

Chapter 7 - Request for Funds

With the exception of State Transit Assistance (STA) formula funds, all funds administered by the Public Transit Team (PTT) are reimbursed for expenses already incurred. Transit agencies must submit a Request for Payment [form](#) indicating the actual expenses and amount for reimbursement. The request must have an original signature of either the transit agency's authorized signatory (as identified in the annual application resolution) or the project manager, then is scanned and emailed to the transit system's Transit Programs Administrator for payment. Payments are only paid to transit systems that are current on all required reporting and loan repayments. When a transit system submits past due required reports, payments will be distributed.

STA Formula Funds – STA formula funds are paid monthly to transit agencies current on all required reporting. No Request for Payment is needed for STA formula funds. The funds can be automatically transferred to the transit agency's bank account with a one-time authorization from the transit agency by completing an Electronic Funds Transfer form. To obtain an Electronic Funds Transfer form contact the Iowa DOT's Office of Accounting at 515-239-1703. The amount of the monthly STA payments is determined by the amount of use tax collected. PTT calculates the amount for each system based on the formula discussed in [Chapter 3](#).

The **Transit Request for Payment form** is used to request any payment for programs administered by the PTT, including Sections 5310, 5311, 5339, ICAAP, STA Special Project, PTIG, and training fellowships. Use a separate form for each contract number and type of funding reimbursement requested. The form must be completed with basic information needed for each type of funding. Some types of funding require additional documentation.

Heading Information: Include the name of your transit system, the agreement or fellowship number, and the accounting contract number (information found in your agreement with the Iowa DOT or your fellowship approval notification.)

Section I: Check the type of funding you are requesting. This information is on the joint participation agreement with Iowa DOT.

Section II: Complete a line for each item in the contract agreement for which you are requesting reimbursement. Identify the line number from the contract, brief description of the item, and explanation of funding requested on this request.

- A. Total dollar amount for the line item in the contract.
- B. Dollar amount you are requesting. (Round down to nearest dollar.)
- C. Payment Requested previously for the line item.
- D. Remaining dollars left for the contract line item.

Each request must be signed by the authorized signatory or project manager identified on the agreement.

Federal Section 5310/5311 Operating – Transit systems may request reimbursement for operating funds in an amount equal to no more than half of the operating deficit. The operating deficit is defined as the total operating cost minus passenger revenue. Include documentation of operating costs, passenger revenue, and deficit. A quarterly statistical report must be submitted for documentation. Additionally, for verification purposes, beginning with the quarter ending September 30, 2021, Iowa DOT will require a copy of the transit agency's profit and loss statement or general ledger showing the items which add up to the operating deficit requested for reimbursement to accompany the reimbursement request form.

Federal Capital Funds – Requests for capital funds, either under Sections 5310, 5311, ICAAP, or 5339 programs, must also include vendor invoices or copies of invoices. A summary of multiple invoices with

total dollars should be included in Section II of the Request for Payment form or attached as a separate document. A completed inventory sheet must also be included (see [Chapter 10](#)).

Capital funds are paid as a reimbursement of expenses. Transit agencies are expected to pay for services and products, then seek reimbursement of the federal or state percentage share shown on the project's joint participation agreement. However, when multiple new vehicles are involved or a large construction project is undertaken, transit agencies may not have the financial capability to pay a vendor then wait several weeks for Iowa DOT reimbursement. In these instances, the transit agency may request payment from the Iowa DOT prior to paying the vendor.

Advance Capital Payment Policy

Effective October 1, 2021

To request an advanced capital payment, when multiple new vehicles are involved or a large construction project is undertaken, the transit agency will submit a written request at least one-month prior to vehicle delivery to their transit system's TPA including the following information:

- Reason advance payment is requested;
- Contract and contract activity line item;
- Pre-invoice from vendor;
- Amount requested for advance payment; and
- Confirmation that funds will be paid to the vendor within three business days of disbursement from the Iowa DOT

The amount requested for advance payment on the ["Transit Request for Advance Payment"](#) reimbursement form (FORM 020118) must be the amount the transit system is paying to the vendor immediately, less 5% Iowa DOT withholding. Funds to be withheld from the vendor pending remedy of delivery defects must be requested separately when the system is ready to pay the vendor. The Iowa DOT is obligated to transfer the funds to the transit agency within three working days after receiving the money from the FTA. The transit agencies are also obligated to make payments for vehicles within three days after receiving the funds from the Iowa DOT. These dates are to be documented and tracked by the transit agency and the assigned TPA. To receive the 5% Iowa DOT withholding on advance payments, the transit agency shall provide the following documentation to the Iowa DOT: completed transit request for advance payment reimbursement form with amount Iowa DOT withholding released, verification the funds have been paid to the vendor within three business days, proof of payment, signed post-delivery audit certifications, vehicle purchase invoice(s), final assembly location, percentage of American Made Parts Identified, FMVSS compliance, and any additional invoices for make ready costs. Failure to follow-up with documentation may hinder future advance payment requests.

Whether paying the vehicle vendor prior to reimbursement from the Iowa DOT Public Transit Team or after receiving an advance payment, the vehicle vendor relies on timely payment from the transit agency in order to stay in good standing with their vehicle manufacturer. For this reason, the Iowa DOT Public Transit Team instituted the following *Vehicle Vendor Prompt Payment Policy*:

Vehicle Vendor Prompt Payment Policy

Vendors of public transit vehicles are charged interest by vehicle manufacturers if vehicles are not paid for in a timely manner, typically 30 days. These vendors are unable to pay the bus manufacturers until payment is received from the purchasing public transit agency. For these reasons, the Iowa DOT Public Transit Team institutes the following policy:

Public transit vehicle vendors must be paid by the public transit agency within 30 days of final acceptance¹ of the vehicle, or receipt of invoice and all required documentation from the vendor, whichever is later. For vehicles not paid for within 30 days, the vehicle vendor may charge up to 5-percent APR interest for each day² the payment is late. This 5-percent APR interest penalty is not a reimbursable cost on vehicle joint participation agreements through the Iowa DOT and will be considered a local expense.

This policy is applicable to vehicles funded through the Iowa DOT and/or vehicles purchased off Iowa DOT-conducted procurements.

This policy effective July 1, 2018.

¹Final acceptance of a vehicle indicates the vehicle has passed inspection by the transit agency following delivery, meeting specifications outlined in the procurement documents, and the vehicle is ready for installation of decals and other make-ready equipment. In the event the vehicle does not pass inspection but is put into revenue service by the transit agency regardless, the vehicle will be considered accepted and the 30 days will begin on the date the vehicle was put into revenue service. Delays due to installing aftermarket "make ready" options not purchased through the bus vendor will not justify a delay to the 30-day prompt payment requirement.

²Example interest penalty calculation:

$$((5\%/365) \times \text{Vehicle Price}) \times \text{Days overdue} = \text{Interest Penalty}$$

Example

$$5.0\%/365 = 0.00013699$$

$$0.00013699 \times \$85,000 \text{ vehicle price} = \$11.64 \text{ per day}$$

$$\$11.64 \text{ per day} \times 20 \text{ days late} = \$232.80$$

AMOCO Capital Match Loan – A transit agency must submit a request for payment to obtain the loan funds. Vendor invoices or copies of invoices must be attached to the requests. Request for the AMOCO loan funds can be requested at the same time as for the federal portion. However, documentation (vendor invoices) must be attached to each request.

Training Fellowships – All [reimbursement requests](#) for public transit training fellowships should be submitted within 60 days after the training. Documentation is required for fellowships under the State Transit Assistance (STA) program and the Rural Transit Assistance Program (RTAP). Supporting documentation as outlined in the application must be attached with the application. Reimbursement for mileage is \$0.39 per mile or current state rate. Reimbursement for fellowships is either 70% or 100% of

actual expenditures, depending on whether the transit system is large urban or small urban or regional, unless a higher percent is authorized by the director of PTT (see [Chapter 12](#)).

Planning Payment Requests – Each planning agency must submit a reimbursement request to the Iowa DOT, Systems Planning Bureau, for federal funds (RPA-5311 or 5313, MPO-5303) according to planning activities conducted during the previous quarter. Along with the reimbursement request invoice, a Quarterly Progress Report must be attached. The reimbursement for federal planning funds is 80% with a 20% local match.