

INDOT Section 5311 Manual Facility Construction and Renovation Guidelines

Overview

As addressed in Section II of this Manual, the acquisition, construction or renovation of transit facilities including design, engineering, and land acquisition is an eligible expense under the Section 5311 Program. Section 5311 funds may be used to fund up to 80 percent of the net capital cost of the facility improvement or acquisition. Due to the limited funding available in any given fiscal year, INDOT reserves the right to limit the number and type of facility projects to be considered for financial assistance. Federal funds will only be approved for those facility projects in which the applicant owns the site where the facility will be constructed and/or owns the facility that will be renovated or expanded. [Does INDOT want to allow facility improvements under a long-term lease arrangement in lieu of site/facility ownership???](#)

Transit facilities are defined as:

- Facilities that support transit operations, such as administrative buildings, maintenance garages and vehicle storage buildings; and
- Facilities that provide passenger amenities such as bus terminals, stations, shelters and park-and-ride lots.

Facility projects are required to adhere to the same Federal policies that apply to other capital procurements as addressed in Section VI – Procurement of this Manual. For facility projects, due to their complexity and project variety, there is no single Federal document that provides all the information that is needed to comply with all the regulations. The following FTA documents provide valuable information regarding FTA – assisted facility projects.

- FTA Circular 4220.1F - Third Party Contracting Guidance.
 - Available at www.fta.dot.gov – Go to Legislation, Regulation and Guidance, click on FTA Circulars
- FTA Circular 9300.1B - Capital Investment Program Guidance and Application Instructions.
 - Available at www.fta.dot.gov – Go to Legislation, Regulation and Guidance, click on FTA Circulars
- Best Practices Procurement Manual - Prepared to assist grantee in meeting standards of FTA Circular 4220.1F
 - Available at www.fta.dot.gov - Go to Reports/Publications, click on Other Reports
- FTA Construction Project Management Handbook, Revision 1, April 2007.
 - Available at www.fta.dot.gov – Type in “Construction Project Management Handbook” in search, click on Construction Project Management Handbook (April 2007).

INDOT will consider all facility projects to fall into either the major or minor category. In reality there are two primary types of facility funding requests: 1) new facility and 2) facility renovation. Renovation includes expansion, maintenance, repair and remodeling of an existing facility. All facility projects, with the exception of those involving very minor improvements such as additional fencing or pavement of parking area, will require an INDOT review of the project plan and/or a Facility Feasibility Study. Further information regarding this requirement is addressed later in this chapter.

Project Initiation

Major Projects

Major facility projects are considered to be those that involve new construction, purchase and renovation of an existing facility and major improvements or renovations to existing facilities. Major improvements or renovations include facility expansion, construction of detached buildings on existing facility site, and repair and remodeling of an existing facility.

Step-by-Step Process

1. The applicant should hold initial discussions with local governments and other program supporters to determine the need for the proposed project. Local and regional planning documents should be analyzed to determine if the project supports the areas goals and objectives. Discussions could include such issues as opportunities for leasing or purchasing an existing facility for renovation, availability of land for construction of a new facility and any opportunities to share the proposed facility with another transit system or government agency. Further, the applicant should document the current facility conditions of the transit system and how the project would improve these conditions, the need for the facility improvement(s), and a description of the proposed facility project.
2. It is recommended that the transit system director consult with INDOT staff regarding facility needs well in advance of the Section 5311 application period. This will allow time for a determination to be made of the merits of the proposed project, determination of whether the project is considered major or minor in scope, and enable the applicant to apply for Section 5311 funding.

It is the general policy of FTA to provide financial assistance for transit facilities that are adequate for the applicant's present needs and realistically address future growth. In those situations where land acquisition is required, it may be justifiable to procure enough land to meet future expansion needs.

For those proposed projects that would require considerable new construction such as the construction of a new administrative and maintenance facility or purchasing an existing building for renovation into a transit facility, a Facility Feasibility Study would be required to determine the merits of the project, clearly define the project and determine its estimated cost. It is important that

the current and anticipated spatial needs of a transit system be determined prior to initiating construction. Elements would include a determination of transit demand and other use; an evaluation of existing facilities or sites to satisfy existing and future transit needs; evaluation and selection of sites if a new facility is warranted; preliminary concept design including space needs, circulation and facility components, environmental documentation, cost estimate of the transit facility and financing plan, and operating cost estimate of new or renovated facility. An outline of the scope of work for a Facility Feasibility Study can be found in Appendix A to this chapter. Typically approximately six months should be allowed for completion of the Study. Planning funds are available for preparation of the study at an 80 percent federal participation level. The subrecipient should consult with INDOT staff regarding the need to conduct a Facility Feasibility Study.

3. Contingent upon the determination to proceed with the project, the eligible applicant should proceed with development of the project application through the process identified in Section III – Grant Application Procedures of the document. This would include application for planning funds to conduct a Facility Feasibility Study and/or facility construction funds. Note that if land purchase is required prior to facility construction, it may be necessary to request funds in different phases/stages of the project such as land acquisition, facility design and construction.
4. The award of facility project grants will be based on funding availability and project evaluation criteria as noted below.

Minor Projects

Examples of minor facility projects would be small additions to an existing facility such as a rest room, conference room or storage area, addition of fencing around an existing facility or installment of security equipment.

Step-by-Step Process

1. The applicant should consult with INDOT staff as discussed above to determine viability of project.
2. The applicant proceeds with development of the project application through the process identified in Section III – Grant Application Procedure of this document.
3. The award of facility project grants will be based on funding availability and project evaluation criteria as noted below.

Project Selection Criteria

INDOT has established the following selection criteria for consideration of facility projects to be recommended for funding with Section 5311 funds.

New Construction

- Presentation of deed of site ownership by grantee;
- Condition of existing facility and utility for future needs;
- Anticipated system growth;
- Justification for requested size facility;
- System operational performance;
- Local financial support of transit system;
- Local agency support of system;
- Local/regional transit coordination status;
- System compliance with federal/state regulations;
- Impact on system operations;
- Cost analysis/effectiveness of new facility;
- Accommodates future expansion needs;
- Capability of grantee to manage project;
- Implementation timeline; and
- Project listed in TIP, if applicable, and STIP

Expansion of Existing Facility

- Presentation of deed of facility ownership by grantee;
- Justification for facility expansion;
- Anticipated system growth;
- Impact on system operations;
- Cost effectiveness of expansion;
- Allows operations to continue during construction;
- Capability of grantee to manage project;
- Implementation timeline; and
- Project listed in TIP, if applicable, and STIP

Renovation/Rehabilitation

- Presentation of deed of facility ownership by grantee;
- Structural soundness of existing facility;
- Justification for facility modification;
- Cost effectiveness of improvements;
- Implementation timeline; and
- Project listed in TIP, if applicable, and STIP

Requirements Associated With All Facility Projects

All facility projects that are financially supported with Federal funds must follow all applicable Federal guidelines and regulations. All applicable State guidelines and laws must be followed if State funds are utilized as match for the facility.

1. **Income From Property**

Transit facilities that are constructed, purchased, improved or renovated utilizing Federal and/or State funds shall be the property of the applicant for the expected life of the facility or for as long as the facility is used for public transportation purposes. Any income received from the authorized incidental use of any portion of the facility, such as leasing an unused portion to another organization, may be retained by the grantee (without returning the Federal share) if the income is used for eligible transit capital and operating expenses. This income cannot be used as part of the local share of the grant from which the facility was obtained. However, the income may be used as part of the local share for another FTA grant.

2. **Property Disposition**
 - a. If the grantee determines that the facility is no longer needed, FTA may approve use of the property for other purposes without the reimbursement of funds to FTA. This may include use in other Federal grant programs or in non-Federal programs that have consistent purposes with those authorized for support by FTA.

 - b. If the grantee or subgrantee no longer needs the facility for any transit purpose and is disposing of the facility acquired with grant funds and acquiring/constructing a replacement transit property, FTA may permit the net proceeds from the disposition of the original property to be used as an offset to the cost of the replacement property. If there are any excess proceeds from the disposition of the original property, these funds must be returned to FTA in accordance with 49 CFR 18.31.

 - c. If the property is no longer needed for transit purposes and the grantee or subgrantee has determined to not acquire or construct a replacement property, the grantee must request disposition instructions from FTA. The property would be competitively marketed and sold, with FTA obtaining the greater of its share of the fair market value of the property or the straight line depreciated value of the improvements plus land value. FTA's share of the fair market value is the percentage of FTA participation in the original grant multiplied by the best obtainable price, net of reasonable sales costs.

It should be noted that grantees or subgrantees are strongly encouraged to consult with INDOT staff and/or FTA regarding the disposition of transit property acquired with Federal funds.

3. Environmental Review

FTA's environmental review process has two primary objectives: to fully disclose the probable environmental impacts resulting from a proposed project and to develop measures that will avoid or mitigate adverse environmental effects. Facility projects, depending on their complexity and location, may have a wide range of environmental effects and thus require varying levels of documentation and review.

Due to their relative minor complexity, most facility projects funded through the Section 5311 program do not normally involve significant environmental impacts. These projects are termed "categorical exclusions (CEs)" and are therefore excluded from the requirement to prepare an environmental document. Note, however, that all facility projects, regardless of their complexity, are required to submit the Environment Review Checklist for Potential Categorical Exclusions which can be found in Appendix B. In the annual certifications and assurances, the State assures FTA that all the projects in the application are CEs under 23 CFR 771.117(c) unless otherwise noted. FTA's environmental impact regulation classifies categorical exclusion projects into two groups.

The first group, described at 23 CFR 771.117(c), contains activities and projects which have very limited or no environmental effects at all. Due to the minimal environmental impacts of these activities, no environmental documentation is required beyond the Environmental Review Worksheet. The following types of projects would fall into this exempted group.

- Engineering to define the elements of a proposed action or alternatives so that social, economic, and environmental effects can be assessed;
- Approval of utility installations along or across a transportation facility;
- Construction of bicycle and pedestrian lanes, paths, and facilities;
- Landscaping;
- Installation of fencing, signs, pavement markings, small passenger shelters, traffic signals, and railroad warning devices where no substantial land acquisition or traffic disruption will occur;
- Acquisition of scenic easements; and
- Alterations to facilities or vehicles in order to make them accessible for elderly and handicapped persons;

There is also a second group of facility or facility-related projects that involve more construction and greater potential for off-site impacts. However, experience has indicated that many such facility projects can be constructed and operated without causing significant environmental impact. FTA may approve the

designation of these construction projects as categorical exclusions if the applicant provides documentation which clearly demonstrates that the project is compatible with non-residential land use, the primary access roads are adequate to handle the additional vehicle traffic and that no significant adverse environmental effects will result. It is the responsibility of the applicant to provide documentation which clearly demonstrates that the stated conditions or criteria are met and that no significant adverse environmental effects will result. Such documentation is usually narrowly focused on one or a limited number of environmental concerns or questionable areas such as air quality, water quality and noise abatement. There is no formal public review for these types of environmental studies. FTA reviews this information and determines if a CE is appropriate. Such facility projects include:

- Transportation corridor fringe parking facilities.
- Construction of new bus storage and maintenance facilities in areas used predominantly for industrial or transportation purposes where such construction is not inconsistent with existing zoning and located on or near a street with adequate capacity to handle anticipated bus and support vehicle traffic.
- Rehabilitation or reconstruction of existing rail and bus buildings and ancillary facilities where only minor amounts of additional land are required and there is not a substantial increase in the number of users.
- Construction of bus transfer facilities (an open area consisting of passenger shelters, boarding areas, kiosks and related street improvements) when located in a commercial area or other high activity center in which there is adequate street capacity for projected bus traffic.
- Construction of rail storage and maintenance facilities in areas used predominantly for industrial or transportation purposes where such construction is not inconsistent with existing zoning and where there is no significant noise impact on the surrounding community.

For any project not meeting the conditions for a categorical exclusion, the applicant may have to prepare an Environmental Assessment (EA) which documents the impacts of the proposed project and considers alternatives to the proposed site or design. An EA is subject to public comment. In the unlikely event that significant environmental impacts are identified for a Section 5311 project, an Environmental Impact Statement (EIS) will be required.

While experience has indicated that it will be very unusual for any INDOT Section 5311 supported facility projects to not receive a categorical exclusion classification, INDOT will screen potential projects when they are first identified to make an initial determination as to which projects clearly meet the criteria for CEs and which projects may require additional documentation. Those projects needing additional documentation should be coordinated with the FTA regional office early in project development so that any necessary

environmental analysis and review will not delay project implementation. Any project involving new construction of a facility or major rehabilitation of an existing facility must be discussed with FTA to determine the need for information supporting a CE and the applicability of any additional environmental requirements. Early coordination is also necessary to identify those projects for which INDOT must prepare an EA.

Expanded information about the environmental protection requirements can be found in FTA Circular 9300.1B, Chapter VI.

4. Air Quality

The Clean Air Act Amendments of 1990 established stringent air quality conformity standards in areas currently in violation of national air quality standards ("nonattainment" areas) and maintenance areas. Maintenance areas are those geographic areas that had a history of nonattainment, but are now consistently meeting the National Ambient Air Quality Standard (NAAQS) and have been re-designated by the U.S. Environmental Protection Agency (EPA) from "nonattainment" to "attainment with a maintenance plan." The 1990 Amendments also ensure that federally-assisted transportation projects support State (air quality) Implementation Plans (SIPs). The SIPs include the strategies developed by state air quality agencies for attaining the air quality standards. FTA must find that capital projects needing FTA assistance conform to the applicable SIP before the projects may be advanced to construction. If applicable, the projects must also be included in metropolitan transportation plans and programs (TIPs) that have also been found to conform to the SIP.

The procedures and criteria governing the conformity review process are specified in EPA conformity regulations at 40 C.F.R. Part 93. While these regulatory requirements can be complex, the EPA regulation also establishes a list of transit capital projects that are exempt from the process outlined above. These are projects presumed to have insignificant emissions effects and normally they can proceed without regard to the conformity requirements. A number of smaller transit projects are covered under the list of exemptions at 40 C.F.R. § 93.126. Regardless of the type of project being considered, early consultation with FTA is essential to lay out the applicable Clean Air Act requirements in nonattainment and maintenance areas. The FTA regional office can also provide information on selected provisions of other laws that support clean air objectives. Below are some facility or facility related projects that are exempt from conformity review.

- Purchase of office, shop, and operating equipment for existing facilities;
- Construction or renovation of power, signal, and communications systems;
- Construction of small passenger shelters and information kiosks;
- Reconstruction or renovation of transit buildings and structures (*e.g.*, rail or bus buildings, storage and maintenance facilities, stations, terminals, and ancillary structures); and

- Construction of new bus or rail storage/maintenance facilities categorically excluded in 23 CFR part 771.
5. **Project Inclusion in Metropolitan TIP and/or STIP**

Consistent with other transit projects supported with FTA funds, proposed facility projects that are within metropolitan planning boundaries must be included in the Metropolitan Transportation Improvement Program (TIP) approved by the metropolitan planning organization (MPO) and the Governor and in a Statewide Transportation Improvement Program (STIP) that has been approved by FTA and the Federal Highway Administration. Applications should identify the latest approved STIP (or amendments) containing the project(s), the appropriate page numbers, and a statement identifying the date that FTA and FHWA approved the STIP (or STIP amendment) that contains the proposed project(s). Projects listed in the TIP and STIP must be derived from and consistent with the State's long range transportation plan.
 6. **Land Appraisal**

For land to be purchased pursuant to a transit facility project or used as local "in-kind" match toward the cost of the facility, a professional appraisal must be acquired. The appraisal should be provided in the form of an Appraisal Report which would be submitted to INDOT. Appendix C of this chapter includes a "Guide to Preparing an Appraisal" which was prepared by the FTA Office of Program Review/Real Estate.
 7. **Davis-Bacon Wage Requirements**

The Davis-Bacon Act provides that all construction contracts exceeding \$2,000 in which Federal funds are involved must contain a clause that no laborer or mechanic employed directly upon the site of the work shall receive less than the prevailing rates in the project's geographical area as determined by the Secretary of Labor. A copy of this determination is to be included in each solicitation and ensuing contract. The Wage and Hour Division of the U.S. Department of Labor is responsible for publication of the wage determinations. Further information regarding this requirement can be found in the Procurement of the Manual.
 8. **Independent Cost Estimate**

FTA Circular 4220.1F, Chapter VI-page 19, stipulates that grantees must perform a cost or price analysis in connection with every procurement action, including contract modifications. The objective is to ultimately pay a reasonable price for the contracted work. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. For facility projects, local construction costs must be reviewed to complete the Independent Cost Estimate.

FTA's Best Practices Procurement Manual – Appendix B.20, provides a format and guidance for in-house estimators that should be helpful in developing the cost estimate. The form is more complex than what may be needed for rural and small urban projects, but it provides a good overview of the process.

NOTE: Information regarding Indiana state regulations, statutes, regulatory agencies, etc. may be added later if determined to be applicable to facility projects.