**EXHIBIT B**

GRANT AGREEMENT

GUIDELINES FOR PROJECT ADMINISTRATION

April 2019

(Current)

Maryland Department of Transportation

Maryland Transit Administration

6 Saint Paul Street

Baltimore, Maryland 21202-1614

**GUIDELINES FOR PROJECT ADMINISTRATION**

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GUIDELINES FOR PROJECT ADMINISTRATION

# SECTION A – GENERAL

1. **Purpose**

The Purpose of these guidelines is to assist the PUBLIC BODY in the administration of public transportation assistance projects approved for financial support under the Maryland Department of Transportation Statewide Transportation Programs as administered by the Maryland Department of Transportation Maryland Transit Administration (MDOT MTA). The administrative procedures and general requirements set forth herein are included by reference in the Assistance Agreement.

The PUBLIC BODY and its delegated Project representatives are urged to become familiar with the Assistance Agreement and this guide. In the event the PUBLIC BODY desires additional technical aid and assistance in the conduct of project administration, such assistance is available through the Office of Planning and Programming of MDOT MTA.

The guidelines, which follow, are divided into three parts:

## SECTION B – ADMINISTRATIVE PROCEDURES AND GENERAL REQUIREMENTS

This section describes the general administrative requirements prescribed by the MDOT MTA and the methods and procedures to be applied by the PUBLIC BODY in implementing approved Projects.

## SECTION C – THIRD-PARTY CONTRACTS

This section prescribes the management responsibilities of the PUBLIC BODY in the award and subsequent administration of third-party contracts.

## SECTION D – FINANCIAL MANAGEMENT

This section explains and describes the fiscal management procedures and responsibilities of the PUBLIC BODY

1. **General Obligations of the Public Body**

The PUBLIC BODY is responsible wholly for the administration of the Project, for compliance with the terms and conditions of the Assistance Agreement, for adequate supervision and inspection of work performed by either employees of the PUBLIC BODY, or others, pursuant to third-party contracts, and for compliance with all applicable local, state, and federal laws and regulations. The obligations of the PUBLIC BODY are set forth in the Assistance Agreement inclusive of these Guidelines.

1. MDOT MTA Contacts

All correspondence concerning any subject relating to the administration of the Assistance Agreement and/or the implementation of the Project should refer to the Project Number and be addressed as follows:

(Fill in Name from Below

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Maryland Transit Administration

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# SECTION B – ADMINISTRATIVE PROCEDURES AND GENERAL REQUIREMENTS

1. **Definitions**

MDOT MTA – Maryland Department of Transportation Maryland Transit Administration

FTA – The Federal Transit Administration of the U.S. Department of Transportation

Application – The written application for financial assistance for the Project, together with all explanatory, supporting, or supplementary documents filed with the MDOT MTA on behalf of the PUBLIC BODY and which have been accepted and approved by the MDOT MTA.

Project – The Program of Activities adopted by the PUBLIC BODY and incorporated within the PUBLIC BODY’s Application for Assistance filed with and approved by the MDOT MTA. The Project Description is the most recently dated statement, approved by the MDOT MTA, which sets forth and describes all the activities to be performed by the PUBLIC BODY pursuant to the Assistance Agreement.

Approval, Authorization, Concurrence, Waiver – A conscious, written act by an authorized official of the MDOT MTA granting permission to the PUBLIC BODY to perform an act pursuant to the Assistance Agreement which could not be performed without such permission. An approval, authorization, concurrence, or waiver permitting the performance of a specific act shall not constitute permission to perform similar acts unless such broad permission is clearly stated. **Oral permission or interpretations even by an authorized official of the MDOT MTA does not constitute approval, authorization, concurrence, or waiver. Electronic signatures may be used to provide this permission.**

Transportation Service – Transportation service is:

* General purpose transportation service provided to both elderly and individuals with disabilities on a regular and continuing basis in the area described in the application for projects funded under Maryland’s **Statewide Special Transportation Assistance Program** (SSTAP); and
* General purpose transportation service provided to the general public on a regular and continuing basis in the area described in the application for projects funded under the **Statewide Public Transportation Assistance Programs**; and
* Ridesharing assistance for projects funded under the **Statewide Ridesharing Assistance Program**; and
* Technical assistance for projects funded under the Department’s **Statewide Technical Assistance Program**; and
* ADA assistance for projects funded under the Department’s **Statewide Americans with Disabilities Program (ADA).**

Guidelines -The most recently dated document entitled Guidelines for Project Administration, incorporated in the Assistance Agreement as Exhibit B, establishing the procedures and requirements for performing the obligations imposed by the Assistance Agreement.

1. **Equal Employment Opportunity**

Regarding the implementation of the Project, the PUBLIC BODY shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, disability, handicapping condition, or national origin. The PUBLIC BODY shall take affirmative actions to ensure that applicants are employed without regard to their race, religion, color, sex, or national origin. Such actions shall include, but not be limited to, the following employment, upgrading, demotion or transfer, recruitment, or recruitment advertising, layoff, or termination, rates of pay or other forms of compensation, and selection for training including apprentices.

1. **Interest of Members of PUBLIC BODY and Others**

No officer, member, or employee of the PUBLIC BODY or of other local public agencies who exercise any functions or responsibilities in review or approval of the undertaking or carrying out of this Agreement, shall have any personal interest, direct or indirect, apart from his official duties, in this Agreement or the proceeds thereof.

1. **Notice of Project Approval**

Following review and approval (either in whole or in part) of an Application for Assistance, the sponsoring PUBLIC BODY is so notified by letter from the MDOT MTA. This letter sets forth any special conditions under which the requested Project was approved and transmits for execution the proposed Assistance Agreement of which the approved project budget is a part. Upon receipt of this letter (notice) of approval, the PUBLIC BODY may proceed to carry out the Project, subject to compliance with the provisions of the Assistance Agreement. However, requisitions for assistance funds will not be honored until the Assistance Agreement has been fully executed by the PUBLIC BODY and the MDOT MTA.

**Note**: Capital costs *incurred prior to Project approval* are **not eligible** as Project costs, unless these costs are specifically authorized in writing by the MDOT MTA. Operating, ridesharing and technical assistance costs incurred during the fiscal year for which a project is anticipating approval are eligible as Project costs prior to Project approval. Reimbursement will be subject to Project approval and full compliance with the provisions of the Assistance Agreement and these Guidelines.

1. **Completing the Assistance Agreement**

The MDOT MTA will transmit two originals of the Assistance Agreement to the PUBLIC BODY. The PUBLIC BODY should sign both copies of the Agreement and **return one (1) original to the MDOT MTA within 60 days of receipt.** The remaining copy is to be retained by the PUBLIC BODY. The MDOT MTA should be advised promptly if the Assistance Agreement cannot be executed by the PUBLIC BODY within 60 days.

1. **Revisions and Amendments**

The Assistance Agreement obligates the PUBLIC BODY to undertake and complete the Project as described in the Agreement. In certain cases, however, it may become necessary to amend the Assistance Agreement to:

* achieve a change in the scope of the Project
* alter the design of the Project
* change the Project cost and the amount of the Assistance
* modify the project Time Period.

Any increase in MDOT MTA funding or approval for a change in Project scope will depend on the adequacy of the justification presented by the PUBLIC BODY, the availability of MDOT MTA funds, and prior approval by FTA where applicable.

Requests for increases in MDOT MTA funding and/or changes in Project scope or design shall be submitted in writing and supported by the following documents:

* cover letter
* revised Project description
* revised project budget
* justification for revision.

Upon receipt of the foregoing, the MDOT MTA will review the PUBLIC BODY’s request for changes and/or additional funding as indicated under an amended budget. If approved, a formal amendment to the Assistance Agreement will be required.

Revisions to the Project that involve reallocation of funds among budget items and which do not increase the total amount of the Assistance shall require authorization by the MDOT MTA for the following:

* for all capital projects
* operating, ridesharing, and technical assistance projects in which the cumulative amount of the reallocation is more than ten percent (10%) of the total project budget.

1. **Responsibilities of the PUBLIC BODY**

It is the responsibility of the PUBLIC BODY to:

* Provide continuous administrative direction to Project Operations.
* 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.
* Maintain the work program schedule and consistently and continually monitor the performance under Assistance-supported activities to assure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. This review shall be made for each program function or activity of each Assistance Agreement as set forth in the approved application for Assistance.
* Keep expenditures within the approved Project budget.

**Note**: The MDOT MTA may conduct periodic on-site visits. Such site visits may be made to provide technical assistance as required, and to review program accomplishments and management control systems.

1. **Accomplishment of the Project**
   1. **General Requirements**

The PUBLIC BODY shall commence, carry on, and complete the Project with all practicable dispatch, in a sound, economical, and efficient manner, and in accordance with the provisions of the Assistance Agreement, the Application, and all applicable laws.

* 1. **Pursuant to State and Local Law**

In performance of its obligations pursuant to the Assistance Agreement and the Guidelines, the PUBLIC BODY and its contractors shall comply with all applicable provisions of federal, state, and local law.

* 1. **Fund of the PUBLIC BODY**

The PUBLIC BODY shall initiate and prosecute to completion all proceedings necessary to enable the PUBLIC BODY to provide its share of the Project costs at or prior to the time that such funds are needed to meet Project costs.

* 1. **Submission of Proceedings, Contracts, and Other Documents**

The PUBLIC BODY shall submit to the MDOT MTA in a timely manner (by electronic or original document format) such data, reports, records, contracts, and other documents relating to the Project as the MDOT MTA may require. **The PUBLIC BODY shall remain intact, for three (3) years following Project closeout, all Project documents, financial records, and supporting documents.**

* 1. **Changed Conditions Affecting Performance**

The PUBLIC BODY shall immediately notify the MDOT MTA of any change in conditions or local law, or of any other event, which may significantly affect its ability to perform the Project in accordance with the provisions of the Assistance Agreement.

* 1. **No MDOT MTA Obligations to Third-Parties**

Notwithstanding its concurrence in or approval for the award of any contact or subcontract or the solicitation thereof, the MDOT MTA shall not be subject to any obligations or liabilities by contractors of the PUBLIC BODY or their subcontractors or any other person not a party to the Assistance Agreement in connection with the performance of the Project pursuant to the provisions of the Assistance Agreement and the Guidelines without the MDOT MTA’S specific consent.

* 1. **Land Acquisition Policy**

Any acquisition of land for use in connection with the Project or any relocation of families, individuals, business concerns or non-project organizations must conform to the policies and procedures established by the MDOT MTA.

1. **Project Report Requirements**

The PUBLIC BODY shall submit to the MDOT MTA progress reports in connection with its submittal of Requests for Payment.

1. **Use of Project Property**

The MDOT MTA has adopted as minimum requirements the following procedures and regulations governing the use and management of project property.

* 1. The PUBLIC BODY shall use the Project equipment and facilities only for the authorized purpose in accordance with Assistance Agreement.
  2. The PUBLIC BODY shall obtain MDOT MTA prior approval for other than authorized use of project equipment and facilities
  3. Should any project facilities or equipment cease to be used for the authorized purpose in accordance with the Assistance Agreement or continue to be used for a purpose other than the previously mentioned authorized purpose, the PUBLIC BODY agrees, upon receipt of written notice from the MDOT MTA to promptly sell the project facilities or equipment and pay the MDOT MTA a proportional share of the proceeds of the sale or of the fair market value, whichever is greater. The MDOT MTA share shall be the amount computed by applying the percentage of Assistance (both federal and state funds) participation in the total cost of the project.
  4. The PUBLIC BODY’s property management standards for project facilities or equipment shall also include the following procedural requirements:
     1. Property records shall be maintained accurately and provide for; a description of the property; manufacturer’s serial number or other identification number; acquisition date and costs; source of the property, percentage of MDOT MTA funds (both state and federal) used in the purchase of property; location, use, and condition of the property; and any disposition date, including the date of disposal and sales price or the method used to determine current fair market value when the PUBLIC BODY proportionally reimburses the MDOT MTA for its share.
     2. A physical inventory of property shall be taken and the results reconciled with the property records **once every year** to verify the existence, current utilization, and continued need for the property.
     3. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.
     4. Adequate maintenance procedures shall be implemented to keep property in good condition.
     5. Property sales procedures shall be established for unneeded property, which would provide for competition to the extent practicable and result in the highest possible return.
     6. The PUBLIC BODY shall report in writing if it wishes to dispose of nonexpendable personal property, which had been retained at Project closeout but is no longer needed, within 15 days following the decision to dispose of the property.
  5. The PUBLIC BODY is required to notify the MDOT MTA in advance of any proposed sale or conversion of project facilities or equipment or any proposed refund or reduction of the local share of net project cost during **the period specified** in the Assistance Agreement. Subsequent to project completion, the PUBLIC BODY is required to submit to the MDOT MTA, as required, a certification that the Project’s facilities and equipment continue to be used in accordance with the purposes for which the relevant Assistance Agreement was approved. Any exceptions shall be clearly identified and explained in the certificate. The **certification must attest that**:
     1. The equipment and facilities acquired under the Project continue to be used for the purposes for which the Assistance Agreement was approved.
     2. The equipment and facilities do not exceed the reasonable needs of the transportation operations.
     3. None of the equipment or facilities has been sold, damaged or otherwise taken out of transit service.
     4. There has not been a reduction in the local contribution made to the project.

The certification should make specific reference to all four of the above items.

1. **Disposition of Project Property**

The MDOT MTA has adopted as minimum requirements the following procedures and regulations governing the disposition of project property”

* 1. The PUBLIC BODY may only dispose of equipment after notifying and receiving disposition instructions from the MDOT MTA. These procedures are:
     1. The PUBLIC BODY shall obtain a minimum of two (2) appraisals in writing by qualified individuals to determine the fair market value of the equipment to be sold.
     2. The PUBLIC BODY shall transmit copies of the appraisals along with a request to dispose of project equipment to the MDOT MTA. The PUBLIC BODY shall include documentation that the equipment has reached the end of its useful life.
     3. The MDOT MTA must authorize the sale of the equipment.
     4. The PUBLIC BODY shall remit to the MDOT MTA a proportional amount of the fair market value of the equipment, determined on the basis of the ratio of financial assistance provided by the MDOT MTA to the actual cost of the equipment. The PUBLIC BODY may retain the remaining proceeds or $100.00; whichever is greater, for handling expenses, upon approval by the MDOT MTA. In this context, financial assistance includes both state and federal funds. The MDOT MTA may instruct the PUBLIC BODY to return the proceeds to the PUBLIC BODY’s transportation program.
  2. If the original purchase price of the equipment was less than $1,000.00, the PUBLIC BODY may keep the entire amount of the proceeds from the sale without further financial obligation to the MDOT MTA.
  3. The PUBLIC BODY may dispose of equipment with remaining useful life upon receiving written instructions from the MDOT MTA. Useful life of project equipment shall be defined by the MDOT MTA.
  4. In cases of accidental or casual loss of project equipment, fair market value shall be deemed the value of the equipment *prior* to its destruction.
     1. The PUBLIC BODY may reinvest the insurance proceeds from the settlement in the purchase of replacement equipment; or
     2. The PUBLIC BODY may return the proportional share of the settlement proceeds to the MDOT MTA; but,

In no case, will salvage value be considered as fair market value.

# SECTION C – THIRD-PARTY CONTRACT AND PROCUREMENT ADMINISTRATION

1. **General**

All procurement and third-party contract activities are the responsibility of the PUBLIC BODY. The PUBLIC BODY shall use its procurement procedures as long as they conform to the standards described below.

Third-party contracts are those entered into by the PUBLIC BODY to implement the Project specified in the Assistance Agreement. These third-party contracts can generally be classified into the following categories:

**.** Professional Services Contracts

**.** Construction Contracts

**.** Equipment or Material Contracts

The MDOT MTA will provide technical aid and assistance to the PUBLIC BODY in the selection of the contractor (either competitive bidding or negotiation), in the development and execution of a contract, and in administration of the contract through audit and final settlement. To the maximum extent feasible, the MDOT MTA will attempt to achieve savings in both cost and energy by organizing procurements of Project equipment involving the PUBLIC BODY together with others who receive transportation Assistance. However, except in extreme cases, all third-party contracts will be executed between the PUBLIC BODY and the selected contractor(s). The MDOT MTA is not obligated or liable to any person or organization other than the PUBLIC BODY.

Whenever third-party contracts are to be developed by the PUBLIC BODY independent of other public bodies, the PUBLIC BODY shall contact the MDOT MTA in advance of bid solicitation and negotiations for guidance in satisfying the applicable guidelines and regulations. The MDOT MTA will advise the PUBLIC BODY regarding the informational and approval requirements, including necessary documentation and supporting information, and will provide technical aid and assistance as required. Upon receipt of the required documentation and supporting material regarding selection of the proposed contractor, the MDOT MTA will review the documentation and upon finding that all requirements have been met, advise the PUBLIC BODY in writing of approval of the contract award. Costs incurred prior to third-party contract approval by the MDOT MTA are ineligible as Project costs except as specifically authorized in advance in writing by the MDOT MTA. When so authorized, reimbursement will be subject to contract approval by the MDOT MTA.

1. **Contracts under this Agreement**

Unless otherwise expressly authorized in writing by the MDOT MTA or approved as part of the PUBLIC BODY’s application for Assistance, the PUBLIC BODY shall not assign any portion of the work to be performed under this Agreement or execute any contract, amendment, or change-order thereto, or obligate itself in any manner with any third-party with respect to its rights and responsibilities under this Agreement. Any third-party contract proposed to be executed in accordance with this section shall be submitted to the MDOT MTA for review and approval prior to execution.

1. **No MDOT MTA Obligations to Third Parties**

Notwithstanding the MDOT MTA’s concurrence in or approval of the award of any contract or subcontract or the solicitations thereof, the MDOT MTA shall not be subject to any obligations or liabilities by contractors of the PUBLIC BODY or their subcontractors or any other person not a party to this contract in connection with the performance of the Project pursuant to the provisions of this contract without its specific consent.

1. **Procurement Administration**

Unless otherwise expressly authorized in writing by the MDOT MTA, the PUBLIC BODY shall comply with the following minimum procurement methods:

* 1. Procurement of vehicles, equipment, and services costing greater than $10,000 must be done though formal competitive bidding. The following procedures must be utilized with formal competitive bidding procurement:
     1. The PUBLIC BODY must submit the proposed contract terms and conditions, technical specifications, request for proposals (RFP) and bid advertisements to the MDOT MTA for review and approval to ensure:
* the Project clearly and accurately describes the technical requirements in the bid request or RFP;
* the Project clearly sets forth the requirements the bidder or proposer must fulfill;
* the bid request or RFP provides for open and free competition;
* the bid request or RFP clearly delineates the selection criteria;
* the PUBLIC BODY has made positive efforts to utilize disadvantaged and women’s business enterprises; and
* the bid request or RFP includes the required state and/or federal certifications
  + 1. Bids and/or proposals are solicited from at least three or more responsible suppliers or firms.
    2. Bids and/or RFPs are advertised for a sufficient period in order to allow potential bidders time to respond to the invitation. In no case shall the advertisement period be less than thirty (30) days.
    3. Bids and/or RFP’s include procedures for bidders and/or proposers to protest the specifications and/or RFP’s and subsequent award. These procedures must be approved by the MDOT MTA.
    4. At a minimum of ten (10) days prior to submission to the MDOT MTA for concurrence, the PUBLIC BODY shall notify bidders and/or proposers of the intent to award a contract. This notification shall state that the award is contingent upon MDOT MTA approval. The MDOT MTA’s concurrence with the PUBLIC BODY’s recommendation for bid award shall be obtained prior to the execution of an agreement or contract between the PUBLIC BODY and the selected bidder. The PUBLIC BODY shall provide all the following information in requesting bid concurrence:
    5. The MDOT MTA’s concurrence with the PUBLIC BODY’s recommendation for bid award shall be obtained prior to the execution of an agreement or contract between the PUBLIC BODY and the selected bidder. The PUBLIC BODY shall provide all the following information in requesting bid concurrence:
* a copy of the bid request or RFP advertisement;
* a copy of the final; bid specifications or RFP; and
* a certified tabulation of the bids;
* a recommendation made by the PUBLIC BODY as to bid or proposal award; along with any pertinent correspondence relating to exceptions to the approved specifications or RFP; and
* a copy of any communication and/or protest to the bidding or proposal process.
  + 1. Upon approval by the MDOT MTA, the PUBLIC BODY SHALL enter into a firm, fixed-price contract with successful bidder or proposer.
    2. The PUBLIC BODY shall utilize its own procedures for processing change-orders in equipment purchases. The MDOT MTA must be advised when such change-orders affect the contract price.
    3. Title to all vehicles shall be vested in the name of the PUBLIC BODY.
  1. Procurement of professional services or equipment costing in the aggregate not more than $10,000 may be done through small purchase procurement:
     1. Small purchase procedures are those that are relatively simple, informal procurement that are sound and appropriate for the amount projected to be expended on the service, supply, or property. The PUBLIC BODY shall utilize its own informal procurement methods.
     2. The specifications used to solicit the quotations and the proposed contract terms and conditions must be submitted to the MDOT MTA for review and approval prior to requesting the quotations.
     3. Price or rate quotations must be obtained in writing from a minimum of two qualified sources, although three are preferred.
     4. The MDOT MTA must concur with the PUBLIC BODY’s recommendation for bid or contract award prior to the execution of an agreement or contract between the grantee and selected bidder.
  2. When an item or service to be procured is not such that a complete, adequate, and realistic specification can be developed, or when the item or service does not lend itself to a firm, fixed-price contract, the PUBLIC BODY may conduct a competitively negotiated procurement.
     1. The PUBLIC BODY shall be responsible for ensuring that:
* proposals are solicited from a minimum of two qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. The RFP shall be publicized and reasonable requests by other sources to compete shall be honored to the maximum extent practicable**;**
* the RFP must identify all significant evaluation factors, including price or cost where required and their relative importance;
* the Project shall provide mechanisms for technical evaluations of the proposals received, determinations of reasonable offers for the purpose of written or oral discussions, and selection for contract award; and
* award is made to the responsible offeror whose proposal will be most advantageous to the Project, price and other factors considered.
  + 1. The MDOT MTA must approve a proposed negotiated contract. The PUBLIC BODY must submit the following documentation in seeking this approval:
       - a copy of the RFP;
       - an explanation of the basis for selection of the contractor, including the evaluation criteria and the results of the grantee’s technical evaluation;
       - a list of all proposals received; and
       - a breakdown of cost for the proposed contract proposal.

(Unsuccessful offerors should be notified promptly that theirproposal was not accepted.)

* 1. If a procurement is not feasible under any of the above procedures, the PUBLIC BODY may conduct a noncompetitive negotiated procurement. Noncompetitive negotiation shall be approved by the MDOT MTA in advance. MDOT MTA approval for noncompetitive negotiation procurement will be limited to the following circumstances:
     1. The item is available only from a single source.
     2. The urgency for the item will not permit a delay characteristic of competitive solicitation.
     3. After solicitation of a number of sources, competition is determined to be inadequate.
  2. The PUBLIC BODY shall maintain procurement records sufficient to detail the significant history of the procurement

1. **Lease Administration**
   1. A lease is considered to be a contract for a specified piece(s) of equipment or property for a specified length of time for a specified amount.
      1. A lease is subject to ***small purchase procurement*** if the total amount of the lease (for all years) is less than $10,000 and there is no option to buy.
      2. A lease is subject to ***formal competitive bid procurement*** if the total amount of the lease (for all years) value of the property/equipment is equal to or greater than $10,000, or there is an option to buy.
   2. Owned Equipment or Property Usage (OEPU)
      1. OEPU occurs when the specified or controlled piece(s) of equipment or property is owned by the organization operating the transportation service.
      2. Equipment or property purchased with Maryland’s Statewide Special Transportation Assistance program (SSTAP), FTA Sections 5307, 5309, 5310 or 5311 funds are not eligible for OEPU.

# SECTION D – FINANCIAL MANAGEMENT

1. **Project Budget**

The PUBLIC BODY shall carry out the Project and shall incur obligations against and make disbursements of project funds only in conformity with the latest approved budget for the Project. The budget may be revised from time-to-time, but no budget or revision thereof shall obligate the MDOT MTA unless and until the MDOT MTA has approved the same. To receive MDOT MTA approval should a budget revision be required, the proposed budget, and the explanation of each change shall be submitted to the MDOT MTA for review and approval. Approval by the MDOT MTA will be in writing, including an approved, revised budget. When a proposed budget revision will result in an increase in total Project cost, the sources of local funds to cover the overrun must be specifically identified. If additional MDOT MTA funds are anticipated, MDOT MTA approval is required and an Amendatory Agreement shall be executed.

1. **Compensation and Method of Payment**

Assistance funds will be paid by the MDOT MTA to the PUBLIC BODY for time periods that are no less than one month, nor greater than three months in length, following MDOT MTA’s receipt and approval a Request for Payment. Requests for Payments will **only be** **approved** if properly submitted operating and financial reports accompany the invoice, as required by the MDOT MTA.

Assistance Agreements stipulate in the “Compensation & Method of Payment Section” a maximum time period for submittal of a Project’s final invoice and it’s supporting operating and financial reports, when applicable. Invoices and their supporting documentation, operating and financial reports **will not be honored** if they are received by the MDOT MTA after the stipulated time period.

The portion of a PUBLIC BODY’s Assistance allocation that is unspent as a result of late billing will be withdrawn and will not be available for use by the PUBLIC BODY. It cannot be carried forward for spending in the next fiscal period.

1. **Reports and Records**

The PUBLIC BODY will submit to the MDOT MTA such progress narrative; financial and operating reports relative to the Project in a form and at such times as prescribed by the MDOT MTA. The time periods for these reports must be no less than one month nor greater than three months in length.

The PUBLIC BODY will maintain a separate and distinct system of accounting and control records for the Project. The MDOT MTA reserves the right to approve any accounting and control records utilized by the PUBLIC BODY.

1. **Documentation of Project Costs**

All costs charged to the Project, including any approval services contributed by the PUBLIC BODY or others, shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in detail the nature and propriety of the charges.

1. **Accounting System**
   1. Internal Controls and Accounting Records

The PUBLIC BODY is required to establish and maintain an adequate system of accounting and internal controls and to assure that an adequate system exists for each of its sub-grantees, contractors, and for any delegated programs. The MDOT MTA will provide technical aid and assistance to the PUBLIC BODY, as required, in establishing and maintaining such systems.

* 1. Establishment and Maintenance of Accounting Records

The PUBLIC BODY shall establish for the Project to facilitate the administration of the transportation Assistance program, separate accounts to be maintained within its existing accounting system or set up independently. Such accounts are referred to herein collectively as the “Project Account”.

* 1. Funds Received or made available for the Project

The PUBLIC BODY shall appropriately record in the Project Account, and deposit in a bank or trust company which is a member of the Federal Deposit Insurance Corporation, all Assistance Agreement and all other funds provided for, accruing to, or otherwise received because the Project, which MDOT MTA payments and other funds are herein collectively referred to as “Project Funds.” The PUBLIC BODY shall require the depositories of project Funds in excess of the amounts insured under federal plans, or under state plans which have been approved for the deposit of Project Funds, the deposit or setting aside of collateral of the types and in the manner prescribed by state law for the security of public funds, or as approved by the MDOT MTA

* 1. Costs Incurred for the Project

The PUBLIC BODY may charge to the Project Account all allowable costs of the Project. Costs in excess of the latest approved budget or attributable to actions, which have not received the required approvals, shall not be considered allowable costs.

* 1. Documentation of Project Costs

All costs charged to the Project, including any approved services contributed by the PUBLIC BODY or others, shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing, in proper detail, the nature and propriety of the charges.

* 1. Checks, Orders, and Vouchers

Any check or order drawn by the PUBLIC BODY with respect to any item which is or will be chargeable against the Project Account will be drawn only in accordance with a properly signed voucher then on file in the office of the PUBLIC BODY stating in proper detail the purpose for which such check or order is drawn. All checks, payrolls, invoices, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to the Project shall be clearly identified, readily accessible, and to the extent feasible, kept separate and apart from all other such documents.

* 1. Audit and Inspection

The PUBLIC BODY shall permit, and shall require its contractors to permit, the MDOT MTA to inspect all work, materials, payrolls, and other data and records with regard to the Project, and to audit the books, records and accounts of the PUBLIC BODY and its contractors with regard to the Project. The MDOT MTA may require the PUBLIC BODY to furnish at any time prior to close-out of the Project audit reports prepared according to generally accepted accounting principles.

The MDOT MTA will, at least annually and more frequently at its discretion, conduct or require the PUBLIC BODY to have independently conducted reviews and audits as the MDOT MTA may deem appropriate pursuant to any regulations or guidelines that may be issued by the MDOT MTA.

1. **Requisitions and Payments**

The PUBLIC BODY may submit requisitions for: (1) reimbursement of actual expenditures, or (2) advances for estimated cash needs. Whenever possible, requisitions should be submitted at the same time that progress and financial reports for a period are forwarded. In any event, progress and financial reports must be submitted and must contain all required information before the MDOT MTA will process Assistance payments for the period(s) involved. For advances, all required reports for prior periods must have been received. In order to obtain any MDOT MTA Assistance payment, the PUBLIC BODY shall submit to the MDOT MTA a certified true and correct copy of the Request for Payment including all documents and supporting data pertaining thereto, as follows:

* Transmittal Letter
* Request for Payment Form
* Copies of Invoices (for capital purchases only)
* Operating, financial and/or progress reports for the appropriate period(s).

The MDOT MTA will make reimbursements on a percentage basis of Net Project cost for specified periods of time during the Project Period; not to exceed the amount of budgeted Assistance. The allowed percentage of reimbursement will be specified in the Assistance Agreement.

In submitting the Request for Payment, the authorized representative of the PUBLIC BODY is required to certify that all costs charged to the Project are supported by properly executed payrolls, time records, invoices, contracts, or vouchers, and that the performance of any third-party contractor(s) through the period has been satisfactory and in conformance with the terms of the contract(s). Invoices for purchased equipment should be signed by the authorized representative of the PUBLIC BODY indicating receipt and acceptance of delivery of the equipment in satisfactory condition as well as approval for payment.

Subject to other provisions herein, the MDOT MTA will honor such requests in amounts and at times deemed by the MDOT MTA to be proper to ensure the carrying out of the project and payment of the eligible costs. However, notwithstanding any other provision of the Assistance Agreement, the MDOT MTA may elect by notice in writing not to make a payment for the Project if:

* 1. Misrepresentation

The PUBLIC BODY shall have made any misrepresentation of a material nature in its Application, or any supplement thereto or amendment thereof, or in or with respect to any document or data furnished therewith or pursuant thereto.

* 1. Litigation

There is then pending litigation with respect to the performance by the PUBLIC BODY of any of its duties or obligations which may jeopardize or adversely affect the Project, the Assistance Agreement, or payment to the Project.

* 1. Concurrence by the MDOT MTA

The PUBLIC BODY shall have taken action pertaining to the Project which, under the established procedures requires the prior approval of the MDOT MTA or shall have proceeded to make related expenditures or incur related obligations without having been advised by the MDOT MTA that the same are satisfactory.

* 1. Conflict of Interests

There has been any violation of the conflict of interest provisions of the Assistance Agreement. Section B.3 of these Guidelines and Section 2 and 3 of Exhibit A.

* 1. Default

The PUBLIC BODY shall be in default under any of the provisions of the Assistance Agreement.

1. **Project Settlement and Closeout**

The MDOT MTA may utilize a final audit of the Project to determine the final financial settlement under the terms of the Assistance Agreement. If it is determined as a result of audit that the MDOT MTA has made payments in excess of the amount provided for in the approved Project Budget, such excess amounts shall be promptly remitted to the MDOT MTA. All records relating to the Project must be retained on file for three years after Project Settlement and Closeout.