

**Flexible Fleets Pilot Grant Program**  
**Summary of Revisions Based on Feedback Received and Federal Funding Guidelines**

Source	Feedback Received	Revisions
Working Groups/ Transportation Committee	Eligible projects should include existing services and services previously funded by SANDAG. If existing projects are made eligible, consider requiring proven success factors and a maximum of \$500,000 for existing projects to ensure more awards.	The FHWA's Surface Transportation Block Grant Program (STBG) funds are limited to new pilot programs or enhanced pilot programs only. Caltrans provided definitions of new pilots and enhanced pilots that were incorporated into the Call for Projects.
Caltrans/FHWA	STBG funds can only be used for new pilots and enhanced pilots. New pilots are services that are not currently operating or have not operated in the past. Enhanced pilots are the modification of a service that is currently operating or has operated in the past. The enhanced pilot must not have received prior USDOT funding. Modifications to established/existing pilot operations must improve the service and accommodate new growth.	Revisions were made to the Call for Projects under eligible project types.
Working Groups	Prioritize projects that provide services to transit deserts, rural areas, and military bases.	Revisions were made to Criteria No. 2 to clarify language. Providing access to the existing transit network and providing service in an area lacking transit will be scored equally. Revised criteria name.
Working Groups/ Transportation Committee	Refine Criteria No. 4 so that all populations have equal representation.	Language revisions were made to Criteria No. 4.
Working Groups	Require applicants to identify robust engagement plans and tactics.	Revisions were made to Criteria No. 3.
Working Groups	Remove non-federal match requirement.	The non-federal match requirement is still included, since SANDAG was required to provide a match to obligate the funding. The matching funds requirement could be removed at the direction of the Transportation Committee or Board of Directors since SANDAG has already met the matching requirement for the funding agencies.

Working Groups/ Transportation Committee	Support for funding planning studies.	Updated Call for Projects (Att. 1) and Criteria No. 6 to allow in-kind contributions to be an eligible match source. This includes time spent on planning the service.
Working Groups	General need for additional, long-term funding.	SANDAG's funding sources restrict the use of funds for operations to pilot services only. SANDAG is not eligible to receive funding for long-term operations projects. Pursuit of funding for sustaining operations of public transit, including flexible fleets projects, is included in SANDAG's Legislative Program.
U.S. Department of Transportation	Released an Interim Final Rule, effective October 3, 2025, that suspended the Disadvantaged Business Enterprise (DBE) Program.	Language and requirements regarding DBE were removed.
Working Groups/ Transportation Committee	Funding should be made available for a longer period of time beyond December 31, 2028.	Caltrans/FHWA will allow this funding to be used by December 31, 2029. The Grant Term was modified in the Call for Projects to include this extended date. Any future extension to this date would be subject to Caltrans/FHWA approval.
MTS	For-hire vehicle permits may be required for services that are provided within their service area.	Added language to the Call for Projects (Section 4.3.2).
Federal Regulations	The purchase of fixed assets (equipment with a useful life of more than one year and an acquisition cost of \$10,000 or more) is subject to significant SANDAG oversight, including conducting an annual physical inventory, verifying proper insurance coverage, ensuring maintenance procedures are followed, and managing disposition procedures. Disposition includes determining the fair market value of each asset, overseeing the retention or transfer of the equipment, and compensating the federal funding agency for the asset's fair market value.	SANDAG staff recommends that the purchase fixed assets be deemed ineligible under the grant program due to the high administrative burden to SANDAG and the likelihood that grantees would be required to reimburse Caltrans/FHWA for the federal share (80%) of the fair market value of each asset following the conclusion of the grant. This allows for the funding to be prioritized for project implementation rather than administrative costs associated with federal asset monitoring requirements.  Updated the eligible costs in the Call for Projects to include service operations only.