

Minnesota Attorney General: Administrative Rules Proceedings

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ADMIN 1000

STATE OF MINNESOTA

DEPARTMENT TRANSPORTATION - Commissioner

Room 411

Office Memorandum

TO : Warren R. Spannaus
Attorney General
Attention: Michael B. Miller,
Special Asst. Attorney General

DATE: November 14, 1977

FROM : Jim Harrington
Commissioner of Transporation

PHONE: 6-3000

SUBJECT: Rules for the Implementation of Public Transit Subsidy and Demonstration Grant Programs

Enclosed is the complete file for the Department of Transportation's rule proceeding in the matter of:

> Adopting Rules for the Implementation of Public Transit Subsidy and Demonstration Grant Programs.

In accordance with Minn. Stat. Sec. 15.0412, Subd. 5 as amended by the 1977 Legislature, the Department of Transportation hereby submits said file for review as to legality.

Your assistance is requested in obtaining a prompt review of these matters pursuant to the Act. The Department would be pleased to answer any questions you may have regarding the rules.

Jim Harrington

Jim Harrington
Commissioner

cc:

Sherri Y. Alston
Richard L. Brown
Dwight E. Bonin
File (2)

361

400

Attorney General

Frederick S. Suhler
Special Assistant
Attorney General
Department of Transportation

December 6, 1977

Michael B. Miller
Special Assistant
Attorney General

296-4692

Temporary Rules for the Implementation of Public Transit Subsidy and Demonstration Grant Programs

Fred,

Due to incorrect logging in of the above-captioned rules, I did not examine them within five working days of submission. Under Minn. Stat. § 15.0412, subd. 5, the rules are deemed approved since I did not approve or disapprove them within this time.

You may, however, wish to note the following problems with them:

1.4026 B.2.: typo in lines 4-5

1.4026 C.3.: "form and manner to be prescribed by the department" - this should be done by rule

1.4026 D.2., line 5: "may consider" is vague

1.4027 H.4.: how are these criteria applied in relation to each other?

1.4028 A.1.b. 1-10, A.2., A.4, A.7.: all these sections use the word "should", which is vague.

MBM/sr

Enclosures

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

In the matter of the adoption of Temporary Rules of the Department of Transportation Relating to Public Transit Subsidy and Demonstration Grant Programs.

ORDER ADOPTING EMERGENCY RULES

- -

MINNESOTA STATUTES 1976 as amended by Laws of Minnesota 1977, Chapter 454 requires the Commissioner of Transportation to establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the Commissioner pursuant to Minn. Stat. §§ 174.21 to 174.27 (1976) as amended. Laws of Minnesota 1977, Chapter 454, Sec. 25 allows the Commissioner of Transportation to promulgate emergency rules to implement the provisions of §§ 174.21 to 174.27 (as amended).

NOTICE having been given that the Commissioner solicited outside opinion, information and comments concerning the subject matter of the proposed rules on July 5, 1977 (1 S.R. 1875), and

NOTICE having been given that the Commissioner requested public comment relating to the proposed rules on October 24, 1977 (2 S.R. 892), and

After affording interested persons an opportunity to present written and oral data, statements and arguments, having considered all of the evidence adduced and upon the records, files and proceedings herein, and applicable statutory standards or criteria, and having confirmed the emergency need for the above captioned rules and the reasonableness thereof,

NOW, THEREFORE, IT IS ORDERED that these rules identified as "Implementation of Rules for the Public Transit Subsidy and Demonstration Grant Programs" are adopted this 14th day of November, 1977, pursuant to authority vested in me by Minn. Stat. Chs. 15, and 174, as amended; which rules shall become effective upon approval by the Attorney General of the State of Minnesota for a period not to exceed ninety (90) days, or for successive ninety day periods if authorized by me and permitted under the law.

STATE OF MINNESOTA
DEPARTMENT OF TRANSPORTATION

Jim Harrington
Commissioner of Transportation

Dated this 14th day of November, 1977

STATEMENT OF COMPLIANCE WITH

MANUAL OF RULE MAKING PROCEDURES

I, Special Assistant Attorney General Frederick S. Suhler Jr., do hereby declare that I have examined the proposed temporary emergency rules being 14 MCAR § 1.4025 "Implementation of Rules for the Public Transit Subsidy and Demonstration Grant Programs" and all related documents and that, based on them and my personal familiarity with the applicable procedures followed, that the provisions of law relating to their adoption have been complied with.



Frederick S. Suhler, Jr.
Special Assistant Attorney General

Dated this 14th day of November, 1977

DEPARTMENT OF TRANSPORTATION

Implementation of Rules for the Public Transit Subsidy

and Demonstration Grant Programs

§ 1.4025 GENERAL PROVISIONS

A. Authority. The Minnesota Department of Transportation is authorized to adopt rules necessary to carry out the Public Transit Subsidy Program, Paratransit Demonstration Program and the Regular Route Demonstration Program pursuant to Minn. Laws 1977, chapter 454, Sect. 18 to 25. This law amends Minn. Laws 1974, chapter 534, Sect. 4 and 5 and amends the rules that were adopted for that program. Minnesota Laws 1977, chapter 454, Section 25 gives the Commissioner of the Department the authority to establish emergency rules for section 18 to 24 of chapter 454.

B. Definitions. The following terms as used in these Rules shall have the following meanings:

1. "Act" means the Minnesota Public Transit Assistance, Paratransit Demo Program and Regular Route Demo Program per Minn. Laws 1977, chapter 454, Section 18 to 25.

2. "Department" means the Department of Transportation that has been directed to administer the Act.

3. "Demonstration assistance" means state financial assistance granted to an eligible recipient in accordance with the "Paratransit Service Demonstration Grant Program" and "Regular Route Demonstration Program."

4. "Public transit" or "transit" means general or specific transportation service provided to the public on a regular and continuing basis. "Public transit" or "transit" includes paratransit and regular route transit. For the purposes of these rules, this term does not include air or rail transit.

5. "Subsidy assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program.

6. "Operating deficit" means the amount by which the total operating expenses incurred in the operation of the public transit system exceeds the amount of operating revenue derived therefrom and the amount of any social fare reimbursement pursuant to Minn. Laws 1977, chapter 454, Sect. 21, Subd. 4. Any financial assistance received from any agency of the federal government for the operation of a public transit system shall be treated as revenue for the purposes of determining the operating deficit.

7. "Commuter van" has the meaning given it is Minn. Stat. Sec. 221.011 § 22 (1).

8. "Metropolitan council" means the council established by Minn. Stat. Sec. 473.123.

9. "Metropolitan transit commission" means the commission established by Minn. Stat. Sec. 473.404.

10. "Paratransit" means the transportation passengers by motor vehicle or other means of conveyance by persons operating on a regular and continuing basis and the transportation or delivery of packages in conjunction with an operation having the transportation of passengers as its primary and predominant purpose and activity, but excluding regular route transit. "Paratransit" includes transportation by car pool and commuter van, point deviation and route deviation services, shared-ride taxi service, dial-a-ride service, and other similar services.

11. "Regular route transit" means transportation of passengers for hire by a motor vehicle or other means of conveyance by any person operating on a regular and continuing basis as a common carrier on fixed routes and schedules. "Regular route transit" does not include transportation of children to or from school or of passengers between a common carrier terminal station and a hotel or motel, transportation by common carrier railroad or common carrier railroads or by taxi, transportation furnished by a person solely for his or its employees or customers, or paratransit.

C. Program applications. The Program application procedure shall consist of a preliminary and final application.

The preliminary application must be submitted to the appropriate Regional Development Commission for review and approval only for consistency with regional transportation plans and development guides prior to the department approving the application. Any Regional Development Commission that does not have an approved transportation plan may review and not approve. The Regional Development Commission must transmit its comments to the department within thirty days of the receipt of the application. No comments from the Regional Development Commission will constitute a positive comment from the RDC. The preliminary application must also be submitted to the local transit authority, commission or system for review and comment as to consistency with its approved transportation development program. That review must be submitted to the department within thirty days of receipt. After considering those comments the department within sixty days shall determine and notify the applicant of its eligibility to submit a final application.

The final application must also be submitted to the RDC and transit authority, commission or system for comment. The department will allow any Regional Department Commission or Transit System to withdraw their approval or comment for any final application that deviates significantly from the preliminary application. Those comments must be submitted to the department within 10 days of receipt.

D. Regulation of Use of Subsidy and Demonstration Assistance.

1. State audits. The financial records of the eligible recipient will be audited by the Department. A benchmark audit of the recipient's book shall be required at the beginning of the first contract period. Another audit shall be required at the end of the contract period to establish an approved total operating deficit. The Department shall conduct an interim audit of an approved total

operating system that is sold during the contract period as of the effective date of the ownership transfer. Other audits may be made by the Department. The eligible recipient will be required to conduct an audit of the participating public transit system financial records.

2. Record keeping. The eligible recipient and participating public transit system shall maintain accounting and other records as required by the Department. These records will be as a minimum expenses, revenues, patronage, miles and hours.

3. Project evaluation. The Department shall use the management plan as a basis for monitoring and evaluating the performance of the participating public transit system during the contract period. Public transit policy management decisions made and actions taken during the contract period shall conform with the management plan. Any proposed deviations from the management plan shall be reported to the Department for approval prior to implementation. Failure to secure approval will jeopardize continued subsidy or demonstration assistance.

4. Third-Party contracts. Private and public organizations may participate in projects by contract with the eligible recipient.

5. Penalties. When the eligible recipient fails to faithfully comply with the terms and conditions of the contract, the Department may terminate all or part of the subsidy or demonstration assistance awarded to the eligible recipient.

§ 1.4026 PUBLIC TRANSIT SUBSIDY PROGRAM

A. Purpose. The purpose of the Public Transit Subsidy Program is to supplement local effort in financing public transit systems in order to preserve and develop public transit and a balanced transportation system in the state.

B. Eligibility.

1. Eligible recipients. Any legislatively established public transit commission or authority, any county or statutory or home rule charter city providing financial assistance to or operating public transit, any private operator of regular route transit, or any combination thereof is eligible to receive financial assistance through the public transit subsidy program.

2. Eligible factors. A public transit system with a total operating deficit projected for the contract period shall be eligible for subsidy assistance. Deficits incurred prior to this period shall not be eligible for subsidy assistance. When a legislatively established public transit commission or authority is in existence, any application for the area under the jurisdiction of the Commissioner Authority must be submitted by that commission or authority, except any private operator of regular route transit in the metropolitan transit taxing district as defined in Minn. Stat. § 473.446 (2) may apply directly to the department.

C. Application for Subsidy Assistance.

1. General. The application for subsidy assistance shall be submitted in two stages: preliminary and final applications. The Department shall assist the applicant in the preparation of the application upon request. Subsidy assistance may not be used to pay any costs incurred by the applicant in the preparation, submission or processing of the preliminary application. The department may assist and allow the expenses incurred in the preparation of the final application to be included in the final application.

2. Preliminary application. The preliminary application shall be submitted to ascertain the probable eligibility of the applicant, including projected total operating deficit and projected availability of state and local financial assistance. For a particular public transit system, only one preliminary application shall be submitted on behalf of all units participating in the system. The preliminary application shall be in the form and manner prescribed by the Department and shall contain the information required by the Department, including the following:

a. The applicant's legal name;

b. The official name of the public transit system for which the supplemental assistance would be used;

c. The common carrier certificate number of public transit system prescribed by the Minnesota Public Service Commission; and

d. The amount of supplemental assistance requested;

e. A narrative describing the transit service.

3. Final application. The final application shall be submitted to determine the subsidy assistance to be granted and basic elements in the agreement. It shall be submitted by an applicant who has received notice that, based on its preliminary application, it is an eligible recipient. It shall be submitted to the Department in the form and manner prescribed by the Department and shall include the elements specified in § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the demonstration program § 1.4027, during the contract period, that project must be identified in the application.

D. Determination of subsidy assistance.

1. Total operating deficit. To determine the total operating deficit of a public transit system, the following shall apply:

a. Generally accepted accounting principles and practices shall be

applied;

b. Depreciation on capital equipment that was purchased with state or federal financial assistance shall be excluded in the computation of total operating expenses to the extent of the federal or state assistance;

c. While the total operating deficit shall be projected on the basis of the deficit incurred during a twelve (12) month period preceding the proposed contract period, subsidy assistance shall be awarded on the basis of the total projected deficit of the contract period;

d. A deficit incurred as the result of increased services shall be considered in determining eligibility;

e. An eligible recipient shall treat any financial assistance received from any agency of the federal government for the operation of a public transit system as revenue for the purposes of determining its total operating deficit.

2. Factors in subsidy assistance. The Department shall review the application and determine the amount of subsidy assistance, if any, that shall be given to the eligible recipient. The Department shall use the management plan as identified in § 1.4028 as a basis for allocation of subsidy assistance to an eligible recipient. In the allocation of subsidy assistance, the Department may consider population, transit ridership, relative need for public transit, new developments, prior local assistance, and other factors. Subsidy assistance shall not exceed two-thirds of the total operating deficit of the public transit system, as approved by the Department. The eligible recipient shall establish to the satisfaction of the Department that at least one-third of the total operating deficit will be available from local sources during the contract period. When more than one unit contributes assistance to the operation of the public transit system, the share contributed by each shall be specified. In the Minneapolis-St. Paul Metropolitan transit taxing district as defined in Minnesota laws section 473.446 Subdivision 2 private operators of transit

service that are eligible recipients may receive a grant for up to 100% of their operating deficit.

E. Contract.

1. Content. The subsidy assistance contract shall be based upon the final application. It shall specify the amount of subsidy assistance that shall be awarded to the eligible recipient and shall be effective for a period of no more than one (1) year. It shall include the assurance of the eligible recipient that it will provide the required local share. For a particular public transit system, only one contract shall be executed on behalf of all units participating in the system.

2. Disbursement schedule. The contract shall specify a monthly or quarterly disbursement schedule at the pleasure of the recipient. The disbursement will be based on the estimate in the final application and any payment will not be allowed to exceed the estimate. The actual disbursement will reimburse the recipient based on the actual experience of the monthly or quarterly reporting period. If the actual experience exceeds the estimated costs the Department will, upon application amend the contract to reflect the actual costs. The actual disbursements will consider the accumulated deficit.

A portion of the final payment of the transit subsidy shall be withheld pending a final audit of the public transit system's books by the Department at the termination of the contract. The final audit shall be used by the Department to determine whether the subsidy assistance exceeds two-thirds of the transit system's total operating deficit. When the supplemental assistance is more than two-thirds of the total operating deficit, the final payment shall be reduced accordingly. Any overpayment by the State shall be returned to the State Treasury at the request of the Department. When the operating deficit is greater than the estimate, a subsequent application may be submitted to amend the contract.

1.4027 PARATRANSIT SERVICE AND REGULAR ROUTE DEMONSTRATION GRANT PROGRAM

A. Paratransit purpose. The purpose of the Paratransit Service Demonstration Grant Program is to plan, promote, demonstrate, and evaluate the effectiveness, cost, and efficiency of paratransit as a means of accomplishing program objectives.

B. Paratransit Objectives. The primary objectives of the Paratransit Service Demonstration Grant Program are:

1. To provide transportation services which improve the accessibility and productivity of regular route transit;

2. To provide transportation services in those areas inefficiently or inadequately served by regular route transit;

3. To provide transportation services for persons who because of age or incapacity are unable to drive a private automobile or use existing modes of public transit.

4. To show how existing single occupant auto drivers can be diverted to paratransit or other public transportation modes.

5. To determine the most effective manner of providing paratransit services.

A potential demonstration project shall be designed to meet directly one or more of these program objectives.

C. Eligible recipients. Any public or private agency, entity, or person is eligible to receive financial assistance through the Paratransit Service Demonstration Program.

D. Regular Route Programs Purpose. The Regular Route Transit Demonstration Grant Program has two purposes:

1. To demonstrate new regular route transit services;

2. To demonstrate methods of improving the patronage and productivity of existing regular route transit services.

E. Regular Route Program Objectives. The primary objective of the Regular Route Transit Demonstration Grant Program is to demonstrate improvements in the accessibility, quality, economic performance, or patronage or regular route transit service by the following means:

1. Expansion of existing routes and addition of new routes in areas that previously have not been served or have been served inadequately by regular route transit;

2. Management and operations improvements without expanding existing routes or adding new routes.

A potential demonstration project shall be designed to meet program objectives by one of these two methods. Not less than 40 percent nor more than 60 percent of the total financial assistance available shall be granted to projects to demonstrate each method.

F. Eligible recipients. Any organization that qualifies under § 1.4025 Section B (1) who operates, intends to operate, or assists in the operation of regular route transit services is eligible to receive financial assistance through the regular route transit demonstration program.

G. Eligible Projects. An eligible project for Paratransit Service and Regular Route Demonstration Grants shall meet the following requirements:

a. It shall be designed to have potential for general applicability throughout the State;

b. It shall demonstrate the effect of improved public transit service; and

c. It shall meet one or more of the program objectives in Section B and E.

An application may include requests for funding predemonstrational planning as well as funding for an ongoing evaluation of the project.

H. Determination of Demonstration Assistance.

1. General. The application for demonstration assistance shall be submitted in two stages: preliminary and final applications. The Department shall assist the applicant in the preparation of application upon request. Demonstration assistance may not be used to pay any costs incurred by the applicant in the pre-

paration, submission or processing of the preliminary application. The Department may assist and allow the expenses incurred in the preparation of the final application to be included in the final application.

2. Preliminary application. The preliminary application shall be submitted to ascertain the probable eligibility of the applicant, including projected availability of state and local financial assistance. For a particular public transit system, only one preliminary application shall be submitted on behalf of all units participating in the system. It shall be in narrative form and shall contain the following:

a. Project objectives. A narrative describing the purpose of the proposed project shall include the manner in which it will meet one or more of the program objectives.

b. Project description. The following must be discussed:

(1) The content of the project;

(2) The time schedule proposed for completion of the project;

(3) The public transit service including identifying proposed service levels and daily hours of operation;

(4) The compatibility of the project with any existing transit service;

(5) The potential for continuation of the project beyond the demonstration phase;

(6) A project budget, by categories of expenditure, including sources and amounts of non-state funding;

(7) A description of the applicant's organization including the key personnel and their experience.

(8) Identification of the market to be served, including the proposed daily and weekly patronage.

The preliminary application shall be submitted to the Department and appropriate Regional Development Commission and transit systems as required in § 1.4025 Section C. The Department will assist in the planning of a system or the preparation of the applications if requested.

3. Final application. The final application shall be submitted to determine, the demonstration assistance to be granted and the basic elements of the agreement. It may be submitted only by an applicant who has received notice that, based on its preliminary application, it is an eligible recipient. It shall be submitted to the Department in the form and manner prescribed by the Department and shall include the elements specified in § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, § 1.4026, during the contract period, this should be briefly discussed in the application.

4. Application Evaluation. The primary criteria that shall be used by the Department to evaluate proposed demonstration projects are:

a. Potential for meeting one or more of the program objectives;

b. Potential in demonstrating specific concepts that are applicable in other areas of the State;

c. Degree of innovation incorporated;

d. Compatibility and coordination with existing regular route and paratransit systems;

e. Potential for integration with existing transit service;

f. Evidence of local government and public support;

g. Ability to continue a successful project beyond the demonstration phase; and

h. Efficiency in the use of energy resources to accomplish objectives.

5. Project funding. The applicant is expected to share in the cost of a demonstration project. Demonstration assistance normally will not exceed 90 percent of the cost of approved demonstration projects. The Department reserves the authority to fund up to 100% of a project that it feels is unique and needs to be demonstrated but lacks the necessary local financial support. When in the Department's judgement, a proposed demonstration project has potential national significance, the Department may require the eligible recipient to submit an application to the Federal Government, in addition to the State application. The project cost shall include the projected operating deficit as well as capital equipment needed for the demonstration. The projected operating deficit may include an amount not to exceed 10% of the total expenses for contingencies.

I. Contract

1. Content. The demonstration contract shall be based upon the final application. It shall specify the amount of the demonstration assistance that shall be awarded to the eligible recipient and shall be effective for at least one year. It shall include the assurance of the eligible recipient that it will provide the required local share and carry out the management plan. For a particular public transit system, one contract shall be executed on behalf of all units participating in the system.

2. Disbursement schedule. The contract shall specify a disbursement schedule either monthly or quarterly at the pleasure of the recipient. The disbursement will be based on the estimate in the final application and any payment will not be allowed to exceed the estimate. The actual disbursement will reimburse the recipient based on the actual experience of the monthly or quarterly reporting period. If the actual experience exceeds the estimated costs the Department will amend the contract to reflect the actual costs. The actual disbursements will consider the accumulated deficit.

A portion of the final payment of the demonstration assistance shall be withheld pending an audit of the transit system's books by the department at the termination of the contract. This final audit shall be used by the department to determine whether the demonstration assistance exceeds the approved limit of the transit system's total costs. When the demonstration assistance is more than the approved limit of the total cost, the final payment shall be reduced accordingly. Any overpayment by the State shall be returned to the State Treasury at the request of the department. When the total cost is greater than the estimate, the eligible recipient may submit a subsequent application to amend the contract.

§ 1.4028 FINAL APPLICATION FOR SUBSIDY AND DEMONSTRATION ASSISTANCE.

A. Final application. The final application for the subsidy program or for the demonstration program shall be on a form as prescribed by the department and shall contain the following:

1. Management plan. The basic component of the final application shall be a management plan that details all of the planned and anticipated events that will affect the public transit system's operating revenue and expenses during the contract period.

a. Purposes. The essential purposes of a management plan are:

(1) To document the maintenance or improvement of public transit services;

(2) To identify and implement policies and practices to increase the efficiency of public transit operations; and

(3) To insure that state assistance will be spent wisely;

b. Content. The final application shall include the following elements which may vary in detail with the size of the public transit system:

(1) Ownership. The ownership of the participating transit system during the contract period should be described.

(2) Levels of service. The levels of service provided by the participating public transit system during the contract period should be described.

(3) Fares. The fare structures anticipated during the contract period should be described.

(4) Marketing. A proposed marketing program should be described in general terms, including the costs benefits of the major elements. Elements of a marketing program may include:

(aa) Market Research;

(bb) Public information;

(cc) Promotion;

(dd) Advertising;

(ee) Community relations; and

(ff) Employee relations.

(5) Capital improvements. Any actual or anticipated capital improvements in the participating public transit system during the contract period should be described. Capital improvements include, but are not limited to: buses, fare-boxes, communications equipment, storage and maintenance facilities and equipment, passenger shelters, and bus-stop signs.

(6) Non-capital improvements. Any anticipated non-capital improvements proposed in the participating public transit service area during the contract period should be described. Non-capital improvements include, but are not limited to:

(a) Staggering work hours;

(b) Regulating supply and prices of off-street parding; and

(c) Increasing daytime parking rates on workdays.

(7) Revenue contracts. Revenue producing contracts relating to the public transit services provided by or for the eligible recipient should be described. A copy of the contract will be required as part of the final application.

The following types of contracts should be discussed:

(aa) Contracts with private and public schools, colleges and universities;

(bb) Contracts with private and public organizations that guarantee a minimum revenue on regular or special route(s);

(cc) Contracts with private and public organizations that purchase rides for employees or patrons; and

(dd) Advertising contracts.

(8) Traffic improvements. Any traffic improvements made in the public transit service area during the contract period that will affect directly the speed and reliability of transit services should be described. Examples of traffic improvements include:

(aa) Use of exclusive or preferential streets, bus lanes, or expressway ramps;

(bb) Control of traffic lights by buses;

(cc) Provision of fringe parking spaces with express or improved bus services;

(dd) Provision of bus turnouts; and

(ee) Priority snow-plowing of transit routes.

The discussion of each type of traffic improvement should include the following:

(aa) The date the traffic improvement is expected to be made; and

(bb) The expected impact of the traffic improvement upon

estimated public operating revenues and expenses.

(9) Expense contracts. Any contracts for services and goods relating to the public transit services provided by or for the eligible recipient and others should be described.

The types of contracts to be discussed include:

(aa) Contracts for management and consulting services;

(bb) Contracts for storage and maintenance of buses;

(cc) Contracts for the lease or purchase of tires and tubes;

(dd) Contracts for fuel and lubricants;

(ee) Contracts for liability and property insurance; and

(ff) Contracts, union and non-union, with transit system employees.

A copy of each contract will be required as part of the final application.

(10) Preventive maintenance. The participating public transit system's planned preventive maintenance program for the contract period should be described. Elements of a preventive maintenance program typically include:

(aa) Defect reporting by drivers;

(bb) Daily fueling inspection;

(cc) Mileage inspection; and

(dd) Inventory controls.

2. Organization. The local institutional or organizational structures established to carry out the management plan should be described, including a description of the technical policy and decision-making organizations responsible for directing, controlling, reviewing, and implementing the management plan. The relationships between these various organizations should be illustrated in a simple diagram

following narrative. In addition, the following questions should be answered:

(a) Who is directly responsible for the day-to-day management and operation of the transit system?

(b) Who is directly responsible for negotiating wage contracts with the employees of the transit system?

(c) Where more than one local unit of government participates in the program, who represents the applicant public body in negotiations with surrounding communities? Who represents the surrounding communities?

(d) Who will represent the applicant public body in negotiating an assistance contract with the State, and how shall a contract be ratified by the applicant public body?

(e) Who is responsible for filing reports for the transit system with the Minnesota Public Service Commission?

3. Financial conditions. Financial data shall be reported in the form and manner prescribed by the Department. The accrual accounting method shall be used to report financial data unless the Department approves the use of a different method.

a. For the transit subsidy program, this financial data shall contain the audited figures for a twelve (12) month period preceding the contract period and estimated figures for the contract period.

b. For the demonstration programs, the financial data shall contain estimated figures. When the demonstration project is associated with an existing public transit system, the financial data shall include the audited figures for a twelve (12) month period preceding the contract period.

4. Financial statement. A detailed breakdown of operating expenses shall be required. The projection of revenues and expenses should reflect the policies and practices outlined in the management plan.

5. Operating statistics. The actual and anticipated operational characteristics of the public transit system in a twelve (12) month period preceding the contract period and the contract period shall be described. This discussion shall include the revenue passengers, including monthly ridership, total miles; revenue hours; and other information required by the Department.

6. Sources of local funds. The sources and type of revenue that the eligible recipient and each participating unit will use to match the supplemental or demonstration assistance shall be identified.

7. Fuel supplies. Existing and potential problems that the public transit system faces in obtaining adequate fuel supplies during the contract period should be identified, including the status of contracts with fuel suppliers, the prospects for securing contracts for the contract period, the time between deliveries under normal and anticipated conditions, and any other pertinent facts.