

PUBLIC TRANSPORTATION
CAPITAL IMPROVEMENT GRANTS

- Application Procedures
- Project Management
- Contract Administration
- Appendix

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Illinois Department of Transportation
Division of Public Transportation
300 North State Street/Chicago, Illinois/60610

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FOREWORD

In 1971, in response to the increasing financial difficulties of numerous mass transportation systems in the State as well as the pressing need to improve airport and highway facilities, the General Assembly, with strong bipartisan support, created the framework for a significant and wide-ranging transportation program.

Chief features of the series of bills passed by the General Assembly include:

- a bond issue to provide \$200 million in matching funds for public transportation capital improvements (plus \$75 million for RTA suburban area, added in 1974)
- creation of a new State Department of Transportation to centralize the transportation functions of state government and to allow an integrated planning effort
- immediate financial aid for hard-pressed local transit systems throughout the State.

Since 1971 the State has approved over \$180 million in matching funds for grants for public transportation equipment and facilities throughout Illinois (more than \$1 billion in total funds - including federal and local). It has made public transportation services available to millions of people with safe, modern, and efficient equipment, and has prevented the collapse of many public transportation systems.

This booklet describes the State's Public Transportation Capital Improvement Grant Program and outlines the application procedures and the requirements for project administration.

The program is administered by the Illinois Department of Transportation, Division of Public Transportation. Questions and correspondence should be directed to:

Illinois Department of Transportation
Division of Public Transportation
300 North State Street - Room 1002
Chicago, Illinois 60610

(312) 793-2111

USE OF THIS MANUAL

This manual contains Illinois Department of Transportation requirements for the application for public transportation capital improvement grants and the management and administration of the projects funded by these grants.

It is expected that the following departments and personnel of the applicant or grantee will make use of this manual:

Directors, management - in application, project formulation and management

Project managers - in administration, reporting, requisitioning, and contract administration

Legal department - in application, for contracts and agreements, real estate acquisition

Accounting department - in management of project funds, payment, requisitioning of state funds

Purchasing department - in procurement, solicitation of bids, specifications, third party contracts

Real Estate department - acquisition of land and property

All applicants and grantees are urged to make sure that current copies of this manual are distributed within their organization so as to reach the people who will need to use them. Additional copies of this manual are available from the Department.

This manual supersedes both Information for Applicants, July, 1974, and Procedural Guide for Grantees, September, 1975.

PART I - APPLICATION PROCEDURES

GENERAL INFORMATION

The goals of the Capital Improvement Grant Program are to renew and improve mass transportation systems necessary for the convenience and well-being of the people and for the benefit of the economy of the State.

The program supplements the federal grant program of the Urban Mass Transportation Administration (UMTA) of the United States Department of Transportation.* The federal program funds capital improvement projects to 80% of the total cost. Normally the state program provides two-thirds of the difference between the total project cost and the amount awarded by UMTA. The remaining funds are supplied from local sources.

The local contribution must be in cash or cash-equivalent contributions, such as: direct contribution of labor, materials, land not now used for transit, or other property of ascertainable value.

Grants are made for projects that retain, upgrade, or expand present facilities or new services. These include the acquisition, construction, reconstruction, or capital improvement of any bus, rapid transit, or railroad facility. Not eligible are: fare subsidies, operating expenses, maintenance and service, administration of the project, and any other costs not capital in nature.

Costs or obligations incurred prior to approval are ineligible for grants, unless specifically authorized by the Department. For the allowability of costs, see "Eligibility of Project Cost", page 11.

*or other federal agency as designated by the Department

ELIGIBILITY OF APPLICANTS

An application may be made by one applicant or by two or more applicants acting together. Eligible applicants are:

- Municipalities (cities, villages, or incorporated towns)
- Districts (mass transit districts, Chicago Transit Authority, Chicago Urban Transportation District, Bi-State Development Agency)
- Regional Transportation Authority
- Carriers (any corporation, partnership, association, or persons authorized to provide mass transportation in Illinois)

Any eligible applicant may apply for a capital improvement grant. However, carriers will be encouraged to apply for a grant through a public intermediary since the federal program requires the applicant to be a public body. Any agreements between a public applicant and a carrier concerning the capital project must be approved by the Department.

The applicant sponsoring a capital improvement project must be legally, financially, and administratively competent to initiate and execute the project. The applicant may be required to furnish information to demonstrate the capability to undertake a capital improvement project.

The applicant shall provide all coordination at the local level (such as: arranging public hearings, obtaining planning clearance, obtaining the required local share of the funding), and will be totally responsible for submitting the federal application and meeting federal requirements.

Applicants are urged to become familiar with the remainder of this manual as an aid in understanding the requirements of project management, project budgeting, fund requisitioning, and third-party contract administration.

FUNDING PROVISIONS

Generally, grants will be funded so that the state grant is equal to $2/3$ of the project cost not funded by the federal program. Federal grants generally provide 80% of the project funds. The state share of the project cost is, therefore, $2/15$ of the total project cost, and the applicant must guarantee the remaining $1/15$ (the local share). (Subsection 6*)

There are a number of exceptions to the primary funding mechanism:

Delayed Federal Funding: $5/6$ state, $1/6$ local share (Subsection 7*)
Provides up to five sixths of the cost where federal funds have been delayed. When federal funds become available, funds in excess of the State's $2/15$ share must be returned. Projects must be essential, as determined by the Secretary.

Federal Ineligibility: $2/3$ state, $1/3$ local share (Subsection 8*)
Funds projects not eligible for federal funds up to $2/3$. This provision will be used only when federal funds cannot be obtained and a dire need exists.

Emergency: 100% state funding (Subsection 9*)
Permits funding for essential projects of extreme necessity, as determined by the Secretary. Funding is limited to a total of 5% of the annual award.

No-Match: up to 20% state share (80% federal) (Subsection 11*)
Permits funding in excess of the State's normal share for systems owned by municipalities and for districts other than the Chicago Transit Authority and Urban Transportation Districts. Funding is limited to a total of 10% of the annual award.

RTA Suburban (Subsection 12*)
Permits funding from the \$75 million set aside for grants in the six counties under RTA jurisdiction excluding the City of Chicago.

The local share must be in cash or cash equivalent contributions, which may include the direct contribution to the project of labor, materials, land not previously designated for transit, or other property of ascertainable value.

*Illinois Revised Statutes (1975), Chapter 127, Section 49.19.

GENERAL PROCEDURE FOR APPLICATION

The documents constituting the application are listed on the following page.

Applicants seeking state funds under this program should apply simultaneously to UMTA for federal funding for the same project.

The Department will acknowledge receipt of the application and may request further justification for the proposed project. Acknowledgement of the application is an assurance that the Department will review the application; it does not obligate the Department to approve the project. However, the Department considers the application as representing local intent to finance and undertake the proposed project promptly if approved.

During review and evaluation of an application, the Department may require the applicant to file additional supporting documents. The nature of these documents will vary with the particular project and will be specified by the Department.

When the Department is satisfied that all information and documents necessary and relevant to the evaluation of the application have been submitted, a final review of the application will be undertaken. Projects will be reviewed on the basis of the needs of the mass transportation system under consideration, other state mass transportation needs and priorities, and the availability of state and federal funds.

The applicant will be notified when funding is approved, and an Approved Project Budget will be furnished by the Department. The Department and the applicant shall enter into a contract specifying the terms and conditions of the grant.

The grant contract will include general regulations on project expenditures, accounting of funds, insurance, documentation, auditing and inspection requirements, Department approval of contracts and subcontracts, civil rights, competitive bidding, and conflict of interests. The applicant will also be required to abide by the regulations set forth in this manual.

FILING AN APPLICATION

The exhibits listed below constitute the documents required for application. Please submit as originals with one copy. Any additional information justifying the grant request should be included.

Exhibit 1 - Application Form

This form, with instructions, may be found in the Appendix. The application form shall show project costs, funding shares, funding provisions, a general budget, and projected expenditures.

Exhibit 1.1 - Certification of Applicant Eligibility

Attach an opinion by qualified counsel that the applicant is legally organized and empowered (eligible) to apply for a grant under the applicable legislation. (See sample, Appendix.)

Exhibit 1.2 - Authorization for a Grant Application

Attach a copy of the applicant's board resolution, ordinance, or other authorization for the filing of this application. (See sample, Appendix.)

Exhibit 2 - Project Description

Attach a concise description of the proposed project. Outline specific objectives (e.g., modernization of fleet, reduction of operating expenses) and list activities necessary to achieve these objectives (e.g., acquisition, construction, extension, refurbishing of facilities and equipment).

Exhibit 2.1 - Project Justification

Show what benefits will result if the activities are undertaken, and what would result if the activity is not undertaken. Show both of these for each activity.

Exhibit 3 - Simultaneous Federal Application

If the project is eligible for federal funds, the applicant shall include the corresponding application to UMTA for a federal capital grant. A copy of all correspondence with UMTA dealing with the application shall also be filed.

Exhibit 4 - Financial Statement and Audit

State law requires that any municipality, district, or carrier receiving or applying for capital assistance from the State shall submit to the Department annual statements of assets, revenues, and expenses, and annual audit reports (Illinois Revised Statutes (1975), Chapter 127, Section 49.20).

Additional requirements are listed on the following page.

FINALIZING APPLICATION

Finalizing the application involves completion of a number of steps required for the federal and state applications and submittal of additional documentation which may be required by the Department.

The following actions are required of the applicant (and documentation shall be submitted to the Department to indicate their completion):

1. Planning review (A-95 review), required for the federal application.
2. Public notice, as required for the state application.

State law requires that the application procedures established by the Department provide for public notice and for the reasonable opportunity to submit comments and objections by interested parties. To this end, the Department will accept evidence that the applicant has held a public hearing pursuant to federal requirements. (See below.)

3. Public hearing, required for the federal application.
4. Certification from the Secretary of Labor (13c), where required for the federal application.

For details of federal requirements for application, see External Operating Manual, UMTA, U.S. Department of Transportation, Washington, D.C. 20590.

Completion of the state application may involve the submittal, at the request of the Department, of detailed information concerning the applicant, the mass transportation system, and the community served. The Department may also request evidence of the ability of the applicant to undertake the project, proof of the availability of local funds, the basis for cost estimates, a detailed project budget, documentation of special conditions, and may request review of agreement between the applicant and operator.

AMENDING PENDING APPLICATIONS

Applications may be amended at any time prior to approval to change the scope, project cost, or funding levels or provisions. If the amendment involves only minor project changes, not affecting the scope or funding, a new Certification of Eligibility (Exhibit 1.1) and Authorization for Applicant (Exhibit 1.2.) are not required.

For amendments involving changes in scope or funding, the applicant shall submit to the Department certification of eligibility and authorization for each amendment, along with a detailed description of the exact changes (in scope and in funding) constituting the amendment.

As with the applications themselves, proposed amendments to applications will be evaluated on an individual basis. The applicant is advised to submit with each amendment any information, documents, or other submissions which might help evaluation.

PROJECT MANAGEMENT

The remainder of this manual deals with project management and in particular with third-party contract administration. The applicant is urged to check the following items which pertain also to the Application phase of a project.

- Costs incurred prior to approval, pg 9.
- Eligibility and ineligibility of costs, pg 11.
- Continued public use of facilities, pg 17.
- Curtailment or reduction of service, pg 17.
- Anticipated sale of scrap and used equipment, pg. 19.
- Required prior appraisals, pg. 21.

PART II - PROJECT MANAGEMENT

GENERAL OBLIGATIONS

The grantee is urged to become familiar with both the grant contract and this manual. Following this manual carefully will expedite the completion of projects and avoid costs which cannot legally be charged to project funds.

The grantee is wholly responsible for the administration of the project, compliance with the terms and conditions of the grant contract, and adequate supervision and inspection of work performed.

The obligations of the grantee and the Department are set forth in the grant contract, and nothing in this manual shall be construed as modifying that contract. Apparent conflicts should be reported to the Department.

It is the responsibility of the grantee, in attainment of the project objectives, to:

- provide continuous administrative direction of project activities;
- provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress;
- assure conformance to plans, specifications, contract requirements, applicable codes, ordinances, and safety standards; and
- maintain an adequate program schedule.

The Department may conduct periodic on-site inspections of the project. Inspection or concurrence by the Department in project activities does not relieve the grantee of responsibility.

PROJECT APPROVAL

Immediately after a project has been approved, the grantee is notified of such approval by a letter from the Governor. Upon receipt of the notice of project approval, the grantee may proceed to carry out the project, subject to any subsequent project budget approvals and compliance with the provisions of the grant contract and this manual. However, requisitions for state grant funds will not be honored until the grant contract has been signed by the Department. If the project involves both state and federal funds, the grantee may not proceed with the project until both State and Federal approval have been received.

Costs incurred prior to project approval are ineligible as project costs, except as specifically authorized in advance by the Department. When so authorized, reimbursement will be subject to full compliance with the provisions of the grant contract and this manual.

The Department will send three copies of the grant contract to the grantee soon after project approval. The grantee should sign - but not date - all three copies and return them within 30 days together with:

- an attested resolution of the governing board of the grantee agreeing to the terms of the contract, and directing the execution of the contract; and
- a legal opinion certifying that the agreement is binding upon the grantee.

The Department will obtain the State's execution of the contract and return one copy to the grantee.

The Department should be advised promptly if the contract cannot be executed by the grantee within 30 days after receipt.

The approved project budget will be sent separately. The grantee is responsible for controlling project commitments to insure that they are in accord with the approved budget.

PROTECTION OF FUNDS

The grantee shall establish separate accounts for the project, either to be maintained within its existing accounting system or to be set up independently. Those accounts shall be in conformity with the uniform accounting requirements established by UMTA. (see UMTA, External Operating Manual)

State, Federal and local funds of the project shall be kept separate from each other through the use of subsidiary accounts.

All project funds (state, federal, and local) must be deposited in a bank or trust company which is a member of the Federal Deposit Insurance Corporation, in accordance with the provisions of the grant contract. A special bank account is required.

The cash balance in the project account should not exceed the amount required to meet needs over a period of 30 days. Whenever the cash balance in the project account exceeds this amount, the excess funds shall be invested in approved securities which are legal investments in accordance with Illinois law and which have a maturity date on or before the date the funds are needed for disbursement. No cash shall be withdrawn for investment if this would reduce the balance below \$1,000.

Funds which are returned from investment shall be redeposited, together with all net earnings, in the project account. Net earnings shall be considered as "other income" and credited to the "revenue financing" line of the budget to reduce net project cost.

The grantee shall, at the request of the Department, furnish an audit report of the project accounts prepared by an independent certified public accountant.

ELIGIBILITY OF PROJECT COSTS

Project costs shall be clearly related to the purposes specified in the grant contract and the approved project budget. Care shall be exercised in incurring costs to assure that all expenditures are in accordance with these general standards and meet the following criteria of eligible costs. Failure to exercise this discretion may result in expenditures for which grant funds cannot be used.

Costs and charges are eligible if they meet all the following general criteria:

- a. they are necessary and reasonable for proper and efficient execution of the project in accordance with the grant contract and the approved project budget; and
- b. they are not prohibited under federal, state and local statutes or regulations; and
- c. they are treated uniformly and consistently in accounting policies and procedures approved or prescribed by the Department for the grantee, and those approved or prescribed by the grantee for its contractors; and
- d. they are not allocable to or included as a cost of any other state-financed program in either the current or a prior period; and
- e. they represent net costs, deducting all applicable credits (such credits are to be set forth separately); and
- f. they are in accord with budgetary or other restrictions on expenses established by the Department; and
- g. they are fully documented.

None of the following items shall be included in project costs:

- a. contributions and donations - contributions or donations to organizations for any purpose;
- b. entertainment costs - cost of amusements, social events, and incidental costs relating to them, such as meals, beverages, lodgings and gratuities, unless such costs are a part of the fee charged for attendance at meetings;
- c. meals - the cost of meals served at meetings of boards or committees;
- d. finances or penalties - costs resulting from violations or failure to comply with federal, state and local laws and regulations;
- e. interest and other financing costs - interest on borrowing (however represented), bond discounts, costs of financing and refinancing operations, and

- legal and professional fees paid in connection therewith, unless such legal and professional fees are specifically provided for in the project budget;
- f. legal expenses - legal expenses involved in preparation of the application or management and execution of project activities (except as defined for acquisition, pg. 19,21);
 - g. meeting attendance - costs of attending or conducting meetings in facilities which are not available on a non-segregated basis;
 - h. other meeting expenses - payment of stipend for attendance at meetings to persons other than those assigned to the project by the contractor or the grantee;
 - i. membership expenses - dues for membership in professional, technical or industry groups or associations;
 - j. travel - travel and per diem or subsistence payments in excess of the rates prescribed by the current State of Illinois publication "Travel Regulations";
 - k. salaries - salaries of elected or appointed chief executive officers of a county, city, authority, district, or other public body;
 - l. preparation of application - costs of preparing an application for capital improvement grant;
 - m. uninsured losses - claims for actual losses incurred, where the grantee is self-insured, or where the losses could have been covered by permissible insurance;
 - n. broker fees - cost of fees or commissions to brokers or negotiators for services in connection with the submission of processing of an application;
 - o. unexpended materials - materials and supplies which are purchased but not used or installed as part of this grant project;
 - p. administrative costs - costs associated with grant record keeping, general grant administration, and preparation of reports; or
 - q. required appraisals - cost of appraisals required prior to project approval for project budget determination (see "Acquisition", pg 21).

DEPARTMENT CONCURRENCE

Department review and concurrence are required before certain activities may be undertaken. These include:

- solicitation of bids and award of third-party contracts, startup of force-account work, issuance of change-orders, disposal of scrap or used equipment and materials, and award of other contracts or agreements relating to procurement, construction, (professional) service, or acquisition (pg 18);
- entering into agreements for use or lease of project facilities by an operator or carrier, or use by other than the grantee (pg 2);
- interchange of project equipment or combined use of project facilities between carriers, operators or agencies;
- budget revisions and budget amendments (pg 14);
- sale or conversion to other use of project facilities during the post-settlement period (pg 17);
- reduction or termination of service during the project or the post-settlement period (pg 17);
- continued use of scrap, used, or disposable facilities after replacement by project facilities; and
- any action which may limit the continued public use of project facilities, or limit the best possible use of grant funds.

APPROVED PROJECT BUDGET

Only items specifically listed in the approved project budget are eligible for State funds. Proceeds from earned interest of investments and sale of disposable material, equipment and land shall be credited to the project.

Commitments against any budget line item shall not exceed the amount shown for that item in the approved budget. Transfers between line items, or from contingencies to any line item, require the prior approval of the Department. Budget overruns or failure to obtain approval for budget revisions will result in ineligible costs.

BUDGET REVISIONS

Budget revisions require prior Department concurrence. Budget revisions are defined as any proposed changes in project activities or the project budget which do not represent changes in scope or state funding levels.

To obtain concurrence the grantee shall submit:

- a. a cover letter;
- b. a statement justifying the proposed changes; and
- c. a budget which follows the same format as the approved project budget, but uses three columns to show:
 - the original (currently approved) state budget
 - the changes proposed
 - the resultant proposed budget.

BUDGET AMENDMENTS

Budget amendments require prior Departmental approval. Budget amendments are defined any of the following:

- any change in the scope of the project; or
- any change in the budget which would increase the state share of net project cost.

To obtain concurrence the grantee shall submit:

- a. a cover letter;
- b. a statement justifying the proposed changes; and
- c. a budget which follows the same format as the approved budget, but uses three columns to show:
 - the original (currently approved) state budget
 - the changes proposed
 - the resultant proposed budget.

A proposed budget amendment which alters the scope of the project may require a contract amendment. A proposed budget amendment which changes the state funding level will require a contract amendment. Any increase in the state grant depends on adequate justification by the grantee and the availability of funds (state and federal). If a contract amendment is required, the grantee shall submit, in addition to the above:

- a. an authorizing resolution by the grantee's governing body which clearly sets forth the requested changes and includes an exhibit which makes simple comparison of the original and revised budgets; and
- b. (if required) evidence of the availability of appropriate local matching funds.

QUARTERLY REPORTS

Regular progress reports are required for the project. Special reports may also be required if considered necessary.

Quarterly reports are due within 30 days of the end of each quarter. Quarters end on March 31, June 30, September 30, and December 31.

The grantee is responsible for submitting one copy of the following regular progress reports (see appendix for sample format):

Status of the Project Account

Show the beginning and ending balances of the project account for the quarter. Show the deposits and withdrawals made during this quarter, identifying the sources of deposits and withdrawals separately, by total project funds. Also show on the same sheet the name of the bank where the funds are deposited, the address of the bank, and the account number. Identify any project funds held as investments during this quarter by amount and manner of investment, and show the interest accrued.

Cash Flow Estimates

Show the total project funds obligated (contracted out) and the total disbursed to the end of the reporting quarter. For the remainder of the project show:

- the funds expected to be obligated in each remaining quarter; and
- the funds expected to be disbursed in each remaining quarter.

Percentage may be used in lieu of dollar amounts for the projections.

An update of the Cash Flow Estimate is required with each requisition, and at least quarterly. Thus quarterly updates of the Cash Flow Estimate are required only if the grantee has not submitted a requisition during a quarter.

Progress Report

This is a brief summary (one or two pages will suffice) describing the progress made in the reporting quarter and the project status through the end of this quarter. Documentation or reference to other sources is to be avoided. The report shall include information on all contracts let, started, continuing, or completed during the reporting quarter, as well as an overall account of completion of the project through the end of the quarter, broken down into major project activities.

REQUESTING STATE GRANT PAYMENTS

The form "Requisition for Grant Payment" is used to request the payment of state funds for approved grant projects. This form is available from the Department. (See Appendix.)

The grantee may submit requisitions for reimbursement of actual expenditures and may request advances for estimated cash needs for one month.

The grantee may requisition at any time, but not more frequently than every 30 days or in amounts less than \$100.

Department approval of each requisition for payment is contingent upon:

- submission of documentation to verify the needs for current funds and estimated 30 day cash needs; and an update of the Cash Flow Estimate.
- indication that the grantee is currently meeting its share of project costs in cash or approved cash equivalents;
- submission of periodic progress and financial reports; and
- compliance with all the terms of the grant contract.

CLOSING OUT THE PROJECT

The grantee shall notify the Department immediately when all project activities have been completed and all project costs incurred. The Department will then initiate final financial settlement of the project. Project settlement usually includes:

- on-site inspection of the project by a Department representative, where appropriate;
- final financial audit of the books and accounts by the State of Illinois and settlement of any audit findings;
- the submission of a list of equipment purchased for the project, identified individually by serial number or other distinguishing designation;
- the submission of a final requisition covering payment of the balance of the allowable state grant, or a check payable to the Department for the full amount of any overpayment of State grant funds; and
- notification by the Department that final financial settlement has been reached.

The grantee is required by contract to retain intact for three years following final settlement all project contract documents, financial records, and supporting documentation.

The grant contract requires that facilities or equipment acquired with state funds shall be used in mass transportation service for a specified period. Project facilities or equipment may not be sold or converted to other use during this time without prior Department concurrence. If such facilities or equipment are sold or converted to other use during this time, the grantee shall pay to the State of Illinois a proportional share of the proceeds of the sale or of the fair market value. Department concurrence is required before any sale.

Department concurrence is required in advance of any proposed reduction or termination of service during this period.

PART III - CONTRACT ADMINISTRATION

GENERAL REQUIREMENTS

Except as otherwise authorized in this manual, the grantee shall not enter into any contract or other obligation with any third party with respect to the project without prior written concurrence from the Department. Costs incurred without such concurrence or written waiver may be found ineligible for payment from grant project funds.

Changes in any third-party contract also require prior written concurrence from the Department unless otherwise exempted from this requirement.

Department concurrence is also required before force-account work or materials (work by the forces of the grantee, or material supplied from the grantee's stores) can be started or used.

Neither the Department nor the State of Illinois shall be obligated or liable to any person or organization other than the grantee. The grantee shall take care that its agents and contractors are fully identified in their proper capacities and are not acting for the State in any capacity, as provided in the grant contract.

In general, the grantee may not enter into contracts or agreements for construction, materials, or equipment except after formal advertising and free, open, and unrestricted competitive bidding. Some exceptions, listed on the following pages, are authorized when permitted by local law and the internal procedures of the grantee.

The disposition of scrap or replaced equipment and materials shall also be accomplished through competitive bidding, so as to insure that the maximum value may be received and credited to the project.

The following pages define the types of activities which constitute a project, the types of contracts or arrangements which are generally used to accomplish these activities, and the concurrence procedure required for each.

PROJECT ACTIVITIES

For the purposes of Department review, the following project activities are defined:

1. Procurement: The purchase of materials, equipment, or rolling stock (but not real estate, land, or personal property already in public transportation use), including delivery and installation. Contracts for lease of space, equipment, or services, which are not a subcontract to a contract for construction, are considered as procurements.
2. Construction: The construction of facilities such as structures, buildings, parking lots, etc., as normally understood. This does not include rolling stock or other manufactured items, but does include all construction materials supplied by the general contractor. (Materials and supplies provided by the grantee, either directly or from other sources, for use by a construction contractor are considered procurements.)
3. Services: Includes engineering and design engineering, architectural, inspection, and construction supervision. Also includes appraisals and legal services in conjunction with real estate, land, and property acquisition.
4. Acquisition: Of land, real estate, or other real or personal property not normally acquired through competitive bidding, such as used equipment or existing transit facilities.

All facilities (that is: material, equipment, rolling stock land, and property) which become available for possible sale as scrap, used, or surplus as a result of project procurement, construction, or acquisition shall be disposed of through sales (using bidding procedures and contracts appropriate for any item) within 90 days of replacement or availability. Continued use or holding of such disposable facilities beyond the 90 day period require Department concurrence.

The following pages describe requirements for accomplishment of the project activities described above.

Procurement or Construction activities

Procurement or construction shall be accomplished through third-party contracts awarded to the lowest responsible bidder on the basis of free and open bidding, through formal advertisement and solicitation of bids, and formal bid opening, with the following exceptions:

- procurements and construction contracts below \$5000 may be negotiated. The grantee is prohibited from breaking up groupings of procurements or construction which could be let as a single contract in order to avoid informal or formal bidding. The grantee shall retain full documentation.
- procurements and construction contracts under \$10,000 may be awarded on the basis of informal bidding (such as quotations by letter or telephone). Bids shall be obtained from at least three suppliers and the contract shall be awarded to the lowest bidder. The grantee shall retain a record of bids received.

Department concurrence is required prior to advertisement and solicitation of bids for activities over \$10,000. Department concurrence is required prior to award to other than the apparent low bidder. Department concurrence is required prior to awards of contracts over \$100,000. Department notification of awards is required (all values).

Procurement or construction activities which are to be accomplished by means other than open-bid third-party contracts require Department concurrence prior to award. (See applicable contract or means, next section.)

Services (Engineering, Design, Architectural, Appraisal, Inspection)

All contracts or agreements may be negotiated. Grantees shall obtain formal proposals from at least three sources. The negotiations shall be adequately documented and shall reflect as a minimum the names of all the firms who were considered prior to final selection, a summary of the proposals received from each, and the reasons for selecting the proposed firm.

Department concurrence is required prior to award. Department notification of award is required.

Acquisition (of land, real estate, or transit property)
Before entering into an agreement for the purchase of land, real estate, transit property, or other real or personal property not normally acquired through competitive bidding, the grantee shall obtain two independent appraisals.

In the acquisition of transit property, the grantee's appraiser may make one of the appraisals, provided that he is technically qualified to appraise transit properties and that a fully documented report is furnished.

In the acquisition of land, real estate or other property, both appraisers shall be persons of technical competence and professional standing (e.g., MAI membership) whose appraisals have been accepted by the courts or other governmental agencies in matters of real property acquisition.

One of the two appraisals shall be performed prior to project approval, as a means of determining the project budget. Only appraisals conducted after project approval may be included in the project budget for reimbursement.

The purchase price of the land may be negotiated within the range of two recent appraised values (determined within the last twelve months).

Should the Department decide the results of the appraisals are too far apart in value or time, a third appraisal may be required by the Department, which will be eligible for funding.

The grantee shall comply with the guidelines of the UMTA in the acquisition of real property (see UMTA manual C4530.1).

The grantee shall maintain detailed records of all negotiations and other related actions, including any report from real estate agents or staff members regarding their negotiations with property owners.

Department concurrence is required prior to entering any binding agreement to purchase. Department concurrence is required prior to institution of eminent domain proceedings. Department notification of contract or court award is required.

Summary

Below is a summary of Department review requirements for various project activities. In addition to these requirements the guidelines for specific types of contracts or agreements may apply (see "Contracts, Agreements and Other Means", page 23).

Summary of Required Review and Concurrence

<u>Activities</u>	<u>Value</u>	<u>Pre-bid review</u>	<u>Pre-award review</u>
Procurement, Construction, if open bid }	under \$ 10,000	----	exceptions only
	over \$ 10,000	required	exceptions only
	over \$100,000	required	required
All other	all values	----	required

Award notification is required within thirty days of award for all activities (see "Award Notification", page 31).

The specific documents required by the Department for review will depend on the type of contract, agreement, or other means used to implement project activities. Lists of required documentation may be found under "Contracts, Agreements and other means," pg. 23.

CONTRACTS, AGREEMENTS, AND OTHER MEANS

Third-party contracts, agreements (as with public bodies or operators), and arrangements of force-account work are the means whereby project activities (procurement, construction, etc.) are accomplished.

Department review and concurrence are required of certain project activities (depending on type, value, and the ability to meet competitive bidding requirements) and for certain contracts, agreements, and other means of accomplishing these activities.

Department review is made to insure that:

- proposed activities are within the overall scope of the project,
- the proposed contract amount is within the established budget,
- the bidding documents, specifications, and proposed contracts contain the required clauses and provisions,
- the best use is made of State monies - through competitive bidding or proper justification for the proposed expenditure, and adequate specifications.

To this end the Department will review all proposed obligations prior to solicitation of bids or prior to contract award.

The following pages list the requirements for review of various contracts, agreements, and other means:

- Open-bid third-party contracts, pg 24
- Bid-exception contracts, pg 25
- Single-source contracts, pg 25
- Carrier agreements, pg 26
- Cooperative agreements, pg 27
- Professional service contracts, pg 27
- Acquisition contracts (and eminent domain), pg 28
- Force-account work (and materials), pg 28
- Contract change-orders (and options), pg 29
- Subcontracts, pg 30

The advertisement for bid, the proposed contract, and the plans and specifications shall include the required standard clauses and provisions applicable for each (see "Standard Clauses and Provisions").

Open-bid third-party contracts: Pre-bid review

An Open-bid third party contract is defined as any contract or agreement between the grantee and another party for procurement or construction that meets the intent of open competitive bidding.

Prebid review is required for contract for procurement or construction exceeding \$10,000. Post-award notification is required.

The grantee shall submit the following documents to the Department for review:

- a. a cover letter or form (see Appendix);
- b. the proposed advertisement for bid;
- c. the plans and specifications;
- d. the proposed contract; and
- e. related bidding documents.

Open-bid third-party contracts: Pre-award review

Pre-award review is required for contracts for procurement or construction exceeding \$100,000. Post-award notification is required.

The grantee shall submit the following documents to the Department for review and concurrence prior to contract award:

- a. a cover letter or form (see Appendix);
- b. a certified copy of the advertisement for bid;
- c. a certified tabulation of all bids received;
- d. a copy of the bid proposal selected for award;
- e. a copy of the proposed contract and related documents;
- f. a copy of the plans and specifications;
- g. a copy of the certificate of insurance (construction); and
- h. a copy of the performance bond (construction).

Unusual conditions shall be handled as specified under Bid-exception or Single-source contracts or other applicable means listed below.

Bid-exception contracts

A Bid-exception contract is defined as any contract between the grantee and any other party for procurement or construction activities which is to be awarded to other than the apparent low bidder, for any reason, and which as a result may not meet the intent of competitive bidding, or for which only a single bid has been received despite all attempts at solicitation of additional bids.

Pre-award review is required. Post-award notification is required.

The grantee shall submit the following documents to the Department for review and concurrence prior to contract award:

- a. a cover letter or form (see Appendix);
- b. a certified copy of the advertisement for bid;
- c. a certified tabulation of all bids received;
- d. a copy of the bid proposal selected for award;
- e. a copy of the proposed contract and supporting documents;
- f. a copy of the plans and specifications;
- g. a full statement of the reasons for not awarding to the apparent low bidder, together with any supporting documentation; and
- h. a statement demonstrating that all attempts have been made to comply with the intent and guidelines for unrestricted open bidding.

Single-source contracts

A Single-source contract is defined as any contract that can only be awarded to a single source for any of the reasons listed below. The reasons for such single-source award may be:

- the items are only available from a single source and no other item will meet project requirements; or
- it is clearly established that substantial and quantifiable economies in operation or maintenance can be affected because of standardization of the items.

Pre-award review is required. Post-award notification is required.

The grantee shall submit the following documents to the Department for review and concurrence prior to contract award:

- a. a cover letter or form (see Appendix);
- b. a copy of the proposed contract and supporting documents;
- c. a copy of the plans and specifications; and
- d. a statement supporting the reasons for use of a single-source contract, documenting as applicable:
 - that the items are only available from a single source and no other item will meet project requirements or
 - that substantial economies in operation or maintenance will be effected.

Carrier agreements

A carrier agreement is defined as a contract between the grantee and a carrier or operator of public transportation (public or private) for the performance of construction or service activities (unusual for procurement).

Pre-award review is required. Post-award notification is required. Department concurrence is required on all sub-contracts prior to award.

The grantee shall submit the following documents to the Department for review and concurrence prior to contract award:

- a. a cover letter or form (see Appendix);
- b. a copy of the proposed contract and supporting documents;
- c. a copy of the plans and specifications;
- d. detailed estimates of the costs;
- e. the reason for contracting with the carrier or operator rather than an independent contractor;
- f. evidence of the ability of the carrier or operator to perform the work;
- g. assurances that the materials, equipment, or improvements will remain available for public transportation use; and
- h. other agreements between the grantee and the carrier or operator which relate to the proposed contract (i.e., lease or subsidy contracts).

See "Subcontracts," pg 30, for requirements of work and contracts performed under Carrier Agreements.

Cooperative agreements

A cooperative agreement is defined as a contract between the grantee and a public body (other than a carrier or operator) for the performance of construction or service activities (unusual for procurement).

Pre-award review is required. Post-award notification is required. Department concurrence is required on all subcontracts prior to award.

The grantee shall submit the following documents to the Department for review and concurrence prior to contract award:

- a. a cover letter or form (see Appendix);
- b. a copy of the proposed contract and supporting documents;
- c. a copy of the plans and specifications;
- d. a detailed estimate of the costs;
- e. the reasons for contracting with a public agency instead of a private contractor; and
- f. evidence of the ability of the public agency to perform the work.

See "Subcontracts," pg 30, for requirements of work and contracts performed under Cooperative Agreements.

Professional service contracts

A professional service contract is defined as a negotiated contract for any of the following activities: engineering, architectural, inspection, appraisal, construction supervision, and legal services for acquisition (only). Professional service contracts may not include procurement, construction, or acquisition activities. Professional service contracts shall be awarded after competitive bidding, using the guidelines established by UMTA. At least three proposals are required.

Pre-award review is required. Post-award notification is required.

The grantee shall submit the following documents to the Department for review and concurrence prior to contract award:

- a. a cover letter or form (see Appendix);
- b. a copy of the proposed contract and supporting documents;
- c. a copy of the request for proposal;
- d. a list of persons or firms considered prior to final selection;
- e. a summary of the proposals received from each (a minimum of three proposals are required); and
- f. a statement reflecting the reasons for selecting the proposed firm.

Acquisition contracts (and eminent domain)
Acquisition contracts are defined to include real estate contracts and any contracts leading to the acquisition of any property not normally acquired through competitive bidding (such as used buses) or property already in public transit use, and eminent domain proceedings.

Pre-award review is required. Post-award notification is required.

The grantee shall submit the following documents to the Department for review and concurrence prior to contract award or institution of eminent domain proceedings:

- a. a cover letter or form (see Appendix);
- b. a copy of the proposed contract and supporting documents;
- c. a description of the property involved;
- d. a detailed record and documentation of all negotiations and a summary;
- e. two appraisals as detailed under "Project Activities - Acquisition"; and
- f. before instituting eminent domain proceedings: an opinion of the grantee's attorney that all requirements of state and local law, and the policies detailed under "Project Activities - Acquisition" of this manual have been met.

Force-account work

Force-account work is defined as the performance of project activities (generally construction and service) by the forces of the grantee, rather than by independent contractors. Force-account work may include materials supplied from the stores of the grantee.

Review and concurrence is required before work may start. Certified payrolls are required as work progresses.

The grantee shall submit the following documents to the Department for review and concurrence prior to starting work:

- a. a cover letter or form (see Appendix);
- b. a copy of the plans and specifications;
- c. detailed estimates of costs, including
 - direct labor rates,
 - rates for labor overhead charges, and
 - materials charges, including "stores" and "transfer" charges as applicable;
- d. a statement detailing the reasons for using force-account in lieu of a private contractor;
- e. evidence of the grantee's ability to do the work;

- f. evidence that the grantee carries insurance or can offer such other protection to guarantee the protection and completion of the proposed activity; and

Contract change-orders

Contract change-orders are defined as any changes in specifications, scope, or cost which may be ordered, negotiated, or awarded as a change to any contract or agreement for major procurement, construction, or service activities after the prime contract or agreement has been awarded. Exercising of a contract option is a change-order.

Department review is required prior to issuance by the grantee.

The grantee shall submit the following documents to the Department for review and concurrence prior to issuance of any contract change-order:

- a. a cover letter or form (see Appendix);
- b. a copy of the proposed change order with appropriate contract identification;
- c. a narrative explanation of the proposed change and its effect upon the prime contract and the project; and
- d. a statement of the cost of this change-order, the cumulative cost of all prior change-orders, and estimates of any further anticipated change-orders and associated costs.

Under some circumstances, prior concurrence will not be required. These circumstances are:

- In an emergency, the grantee may issue a change order after verbal (phone) concurrence by the Department. The grantee shall immediately forward the change-order for review to determine its eligibility for inclusion in the project budget. The nature of the emergency must be clearly indicated.
- Minor change-orders may be issued without Department review. A minor change-order is defined as one which neither changes the contract scope nor increases the contract cost.

Each minor change-order shall be completely documented in the project files for later on-site audit.

Subcontracts

Subcontracts are defined as any contracts or agreements relating to the project which are of a lower tier than a third-party contract.

Department review and concurrence is required prior to award or prior to solicitation of bids by the third party of any subcontracts, where the third party has contracted with the grantee under a Cooperative Agreement or a Carrier Agreement. The subcontracts shall be subject to the same guidelines and limitations as apply to third-party contracts, agreements, or other means, as detailed in this Manual.

Work performed directly under a carrier agreement or a cooperative agreement shall be considered as force-account work, and handled as such.

The third party shall submit documents appropriate to the type of activity and instrument (as per lists, above) to the grantee for approval prior to submittal to the Department for review.

Summary of Required Review and Concurrence

<u>Contract type</u>	<u>Pre-Bid Review</u> <u>over \$10,000</u>	<u>Pre-Award Review</u> <u>over \$100,000 and</u> <u>exceptions</u>
Open-bid third-party contracts		
Bid-exception contracts	--	Required
Single-source contracts	--	Required
Cooperative agreements	--	Required
Carrier agreements	--	Required
Professional services	--	Required
Acquisition contracts	--	Required
Force-account work	--	Required (before startup)
Contract change-orders	--	Required (before issuance)
Subcontracts	see text	see text

Award notification is required within 30 days of award (or issuance) for all contracts, agreements, and other means.

AWARD NOTIFICATION

Following award of any contract or agreement, the grantee shall notify the Department within thirty days of the award. The following documents, as applicable, shall be submitted as part of the notification:

- a. cover letter or form (see Appendix);
- b. a certified copy of the advertisement for bid;
- c. a certified tabulation of all bids received;
- d. a copy of the bid proposal selected for award;
- e. a copy of the executed contract and supporting documents;
- f. a copy of the plans and specifications;
- g. a copy of the contractor's Notice to Proceed;
- h. a copy of the certificate of insurance;
- i. a copy of the performance bond.

STANDARD CLAUSES AND PROVISIONS

Standard clauses and provisions required for specifications, solicitation for bids, and third-party contracts are listed below.

The grantee is advised to check the grant contract for additional clauses and provisions pertaining to specifications, solicitations for bids, and third-party contracts.

Specifications, Requests for Proposals
Applicable to procurement, construction, and services.

Provisions to be included:

- a. Scope and description
Specifications or requests for proposals shall be based upon a clear and accurate description of the technical requirements for the material, product, or service to be procured.
- b. Product restrictions (Procurement and construction)
Description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand name or equal" description may be used only as a means to define the performance or other salient requirements of a procurement, and when it is so used, the specific features of two brand names which must be met by offerors should be clearly specified.
- c. Unrestricted supply
Specifications and other bidding documents shall contain no limitations on the use of foreign or domestic sources of material, equipment or supplies.
- d. Motor vehicles (Procurement of motor vehicles only)
Motor vehicles shall meet local, state, and federal regulations on air pollution, noise, and safety.
- e. Exclusion of procurement (Construction only)
Specifications and bidding documents for building construction shall include only that work and the furnishing of those items necessary to the construction. Items that are integral to the construction, such as garage lifts, may be included. However, items such as shop equipment, office equipment or furniture, or others not considered to be "real estate" shall be bid separately, as procurements.

Solicitation of bids, advertisement for bid:
Applicable to procurement, construction, and services,
except as indicated below.

Provisions and clauses to be included:

- a. Bidding time
A time span shall be used for submittal of bids which will allow preparation of submittals from enough parties to insure competitive bidding.
- b. Scope and description
An adequate description of the materials, project, or services desired, including options, shall be given.
- c. Specifications
Advertisements for bids shall include directions for obtaining specifications, requirements and contract documents.
- d. Rejection of bids (to quote)
"The right is reserved to accept any bid or any part or parts thereof or to reject any and all bids. Acceptance of any bid is subject to concurrence by the Illinois Department of Transportation (and the United States Department of Transportation)."
- e. Financial assistance (to quote)
"Any contract resulting from these bids is subject to financial assistance contracts between (Grantee's name) (and the United States Department of Transportation) and the Illinois Department of Transportation."
- f. E/E/O compliance (to quote)
"Contractor will be required to comply with all applicable Equal Employment Opportunity laws and regulations."

Requirements for all third party contracts
Applicable to procurement, construction, service, and acquisition, except as indicated below.

Provisions and clauses to be included:

- a. Scope
An adequate description of the materials, project, scope of service, or property to be obtained, with necessary reference to appropriate specifications, plans, drawings, etc.
- b. Compensation
The maximum compensation or reimbursement payable under the contract shall be shown.
- c. Unit basis (applicable to Service only)
The unit basis, or other data in support of the amount of compensation, shall be shown or explained.
- d. Method of payment (not applicable to procurements under \$10,000)
The method of paying for work performed and the submission of estimates or invoices to support payment shall be specified.
- e. Contract period
A reasonable period of time for the completion of the contract shall be set forth. The period shall start with the signing of the contract (for construction: at the issuance of the notice to Proceed) and end within a reasonable time.
- f. Termination (all contracts over \$10,000)
All contracts in excess of \$10,000 shall contain suitable provisions for termination by the grantee including the manner by which it will be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- g. Financial assistance (to quote)
"This contract is subject to financial assistance contracts between (grantee's name) (and the United States Department of Transportation) and the Illinois Department of Transportation."

- h. Interest of Members of Congress (to quote)
"No member of or delegate to the Illinois General Assembly (or the Congress of the United States) shall be admitted to any share or part of this contract or to any benefit arising therefrom."
- i. Prohibited Intrests (to quote)
"No member, or officer, or employee of (grantee's name) or a local public body with financial interest or control in this contract during his tenure or for one year thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof."
- j. Contract Changes (to quote)
"Any proposed change in this contract shall be submitted to the (name of grantee) for its prior approval."
- k. Subcontracts (Cooperative and Carrier Agreement) (to quote)
"The (third party: agency, carrier, contractor) shall not enter into any sub-contracts or agreements, or start any work by the work forces of (the third party) or use any materials from the stores, of (the third party), with respect to this contract, without the prior concurrence of the Illinois Department of Transportation. All such subcontracts, agreements, and force work and materials shall be handled as prescribed for third-party contracts, agreements, and force-account work by the IDOT manual for Public Transportation Capital Improvement Grants. All requests for concurrence shall be submitted to (name of grantee) for approval prior to submittal to IDOT."

l. Escalation

Escalation clauses are not allowed as part of specifications or contracts, with the following exceptions, subject to prior concurrence by the Department for each contract:

- Procurement for rail vehicles, where the contract price exceeds \$10,000,000 and completion of delivery exceeds one year; and
- Procurements of metal products from a mill or manufacturer where quotations based on "price at time of shipment" have historically been used.

EQUAL EMPLOYMENT OPPORTUNITY

In the event of the contractor's non-compliance with the provisions of this Equal Employment Opportunity Clause, the Illinois Human Rights Act or the Rules and Regulations of the Illinois Department of Human Rights ("Department"), the contractor may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and the contract may be cancelled or voided in whole or in part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulation. During the performance of this contract, the contractor agrees as follows:

- (1) That it will not discriminate against any employee or applicant for employment because of race, color, religion, sex marital status, national origin or ancestry, age, physical or mental handicap unrelated to ability, or an unfavorable discharge from military service; and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization.
- (2) That, if it hires additional employees in order to perform this contract or any portion thereof, it will determine the availability (in accordance with the Department's Rules and Regulations) of minorities and women in the area(s) from which it may reasonably recruit and it will hire for each job classification for which employees are hired in such a way that minorities and women are not underutilized.
- (3) That, in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, martial status, national origin or ancestry, age, physical or mental handicap unrelated to ability, or an unfavorable discharge from military service.
- (4) That it will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising such labor organization or representative of the contractor's obligations under the Illinois Human Rights Act and the Department's Rules and Regulations. If any such labor organization or representative fails or refuses to cooperate with the contractor in its efforts to comply with such Act and Rules and Regulations, the contractor will promptly so notify the Department and the contracting agency and will recruit employees from other resources when necessary to fulfill its obligations thereunder.

(5) That it will submit reports as required by the Department's Rules and Regulations, furnish all relevant information as may from time to time be requested by the Department or the contracting agency, and in all respects comply with the Illinois Human Rights act and the Department's Rules and Regulations.

(6) That it will permit access to all relevant books, records, accounts and work sites by personnel of the contracting agency and the Department for purposes of investigation to ascertain compliance with the Illinois Human Rights Act and the Department's Rules and Regulations.

(7) That it will include verbatim or by reference the provisions of this clause in every subcontract it awards under which any portion of the contract obligations are undertaken or assumed, so that such provisions will be binding upon such subcontractor. In the same manner as with other provisions of this contract, the contractor will be liable for compliance with applicable provisions of this clause by such subcontractors; and further it will promptly notify the contracting agency and the Department in the event of any subcontractor fails or refuses to comply therewith. In addition, the contractor will not utilize any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.

Revised - 9/82

Additional requirements for Construction and Service contracts
Provisions and clauses to be included:

- a. Audit and Inspection of Records (to quote)
"The contractor shall permit the authorized representatives of (grantee's name) and the State of Illinois to inspect and audit all data and records of the contractor relating to his performance under the contract."
- b. Assignment (to quote)
"Assignment of any portion of the work by subcontract must be approved in advance by (grantee's name)."
- c. Retention of records (Service contracts only) (to quote)
"The contractor shall maintain records to show actual time devoted and cost incurred."
- d. Ownership of records (Service contracts only) (to quote)
"(Grantee's name) shall retain ownership of all plans, specifications, and related documents."

Additional requirements for Construction contracts
Provisions and clauses to be included:

- a. Government Inspection (to quote)
"Representatives of the State of Illinois shall have access to the site of construction and shall have the right to inspect all project works."
- b. Performance Bond (construction over \$100,000)
The contractor shall furnish a performance bond in an amount equal to 100 percent of his contract price.
- c. Insurance
The contractor and his subcontractors shall maintain Workmen's Compensation, Public Liability, Property Damage, and Vehicle Liability Insurance in amounts and on terms satisfactory to the Department and the grantee.

The contractor (or the grantee, at the grantee's option) shall carry Builders' Risk Insurance, including fire and extended coverage, on 100 percent of the completed value of the insurable portion of construction. Such insurance coverage is required to remain in effect until the construction has been accepted by the grantee.

- d. Prime Contractor Participation (to quote)
"The prime contractor shall perform on the site, with his own staff, work equivalent to at least 10 percent of the total amount of construction work at the site. Only pay items of the construction contract will be used in computing the total amount of construction at the work site." (The grantee may increase this minimum amount of prime contractor participation depending upon the degree of specialization required to perform this work.)
- e. Warranty of Construction (to quote)
"For a period of one year from the date of completion, as evidenced by the date of final acceptance of the work, the Contractor warrants that work performed under this contract conforms to the contract requirements and is free of any defect of equipment, material or workmanship performed by the Contractor or any of his subcontractors or suppliers."

Under this warranty, the Contractor shall remedy at his own expense any such failure to conform or any such defect.

Nothing in the above intends or implies that this warranty shall apply to work which has been abused or neglected by (the grantee)."

- f. Certified Payrolls (to quote)
"(The grantee) shall obtain from the contractor and each subcontractor a certified copy of each weekly payroll within seven days after the regular payroll date. . Following a review by (the grantee) for compliance with state and federal labor laws, the payroll copy shall be retained at the project site for later review by the authorized representatives of the State of Illinois."
- g. Project Sign (to quote)
"The contractor shall erect and maintain signs satisfactory to the Illinois Department of Transportation identifying the project and indicating state participation." (Sign specifications can be found in the Appendix.)

Summary of Required Provisions and Clauses

Specifications, Requests for Proposals

- a. Scope and description
- b. Product restrictions (procurement, construction)
- c. Unrestricted supply (procurement and construction)
- d. Motor vehicles (motor vehicle procurement only)
- e. Exclusion of procurement (construction only)

Solicitation of bids, advertisement

- a. Bidding time
- b. Scope and description
- c. Specifications
- d. "Rejection of bids"
- e. "Financial assistance"
- f. "EEO compliance"

All Third party contracts (procurement, construction, service, acquisition)

- a. Scope
- b. Compensation
- c. Unit basis (service only)
- d. Method of payment (except procurement under \$10,000)
- e. Contract period
- f. Termination (contracts over \$10,000)
- g. "Financial assistance"
- h. "Interest of members of Congress"
- i. "Prohibited interests"
- j. "Contract changes"
- k. "Subcontracts" (Cooperative and carrier)
- l. Escalation
- m. "I.F.E.P. Act"

Additional for Construction and Service contracts

- a. "Audit and inspection of records"
- b. "Assignment"
- c. "Retention of Records" (Service contracts only)
- d. "Ownership of records" (Service contracts only)

Additional for Construction contracts

- a. "Government inspection"
- b. Performance bond (over \$100,000)
- c. Insurance
- d. "Prime contractor participation"
- e. "Warrantee of construction"
- f. "Certified payroll"
- g. "Project sign"

APPENDIX

Instructions for Exhibit 1
Exhibit 1 - Application for Capital Improvement Grant (form)
Exhibit 1.1 - Applicant's Legal Opinion (sample)
Exhibit 1.2 - Authorization for Filing (sample)
Exhibit 4 - Financial statements (cover form)
Definitions
Instructions for Requisition and Form C
Requisition for Capital Improvement Grant Payment (form)
Form C - Allocation of Expenditures
Status of Project Account (sample)
Projections of Funds Required (sample)
Quarterly Progress Report (sample)
Project Sign Specifications

INSTRUCTION FOR EXHIBIT 1
APPLICATION FOR CAPITAL IMPROVEMENT GRANT

APPLICATION FOR CAPITAL GRANT (front)

1. Applicant. The Applicant is the party who will apply for the state (and federal) grant and administer and coordinate all efforts necessary for the execution and completion of the project. Please show the correct mailing address, contact person whom the Department may use for general contacts, and phone number.

2. Project Description. Please supply a brief description, such as: "Purchase of twenty 45-passenger buses, maintenance tools, office equipment; construction of garage bus washer, purchase and installation of 20 passenger shelters." This brief description should highlight the major categories shown on the back of the application form.

3. Project Funding Shares.

-Net Project Cost - from back of form.

-Federal Share Requested - Show the amount of federal funds requested for this project.

-State Share Requested - Because administrative expenses are not eligible, administration should be deducted from the Net Project Cost before the state share is calculated.

-Local Matching Share - The amount of the Net Project Cost not covered by state and federal grant requests.

The total of Federal Share, State Share and Local Matching Share should add up to the Net Project Cost.

PROPOSED PROJECT BUDGET (back)

Column 1, (Federal) Budget Line Item Identification

Please use the MACS budget line item code (see UMTA Management and Control System Manual). If the proposed project does not involve federal funds the applicant may use any reasonable numbering system to identify various major elements of the project. These major groupings must, however, have enough detail to individually identify and price:

- purchase items of general generic groupings such as:
 - tools, office equipment, ect.
- rolling stock, separated by size and type
- construction of facilities at differing locations (and/or separation by general contracts)
- professional service contracts
- grantee staff and forces work and material

Column 2, Detail

Use any reasonable numbering systems which relates individual projects (such as Job-order numbers)

Column 3, Description

The information presented in this column shall verbally describe the items included under each budget line item.

Column 4, Proposed Budget Amount

The proposed budget amount must reflect as accurately as possible the actual expected (gross) capitalizable cost of each line item. This amount may therefore include cost of preparation, inspection, installation, and freight charges if these items are allowed to be capitalized under generally acceptable accounting procedures. Cost incurred prior to project approval, cost of initial maintenance, cost of feasibility studies, and administrative costs are not generally eligible. Contingency estimates cannot be included with line item amounts.

Line Totals

- Subtotal - the sum of all gross capitalizable costs for all of the budget line item categories above
- Contingencies - not to exceed 10% of Subtotal
- Gross Project Costs - total of Subtotal, Contingencies
- Revenue Financing - the value (scrap or used) of material replaced by the new facilities to be purchased or constructed
- Net Project Cost - project cost after deducting Revenue Financing from Gross Project Cost. This amount is to be carried to the front of the Application Form.

Schedule of Obligation and Cash Disbursement

Please estimate how the monies budgeted for each line item would be obligated (that is, contracted) and spent if the project receives approval. Please take into account the time delays due to

- engineering and preparation of specifications
- bidding and government concurrence
- seasonal construction
- billing and invoicing delays

Use Quarters (3 month periods), after project approval. Percentage may be used in lieu of dollar amounts.

DIVISION OF PUBLIC TRANSPORTATION
DEPARTMENT OF TRANSPORTATION
STATE OF ILLINOIS

APPLICATION FOR CAPITAL IMPROVEMENT GRANT

(Exhibit 1)

-For Office Use Only-

State _____
Federal _____
Received _____

1. Applicant Name _____
Mailing Address _____
_____ Zip Code _____
Contact Person _____ Phone () _____

The applicant hereby applies to the Illinois Division of Public Transportation for a Capital Improvement Grant, under the Transportation Bond Act. Required resolutions, documents, schedule and exhibits in support to this grant request are attached and are to be considered a part of this application.

2. Project Description (briefly describe the proposed project).

3. Project Funding Shares:
Net Project Cost (from back of this form) _____
Federal Grant Requested _____
State Grant Requested _____
Local Matching Share _____

\$ _____
\$ _____
\$ _____
\$ _____

In support of this application, I offer the above data and supporting documents as required. I certify that the statements herein and in the supporting documents are correct and complete.

Name of Authorized Officer

Date: _____

Signature

Title

SAMPLE FORMAT

EXHIBIT 1.1: APPLICANT'S LEGAL OPINION

Gentlemen:

I, the undersigned, am an attorney licensed by and duly admitted to practice law in the State of Illinois and am counsel and attorney for the _____ . In this capacity, my opinion has been requested concerning the eligibility of the _____ for grant assistance under the terms of the Transportation Bond Act (Illinois Revised Statutes, 1975, Chapter 127, Section 701 et seq.) and Section 49.19 of the "Civil Administrative Code of Illinois" (Illinois Revised Statutes, 1975, Chapter 127, Section 49.19). Please be advised that:

1. The _____ is a (district, municipality, etc.), under the laws of the State of Illinois, and is eligible to apply for, receive and use state grant funds under the foregoing statutes.
2. There are no provisions in the charter of the _____ or in the statutes of the State of Illinois, the United States of America, or any municipal or other local ordinances that preclude or prohibit the _____ from making application for or contracting with the State of Illinois for the purpose of receiving a mass transportation capital grant and using such grant in accordance with the purpose set forth in the application and applicable state and local laws and ordinances.
3. The undersigned has no knowledge of any pending or threatened litigation in either federal or state courts which would adversely affect this application or which seeks to prohibit the _____ from applying to or from contracting with the State of Illinois for the purpose of receiving a state capital improvement grant.

Based upon the foregoing, I am of the opinion that the _____ is eligible as a recipient under the provisions of the statutes and ordinances cited herein, and that it is fully empowered and authorized to apply for and accept a mass transportation capital grant from the Illinois Department of Transportation.

(signed and dated)

- PROPOSED PROJECT BUDGET -

Budget Line Item Identification	Detail	Description	Proposed Budget Amount
			\$.....
		
		
		
		
		
		
		
		
		

(Use additional sheets as needed)

Subtotal		\$.....
Contingencies	(not to exceed 10% of sub- total)	.....
Gross Proj. Cost	(sum of Subtotal, contin- gencies)	\$.....
Revenue Financing	(see definition)	.....
NET PROJECT COST	(carry to front of this form)	<u>\$.....</u>

- PROJECT TIMETABLE -

Fiscal Quarter	Major Activities Started	Schedule of Obligations	Schedule of Cash Disbursements
.....		\$.....	\$.....
.....	
.....	
(Use additional sheets as needed)			
	TOTAL (Net Project Cost)	\$.....	\$.....

SAMPLE FORMAT

EXHIBIT 1.2: AUTHORIZATION FOR THE FILING OF THIS GRANT APPLICATION

C E R T I F I C A T E

I, (name of certifying officer), do hereby certify that I am the duly qualified and acting (title of certifying officer) of the (name and legal description of applicant) and as such (title of certifying officer) I am the keeper of the seal, records, and files of the (name of applicant).

I do further certify that at a regularly constituted meeting of the (governing body - Board of Trustees, Board of Directors, Executive Committee, etc.) of the (name of applicant) held on the _____ day of _____, 19____, at which (a quorum or all of the members) was (were) present and voting, a certain Resolution was (unanimously or by majority vote) adopted in full accordance and conformity with the (By-Laws of the applicant, ordinances of the applicant, or statutes of the State of Illinois) as made and provided, and that the following is a full, complete, and true copy of the pertinent provisions of said Resolution:

"BE IT RESOLVED by the (governing body) of the (name of applicant):

1. That an application be made to the Division of Public Transportation, Department of Transportation, State of Illinois, for a capital improvement grant to acquire funds to provide (brief description of the project);
2. That (name and/or title) of the (name of applicant) is hereby authorized and directed to execute and file on behalf of the (name of applicant) such application; and
3. That (name and/or title) of the (name of applicant) is authorized to furnish such additional information as may reasonably be required by the Division of Public Transportation in connection with the aforesaid application for said grant."

I further certify that the original of the complete said Resolution is on file in the records of the (name of applicant) in my custody.

I do further certify that the foregoing Resolution remains in full force and effect and has not been rescinded, amended, or altered in any manner since the date of its adoption.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal (if appropriate) of the (name of applicant), this _____ day of _____, 19____.

SEAL

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Title

Exhibit 4

FINANCIAL STATEMENTS AND AUDIT REPORTS

State law requires that any municipality, district, or carrier receiving or applying for capital assistance from the State shall submit to the Department annual statements of assets, revenues, and expenses, and annual audit reports. (Illinois Revised Statutes (1975), Chapter 127, Section 49.20)

- Applicant _____
Address _____
_____ Zip Code _____
For _____ Application Submitted _____
- Financial Statements of _____ (period)
(Balance Sheet, Income Statement and Supporting Documents)
() are attached () have been submitted on _____
- Audit reports for _____ (period)
() are attached () have been submitted on _____
- Annual accounting period in use (fiscal, calendar) _____
which ends on _____
- Most recent period for which books are closed _____
- Most recent period for which financial statements have been prepared _____
- Most recent period for which audit reports have been completed _____

Signature _____ Date _____

Name of Authorized Officer _____ Title _____
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DEFINITIONS

Approved Project Budget -

A schedule of proposed expenditures approved by the Department as eligible, necessary, and reasonable for proper and efficient execution of the project.

Department -

The State of Illinois Department of Transportation.

Federal Application -

An application to UMTA of the United States Department of Transportation for federal grant assistance in providing capital facilities for use in public transportation made under the Urban Mass Transportation Act of 1964, as amended.

Mass Transportation -

Transportation provided within the State of Illinois by rail, bus, or other conveyance, available to the general public on a regular and continuing basis. (Refer to Illinois Revised Statutes (1975), Chapter 127, Section 49.19(1a).) This includes regular city and suburban transit operations, rapid transit services, and commuter rail services. It does not include school bus, charter, or sightseeing services.

Project -

The planned undertaking of the grantee as stated in the application for state assistance and in the grant contract.

Revenue Financing -

An estimate of the worth of items to be traded in, scrapped, or sold and replaced in the project. The amount received for the trade-in, scrapping, or sale must be used to reduce the net project cost. The action taken on the replaced item must have the concurrence of the Department; it must be fully documented.

Secretary -

The Secretary of the Department of Transportation of the State of Illinois.

UMTA -

The Urban Mass Transportation Administration of the United States Department of Transportation (Regional Office: 300 South Wacker Drive, Chicago, Illinois 60606).

Instructions for
Requisition for Capital Improvement Grant Payment,
Revised March 1979 and Form C

"Requisition for Capital Improvement Grant Payment" form is used in requisitioning state funds for approved grant projects.

One copy should be submitted. Separate requisitions should be used for separate grants. Requisitions are to be numbered consecutively for any grant.

Grant funds may be requisitioned only after the grant contract has been fully executed. Requisitions shall be for reimbursement of project costs and may also include costs expected to be incurred during the next month. No funds will be approved for more than one month in advance.

Department approval of each requisition for payment is contingent upon (1) a showing on the Requisition that the grantee is currently meeting its share of project costs in cash or approved cash equivalents, (2) the submission of periodic progress and financial reports, (3) compliance with all terms of the grant contract, (4) and documentation of expenditures and advances, and update of Cash Flow Estimate.

The grantee may requisition at any time but not more frequently than every 30 days, or in amounts less than \$100.

Requisition Instructions

Face side

Line Items, and Amount Budgeted - Use only figures from the current approved budget; do not add in pending revisions or amendments which have not yet been approved.

Amount Contracted - For each line item show the amount of the approved budget which has been contracted, for which purchase orders have been issued, or which has otherwise been obligated. No items in this column may exceed the project budget column.

Amount Spent to date - Show the amount of checks actually written for each line item. No amount in this column may exceed the amount obligated. Invoices received but not paid may be included if these are due before the date of the requisition.

Expected Need - Use this column only if you elect to requisition ADVANCE PAYMENTS.

Column totals - NET PROJECT COST under AMOUNT BUDGETED should equal the NET PROJECT COST for the project. "Items not eligible for State funds" includes all administrative charges. If this includes other items not participated in by the State please list these on a separate sheet.

Reverse side

Approved shares of net project costs - Use the figures from the current approved project budget; do not add in amendments or changes which have not yet been approved.

Amounts requisitioned prior to this requisition - Do not include the amount of this requisition (or the amount of the federal requisition if filed simultaneously).

Item E, state share of cumulative cash needs - The percentage is determined by the Grant Contract. For grants funded at two or more different levels, the current applicable percentage is determined by agreement with the Department.

Reconciliation of Cash Needs - Update the figures from the previous Cash Flow Estimate to establish a current estimate of the future need for State funds. The Fiscal Year and the Fourth Fiscal Quarter end on June 30. In making these estimates allow 20 days processing time for requisitions. Thus requisitions submitted after the 10th of a month will be credited for the following month.

Form C, Instructions

Form C is used for a tabulation of documentation submitted with each requisition.

For procurements, each item shall be documented with invoices or similar evidence identifying each item.

For construction, services, and major procurement contracts, where progress payments are requisitioned on the basis of the contractor's estimated invoices, the contractor's estimated invoices shall be used for ADVANCE PAYMENTS. Actual invoices shall be used for actual expenditures.

For force-account work, the grantee shall submit summary payrolls for the period covered by the requisition, plus a statement of the applicable direct labor overhead previously concurred in by the Department.

For force-account materials, the grantee shall submit charge documents or requisitions for the internal transfer of these materials at the rates previously concurred in by the Department.

<u>Approved Shares of Net Project Cost</u>		<u>Amounts requisitioned prior to this requisition</u>	
General	\$.....	Federal share requisitioned	\$.....
State (Bonds)	.....	State share requisitioned (Bonds)	.....[E]
State (G.R.F.)	.....	State share requisitioned (G.R.F.)	.....[F]
Local	.....	Local share	.....
NET PROJECT COST	\$.....	TOTAL REQUISITIONED OR ADDED	\$.....

	<u>From Bonds</u>	<u>From G.R.F.</u>
Cumulative Cash Needs, from previous page	\$.....[A+B]	\$.....[C+D]
State Share of Cash Needs (See Contract)	\$.....	\$.....
Less, amount of prior requisitions, above	.....[E]	.....[F]
Amounts for this Requisition	\$.....[G]	.....[H]
TOTAL OF THIS REQUISITION (Item G plus H)		\$.....

Reconciliation of Cash Needs

	<u>From Bonds</u>	<u>From G.R.F.</u>
Amount of prior requisitions	\$.....[E]	\$.....[F]
Amount of this requisition	.....[G]	.....[H]
Amounts to be requisitioned in remaining (1).....	.....	.....
months of current State fiscal quarter (2).....	.....	.....
(or three months of next quarter) (3).....	.....	.....
Amounts to be requisitioned in remaining (1).....	.....	.....
quarters of current State fiscal year (2).....	.....	.....
(or in four quarters of following (3).....	.....	.....
State fiscal year) (4).....	.....	.....
Amounts to be requisitioned in following State fiscal years (FY- ).....	.....	.....
(Please list additional years (FY- ).....	.....	.....
as required) (FY- ).....	.....	.....
Subtotals	\$.....	\$.....
TOTAL, to equal State Share		\$.....

In support of this requisition I offer the above data and supporting documents as required. I certify that the statements herein and the supporting documents are correct and complete, and that the project is being carried out in conformity with the grant contract and the project budget.

Date: _____

Name of authorized officer _____

Signature _____ 54 _____ Title _____

STATUS OF PROJECT ACCOUNT

CAP-00-000-Fed.
(IL-03-0000)

GREATER PODUNK TRANSIT DISTRICT

Quarter ending March 31, 1978

<u>Transaction</u>	<u>Deposit</u>	<u>Withdrawals</u>	<u>Balance</u>
			\$ 500.
Beginning balance (1/1/78)	-	-	10,500.
1/15 Fed. requisition	10,000.00	-	12,100.
1/16 State requisition	1,600.00	-	12,900.
1/17 Local Share	800.00	-	13,400.
1/20 Sale of scrap	500.00	-	1,400.
1/22 Invoice paid	-	12,000.00	6,400.
1/31 Return of invested funds	5,000.00	-	6,800.
1/31 Earned interest	400.00	-	1,300.
2/10 Construction invoice	-	5,500.00	
etc.		etc.	
3/31/78 ending balance	-	-	XXXXXXXX

Invested funds

1/1/78, held since 12/1/77: COD - 8%			5,000
interest accrued to 1/1/78			300
1/31/78, returned to project account			(5,000)
interest accrued to 1/31/78			100
1/31/78, interest deposited to project account			(400)
3/31/78, investments held			-
3/31/78, interest accrued			-

Bank: Greater Podunk State Bank, 12 Maine Street, Podunk, Illinois
Account: 360-30-1784

Prepared by _____ Date _____

- SAMPLE -

CASH FLOW ESTIMATES

CAP-00-000-Fed.
(IL-03-000)

GREATER PODUNK TRANSIT WORKS

Quarter ending March 31, 1978

	<u>Obligations*</u>	<u>Expenditures**</u>
Through 3/31/78	\$15,000 (20%)	\$6,500 (11%)
Required for		
Quarter ending 6/30/78	22%	12%
9/30/78	34%	18%
12/31/78	16%	14%
3/31/79	8%	15%
6/30/79	-	16%
9/30/79	-	14%
	<u>100%</u>	<u>100%</u>

Prepared by _____ Date _____

NOTES on the sample

*Obligations represent: the award of contracts, as for construction or rolling stock, the start-up of force account work.

**Expenditures represent the actual billings for obligations.

PLEASE NOTE: If Cash Flow Estimates have been updated during the quarter (as part of a requisition submittal), a Cash Flow Estimate is not required at the end of the quarter.

- SAMPLE -

QUARTERLY PROGRESS REPORT

CAP-00-000-Fed.
(IL-03-000)

WEST PODUNK TRANSIT DEPARTMENT

Quarter ending March 31, 1978

ACCOMPLISHMENT FOR QUARTER

1. Completed 5% of construction of garage.
2. Completed deliveries of new buses (24)
3. Completed preliminary design phase of office building

STATUS OF PROJECT ITEMS

<u>Item</u>	<u>Status</u>
Buses	-Complete
Bus washer	-Complete
Bus stop signs	-Complete
Garage	-Construction Underway
Turn around	-No Progress - See problems
Repair equipment	-Bids advertised

PROBLEMS

1. Turn around - Weather delaying construction.

OUTLOOK FOR NEXT QUARTER

1. Complete garage construction.
2. Award bid for repair equipment
3. Complete design of office

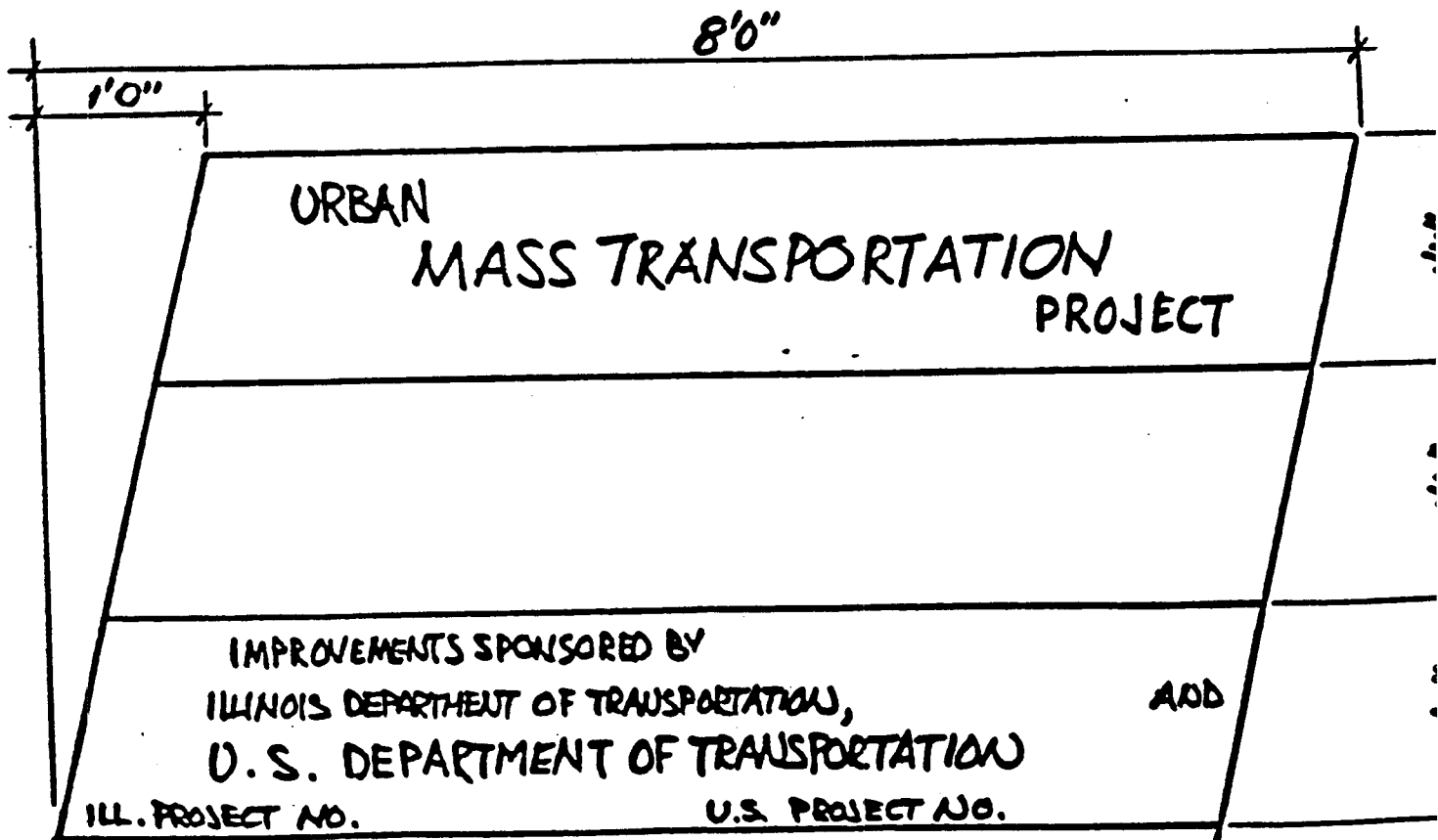
COMPLETION STATUS

Based on delivered improvements, the project is 51.4% complete.
Based on obligations, the project is 70.0% complete.

Prepared by _____ Date _____

Specifications for Project Sign

1. One sign shall be erected at each major entrance to the project for maximum public identification of the work, and shall be maintained in good condition until completion of the project. Upon project completion, the signs shall be removed.
2. Signs are to be cut from standard 4' x 8' waterproof plywood sheets, or other suitable material, and shall meet the design standards shown in the drawing below.
3. The sign may be varied to meet special requirements of the situation, but proportions shall be maintained.
4. The center white panel will indicate briefly the nature of the project, such as "KEATING' BUS GARAGE AND TERMINAL." Avoid maps or lengthy descriptions. Copy should be limited to two lines, if possible.
5. No information shall be included on the project signs except that stipulated in the above paragraphs or the drawings below.



Lettering:

Top: Futura Bold Italic, white on red;

Center: Futura Bold, blue on white;

Bottom: Futura Demi-Bold, white on blue background