

DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION

JUSTIFICATION STATEMENT

**49 U.S.C. SECTIONS 5307 AND 5309
CAPITAL ASSISTANCE PROGRAMS**

(OMB Control No. 2132-0502)

This justification statement is associated with a request for a revision of a currently approved information collection.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION NECESSARY.

The provisions of 49 U.S.C. Sections 5307 and 5309, 49 CFR Part 18, the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (the Common Grant Rule), and prudent administration of federal grant funds dictate that grantor agencies review applications for federal assistance to assure eligibility of the grantee and the project activities and other criteria, as appropriate, and monitor approved projects to ensure timely expenditure of federal funds by grant recipients. The Federal Transit Administration (FTA) provides financial assistance to State and local governments, and public transportation authorities primarily through two major programs, the Section 5307 Urbanized Area Formula Program and the Section 5309 Capital Program. Although differences exist in the administration of these two programs, the information collected under each program is structured to comply with federal mandates. Generally, the reporting requirements are identical and are submitted by recipients in two stages, the application stage, and the project management stage.

Application Stage

FTA must determine the applicant's eligibility to receive program funds. FTA must know: a) who the applicant is; b) for what purpose the funds are requested; and c) the amount of federal funds requested or needed. FTA has issued FTA Circular 9030.1C detailing the application instructions for the Section 5307 program. New applicants applying for the first time must submit:

- a. Authorizing Resolution. As required by 49 U.S.C. 1602 (a)(2)(A), this information is necessary to assure FTA that the individuals involved represent the organization seeking federal assistance and are empowered to enter into contracts on the organization's behalf.
- b. Opinion of Counsel. Also required by 49 U.S.C.1602(a)(2)(A) to ensure that the applicant has the legal capacity to carry out the project and that there is no

outstanding litigation that would encumber the federal government upon project approval.

In addition, each application must include:

- a. Standard Form 424. Entitled "Application for Federal Assistance," this form must be submitted with each application.
- b. Project Budget. FTA must know how much federal financial assistance is required, the amount and sources of local funds available for this project, and the specific elements and associated costs for each.
- c. Project Description. Some federal funding is limited to specific categories of transit projects. The project description enables FTA to determine whether funding of the proposed project is allowable under federal transit law and the Common Grant Rule.
- d. Project Justification. This information is required for all Section 5309 (discretionary) projects. The information is required by FTA to:
 - 1) ensure compliance with a comprehensive transportation planning process;
 - 2) determine whether the project will meet prescribed program objectives; and
 - 3) given the limited amount of federal funding available, determine whether or not the project is cost-effective.

For Section 5307 (formula) grant applications only, a "Program of Projects" proposed for funding is required to be submitted. The "Program of Projects" includes those projects in the first year program of the approved Transportation Improvement Program--the subject of a separate FTA information collection.

- e. Project Milestone Schedule. This document consists of milestone dates for major activities and an overall project completion date. Milestone dates are provided for such events as bid advertisement, bid award, and contract completion.
- f. List of Labor Unions. This document is used by the Department of Labor in making the certification of labor protective arrangements required for grants funded under Sections 5307 and 5309 in statutory language at Title 49 U.S.C. at Section 5333(b).
- g. Environmental Exhibit. This documentation includes a proposed classification of each activity line item in accordance with the Federal Highway Administration (FHWA)/FTA Environmental Impact and Related Procedures, as required by 23 C.F.R. Parts 771.115 and 771.117. Most projects meet the criteria for a categorical exclusion. For each of these projects, proposed classifications and supporting documentation must be submitted. For those projects that do not meet the criteria for a categorical exclusion, an Environmental Assessment or Environmental Impact Statement may need to be submitted as required by the National Environmental Policy Act.

- h. Public Hearing Notice Transcript. When a capital project under Section 5307 or 5309 will have a substantial impact on a community or on the mass transit service of the community, grant applicants must provide an opportunity for a public hearing to obtain the views of citizens on the proposed program of projects. Notices of a hearing must include a brief description of the proposed project and be published in a newspaper circulated in the affected area. Section 5323(b) requires that when such a hearing is held a transcript of the hearing is submitted with the application. The transcript submission provides a record of the public's concerns to verify that the comments were taken into consideration during project development.
- i. Project Management Plan. As required by 49 USC 5327(a), grantees must prepare and submit a project management plan to FTA for major projects (generally, those projects with a total cost of more than \$100 million). These plans explicitly define all tasks necessary to implement a major capital project. Each plan must include a description of adequate recipient staff organization; a budget; a construction schedule; a document control procedure and recordkeeping system; change order procedures; a description of organizational structures, management skills, and staffing level required for construction phase, quality control and assurance programs, material testing policies and procedures; plan for internal reporting requirements, and procedures for testing an operational system or its major component.

Annual Certifications and Assurances. Before FTA may award a federal grant, the applicant must provide FTA with all certifications and assurances required by federal laws and regulations for the applicant or project. A grant applicant must sign the appropriate certifications and assurances each year for all anticipated grant applications during that particular fiscal year. This annual certification process replaces individual certifications and assurances that grantees used in the past when submitting each grant application or periodically when warranted by specific circumstances.

Project Management Stage

The reporting requirements under this stage are necessary to ensure the proper and timely expenditure of federal funds within the scope of the approved project. The requirements comply with the Common Grant Rule and are contained in FTA Circular 5010.1C, and also may also be included in sections of the grant contract. These reporting requirements are:

- a. Quarterly Milestone/Progress Reports (QPR). These narrative reports define the level of activity for each project element during the reporting period. Delays, problems, and milestone achievements are reported to FTA. The reports greatly reduce the need for on-site visits by staff. Since June 2002, recipients of 5307 and 5309 projects that operate transit from small urbanized areas are no longer required to submit quarterly reports, but instead are required to submit annual Milestone/Progress Reports.

- b. Cost Allocation Plan. These narrative reports are required of State or local agencies desiring reimbursement for indirect administrative expenses incurred in connection with a capital grant. The Cost Allocation Plan is necessary to properly determine those indirect costs attributable to capital grants.
 - c. Quarterly Financial Status Reports (FSRs). These quantitative reports provide a financial picture of project activity. The reports include information regarding obligations, payments, receipts, and other pertinent financial data required to ensure proper expenditure of federal funds. Since June 2002, quarterly financial reports have not been required of 5307 and 5309 grantees operating from small urbanized areas. These grant recipients are required instead to submit Financial Status Reports annually (October 30 of each year).
 - d. Reports of Significant Events. Unforeseen events that impact the schedule, cost, capacity, usefulness or purpose of the project should be reported to FTA immediately after detection and then reflected in the next quarterly progress report.
 - e. Pre-award and Post-delivery Rolling Stock Reviews. The reviews are required to be performed by FTA grantees purchasing rolling stock. These reviews are intended to ensure compliance with various requirements, such as Buy America, and to detect any vehicle defects while the vehicle is under warranty. Grantees certify compliance with the review requirements under the implementing rule that was published in September 1991.
 - f. Project Management Plan Updates. As major construction projects progress, the original project management plans need revisions and updates. Updates must include project budget; project schedule; financing, both capital and operating; ridership estimates, including operating plan; and, when appropriate, the status of local efforts to enhance ridership when estimates are contingent, in part, upon the success of such efforts to be made.
2. HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED AND CONSEQUENCES IF THE INFORMATION IS NOT COLLECTED.

The reports are submitted to the cognizant program office, usually within an FTA regional office, to determine the applicant's eligibility for funding and, subsequently, the grantee's progress in implementing and completing project activities. The reports assure FTA of a level of management of risks. Also, the information submitted ensures FTA's compliance with applicable federal laws, and the Common Grant Rule. In addition, without these reports, significant resources and manpower would be necessary to conduct on-site inspections.

3. CONSIDERATION OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN AND ANY TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN.

FTA's electronic grant making and management system is a paperless, electronic grant

application, review, approval, acceptance and management process. Of the 1728 grant applications received in Fiscal Year 2010, nearly 100 percent were submitted electronically. FTA also anticipates that approximately 100 percent of the periodic reports that grantees are required to submit will be submitted electronically. Grantees are also encouraged to use the electronic system for signature of annual certifications and assurances.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION. SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSES DESCRIBED IN ITEM 2.

The reports are project specific and the information is not available elsewhere. There is no duplication. Many submittals that were previously required with each application are now permitted on a one-time basis. Other submittals previously required for each application are now submitted annually.

5. METHODS USED TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES.

The information collected does not involve small businesses. However, grantees reporting from smaller urbanized areas (urbanized areas with populations of less than 200,000) are now allowed to submit Milestone Progress Reports and Financial Status Reports on an annual basis rather than on the quarterly basis formerly required.

6. CONSEQUENCES TO FEDERAL PROGRAMS OR POLICY ACTIVITIES IF INFORMATION WAS NOT COLLECTED OR COLLECTED LESS FREQUENTLY, AS WELL AS ANY TECHNICAL OR LEGAL OBSTACLES TO REDUCING THE BURDEN.

If these and other reports were required less frequently, additional site visits by agency staff would be required to ensure compliance with program objectives.

7. SPECIAL CIRCUMSTANCES THAT REQUIRE THE COLLECTION TO BE CONDUCTED IN A MANNER INCONSISTENT WITH 5 CFR 1320.6.

The information collected is consistent with the guidelines in 5 CFR 1320.6.

8. EFFORTS TO CONSULT WITH PERSONS OUTSIDE THE AGENCY TO OBTAIN THEIR VIEWS.

A 60-day Federal Register notice was published on April 26, 2011, (pages 23354 and 23355) soliciting comments prior to submission to the Office of Management and Budget (OMB). No comments were received. A 30-day Federal Register notice was published on July 5, 2011, (pages 39151 and 39152).

9. EXPLAIN ANY DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS, OTHER THAN REMUNERATION OF CONTRACTORS OR GRANTEES.

No payment is made to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED RESPONDENTS.

There is no assurance of confidentiality regarding these submissions.

11. ADDITIONAL JUSTIFICATION FOR QUESTIONS OF A SENSITIVE NATURE.

None of the information is of a sensitive nature.

12. ESTIMATE OF THE HOUR BURDEN OF THE COLLECTION, AND ANNUALIZED COST TO RESPONDENTS.

| Requirements | # Annual submissions | Burden hours per submission | Total burden hours |
|---|-----------------------------|------------------------------------|---------------------------|
| <u>Application Stage (includes all of the following):</u> | 1,728 | 50 | 86,400 |
| Authorizing/Resolution } Opinion of Counsel } SF Form 424 } Project Description } | | | |
| Project Budget } Project Justification } Public Hearing Notice } Project Milestones } List of Labor Unions } Environmental Exhibit } | | | |
| Completion of SF Form 424 | 1,728 | 1 | 1,728 |
| Total, Application Stage | 1,728 | 50 | 88,128 |
| | | | |
| <u>Project Management Stage</u> | 6,912 | 8 | 55,296 |
| Progress Report- Annual 16,696 | | | |
| | | | |
| Financial Status Report | | | |
| | | | |
| Cost Allocation Plans | | | |
| Project Management Plan Updates | | | |
| Total, Project Management Stage | 6,912 | 8 | 55,296 |
| Grand Total, Application and Project Management | 8,640 | 58 | 141,696 |

All burden hour estimates are based on a comprehensive review of all the requirements associated with Sections 5309 and 5307, many years of program experience, discussions with cognizant Headquarters and Regional staff, and discussions with and informal surveys of respondents. The total annual respondent burden includes all respondents with active grants.

The total number of burden hours associated with this submission in FTA's information collection inventory is 141,696 (86,400 hours application stage + 55,296 hours project management stage). An additional 1,728 burden hours is reflected in the

Department of Health and Human Services (HHS) information collection, to reflect that HHS administers that form. Completion of the SF-424 (grants.gov application form) is estimated to take one hour per application. Therefore $1 \text{ hour} \times 1,728 \text{ applicants} = 1,728$ hours for completion of the SF-424 application. These hours have been reassigned to HHS's information collection approval for their SF-424.

Estimate of the cost to respondents:

The number and complexity of applications submitted each year vary considerably and there is a wide variance in the level of effort required. A majority of applications are, however, simple and straightforward. The figures below are representative of a straightforward application meeting all of the criteria for federal funding.

We estimate that it takes approximately 50 person-hours to develop and submit an application to FTA for review. Since FTA receives approximately 1,728 applications per year, the total hours required are estimated to be $(50 \text{ hours} \times 1,728 \text{ applications} = 86,400 \text{ hours})$. Although various personnel are involved in the development of an application, the average salary is estimated to be \$34 per hour. Therefore, the cost to the respondents for the application stage is computed at \$2,937,600 $(86,400 \text{ hours} \times \$34 \text{ per hour} = \$2,937,600 \text{ hours})$.

Project Management Stage:

Staff time devoted to the preparation of progress and other project management reports takes approximately 8 hours at an average salary of \$30 per hour or \$240 per report. There are 6,912 reports submitted annually; therefore, the cost for the project management stage is estimated to be \$1,658,880 $(6,912 \text{ reports} \times \$240 = \$1,658,880)$.

The total cost for the application and project management stages is \$4,596,480 $(\$2,937,600 \text{ application stage} + 1,658,880 \text{ project management stage})$.

12. ESTIMATE OF TOTAL ANNUAL COST BURDEN TO RESPONDENTS OR RECORDKEEPERS RESULTING FROM THE COLLECTION OF INFORMATION (NOT INCLUDING THE COST OF ANY HOUR BURDEN SHOWN IN ITEMS 12 AND 14.

There is no additional cost beyond that shown in items 12 and 14.

14. ESTIMATE OF THE ANNUALIZED COST TO THE FEDERAL GOVERNMENT.

The cost is calculated as follows:

Application Stage:

Our experience indicates that it takes approximately 19 person-hours to review each application received by FTA. It should be noted that this figure assumes that the application is: 1) complete, 2) fundable and 3) non-controversial. More complex

projects or programs of projects would consume additional time.

Although reviewed by several different staffers, from secretaries to the Administrator, we estimate that the average grade level of the reviewers is GS-12/step 5, paid \$29 per hour. Since we receive and review approximately 1,728 applications per year, the cost to the federal government is \$952,128 (19 hours x 1,728 applications = 32,832 hours x \$29 = \$952,128).

Project Management Stage:

A review of the progress and other project management reports submitted during a year should be completed within 1/2 hour by a GS-13 (average salary, \$34 per hour and 1/12 hour = \$17). There are approximately 6,912 progress reports submitted during a year. The cost to the federal government is \$117,504 (\$17 x 6,912 = \$117,504).

Total cost for application and project management stages is \$1,069,632 (\$952,128 application stage + \$117,504 project management stage).

15. EXPLAIN REASONS FOR CHANGES IN BURDEN, INCLUDING THE NEED FOR ANY INCREASES.

The burden hours decreased from 225,997 hours for the previous request to 141,696 hours for this request, representing a reduction of 84,301 hours. The reduction is primarily due to less frequent reporting requirements for grantees reporting from smaller urbanized areas with populations of less than 200,000. Although there is an increase in the number of applications received (from 1,350 for the previous request to 1,728 for this request), the total annual number of responses (application and project management stage) decreased by 22,933 (from 31,573 for the previous request to 8,640 for this request). This reduction resulted from a decrease of 23,311 responses for the project management stage (from 30,223 for the previous request to 6,912 for this request).

16. PLANS FOR TABULATION AND PUBLICATION FOR COLLECTIONS OF INFORMATION WHOSE RESULTS WILL BE PUBLISHED.

FTA does not plan to publish the results of the information collected for statistical use.

17. IF SEEKING APPROVAL NOT TO DISPLAY THE EXPIRATION DATE FOR OMB APPROVAL, EXPLAIN THE REASONS.

There is no reason not to display the expiration date of OMB approval.

18. EXPLAIN ANY EXCEPTIONS TO THE CERTIFICATION STATEMENT IDENTIFIED IN ITEM 19 OF OMB FORM 83-I.

No exceptions are stated.