

Oregon Department of Transportation

FTA Section 5311 Federal Formula Grant Program Guidance, 2027-2029

March 4, 2026 [Original]; March 18 [Updated]



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Updates to Guidance

Date	Section(s)	Description
3/9/26	Table 2.1 Agency allocation estimates	Updated agency allocation estimates
3/18/26	2.5 Indirect Costs, Appendix A: Calculating Indirect Costs	Added explanation of indirect costs, how to calculate and description of requirements. Removed references to budget development.

Contacts

Additional information and an electronic version of this notice can be found on the Public Transportation Division's website: [Public Transportation Division](#).

Regional Transit Coordinators are a valuable resource for questions about this notice. Contact information: [Regional Transit Coordinators](#).

For questions about the 5311 program or this call for projects contact your [RTC](#), Ryan Phillips (Senior Transit Policy Analyst) ryan.l.phillips@odot.oregon.gov, or Julie Ratcliff (Federal Programs Manager) julie.a.ratcliff@odot.oregon.gov.

Acronyms

ADA	Americans with Disabilities Act
APR	Agency Periodic Report
CE	Categorical Exclusion
CFR	Code of Federal Regulations
DAMIS	Drug and Alcohol Management Information System
DAS	Department of Administrative Services
FTA	Federal Transit Administration
GIS	Geographic Information Systems
ICE	Independent Cost Estimate
MTDC	Modified Total Direct Costs
NTD	National Transit Database
NEPA	National Environmental Protection Act
NICRA	Negotiated Indirect Cost Rate Agreement
OMB	Office of Management and Budget
ODOT	Oregon Department of Transportation
RADAR	Reasonable, Allowable, Documented, and Allocable
RTC	Regional Transit Coordinator

Definitions

Capital asset – Capital assets are items that cost at least \$10,000 and have a useful life of at least one year.

Capital project – For Federal Transit Administration (FTA) Section 5311 grants, a capital project is a public transportation project that involves the acquisition, construction, or improvement of long-term physical assets or certain services like mobility management and preventive maintenance.

Categorical Exclusion – a category of actions that a Federal agency has determined normally does not significantly affect the quality of the human environment (42 USC 4336e (1)).

Direct costs – costs that can be identified specifically with a particular final cost objective and can be assigned to specific activities with relative ease and a high degree of accuracy.

Farebox revenue – money paid directly by the passenger to the service provider, sales of tickets and passes, and includes fares that may be paid by another agency or through a taxi-ticket program. If an agency buys books of tickets to sell or to distribute to its clients or reimburses the cost of the fares after the trip is completed, the amounts would be considered farebox revenue.

FTA Section 5311 Formula Grants for Rural Areas – Federal Transit Administration funding program provides capital and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations.

Indirect costs – costs that have been incurred for common or joint purposes that benefit more than one cost objective and cannot be readily identified with a particular final cost objective with effort disproportionate to the results achieved.

Master Agreement – A foundational document containing standard federal terms, conditions, and requirements (like Disadvantage Business Enterprise and environmental rules) that apply to all projects funded by the FTA, acting as an umbrella for specific grant agreements. It ensures that federal mandates are flowed down to all project participants, ensuring compliance across all tiers of sub-agreements, contracts, and leases, and is updated periodically to reflect new laws and regulations.

Mobility management – A capital project consisting of short-range planning and management activities and projects for improving coordination among public transportation and other transportation service providers.

Public transportation services – Any form of passenger transportation by car, bus, or other conveyance, either publicly or privately owned, which provides service to the general public or special service (not including charter, sightseeing, or exclusive school bus service) on a regular and continuing basis.

Rural area – A service area located outside of a U.S. Census-designated urban area with a population of 50,000 or less.

Subrecipient – A local governmental authority, a nonprofit organization, or operator of public transportation or intercity bus service that receives federal transit program grant funds through ODOT.

Public transportation services – Any form of passenger transportation by car, bus, or other conveyance, either publicly or privately owned, which provides service to the general public (not including charter, sightseeing, or exclusive school bus service) on a regular and continuing basis.

1. Overview

The document provides guidance for applying for Federal Transit Administration (FTA) [Section 5311 Formula Grants for Rural Areas Program](#) funding. The information provided in this document is specific to the 2027-29 grant cycle and may be updated in future years.

The purpose of the FTA Section 5311 program is to maintain and improve public transportation services in rural areas. This program funds eligible project administration, operations, vehicle and facility preventive maintenance, mobility management, and capital projects for public transportation service providers providing general public transportation services in rural areas.

FTA apportions Section 5311 funds to states using a formula. States then allocate those funds to local public transportation providers. Because ODOT considers the Section 5311 program to be a base source of ongoing funding for rural public transportation it distributes 5311 funds by formula to agencies, rather than through a competitive discretionary process. ODOT’s 5311 formula includes a base amount and then remaining funds are distributed based on the number of rides and miles agencies provide in rural areas. Additionally, to enhance funding predictability ODOT limits the percentage increase or decrease in the amount of funding each eligible entity receives from one biennium to the next. The total estimated funding for the 2027-29 grant cycle is \$25,935,667. See **Section 2** of this document for agency allocation amounts.

Section 5311 program requirements are guided by:

- [FTA Circular C 9040.1H Rural Areas Formula Grant Programs Guidance](#)
- [FTA Circular C5010.1F: Award Management Requirements](#)
- [FTA Circular C 4220.1G: Third Party Contracting Guidance](#)
- [ODOT State Management Plan for Public Transportation Programs](#)

1.1 Call for Projects Schedule

Table 1.1 outlines the call for projects schedule. Dates are subject to change.

Table 1.1: Schedule

Schedule	
Activity/Milestone	Target Date
Training and Outreach	
Webinar for providers	March 19, 2026
Questions and answers online session – initial application	April 23, 2026
Questions and answers online session – final application	June 25, 2026
Application Preparation and Submission	

Guidance published online ¹	March 4, 2026
Application portal open	Week of March 16, 2026
Initial applications due	May 14, 2026
Applicants revise applications	May – July 2026
Final application due	July 16, 2026
Grant Agreements	
Grant agreements sent to providers for signing	February – September 2027
Grant period begins	October 1, 2027

1.2 New to this Funding Cycle

ODOT made several updates for this funding cycle.

1.2.1 Federal Grant Period

The funding cycle has been aligned with the availability of federal funding and will correspond with the federal fiscal year beginning October 1. This change is designed to support timely reimbursement of eligible federal costs. The start date for the grant performance period will be October 1, 2027.

1.2.2 Initial and Final Application

Agencies will submit an initial and final application. ODOT staff will review initial applications for clarity, completeness and eligibility, and provide feedback on how applications can be improved. As part of the initial application review, staff will review whether project budgets adhere to the cost principles described in **Appendix B**. As necessary, agencies will be asked to make improvements prior to submitting their final applications. This change is being introduced to support a more efficient grantmaking process. By identifying issues and addressing them early, we hope it will reduce the need for revisions and delays later in the process.

1.2.3 Indirect Costs

To ensure the accurate calculation of indirect costs and local cost share, compliance with FTA grant requirements, the verification of reimbursement requests, applicants for 5310 formula funds must submit documentation explaining their indirect cost calculation. Agencies that use the *de minimus* method for calculating indirect costs will complete and submit the [5311 indirect cost worksheet](#). An explanation of direct vs. indirect costs and the *de minimis* method for calculating indirect costs is included in **Section 2.5** and **Appendix A**. Agencies that use a negotiated indirect cost rate or cost allocation plan will need to submit relevant documentation.

¹ Program guidance, applications instructions, and the application can be accessed through [ODOT’s Funding Opportunities webpage](#).

1.2.4 Contract Milestones

Beginning with this funding cycle, ODOT requires applicants requesting funds for purchased transportation services; contracted mobility management; and vehicle, equipment, and other capital asset acquisitions to submit procurement or contracting milestones as part of their application. This information is needed to ensure timely project delivery, federal compliance, and effective oversight.

1.2.5 Environmental Review Process

The requirements of the [National Environmental Policy Act \(NEPA\)](#) apply to all projects receiving federal funds. The process of addressing compliance with NEPA and all other applicable federal environmental laws (e.g., the Endangered Species Act, the Clean Water Act, and the National Historic Preservation Act) is referred to as the environmental review process. Most projects meet the criteria to be classified as a Categorical Exclusion (CE) under NEPA. Time and documentation requirements for completing the CE environmental review process vary depending on project scope, location, and other factors.

For some activities, FTA makes the CE classification as part of the grant review process using the information and documentation in the grant application, and additional documentation is not required to complete the environmental review process. These activities include:

- Project Administration
- Operating assistance
- Mobility management
- Engineering, design, drafting environmental documents and completing environmental studies that do not require ground disturbance
- Preventive maintenance that involves no physical changes and/or alterations to facilities or properties
- Purchase of equipment that is not an interdependent part of a larger project and can be accommodated in existing building(s) or facility(ies) with no physical changes, alterations, or installation required

For other activities, FTA may require completion of a CE Worksheet to support the CE determination and/or additional documentation to demonstrate compliance with other federal environmental laws (as applicable). FTA determines whether to apply the CE Worksheet to a project, as well as the need to conduct additional analysis or documentation to ensure compliance with other environmental requirements.

The 5311 application includes environmental screening questions intended to assist ODOT in determining the timing and documentation requirements for the federal environmental review process.

NOTE: Projects evaluated under NEPA must be a usable and reasonable expenditure even if there are no additional transportation improvements to the area. This often means that the full

scope of a project for NEPA review may need to include local- or state-funded activities and/or activities from multiple different grants. For example, if a subrecipient wants to purchase a property with local or state funds and later develop that property using FTA funds, the subrecipient must obtain NEPA concurrence on the full scope of the project; i.e., for a project that includes both the property purchase and the future development prior to purchasing the property. Grant applications should reference previous and future activities on the same site and/or those related to the FTA federal-funded project, regardless of funding source, to assist in determining the project scope for NEPA review.

2. Funding

ODOT’s estimate of the allocation total is based on one year of FTA apportioned funds and at least one year of forecasted funds. As a result, the total allocation is an “estimate” and may be adjusted in the future once actual apportionments are published by FTA. ODOT reserves up to ten percent of the Section 5311 funds for program management and at least fifteen percent of the remaining funds are set aside for 5311(f) intercity projects to meet FTA requirements. The remaining 5311 funds are available for formula distribution.

2.1 Allocation Estimates

Table 2.1 provides each agency’s allocation estimate.

Table 2.1: Agency allocation estimates

Agency	Allocation Estimate
Basin Transit Service Transportation District	\$1,158,005
Benton County	\$403,241
Central Oregon Intergovernmental Council	\$2,179,383
City of Canby	\$605,239
City of Lebanon	\$292,285
City of Pendleton	\$352,162
City of Sandy	\$797,280
City of Silverton	\$112,098
City of Sweet Home	\$290,538
City of Woodburn	\$446,534
Clackamas County	\$909,692
Columbia County	\$756,308
Community Connection of Northeast Oregon, Inc.	\$1,041,262
The Confederated Tribes of the Grand Ronde	\$268,060
The Confederated Tribes of the Umatilla Indian Reservation	\$887,946
Coos County Area Transportation District	\$668,188
Curry County	\$538,251
Grant County Transportation District	\$562,892
Harney County	\$354,825
Hood River County Transportation District	\$898,065
Josephine County	\$484,396
Klamath Tribes	\$326,865
Lane Transit District	\$508,085
Lincoln County	\$1,639,235
Linn County	\$517,306
Malheur County	\$458,878

Mid-Columbia Economic Development District	\$461,064
Morrow County	\$324,312
Ride Connection, Inc.	\$365,969
Salem Area Mass Transit District	\$811,847
South Clackamas Transportation District	\$551,795
Sunset Empire Transportation District	\$1,385,018
Tillamook County Transportation District	\$1,663,894
Umpqua Public Transportation District	\$1,297,652
Yamhill County	\$1,617,098
Grand Total	\$25,935,667

Original 3/4/26 [Updated 3/9/26]

The total estimated funding available for this two-year cycle of \$24,935,667 is approximately a \$4M or 13% reduction from the 2025-27 biennium. The main driver of this reduction is the end of the Infrastructure and Investments Jobs Act (IIJA) on September 30, 2026 and uncertainty over future Congressional appropriations. IIJA provided significantly increased levels of funding over the previous 5-year federal transportation bill. As a result of the end of IIJA, ODOT and other agencies are expecting a return to lower levels of funding.

2.2 Allocation Formula

Each agency's allocation estimate is determined by a base amount and then remaining funds are distributed proportionately according to the number of rides and miles each agency provides in rural areas. Twenty percent of total estimated funds are divided equally among the 35 agencies to determine the base amount. Of the remaining 80 percent of funds, 40 percent is determined by the number of rides an agency provides and 60 percent is determined by the number of revenue service miles an agency provides. Additionally, to enhance predictability ODOT limits the percentage increase or decrease in the amount of funding each eligible entity receives from one biennium to the next. No agency received less than 80 percent of what they received in the previous biennium.

2.3 Match Requirements

The match requirements for projects awarded through this solicitation will vary based on the type of project:

- Vehicle and capital asset acquisitions, facility improvements, project administration, preventive maintenance, and mobility management:
 - Federal funds – 89.73%
 - Local match – 10.27%
- Operations:
 - Federal funds – 56.08%
 - Local match – 43.92%

Local match must be from an eligible funding source under FTA guidelines:

- Must be available at the time of the grant award
- Match funding must be spent to qualify as a match
- No federal funds may be drawn without authorization and availability of a sufficient match funding source
- Subrecipients must certify the use of local match with the submission of each invoice
- Subrecipients are required to provide quarterly reports that account for the use of local funds as match

Non-cash in-kind contributions, such as volunteer labor, may be used for local match. In-kind contributions may be used for local match for capital projects that are not purchases on a case-by-case basis. Pre-approval by ODOT is required.

2.4 Grant Performance Period

The grant performance period varies by project type.

For preventive maintenance, mobility management, and operations projects the grant performance period will be two years: October 1, 2027 through September 30, 2029.

For capital asset projects (e.g., vehicle acquisitions, facilities construction), the grant performance period will be four years: October 1, 2027 through September 30, 2031.

2.5 Indirect Costs

Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective or program and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved (e.g., the time consumed to segregate and assign the cost to a particular objective is too high in relation to the cost amount).

Agencies may charge for indirect costs, but are not required to do so. However, agencies that want to include indirect costs as an allowable expense, must submit documentation justifying the indirect cost calculation. Agencies that use the *de minimis* method must fill out and submit the *de minimis* worksheet for each project. The *de minimis* worksheet can be accessed on the [Funding Opportunities webpage](#). Agencies that have an approved negotiated indirect cost rate (NICRA) must submit alternative documentation justifying their indirect cost calculation for each project. See **Appendix A: Calculating Indirect Costs** for additional guidance.

Indirect costs are subject to local match requirements.

3. Program Purpose and Eligibilities

Section 5311 funds are intended to:

- Enhance access in rural areas to health care, shopping, education, employment, public services, and recreation
- Assist in the maintenance, development, improvement, and use of public transportation systems in rural areas
- Encourage and facilitate the most efficient use of all transportation funds used to provide passenger transportation in rural areas through the coordination of programs and services
- Provide financial assistance to help carry out national goals related to mobility for all
- Encourage mobility management, employment-related transportation alternatives, joint development practices, and transit-oriented development

3.1 Eligible Subrecipients

Section 5311 funds are awarded to prequalified subrecipients operating transit services in rural communities with populations of fewer than 50,000 people. Subrecipients include:

- Public agencies
- Non-profit organizations
- Indian Tribal Governments

3.2 Eligible Projects

Section 5311 funds may be used for project administration, operations, preventive maintenance, mobility management, and capital asset projects that support public transportation in rural areas. **Table 3.1** presents an overview of eligible projects.

Table 3.1: Overview of Eligible Project Types

Project Types	
Type	Description
Project Administrative Costs [FTA C 9040.1H Page IV-17]	Under the Section 5311 program only, ODOT treats project administrative expenses incurred by a local provider as a separate cost category from capital, mobility management, or operating expenses. This allows administrative expenses to be considered as “nonoperating” expenses. Eligible project administrative costs may include but are not limited to general administrative expenses (e.g., salaries of the project director, secretary, and bookkeeper); marketing expenses; insurance premiums or payments to a self-insurance reserve; office supplies; facilities and equipment rental; standard overhead rates; and the

	<p>costs of administering drug and alcohol testing. Interest on short-term loans for operating assistance is eligible as project administration if it is approved by the State. Additionally, administrative costs for promoting and coordinating ridesharing are eligible as project administration if the activity is part of a coordinated public transportation program.</p>
<p>Operations [FTA C 9040.1H Page IV-16]</p>	<p>Operating expenses are those costs directly related to system operations. Reimbursable operating expenses include:</p> <ul style="list-style-type: none"> • Fuel • Oil • Replacement tires • Replacement parts • Driver, dispatcher and mechanic salaries and fringe benefits • Driver educational expenses • Vehicle leases • Vehicle licensing • Vehicle maintenance • Maintenance and operating contracts • Insurance • Other costs directly associated with operating the system. <p>Capital-type (durable goods) expenses less than \$10,000, in the aggregate, are considered part of operating expenses.</p> <p>Only net operating expenses are eligible for assistance. Net operating expenses are those expenses that remain after the subrecipient subtracts operating revenues from eligible operating expenses. ODOT requires that in tabulating operating revenues, the following to be deducted from total operating costs:</p> <ul style="list-style-type: none"> • Farebox revenues • Pre-paid passes (whether purchased by an individual or by an organization on behalf of an individual) • Charter bus service expenses and revenue
<p>Capital [FTA C 9040.1H Page IV-4]</p>	<p>Eligible capital expenses include the acquisition, construction, and improvement of public transit facilities and equipment needed for a safe, efficient, and coordinated public transportation system as well as certain other expenses classified as capital. Capital expenses (costing \$10,000 or more and with a life expectancy of at least one year) include:</p> <ul style="list-style-type: none"> • Buses • Vans or other paratransit vehicles • Vehicle rehabilitation, remanufacture, or overhaul

	<ul style="list-style-type: none"> • Maintenance and operations buildings • Passenger shelters, bus stop signs, park and ride lots, and similar passenger amenities • Bus charging and fueling equipment • Radios and communications equipment • Wheelchair lifts and restraints • Extended warranties that do not exceed industry standards • Operational support, such as computer hardware or software • Installation costs, vehicle procurement, testing, inspection, and acceptance costs • Construction or rehabilitation of transit facilities and land acquisition • Lease of equipment (including finance charges, including interest, and ancillary costs such as delivery and installation charges) or facilities • Capital portion of costs for service provided under contract, including depreciation and interest on facilities and equipment • Joint development projects
<p>Capital – Mobility Management [FTA C 9040.1H Page IV-5]</p>	<p>Consisting of short-range planning, management activities, and projects for improving coordination among public transportation and other transportation providers (excludes operating expenses)</p>
<p>Capital – Preventive Maintenance [FTA C 9040.1H Page I-6]</p>	<p>Maintenance costs related to vehicles and non-vehicles. Specifically, preventive maintenance includes all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost-effective manner, up to and including the current state of the art for maintaining such an asset.</p>

4. Application Process

ODOT has updated the application process to assist applicants in creating complete, accurate and eligible applications. Initial applications will be reviewed by ODOT staff and feedback provided to applicants. Applicants will then revise applications prior to submitting a final application.

4.1 Initial Application Screening

Initial applications for the 2027-2029 Section 5311 grant solicitation are due to ODOT no later than 5:00 PM on May 14, 2026. ODOT will assess eligibility and application completeness and work with applicants to supply any missing information or to provide clarification about the meaning or intent of any portion of an application. Feedback will be provided within six weeks of the final application deadline.

Applications are screened to ensure that the application contains all necessary information to award formula funds.

4.2 Final Application Submission and Review

RTCs will work with applicants to correct identified issues and the final grant applications are due to ODOT no later than 5:00 PM on July 16, 2026. ODOT will perform a technical review of all applications to ensure applicants and projects are eligible.

4.3 Appeals Process

ODOT will follow the appeals process identified on page 54 of the [State Management Plan](#) for Public Transportation Programs.

4.4 Project Awards

Grant awards will be made for allowable eligible expenses and defined activities and deliverables. A successful applicant will become a subrecipient of ODOT.

5. Subrecipient Obligations

Once a project is selected for funding, the subrecipient has certain obligations to ODOT to provide for proper and adequate project monitoring and supervision. Failure to fulfill these obligations is grounds for cancellation of the subgrant agreement at the sole discretion of ODOT.

Specific tasks to fulfill these obligations are detailed below.

5.1 Compliance

Compliance with all applicable federal, state, and local laws and regulations, including requirements found in the [Master Grant Agreement](#) and [FTA Certifications and Assurances](#). The applicant must meet all requirements pertaining to subgrant agreement's, project monitoring, safety, environment, accessibility, inclusion in the appropriate planning documents, and the specific requirements for each project type.

5.2 Drug and Alcohol Management Information System (DAMIS)

Annual drug and alcohol testing data for a specific calendar year is to be submitted by March 15th of the following calendar year.

Example: If you are required to submit drug and alcohol testing data for the calendar year of 2026, then you must submit your data by March 15, 2027.

More information can be found at [ODOT's Drug and Alcohol Compliance Reviews](#) webpage.

5.3 Project Management

Subrecipients must ensure that work is carried out as defined in the detailed scope of work and calendar of work. All activities and/or deliverables will be approved according to the specifications of the scope of work. If the project is divided into several activities and deliverables in accordance with the terms of the payment schedule, billable amounts for each activity and deliverable shall be specified.

5.4 General Reporting

Subrecipients are required to report on federally funded activities. There are several required reports, including fiscal, performance, vehicle procurement, and capital asset management. The majority of these reports are submitted using the Oregon Public Transit Information System ([OPTIS](#)), and are due no later than 45 days following the end of each quarter

5.4.1 Performance Reporting and Agency Periodic Report

ODOT requires performance and fiscal reports (and vehicle reports as applicable) from subrecipients for each of its funding programs. Grant payment is based on receipt and approval of these reports along with reimbursement requests and supporting documentation. Reimbursements for eligible expenses will be subject to available federal funds. Performance

reports document the number of rides, hours, and miles. Fiscal reports authenticate quarterly revenues and expenditures, local contributions, sources of contribution, and other data as required by the specific funding source. Capital reimbursements are made based on vendor receipts or maintenance descriptions which are used to verify eligible expenses. Depending upon the type of grant, ODOT may require other types of documentation to process reimbursement requests.

In addition to general periodic reporting requirements, ODOT may require additional documentation and deliverables, as appropriate to the project and per specific grant agreement statements of work. Examples of performance reporting may include metrics focused on capital, administration, or other deliverables.

Subrecipients may include requirements in their agency contracts to obtain reporting and/or additional information from contractors, but recipients are ultimately responsible for providing all required reporting information to ODOT.

ODOT requests subrecipients submit copies of contract agreements to ODOT within 30 days of fully executing the contract agreement.

Fiscal and Agency Periodic Reports (APR) are to be submitted utilizing OPTIS within 45 days of the quarter end.

5.4.2 National Transit Database

Section 5311 subrecipients must submit an annual National Transit Database (NTD) report through PTD if they provide any public transportation. If an agency has 30 or fewer vehicles across all modes in an urbanized area, the agency may request a [Reduced Reporting Form](#). Regional Transit Coordinator's (RTC) are available to assist with preparation of their report. Each year, RTCs reach out to subrecipients to provide reporting information and links to current resources.

Subrecipients, funded through ODOT, must submit reports to ODOT by mid-October so ODOT can submit its report by October 31. The report covers the most recent fiscal year.

5.4.3 Asset Reporting

Subrecipients that have acquired, purchased, or leased capital assets must enter asset information, or work with ODOT to ensure it is entered into OPTIS. OPTIS is ODOT's inventory system of record. The inventory must include the following information:

- Purchase date
- Purchase price
- Date installed or put into revenue service
- Matching fund amount and source used for the purchase
- Owner and operator
- Asset description as follows

- o Vehicles: make, model, quantity, length, number of securement stations, number of seats with and without securement stations deployed, fuel system, mileage, number of bike racks, Gross Vehicle Weight Rating (GVWR), and condition
- o Improvements to real property (facilities, buildings, shelters): location, current disposition, condition, and status
- o Equipment: description, make, model (for non-revenue vehicles which are classified as equipment), quantity, and condition.
- o Signs and shelters: address and location(s)
- o Facilities: description, address, square footage, lot size (feet or acres), and percentage of use for public transportation

The capital asset inventory must be updated at regular intervals as specified by ODOT. Reporting is required if the capital asset is in use for public transportation, regardless of the expected useful life of the asset. More information about asset reporting can be found on the ODOT [website](#).

5.4.4 Charter Service Reporting

The FTA protects private charter operators from unfair competition by restricting federal fund recipients from providing most types of charter service. This report is used to collect and report to FTA about what, if any, charter service has been provided.

ODOT emails agencies a reminder to report each quarter. Follow the link included in the email and respond "no" if you did not provide charter service. Respond with a completed Charter Reporting form if you did provide charter service.

5.4.5 The Americans with Disabilities Act

All vehicle requests must meet the requirements of the ADA. Agencies wishing to purchase non-accessible vehicles must sign a Certification of Equivalency assuring ODOT they can meet ADA requirements.

Appendix A: Calculating Indirect Costs²

One of the fundamental principles of cost allowability is that the cost must be assigned to a specific federal award and costs must be treated consistently across federal awards as either direct or indirect. Transit agencies must be capable of determining both direct and indirect costs for services supported by federal funding and applying that determination consistently when applying for and seeking reimbursement for costs. The purpose of **Appendix A** is to explain how to determine direct and indirect costs and calculate a project's indirect cost using the *de minimis* method.

Direct vs. Indirect Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award. A direct cost can readily be assigned to specific activities with relative ease and a high degree of accuracy. Examples of direct costs are:

- Compensation of employees for the time devoted and identified specifically to the performance of the federal award
 - For example, operators' or dispatchers' salaries and wages
- Cost of materials acquired, consumed, or expended specifically for providing award related services
 - For example, fuels and lubricants; tires and tubes
- Equipment and other approved capital expenditures
 - For example, vehicles, facilities, equipment
- Travel expenses incurred specifically to carry out the federal award
- Purchased transportation services under contract

Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective or program and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved (e.g., the time consumed to segregate and assign the cost to a particular objective is too high in relation to the cost amount). Examples of indirect costs are:

- Central service costs of support departments such as human resources, payroll, and information technology that support the various operating units of the entity
 - For example, salaries and wages of administrative staff
- Cost of operating and maintaining facilities that are shared by multiple units/programs/departments of the organization
 - For example, electricity and water utilities
- Salaries and expenses of executive officers who do not track time expended by program

² This appendix draws from National RTAP, "Fundamental Financial Management for Rural Transit Agencies," chapter 3, available from www.nationalrtap.org.

Calculating Indirect Costs with the *De Minimis* Method

To calculate indirect project costs using the *de minimis* method, one multiplies the *de minimis* rate times allowable direct project costs. Agencies may choose a *de minimis* rate of up to 15 percent. Allowable direct project costs are referred to as of “modified total direct costs” (MTDC).

$$\text{Indirect project costs} = \text{MTDC} \times \text{de minimis rate (up to 15\%)}$$

An agency that has never had an approved negotiated indirect cost rate or receives less than \$35 million in federal financial assistance may elect to charge a *de minimis* rate. If an agency has previously negotiated an indirect cost rate with a federal cognizant agency or receives more than \$35 million in federal financial assistance, it MAY NOT elect to charge a *de minimis* rate for indirect costs.

***De Minimis* Rate**

The agency may choose a *de minimis* rate of up to 15 percent. The *de minimis* rate does not require documentation to justify its use and may be used indefinitely.

Modified Total Direct Cost (MTDC)

The Modified Total Direct Cost of a project is a subset of all direct project costs as explained below.

The MTDC of a project are the sum of:

- All direct salaries and wages
- Applicable fringe benefits
- Materials and supplies (e.g., fuel and lubricants, tires)
- Services (e.g., audit services, financial services, utilities, insurance)
- Travel
- Subawards/subcontracts – up to the first \$50,000 of each subaward or subcontract over the life of the subaward or subcontract (for example, a purchased transportation contract up to \$50,000)

MTDC excludes:

- Indirect costs
- Capital (e.g. vehicle purchase, purchased transportation, preventive maintenance)
- Equipment (e.g., office computer, bus lift)
- Tuition remission
- Scholarships and fellowships
- Portion of each subaward or subcontract in excess of \$50,000 over the life of the subaward or subcontract

Agencies may choose which eligible MTDCs to include in their indirect cost calculation. However, agencies must consistently classify costs as either direct or indirect costs and may not be double charged or inconsistently charged as both.

Alternatives to the *De Minimis* Method

There are two alternative methods or options for charging indirect costs under 2 CFR Part 200.332. The first is through a negotiated indirect cost rate agreement and the second is through the use of a cost allocation plan.

Methods to Charge Indirect Costs	
Type Basis/Requirements	Required Documentation
Negotiated Indirect Cost Rate Agreement (NICRA)	An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government Federal approval letter, dated and signed, or a certificate of indirect costs
Cost allocation plan (document that specifies the method for how direct and indirect costs are treated)	A negotiated and validated cost allocation method between ODOT and a subrecipient. 1. May be based on a prior negotiated rate between a different pass-through entity (any non-federal entity that provides a subaward) and the same subrecipient. 2. If NO prior negotiated rate exists, ODOT can approve based on the subrecipient’s submission of reasonable documentation outlining the basis for calculation and application. This may include negotiated agreements, policies, and/or financial reports that demonstrate the method for how direct and indirect costs are calculated and applied.
<i>De minimis</i> up to 15% of modified total direct costs (MTDC)	For grant subrecipients that undergo a single audit, ODOT will verify that the report states that the subrecipient uses or chooses not to use the <i>de minimis</i> rate across all grants.
No indirect costs requested	Subrecipient opts out of claiming indirect costs in budget.

If subrecipients request to be reimbursed for indirect costs, ODOT will allow subrecipients to choose three options in the following order.

Federally Negotiated Rate: A subrecipient can use the federally approved rate in a NICRA (see 200.332(b)(4)(i) and 200.414(d)). ODOT will request a copy of the NICRA and test the authorized indirect cost rate (ICR) during monitoring.

De minimis: Per 2 CFR Part 200.414(f) and 2 CFR Part 200.332(b)(4)(i), if the subrecipient does not have a NICRA or a negotiated indirect cost rate with another pass-through entity, ODOT can allow subrecipients to choose the *de minimis* rate. If the *de minimis* rate is applicable to the eligible entity and used, the rate needs to be treated consistently across all federal awards. For subrecipients that undergo a single audit, ODOT will verify that the report states that the subrecipient decided to use the *de minimis* rate across all grants.

Cost Allocation Method: The last option only applies if a subrecipient does not have a NICRA or does not elect to use the *de minimis* rate. If the subrecipient is incurring costs that benefit two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefited projects. ODOT will work with the subrecipient to negotiate and validate a reasonable basis for documenting the allocation of indirect costs (2 CFR Part 200.405(b), 2 CFR Part 200.405(d), and 2 CFR Part 200.332(b)(4)(i).

A “reasonable basis” is not intended to meet the higher standard that is required to receive a federally negotiated rate. For due diligence, ODOT can request that the subrecipient provide proof that the method has been negotiated with another pass-through entity or collect documentation for review when monitoring the subrecipient.

Appendix B: Cost Principles

Project budgets must adhere to FTA cost principles.

Cost principles are those common principles that help determine the costs for specific activities and the costs that are chargeable to grants, awards, and other agreements. Although the cost principles for the award may be similar to cost principles for local governments or for nonprofit organizations, the most stringent requirements apply. As a subrecipient, you must ensure that you are using the appropriate Office of Management and Budget (OMB) guidance and that you are also in compliance with all applicable state and local requirements (following the stricter of these requirements). OMB has established cost principles for federal grant programs, detailed in 2 CFR Part 200.400 (Subpart E – Cost Principles). Your financial management system must provide for written procedures to determine the allowability of costs as provided in Subpart E. Writing internal procedures for applying cost principles requires understanding and defining five key terms:

1. **Necessary** — The very first consideration is if the good or service is necessary to carry out the project scope and objectives relevant to the award. [2 CFR 200.403(a)]
2. **Reasonable** — The reasonable cost standard means assessing if the amount of expenditure exceeds the amount a prudent person would have spent under the same circumstances and at the time the decision was made to purchase the item. Note that the decision is considered under the circumstances in place at the time the decision was made. [2 CFR 200.404]
3. **Allocable** — Allocable means that the costs can be allocated to a cost objective, in this case, in accordance with the relative benefit received by the activity under the award. It also means that costs are treated consistently with other costs incurred under like circumstances. [2 CFR 200.405]
4. **Allowable and Unallowable** — If costs are reasonable and allocable, then an allowability assessment follows. Federal cost principles outline costs that are allowed under the terms and conditions of federal awards. Additionally, refer to the terms and conditions of the grant agreement. For costs to be allowable, you must apply policies uniformly to all activities, not just the ODOT award. Unallowable costs are costs that cannot pass the reasonable and allocable test and likely include costs that are explicitly excluded from the list of permissible costs under the federal cost principles. [2 CFR 200.403]
5. **Documented** — Perhaps the most important element for understanding the application of cost principles is that every detail must be documented; no detail is too small or unimportant to document. For costs to be allowable, they must also be adequately documented. Documentation requirements apply to every aspect of grant management — the term “over-documentation” does not exist in the post federal award environment. [2 CFR 200.403(g); 2 CFR 200.300-309]

The RADAR test is applied to ensure that, when costs are charged, they are limited to those that are (only) allowable and reimbursable. Refer to the project budget template in Appendix D to identify the approved project activities on a line-item basis. Any questions about eligible costs during the implementation of the project should be discussed with ODOT before the expense is incurred or approved.

Cost Principle Questions	
Requirement	Consideration
Authorized by ODOT	<ul style="list-style-type: none"> • Does the cost directly relate to an activity or line item in the project budget? • Does the cost meet any stipulations in the grant agreement relevant to the activity?
Necessary [2 CFR 200.403(a)]	<ul style="list-style-type: none"> • Is the cost necessary to carry out the program/project activity?
Reasonable [2 CFR 200.404]	<ul style="list-style-type: none"> • Have purchasing or procurement procedures been followed? • Is the cost in line with fair market prices (at the time of procurement) for comparable goods or services? • Would a “prudent person” agree that the item is reasonable?
Allowable – Conforming to limitations or exclusions [2 CFR 200.403(b)]	<ul style="list-style-type: none"> • Is the cost permissible and NOT disallowed under the 55 specific items of cost found in the Uniform Guidance in 2 CFR 200.420-475? <ul style="list-style-type: none"> o Specific costs always unallowable for federal funding are lobbying, fundraising, bad debts, contingencies, fines and penalties, losses on other awards, unnecessary travel costs, contributions and donations, and certain depreciation or use allowances. • Is the cost permissible under the program statute and regulations? • Is the cost permissible under the terms and conditions of the subaward, the grant agreement? • Is the cost permissible under state statute, if applicable? • Is the cost permissible under local policies?
Consistent with policies and procedures	<ul style="list-style-type: none"> • Do the entity’s policies and procedures apply the same rules for federal programs as they do for state (applicable to state agency partners) and local programs (applicable to local units of general local government)? • Would the cost be the same amount if it were funded by a state or local program?
Allocable	<ul style="list-style-type: none"> • Is the cost incurred specifically for the award?

[2 CFR 200.405(a)]	<ul style="list-style-type: none"> • If the cost benefits the federal program and other work of the entity, was the cost distributed in proportions that may be calculated using reasonable methods? • Was the cost NOT incurred because another grant ran out of funds?
Determined in accordance with GAAP [2 CFR 200.403(e)]	<ul style="list-style-type: none"> • Is the cost determined in accordance with GAAP or as otherwise provided for in the Uniform Guidance (applicable to the award)?
Be net of applicable credits [2 CFR 200.406]	<ul style="list-style-type: none"> • Have any credits such as purchase discounts or price adjustments been deducted from the total costs charged?
Adequately documented [2 CFR 200.403(g) and 2 CFR 200.302(b)(3)]	<ul style="list-style-type: none"> • Is there documentation demonstrating the need, the purchase, and use of the item? • Are there records that identify the source and application of funds and contain information regarding authorizations, obligations, unobligated balances, assets, and expenditures that are supported by source documentation

Additionally, only net operating expenses are eligible for assistance. Net operating expenses are those expenses that remain after the subrecipient subtracts operating revenues from eligible operating expenses. ODOT requires that in tabulating operating revenues, the following to be deducted from total operating costs:

- Farebox revenues
- Pre-paid passes (whether purchased by an individual or by an organization on behalf of an individual
- Charter bus service expenses and revenue

Appendix C: Independent Cost Estimate Requirement for Vehicle Acquisitions

Overview

An independent cost estimate (ICE) must be included with all vehicle acquisition projects (vehicle replacement, right-sizing or expansion). The ICE must include an assessment of the expected cost and timeline for procurement based on reliable sources, such as paid historical prices, industry standard, market survey, and/or the ODOT/Department of Administrative Services State Price Agreement.

Background

Over the past several years, transit agencies have been experiencing increases in the cost of vehicles and extended procurement delays. To increase confidence that agencies will be able to procure vehicles within budget and within the grant agreement period, ODOT is requiring that agencies submit an independent cost estimate with their application for all vehicle acquisition projects.

Instructions

1. Conduct an ICE based on reliable sources for each vehicle(s) for which you are applying for funding to determine the estimate cost and timeline for procurement. Reliable sources of information include paid historical prices, industry standard, market survey, and/or the ODOT/Department of Administrative Services State Price Agreement.

If you intend to purchase a vehicle from the ODOT/DAS State Price Agreement, use the cost estimate information below. Depending on the propulsion type (e.g., diesel, electric, etc.) and optional features you intend to include, you may need to conduct additional research and increase the estimate. Additionally, you should factor in inflation and your timeline for procurement.

If you do not intend to purchase a vehicle from the ODOT/DAS State Price Agreement, you should use other reliable sources to estimate the cost of the vehicle and timeline.

2. Complete an ICE worksheet.
<https://www.cognitofrms.com/ODOT2/IndependentCostEstimate>
3. Submit the ICE in the Attachments section of the application in OPTIS.

ODOT/DAS cost estimate and procurement timeline information

Table C2 contains estimates of the base price cost, cost of required specifications as well as timeline for delivery for each category vehicle included on the ODOT/DAS State Price Agreement. The information was updated in December 2023 based on input from a vehicle distributor and an analysis of the Request for Quotes (RFQ's) Oregon transit agencies received in 2023. As of January 2026, DAS is working on adding Category A vehicles to the State Price Agreement.

If your agency intends to use the ODOT/DAS State Price Agreement, use the information in **Table C1** as the basis for your ICE. However, keep in mind that key variables will affect the price, including the make, model and length, propulsion type, required specifications as well as inflation over time. Ultimately, your agency is responsible for the ICE budget and timeline, so you may want to seek out additional information to confirm your calculations.

Table C1 ODOT/DAS State Price Agreement estimated costs and timeline for delivery

Category	Current base price range	Average price quote for required specs (2023)	Price range for required specs (2023)	Number of quotes (2023)	Expected delivery time
A	\$480,000 - \$1,000,000	-	-	0	24+ months
B	\$190,000 - \$410,000	\$70,000	\$50,000-\$90,000	4	12-24
C	\$140,000 - \$235,000	\$56,000	\$40,000-\$70,000	3	6-18
D	\$80,000 - \$160,000	\$30,000	\$1,000-\$70,000	15	6-9
E	\$60,000-\$135,000	\$45,000	\$1,000-\$100,000	20	3-6

Table C2 provides a description of transit vehicle categories for reference.

Table C2: Transit vehicle categories

Category	Approximate GVWR in pounds	Approximate number of seats	Approximate length in feet
A: Large, heavy-duty transit bus	33,001+	35+	35 – 40
B: Medium-size, heavy-duty transit bus	26,001-33,000	25-35	≥ 30
C: Medium-size, medium-duty transit bus	17,000 – 26,000	16-30	≥ 25

and truck chassis cutaway			
D: Medium-size, light-duty bus & van chassis cutaway	11,000 – 16,000	12-16	≥ 22
E 1: Small, light-duty bus	8,000 – 11,000	10	E 1: 20 – 22
E 2: Modified van	8,000 – 11,000		
E 3: Modified minivan	6,000-8,000	5	E 2/E 3: < 20
E 4 – E 7 vehicle purchase are not allowed using FTA funds.			