanized areas in the Commonwealth are over 50,000 in population and have distinctive transit needs and funding. The large urban/metropolitan areas have access to all basic and specialized services and are able to support both a public fixed route system and a demand response system for persons with disabilities.

The Governor has designated the Kentucky Transportation Cabinet, Secretary who in turn designates the Office of Transportation Delivery ("KYTC/OTD") as administrator of all Federal Transit Administration (FTA) programs affecting small urban and rural areas and the FTA

³ 49 U.S.C. Chapter 53 defines a rural area as a population less than 20,000, small urban area as a population over 20,000 but less than 200,000 and a large urban/metropolitan area as a population over 200,000.

planning grants for the metropolitan areas of the state. KYTC/OTD funds may be available to match up to ten percent (10%) of capital purchases made under the 49 U.S.C §5307, ~~§5308~~, §5309, §5310, §5311, §5339, ~~§5316~~ and ~~§5317~~ programs. The local sub-recipient receives local match funds through unrestricted federal funds, county and city allocations and local fundraisers. **Toll Credits may be available for up to 20% of capital purchases.**

KYTC/OTD is responsible for the administration of 49 U.S.C. §5303, applicable §5307, (50,000-200,000 in population) and §5309, §5310, §5311, §5311(b)(3), §5339, ~~5316~~, and ~~§5317~~ programs and administration of the state match for the 49 U.S.C. §5307 program.

As the Governor's designee, KYTC/OTD responsibilities include:

- (1) Notifying eligible local entities of the availability of the program;
- (2) Soliciting applications;
- (3) Developing project selection criteria;
- (4) Reviewing and selecting projects for approval;
- (5) Developing an equitable distribution of funds to all eligible recipients within the Commonwealth.
- (6) Forwarding an annual Program of Projects and grant applications to FTA;
- (7) Certifying eligibility of applicants and project activities;
- (8) Ensuring compliance with Federal guidelines by all local recipients;
- (9) Monitoring local projects;
- (10) Overseeing project audits and closeouts;
- (11) And in the case of transit planning studies directly administering the project.
- (12) Assess new areas in need of public transportation services

This Kentucky State Management Plan ("SMP") describes each FTA program available to eligible organizations, provides guidelines for compliance, and explains procedures for project selection, vehicle procurement, and project reporting requirements. SMP is guidance for small urban and rural FTA grant programs.

Eligibility

Eligible Subrecipients

To be eligible to receive allocation of Section 5307, 5310, 5311, 5339, ~~5316~~ or ~~5317~~, an eligible subrecipient must submit an authorized resolution that they are proposing to serve signed by the Authorized Official and certified by their attorney. Additionally, each subrecipient agrees

to comply with applicable certifications and assurances. The following specific guidance applies:

**Section 5310 – Transportation for ~~Elderly Individuals and Individuals with Disabilities~~
Enhanced Mobility for Seniors and Individuals with Disabilities**

49 U.S.C. §5310 states that elderly persons and persons with disabilities have the same rights as other persons to utilize public transportation facilities and services. Therefore, the program recipient shall use special efforts in the planning and design of these facilities and services to assure their availability to this specialized group. This program covers the urban, small urban and rural areas of the Commonwealth.

Funds are available to private nonprofit corporations for the specific purpose of providing transportation services meeting the special needs of elderly persons and persons with disabilities where public transportation services are unavailable, insufficient or inappropriate. In addition, public bodies approved by the state to coordinate services for the elderly and persons with disabilities are eligible for §5310 funding when no private nonprofit is available to apply for and serve the area. While recipients of these funds usually serve specific clientele, they may open their service to all when such service *does not interfere with the transportation service designed to meet the special needs of elderly persons and persons with disabilities*. Kentucky strongly urges all §5310 recipients to offer transportation to anyone needing specialized services.

Eligible Activities

- At least 55% of program funds must be used on capital projects that are:
 - Public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.
- The remaining 45% may be used for:
 - Public transportation projects that exceed the requirements of the ADA.
 - Public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit.
 - Alternatives to public transportation that assist seniors and individuals with disabilities.

Section 5311 – ~~Nonurbanized~~ Formula Grants for Rural Areas

SECTION 5311 STATUTORY AUTHORITY. The Formula Grants for Rural Areas Program, codified at 49 U.S.C. 5311 (Section 5311) is authorized under the provisions set forth in the Moving Ahead for Progress in the 21st Century Act (MAP-21), Public Law 112-141. Under this program, funding assistance is provided for public transportation in rural areas. The Federal Transit Administration (FTA), on behalf of the Secretary of Transportation, apportions the funds appropriated annually to the Governor of each State and

federally recognized Indian Tribes for public transportation projects in rural areas. The code assigned to Section 5311 grants in the Catalogue of Federal Domestic Assistance is 20.509. FTA's Formula Grants for Rural Areas Program is also referred to as the Section 5311 program.

The Section 5311 program includes: the Appalachian Development Public Transportation Assistance Program; the Rural Transit Assistance Program (RTAP); and the Tribal Transit Program. The Tribal Transit Program has both a discretionary and a formula program. For the formula grants for rural areas 83.15 percent of funds are apportioned based on land area and population factors. The other 16.85 percent is apportioned based on land area, vehicle revenue miles, and the ratio of low-income individuals residing in rural areas. No State may receive more than five percent of the amount apportioned for land area or vehicle revenue miles. In addition, FTA adds amounts apportioned based on rural population according to the growing States formula factors of 49 U.S.C. 5340 to the amounts apportioned to the States under the Section 5311 formula.

Annually, Kentucky will prepare and submit to FTA a program of projects. A State's program of projects must provide for fair and equitable distribution of funds within the State. A State may pass through its Section 5311 program funds to subrecipients that are State or local governmental authorities, non-profit organizations, operators of public transportation services, or intercity bus operators.

A State may use Section 5311 program funds for capital projects, operating assistance, planning, job access reverse commute projects, and the acquisition of public transportation services, including service agreements with private providers of public transportation. The State may also use up to 10 percent of its Section 5311 program funds to administer the program and provide technical assistance to subrecipients. Technical assistance includes project planning, program and management development, public transportation coordination activities, and research the State considers appropriate to promote effective delivery of public transportation in rural area. Planning activities are an eligible expense under Section 5311, and shall be in addition to funding awarded to a State under section 5305 for planning activities that are directed specifically at the needs of rural areas in the State. There is no limitation on use of Section 5311 funds for operating assistance, however, the State must use at least 15 percent of its annual apportionment to support intercity bus service, unless the Governor certifies, after consultation with affected intercity bus providers, that the intercity bus needs of the State are adequately being met.

In addition, as of FY 2006, Section 5311(b)(3) provides funding for the Rural Transportation Assistance Program (RTAP) as a two percent takedown from the amount authorized and appropriated for Section 5311. From the amounts made available for RTAP, The Secretary may use up to 15 percent to carry out competitively selected projects of a national scope with the remaining balance allocated to the States. States can use RTAP funds for technical assistance, training, research, and related support activities.

MAP-21 establishes a new Appalachian Development Public Transportation Assistance Program (49 U.S.C. 5311 (c)(2)). This new program is a funded with a take-down under the

Section 5311 program to provide additional funding to States in the Appalachian Region of the United States.

The formula is established based on section 9.5 (b) of the Appalachian Regional Commission Code (subtitle 40). Funds may be used for public transportation activities consistent with the formula grants for rural areas program. The funds are apportioned to the following States: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia.

PROGRAM GOALS.

Pursuant to 49 U.S.C. 5311, FTA apportions or awards funds to States, Indian tribes, or other eligible recipients located in rural areas for planning, public transportation capital projects, operating costs, job access reverse commute projects, and the acquisition of public transportation service. The Section 5311 program supports both the maintenance of existing public transportation services and the expansion of those services through the following program goals:

~~Title 49 U.S.C. 5311 authorizes the formula assistance program for public transportation in rural areas. §5311 program supports FTA policy to develop "a National Intermodal Transportation System that is economically efficient and environmentally sound, and which includes significant improvements in public transportation necessary to enhance mobility for elderly persons, persons with disabilities, and economically disadvantaged persons in urban and rural areas of the country."~~ The following are §5311 program goals:

- ~~1. To enhance the access of people in small urban and rural areas to health care, shopping, education, employment, public services, and recreation;~~
- ~~2. To assist in the maintenance, development, improvement, and use of public transportation systems in non-urbanized areas;~~
- ~~3. To encourage and facilitate the most efficient use of all Federal funds used to provide passenger transportation through the coordination of programs and services;~~
- ~~4. To assist in the development and support of intercity bus transportation; and~~
- ~~5. To encourage the participation of private transportation providers in non-urbanized areas.~~
 - a. enhancing access in rural areas to health care, shopping, education, employment, public services, and recreation;
 - b. assisting in the maintenance, development, improvement, and use of public transportation systems in rural areas;

- c. encouraging and facilitating the most efficient use of all transportation funds used to provide passenger transportation in rural areas through the coordination of programs and services;
- d. providing financial assistance to help carry out national goals related to mobility for all, including seniors, individuals with disabilities, and low-income individuals;
- e. increasing availability of transportation options through investments in intercity bus services;
- f. assisting in the development and support of intercity bus transportation;
- g. encouraging mobility management, employment-related transportation alternatives, joint development practices, and transit-oriented development; and
- h. providing for the participation of private transportation providers in rural public transportation.

Eligible recipients of §5311 funds include a State or Indian tribe that receives an FTA grant directly from the Federal Government. Eligible subrecipients are State agencies, local public bodies, transit authorities under KRS 96A and private non-profit organizations. For Section 5311 and ~~other Programs such as Section 5317~~, Private for profit operators of transit service may participate in the program through contractual agreement with eligible subrecipients who provide public transportation in the ~~nonurbanized~~ rural area to be served. Subrecipients must use the Section 5311 funds in the rural (non-urbanized) areas of the state for public transportation.

FTA defines public transportation as public transportation by bus, rail, or other conveyance, publicly or privately owned, which provides general or special service to the public on a regular and continuing basis. *As long as the PUBLIC is afforded an equal opportunity to use the transportation service, §5311 subrecipients can use funds to maximize usage by transportation disadvantaged persons.* Non-urbanized area subrecipients use §5311 funds to transport to and from urbanized areas (in accordance with approved operating authority).

Private for-profit operators of transit or paratransit services may participate in the program through contracts with eligible subrecipients who provide public transportation in the ~~nonurbanized~~ rural areas to be served. The Office of Transportation Delivery is responsible to ensure that any private operator is qualified, will provide eligible service, can comply with

Federal and State requirements, and is the best, or only, provider available to offer service at a fair and reasonable cost.

Providers of public transportation in urbanized areas who provide service to non-urbanized areas may participate in the 5311 program if the following guidelines apply:

- Financial assistance is available only for that portion of the service operated in non-urbanized areas;
- The applicant must be capable of segregating allowable operating and non-operating expenses incurred in providing service to non-urbanized areas; and
- The applicant must be one of the following eligible recipients or subrecipients:
 - Local governmental agencies:
 - A political subdivision of the State
 - Indian tribal government (both Federally recognized and other tribes)
 - Transit Authorities (KRS 96A)
 - Council of Governments (for planning/coordination only)
 - Private non-profit operators of public services
 - Private for-profit operators of transit services or intercity bus services may participate in the program as a third party contractors for eligible subrecipients who provides public transportation in ~~nonurbanized~~ rural areas to be served.

RTAP Section 5311(b)(3) – Rural Transit Assistance Program

KYTC Office of Transportation Delivery is the designated recipient for RTAP funds. The RTAP program is intended to provide training and technical assistance to Section 5310 and Section 5311 subrecipients and public providers in rural areas. Funds can be used to directly provide training and/or technical assistance with state staff, to contract with others for provision of training/technical assistance, to assist local entities with the cost of training available from other sources, and to develop local capabilities for self-help.

Section 5316 – Job Access and Reverse Commute and Section 5317 – New Freedom Initiative

There are three categories of eligible subrecipients of 5316 and/or 5317 funds:

- ◆ ~~Private/nonprofit organizations. A nonprofit organization is a corporation or association determined by the United States Secretary of the Treasury to be an organization described by 26 U.S.C. §501 (c) that is exempt from taxation under 26 U.S.C. §501 (a).~~
- ◆ ~~State or local governmental authority; and~~
- ◆ ~~Operators of public transportation services, including private operators of public transportation services.~~

Eligible Activities

Section 5310 – Transportation for Elderly Individuals and Individuals with Disabilities

The goal of the Section 5310 program is to improve mobility for older adults and people with disabilities. Toward this goal, FTA provides financial assistance for transportation services planned, designed, and carried out to meet these special transportation needs in all areas-- urbanized, small urban, and rural. The program requires coordination of federally assisted programs and services in order to make the most efficient use of Federal resources.

An applicant's service area will be defined in the application and verified by its governing board or county government(s) that the county has designated the agency as an entity to provide transportation for the elderly and people with disabilities.

During those periods when a vehicle is not needed for specific grant-related purposes, it may be used for services to other older adults and people with disabilities. After the needs of these groups have been addressed, the vehicle may be used for transportation of the public, on a space available basis, if such use is incidental to the primary purposes of the vehicle and does not interfere with the use of the vehicle by older adults and people with disabilities. Subrecipients are encouraged to coordinate their resources in order to maximize accessibility and availability of transportation services.

Eligible Activities

- **At least 55% of program funds must be used on capital projects that are:**
 - **Public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.**
- **The remaining 45% may be used for:**

- Public transportation projects that exceed the requirements of the ADA.
- Public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit.
- Alternatives to public transportation that assist seniors and individuals with disabilities.

Section 5311 – ~~Nonurbanized (Rural) Areas~~ Formula Grants for Rural Areas

Funds available from the Section 5311 program are dedicated to public transportation projects that serve ~~nonurbanized~~ rural areas of the state. Public transportation services that are provided with funding support from the program must be open to the public on a regular and continuing basis.

Under the general service provisions which govern the program:

- An eligible transportation service may include the transportation of residents of the ~~nonurbanized~~ rural area to and from the nearest urbanized area or areas; **Because of the wide range of circumstances under which an operator may provide services in both urbanized and rural areas, the subrecipient develops a plan, for allocating operating costs between the two FTA funding sources. Similarly, subrecipients that purchase vehicles under either the Section 5307 or 5311 program for use in any part of a combined urbanized and rural service area should ensure that it has capital replacement policies in place to ensure that it is using program funds according to Federal eligibility requirements. KYTC/OTD will review and approve the cost allocation plan and/or policies.**
- The service is designed for the general public but may be part of a coordinated project designed to maximize the usage of services by transportation disadvantaged persons; and
- Joint-funded Section 5307 and Section 5311 transportation projects are encouraged provided the level of 5311 funds allocated for service in the area is fair and equitable. This is usually demonstrated in the local subrecipients cost allocation plan.

The services provided under the Section 5311 grants shall primarily focus on the rural ~~nonurbanized~~ rural areas of Kentucky. This does not preclude service into urbanized areas of the state or into neighboring states (within a 50 mile radius) provided that the public resides in Kentucky and the trip originates from Kentucky.

“The purpose of the Section 5311 program is to support public transportation for people living in any area outside of an urbanized area designated by the Bureau of the Census. An

urbanized area consists of a core area and the surrounding densely populated area with a total population of 50,000 or more, with boundaries fixed by the Bureau of the Census. Since the goal of Section 5311 is to enhance the overall mobility of people living in nonurbanized rural areas, Section 5311 projects may include transportation to and from urbanized areas (FTA C 9040.1F).” However, subrecipients are prohibited from providing exclusive service within an urbanized area. Public transportation providers are prohibited from providing public transportation services outside of their designed geographical service areas unless the purpose is to drop off and/or pick up passengers where the trip originated in the provider’s service area. Whenever possible, subrecipients will coordinate service in areas where there is shared geographic service destinations.

Section 5311 subrecipients must comply with all Federal/State requirements imposed by Federal Transit Administration and KYTC/OTD.

Section 5316

~~The Job Access Reverse Commute (JARC) program is targeted to enhance access to employment and employment related activities for people with lower incomes. The program also supports reverse commute—for example, from the city out to the suburbs or from outlying areas in to the city or suburbs. SAFETEA LU eliminates the cap that previously existed regarding the amount of JARC funding that can be used to fund reverse commute services. KYTC/OTD is the designated recipient for JARC funds apportioned to the small urban and nonurbanized areas of the state.~~

Section 5317

~~The New Freedom initiative is to build integrated participation in the community for people with disabilities.~~

~~New Freedom Program funds are available for capital and operating expenses that support new public transportation services beyond those required by the ADA and new public transportation alternatives beyond those required by the ADA designed to assist individuals with disabilities with accessing transportation services, including transportation to and from jobs and~~

~~employment support service. Private for-profit operators~~ of transit service may participate in the program through contract with eligible recipients.

All proposed service enhancements must support new transportation services beyond the ADA. New service includes services meeting one of the following criteria:

- Service that was not operational prior to August 10, 2005; or
- Did not have a funding commitment prior to August 10, 2005 as evidenced by inclusion in the TIP or STIP.
- A subrecipient may not terminate ADA paratransit enhancements or other services funded as of August 10, 2005 in an effort to reintroduce the services as “new” and the receive New Freedom Program funds for those services.

Eligible projects funded with New Freedom funds may continue to be eligible for New Freedom funding indefinitely as long as the project(s) continue to be part of the coordinated plan.

1. Eligible Assistance Categories

Section 5310

Funds for the Section 5310 program are available for capital expenses **and operating that goes beyond ADA** to support the provision of transportation services to meet the special needs of older adults and people with disabilities.

Applicants will not be considered if the primary need is for a vehicle to transport clients whose total transportation costs, including capital, are supported through other governmental funds. The applicant must certify that a requested vehicle will be available for use by other (non-client) persons who are elderly or have disabilities when not needed by the applicant.

Eligible project costs are defined in FTA Circular 9070.1FG (as amended), however, the regulations permit the KYTC/OTD to further define those costs, which include, but are not limited to:

State Administration

Up to 10 percent of the State’s total fiscal year apportionment is used to fund KYTC/OTD’s program administration costs, that include staff payroll, travel, operating and

supply expenses for Section 5310 including administration, planning and technical assistance. Program administration costs are funded at 100 percent Federal share.

Capital Assistance:

Funds for the Section 5310 program are available for capital expenses and to support the provision of transportation services to meet the special needs of elderly persons and persons with disabilities. Examples of capital expenses include, but are not limited to:

- a. buses;
- b. vans;
- c. radios and communication equipment;
- d. bus stop and passenger shelters/vehicle shelters;
- e. wheelchair lifts and restraints;
- f. vehicle rehabilitation; manufacture, or overhaul;
- g. preventive maintenance, as defined in the National Transit Database (NTD);
- h. extended warranties which do not exceed the industry standard;
- i. computer hardware and software;
- j. initial component installation costs;
- k. vehicle procurement, testing, inspection, and acceptance costs;
- l. automated vehicle locators, mobile data terminals, cameras;
- m. lease of equipment when lease is more cost effective than purchase. Note that when lease of equipment or facilities is treated as a capital expense, the State must establish criteria for determining cost effectiveness in accordance with FTA regulations, "Capital Leases," 49 CFR part 639 and OMB Circular A-94, which provides the necessary discount factors and formulas for applying the same;
- n. acquisition of transportation services under a contract, lease, or other arrangement. Both capital and operating costs associated with contracted service are eligible capital expenses. User-side subsidies are considered one form of eligible arrangement. The State, as recipient, has the option to decide whether to provide funding for such acquired services. Funds may be requested for contracted services covering a time period of more than one year. The capital eligibility of acquisition of services as authorized in 49 U.S.C. 5310(a)(3) is limited to the Section 5310 program;
- o. the introduction of new technology, through innovative and improved products, into public transportation;

o-p.transit related intelligent transportation systems (ITSs); and

p-q.supporting new mobility management and coordination programs among public transportation providers and other human service agencies providing transportation. Mobility management is an eligible capital cost. Mobility management techniques may enhance transportation access for populations beyond those served by one agency or organization within a community. For example, a non-profit agency could receive Section 5310 funding to support the administrative costs of sharing services it provides to its own clientele with other elderly individuals and/or individuals with disabilities or elderly individuals and coordinate usage of vehicles with other non-profits, but not the operating costs of service. Mobility management is intended to build coordination among existing public transportation providers and other transportation service providers with the result of expanding the availability of service. Mobility management activities may include:

- (1) The promotion, enhancement, and facilitation of access to transportation services, including the integration and coordination of services for individuals with disabilities, older adults, and low income individuals;
- (2) Support for short term management activities to plan and implement coordinated services;
- (3) The support of State and local coordination policy bodies and councils;
- (4) The operation of transportation brokerages to coordinate providers, funding agencies and customers;
- (5) The provision of coordination services, including employer-oriented Transportation Management Organizations' and Human Service Organizations' customer-oriented travel navigator systems and neighborhood travel coordination activities such as coordinating individualized travel training and trip planning activities for customers;
- (6) The development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs; and
- (7) Operational planning for the acquisition of intelligent transportation technologies to help plan and operate coordinated systems inclusive of Geographic Information Systems (GIS) mapping, Global Positioning System technology, coordinated vehicle scheduling, dispatching and monitoring technologies as well as technologies to track costs and billing in a coordinated system and single smart customer payment systems. (Acquisition of technology is also eligible as a stand alone capital expense).⁴

KYTC/OTD does provide up to 10%, if available, state funds for matching assistance under the Section 5310 program. Local participation for capital acquisition will, at a minimum, be 10% of the costs.

⁴ FTA Circular 9070. 1G

Section 5311

The KYTC/OTD shall make funds available for capital, operating and administrative assistance to projects in non-urbanized areas. Operating project budgets will have priority over capital and administrative project budgets. The budget submitted by the subrecipient through the application process shall define the category and amount of funds the subrecipient wishes to receive. Any variation shall require prior approval from KYTC/OTD.

Eligible project costs under the Section 5311 Program shall be determined in accordance with OMB Circular A-87⁵, and OMB Circular A-122, and 2 CFR PART 200 subparts A-F, FTA Circular 9040.1FG (as amended)⁶ and guidance issued by KYTC/OTD. Project expenditures shall be categorized as capital, operating, or administrative expenses.

State Administration, Planning and Technical Assistance

A maximum of ~~fifteen~~ ~~ten~~ percent (15%) (10%) of the Section 5311 funds apportioned to the State of Kentucky can be used for state program administration that includes staff payroll, travel, operating and supply expenses, planning and technical assistance. These are 100% federal funds and are used to support KYTC/OTD personnel directly involved with Section 5311 program management and administration of public transportation. The balance of the apportionment is available to eligible recipients for capital, operating and at the discretion of OTD Administrative assistance.

Capital Expenses

Capital expenses include the acquisition, construction, and improvement of public transit equipment and facilities needed for an efficient and coordinated public transportation system. The federal share of eligible capital expenses is 80% and 20% local. Eligible capital expenses include, but are not limited to:

- Buses, vans, or other paratransit vehicles;

⁵ http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html

⁶ http://www.fta.dot.gov/documents/FTA_C_9040.1G.pdf

- Radios and communications equipment;
- Passenger shelters, bus stop signs, and similar passenger amenities;
- Wheelchair lifts, ramps, restraints and related vehicle modifications;
- Operational support such as computer hardware/software;
- Maintenance and/or service vehicles;
- **Preventive Maintenance.** A Force Account Plan must be reviewed and on file with OTD when a subrecipient's own labor forces are utilized for preventive maintenance and it has been determined that it is beneficial because of: (1) cost savings, (2) exclusive expertise, (3) safety and efficiency of operations, and (4) union agreement. FTA prior review of a force account plan and justification are required where the total estimated cost of force account work to be performed under the grant is greater than \$10,000,000. When work to be performed is less than \$10,000,000 but over \$100,000, a force account plan is required to be in the subrecipient's file, but does not require prior FTA approval. When work to be performed using force account is less than \$100,000, a detailed plan is not required.
- Vehicle rehabilitation where candidate vehicles meet the extended useful life and rehabilitation cost limits established by the KYTC/OTD;
- Construction or rehabilitation of transit facilities including design, engineering and land acquisition;
- Construction of or improvements to park-and-ride lots where such facilities are served by public transportation or ridesharing modes that are a form of public transportation;
- Other durable goods such as spare components or parts (engines, transmissions, etc.) with a **unit cost of \$300** and a useful life of more than one year;
- Purchase of used equipment with the prior approval of the KYTC/OTD. The project must substantiate that the proposed purchase price represents fair market value and that the equipment is in sound working condition so the project can anticipate a reasonable period of remaining useful life and meet the requirements of the Americans with Disabilities Act;
- Facilities to provide access for bicycles to public transit facilities or equipment for transporting bicycles on public transit vehicles;
- Lease of equipment or facilities when leasing is more cost effective than purchase (when lease of equipment or facilities is treated as a capital expense the state will establish criteria for determining cost effectiveness, including non-economic factors such as management efficiency, availability of equipment, and staffing capabilities borrowing on guidelines stipulated in 49 CFR Part 639.

- The capital cost of contracting.⁷

Operating Expenses

Operating expenses are costs directly related to system operation. Eligible operating expenses include, but are not limited to:

- Fuel and oil;
- Replacement tires;
- Replacement parts that do not meet the criteria for capital items;
- Maintenance and repairs;
- Administrative expenses are not to exceed 20% of total operating budget (Salaries and fringes of drivers, mechanics, dispatchers, or other personnel performing job duties supporting the system's overall operation);
- Vehicle licenses and fees; and
- The cost associated with the use of passenger escorts or driver's aides. However, these costs arise most frequently as a result of a mandate in the provision of a contracted service and should therefore be distributed to the contracting agency whenever feasible.

Net Operating Expenses

Net operating expenses are those expenses remaining after operating revenues are subtracted from eligible operating expenses. At a minimum, operating revenues include farebox revenues. Farebox revenues include fares paid by riders who are later reimbursed by a human service agency. The federal share of net operating expenses is up to 50 percent (50%) and the remaining percentage is the local share.

Operations Deficits

Federal funds may be applied to system operations deficits subject to the availability of funds. Federal participation allows up to 50% of the eligible net operating deficit (gross eligible operating expenses less revenue).

Income from Contracts with Human Service Agencies

⁷ http://www.fta.dot.gov/documents/FTA_C_9040.1G.doc

Income from transportation service contracts with human service agencies utilizing FTA funds may be used (per Senator Leahy Federal Amendment-1986) to reduce the net project cost or to provide local match under Section 5311 operating assistance. Kentucky Medicaid non-emergency contract revenues may be used for match.

Local Share and Local Funding Requirements

The Commonwealth of Kentucky has not matched any operating expenses, incurred by §5310, §5311 ~~§5316, §5317~~ agencies. Each agency must match 20% of all capital and 50% of all operating and administrative expenditures. KYTC/OTD can approve an administrative expense line item as 80% federal and 20% local. KYTC/OTD can match up to 10% of all capital expenditures under these programs. A sub-recipient may request toll credit match for capital. It is imperative that each agency discuss in detail in its application how it will provide a local match. All in-kind must be detailed and supported with documentation. Contract revenue or revenues received from human service delivery (per Senator Leahy Federal Amendment-1986) may be used to match Program funding.

Administrative Expenses

Under the Section 5311 program, the State may treat project administrative expenses incurred by a local provider as a separate cost category from either capital or operating expenses.

This allows States to consider administrative expenses as “non-operating” expenses.

Administrative expenses cannot exceed 20% of the total operating budget.

- Salaries and fringe benefits of the project director, secretary and bookkeeper, or other personnel performing job duties of an administrative nature;
- Office supplies and materials;
- Facilities and equipment rental (not lease-purchase);
- Vehicle insurance;
- Marketing;
- Professional services such as legal and accounting assistance;
- Interest on short-term loans to finance project administration or operating costs, with the prior approval of KYTC/OTD, due to a delay in the Federal apportionment of

Section 5311 funds or where there are delays in KYTC/OTD's execution of the respective subrecipient's project agreements; and

- Indirect cost expenses may be eligible for reimbursement if a cost allocation methodology has been established and approved by the appropriate authority and KYTC/OTD.
- Administrative costs for promoting and coordinating ridesharing may be eligible if the activity is part of a coordinated public transportation program. The KYTC/OTD will limit the amount of Section 5311 funds an applicant applies toward administrative costs if the KYTC/OTD determines those costs to be excessive in relation to the service being proposed.

Ineligible Costs

OMB Circular A-87 defines items that are ineligible for reimbursement under all federal grant programs. Some of the items deemed ineligible are:

- Entertainment expenses;
- Fines and penalties;
- Interest expenses on loans (not previously approved by KYTC/OTD);

Additionally, the following transit-related expenses are ineligible for Section 5311 assistance:

- Depreciation accrued by public agencies on facilities or equipment purchased with federal funds (federal share only);
- Indirect transit-related functions or activities of local public governing bodies performed as a normal or direct aspect of public administration (e.g. expenses of a city council in considering transit matters);
- Contributions to a capital reserve account; and/or
- Expenses associated with the provision of charter services, thus warranting the maintenance of a separate account for charter expenses and income. (Profit derived from charter services may be used as part of the local matching share as long as the proper procedures have been followed).

Section 5316 and Section 5317

State Administration

~~Currently, the State does not use Section 5316/5317 administrative funds. However, if needed and upon FTA approval, up to 10 percent of the State's total fiscal year apportionment can be used to fund KYTC/OTD's program administration costs for Sections 5316 and 5317~~

~~including administration that includes payroll, travel, operating and supply expenses, planning and technical assistance. Program administration costs are funded at 100 percent Federal share. Guidance on eligible costs can be found in Office of Management and Budget (OMB) Circular A-87. The program administration may also include technical assistance and planning activities by subrecipients to support the local coordinated planning process~~

Section 5316

~~Eligible projects may include, but are not limited to capital, planning, and operating assistance to support activities such as:~~

- ~~◆ Late night and weekend service;~~
- ~~◆ Guaranteed ride home service;~~
- ~~◆ Shuttle service;~~
- ~~◆ Expanding fixed route public transit routes;~~
- ~~◆ Demand responsive van service;~~
- ~~◆ Ridesharing and carpooling activities;~~
- ~~◆ Transit related aspects of bicycling (adding bicycle racks to buses, bicycle storage at transit stations);~~
- ~~◆ Local car loan programs that assist individuals in purchasing and maintaining vehicles for shared rides;~~
- ~~◆ Supporting the Administration and Expenses related to voucher programs that increase service excluding transit passes and ADA complementary paratransit;~~
- ~~◆ Deploying vehicle position monitoring systems;~~
- ~~◆ Applying Geographic Information System (GIS) tools;~~
- ~~◆ Implementing Intelligent Transportation Systems (ITS):~~
 - ~~○ Trip information~~
 - ~~○ Trip planning~~
 - ~~○ Reservations~~
 - ~~○ Scheduling~~
 - ~~○ Dispatch~~
- ~~◆ Marketing and Promotion of:~~
 - ~~○ Use of transit by workers with non-traditional work schedules~~
 - ~~○ Development of employer provided transportation such as shuttles, ridesharing, carpooling~~
 - ~~○ Use of transit pass programs and benefits~~

- Use of transit voucher programs by appropriate agencies for welfare recipients and other low-income individuals
- ◆ Administration and expenses related to voucher programs:
 - Mileage reimbursement as part of a:
 - ◆ volunteer driver program
 - ◆ A taxi trip
 - ◆ Trips provided by a human service agency
 - Vouchers are an **operational expense** requiring 50/50 (federal/local) match
- ◆ New Mobility management and coordination programs among public transportation providers and other human service agencies providing transportation
 - Mobility Management is a **capital cost** requiring 80/20 (federal/local) match

Section 5317

New Freedom Program funds are available for capital and operating expenses that support new public transportation services and/or new public transportation alternatives that go beyond the requirements of the ADA. The projects must be targeted toward individuals with disabilities and meet the intent of the program by removing barriers to transportation and assisting persons with disabilities with transportation, including transportation to and from jobs and employment services.

The following are examples of eligible activities that can be introduced under the New Freedom Program. KYTC/OTD encourages the development of innovative solutions to meet the needs of individuals with disabilities in their communities.

Examples of eligible new transportation services beyond the ADA include:

- ◆ Flex Route for access to Commuter Bus;
- ◆ Additional Seating on Fixed Routes;
- ◆ Travel Training;
- ◆ Environmental Modifications:
 - Beyond what is required in ADA
 - Enhancements including signage, curb cuts, technologies to enhance customer access
- ◆ Paratransit Enhancements:
 - Expanded Hours for Paratransit
 - Paratransit Beyond ¾ mile
 - Same Day Service
 - Door THROUGH Door (providing escorts or assisting riders)
 - Accommodation for Mobility Aids that Exceed ADA standards

Examples of eligible new transportation alternatives beyond the ADA include:

- ◆ ~~Purchasing vehicles to support new accessible taxi, ride sharing, and/or vanpooling programs~~
- ◆ ~~Volunteer Driver Programs~~
- ◆ ~~Administration of Vouchers and Vouchers for Alternative Services to Public Transportation:

 - ~~Taxi reimbursement,~~
 - ~~Mileage reimbursement for volunteer driver programs, etc.~~
 - ~~Vouchers are an operational expense requiring 50/50 (federal/local) match~~~~
- ◆ ~~New Mobility management and coordination programs among public transportation providers and other human service agencies providing transportation

 - ~~Mobility Management is a capital cost requiring 80/20 (federal/local) match~~~~

Federal/State/Local Participation Ratio

Capital

	Section 5310	Section 5311	Section 5316	Section 5317
Federal	Up to 80%	Up to 80%	Up to 80%	Up to 80%
State	Up to 10%	Up to 10%	Up to 10%	Up to 10%
Local	10%-20%	10%-20%	10% 20%	10% 20%

Operating

	Section 5310	Section 5311	Section 5316	Section 5317
Federal	N/A	50%	50%	50%
State	N/A	0%	0%	0%
Local	N/A	50%	50%	50%

Administration

	Section 5310	Section 5311	Section 5316	Section 5317
Federal	N/A	80%	80%	80%
State	N/A	0%	0%	0%
Local	N/A	20%	20%	20%

Planning

	Section 5310	Section 5311	Section 5316	Section 5317
Federal	N/A	80%	80%	n/a
State	N/A	0%	0%	n/a
Local	N/A	20%	20%	n/a

Local Funding Requirement

Generally, applicants must provide evidence of possessing the necessary fiscal and managerial capability to implement and manage the proposed project. Subrecipients must comply with all of the requirements contained in the KYTC Office of Transportation Delivery Application package under which the service proposal and funding request is submitted.

Eligible Local Match

A subrecipient cannot use Section 5310 or other FTA funds as match for Section 5311 program funds. Even though funds are made available to the rural transit provider through a service agreement with a State or local social service agency or private social service organization, FTA funds may not be used as match because they are derived from a DOT program.

Local match includes local appropriations, service contracts, dedicated tax revenues, private donations, and net income generated from advertising, concessions, and incidental charter service income.

In-kind contributions (donations of equipment, supplies, property, and/or services that are beneficial and used by the applicant) must have a documented cash value. KYTC/OTD reserves the right to reject or disallow in-kind contributions as local share if the estimated cash value cannot be determined independently.

Funds documented as local match must originate from one or a combination of the following sources:

- Local government appropriation for cash;
- Cash contributions from other public or private sources;
- Non-DOT funds through a service agreement;
- Profits from charter services and advertising;
- Human Service Transportation Delivery contract revenue (Medicaid)

The following definitions apply in determining sources of local match:

- "Cash" - may include local appropriations, dedicated tax revenues, or profit generated from eligible charter services.
- "Cash Equivalent" - means a contribution/donation of some portion of the acquisition, construction, or improvement of public transportation facilities or equipment. Examples of such contributions would include the donation of land on which a public transportation facility was to be constructed. Such non-cash sources of local match are eligible only when the value is formally documented in accordance with **the Common Rule (49 CFR Part 18 and Part 19-2 CFR Part 200, Subpart A-F)**.
- "Unrestricted Federal Funds" (including Title XIX) - those funds authorized by a federal agency (e.g. Health and Human Services) can be used as local match for Section 5311, ~~Section 5316, or Section 5317~~. The project applicants are responsible for identifying unrestricted funds because of their accountability by the other federal agencies involved. Subrecipients may use funds from other Federal agencies (non-DOT) for the entire local match if the other agency makes the funds available to the subrecipient for the purposes of the project.

Subrecipients may use funds from other Federal agencies (non-DOT) for the entire local match if the other agency makes the funds available to the subrecipient for the purposes of the project. **The only DOT funds that States can use as local match for Section 5311 projects are from the Federal Lands Highway Program cited in 49 U.S.C. 5311(g)(3).**

- "Donations, Volunteers, In-Kind" - all are eligible as part of the "cash" share of the local match. Such non-cash sources of local match are eligible only if the value of each is formally documented and supported in accordance with 49 CFR Part 18.
- "Purchase of Service Agreement" - considered any agreement or contract between a Section 5311 service provider and a social service agency or organization (state, local, or private), whereby the social service organization purchases service for its clients at a price and according to terms specified in the agreement. Income from service contracts utilizing non-DOT funds to provide human service transportation may be used as farebox revenue.

Examples of non-Federal sources that may be used for any or the entire local share include:

- State or local appropriations; dedicated tax revenues;
- Human Service Transportation Delivery contract revenue (Medicaid);
- private donations; and
- net income generated from advertising and concessions.

Subrecipients may count non-cash shares such as donations, volunteered services, or in-kind contributions toward the local match only if the subrecipient formally documents the value of each non-cash share, and if this value represents a cost that would otherwise be eligible under

the project. The net project cost must include the value of any in-kind contributions included in net project cost to the extent it is used as local match.

Section 5310 / Section 5316 / Section 5317

The State requires local match as indicated earlier from non-Federal funds for the Section 5310, 5316, and 5317 programs. The applicant will certify as to the source and availability of the required match in their annual application for funding to the State.

Section 5311

As provided for under KYTC/OTD regulations, applicants requesting state funds to match Section 5311 Federal funds must provide to KYTC/OTD, evidence of the local share during the application process (e.g., letter of financial commitment signed by local governing board or body or other agency or business committing funds that will be used as local match).

KYTC/OTD may provide state funds as match under Section 5311 for Capital projects, the maximum state match will not exceed ten percent (10%), with the remaining ten percent (10%) being local match. KYTC/OTD does not match with State funds Operations, Administrative, and Technical Assistance expenses.

The eligible local share must be from non-DOT sources of funding and can include any local or state sources, unrestricted federal funds, and/or revenues from purchase of service contracts (counted as fares). Examples of local share funds include local appropriations, revenue sharing funds, dedicated tax revenues, and net income generated from programs such as advertising or incidental charter services. Funds received by operators who have an active service agreement with a state or local social service agency or a private social service organization may be used as local match. FTA funds (such as Section 5310) may not be used as match because they are derived from a DOT program.

Income from contracts to provide social service transportation may be used either to reduce the net project cost (treated as revenue) or to provide local match for Section 5311

operating assistance. In either case, the cost of providing the contract service is included in the total project cost.

Donations, volunteers, and in-kind contributions are eligible as part of the “cash” share of the local match. Such non-cash sources of local match are eligible only if the value of each is formally documented and supported. Title 49, Code of Federal Regulations, Part 18.24, provides guidance on this subject

Contra-Expenses

Contra-expenses are revenue items that directly offset transit expenses and, therefore, are eliminated from the expenses eligible for Section 5311 assistance. Some examples of contra-expenses are farebox revenues, interest income earned on working capital, cash discounts and refunds that directly offset accrued expenses, and insurance claims and reimbursements that directly offset accrued liabilities.

Use of Other Federal Funds

Local match may be derived from other federal programs that are eligible to be expended for transportation, other than funds from DOT programs. To be eligible for local match for FTA funds, the other federal funds must be used for activities included in the total net project cost of the project. Expenditure of other federal funds for transportation outside of the scope of the project cannot be applied as a credit for local match in the project. Specific program information for other types of federal funding is available at www.unitedweride.gov.

Some non DOT federal programs supporting transportation as listed by United We Ride are:

U.S. Department of Agriculture

- [Food and Nutrition Service](#)

U.S. Department of Education

- [Office of Elementary and Secondary Education](#)
- [Office of Innovation and Improvement](#)
- [Office of Special Education and Rehabilitative Services](#)

U.S. Department of the Interior

- [Bureau of Indian Affairs](#)

U.S. Department of Health and Human Services

- [Health Resources and Services Administration](#)
- [Centers for Medicare and Medicaid Services](#)
- [Administration on Aging](#)
- [Substance Abuse and Mental Health Services](#)
- [Administration for Children and Families](#)

U.S. Department of Housing and Urban Development

U.S. Department of Labor

- [Employment Standards Administration](#)
- [Veterans' Employment and Training Service](#)
- [Employment and Training Administration](#)

U.S. Department of Transportation

- [Federal Transit Administration](#)

U.S. Department of Veterans Affairs

- [Veterans Benefits Administration](#)
- [Veterans Health Administration](#)

Project Duration

Most project(s) expenses are for a period of 12-months from July 1 to June 30, unless a contract extension is requested by the subrecipient and approved by KYTC/OTD. Projects are funded on an annual basis with few exceptions. New programs may be considered for mid-year start-up and funding on a case-by-case basis and depending on the availability of federal and/or state funds.