U.S. Department
of Transportation

**Federal Transit
Administration**

Administrator

400 Seventh St., S.W.
Washington, D.C. 20590

October 25, 1996

C-96-27

Dear Colleague:

In recent years, many changes have occurred in the Federal Transit Administration's (FTA) planning program. These changes have been brought about by, among other things, new legislation, new regulations, and ongoing FTA efforts to streamline the program, reduce the burden on grantees, and bring program delivery closer to the state and local level where many transportation decisions are actually made. I am pleased to send you this revised circular for the metropolitan planning program, FTA C 8100.1B, which addresses recent changes to the program.

The most significant change in delivery of the metropolitan planning program is the statutory transfer of responsibility for day-to-day program administration and management to the states. This circular also incorporates several FTA initiatives designed to streamline the program and reduce grantee burden. One is the Electronic Grant Making and Management (EGMM) system. As grantees come on-line with EGMM, the system will eliminate considerable paperwork and greatly accelerate the review and approval process between FTA and the grantee for most grant actions. We also are working to streamline the procedures for State Transportation Improvement Programs and Transportation Improvement Programs by creating a paperless input and processing system for these as well.

Other FTA initiatives include the Electronic Clearing House Operation payment system which has eliminated the letter of credit, reimbursement by Treasury check, and Federal cash transactions report; development of a single, annual certification of compliance with a range of statutory and regulatory requirements replacing numerous individual assurances and certifications; and a reduction in the frequency of required planning program reporting from a quarterly to an annual basis.

I trust you will agree that the program procedures and guidelines contained in this new circular represent a significant step toward decentralization of routine planning program management. I encourage you to familiarize yourself with this new circular since it is now the operational document for metropolitan planning program assistance.

Sincerely,

Gordon J. Linton

U.S. Department
of Transportation

Federal Transit Administration

CIRCULAR

FTA C 8100.1B

October 25, 1996

Subject: **PROGRAM GUIDANCE AND APPLICATION INSTRUCTIONS FOR METROPOLITAN PLANNING PROGRAM GRANTS**

1. **PURPOSE.** This circular provides application instructions and program guidance instructions for the preparation of Metropolitan Planning Program (MPP) grant applications for funds authorized by 49 U.S.C. §5303.

2. **CANCELLATION.** FTA Circular 8100.1A, "Program Guidance and Application Instructions for Planning and Technical Studies Grants," dated 8-30-85.

3. **REFERENCES.**

   a. Federal transit laws, 49 U.S.C. chapter 53, as amended by Pub. L. 103-272, July 4, 1994; formerly, the Federal Transit Act, as amended, and related laws.

   b. Federal highway and surface transportation laws codified at Title 23 United States Code.

   c. Intermodal Surface Transportation Efficiency Act of 1991, as amended, codified in scattered sections of Titles 49 and 23, United States Code.

   d. Clean Air Act, as amended, 42 U.S.C. §§7401 et seq.; specifically, limitations on Federal assistance added by the Clean Air Act Amendments of 1990, 42 U.S.C. § 7506(a).

   e. Single Audit Act of 1984, 31 U.S.C. §7501.

   f. Joint Federal Highway Administration (FHWA)/Federal Transit Administration (FTA) regulations, "Planning Assistance and Standards," 23 C.F.R. Part 450 and 49 C.F.R. Part 613 (specifically, Subpart B "Statewide Transportation Planning," and Subpart C Metropolitan Transportation Planning and Programming").

   g. FHWA regulations, "Program Management and Coordination," 23 C.F.R. Part 420.

Distribution: FTA Headquarters Offices (T-W-2)
FTA Regional Offices (T-X-2)
FTA Grantees

OPI: Office of Planning

h. Environmental Protection Agency (EPA) regulations, "Requirements for Preparation, Adoption, and Submittal of Implementation Plans," 40 C.F.R. Part 51 (specifically, Subpart T, "Conformity to State or Federal Implementation Plans of Transportation Plans, Programs, and Projects Developed, Funded or Approved under Title 23 U.S.C. or the Federal Transit Act").

i. EPA regulations, "Determining Conformity of Federal Actions to State or Federal Implementation Plans," 40 C.F.R. Part 93.

j. U.S. DOT regulations, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" ("common grant management rule"), 49 C.F.R. Part 18.

k. U.S. DOT regulations, "Participation by Minority Business Enterprises in Department of Transportation Programs," ("DBE regulations") 49 C.F.R. Part 23. (Note that new U.S. DOT regulations on DBEs may be published at another part of 49 C.F.R.)

l. U.S. DOT regulations, "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance," 49 C.F.R. Part 27

m. U.S. DOT regulations, "Audits of State and Local Governments," 49 C.F.R. Part 90.

n. U.S. Department of Treasury regulations, "Rules and Procedures for Funds Transfers," 31 C.F.R. Part 205.

o. Office of Management and Budget (OMB) Circular A-87, revised, "Cost Principles for State, Local and Indian Tribal Governments."

p. OMB Circular A-128, "Audits of State and Local Governments."

q. FTA Circular 4220.1D, "Third Party Contracting Requirements," dated 4-15-96 and any further changes that may be issued.

r. FTA Circular 4716.1A, "FTA Disadvantaged Business Enterprise Requirements for Recipients and Vehicle Manufacturers," dated 7-26-88.

s. FTA Circular 5010.1B, "Grant Management Guidelines," dated 9-7-95, and any further changes thereto.

t. FTA Notice, "FTA Fiscal Year 1995 Apportionments and Allocations," 59 Fed. Reg. 51758 et. seq. (1994).

u. FTA Notice, "Annual List of Certifications and Assurances for Federal Transit Administration Grants and Cooperative Agreements," 59 Fed. Reg. 51794 et. seq. (1994).

v. FTA manual, "GMIS-90's, Electronic Grants Management System Policies and Procedures Manual."

w. FTA Master Agreement, Form FTA MA(2), dated 10-1-95.

4. **DEFINITIONS**. Terminology specific to this circular is defined in Appendix A.

5. **WAIVERS**. FTA may waive any part of this circular provided that such action is consistent with applicable law. Each application for a waiver will be considered on the basis of its individual merit.

Gordon J. Linton
Administrator

METROPOLITAN PLANNING PROGRAM

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CHAPTER I

GENERAL OVERVIEW

1. **THE METROPOLITAN PLANNING PROGRAM.** Since 1966, the Federal Transit Administration (FTA) has provided financial assistance to states and local public bodies to support various types of planning. Before enactment of the Intermodal Surface Transportation Efficiency Act of 1991, as amended (ISTEA), FTA's planning assistance program provided discretionary planning assistance for both metropolitan planning organizations (MPO) and for states. When signed into law, the ISTEA completely restructured FTA's planning assistance programs. In particular, the ISTEA established both statutory formula and discretionary planning assistance programs, and separated planning programs for MPOs from planning programs for states.

Before codification of the Federal transit laws, FTA's Metropolitan Planning Program (MPP) was authorized by section 8 of the Federal Transit Act, as amended; and FTA's State Planning and Research Program (SPRP) was authorized by section 26(a)(2) of the Federal Transit Act, as amended. The Federal Transit Act, as amended, and related transit laws are now codified at 49 U.S.C. chapter 53. As part of the codification, substantially all of the Federal Transit Act, as amended, including sections 8 and 26(a)(2), was repealed. Now the MPP is codified at 49 U.S.C. §5303, while the SPRP is codified at 49 U.S.C. §5313(b). Although the text of section 5303 differs from the text of former section 8, and the text of 5313(b) differs from the text of section 26(a)(2), these differences do not impose any substantive changes to the MPP or SPRP.

In particular, the MPP now reflects the ISTEA's emphasis on a multimodal approach to transportation -- planning and funding -- as well as the pertinent requirements of the Clean Air Act, as amended; in particular, the Clean Air Act Amendments of 1990. Following is a breakout of some of the most significant ISTEA provisions (Your attention is called to the definitions in Appendix A of this circular, because the terms used throughout the circular have the specific meaning as stated in Appendix A):

a. Broad national objectives have been established.

b. The following requirements have significant effects on the MPO:

(1) A process for designating and redesignating an MPO and organizational requirements for certain areas;

(2) Metropolitan area boundaries for which an MPO is responsible;

(3) Coordination among multiple MPOs within the same metropolitan area, as well as among MPOs in multi-state metropolitan areas;

(4) Each MPO must comply with statutory requirements to increase public participation in developing its metropolitan long range transportation plan;

(5) Each MPO must comply with the statutory requirements to increase public participation in developing the metropolitan transportation improvement program (TIP); and

(6) The MPO must also comply with applicable requirements of the Clean Air Act, as amended, and implementing regulations, particularly with respect to coordination and conformity.

d. Fifteen specific criteria for transportation of people and freight, ranging from transit-specific criteria to broader transportation, land use, social, financial, and procurement criteria must be considered in the development of plans and programs.

e. Each area with a population of more than 200,000, and other areas at the request of appropriate officials is designated a transportation management area (TMA).

f. Each TMA must establish a congestion management system. (NOTE: For any TMA classified as a nonattainment area for transportation-related pollutants, a capital or operating project that significantly increases capacity for single-occupant-vehicles may not be included in the TIP or statewide transportation improvement program (STIP) unless that project is based on an approved congestion management system.)

g. FTA may permit an area that is not a TMA to develop simplified transportation planning procedures unless that area is a nonattainment area for transportation-related pollutants.

h. Federal grants for planning, engineering, and evaluation, as well as a variety of technical studies are available to states, with ultimate distribution of MPP assistance to MPOs.

i. FTA apportions 80 percent of the MPP assistance to the states based on an urbanized area population formula established by statute. The state then allocates its MPP assistance to the MPOs based on an FTA-approved formula developed by the state in cooperation with MPOs that considers population and provides an appropriate distribution.

j. An opportunity must be made available for participation of private enterprise in developing and implementing transportation plans and programs.

Since 1975, Federal regulatory requirements have been promulgated for state and metropolitan transportation planning. FTA published its first planning regulations, "Urban Transportation Planning" jointly with FHWA in 1975. Those regulations were simplified in August 1980, then revised and re-issued in June 1983. In October, 1993, FTA and FHWA published new joint regulations, "Planning Assistance and Standards," 23 C.F.R. Part 450 and 49 C.F.R. Part 613 to reflect the changes in the Federal planning programs created by the enactment of the ISTEA. Within these regulations, Subpart C addresses metropolitan transportation planning and programming, and Subpart B addresses statewide transportation planning.

The 1993 planning regulations elaborate on the following fundamental principles:

a. There must be an MPO in each urbanized area (areas with at least 50,000 population).

b. Within each state, metropolitan long-range transportation plans and a statewide long-range transportation plan must be produced.

c. Within each state, STIPs, including unmodified TIPs, must be produced.

d. For projects to which the regulations apply, FTA and FHWA will provide financial assistance only to projects contained in the STIP approved by both FTA and FHWA. (Among other things, the STIP contains unmodified TIPs submitted by MPOs.)

To meet all these and other planning and program requirements, the MPP is a major source of Federal financial assistance to MPOs. However, the ISTEA has designated the state as the only entity eligible to apply for and receive MPP, as well as SPRP, assistance directly from FTA. Although FTA makes MPP and SPRP grants directly to states, the state is required by law to distribute its MPP assistance to subrecipients. The state recipient then enters into subagreements with subrecipients, consistent with applicable requirements of law.

Under the MPP program, only an MPO is eligible to receive MPP assistance directly from the state. The state, in cooperation with the MPOs, is required by law to develop an allocation formula for distributing MPP assistance among the various eligible MPOs; the allocation formula then must be approved by FTA. Consequently, the MPP is a major source of Federal financial assistance to help urbanized areas plan, develop, and improve comprehensive transportation systems.

Specifically, the MPP provides financial assistance, through the states, to MPOs to support the costs of preparing long-range transportation plans and financially-feasible TIPs, required as a condition of obtaining Federal Capital Program and Urbanized Area Formula Program grants for transit projects. In addition to providing funding for local and state transportation planning and objectives, the MPP provides a means of drawing state and local attention to national priorities.

MPP assistance should be used to conduct balanced and comprehensive intermodal transportation planning and technical studies for the movement of people and goods in the metropolitan area, and is not confined to transit planning. Eligible work elements or activities include, but are not limited to:

a. Studies relating to management, operations, capital requirements, innovative financing opportunities, and economic feasibility of transit projects;

b. Evaluation of previously funded projects;

c. Similar work elements or activities preliminary to the construction of or improved operation of facilities and equipment including "livability" features such as improved pedestrian and bicycle access to the station and shops and community services in the station area, incorporating arts and artistic design in stations and surrounding areas, and other improvements that enhance the usability and community-friendliness of the transit system environment;

d. Systems analysis;

e. Development of a long-range and short-range transportation plans;

f. Development of TIPs;

g. Major investment studies;

h. Analyses of social, economic, and environmental factors related to travel and transportation;

i. Air quality planning and conformity planning;

j. Public involvement in the transit/transportation planning process;

k. Multimodal facilities planning;

l. Joint development planning; and

m. Computer hardware and software needed to support planning work.

2. **THE UNIFIED PLANNING WORK PROGRAM FOR METROPOLITAN AREAS.** Each MPO prepares a unified planning work program (UPWP), which is a document describing metropolitan transportation and transportation-related planning work expected to be undertaken in the MPO's metropolitan area during the next 1 to 2-year period, including all transportation-related planning work to be financed with Federal transportation planning assistance. Consequently, the state's grant application to FTA for MPP assistance must reflect the planning activities described in the UPWPs prepared by MPOs within the state.

a. UPWP Topic of Special Interest. The MPO's UPWP describes all work elements and activities to be financed with Federal, state, and local transportation planning assistance, and includes the following information for each work element or activity:

(1) Objective(s) of the work element or activity;

(2) Tangible product expected;

(3) Previous efforts toward this objective;

(4) Relationship to other work element or activities;

(5) Entity responsible for work element or activity (note whether it will be performed by a third party contractor); and

(6) Cost and funding source.

Additionally, the UPWP for a TMA should include :

(1) A discussion of the area's important transportation issues;

(2) A description of all proposed transportation and transportation-related planning work elements or activities, including related state transportation department or transit authority corridor planning work elements or activities, regardless of funding sources; and

(3) A description of transportation-related air quality planning work elements or activities, regardless of funding sources and which entity conducts such work elements or activities.

FTA will review the draft UPWP from each TMA and approve the Metropolitan Work Program individually or as part of the state's consolidated request for MPP assistance. FTA reserves the right to review the draft UPWP from other metropolitan areas only as needed. In reviewing a UPWP, FTA evaluates the following:

(1) The UPWP's relevance to studies needed to implement the metropolitan long range transportation plan and TIP requirements;

(2) Eligibility of each task for FTA financial assistance; and

(3) As appropriate, inclusion of tasks reflecting Federal planning emphasis areas.

b. Simplified Statement of Work. If approved by FTA and FHWA, an MPO in an urbanized area not designated as a TMA may submit a simplified statement of work in lieu of the UPWP. If permitted to submit a simplified statement of work, the MPO, in cooperation with the state and transit operators, prepares the statement of work describing the entity that will perform the work and the work that will be accomplished using Federal financial assistance.

3. RELATIONSHIP TO OTHER FTA PROGRAMS.

a. Capital Program. Funding for the Capital Program, authorized by 49 U.S.C. §5309 (formerly, section 3 of the Federal Transit Act, as amended), is derived from the Mass Transit Account of the Highway Trust Fund, and provides capital assistance for fixed guideway modernization, construction and extension of new fixed guideway systems, and bus and bus related equipment and construction projects. States, and local public bodies within urbanized or nonurbanized areas, are eligible to receive grants derived from the Capital Program. In limited instances, Capital Program assistance may be used for planning.

b. Urbanized Area Formula Program. The Urbanized Area Formula Program, authorized by 49 U.S.C. §5307 (formerly section 9 of the Federal Transit Act, as amended), provides Federal assistance for transit and related planning, capital and operating assistance within urbanized areas. FTA's enabling legislation requires FTA to make Urbanized Area Formula Program grants directly to certain designated recipients as required by law. A number of

urbanized area recipients under this program also receive Nonurbanized Area Formula Program assistance to carry out projects in outlying nonurbanized areas.

Urbanized Area Formula assistance is apportioned by statutory formula to states and local public bodies. This assistance may be used for planning, capital, and operating assistance. The Federal match for planning assistance under the Urbanized Area Formula Program is established by law at 80 percent of the project cost. This program, however, is intended to be the primary source of Federal assistance for routine capital assistance needs, such as bus and rail system replacements, equipment, facility construction, and system modernization and rehabilitation.

The ISTEA has not set aside or specifically earmarked any Urbanized Area Formula Program assistance for planning projects. Therefore, absent future legislation to the contrary, this assistance may be used for planning at the discretion of the recipient(s) to supplement metropolitan planning resources when an area's MPP allocation is insufficient to carry out the full planning program the MPO and transit operators wish to pursue. FTA encourages the use of Urbanized Area Formula Program assistance to finance special interest planning studies or unusually expensive planning studies. Application guidelines for the Urbanized Area Formula Program are available from FTA regional offices.

c. State Programs.

(1) Elderly and Persons with Disabilities Program. The Elderly and Persons with Disabilities Program, authorized by 49 U.S.C. §5310 (formerly, section 16 of the Federal Transit Act, as amended), provides Federal assistance to states, which in turn distribute that funding to private-nonprofit organizations (and in certain circumstances, public bodies). Subrecipients use Elderly and Persons with Disabilities Program assistance to purchase vehicles and related equipment to provide special transit services to the elderly and persons with disabilities. Many subrecipients of program funding also serve clients in rural and small urban areas.

(2) Nonurbanized Area Formula Program. The Nonurbanized Area Formula Program, authorized by 49 U.S.C. §5311 (formerly section 18 of the Federal Transit Act, as amended), provides assistance to the states for public transportation projects in small urban and rural areas. Up to 15 percent of the state's Nonurbanized Area Formula Program assistance may be used for state administration, planning and technical assistance.

With few exceptions, both state programs are administered by the same state agency. Because these two state programs and the MPP along with the SPRP complement each other and have many parallels, FTA encourages state agencies to consider all planning, capital and operating resources together and coordinate the use of those resources.

4. **RELATIONSHIP TO OTHER PLANNING PROGRAMS.** Among other Federal planning programs, the following are frequently used sources of Federal assistance for transportation or transportation-related planning:

a. State Planning and Research. The ISTEA established the State Planning and Research Program (SPRP), codified at 49 U.S.C. §5313(b) (formerly, Section 26(a)(2) of the Federal Transit Act, as amended). The SPRP provides assistance for each state to use in urbanized or nonurbanized areas for any planning work elements or activities eligible for MPP assistance, as well as other technical study projects.

b. Surface Transportation Program. The ISTEA established the Surface Transportation Program (STP), codified at 23 U.S.C. §133, as a source of flexible funding for both highway and transit projects. STP assistance may be used for all eligible planning purposes.

c. Congestion Mitigation and Air Quality Improvement Program. The ISTEA also included the Congestion Mitigation and Air Quality Improvement Program (CMAQ), codified at 23 U.S.C. §149, to provide flexible funding for both highway and transit projects. CMAQ assistance may also be used for planning highway or transit projects, including certain major investment studies and other planning work elements or activities undertaken in support of specific projects designed to comply with air quality requirements.

d. FHWA Planning Program. Like FTA's MPP assistance, FHWA's metropolitan planning (PL) assistance, authorized by 23 U.S.C. §104(f), may be used for all transportation planning purposes. PL and MPP assistance may be combined to finance any transportation work elements or activities in an MPO's UPWP.

5. **PLANNING EMPHASIS AREAS.** A planning emphasis area (PEA) is jointly established by FTA and FHWA to advance national goals as established by Federal law, to reflect FTA and FHWA priorities, and to respond to congressional direction established through the appropriations process. PEAs are intended to highlight subjects that should be addressed in FTA and FHWA planning programs. PEAs are designed to encourage the application of some planning assistance to studies addressing national goals and priorities in addition to goals and priorities directly benefiting local transportation operations or otherwise serving state and local needs. Upon request, FTA Regional Offices and FHWA division offices will provide the most current PEAs, which remain in effect until superseded by newer PEAs.

6. **STATE MANAGEMENT OF MPP GRANTS.** Before the ISTEA was signed into law, an individual MPO generally applied directly to FTA for MPP assistance. Following ISTEA's enactment, FTA now apportions MPP assistance and awards grants to each state; the state then provides all its MPP assistance to MPOs for transportation planning in their metropolitan planning areas. To facilitate planning coordination, FTA encourages each state to designate a single state entity to serve as the grantee for all MPP and PL assistance awarded to the state.

Although the state is responsible, in cooperation with the MPOs, for developing a formula for the suballocation of MPP assistance to various urbanized areas, FTA must approve the formula. FTA expects the state's MPP formula to recognize relative population size and transportation needs and problems of individual areas as well as ensuring a minimum amount of MPP funding for each urbanized area equal to the amount it received in Federal fiscal year 1991 for planning authorized by former Section 8 of the Federal Transit Act, as amended.

Because FTA issues a single MPP grant to each state, the state assumes the role of grant applicant on behalf of its subrecipient MPOs in interacting with FTA, e.g., the state is responsible for submitting the MPP grant application to FTA on behalf of its MPOs. The state's (aggregate) Project Task Budget in its MPP grant application is usually compiled from information in the various final UPWPs. Specifically, the state is expected to prepare an aggregate summary of all the proposed work elements and activities in all its metropolitan areas, in accordance with the framework of Appendix B. Apart from the Project Task Budget, the state is also expected to provide information about how it will allocate MPP assistance to its MPOs and specify the organization that will be responsible for completing each work element or activity.

Although FTA relies on the states to perform the necessary reviews of the UPWPs, the FTA Regional Office reserves the right to review and approve individual metropolitan UPWPs (in addition to UPWPs covering metropolitan areas with populations of more than 200,000, or areas classified as nonattainment or maintenance areas for transportation-related pollutants).

The state, in turn, must distribute all MPP assistance to its MPO subrecipients in accordance with the state's federally approved formula. The state accomplishes this by entering into subagreements (such as subgrants) with each MPO. At an MPO's request, a state may use MPP assistance to perform selected planning work elements or activities for the MPO. Although the state may not use any MPP assistance for state administrative expenses, the state may use SPRP assistance to support the state's costs connected with administering and managing the MPP.

Note particularly that the MPP imposes vastly more extensive project management responsibility on the state than is imposed by FTA's Urbanized Area Formula Program. Specifically, when the designated recipient is not the ultimate grantee of FTA's Urbanized Area Formula Program assistance, that designated recipient (including a state) may enter into a three-party agreement with FTA's ultimate grantee and FTA, which relieves the designated recipient of the responsibility for complying with most Federal requirements for the Urbanized Area Formula Program. In this case, FTA does not award the grant to the designated recipient, but to the ultimate grantee.

In contrast, the state as the applicant to FTA for an MPP grant, and later as the FTA grantee, is responsible to FTA for compliance with all grant application requirements of this circular, irrespective of whether the state or an MPO or another party must, of necessity, fulfill the obligation. Consequently, the state is responsible for ensuring that each subrecipient of MPP assistance, such as an MPO, complies with those Federal requirements only the subrecipient can fulfill. Although FTA does not specify the documentation a state must obtain from the individual subrecipients, the state is obligated to have support for the assurances and other presentations made to FTA as grant applicant, recipient, and manager.

CHAPTER II

ELIGIBILITY

1. **APPLICANT ELIGIBILITY.** FTA makes MPP grants directly to states, the District of Columbia, and Puerto Rico, all of which have at least one urbanized area. FTA first apportions MPP assistance to each state. The state then allocates its MPP assistance to the MPOs in its urbanized areas based on a formula developed by the state in cooperation with the MPOs, and approved by FTA. After the state executes its MPP grant agreement with FTA, the state then transfers its MPP assistance to the MPO by subagreement to support the MPO's transportation and transportation-related activities in its UPWP.

2. **GEOGRAPHICAL BOUNDARIES OF METROPOLITAN AREAS.** The state's subagreement or subgrant with each MPO must require the MPO to focus planning activities on the transportation needs covering the area within the established boundaries of the MPO's metropolitan area. The boundaries of a metropolitan area are determined by agreement between the MPO and the governor, but must comply with the following two Federal requirements: first, at a minimum, the boundaries of the metropolitan area must include the existing urbanized area and the contiguous area expected to become urbanized within the next 20 years; second, the boundaries of a nonattainment or maintenance area designated by EPA for transportation-related pollutants must conform to the requirements of the joint FHWA/FTA planning regulations.

3. **ELIGIBLE GRANT ACTIVITIES.** The MPO must use its MPP assistance to support work elements and activities resulting in balanced and comprehensive transportation planning. Comprehensive transportation planning is not limited to transit planning or surface transportation planning. It also encompasses the relationships among land use and all transportation modes, without regard to the programmatic source of Federal assistance. Within these parameters, MPP assistance may be used for the following transportation-related activities:

   a. Planning, engineering, design, and evaluation of transportation projects.

   b. Technical studies relating to management, operations, capital requirements, innovative financing opportunities, and economic feasibility; evaluation of previously assisted projects; and other similar or related activities preliminary to and in preparation for the construction, acquisition or improved operation of transportation systems, facilities and equipment including the planning for "livability" features such as improved pedestrian and bicycle access to the station and shops and community services in the station area, incorporating arts and artistic design in stations and surrounding areas, and other improvements that enhance the usability and community-friendliness of the transit system environment

   c. Up to a maximum of 20 percent of the preliminary engineering and design costs for a transportation facility.

4. **WORK ELEMENT IMPLEMENTATION.** The MPO may use its own staff, contract with the state, or enter into third party contracts to carry out planning work elements and activities, provided that each third party contract complies with the requirements imposed on states by U.S. DOT regulations, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," (common grant management rule) 49 C.F.R. Part 18, and FTA Circular 4220.1D, "Third Party Contracting," and any revisions thereto. The definition of "local government" in the common grant management rule expressly covers each MPO, whether or not the MPO is incorporated as a nonprofit corporation under state law. Consequently, the state is authorized to direct the MPO to follow state procedures or to follow the Federal procedures of 49 C.F.R. Part 18, amended as necessary by specific Federal statutes, executive orders, and any implementing regulations. Because MPOs expend all MPP assistance, please refer to Chapter VIII, paragraph 3 of this circular for a more comprehensive discussion of third party procurement requirements.

CHAPTER III

METROPOLITAN PLANNING ASSISTANCE: FORMULA AND NOTIFICATION

1. **NOTIFICATION.** MPP apportionments to the states are published in the Federal Register annually, after the U.S. Department of Transportation (U.S. DOT) Appropriations Act for the fiscal year has been signed. FTA usually publishes apportionments in October of each year.

2. **AUTHORIZATION.** Amounts authorized for MPP work are established by statutory formula. Under the ISTEA formula, 45 percent of the amount set aside for various planning, programming and research activities may be used for MPP work.

3. **FORMULAS.** The ISTEA has divided MPP authorizations into two categories: 80 percent is designated for basic MPP work, with the remaining 20 percent designated for supplemental assistance. FTA combines both the basic and supplemental MPP assistance for each state when FTA publishes its annual apportionment notice in the Federal Register. The ISTEA also prescribes different formulas for apportioning and allocating basic and supplemental MPP assistance, as described below:

   a. Basic MPP Assistance.

      (1) FTA apportions 80 percent of the available MPP assistance to the states, based on the ratio equal to the population in each each state's urbanized areas divided by the total population in urbanized areas in all the states, as shown by the latest available decennial census prepared by the U.S. Bureau of the Census. If necessary, FTA is required to make adjustments to that formula to assure that each state is apportioned a minimum amount of .5 percent of this 80 percent basic assistance.

      (2) Each state must then allocate its MPP assistance to its MPOs consistent with the FTA-approved formula the state has developed with its MPOs.

   b. Supplemental MPP Assistance.

      (1) FTA then apportions the remaining 20 percent of the MPP assistance to the states to supplement costs experienced by MPOs in carrying out MPP activities. FTA's administrative formula for apportioning the remaining 20 percent focuses on the planning needs of the larger, more complex metropolitan areas.

      (2) The state must then allocate this supplemental MPP assistance consistent with a formula reflecting the additional costs its MPOs have experienced in carrying out the requisite planning, programming, and work selection necessary for the metropolitan area to comply with the various Federal transportation requirements.

Note particularly, that states must allocate to each of its MPOs at least as much MPP assistance as that MPO received in Federal fiscal year 1991.

4. AVAILABILITY OF MPP ASSISTANCE.

a. Grant Awards. After FTA apportions the MPP assistance appropriated and awards an MPP grant to the state, the MPP assistance awarded remains available to the state for allocation to the MPOs for three years after the Federal fiscal year for which that MPP assistance was appropriated. Upon expiration of that time period, any MPP assistance remaining unobligated or deobligated by FTA will lapse to the state. FTA reapportions any lapsed MPP assistance among all the states in subsequent apportionments. The same principles apply to SPRP assistance.

b. Preaward Authority. Even if a state has not executed a grant agreement with FTA, the state may expend its own funds for MPP work beginning on the date specified in the Federal Register apportionment notification, and that work will remain eligible for FTA assistance until the MPP assistance lapses. Only if work is eligible for MPP assistance will FTA provide retroactive MPP assistance to support that work. During Federal fiscal years 1995, 1996, and 1997, an MPO may incur costs for MPP work before receiving its MPP allocation from the state, yet remain eligible for reimbursement when its MPP assistance is ultimately made available. This preaward authority expires with the lapsing of fiscal year 1997 MPP assistance. The same principles also apply to SPRP assistance.

c. Restricted Grants; Draw Down Conditioned Upon UPWP Approval. As a general rule, an applicant for financial assistance under any of FTA's grant programs must first demonstrate compliance with all applicable Federal requirements before FTA will award a grant to that applicant. An exception may be made, however, for an MPP grant to a state. In this instance, FTA may choose to award a grant before FTA and FHWA have approved each UPWP within the state requiring express FTA and FHWA approval, but prohibit the state from drawing down MPP assistance obligated under the grant to support planning expenses of an MPO with a UPWP lacking required FTA and FHWA approval; once FTA and FHWA approve that MPO's UPWP, the state may then begin to draw down MPP assistance under the affected grant for reimbursement of the MPO's planning expenses.

CHAPTER IV

UNIFIED PLANNING WORK PROGRAM

1. **OVERVIEW.** A unified planning work program (UPWP) consists of transportation planning projects within a metropolitan area for which Federal assistance is sought. Typically, a UPWP is focused on a single metropolitan area and is developed by the MPO within that area.

   This chapter provides guidance concerning information that should be included in a UPWP so that the UPWP may be used to justify the award of MPP assistance to support the proposed planning projects. FTA has not established a uniform format for the UPWP or the presentation of the descriptive information. However, the UPWP should include a level of detail commensurate with the size of the metropolitan area and the complexity of its transportation problems. The UPWP should, at a minimum, provide sufficient information about planning for its metropolitan area to enable the state to provide the information FTA requires. Specifically, the state's MPP grant application summarizes the proposed UPWPs to be undertaken within the state's metropolitan areas, the amount of financial assistance needed to complete those planning work programs, the amount the state intends to allocate to each activity, the organization responsible for completing each proposed activity, and the source of Federal assistance requested.

   The UPWP should also identify transportation planning activities to be financed with assistance derived from the SPRP, the Urbanized Area Formula Program, or Federal assistance derived from FHWA (such as CMAQ or STP) to ensure that all planning in the metropolitan area for which Federal assistance is being requested is fully coordinated with remaining FTA, FHWA, and other planning work elements or activities for which Federal assistance has already been provided. The level of detail should be the same as that for work elements or activities for which MPP assistance is sought.

   The UPWP should also explicitly identify any incomplete work elements or activities financed with Federal planning assistance awarded in previous fiscal years as carryover activities, irrespective of the source.

2. **GENERAL.**

   a. Although the MPO generally has the primary responsibility for preparing the UPWP for its metropolitan area, developing the UPWP is the joint responsibility of the MPO, state transportation department or other state departments, and other planning or operating agencies authorized to carry out transportation and related planning and implementation within metropolitan areas. Specifically, it is essential that all planning and implementing agencies (such as state transportation departments, transit authorities, and airport operators) be an integral part of the planning process and participate in the development of the UPWP.

b. A UPWP should include a detailed description of all transportation and transportation-related planning activities anticipated within the metropolitan area during the period covered by the UPWP, *regardless of funding source.* The UPWP should specifically identify any planning work elements or activities to be performed by a contractor. The UPWP should contain all specific transit, highway, aviation, railway, port and harbor activities, as well as the related transportation planning support activities, (i.e., land use, socio-economic factors, population estimates, etc.). The UPWP should include all elements of significant transportation or transportation-related work within the metropolitan area for both the long and short range transportation planning processes. The UPWP may be expanded to include comprehensive planning activities that are not transportation-related. In all of the above, the UPWP should indicate the work for which Federal assistance is requested, and that which is expected to be financed entirely by state and local resources.

c. The UPWP serves as support for U.S. DOT (and other Federal agencies) funding determinations when Federal assistance sought within a metropolitan area is administered by more than one U.S. DOT operating administration. As such, the UPWP should be viewed as a comprehensive document that supports decision makers in developing an effective intermodal transportation program. The UPWP should identify general areas of responsibility at various levels of Federal, state, and local government and indicate allocations of resources.

d. In order for the UPWP to be used effectively as the basis on which Federal funding determinations may be made, it is preferable that the UPWP provide concise statements of planning to be accomplished during the period covered by the UPWP.

e. The UPWP should be an integrated, and thus unified, planning work program containing a detailed description of the next 1 to 2 year's transportation planning work and delineating major work elements, activities, and products. It should not be merely a compilation of the various planning work programs focused on specific work elements or activities within the metropolitan area. The UPWP should provide descriptions of the objectives, the methodology, products, and agency responsibilities for the various specific projects. The UPWP should also describe the degree to which the various works or activities are intermodal, both in narrative and funding terms. Certain work elements or activities may be specifically related to a single transportation mode and may only be eligible for funding by the Federal operating administration primarily responsible for administering the Federal program for that transportation mode. For other work elements or activities of a more general nature (e.g., compiling population data, travel demand data, etc.) financing may be accomplished by sharing the total item costs among the Federal, state, and local participants. The proportionate distribution of Federal assistance assigned will be determined cooperatively for each work element or activity by the appropriate Federal operating administrations and might result in proportional funding of an entire UPWP to minimize complexity, if all parties (i.e. the MPO, state, transportation operators) agree.

3. OUTLINE OF THE DOCUMENT.

a. The following outline suggests a general structure for a UPWP:

(1) Introduction,

(2) Integrated (unified) planning work program, addressing the various planning work elements to be accomplished in the metropolitan area, and

(3) Proposed Budget using the format of the Project Task Budget in Appendix B.

b. This outline is not intended to be all-inclusive or prescriptive. Rather, it provides one possible general framework for the description of the work elements and activities to be accomplished in the implementation of the local planning process in the UPWP.

c. The UPWP should be based upon the metropolitan long range transportation plan.

d. The following paragraphs describe each section of the outline in more detail:

(l) Introduction. The introduction should include a discussion of such items as the agencies participating in the UPWP, the time frame(s) used in the UPWP, the purpose of the UPWP, and generally how the UPWP was developed and unified for the entire metropolitan area. The UPWP should include a discussion in broad terms of the status of all planning in the metropolitan area, both comprehensive and transportation, and major overall issues and objectives to which the UPWP is addressed. Finally, it should outline the specific products of the planning work program.

(2) Work To Be Accomplished Throughout the Metropolitan Area.

(a) This section should describe the specific work elements and activities to be performed in the coming year to carry out each specific planning work element or activity. For each work element or activity, the following items should be discussed:

1 Objectives
2 Previous Work
3 Methodology
4 Products
5 Staffing
6 Financial Responsibility
7 Functional Agency Responsibility.

(b) This section should address both immediate planning issues and long-term planning decisions for each work element or activity and should, where appropriate, give consideration to the interaction of short- and

longer-range issues. Particular attention should be given to the impact of current decisions on long-term costs and benefits. Within the overall framework of the work program the elements of the program must meet the requirements of the individual Federal operating administrations to be eligible for funding.

(c) This section should include any work elements or activities carried forward from prior years as well as any work elements or activities to be financed from the Urbanized Area Formula Program.

(3) Proposed Project Task Budget. The Project Task Budget should show all amounts of Federal assistance funds, including carryover funds, and local share funds from state and local sources, that are allocated to the work elements or activities addressed in the UPWP. It should also include amounts the MPO intends to provide to other entities, e.g., transit operators, local county governments, etc. A sample format and an explanation of the technical activities is provided in Appendix B.

CHAPTER V

APPLICATION INSTRUCTIONS

1. **GENERAL.** Upon enactment of the annual U.S. DOT Appropriations Act, FTA apportions MPP assistance to each state, which the state in turn distributes to its MPOs. Until FTA awards an MPP grant to the state, the state is not able to obtain that MPP assistance. Because the state, rather than the MPO, obtains MPP assistance directly from FTA, the state submits its application and all supporting documentation directly to FTA. An MPO seeking MPP assistance is responsible for providing sufficient documentation to the state in order for the state to prepare and submit an adequate MPP application to FTA. (Before the ISTEA was signed into law, most MPOs seeking MPP assistance applied for a grant and submitted all supporting documentation directly to FTA, rather than the state.)

   FTA has not imposed requirements on the state in selecting the entity to apply for the state's MPP grant; most often, the state transportation department administers the state's MPP grant. Nor has FTA mandated uniform procedures by which states must process MPO requests for assistance. A state may establish its own application procedures for MPOs seeking MPP assistance, provided that those procedures permit the state to provide MPP assistance promptly to its MPOs. To expedite MPP grant awards, however, FTA recommends that both state and MPO application procedures conform to the guidance in this chapter pertaining to MPP grant applications and reviews. At this time, FTA has established an electronic grant making and management (EGMM) system that may be used, in lieu of paper submissions, for processing grant applications and approvals.

2. **MPO APPLICATION TO THE STATE.** The MPO should submit its application for MPP assistance to the state along with sufficient documentation for the state to make the certifications and assurances required for an MPP grant award to the state. An MPO seeking MPP assistance for planning work elements or activities involving an urbanized area of more than 200,000 population or a nonattainment or maintenance area for transportation pollutants must also submit a copy of its draft and final UPWP to the appropriate FTA Regional Office and FHWA Division Office for review and approval, as well as to the state. Each state has its own process for reviewing MPO applications for MPP assistance.

3. **STATE APPLICATION TO FTA.**

   a. The state agency designated as the MPP recipient must submit its application, with an original signature of the individual authorized to apply for grants on behalf of the state agency, to the appropriate FTA Regional Office. In the electronic alternative, the state applicant submits the state's application using the EGMM system as explained in Chapters II - VI of FTA, "GMIS-90's Electronic Grants Management System Policies and Procedures Manual."

   b. To be considered complete, the application submitted on paper should contain the following elements:

(1) Standard Form 424.

(a) A Standard Form 424 (SF-424) (Appendix C) with Sections I and II must be completed and include an original signature of the individual authorized to apply for the grant.

(b) The dollar amounts in block 13 of the SF-424 may list only the amount of the MPP assistance requested and the amount of the appropriate local matching share.

(2) State (aggregate) Project Task Budget.

(a) A State (aggregate) Project Task Budget summarizes approved tasks and budgeted amounts from the UPWPs submitted by MPOs within the state. Tasks included in the State Project Task Budget should be consistent with the metropolitan UPWPs for which assistance is being sought. The State (aggregate) Project Task Budget is the basis for an applicant incurring obligations and FTA making disbursements of project assistance.

(b) The sample Project Task Budget and task descriptions in Appendix B represents a uniform set of categories. The state must prepare the State (aggregate) Project Task Budget in a format similar to that of Appendix B. This may require aggregation of UPWP tasks for budget preparation purposes.

(3) Cost Allocation Plan/Indirect Cost Proposal.

(a) If indirect costs (overhead) are to be charged to the project, the state must provide a cost allocation plan or indirect cost proposal to support those indirect cost charges. Before FTA may reimburse the state for indirect charges, the plan or proposal must be provided to and approved by the cognizant Federal agency assigned to the state (which is not FTA).

(b) The state must certify that the plan or proposal was prepared according to standards required by OMB Circular A-87, Revised, "Cost Principles for States and Local Governments" and should identify the indirect cost rate that will be used for the fiscal year. The rate may be later adjusted based on an audit.

(c) The state should notify FTA if the state intends to charge indirect costs to a project, but has not prepared a cost allocation plan/indirect cost proposal.

(d) Information on preparing the cost allocation plan or indirect cost proposal is contained in FTA Circular 5010.1B, "Grant Management Guidelines," and any changes that may be issued thereto.

(4) Local Share.

(a) Unless an exception is made to the state's local share requirement, the state must make a commitment in the application to provide the entire 20 percent local share of the total project cost of its entire MPP grant request.

(b) Each commitment must specify whether the local matching share consists of cash, in-kind services, or a combination of both.

(5) State Certifications and Assurances. Before FTA may provide MPP assistance to the state, the state applicant must provide written certifications and assurances that certain Federal requirements have been met or will be met by the state and local recipients. In this regard, the state applicant acts as an authorized representative of the local subrecipient (MPO). For this reason, the state applicant should first obtain sufficient documentation from all local subrecipients to support those certifications and assurances the state applicant must provide to FTA .

FTA has consolidated those certifications and assurances into a single document with a signature page that any applicant may submit annually. If FTA already has the state applicant's most current signed certifications and assurances on file and it has provided adequate certifications and assurances to qualify it for an MPP grant, the state applicant need not submit separate certifications and assurances for MPP assistance in that fiscal year. FTA certifications and assurances are published in the Federal Register, in conjunction with FTA's annual apportionments. They are also available to read, review, certify, and copy on FTA's EGMM system. The state applicant may submit its list on paper or electronically using the EGMM system.

4. **ACKNOWLEDGMENT OF APPLICATION.** Upon receiving the application, the FTA Regional Office will acknowledge receipt, assign a grant number, and indicate if the application is in order or note any deficiencies. A state applicant using the EGMM system to submit its application will receive its acknowledgment electronically.

5. **GRANT APPROVAL.** When a grant application has been approved, FTA notifies the applicant in writing or electronically through the EGMM system. The grant agreement is discussed more fully in Chapter VII.

CHAPTER VI

CERTIFICATIONS AND ASSURANCES

As part of its streamlining effort, FTA has compiled and published in the Federal Register a list of certifications and assurances that a grant applicant must submit in order to qualify for the various Federal financial assistance programs FTA administers. With this list, FTA also published a signature page with spaces for the applicant to select the certifications and assurances applicable to the various FTA grants for which it applies. FTA intends to continue publishing updated certifications and assurances in the Federal Register in conjunction with FTA's annual apportionments. Once published, the certifications and assurances remain valid until the list for the next fiscal year is published. Certifications and assurances, as well as the signature page, are also available electronically through the EGMM system. Note that FTA Circular 9100.1B "Standard Assurances," has been canceled. Thus, requirements of the latest published certifications and assurances supersede the requirements of outdated certifications and assurances within that circular.

An applicant's certifications and assurances will apply to any project for which it seeks FTA assistance within the applicable fiscal year. Thus any certifications and assurances a state has made for a fiscal year will apply to its MPP grant application submitted during that fiscal year. FTA encourages an applicant to select as many certifications and assurances as needed to qualify for any type of Federal assistance FTA provides. Even if the applicant does provide each certification and assurance required for any FTA program, the applicant will not be held responsible for complying with requirements not specifically applicable to the specific project to be undertaken. As discussed more fully below, an applicant will be responsible for obtaining each subrecipient's compliance with project requirements only the subrecipient can fill.

The state applicant then submits to FTA the list of certifications and assurances selected with a properly signed signature page, either on paper or electronically through the EGMM system. Note that the state applicant is then responsible to FTA for both its own and its subrecipients' compliance with the requirements of the certifications and assurances applicable to the specific project, even though some of the requirements must be fulfilled by the subrecipient or another entity. Only when a state is serving as a designated recipient and merely transferring Urbanized Area Formula Program assistance to the ultimate FTA grantee will the state be permitted to enter into a three-party agreement with FTA, the ultimate grantee, and itself, in which FTA will place sole responsibility on the ultimate grantee to comply with all program requirements, thus relieving the state from compliance responsibilities. This exception, however, does not extend to other FTA programs.

Consequently, FTA cautions the state to obtain appropriate certifications and assurances from an MPO or any other participating entity before distributing MPP assistance to that MPO or entity. At a minimum, a state should obtain from each MPO seeking MPP assistance:

1. all certifications and assurances listed in Category I;

2. the appropriate procurement certification or assurance of the three in Category II; and

3. for awards exceeding $100,000, the lobbying certification in Category III. If the state seeks to use Urbanized Area Formula Program assistance for planning, the state must also provide certifications and assurances in Categories IV and XII.

To be valid, the latest published signature page, with the list of the state's certifications and assurances, must be signed by the state's authorized representative and the legal counsel, and then submitted to the FTA Regional Office, either on paper or electronically through the EGMM system. This signature page with the list of certifications and assurances replaces the "Statement of Continued Validity" formerly used to renew certifications and assurances previously made to FTA.

An applicant using electronic grant making and management procedures should refer to Chapter II of the FTA manual "GMIS-90's Electronic Grants Management System, Policies and Procedures Manual."

CHAPTER VII

GRANT AGREEMENT

1. **CHARACTERISTICS OF THE GRANT AGREEMENT.** Since the beginning of Federal Fiscal Year 1995, FTA has used a streamlined grant agreement with the following characteristics:

   a. Notification of Award. This section sets forth the specifics pertaining to the particular grant. For MPP grants, the grantee (grant recipient) is always the state; the project description will cover all MPP work elements and activities to be carried out within the state; the total project cost will cover all MPP work elements and activities within the state to be assisted under the specific grant; and the local share will be the total local share the state is obligated to provide covering all the MPP work elements and activities within the state to be assisted under the specific grant.

   b. Master Agreement. Each fiscal year, FTA provides a copy of the master agreement to each grant applicant for use with all grant programs in which the grant applicant may be interested. The master agreement for a specific fiscal year is incorporated by reference and made part of the grant agreement. The master agreement is essentially a compilation of all requirements imposed on FTA grant programs by various Federal statutes, regulations, executive orders, and FTA directives used for all FTA grant programs. Requirements within the master agreement not otherwise applicable to the MPP program will not be imposed by the master agreement.

   c. Special Conditions or Requirements. Any special conditions or requirements placed on a particular grant agreement will be set forth within the grant agreement itself or in a grant award letter. If any special conditions or requirements are set forth in the grant award letter, but omitted from the grant agreement, that grant award letter is incorporated by reference and made part of the grant agreement it accompanies. Note that failure to fulfill a special condition or requirement pertaining to a specific work element or activity may result in delay in drawing down MPP assistance to support that work element or activity.

2. **TRANSMISSION OF GRANT AGREEMENT.** FTA and the state may then transmit the signed grant agreement, either by paper or electronically through the EGMM system.

CHAPTER VIII

STATE MANAGEMENT

1. **FEDERAL/STATE ROLES**. FTA apportions Metropolitan Planning Program (MPP) assistance according to a population-based formula directly to the state for allocation within the state in accordance with a formula approved by FTA. Even though the state is FTA's direct grantee, certain MPP requirements must be fulfilled by the MPO (as the state's subrecipient of MPP assistance) rather than the state. Thus each state is responsible for ensuring that each MPO complies with those Federal requirements affecting MPO operations.

   a. FTA Role in MPP Administration. FTA Headquarters Offices are responsible for: providing overall MPP policy and program guidance; apportioning funds annually to the states; developing and implementing financial management procedures; initiating and managing program support activities; and conducting national program reviews and evaluations.

   The FTA Regional Offices have the day-to-day responsibility for administering and managing the MPP. Regional Office responsibilities include: working with states to implement the annual program; reviewing and approving the state's allocation formulas; reviewing the state's MPP grant applications; reviewing the state's certifications and assurances; reviewing any revisions to the planning work to be undertaken within the state; reviewing any revisions to the state's aggregate Project Task Budget; obligating funds; approving the MPP grant to the state; providing oversight of the state's management responsibilities; providing overall management; and reviewing the state's management of its MPP grants as circumstances warrant.

   The FTA Regional Office and the FHWA Division Office will review the draft UPWP from each TMA and approve the Metropolitan Work Program individually or as part of the state's consolidated request for Metropolitan Planning assistance. The state may submit in full or summarize UPWPs and simplified statements of work submitted by MPOs for areas with 200,000 or less population. When FTA makes MPP assistance available to the state, FTA and FHWA have, in effect, approved the UPWPs and simplified statements of work.

   b. State Role.

      (1) General Responsibilities. The state may select any entity to administer its MPP program, although the state transportation department, or another state agency usually manages the state's MPP grants. The state role includes: notifying eligible local entities of the availability of MPP assistance; determining how MPP assistance should be allocated to each MPO; reviewing UPWP work tasks; forwarding the state's MPP application to FTA; providing the necessary certifications and assurances; ensuring compliance with Federal requirements by all subrecipients; monitoring the MPOs' project activity; and overseeing project

audit and closeout. At the request of the MPO, the state may carry out planning work elements or activities directly.

(2) State Subagreements with MPOs. Before providing MPP assistance to an MPO, the state and MPO must enter into a written subagreement stating the terms and conditions of the provision of MPP assistance. In general, the MPO is authorized to follow state procedures in managing its MPP work, except when express Federal statutes, executive orders, or regulations apply. Accordingly, the state must ensure that every subagreement with an MPO includes all applicable requirements imposed by Federal statutes, executive orders, and implementing regulations. These requirements are identified in the master agreement, which is incorporated by reference into the grant agreement between FTA and the state.

2. **GENERAL MANAGEMENT REQUIREMENTS.** U.S. DOT's common grant management rule establishes basic grant management requirements for the state. To the extent that state procedures do not conflict with other Federal statutes, executive orders, or implementing regulations applicable to the MPP, the common grant management rule specifically permits the state to use its own procurement, financial management, and property management procedures in administering its MPP assistance.

The common grant management rule also authorizes a local government subrecipient of a state to use the state's procurement, financial management, and property management procedures. For purposes of the common grant management rule, an MPO is specifically designated as a "local government," even if the MPO qualifies as a nonprofit corporation under state law. Consequently, because an MPO is the state's subrecipient of MPP assistance, the MPO is authorized to administer its MPP assistance in accordance with state procedures that do not conflict with other Federal statutes, executive orders, or implementing regulations applicable to the MPP.

The bulk of the basic requirements pertaining to an MPP grant are set forth in the master agreement, which is incorporated by reference in the grant agreement. Many of these requirements pertain to project management. In addition, FTA Circular 5010.1B, including any changes or revisions, provides project management guidelines for nearly all FTA programs, of which the basic guidance on financial status and milestone/narrative progress reporting is particularly useful in managing the MPP. The provisions of FTA Circular 5010.1B, however, are superseded by any conflicting guidance contained in this circular, in other FTA guidance specific to the MPP, or provisions specific to states in the common grant management rule.

3. **SPECIAL MANAGEMENT REQUIREMENTS FOR THE MPP PROGRAM.** This circular does not repeat all management requirements applicable to the MPP. The circular does contain compliance guidance within the context of the MPP structure for certain management requirements of special significance to FTA.

a. Third Party Contracts.

(1) A third party contract is a contract financed with Federal assistance between a grantee, pass-through recipient, or sub-recipient and a third party contractor for project work elements or activities. A third party contractor may be a general contractor, a consultant, or another entity (usually in the private sector) but is not a subrecipient that receives pass-through funding from the grantee to implement its project. A third party subcontract is a subcontract entered into by the third party contractor and another contractor for project work.

In the case of the MPP program, the state is the grantee, and the MPO is the state's subrecipient. A contractor engaged to perform project work directly for either the state or subrecipient is a third party contractor. A contractor engaged by the third party contractor is referred to as a third party subcontractor.

(2) In the case of the MPP, the procurement, execution, audit, and closing of third party contracts are basic MPO responsibilities, for which the state, as well as the MPO, is responsible.

(3) Notably, neither the state nor the MPO may impose state or local preference provisions in third party procurements. The state must also ensure that each purchase order or other third party contract includes all requirements imposed on states by specific Federal statutes, executive orders and their implementing regulations.

(4) U.S. DOT regulations on participation by disadvantaged business enterprises (DBE) in certain FTA programs require recipients and subrecipients of specific amounts of Federal transportation assistance to establish DBE goals on contracts (and third party contracts) with subcontracting opportunities. Further information on FTA's Disadvantaged Business Enterprise requirements may be found in FTA Circular 4716.1A.

(5) A subagreement in which the state (as the grantee) passes MPP assistance through to the MPO (as a subrecipient) is not a third-party contract. When entering into any third party contract, however, the MPO, as the subrecipient of the state must comply with state procurement procedures and other specific Federal statutory, executive order, and regulatory requirements specifically imposed on the MPP.

b. Allowable Costs. OMB Circular A-87, revised, provides Federal guidelines for allowable costs for grantees and subrecipients that are state or local governments.

c. Financial Management.

(1) State Financial Management Systems. The common grant management rule requires a state to expend and account for grant funds in accordance with state

laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the state, as well as its subrecipients and cost-type contractors must be sufficient to:

(a) Permit preparation of all reports required by Federal law and regulation as a result of the MPP project, and

(b) Permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions applicable to the MPP program.

(2) FTA Payment Procedure. FTA makes all payments by the Automated Clearing House (ACH) method of payment, regardless of the money amount involved. Most payments are made under the ECHO system, by means of an ECHO Control Number (ECN) assigned to the state. The state agrees to comply with the ECHO requirements contained in the FTA's ECHO System Operations Manual. In general:

(a) The state may initiate cash drawdowns only when actually needed for immediate disbursement required for project purposes. The state must disburse the funds drawn down within three days. The state's access to the ECHO System may be revoked or suspended, or other remedies may be invoked, if the state fails to expend the Federal funds within three days of their receipt or to return the funds to FTA within a reasonable period, or is unwilling or unable to establish procedures that will minimize the time elapsing between cash advances and disbursement;

(b) Cash disbursements and balances are reported on the annual Financial Status Report;

(c) The state agrees to provide for control and accountability of all project funds consistent with Federal requirements and procedures for use of the ECHO system;

(d) The state may not draw down funds for a project in an amount that would exceed the sum obligated by FTA or the current available balance for that project; and

(e) The state shall limit drawdowns to eligible project costs and ensure that subrecipients also follow applicable financial requirements. If the state violates this requirement, the state must remit interest as required by U.S. Department of Treasury regulations, "Rules and Procedures for Funds Transfers," 31 C.F.R. Part 205.

(3) State Financial Records. FTA does not maintain detailed financial records on individual MPP projects. Financial records, supporting documentation, and all other records pertaining to an MPP grant must be retained by the state (and its

subrecipient MPOs). In addition to specific data on project expenditures, the state's financial records should adequately document the computation of the Federal share and the provision of the required local share for each type of project. These records must be kept readily available for inspection by authorized representatives of U.S. DOT or the Comptroller General of the United States for a period of three years. The retention period starts on the date the state forwards its final financial status report (SF-269A). If any litigation, claim or audit is started before the expiration of the three-year period, the records must be retained beyond three years, until all litigation, claims, or audit findings involving the records have been resolved.

d. Audit. The state is responsible for ensuring that audits are performed pursuant to the requirements of the Single Audit Act of 1984, 31 U.S.C. §7501; U.S. DOT regulations, "Audits of State and Local Governments," 49 C.F.R. Part 90; and OMB Circular A-128, "Audits of State and Local Governments."

e. Closeout. The state should initiate project closeout with MPOs immediately after the MPO has expended all its MPP assistance. The state should similarly initiate project closeout with FTA immediately after all activities covered by the state's (aggregate) Project Task Budget are completed. The state is required to submit a final Financial Status Report (SF-269A) and a final Project Task Budget at the time of project closeout.

The state's subagreement with an MPO should specify a reasonable time period (generally one year) in which the MPO must complete its planning work elements and activities. Although this circular provides the state a great deal of flexibility, it is not FTA's intention that grants be continually revised or amended in ways that will excessively prolong the life of the grant, and consequently result in a large number of active grants.

FTA places a priority on closing out grants for which work or activity has ceased. If small amounts of funds remain in an inactive subagreement, the state should request FTA to deobligate the remaining funds and close out the grant. Deobligated funds still within their period of availability may be obligated by FTA for new planning work elements or activities in a new grant for the same state. Otherwise, the MPP assistance will lapse to the state, and FTA will reapportion that assistance among all the states.

f. Reporting Requirements.

(1) Planning Status Reports. Each time an MPO submits a new UPWP for which it seeks Federal assistance to the state, FTA, or FHWA, that UPWP should be accompanied by a status report on any federally assisted planning work elements or activities outstanding. The state then prepares a summary of these planning status reports for submission with the state's (aggregate) Project Task Budget.

(2) Annual Financial and Program Status Reports. Annually, the state must provide a Financial Status Report (SF-269A) for each active grant along with the state's September 30 program status report. FTA may request more frequent reporting when circumstances warrant.

(3) Title VI Report. FTA Circular 4702.1A, "Title VI Program Guidelines For FTA Recipients," requires each state to provide a Title VI submission (updated every three years) showing how the state and its subrecipients will comply with Title VI of the Civil Rights Act of 1964, as amended.

(4) DBE Reports. Because the state must pass through all MPP assistance to its MPOs, the state must obtain DBE programs and annual DBE goals from each MPO receiving $100,000 or more in MPP assistance. The state must submit semiannual progress reports on its DBE contracting activities and those of its subrecipients that meet or exceed the $100,000 threshold. If the state includes in its goal calculations those subrecipients that receive less than $100,000, the DBE contracting activities of these subrecipients must be reported annually. For specifics, states and MPOs should consult FTA Circular 4716.1A, "Disadvantaged Business Enterprise Requirements for Recipients and Transit Vehicle Manufacturers", and U.S. DOT regulations on DBE participation in projects financed with U.S. DOT assistance.

(5) Reports on Nondiscrimination on Basis of Disabilities. U.S. DOT regulations prohibiting discrimination on the basis of disabilities in federally assisted programs at 49 C.F.R. Part 27 require the state to submit compliance reports.

APPENDIX A

DEFINITIONS

Although the terms set forth below may have different meanings for other programs FTA administers, definitions have been prepared explaining the meaning of the following terms used in the Metropolitan Planning Program (MPP) application guidance contained in this circular:

ACTIVITY - for purposes of this circular, an item of cost in a work program associated with a specific study (or portion of a study) as identified in Appendix B.

ELECTRONIC GRANT MAKING AND MANAGEMENT (EGMM) SYSTEM - a system, utilizing the Grants Management Information System to permit a participant to submit applications for Federal assistance, make certifications and assurances, respond to FTA grant application comments, execute grant agreements, and manage FTA grants electronically (without paper).

GRANTEE - for purposes of this circular, only a state is a grantee, as defined below.

GRANTS MANAGEMENT INFORMATION SYSTEM (GMIS) - FTA's central system of records for all FTA grant programs; the GMIS system is presently maintained in Washington, D.C. as part of the U.S. DOT mainframe computer and accessed by any registered grantee user from his or her personal computer workstation using software provided by FTA.

MPO (or Metropolitan Planning Organization) - for purposes of this circular, the subrecipient of the state to which the state provides MPP assistance.

PROJECT - for purposes of this circular, all the transportation and transportation-related planning work within the state for the fiscal year in which FTA has awarded an MPP grant.

PROJECT TASK BUDGET - for purposes of this circular, the document submitted with a state's MPP application to FTA. This document summarizes the aggregate costs of completing all work programs described in all UPWPs submitted by MPOs within the state.

STATE - for purposes of this circular, each of the fifty states, the District of Columbia, and Puerto Rico, all of which have at least one urbanized area.

SUBAGREEMENT - the mechanism, such as a subgrant or another instrument, employed by the state to award or transfer MPP funds to the individual MPOs.

SUBRECIPIENT- unless the context of the guidance requires otherwise, for purposes of this circular, an MPO receiving MPP assistance directly from the state.

TASK - for purposes of this circular, and for budgeting purposes using the format of Appendix B in particular, the aggregate of all activities of a specified type undertaken by all MPOs throughout the state.

TRANSPORTATION MANAGEMENT AREA (TMA) - an urbanized area with a population over 200,000 (as determined by the latest decennial census) or other area when TMA designation is requested by the Governor and the MPO (or affected local officials), and officially designated by the Administrators of the FHWA and FTA. The TMA designation applies to the entire metropolitan planning area(s).

WORK ELEMENT - planning activity to be undertaken.

WORK PROGRAM - a periodic statement of proposed work elements and estimated costs that document the eligible activities to be undertaken with MPP assistance during the next one or two-year period by the state's subrecipients (MPOs).

APPENDIX B

PROJECT TASK BUDGET (SAMPLE)

(The state's aggregated costs of all planning activities of each MPO within the state)

CODE NUMBER	ACTIVITY	PROJECT BUDGET[1]
41.11.00	Program Support and Administration	174,600
41.12.00	General Development and Comprehensive Planning	127,400
41.13.00	Long Range Transportation Planning (Including Major Investment Studies and EIS)	
41.13.01	System Level	113,000
41.13.02	Project Level	750,000
41.14.00	Short Range Transportation Planning	165,000
41.15.00	Transportation Improvement Program	20,000
41.16.00	Special Projects	
41.16.01	ADA	84,000
41.16.02	Clean Air	
41.16.06	Financial Planning	16,000
41.16.07	Management Systems	
41.16.08	Public Participation	
41.16.10	Livable Communities	
41.17.00	Other Activities	
	TOTAL	1,450,000

[1] FTA Assistance plus state/local match.

States submitting an application on paper should refer to Appendix C of this circular, while states participating in the EGMM program should refer to Chapter 3 of FTA manual "GMIS-90's Electronic Grants Management System, Policies and Procedures Manual."

CODES FOR STATE APPLICATIONS

CODE NUMBERS	ACTIVITY
41.00.00	METROPOLITAN PLANNING
41.11.00	Program Support and Administration
41.12.00	General Development and Comprehensive Planning
41.13.00	Long Range Transportation Planning; Metropolitan and Statewide
41.13.01	System Level
41.13.02	Project Level
41.14.00	Short Range Transportation Planning
41.15.00	Transportation Improvement Program; Metropolitan & Statewide
41.16.00	Special Projects
41.16.01	Americans With Disabilities Act
41.16.02	Clean Air
41.16.06	Financial Planning
41.16.07	Management Systems
41.06.08	Public Participation
41.16.10	Livable Communities
41.17.00	Other Activities
41.18.00	Highway Planning

1. Program Support and Administration (41.11.00). Include basic overhead, program support, and general administrative costs directly chargeable to the FTA project, i.e., direct program support, administration, interagency coordination, citizen participation, public information, local assistance, UPWP development, etc. (If direct program administrative and support costs are included in each work or activity, do not enter them a second time in this category.)

2. General Development and Comprehensive Planning (41.12.00). Include only the costs of activities *specifically emphasizing* regional policy and system planning for non-transportation functional areas, including the development and maintenance of related data collection and analysis systems, demographic analysis and non-transportation modeling and forecasting activity, i.e., land use, housing, human services, environmental and natural resources, recreation and open space, public facilities and utilities, etc.

3. Long Range Transportation Planning (LRTP) - Metropolitan & Statewide.

   a. Long Range Transportation Planning (LRTP) - System Level (41.13.01). Include only the costs of activities *specifically emphasizing* long range transportation system planning and analysis, i.e., long range travel forecasting and modeling including appropriate data base development and maintenance for transportation in the entire metropolitan area or state, system analysis, sketch planning, system plan development, reappraisal or revision, and all long range, Transportation System Management (TSM) activities.

   b. Long Range Transportation Planning (LRTP) - Project Level (41.13.02). Include only the costs of activities *specifically emphasizing* long range project level planning and analysis, i.e., Major Investment Studies (corridor and subarea studies), cost effectiveness studies, feasibility and location studies, and the preparation of related draft environmental impact studies.

4. Short Range Transportation Planning (SRTP) (41.14.00). Include only the cost of activities *specifically emphasizing* short range transportation system or project planning and analysis proposed in the next three to five years, i.e., management analyses of internal operations such as, management/administration, maintenance, personnel, and labor relations; service planning including appropriate data base development and maintenance; TDP preparation; financial management planning, including alternative fare box policies; all short range Transportation System Management (TSM) activities including vanpool/ridesharing, high occupancy vehicles, parking management, etc.

5. Transportation Improvement Program (41.15.00). Include only the costs of activities *specifically emphasizing* TIP development and monitoring.

6. Special Projects .

   a. Americans with Disabilities Act (41.16.01). Include only the cost of planning and analysis activities *specifically emphasizing* the planning, development and improvement of transportation services to the elderly and persons with disabilities, particularly the wheelchair bound and semi-ambulatory, i.e., 504 planning, special service planning and evaluation, paratransit policy, etc.

b. Clean Air Planning (41.16.02). Include only the cost of FTA assisted activities *specifically emphasizing* air quality planning and analysis, for example, development, analysis, and evaluation of transportation control strategies and measures, air quality-related modeling and analysis of transportation plans and programs. SIP development and revision activities, air quality monitoring, etc. (Do not include EPA Section 175 funds.)

c. Financial Planning (41.16.06). Include only the cost of activities *specifically emphasizing* the development of the financial plan required by 49 U.S.C. §§5303(f) and 5304(b) to support implementation of the TIP and the Metropolitan Long-Range Transportation Plan.

d. Management Systems (41.16.07). Include only the costs of activities *specifically emphasizing* the development, establishment and implementation of the management systems required by the joint FHWA/FTA Management and Monitoring Systems regulation, 23 C.F.R. Parts 500 and 626 and 49 C.F.R. Part 614. In metropolitan areas, these systems are developed and implemented in cooperation with MPOs. Three of the management systems -- Traffic Congestion, Intermodal Facilities and Systems, Public Transportation Facilities and Equipment -- must be part of the metropolitan planning process. The costs for Management Systems for highways -- Pavement, Bridge, and Safety -- should use BLI 41.18.00, "Highway Planning."

e. Public Participation (41.16.08). Include only the cost of activities *specifically emphasizing* development, establishment and implementation of the public involvement process as an integral part of the statewide and metropolitan planning process.

f. Livable Communities (41.16.10). Include only the cost of activities *specifically emphasizing* the planning for livable communities, e.g., consideration of those required factors that are specifically related to preserving or enhancing the quality of life. These factors include: congestion relief and prevention, effect of transportation policy decisions on land use and development, and the overall social, economic, energy, and environmental effects of transportation decisions. Other planning activities emphasizing quality of life would include: identification of the relevant issues that relate transportation goals to those of the community; and analysis of methods to assure consideration of quality of life factors in planning and programming.

7. Highway Planning (41.18.00). Specify and include only the cost of activities related *exclusively* to highway and highway-related planning, e.g., the development, establishment, and implementation of the three highway management systems -- Pavement, Bridge, and Highway Safety. Costs under this line item must be separable from nonhighway costs to prevent double counting of proposed expenditures.

8. Other Activities (41.17.00). Include only the cost of those activities whose primary emphasis is *un*related to the specific types of activities described above.