CHAPTER 1
INTRODUCTION AND PROGRAM OVERVIEW

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Chapter 1
Introduction and Program Overview

Purpose

The purpose of this chapter is to provide readers with an overview and a general understanding of the Rural Transit Program.

A. Background

The Federal Surface Transportation Act of 1978 amended the Urban Mass Transportation Act of 1964 and provided operating assistance to rural and small urban transportation systems. Prior to 1978, operating assistance was available only to urbanized areas (areas of 50,000 population or more). The Intermodal Surface Transportation Efficiency Act (ISTEA) changed the name of the Urban Mass Transportation Act of 1964 to the Federal Transit Act. Congress then codified this act into law. Currently, operating and capital assistance to rural and small urban transportation systems is financed by 49 USC Section 5311, Financial Assistance for Other Than Urbanized Areas (formerly Section 18) as re-authorized in 1998 under the Transportation Equity Act for the 21st Century, or TEA-21. In Ohio, the Program is simply referred to as the "Rural Transit Program."

The program's financing concept presumes that all three government levels, Federal, State, and local, will share the cost of the transportation service.

The Federal Transit Administration (FTA) delegated to each state the administrative program responsibility. In Ohio, the Ohio Department of Transportation (ODOT) prepared and submitted to FTA a State Management Plan, which outlines ODOT's administrative responsibilities for Ohio's Rural Transit Program.

B. Program Goals

The goals of the Rural Transit Program are as follows:

1. To enhance the access of people in rural areas to shopping, health care, employment, public services, education and recreation;

2. To assist in the development, maintenance, improvement, and use of public transportation; and

3. To encourage and facilitate the most efficient use of all federal and state funds used to provide public transportation in rural areas through the coordination of programs and services.
C. Federal and State Fund Allocation and Program Applications

- ODOT annually allocates federal and state-operating funds to existing Rural Transit Program grantees using a performance based allocation formula (See Chapter 4, Allocation and Funding, for further information on the allocation formula). Capital funds are distributed on a discretionary basis. Funding for new start applicants is described in Chapter 3, Program Requirements, Section E, New Starts.

Applicants must submit a combined Federal (for Rural Transit Program funds) and State (for Ohio Public Transportation Grant Program (OPTGP)) and Ohio Elderly and Disabled Transit Fare Assistance Program ((E&D) funds) application for capital and operating assistance by August 15 for new starts, and by September 1 for existing systems whose projects begin the following January 1. Applicants should, however, contact ODOT for current application dates and copies of the criteria.

Applicants may apply for up to the full amount of their allocation. ODOT will provide full formula Federal and State funding for all eligible items as long as individual requests do not exceed a grantee’s allocation. Funding requested must also be in agreement with the required Four Year Capital and Operating Plans submitted during the planning process earlier in the year (See Chapter 2, Planning and Chapter 4, Allocation and Funding). If, based on Four Year Capital and Operating Plan projections, anticipated needs exceed available funds, ODOT may award funds based on the priorities documented in the Rural Transit Criteria.

D. Federal and State Participation Rates

An applicant’s Federal and State funding is limited as follows:

1. The federal share for program operating expenses will be the lesser of up to 50 percent of the net project cost (operating and administration expenses less farebox and incidental charter revenue) or the applicant’s federal allocation. Federal funds may also be used for up to 80 percent of capital (vehicles, facilities, and equipment) purchases.

2. State (OPTGP) funds may be used to match the Federal operating and capital grants. The maximum amount of State operating assistance is 30 percent of the system’s total project budget (administrative and operations expenses) or its annual allocation, whichever is less.

The maximum amount of State capital assistance is 10 percent of the total project cost, unless otherwise noted by ODOT.

The remainder of funding for operating projects may come from local cash, contract revenues, donations, etc. For capital projects, the remainder of funding must come from local cash. (See Chapter 4, Allocation and Funding).
3. Participation in the Ohio Elderly and Disabled Transit Fare Assistance Program (E&D) is at the discretion of each Rural Transit Program applicant meeting the E&D eligibility requirements. However, since E&D funds can be used as local match, nonparticipation could make a significant difference in the amount of local cash share required. Refer to the Rural Transit Program Criteria for E&D eligibility requirements.

E. Technical Assistance

Applicants requesting Rural Transit Program assistance for new public transportation service must complete a feasibility study (as described in Chapter 2, Planning, Section C, Organize A Public Transit Advisory Committee). Applicants should also have participated in a Transit Development Plan (TDP) as part of the planning process (See Chapter 2, Planning). As a result of the feasibility study and the TDP, the applicant must then develop a service plan that includes the proposed service, the service provider, the cost of the service, and the local funding sources to be used.

ODOT’s participation in conducting the TDP is one example of the variety of technical assistance available to new starts and existing systems. ODOT provides technical assistance to its grantees under the FTA’s Rural Transit Assistance Program (RTAP). RTAP is a coordinated program of technical assistance, training, research, and other support services to improve the delivery of transit services in rural areas. RTAP provides a toll-free technical assistance hotline, an extensive resource library, training, etc. RTAP funds are allocated to each state to support the national RTAP program. In Ohio, the majority of RTAP-supported technical assistance is provided through ODOT’s Ohio Technical Assistance (OTEC) Program and Assistance Through Technology (ATT) Program. These Programs are the state counterpart to the national RTAP and build upon the national RTAP by allowing ODOT to offer technical assistance and services tailored to Ohio’s transit systems and State issues. OTEC and ATT programs include:

- Scholarships - Scholarships are available to enhance the knowledge and professionalism of rural transit system staff. The program is designed to provide access to relevant training programs, which might otherwise be out of reach for the individual.

- Training - A variety of training workshops is offered on a regular basis. Workshop topics are selected based on feedback from transit systems. Previous workshops have covered defensive driving, drug and alcohol issues, financial management, vehicle maintenance, and others. Training announcements are distributed to grantees well in advance of the workshops. A schedule of upcoming training can be found on the ODOT website (www.dot.state.oh.us/ptrans).

- Resource Library - The library includes audio and videotapes, manuals, pamphlets, and other documents on a wide array of transit related topics.
A directory is available on request and is also available on the ODOT website.

- Newsletter - A newsletter is published periodically and distributed to ODOT grantees, vendors, human service agencies, other state departments, local officials, etc. The Ohio Transfer includes articles on pertinent transit issues, news from transit systems, a calendar of upcoming training and other events, etc.

- Transit Education and Mentoring Program - The Mentoring Program Directory includes names and phone numbers of individuals who can serve as “mentors” in a variety of areas ranging from marketing and planning to scheduling/dispatching and many other areas. Mentors include transit system, coordination project, Metropolitan Planning Organization, or ODOT staff, each of whom is just a phone call away. The mentoring directory is available on request and is also available on the ODOT website.

- ODOT staff or its consultants provide technical assistance in such areas as service evaluations, requests for proposals and competitive bids for procurement of services and equipment, vehicle and equipment specifications, accounting and finance, computerization, etc. This type of assistance is provided through the Ohio Technical Assistance (OTEC) Program. A formal written request for OTEC assistance must be made to the Administrator, Office of Transit and is subject to availability of funds.

F. How To Use This Manual

This Manual was developed to assist new and existing rural transit systems to successfully and efficiently administer public transportation service. New start systems will receive the Manual after they have submitted their Letter of Intent to apply for Rural Transit Program funding. Existing systems will receive chapters of the Manual as they are revised. Chapter 1, Introduction and Program Overview, provides the historical background and an overview of the Rural Transit Program. Chapter 2, Planning, takes you through the planning process - planning for a new rural transit system as well as on-going planning practices which should take place no matter how experienced the system. Chapter 3, Program Requirements, outlines elements of the program required at both the federal and state levels. Chapter 4, Allocation and Funding, describes the formulas used to allocate federal and state funds. Accounting, budgeting, and invoicing procedures are thoroughly explained in Chapter 5, Accounting, Budgeting, and Invoicing, as well as the related topics, operating data and performance measures, and how this information is related to the allocation process. Step-by-step procedures for purchasing and procuring goods and services, then maintaining property inventory, and ultimately disposing of capital items are covered in Chapter 7, Third Party Contracting Guidelines, and Chapter 8, Vehicle, Equipment, and Real Property Acquisition.
This Manual can be read from beginning to end to get a full picture of a rural transit system, or each chapter can be used as a discrete document to answer questions or provide background.

The Manual is meant to serve as a reference for the day-to-day operation of a transit system. When questions arise, managers should refer to the Manual first, which also includes other reference sources such as relevant websites, etc. Additional information and/or clarification can also be obtained from your ODOT transit project analyst when necessary.