

### CHAPTER III

#### **PROJECT ADMINISTRATION AND MANAGEMENT**

1. **GENERAL.** This circular describes the process and provides guidelines and procedures for management of FTA projects.
2. **RECIPIENT RESPONSIBILITIES FOR PROJECT MANAGEMENT.** The recipient is responsible for the administration and management of the approved project, including compliance with the terms and conditions of the agreement with FTA, *i.e.*, the requirements stated in this Circular, other applicable government circulars and regulations, and the work program as outlined in the application. The relevant FTA program office provides project management oversight and guidance.

FTA expects its recipients to exercise strong management and closely monitor their projects. In order to achieve completion of a project within the original budget and schedule, it is necessary for the applicant to develop a detailed and thorough work plan, usually described in a series of tasks. This “Statement of Work” will be the roadmap to achieving the project objectives.

Management is the key to successful completion of a project. FTA expects its applicants to have a project manager who is able to carry out the work as described in the application, including managing project funds and any subcontractors. The project manager must be knowledgeable on the day-to-day status of the project, and be able to respond fully to any requests for information from FTA’s project manager. Recipients must select project managers who possess technical knowledge of the project, and have demonstrable management skills. Project managers also must have working knowledge of governmental processes in order to work cooperatively with the FTA project manager.

The recipient is also responsible for funds that “pass through” to a sub-recipient or third party contractors. Procedures for changes to an approved project are discussed later in this Chapter. FTA monitors projects to confirm that recipients establish and follow procedures that are reasonable and comply with FTA requirements. The recipient’s responsibilities include actions that:

- a. Provide continuous administrative and management direction of a project;
- b. Provide, directly or by contract, adequate supervision by qualified professionals of all work in progress;
- c. Assure conformity to the FTA agreements, applicable statutes, codes, ordinances, and/or industry safety standards;
- d. Develop the project work schedule within the first month and maintain the schedule agreed to by FTA and the recipient, and constantly monitor grant activities to assure that schedules are met and other performance goals are being achieved;

- e. Keep expenditures within the latest approved project budget;
  - f. Assure compliance with FTA requirements on the part of agencies, consultants, contractors, and subcontractors working under approved third party contracts or inter-agency agreements;
  - g. Request and withdraw Federal cash only in amounts and at times as needed to make payments that are immediately due and payable. Payments in advance of costs incurred are not allowed;
  - h. Account for project property (if funded under the approved project) and maintain property inventory records;
  - i. Arrange for an annual independent organization-wide audit in accordance with OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations;"
  - j. Prepare and submit force account and cost allocation plans prior to incurring costs, if seeking reimbursement for these costs. Update and retain these approved documents for FTA upon request; and
  - k. Submit required progress, financial, and final reports to FTA in a timely manner in the prescribed format. (See Section 5 below, for requirements on technical and final reports.)
  - l. Submit a schedule of projected draw down for the duration of the project.
  - m. Submit to FTA detailed information regarding costs incurred. The submittal should clearly identify with each voucher the task/subtask (phase, stage, or other), as well as the specific line items associated.
3. **PROJECT MANAGEMENT PLAN.** At the request of FTA, all recipients of 49 U.S.C. Sections 5309(a)(1)(D), 5312, 5314, ITS, or other research funding for projects will, prior to starting work, prepare a comprehensive management plan to implement each task of the statement of activities, indicating subtasks and all activities necessary to accomplish each task and subtask. The management plan shall include a schedule of milestones and indicate labor hours and staff assignments for each subtask and activity to be undertaken. The outcome or final product must be indicated on the schedule of milestones. In addition, include a schedule or projected expenditure of the project or program draw down, whether quarterly, semi-annually or other, of the duration of the total project funds. The recipient must indicate the activity line items associated with each task and subtask. The activity line items are the activities that make up the approved project budget. Use accurate activity line items for your project. The management plan shall be submitted to FTA for approval. Resumes of each key staff member to be assigned to this project shall also be submitted to FTA. The recipient may incur minimal expenses, such as those directly related to the preparation of the management plan, until FTA approves the overall project plan.

4. **CIVIL RIGHTS REQUIREMENTS.** It is the responsibility of FTA to ensure that recipients are in compliance with all civil rights program requirements that apply to FTA-assisted projects and activities. Accordingly, all required civil rights program submissions must be approved by FTA and periodically updated in accordance with program guidelines. Civil rights requirements cover the following areas:

- a. Service Delivery and Program Benefits;
- b. Equal Employment Opportunity;
- c. Disadvantaged Business Enterprise;
- d. Sex;
- e. Age; and
- f. The Elderly and Persons with Disabilities, and Access for Persons with Limited English Proficiency.
- g. These program areas are detailed in the Annual List of Certifications and Assurances and in the Master Agreement. The discussion below addresses some, but not all, civil rights requirements.

- (1) Nondiscrimination in Federal Transit Programs. The Surface Transportation Assistance Act of 1978 added a special nondiscrimination requirement to the Federal transit program by providing at 49 U.S.C. Section 5332, that no person on the basis of race, color, creed, national origin, sex, or age, shall be excluded from participation in, be denied the benefits of, or be subject to discrimination under any project, program or activity funded in whole or in part through Federal financial assistance under 49 U.S.C. Chapter 53.

These nondiscrimination provisions and associated affirmative action obligations apply to employment and business opportunities and are in addition to the provisions of Title VI of the Civil Rights Act of 1964.

- (2) Title VI (Service Delivery/Benefits). Each recipient receiving Federal financial assistance pursuant to any section of 49 U.S.C. Chapter 53 or Title 23 U.S.C., covered by this circular, must have its Title VI submission approved by FTA, as specified in FTA Circular 4702.1, "Title VI Program Guidelines for Urban Mass Transportation Administration Recipients," and must annually certify compliance regarding the level and quality of transit service through the Annual Certifications and Assurances process. Once the initial Title VI submissions have been approved, updates are required every 3 years, unless otherwise requested by FTA.

- (3) Equal Employment Opportunity (EEO) Program. Recipients with 50 or more employees that have received in the previous Federal fiscal year FTA grants, cooperative agreements, or contracts totaling over \$250,000, must develop and submit for approval to FTA an EEO program. This requirement also applies to contractors (with more than 50 employees) that are engaged in providing transit services and receive some funds under Federal grant assistance. Areas covered by the EEO program are specified in FTA Circular 4704.1, "Equal Employment Opportunity Program Guidelines for FTA Recipients."
- (4) Disadvantaged Business Enterprise (DBE) Program. Recipients of funding awarded by FTA must comply with the DBE requirements of Section 1101(b) of TEA-21 and the DOT Disadvantaged Business Enterprise Regulation (49 C.F.R. Part 26), which supports participation of socially and economically disadvantaged individuals including women. However, a Section 5314 recipient not otherwise required to submit a DBE program, as described in the regulations, is not required to do so simply because it receives research and development funding.
- (5) Access Requirements for the Elderly and People with Disabilities. Consistent with the provisions of 49 U.S.C. Section 5301(d), construction of all grant-funded facilities must incorporate special efforts in the planning and design of mass transportation facilities to assure that they are available to be effectively utilized by the elderly and people with disabilities.

Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. Section 794, prohibits discrimination on the basis of handicap by recipients of Federal financial assistance. To assure compliance with this provision, all recipients must meet the requirements of the DOT regulation implementing Section 504 of the Rehabilitation Act of 1973, as amended (49 C.F.R. Part 27, Subpart E). The regulation requires recipients to establish a program meeting the requirements of this subpart. The recipient must ensure provision of service to persons with disabilities at the full performance level within the period specified in its program submission. The program must include milestones describing the progress the recipient will make each year until it achieves the full performance level. All recipients must submit a Section 504 program to FTA for review and approval describing the service provisions that are presently in place and those that will be in place when the program is fully implemented.

In addition, the Americans with Disabilities Act of 1990, as amended, requires that accessible facilities and services be made available, and the Architectural Barriers Act of 1968, as amended, requires that buildings, public accommodations, and reports and other information submitted in electronic format be accessible to persons with disabilities.

- (6) Sex, and Age. Discrimination on the basis of age and sex is prohibited.
- (7) Access for Persons with Limited English Proficiency. As required by Executive Order and published DOT guidance, the Recipient must provide access to persons whose English proficiency is limited.

5. **PROJECT REPORTING REQUIREMENTS**. The purpose of Research and Technology projects is to develop new knowledge. Accordingly, thorough documentation and clear communication of that knowledge is an essential aspect of each project. In accordance with 49 C.F.R. Parts 18 and 19, FTA requires several types of reports in order to adequately monitor project progress. These procedures are designed to place responsibility on recipients for the management of day-to-day operations of FTA-supported projects and for providing comprehensive, current, and objective information on project status and results.

FTA monitors project activities to ensure proper recipient stewardship of Federal funds and compliance with the laws and regulations that govern its programs. FTA must be able to report on program results, industry trends and its own oversight responsibilities. The information FTA needs for program performance measurement, management and reporting is furnished through narrative milestone/progress reports submitted by recipients about significant project results, events, activities, and any changes to or variances in the project schedule or budget. This information is used in a variety of ways and materially assists FTA staff in managing and coordinating programs. Unless articulated otherwise by the FTA project manager, the recipient must submit all reporting documents electronically in TEAM if an electronic application was submitted.

- a. Milestone/Reports. The requirement for milestone/progress reports applies to all FTA recipients covered by this circular. This report should be provided electronically through FTA's transportation electronic award and management system, by e-mail, or in hard copy. Any detail explanations for achieving milestones should be input the remarks or comments section of TEAM. Depending on the project complexity, FTA may also request other special reports or periodic project management meetings. Each milestone/progress report should include the following information:
  - (1) Summary of progress toward completing project objectives prepared by scope code of task.
  - (2) Technology transfer activities and products, if appropriate.
  - (3) Since the project payments may depend upon successful milestone attainment, the recipient must be prepared to demonstrate that each milestone was achieved.

- b. Quarterly Progress Reports. FTA requires quarterly progress (performance) reports to be submitted on all projects.

FTA may request monthly progress reports or other special reports on an as-needed basis. Final reports and technology transfer information are also required upon completion of the project.

The information provided in these reports should be as complete as possible, highlighting progress toward project objectives and any potential problem areas. Published technical papers, conference presentations or similar documentation of progress may be substituted for a periodic progress report if the FTA Project Manager approves. Events may occur between required quarterly progress reporting dates that might either delay completion of the project or otherwise impede the attainment of the project objectives or schedule. In such cases, the recipient should inform the FTA project manager as soon as possible after such conditions develop. The recipient should convey any actions taken or proposed to resolve the delay and identify assistance (Federal or otherwise) that may be needed to resolve the situation.

At a minimum, each quarterly progress report should address the following, unless otherwise advised by the responsible FTA project manager:

- (1) A summary narrative on task elements and milestone status of project activities during the reporting period, including a comparison of actual accomplishments to the objectives established for the period. Accomplishments should include items such as: significant results and major work tasks started, completed, or documented. The percent of the budget expended by task should be included, if appropriate. Where possible, accomplishments should be related to expenditures for the same period. Recipients should submit an activity schedule (bar chart or critical path exhibit) in each quarterly report. Recipients should also indicate expenditures incurred by each task by activity line items so that it matches with any financial report submitted to the FTA project manager;
- (2) Reasons why any project objectives are not being met, identifying problem areas and the planned approach to resolve the problems;
- (3) Significant events affecting the progress of the project, both positively and negatively;
- (4) Whether the project is within the approved budget. If a cost overrun appears likely, explain the reason for the overrun, and the measures taken to complete the project within budget, such as modifying or curtailing the scope of the project, or securing additional financing from sources other than FTA. NOTE: Since the recipient agreed to carry out

the project within a specific budget, reducing the scope of a project may require renegotiating downward the project budget and Federal share;

- (5) Whether the project is on schedule. If the project completion date will be delayed, indicate the steps taken to:
    - (a) Bring the project back on schedule; or
    - (b) Adjust other activities that may depend upon project completion;
  - (6) Projected activities for the next quarter, and steps anticipated in carrying them out; and
  - (7) Estimated completion dates, percent completed, and funds required for completion.
- c. Financial Status Reports. FTA recipients are required to submit financial information either electronically through FTA's transportation electronic award and management system, by e-mail, or in hard copy. These reports should be provided concurrently with milestone/progress reports on a quarterly basis at minimum or less frequently than annually. A final report is required at the completion of the agreement. The Financial Status Report, SF-269A, is designed to provide FTA data on costs incurred by the recipient. These data are also needed for FTA to determine the amount of accrued project expenditures and the total unliquidated obligations of FTA funds. A Request for Reimbursement or Advance, SF-270, is used to claim payment for project expenditures. The SF-270 may be submitted on a quarterly basis or as determined by the FTA project manager and specified in the executed agreement. Another alternative method of payment is the ECHO system, see page V-67, No. 2, for further details. FTA recipients are required to submit financial information using the forms prescribed by 49 C.F.R. Parts 18 and 19. The SF-269A should accompany the quarterly progress report when submitted to FTA. When funds are advanced to recipients (a rare occurrence in research and technology projects), each recipient is required to submit SF-272, Federal Cash Transactions Report. FTA shall use this report in monitoring payments to recipients and to obtain disbursement information (cash management) for each agreement with the recipient. These forms are located on the website: <http://www.whitehouse.gov/omb/grants/#form>.
- d. Report Due Dates. Quarterly progress and financial reports are to be submitted to the relevant FTA office within 30 days after the end of the calendar quarter unless other stipulated by the FTA project manager. Annual reports shall be due 90 calendar days after the project year. The FTA project manager may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. When projects are completed, recipients must submit a final report no more than 90 calendar days after the end of the project. An original of each report should be submitted.

- e. Reports of Significant Events. Unforeseen events that impact the schedule, cost, capacity, usefulness or purpose of the project should be reported to FTA immediately after detection, and then should be included in the next quarterly progress report. Special reports should be submitted when:
  - (1) Problems, delays, or adverse conditions will affect the recipient's ability to achieve project objectives within the scheduled time period or within the approved project budget. The report should discuss actions taken and/or contemplated and any Federal assistance needed to resolve the situation; or
  - (2) Favorable developments will enable the recipient to achieve project goals/complete project activities ahead of schedule or at lower cost.
- f. Final Report/Documentation. A final technical report documenting project performance and the final results of research, development and demonstration projects, including an Executive Summary, must be submitted by the contractor/recipient to the FTA project manager at the conclusion of the project. All reports and supporting documentation must be provided to the FTA project manager in **both a reproducible hardcopy and an electronic/web-ready format**, as specified by FTA. The contractor must fill out the General Printing Office (GPO) form 952, Exhibit XI, including all fonts, graphics or other files necessary to the production of the final product. Additionally, all formats that the contractor works in should be acceptable by GPO standards.
- g. Hardcopy of Final Report. Documents provided for hardcopy reproduction must be in Encapsulated Postscript (EPS), and the provider must provide all necessary fonts. All FTA sponsored research, development and demonstration documents must be entered into the National Technical Information Service system. A reproducible hardcopy of the final project report, plus 10 additional hardcopies, must be submitted to the FTA project manager for entry into the National Technical Information Service. All FTA sponsored publications are available to the public from the National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161.
- h. Electronic Copy of Final Report/Section 508 Compliant. Text supplied electronically may be provided by one or more of the following formats to facilitate posting on the FTA Website: Hypertext Mark-Up Language (HTML), or searchable Portable Document File (PDF/Adobe Acrobat). All accompanying graphics must be provided in Graphic Interchange Format (GIF) or Joint Photographic Experts Group (JPEG) format, or a format acceptable to FTA, in addition to their native format (e.g., Tag Image File Format (TIFF)).
- i. Electronic Published Documents (Internet). All published documents (including graphics) must comply and be accessible in accordance with

current requirements/interpretation of Section 508 of the Rehabilitation Act of 1973, as Amended. All documentation must be approved by FTA before distribution to the public and prepared in a format specified by FTA. The Federal Transit Administration (FTA) is required by law to develop its website and documentation therein to meet the requirements of Section 508 of the Rehabilitation Act, as Amended (29 U.S.C. 794d).

Recipients of federal funds are responsible for consulting sources such as the Access Board [<http://www.access-board.gov/508.htm>], and Section 508 Website [<http://www.section508.gov/>].

- j. Section 508 of the Rehabilitation Act of 1973, as Amended, 29 U.S.C. § 794 (d)--Electronic and Information Technology Requirements-- requires Federal agencies to make their electronic and information technology accessible to people with disabilities. "Section 508 law applies to all Federal agencies when they develop, procure, maintain, or use electronic and information technology. Federal agencies must ensure that this technology is accessible to employees and members of the public with disabilities to the extent it does not pose an 'undue burden.'" --*U.S. Access Board*
- k. Final Report Organization, Elements and Style. A final technical report documenting project performance and results must be submitted to the project manager at the conclusion of the project. FTA requires all documentation be Section 508 compliant and meets a high standard of organization and clarity of writing. The final report must be organized as listed and described below.

#### PUBLICATIONS ELEMENTS

##### (1) FRONT COVER

Front Cover consists of the following items:

- (a) Report Title, Date, Project Number (Top third)
- (b) U.S. Department of Transportation Mark (top, left hand corner)
- (c) Federal Transit Administration Mark, (top, Right hand corner)
- (d) Picture/image/Theme of Report (Center of Cover –two thirds)

Contractor name appears inside report on Title Page, and Report Documentation Page. NO contractor logo/trademark, no copyrighted material in document unless authorized by FTA.

- (2) ORGANIZATION OF A REPORT'S CONTENT
  - (a) FTA Report Number (Ex. FTA-MA-26-4000.02.1)
  - (b) Report Document Page (attached)
  - (c) DISCLAIMER
  - (d) Title Page
  - (e) Table of Contents
  - (f) Foreword and Disclaimer/Notice on same one page
- (3) FOREWORD INCLUDES:
  - (a) Reason for publishing document
  - (b) Short Summary of Contents
  - (c) Statement Identifying Audience
  - (d) Whether publications supersedes another, and whether it is interim or final report
  - (e) Preface/Acknowledgement (Optional)
  - (f) Executive Summary
- (4) INTRODUCTION INCLUDES:
  - (a) Background information on subject
  - (b) Objective and Methodology
  - (c) Scope of project or study
  - (d) Organization of Content
- (5) MAIN TEXT/DISCUSSION:
  - (a) Divisions of main text answer "who, what, where, when, and how" of the subject.
  - (b) Main text also includes Conclusion, Recommendations, and Future Research
- (6) BACK MATTER:

- (a) Appendices, Glossary, References, Bibliography
- (b) Metric Conversion Chart, etc.

All FTA-sponsored reports must contain the following disclaimers on the inside front cover if published in hard copy or in a comparable prominent location if published electronically:

#### **DISCLAIMER NOTICE**

This document is disseminated under the sponsorship of the United States Department of Transportation, Federal Transit Administration, in the interest of information exchange. The United States Government assumes no liability for the contents or use thereof.

The United States Government does not endorse products or manufacturers. Trade or manufacturers' names appear herein solely because they are considered essential to the contents of the report.

Also, a report documentation page must be in the front of all published research and technology reports. See Exhibit IX for standard form 298, "Report Documentation Page."

FTA requires that all final and certain interim, significant technical reports meet a high standard of organization and clarity of writing. In addition, reports must be approved by FTA before distribution to the public, and must be prepared in a format as specified by FTA. Final reports must be submitted in both electronic and hard copy. Contact the FTA project manager for further information.

#### **6. PROJECT EVALUATION.**

- a. Why is a Project Evaluation Needed? Evaluation of project activities and results is a vital part of each FTA-funded project in order to document and analyze the impacts, results, or findings of the project. The evaluation process provides a link between the implementation of a project at a particular site, the understanding of its actual performance at that site, and its potential effectiveness site, the understanding of its actual performance at that site, and its potential effectiveness if replicated in other locales. The evaluation provides a means to:
  - (1) Document what happened and why;
  - (2) Measure project results, impacts and costs;

- (3) Identify successful and unsuccessful aspects of the project as implemented and how they were influenced by site-specific characteristics;
- (4) Determine if the project accomplished the results expected by FTA and the local sponsor; and
- (5) Determine if the lessons learned can be applied to other projects or transit systems.

FTA, therefore, usually requires the recipient of a cooperative agreement for a research and technology project to provide an independent and objective evaluation of the project results as part of the final project report.

- b. How is the Evaluation Performed? To maximize the effectiveness of a project, a consistent, carefully structured approach to evaluation is necessary. Project evaluations require close coordination among the parties involved in an FTA-funded project, including the recipient (and its partners or co-sponsors, if any), the FTA, and any independent evaluator selected by the FTA or the recipient. The applicant and its partners must give careful attention to the evaluation process while the project is in the development stage.

Central to this process is development of an evaluation plan. The evaluation plan is a detailed blueprint for conducting an evaluation. It sets forth specific data (or other) requirements needed to conduct the evaluation, and develops the performance measures and the data collection techniques, procedures and analytic methodology that will be used. An effective evaluation plan will insure that appropriate data will be collected to provide *objective* information for the comparison with evaluation criteria, and to determine how well the project has accomplished its intended results.

This planning should be completed at the earliest stage of the project to allow for adequate time to collect baseline data for appropriate measurement and analysis. An evaluation plan should include:

- (1) A hypothesis (or hypotheses) about project results to be tested in the evaluation;
- (2) The evaluation frame of reference;
- (3) Definition of project issues;
- (4) Performance measures;
- (5) Identification of data needed to test hypotheses;

- (6) A data collection plan and schedule;
- (7) Selection of control cases, if needed;
- (8) Method for statistical analysis; and
- (9) Documentation process (e.g., reports, presentations, etc.).

The implementation phase of the evaluation plan includes the collection and analysis of data relative to the project objectives and issues, the collection and analysis of data on site characteristics, the compilation of a chronology describing the project implementation, the recording of institutional and external factors, as well as problems and changes that might influence project findings, and writing of the final evaluation report.

Independent project evaluations are usually conducted by one of two generalized methods:

- (1) A contractor retained by FTA performs the evaluation. The contractor could be an FTA task order contractor, another governmental agency, the Department of Transportation's Volpe National Transportation Systems Center (VNTSC), or some other qualified entity; or
- (2) An independent evaluation contractor hired by the recipient performs the evaluation. Under this method, recipients must take special precautions to ensure the total objectivity of the contractor, so that there is no real or apparent conflict of interest in the relationship between the contractor and the outcome of the project.

c. What are the Roles of Participants? Each participant in an FTA-funded project evaluation has an important role to play.

- (1) *FTA* will direct the activities of the evaluation contractor, review all reports, provide overall guidance for the project, and work with the recipient to disseminate project results.
- (2) The *evaluation contractor* is responsible for developing a comprehensive evaluation plan, including the data collection plan, in cooperation with the recipient. As a partner in the project effort, the evaluator will work with the recipient in monitoring the collection of data. The evaluator will prepare interim reports as needed, and a final evaluation report.
- (3) The *recipient and its partners or co-sponsors* are responsible for implementing the project as planned, and cooperating with the evaluator in the development of an appropriate evaluation plan. The recipient will make available any data and information needed by the evaluator for

assessing the effectiveness of the project activities and results, as well as providing and supervising data collectors.

- d. How are Project Evaluations Documented? The results of project evaluation could be very useful to, and could have major impact on, the transit industry. Only by carefully documenting and analyzing the project's effects and features, through a scientific evaluation, will it be possible to determine which aspects of a project are most effective in which contexts. For example, the relative importance of the type of service and facility offered, the level of transit demand, the size of the region, and other factors must be fully documented and analyzed to draw conclusions about their significance in the project results achieved and whether they are likely to apply in other sites or contexts.

Project evaluation reports are intended for a variety of audiences including: transportation planners; transit operators; Federal, state, and local officials; non-profit organizations; and private industry. Accordingly, the final evaluation report should include a concise executive summary of what was learned, narrative, tables and graphic exposition, with detailed quantitative data and documentation of procedures provided in technical appendices.

- e. Who Pays for the Evaluation? Costs of project evaluation, unless contracted for directly by FTA, must be included in the project budget.

## 7. **BUDGET REVISIONS.**

- a. General. A budget revision cannot be used to materially change the purpose or intent, *i.e.*, scope, or Federal dollar amount of the grant. The approved project budget is sent to the recipient in hard copy and is also accessible in FTA's transportation electronic award and management system following FTA approval of the revision. The recipient is responsible for controlling and monitoring all project activities to ensure that they are carried out in accordance with the approved budget.
- b. Revisions. Budgets may be revised during the course of a project, depending on whether funds are expended on a particular activity line item as anticipated. If expenses on an activity line item increase beyond the approved amount, recipients must request approval from the FTA project manager with an appropriate explanation. In no case can the total cost FTA approved be exceeded, unless a project amendment application is submitted and approved by the FTA Administrator. At the conclusion of a project, when all costs have been incurred, if activity line items need adjustment because of overspending on a line item, the recipient must submit a final project budget revision to the FTA project manager for approval.

- (1) Activity Substitution. If a project is amended to replace some activities by other activities within the original intent of the project, activity line items must be adjusted to reflect the change.
  - (2) Amount Substitution. Beyond assuring that the recipient's budget revisions will not change the amount or scope of a grant or cooperative agreement, the recipient may change the dollar amount of particular items under an individual activity line item.
- c. Prior Approval. Recipients must obtain prior FTA approval electronically or in writing for the following proposed budget revisions:
- (1) An increase in any amount for an activity line item.
  - (2) Proposed budget revisions for planning grants that exceed thirty percent require prior FTA approval.

## 8. **GRANT OR COOPERATIVE AGREEMENT REVISIONS/AMENDMENTS.**

- a. General. The grant or cooperative agreement obligates the recipient to undertake and complete the project activities defined by the work statement and budget as incorporated in the grant or cooperative agreement. It may be necessary to modify the grant or cooperative agreement by amendment. For example, modifications may be required because of changes in the purpose, activities, terms and conditions, or an increase in the cost of a project. The primary purposes of project modifications are to:
- (1) Materially change the original approved work scope, or
  - (2) Change the ratio of the Federal/recipient cost share.
- b. When Required. An amendment must be used for changes to the project that cannot be made by a budget revision or administrative amendment. Amendments require the FTA approval of a revised grant or cooperative agreement and budget, and may require a change in the amount of funds obligated for the project. A de-obligation and re-obligation of funds to accompany a change in project scope can occur only if the previously obligated funds have not lapsed, or if new funds are available
- c. Requirements. Amendments to grants or cooperative agreements are subject to the same application requirements as a new request, except that the recipient need not resubmit portions of the original grant or cooperative agreement application that are unaffected by the change. The recipient must submit a detailed description of the changes, a revised project budget, and if applicable, an SF-424 Form. If it becomes necessary to amend the cooperative agreement or grant, FTA will advise the recipient concerning what information is required. Changes limited to an extension of the project completion date will be accomplished by means of a letter from FTA to the recipient in response to

a written request by the recipient. Where the scope of the project is to be changed, or FTA funding is to be added to the project, an amendment application, with the same material and forms as the original application, must be submitted to FTA. The two parties must execute an amended grant or cooperative agreement to finalize an amendment. NOTE: The existing approved project budget, including any previously approved amendments, cannot be exceeded until FTA has approved the amendatory application in writing.

- d. Project Amendment Budgets. When a budget is prepared for a project amendment, the activity line items should show the new total amounts, original amounts, plus additional amounts being added in the amendment. The amount of FTA share being requested and the recipient match must be separately calculated.

9. ADMINISTRATIVE AMENDMENT. This activity is discussed between the FTA project manager and the recipient. FTA is responsible for this action item.

An administrative amendment cannot be used to change the scope of a project. An administrative amendment may be used to change or clarify the terms, conditions or provisions of a grant or cooperative agreement, and may be used only when no change will result in the scope, amount or purpose of the project. An administrative amendment is used to modify a grant or cooperative agreement for such purposes as to comply with changes required by FTA, to change the year or type of funds obligated for a grant or cooperative agreement, to transfer equipment from one recipient to another, to reflect a change in the recipient's name (novation) or the project completion date, or to deobligate Federal funds that are not needed to complete an approved project scope of work.

10. FTA OVERSIGHT. FTA may conduct on-site inspections of projects to evaluate the recipient's effectiveness in implementing the project in conformance with the grant or cooperative agreement. Inspection visits may be made, for example, to follow up on information received from the recipient about an event with significant impact on the project, to observe tests, to review progress toward meeting milestones, or to determine whether the recipient has adequately complied with civil rights laws, regulations, and agreements. Concurrence by FTA in project work does not relieve the recipient of its responsibilities and liabilities as the party responsible for carrying out the project, as described in the recipient's application.

- a. Periodic Project Management Meetings. Periodic project management meetings may be instituted with recipients. These meetings will provide a forum for management briefings, status/progress reports, discussion of accomplishments and problems and, as appropriate, an opportunity for site inspection. These meetings do not replace quarterly written reports, unless FTA permits a specific exemption.

- b. Procurement Reviews. Conduct of procurement system reviews of FTA recipients may involve a site visit to ensure compliance with the requirements and standards of the common rule on administrative requirements, 49 C.F.R. Section 18.36, as it specifically applies to procurements.

**11. PROGRAM INCOME.** The following provisions regarding program income apply to all FTA transit research and technology program projects governed by this circular except for projects that contain specific terms and conditions with different provisions.

- a. Definition. Program income is revenue generated directly or indirectly from federally- supported activities, i.e., income generated by the federally assisted project. Program income is a form of revenue, but excludes sales proceeds, interest earned on advances of Federal funds and revenues generated by activities that are not supported by Federal assistance. Examples of program income include fare box revenues, advertising, concessions, *etc.*
- b. Reference. FTA's program income policies are governed by 49 C.F.R., Parts 18 and 19, and differ from standard Federal requirements promulgated by the Office of Management and Budget.
- c. General. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with project funds, from the sale of commodities or items fabricated under a project agreement and from payments of principal and interest on loans made with Federal funds. Except as otherwise provided in regulations, program income does not include interest on project funds, rebates, credits, discounts, refunds, *etc.*, and interest earned on any of them.
- d. Use. In general, recipients may retain project income so long as it is used for project or transportation purposes.

**12. CLOSEOUT PROCEDURES.**

- a. Closeout. Closeout is the process by which FTA determines that all responsibilities and work by the recipient are completed and the associated financial records are closed. Closeout begins immediately after all work activities under the project are completed. All closeout documentation must be submitted to FTA within 90 days following completion of all project work.
- b. Final Financial Settlement. The recipient must initiate closeout of a project when all approved activities are completed (all deliverables have been submitted and approved by FTA) and applicable Federal funds expended. In order to expedite project closeout, the following should be submitted electronically or in paper format (an original and no more than two copies):
  - (1) A final Financial Status Report (SF-269A). All project costs must have been incurred before the SF-269A is submitted to FTA;

- (2) A final budget, which may be a revision of the previously approved budget, reflecting actual project costs by activity line items;
  - (3) An inventory list of any federally owned equipment used in the project and an inventory of equipment acquired with project funds. When the project ends, it is FTA's view that the project property is no longer needed for research, development, or demonstration purposes. In accordance with 49 U.S.C. 5334(g), FTA may authorize the transfer of that property in accordance with 49 CFR 19.34(g) or 49 U.S.C. 5534(g). The FTA project manager will issue disposition instructions within 120 calendar days after receipt of the final inventory list;
  - (4) If project property is sold at the conclusion of a project, the proceeds reduce the total project cost on a pro-rata basis, i.e., based on the Federal – recipient matching ratio; and
  - (5) Any other reports required as part of the terms and conditions of the project.
- c. Adjustments to Federal Share of Costs. Necessary adjustments to the Federal share of cost are made after FTA receives and reviews the required closeout information. Adjustments may also be necessary after the audit required by OMB Circular A-133 is performed. FTA funds are not available for audit or other project activities after a grant or cooperative agreement has been closed-out. Any Federal project funds received by the recipient but not expended must be returned in the form of a check payable to the Federal Transit Administration and mailed to the address in Chapter VI, or by wire transfer if the amount is \$10,000 or more. See Chapter V (2.h.) for the Pittsburgh lockbox facility mailing address and wire transfer ABA number.
- d. Deobligation. When the FTA project manager receives the information required for closeout, FTA will acknowledge in writing receipt of the material, and declare the project closed. FTA will deobligate any remaining funds. The three-year project record retention period begins as of the date of the FTA closeout letter.
- 13. SUSPENSION OF PROJECT ACTIVITIES.** The suspension of a grant or cooperative agreement is an action by FTA, which temporarily suspends Federal assistance for a project pending corrective action by the recipient or pending a decision to terminate the project by FTA. If FTA determines that the recipient has failed to comply with the terms and conditions of the grant or cooperative agreement, including the civil rights requirements, FTA notifies the recipient in writing of its intent to suspend the grant or cooperative agreement or other project contractual agreements. FTA may withhold further payments and/or prohibit the recipient from incurring additional obligations pending corrective action by the recipient or a decision to terminate the project for cause. This includes work being performed by third party contractors or consultants. Unless FTA notifies the

recipient otherwise, suspension will not invalidate obligations properly incurred by the recipient prior to the date of suspension to the extent that they cannot be canceled. Upon making a determination of non-compliance, FTA will notify the recipient through written communication.

- 14. TERMINATION OF A PROJECT.** A project may be terminated for cause, for statutory purposes, or for convenience.
- a. Termination for Cause. FTA may terminate a project, in whole or in part, at any time before project completion, whenever it determines that the recipient failed to comply with the terms or conditions of the grant or cooperative agreement (*e.g.*, failure to make reasonable progress). FTA will promptly notify the recipient in writing of its intent to terminate and the reasons therefore and the effective date. Payments made to the recipients or recoveries by FTA shall be in accordance with the terms of the cooperative agreement and the legal rights and liabilities of both parties as defined in the agreement. Among the circumstances that could cause FTA to terminate a project in whole or in part before project completion include, but are not limited, to the following:
- (1) Recipient's failure to comply with the terms or conditions of the grant or cooperative agreement or other Federal requirement;
  - (2) Continuation of the project would not produce results commensurate with further expenditure of funds;
  - (3) Funds are no longer needed to accomplish the project purpose;
  - (4) Failure by the recipient to make reasonable progress to complete approved project activities;
  - (5) Determination that the project has been essentially completed and approved funds have been substantially drawn down; or
  - (6) Other such factors.
- b. Termination for Statutory Purposes. FTA may terminate a project in whole or in part, when FTA determines that the purposes of the statute authorizing the project would not be adequately served by the continuation of Federal financial assistance for the project. By signing the grant or cooperative agreement, the recipient agrees at the outset to a termination for these purposes in the event FTA makes such a finding. The recipient may not incur new obligations for the terminated portion after the effective date and must cancel as many outstanding obligations as possible. FTA evaluates each obligation that cannot be canceled to determine its eligibility for inclusion in project costs. Settlement is made in accordance with terms and conditions of the grant or cooperative agreement. FTA allows full credit to the recipient for

the Federal share of the obligations that cannot be canceled that are properly incurred by the recipient prior to termination.

- c. Termination for Convenience. FTA or the recipient may terminate a project in whole or in part, when both parties agree that continuation of the project would not produce results commensurate with the further expenditure of funds. Both parties must agree upon the termination conditions, including the effective date and, in case of partial termination, the portions to be terminated. The recipient may not incur new obligations for the terminated portion after the effective date and must cancel as many outstanding obligations as possible. FTA evaluates each obligation that cannot be canceled to determine its eligibility for inclusion in project costs. Settlement is made in accordance with terms and conditions of the grant or cooperative agreement. FTA allows full credit to the recipient for the Federal share of the obligations that cannot be canceled properly incurred by the recipient prior to termination.
- d. Partial Termination. In some cases, FTA may deobligate funds in an approved project before closeout because the funds are no longer needed to accomplish the project purpose.

**15. PROCUREMENT, USE AND DISPOSITION OF PROJECT PROPERTY.**

Due to the nature of FTA research programs, project implementation generally does not require major acquisitions of property. However, in the case of projects in which property is acquired, any procurement and disposition action should be made in accordance with the procurement and property management standards as set forth in 49 C.F.R. Part 18 or Part 19, as applicable. Part 18 applies to governmental recipients, while Part 19 applies to educational institutions and private nonprofit organizations.

As of the beginning of Fiscal Year 2002, the “small purchase” procurement threshold is \$100,000. Generally, items of equipment with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to FTA. Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold, but FTA shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the Federal cost share of the equipment. In the case of capital rolling stock, FTA has established special useful life requirements that must be followed.

The appropriate FTA office must approve the leasing of project equipment in advance. Sample leases are also available from the FTA Regional Offices or the relevant headquarters office.

**16. RETENTION AND ACCESS REQUIREMENTS FOR RECORDS.**

- a. Applicability. This section applies to all financial and programmatic records, statistical records, supporting documents, and other records of recipients that are:

- (1) Records required to be maintained by this Circular or the terms of the agreement, or otherwise reasonably considered as pertinent to FTA program requirements or the agreement.
- (2) Records submitted electronically may be retained in that manner, but files must be accessible for possible review, audit or downloading to hard copy when required.
- (3) This section does not apply to records maintained by contractors or subcontractors.

b. Length of Retention Period.

- (1) Except as otherwise specified, records must be retained for three years from the starting date specified in paragraph 15c, below.
- (2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained for three years after completion of the action and resolution of all issues that arise from it.
- (3) To avoid duplicate record keeping, FTA may make special arrangements with recipients (including sub-recipients as appropriate) to retain any records that are continuously needed for joint use. FTA will request transfer of records to its custody when it determines that the records possess long-term retention value. When the records are transferred to or maintained by FTA, the 3-year retention requirement is not applicable to the recipient.

c. Starting Date of Retention Period.

- (1) General. The starting date for retention of records related to multi-year projects is the date of submission of the Final Financial Status Report, which is submitted within 90 days of project completion.
- (2) Equipment records. The retention period for the equipment records starts from the date of the equipment's disposition or replacement or transfer at FTA's direction.
- (3) Records for income transactions after project closeout. In some cases recipients must report income after a grant or cooperative agreement is closed out. Where there is such a requirement, the retention period for the records pertaining to the earning of the income starts from the end of the recipient fiscal year in which the income is earned.
- (4) Direct cost rate proposals, cost allocation plans and similar rate and rate allocation methods. This paragraph applies to the following types of documents, and their supporting records: indirect cost rate computations

or proposals, cost allocation plans, and any similar accounting computations or the rate at which a particular group of costs is chargeable, such as computer usage charge back rates or composite fringe benefit rates.

- (a) If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the recipient) to form the basis for negotiation of the rate, then the three-year retention period for its supporting records starts from the date of such submission.
  - (b) If not submitted for negotiation: If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the recipient) for negotiation purposes, then the three year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.
- (5) Contract Records. The retention period for all required contract records begin after the recipients or subrecipients make final payments and all other pending matters is closed. [Reference 49 C.F.R. Section 18.36(i)(11)]
- (6) Substitution of Photocopies. Copies made by microfilming, photocopying, or similar facsimile methods may be substituted for originals.
- (7) Access to Records.
- (a) Records of recipients and subrecipients. FTA and the Comptroller General of the United States, or any of their authorized representatives, have the right of access to any books, documents, papers, or other records of the recipient that are pertinent to the project, in order to perform audits, or make examinations, excerpts, or transcripts.
  - (b) Expiration of right of access. The right of access in this section is not limited to the required retention period but continues as long as the records are retained.
- (8) Restrictions on Public Access. Except as provided by 49 CFR Section 19.36(d), the Freedom of Information Act (5 U.S.C. 552) does not apply to project records owned and possessed by the recipient. Unless required by State or local law, recipients and subrecipients are not required to provide periodic public access to their records. However, FTA may require a recipient to provide access to those records the

recipient maintains on behalf of FTA (i.e., records required by Federal statute or regulation, such as Davis-Bacon wage records).

FTA will request transfer of certain records to its custody from the recipient when it determines that the records possess long-term retention value. However, in order to avoid duplicate record keeping, FTA may make arrangements with the recipient to retain any records that are continually needed for joint use.

The Federal Transit Administrator, the DOT Office of Inspector General and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the recipient and its sub-recipients or third-party contractors to make audits, examinations, excerpts, and transcripts.

## 17. SPECIAL REQUIREMENTS.

- a. Political Activities. Chapter 15 of Title 5 of the United States Code (Hatch Act) provides that all State or local agency employees who are engaged in an activity financed by Federal government grants or loans may not be candidates for elective office or use their positions to influence public elections. Furthermore, those State and local agencies receiving Federal assistance are prohibited from coercing their employees into making political contributions. Exceptions to the general Hatch Act prohibition do exist, such as certain non-supervisory transit employees and persons holding elective office. State and local agencies should contact the appropriate FTA Regional Counsel or the FTA Office of Chief Counsel to discuss any questions they may have about the specific applicability of these provisions to their situation.
- b. Copyrights and Rights in Data. When FTA provides financial assistance for research, demonstration or innovation projects, it is with the general intention of increasing public transit knowledge, rather than limiting the benefits of the project to the participants of the project. Except as otherwise provided in the grant or cooperative agreement, the recipient is free to copyright any material developed under or during the course of a project.

However, FTA reserves a royalty-free non-exclusive and irrevocable right to reproduce, publish, distribute, or otherwise use, and authorize others to use the work for Government purposes. In addition, for research, development, and demonstration projects financed with FTA-awarded assistance, FTA generally reserves the right to acquire greater rights in data including copyrights.

- c. Patent Rights. All recipients must notify FTA of any inventions, improvements, or discoveries conceived of or actually reduced to practice by the recipient or its employees in the course of, or under the terms of, the grant or cooperative agreement. FTA determines whether or not and where a patent

application will be filed, as well as the disposition of all rights in such inventions, improvements and/or discoveries, including title to and rights under any patent application or patent that may be issued. The recipient is responsible for executing all documents to effect the determination.