

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Attorney General

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July 14, 1978

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296-1288

In the Matter of the Proposed Adoption of Rules of the Department of Transportation Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs

As we discussed, the above-captioned rules have been returned herewith. Portions have not been approved by this office for form and legality for the following reasons:

1. Repetition of Statutory Language: Minn. Stat. § 15.0412, Subd. 1 (1977 Supplement) requires a finding of "cruciality" to permit duplication of statutory language. The Hearing Examiner's Report contains no such finding. Conclusion Number 4 of the Hearing Examiner's Report appears to address this issue but does so inadequately. This flaw in the record affects at least the following rules: 1.4026(B)(1) and 1.4027(A), (B), and (C).

2. Incorporation By Reference: Minn. Stat. § 15.0412, Subd. 4 (1977 Supplement) requires a finding by the Chief Hearing Examiner authorizing any incorporation by reference in rules. 1.4026(D)(1)(a) contains an incorporation by reference without such a finding.

3. Incorrect Citation: 1.4025(B)(5) appears to have an incorrect citation. "Laws of 1977, Chap. 174, § 21, Subd. 4," is an improper citation.

4. Failure to Establish Complete, Statutorily Required Standards: Minn. Stat. § 174.23, Subd. 2 (1977 Supplement) provides: "The commissioner shall establish by rule the procedures and standards for review and approval of applications for financial assistance..." (Emphasis added.) 1.4025(C) permits the agency to accept or reject preliminary applications. Yet the rule fails to establish any standard upon which such a judgment shall be made. Since approval of preliminary applications is a condition precedent to eligibility for final application and funding, such standards must be established by rule.

   Secondly, 1.4026(D)(2) establishes "other factors" as a standard which the Department shall consider in allocating funds. Such a standard is improper as vague and permitting the agency unbridled discretion.

Finally, the rules relating to the approval of demonstration grant application never says what standards govern award. 1.4027(G)(4) most closely approaches this type of rule. Yet it is flawed in two ways and must be rejected. First, the rule never says that these standards govern award. Secondly, the qualifying word "primary" implies that other criteria may be considered. Minn. Stat. § 174.23, Subd. 2, read in conjunction with the definition of "rule" in Minn. Stat. § 15.0411, Subd. 3, clearly requires that all criteria be promulgated.

5. "Should": The use of the word "should" in 1.4028(A)(4) leaves unclear whether the requirement is mandatory or discretionary. Secondly, since 1.4028 appears to contain no Subdivision "B", you may wish to renumber and reletter the provisions accordingly.

6. 1.4028(A)(5): The word "relevant" must be added between "other" and "information".

Other matters which the agency may wish to consider but which do not require change as relates to this office's review for form and legality are as follows:

1. Reference to specific editions of Minnesota Statutes by year may limit the durability of your rules. For example, definitions in 1.4025(B)(6-8) may become confused if the legislature amended any provisions cited therein. Similar problems could arise for 1.4025(B) (2) and (4).

2. Confusion exists in my mind as to the accuracy of the word "available" as used in 1.4027(D)(2). "Needed" seems the more accurate word.

Finally, the agency, after consideration of the previous matters and appropriate actions may resubmit these rules for approval. At that time, the agency must submit three complete copies of the rules as adopted, documents which were absent from the first submittal. The agency must also resubmit an original of the Order Adopting Rules.

I have retained a copy of the matters in this matter. If you have any questions, do not hesitate to call me.

LES:mb

Enclosure

cc: Duane Harves

- 440

Attorney General

Frederick G. Sublar, Jr.
Special Assistant
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July 14, 1978

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LES:mb

Enclosure

cc: Duane Harves

440 Dept of TRANSPORTATION

Call to Agency 7/13

RULES REVIEW CHECKLIST

DATE RULES RECEIVED 6/22 Temporary Rule _____

Resubmitted and Received 10/3

DUE DATE 7/12 / 10/12

a. Returned to Agency w/o filing w/Secy of State _____
b. Approved 10/10 Date Sent Back to Agency _____

- -

1. Rules as Adopted _____
2. Rules as Proposed ✓
3. Certificate of Board's Authorizing Resolution, where applicable N.A.
4. Order for Hearing ✓
5. Notice of Hearing ✓
   (i) Sufficiency ✓
6. Secretary of State's List ✓
7. Certificate of Acquisition of Secretary of State's List ✓
8. Affidavit of Mailing ✓
   (i) At least 30 days prior to hearing ✓
9. Statement of Need and Evidence ✓
10. Hearing Examiner's Report ✓
11. Agency's Findings of Fact ✓
12. Certificate of Board's Resolution Adopting Rules, where applicable N.A.
13. Order Adopting ✓
14. Report of Chief Hearing Examiner ✓
    (i) Finding of No Substantial Change ✓
    (ii) Permission to Incorporate by Reference, where applicable N.A.
15. Certificate of Compliance with Rulemaking Procedures ✓
16. Copy of Notice of Intent to Solicit Outside Opinion, where applicable N.A.
17. Petition by Public, where applicable N.A.

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

In the Matter of the Proposed Adoption of Rules of the Department of Transportation Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs.	ORDER AND NOTICE OF RULE ADOPTION

- -

The above-entitled matter came on for hearing before Natalie Gaull, duly appointed Hearing Examiner, on April 19, 1978, at 9:30 A.M. in Room 81, State Office Building, Saint Paul, Minnesota, after proper notice required by Minn. Stat. § 15.0412 (1977 Supplement) was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

STATEMENT ON RULE CORRECTION

The rules were submitted to the Attorney General pursuant to Attny Gen 302 for review as to legality on the 22nd day of June, 1978, and returned to the Department of Transportation on the 14th day of July. Questions as to form and legality were raised by him dealing with:

1) Repetition of Statutory Language,
2) Incorporation by Reference,
3) Incorrect Citation,
4) Failure to Establish Complete, Statutory required Standards.

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Adoption of Rules of the)
Department of Transportation)
Governing the Implementation)
of Public Transit Subsidy)
and Demonstration Grant)
Programs.)

Upon the advice of the Attorney General the cited matters were corrected where mandatory or discretionary, with the exception that certain statutory language continues to be repeated within the rules (infra.).

FINDING OF CRUCIALITY

An important goal in drafting these rules was to achieve clarity in the presentation of its ideas. During the drafting process it became evident that if several concepts were to be presented in a succinct manner, it would be necessary to choose among three alternatives:

1) Provide citations to certain sections in statute to incorporate substantive provisions - which is the accepted procedure - or,
2) Paraphrase needed sections, or,
3) Incorporate, verbatim, currently standing substantive language as it appears in statute.

It was decided that multiple statutory references could be burdensome for the reader and could lead to error. It was also felt that paraphrased language could produce unwanted ambiguity in the rules. Therefore, where necessary and in order to avoid ambiguity and to precisely and explicitly convey needed subject matter, the following sections of

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Governing the Implementation)
of Public Transit Subsidy)
and Demonstration Grant)
Programs.)

Minnesota Statutes have been quoted in whole or in part. I find that said quotations are crucial to the formulation and promulgation of these rules.

Rule	Statute (1977 Supp.)
14 MCAR § 1.4025	Minn. Stat. §
B.3.	174.22, Subd. 7.
B.5. (2nd Sentence.)	174.24, Subd. 3. (2nd Sentence, (in Part.)
B.6.	174.22, Subd. 2
B.9.	174.22, Subd. 6 (in Part.)
B.10.	174.22, Subd. 8.
C.	174.23, Subd. 2. (Last Sentence.)
14 MCAR § 1.4026	Minn. Stat. §
B.1.	174.24, Subd. 2.
D.1.f.	174.24, Subd. 3. (2nd Sentence, in part.)
D.2.	174.24, Subd. 3. (4th Sentence, in Part.)
14 MCAR § 1.4027	Minn. Stat. §
A.	174.25, Subd. 1.
B.1.	174.25, Subd. 1, (b).
B.2.	174.25, Subd. 1, (a).
B.3.	174.25, Subd. 1, (c).
C.	174.25, Subd. 2.
E.	174.26, Subd. 2. (in Part.)

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, and

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applicable statutory standards or criteria, and having confirmed the need for the above captioned rules and reasonableness thereof.

Now, therefore it is ordered that these rules identified as Public Transit Subsidy and Demonstration Grant Programs are adopted this 29th day of September 1978, pursuant to the authority vested in me by Minn. Stat. § 174.23, Subd. 1 (1977 Supplement); which rules were published at State Register, Vol. 2, p. 1761, March 20, 1978 (2 SR. 1761) and are identical to their proposed form, except for the following changes. My earlier order dated 13 June 1978 is hereby vacated.

/s/ Jim Harrington

Jim Harrington
Commissioner of Transportation

Subscribed and sworn to before me
this 29th day of September, 1978.

Agnes I. Litfin

Notary Public

AGNES I. LITFIN
Notary Public, Ramsey Co., Minn.
My Commission Expires
November 21, 1980

DEPARTMENT OF TRANSPORTATION

ADOPTED RULES GOVERNING THE IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS

The rules proposed and published at State Register, Volume 2, Number 37, pp. 1762-1769, March 20, 1978, (2 S.R. 1762) are adopted and are identical to their proposed form with the following amendments:

14 MCAR § 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 Minnesota Statutes 1977, chapter 174 (1977 Supplement) and Minnesota Statutes 1976, Section 15.0412 ~~(1976)~~ as amended.

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

1. "Department" means the Department of Transportation.

2. "Demonstration assistance" means state financial assistance granted to an eligible recipient in accordance with the Paratransit Service Demonstration Grant Program or Regular Route Demonstration Program established pursuant to Minnesota Statutes sections ~~174,-§-§-22-and-23~~ 174.25 and 174.26 (1977 Supplement).

3. "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.

4. "Subsidy assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program established pursuant to Minnesota Statutes, section ~~174.21~~ 174.24 (1977 Supplement).

5. "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 ~~Laws of 1977, ch. 172, & 21~~ Minnesota Statutes section 174.21, subd. 4 (1977 Supplement). Financial assistance received from the federal government for the operation of a public transit system shall be treated as revenue for the purpose of determining the operating deficit.

6. "Commuter van" has the meaning given it in Minnesota Statutes 1976, Section 221.011.

~~7. "Metropolitan Council" means the council established by Minn. Stat. § 473.123 (1976).~~

7. "Development Region" has the meaning given to it by Minnesota Statutes, section 462.384.

~~8. Metropolitan transit commission means the commission established by Minn. Stat. § 473.404 (1976).~~

~~9.~~ 8. "Paratransit" means the transportation of passengers by motor vehicle or other means of conveyance by persons operating on a regular and continuing basis and 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.

~~10.~~ 9. 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. (See 14 MCAR sections 1.4026, 1.4027 and 1.4028 for other rules relating to final application.)

The preliminary application must be submitted to the Department and appropriate Regional Development Commission for review and approval for consistency with regional transportation plans and

development guides prior to the department approving the application. The RDC as part of their review will insure that existing public or private transit service in the proposed service area has the opportunity to comment on the proposed project. The RDC in their review will indicate this has been accomplished. Any Regional Development Commission that has not adopted a transportation plan may review but may not approve or disapprove an application. The Regional Development Commission must transmit its comments to the department within ~~thirty~~ forty-five days of the receipt of the application. 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 and RDC within thirty days of receipt. No comment from the RDC, local transit authority, commission or system will constitute a positive comment from such commission, authority or system. After considering those comments and within sixty days of receipt of preliminary application, the department 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 Development 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~~ 15 days of receipt. The Department will act upon the final application within 20 days of receipt.

Approval of applications shall be based on criteria in 14 MCAR sections 1.4026, 1.4027 and 1.4028.

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 books shall be required at the beginning of the first contract period and prior to contract execution and fund encumbrance. 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 permit audit verification of all transit cost allocations claimed during the contract period.

3. Project evaluation. The Department shall use the management plan required pursuant to 14 MCAR § 1.4028 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 deviation 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. Mn/DOT concurrence is required for the third party contract.

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 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. Eligibility 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 commission or authority ~~is in existence, any application for the area under the jurisdiction of the commission or 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, subd. 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 final application upon request. Subsidy assistance may not be used to pay any costs incurred by the applicant in the preparation, submission or processing of applications.

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 appplication 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 subsidy assistance would be used;

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

d. The amount of subsidy assistance requested;

e. A narrative describing the transit service; and

f. A description of the transit costs allocation method.

g. The preliminary application shall be submitted to the Department and appropriate RDC as required in 14 MCAR § 1.4025C.

A preliminary application that contains all of the above information will be approved for submittal of a final application.

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 and appropriate RDC and include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance

under the demonstration program 14 MCAR § 1.4027, during the contract period, that project must be identified in the application.

D. Determination of subsidy assistance.

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

~~a. Transit costs as described in the Urban Mass Transit Administration's external manual;~~

~~b.~~ a. Generally accepted accounting principles and practices;

~~c.~~ 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;

~~d.~~ c. Subsidy assistance shall be considered on the basis of the total project deficit for the proposed contract period;

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

~~f.~~ e. An eligible recipient shall treat 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 required pursuant to 14 MCAR § 1.4028 as a basis for allocation of subsidy assistance to an eligible recipient. In the allocation of subsidy assistance, the Department shall consider population, transit ridership, relative need for public transit, new developments, and 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 Minn. Stat. § 473.446, subd. 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. Disbursements will reimburse the recipient based on the claimed operating deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate in the final application. At the end of seven months if it appears that the existing contract limit shall be insufficient the department will, upon application, amend the contract.

As agreed to in the contract, 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 verify the transit costs claimed during the contract period. 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.

§ 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; and

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 program objective. The ~~primary~~ objective of the Regular Route Transit Demonstration Grant Program is to demonstrate improvements in the accessibility, quality, economic performance, or patronage of 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.

E. Eligible recipients. Any organization that qualifies under 14 MCAR § 1.4026 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.

F. Eligible projects. An eligible project for Paratransit Service and Regular Route Demonstration Grant programs shall meet the following requirements:

1. It shall be designed to have potential for general applicability in other areas of the State;

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

3. It shall meet one or more of the program objectives in 14 MCAR § 1.4027 B. ~~and~~ or D.

An application should include a request for funding an ongoing evaluation of the project.

G. 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 preparation, submission or processing of the applications.

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 expenditures, 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;

(9) Transit cost allocation procedures.

A preliminary application that contains all of the above information will be approved for submittal of a final application.

The preliminary application shall be submitted to the Department and appropriate Regional Development Commission and transit systems as required in 14 MCAR § 1.4025 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 and appropriate RDC in the form and manner prescribed by the Department and shall include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, 14 MCAR § 1.4026, during the contract period, this shall be briefly discussed in the application.

4. Application evaluation. The criteria that shall be used by the Department to evaluate and approve 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;

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

i. Cost effectiveness of the project.

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 judgment, 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.

H. 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 not exceed 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. Disbursements will reimburse the

recipient based on the claimed deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate.

As agreed to in the contract 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 verify the transit costs claimed during the contract period. 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.

§ 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 a form as prescibed by the department and shall contain the following:

~~1.~~ A. 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.~~ 1. Purposes. The essential purposes of a management plan are:

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

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

~~(3)~~ c. To insure that state assistance will be spent wisely.

~~b.~~ 2. Content. The final application shall include the following elements which may vary in detail with the size of the public transit system:

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

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

~~(3)~~ c. Fares. The fare structures anticipated during the contract period shall be described.

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

~~(a)~~ (1) Market research;

~~(b)~~ (2) Public information;

~~(c)~~ (3) Promotion;

~~(d)~~ (4) Advertising;

~~(e)~~ (5) Community relations; and

~~(f)~~ (6) Employee relations.

~~(5)~~ e. Capital improvements. Any actual or anticipated capital improvements in the participating public transit system during the contract period shall 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)~~ f. Non-capital improvements. Any anticipated non-capital improvements proposed in the participating public transit service area during the contract period shall be described. Non-capital improvements include, but are not limited to:

~~(a)~~ (1) Staggering work hours;

~~(b)~~ (2) Regulating supply and prices of off-street parking; and

~~(c)~~ (3) Increasing daytime parking rates on workdays.

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

The following types of contracts shall be discussed:

{a} (1) Contracts with private and public schools, colleges and universities;

{b} (2) Contracts with private and public organizations that guarantee a minimum revenue on regular or special route(s);

{c} (3) Contracts with private and public organizations that purchase rides for employees or patrons; and

{d} (4) Advertising contracts.

{8} h. 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 shall be

described. Examples of traffic improvements include:

~~(a)~~ (1) Use of exclusive or preferential streets, bus lanes, or expressway ramps;

~~(b)~~ (2) Control of traffic lights by buses;

~~(c)~~ (3) Provision of fringe parking spaces with express or improved bus service;

~~(d)~~ (4) Provision of bus turnouts; and

~~(e)~~ (5) Priority snow-plowing of transit routes.

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

~~(a)~~ (1) The date the traffic improvement is expected to be made; and

~~(b)~~ (2) The expected impact of the traffic improvement upon estimated public operating revenues and expenses.

~~(a)~~ i. Expenses contracts. Any contracts for services and goods relating to the public transit services provided by or for the eligible recipient and others shall be described.

The types of contracts to be discussed include:

~~(a)~~ (1) Contracts for management and consulting services;

~~(b)~~ (2) Contracts for storage and maintenance of buses;

~~(c)~~ (3) Contracts for the lease or purchase of tires and tubes;

~~(d)~~ (4) Contracts for fuel and lubricants;

~~(e)~~ (5) Contracts for liability and property insurance;

~~(f)~~ (6) Contracts, union and non-union, with transit system employees.

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

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

~~(a)~~ (1) Defect reporting by drivers;

~~(b)~~ (2) Daily fueling inspection;

~~(c)~~ (3) Mileage inspection; and

~~(d)~~ (4) Inventory controls.

2. B. Organization. The local institutional or organizational structures established to carry out the management plan shall 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 shall be illustrated in a simple diagram following the narrative. In addition, the following questions shall be answered:

a. 1. Who is directly responsible for the day-to-day management and operation of the transit system?

b. 2. Who is directly responsible for negotiating wage contracts with the employees of the transit system?

c. 3. 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. 4. 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. 5. Who is responsible for filing reports for the transit system with the Minnesota Public Service Commission?

3. C. Financial conditions. Financial data shall be reported in the form and manner prescribed by the Department. The cash accounting method shall be used to report financial data unless otherwise authorized by the department.

a. 1. 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. 2. For the demonstration program, 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. D. 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. E. Operating statistics. The actual and anticipated operational characteristics of the public transit system in a twelve (12) month period preceding the contract period and/or the contract period shall be described. This discussion shall include revenue passengers, monthly ridership, total operating miles,

revenue hours, and other relevant information required by the Department.

~~6.~~ F. 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.~~ G. Fuel supplies. Existing and potential problems that the public transit system faces in obtaining adequate fuel supplies during the contract period shall 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.

The existing rules dated August 23, 1974 under Laws 1974, ch. 534 are rescinded.

APPROVED AS TO FORM AND LEGALITY
OCT 10 1978 19
WARREN SPANNAUS, ATTORNEY GENERAL
BY
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
OCT 10 1978
Joan Anderson Growe
Secretary of State

STATE OF MINNESOTA

DOT-78-030-NG

DEPARTMENT OF TRANSPORTATION

AFFIDAVIT OF SERVICE

Kenneth H. Bjork, being first duly sworn, deposes and says that on the 22nd day of June, 1978, at the City of St. Paul, County of Ramsey State of Minnesota, he served the attached ADOPTED RULES Regarding Public Transit Subsidy and Demonstration Grant Programs, the complete hearing record, findings and order of the Chief Hearing Examiner on the Attorney General, as required by his rules.

Dated this 22nd day of June, 1978.

Kenneth H. Bjork

Subscribed and sworn to before me on this 22nd day of June, 1978.

Notary Public

ELIZABETH L. PETERSON
NOTARY PUBLIC - MINNESOTA
RAMSEY COUNTY
My Commission Expires Feb 19, 1981

STATEMENT OF COMPLIANCE WITH

MANUAL OF RULE MAKING PROCEDURES

I, Special Assistant Attorney General Frederick S. Suhler, Jr., do hereby declare I have examined the Proposed Rules, Order of Hearing and Notice of Hearing and related documents and that, based on them, and my personal familiarity with the applicable procedures followed, that the provisions of law have been complied with.

Frederick S. Suhler, Jr.

Special Assistant Attorney General

Dated this 21st of JUNE, 1978

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS
ROOM 300 – 1745 UNIVERSITY AVENUE
ST. PAUL, MINNESOTA 55104
(612) 296-6910

June 15, 1978

Mr. Kenneth H. Bjork
Department of Transportation
B 20 Transportation Building
St. Paul, Minnesota 55155

Re: In the Matter of the Proposed Adoption of the Rules of the Department of Transportation Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs. DOT-78-030-NG

Dear Mr. Bjork:

Enclosed please find the entire record which you submitted to us for review on the issue of substantial change together with the Report of the Chief Hearing Examiner, pursuant to Minn. Stat. § 15.052, Subd. 3.

Yours very truly,

DUANE R. HARVES
Chief Hearing Examiner

DRH:sh
Enc.

DOT-78-030-NG

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS

FOR THE DEPARTMENT OF TRANSPORTATION

IN THE MATTER OF THE PROPOSED)
ADOPTION OF THE RULES OF THE)
DEPARTMENT OF TRANSPORTATION)
GOVERNING THE IMPLEMENTATION)
OF PUBLIC TRANSIT SUBSIDY AND)
DEMONSTRATION GRANT PROGRAMS.)

REPORT OF THE
CHIEF HEARING EXAMINER

WHEREAS, a hearing was held on April 19, 1978, before Natalie L. Gaull, a Hearing Examiner of the State Office of Hearing Examiners, on the above-entitled matter in compliance with Minn. Stat. § 15.0412, Subd. 4; and

WHEREAS, the Report of Hearing Examiner made pursuant to Minn. Stat. § 15.052, Subd. 3, was issued to the Department of Transportation on May 24, 1978; and

WHEREAS, the Department of Transportation has now determined to adopt rules pursuant to Minn. Stat. § 15.0412, Subd. 4; and

WHEREAS, the Department of Transportation has submitted said rules to the Chief Hearing Examiner for review pursuant to Minn. Stat. § 15.052, Subd. 4, and Rule HE 107; and

WHEREAS, the Chief Hearing Examiner finds that the final proposed rules are not substantially different from those proposed at the public hearing and that the Department of Transportation has met all requirements of Minn. Stat. § 15.0412, Subd. 4.

NOW, THEREFORE, upon receipt of this Report, the Department of Transportation has the responsibility of submitting the complete hearing record and the rules as adopted by the Department to the Attorney General and to publish in the State Register, all pursuant to Minn. Stat. § 15.0412, Subd. 4.

Dated this 15th day
of June, 1978.

Duane R. Harves

DUANE R. HARVES
Chief Hearing Examiner

DEPARTMENT OF TRANSPORTATION

COMMISSIONER OF TRANSPORTATION

In the matter of the proposed adoption of rules of the Department of Transportation governing the implementation of public transit subsidy and demonstration grant programs.

ORDER AND

NOTICE OF RULE ADOPTION

The above-entitled matter came on for hearing before Natalie Gaull duly appointed Hearing Examiner, on April 19, 1978, at 9:30 a.m. in Room 81, State Office Building, St. Paul, Minnesota, after proper notice required by M.S. 1977, Section 15.0412 (1977 Supplement) was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, 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 need for the above captioned rules and reasonableness thereof.

Now, therefore it is ordered that these rules identified as Public Transit Subsidy and Demonstration Grant Programs are adopted this 13th day of June, 1978, pursuant to the authority vested in me by Minn. Stat. § 174.23, subd. 1 (1977 Supplement); which rules were published at State Register Vol. 2, p. 1761, March 20, 1978 (2 S.R. 1761) and are identical to their proposed form, except for the following changes:

14 MCAR § 1.4025

B2. "Demonstration Assistance" means state financial assistance granted to an eligible recipient in accordance with the Paratransit Service Demonstration Grant Program or Regular Route Demonstration Program established pursuant to Minnesota Statutes 1977, ~~chapter 174, sections 22 and 23~~ sections 174.25 and 174.26 (1977 Supplement).

B4. "Subsidy Assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program established pursuant to Minnesota Statutes 1977, ~~chapter 174, section 21~~, section 174.24 (1977 Supplement).

B7. ~~"Metropolitan Council" means the Council established Statutes 1976, section 473.404.~~ "Development Region" has the meaning given it in Minnesota Statutes 1976, section 462.384.

B8. ~~"Metropolitan Transit Commission" means the Commission established by Minnesota Statutes 1976, section 473.404.~~

B9 8. "Paratransit" means the transportation of passengers by motor vehicle or other means of conveyance of persons operating on a regular and continuing basis and 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.

B10 9. "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 common carrier terminal station and a hotel or motel, transportation by 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. (See 14 MCAR § 1.4026, 1.4027, and 1.4028 for other rules relating to final applications.)

The preliminary application must be submitted to the appropriate Regional Development Commission for review and approval for consistency with regional transportation plans and development

guides prior to the department approving the application. The RDC as part of their review will insure that existing public or private transit service in the proposed service area has the opportunity to comment on the proposed project. The RDC in their review will indicate this has been accomplished. Any Regional Development Commission that has not adopted a transportation plan may review but may not approve or disapprove an application. The Regional Development Commission must transmit its comments to the department within ~~thirty~~ forty-five days of the receipt of the application. 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 and RDC within thirty days of receipt. No comment from the RDC, local transit authority, commission or system will constitute a positive comment from such commission, authority or system. After considering those comments and within sixty days of receipt of preliminary application, the department 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 Development 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~~ 15 days of receipt. The department will act upon the final application within 20 days of receipt.

14 MCAR § 1.4026 Public transit subsidy program

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 final application upon request. Subsidy assistance may not be used to pay any costs incurred by the applicant in the preparation, submission or processing of applications.

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 subsidy assistance would be used;

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

d. The amount of subsidy assistance requested;

e. A narrative describing the transit service;

f. A description of the transit costs allocation method; and

g. The preliminary application shall be submitted to the Department and appropriate RDC as required in 14 MCAR section § 1.4025 C.

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 and appropriate RDC and include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the demonstration program 14 MCAR § 1.4027, during the contract period, that project must be identified in the application.

14 MCAR § 1.4027 Paratransit service and regular route demonstration grant program.

F. Eligible projects. An eligible project for Paratransit Service and Regular Route Demonstration Grant programs shall meet the following requirements:

1. It shall be designed to have potential for general applicability in other areas of the State;

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

3. It shall meet one or more of the program objectives in 14 MCAR § 1.4027 B. and or D.

An application should include a request for funding an ongoing evaluation of the project.

G. Determination of demonstration assistance.

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 and appropriate RDC in the form and manner prescribed by the department and shall include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, 14 MCAR § 1.4026, during the contract period, this shall be briefly discussed in the application.

Jim Harrington

Jim Harrington
Commissioner of Transportation

Dated June 13, 1978

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

In the matter of the proposed adoption of rules of the Department of Transportation governing the implementation of public transit subsidy and demonstration grant programs.

ORDER ADOPTING REPORT OF HEARING EXAMINER

The Report of hearing Examiner in the above captioned matter was received on May 24, 1978. The findings of fact are duly noted and the following actions taken as recommended by the Hearing Examiner with one exception as noted hereinafter. The Hearing Examiner recommendation referred to the paragraphs in the report under Findings of Fact. The actions taken are referenced to the report.

6. In 14 MCAR § 1.4025 (b) the definition of "Metropolitan Council" was deleted substituting therein "Development Region". "Metropolitan Transit Commission" was deleted with no substitution. The following definitions were renumbered to reflect the deletion.

7. Changed as recommended.

9. Changed as recommended.

10. Changed as recommended.

11. Changed in the following manner: 14 MCAR § 1.4025 (c) includes a new notation directing the reader to refer to other provisions in subsequent rules pertaining to "Final Application" procedures so that all provisions are condidered.

STATE OF MINNESOTA
DEPARTMENT OF TRANSPORTATION

Jim Harrington

Jim Harrington, Commissioner

Dated June 13, 1978

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS
ROOM 300 - 1745 UNIVERSITY AVENUE
ST. PAUL, MINNESOTA 55104
(612) 296-6910

May 24, 1978

TO ALL INTERESTED PARTIES:

Re: In the Matter of the Proposed Adoption of the Rules of the Department of Transportation Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs. Docket No. DOT-78-030-NG.

The Report of the Hearing Examiner in the above-entitled matter has been submitted to the Department of Transportation. Please note that the Report is a recommendation only and that the Department may accept, modify or reject any part of it. However, the Department may not take any final action on the proposed rule until at least five working days have expired. During that time, the Department and the Office of Hearing Examiners will make a copy of the Report available for review by any interested individual. Copies will be furnished by the Office of Hearing Examiners for $.80 each. Please use the order form on the reverse side.

A copy of the Report has also been filed with the Legislative Reference Library.

Sincerely,

Susan K. Derus

SUSAN K. DERUS
Administrative Assistant

SKD:sw

AN EQUAL OPPORTUNITY EMPLOYER

TO: Office of Hearing Examiners
Room 300
1745 University Avenue
St. Paul, Minnesota - 55104

Please send me _____ copy(ies) of the Report of the Hearing Examiner in Docket No. DOT-78-030-NG. I have enclosed a check in the amount of $_____ made payable to: State Treasurer - Hearing Examiners' account.

_____ (name)

_____ (address)

_____ (city)

(Please type or print the above information clearly.)



STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS
ROOM 300 – 1745 UNIVERSITY AVENUE
ST. PAUL, MINNESOTA 55104
(612) 296-6910

May 24, 1978

Mr. Frederick Suhler
Special Assistant
Attorney General
Office of the Attorney General
Fifth Floor, Transportation Bldg.
Saint Paul, Minnesota 55155

Re: In the Matter of the Proposed Adoption of the Rules of the Department of Transportation Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs. Docket No. DOT-78-030-NG.

Dear Mr. Suhler:

Enclosed and served upon you by mail, please find my Report in the above-entitled matter. Also being returned to you is the official record, including exhibits.

Sincerely,

Natalie L. Gaull

NATALIE L. GAULL
Hearing Examiner

NLG:sw
Encs.

AN EQUAL OPPORTUNITY EMPLOYER

STATE OF MINNESOTA)
(ss.
COUNTY OF RAMSEY)

DOT-78-030-NG

AFFIDAVIT OF SERVICE

SUSAN WOJCIK, being first duly sworn, deposes and says that on the 24th day of May 1978, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Report of Hearing Examiner

unstamped, by placing in the designated tray to be collected by messenger for delivery to the central mailing station as required by Minn. Stat., § 16.54 (1974), a true and correct copy thereof on all persons at the addresses shown on the attached mailing list.

Susan Wojcik

Subscribed and sworn to before me
this 24th day of May, 1978.

Sandra A. Haven

SANDRA A. HAVEN
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
My Comm. Expires July 29, 1983

Mr. Frederick Suhler
Special Assistant Attorney General
Office of the Attorney General
Fifth Floor, Transportation Building
Saint Paul, Minnesota 55155

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

NOTICE OF RULE EXTENSION

Adopted Temporary Rules governing implementation of Public Transit Subsidy and Demonstration Grant Programs.

The temporary rules published at State Register, Vol. 2, No. 24, p. 1200, December 19, 1977 (2 S.R. 1200) and extended by publication at State Register, Vol. 2, No. 33 p. 1515, February 20, 1978 (2 S.R. 1515), are continued in effect until permanent rules are adopted pursuant to chapter 15 or until July 1, 1978, whichever occurs first.

Extension authority is Minnesota Laws 1977 Chapter 454 Sec. 25.

Jim Harrington

Jim Harrington, Commissioner

Subscribed and Sworn Before me this

11th day of May, 1978.

Margaret M. Hansen

Notary Public

Ramsey County, Minnesota

MARGARET M. HANSEN
NOTARY PUBLIC—MINNESOTA
RAMSEY COUNTY
My Commission Expires [illegible]

DEPARTMENT OF TRANSPORTATION

RULES AS PROPOSED

IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS

14 MCAR § 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 Minnesota Statutes 1977, chapter 174 (1977 Supplement) and Minnesota Statutes 1976, Section 15.0412 as amended.

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

1. "Department" means the Department of Transportation.

2. "Demonstration assistance" means state financial assistance granted to an eligible recipient in accordance with the Paratransit Service Demonstration Grant Program or Regular Route Demonstration Program established pursuant to Minnesota Statutes 1977, chapter 174, Sections 22 and 23 (1977 Supplement).

3. "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.

4. "Subsidy assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program established pursuant to Minnesota Statutes 1977, chapter 174, Section 21, (1977 Supplement).

5. "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 Laws of 1977, ch. 174, § 21, subd. 4 (1977 Supplement). Financial assistance received from the federal government for the operation of a public transit system shall be treated as revenue for the purpose of determining the operating deficit.

6. "Commuter van" has the meaning given it in Minnesota Statutes 1976, Section 221.011.

7. "Metropolitan council" means the council established by Minnesota Statutes 1976, Section 473.123.

8. "Metropolitan transit commission" means the commission established by Minnesota Statutes 1976, Section 473.404.

9. "Paratransit" means the transportation of passengers by motor vehicle or other means of conveyance by persons operating on a regular and continuing basis and 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.

10. "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 for consistency with regional transportation plans and development guides prior to the department approving the application. The RDC as part of their review will insure that existing public or private transit service in the proposed service area has the opportunity to comment on the proposed project. The RDC in their review will indicate this has been accomplished. Any Regional Development Commission that has not adopted a transportation plan may review but may not approve or disapprove an application. The Regional Development Commission must transmit its comments to the department within thirty days of the receipt of the application. 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. No comment from the RDC, local transit authority, commission or system will constitute a positive comment from such commission, authority or system. After considering

those comments and within sixty days of receipt of preliminary application, the department 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 Development 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. The Department will act upon the final application within 20 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 books shall be required at the beginning of the first contract period and prior to contract execution and fund encumbrance. 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 permit

audit verification of all transit cost allocations claimed during the contract period.

3. Project evaluation. The Department shall use the management plan required pursuant to 14 MCAR § 1.4028 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 deviation 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. Mn/DOT concurrence is required for the third party contract.

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 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. Eligibility 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 commission or 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 final application upon request. Subsidy assistance may not be used to pay any costs incurred by the applicant in the preparation, submission or processing of applications.

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 subsidy assistance would be used;

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

d. The amount of subsidy assistance requested;

e. A narrative describing the transit service; and

f. A description of the transit costs allocation method.

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 and include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the demonstration program 14 MCAR § 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. Transit costs as described in the Urban Mass Transit Administration's external operating manual;

b. Generally accepted accounting principles and practices;

c. 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;

d. Subsidy assistance shall be considered on the basis of the total project deficit for the proposed contract period;

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

f. An eligible recipient shall treat 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 required pursuant to 14 MCAR § 1.4028 as a basis for allocation of subsidy assistance to an eligible recipient. In the allocation of subsidy assistance, the Department shall 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 Minn. Stat. § 473.446, subd. 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. Disbursements will reimburse the recipient based on the claimed operating deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate in the final application. At the end of seven months if it appears that the existing contract limit shall be insufficient the department will, upon application, amend the contract.

As agreed to in the contract, 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 verify the transit costs claimed during the contract period. 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.

§ 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; and

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 program objective. The primary objective of the Regular Route Transit Demonstration Grant Program is to demonstrate improvements in the accessibility, quality, economic performance, or patronage of 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.

E. Eligible recipients. Any organization that qualifies under 14 MCAR § 1.4026 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.

F. Eligible projects. An eligible project for Paratransit Service and Regular Route Demonstration Grant programs shall meet the following requirements:

1. It shall be designed to have potential for general applicability in other areas of the State;

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

3. It shall meet one or more of the program objectives in 14 MCAR § 1.4027 B. and D.

An application should include a request for funding an ongoing evaluation of the project.

G. 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 preparation, submission or processing of the applications.

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 expenditures, 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.

(9) Transit cost allocation procedures.

The preliminary application shall be submitted to the Department and appropriate Regional Development Commission and transit systems as required in 14 MCAR § 1.4025 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 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, 14 MCAR § 1.4026, during the contract period, this shall 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;

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

i. Cost effectiveness of the project.

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 judgment, 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.

H. 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 not exceed 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. Disbursements will reimburse the recipient based on the claimed deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate.

As agreed to in the contract 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 verify the transit costs claimed during the contract period. 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.

§ 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 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 shall be described.

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

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

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

(a) Market research;

(b) Public information;

(c) Promotion;

(d) Advertising;

(e) Community relations; and

(f) Employee relations.

(5) Capital improvements. Any actual or anticipated capital improvements in the participating public transit system during the contract period shall 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 shall be described. Non-capital improvements include, but are not limited to:

(a) Staggering work hours;

(b) Regulating supply and prices of off-street parking; 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 shall be described. A copy of the contract will be required as part of the final application.

The following types of contracts shall be discussed:

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

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

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

(d) 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 shall be described. Examples of traffic improvements include:

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

(b) Control of traffic lights by buses;

(c) Provision of fringe parking spaces with express or improved bus service;

(d) Provision of bus turnouts; and

(e) Priority snow-plowing of transit routes.

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

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

(b) The expected impact of the traffic improvement upon estimated public operating revenues and expenses.

(9) Expenses contracts. Any contracts for services and goods relating to the public transit services provided by or for the

eligible recipient and others shall be described.

The types of contracts to be discussed include:

(a) Contracts for management and consulting services;

(b) Contracts for storage and maintenance of buses;

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

(d) Contracts for fuel and lubricants;

(e) Contracts for liability and property insurance

(f) 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 shall be described. Elements of a preventive maintenance program typically include:

(a) Defect reporting by drivers;

(b) Daily fueling inspection;

(c) Mileage inspection; and

(d) Inventory controls.

2. Organization. The local institutional or organizational structures established to carry out the management plan shall 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 shall be illustrated in a simple diagram following the narrative. In addition, the following questions shall 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 cash accounting method shall be used to report financial data unless otherwise authorized by the department.

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 program, 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/or the contract period shall be described. This discussion shall include revenue passengers, monthly ridership, total operating 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 shall 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.

The existing rules dated August 23, 1974 under Laws 1974, ch. 534 are rescinded.

STATE OF MINNESOTA

COUNTY OF RAMSEY

DOT-78-030-NG

AFFIDAVIT OF SERVICE

Kenneth W. Bjork, being first duly sworn, deposes and says that on the 13th day of June, 1978, at the City of St. Paul, County of Ramsey, State of Minnesota, he served the attached Adopted Rules Regarding Public Transit Subsidy and Demonstration Grant Programs, the complete hearing record, finding and order on the Chief Hearing Examiner as required by the Report of the Hearing Examiner dated May 24, 1978.

Kenneth W. Bjork

Subscribed and sworn before me
on this 13th day
of June, 1978.

Agnes I. Litfin

AGNES I. LITFIN
Notary Public, Ramsey Co., Minn.
My Commission Expires
November 21, 1980

STATE MINNESOTA

DEPARTMENT of Transportation

Office Memorandum

TO : Jim Harrington
Commissioner

DATE: June 2, 1978

FROM : Sherri Y. Alston
Assistant Commissioner for Public Transportation

PHONE: 6-8047

SUBJECT: Rules Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs. Docket No. DOT-78-030-NG.

Attached are the instruments of service relating to adopting permanent rules of the Department of Transportation governing public transit subsidy and demonstration grant programs.

Your approval of the rules as modified is requested.

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS

FOR THE DEPARTMENT OF TRANSPORTATION

In the Matter of the Proposed Adoption of the Rules of the Department of Transportation Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs.	))))))	REPORT OF HEARING EXAMINER

The above-entitled matter came on for hearing before Natalie L. Gaull, duly appointed Hearing Examiner, on April 19, 1978, at 9:30 a.m. in Room 81, State Office Building, Saint Paul, Minnesota.

This proceeding is a rules hearing held pursuant to Minn. Stat. Ch. 15 to determine whether the proposed rules should be adopted and given the force of law. Copies of this Report are available for review from the Department of Transportation and from the Office of Hearing Examiners.

Members of the agency panel appearing at the hearing included: Richard Brown, Director of the Office of Transit Administration and Frederick Suhler, Special Assistant Attorney General, representing the Department of Transportation. Ten persons signed the hearing register at the hearing, and one person spoke at the hearing. One timely written comment was received during the period subsequent to the mailing of the Notice of Hearing through the end of the five day period for written comments subsequent to the hearing.

Pursuant to Minn. Stat. § 15.0412, subd. 4, this Report shall be available for review to all affected individuals upon request for at least five days.

The Department of Transportation shall, if it proposes to adopt the rules as originally proposed or amended, submit the complete hearing record, including its Findings and Order, to the Chief Hearing Examiner no earlier than five days subsequent

to the receipt of this Report. This submission shall clearly indicate any changes made to the rules as originally proposed, preferably in the format that will be submitted to the State Register for publication. The Chief Hearing Examiner shall complete his review and submit his report to the Department on the issues of substantial changes in the rule and compliance with Minn. Stat. § 15.0412 within ten calendar days. Thereafter, the Department shall be responsible for filing the rules with the Attorney General and for notifying persons who have indicated that they wish to be notified of such filing.

Based upon all the records and proceedings herein, the Examiner makes the following:

FINDINGS OF FACT

1. On March 20, 1978, the Department of Transportation, filed the following documents with the Hearing Examiner:

(a) The Order for Hearing;
(b) The Notice of Hearing as mailed;
(c) A copy of the proposed rules;
(d) The Affidavit of Receipt of the Secretary of State's list;
(e) The Secretary of State's Certificate;
(f) The Affidavit of Mailing;
(g) The Statement of Need; and
(h) The Statement of Evidence.

The documents were available for inspection at the Office of Hearing Examiners from the date of filing to the date of hearing.

2. On March 20, 1978, a Notice of Hearing and a copy of the proposed rules were published at 2 State Register 1761.

3. On March 15, 1978, the Department of Transportation mailed the Notice of Hearing to all persons and associations who had registered their name with the Secretary of State for the purpose of receiving such notice.

4. The record remained open through April 26, 1978, for the receipt of written comments and statements.

5. The Department cites Chapter 174 which establishes Public Transit Subsidy programs (Minn. Stat. § 174.24, (1977 Supp.) , Paratransit Service Demonstration Grant programs (Minn. Stat. § 174.25) and Regular Route Demonstration Grant programs

(Minn. Stat. § 174.26) as authority for adoption of the proposed rule.

The Department also cites Minn. Stat. § 174.23, subd. 1 (1977 Supp.) as authority for adoption of the proposed rules. That statute reads as follows:

> The commissioner shall establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the commissioner pursuant to sections 174.21 to 174.27.

6. That 14 MCAR § 1.4025(b) is necessary to provide definitions needed to interpret the rule. At the hearing, the Department proposed to amend 14 MCAR § 1.4025(b)(7) by deleting the definition of Metropolitan Council contained in the proposed rules and substituting therein:

> 7. "Development Region" has the meaning given in Minn. Stat. § 462.384 (1976).

The reason for the proposed change by the Department is that the Metropolitan Council is not mentioned in the rules, whereas the regional development commissions are cited as a reviewing agency for all applications. Written comments submitted by the Metropolitan Council suggested that the definitions be amended such that "regional development commission" be defined to include the Metropolitan Council. They also suggested that Metropolitan Transit Commission be deleted as a definition and that "local transit authority" be substituted with the Metropolitan Transit Commission included within that definition. So amended, the rule is needed and reasonable.

7. 14 MCAR § 1.4025(c) sets forth the requirements for a preliminary and final applications for all programs under this rule. During the hearing, the Department took the position that they have used a bifurcated application system for the past four years and have found it to be successful. The purpose of the preliminary application is to permit the appropriate Regional Development Commission to review and approve the plan for consistency with regional transportation plans and development guides prior to the Department approving the application. This review is mandated by Minn. Stat. § 174.23, subd. 2.

There is also a provision requiring the preliminary application to be submitted to the local transit authority commission or system for review and comment as to consistency with its approved transportation development program. The Examiner finds that Minn. Stat. § 174.23, subd. 2, provides in relevant part:

> The commissioner shall not approve any grant unless:. . .(2) in the case of a project to be operated in the metropolitan area, the application has been reviewed by the Metropolitan Transit Commission for consistency with its transportation development program.

The Examiner finds that the language in the rule referring to local transit authority commission or system is broader than the language contained within the statute referring specifically to metropolitan areas. However, the Examiner finds that expanding the scope of those bodies which may review the preliminary application is not beyond the scope of power granted to the Commissioner under Minn. Stat. § 174.23.

The rule also provides that the Regional Development Commission and the local transportation authority must submit comments to the Department within 30 days. Comments received by the Examiner from the Metropolitan Council indicate that they believe the 30-day limitation should be changed to 45 days. Furthermore, the Metropolitan Council suggested that the local transit authority should review the application prior to review by the Regional Development Commission because the transportation development program is a more detailed expression of the transportation policy plan. The Examiner finds that the suggestions of the Metropolitan Council in that regard would result in a more efficient review of the application.

This section also provides that the final application must be submitted to the Regional Development Commission and local transit authority for comment, and permits either to withdraw their approval or comment for any final application that deviates significantly from the preliminary application. The rule provides that such comments must be submitted to the Department within ten days of receipt. The Metropolitan Council suggested that ten

days be changed to 15 days to provide sufficient time for staff analysis and committee review. The Examiner finds that this section of the rule is reasonable and necessary. However, the Examiner would suggest that language be added which more clearly indicates that these application procedures apply to all three programs covered by these rules. The amendments suggested would not constitute a substantial change.

8. 14 MCAR § 1.4025(d) deals with the regulation of use of subsidy and demonstration assistance. The rule requires state audits, record keeping, project evaluation, approval of third party contracts and penalties for failure to comply with a contract. These requirements are reasonable and necessary in order to maintain control of and accountability in the programs.

9. 14 MCAR § 1.4026 deals with Public Transit Subsidy programs. 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. The rule defines eligible recipients and sets out the format for application for subsidy assistance as a two-stage process involving submission of preliminary and final applications. The purpose of the preliminary application is to ascertain the probable eligibility of the applicant including projected total operating deficit and projected availability of state and local financial assistance. The final application is for the purpose of determining subsidy assistance to be granted and the basic elements in the agreement. This section also sets forth the formula for determination of subsidy assistance and includes definitions of those factors to be included in total operating deficit and in determining subsidy assistance. The subsidy assistance contract shall be based upon the final application shall be effective for a period no more than one year and shall specify the amount of subsidy assistance to be awarded to the eligible recipient.

The Metropolitan Council submitted prehearing comments suggesting that language be added in 14 MCAR § 1.4026(c)(2) following the list of information required by the Department in the preliminary application as follows: "The preliminary application shall be submitted to the Department and appropriate Regional Development Commission as required in 14 MCAR § 1.4025(c)." The Metropolitan Council has also suggested that 14 MCAR § 1.4026(c)(3) regarding final application be amended to read as follows: ". . .it shall be submitted to the Department and appropriate Regional Development Commission and include the elements specified in 14 MCAR §1.4028." The Metropolitan Council indicates that the change is necessary because Minn. Stat. § 174.23, subd. 2, clearly states that Regional Development Commission and council approval must be obtained for financial assistance submitted to the Commissioner pursuant to Minn. Stat. § 174.21. The Public Transit Subsidy program is contained in Minn. Stat. § 174.24 and, therefore, subject to Regional Development Commission and council approval. The Examiner finds that this portion of the rule is reasonable and necessary. Adoption of the recommended changes would not constitute substantial change.

10. 14 MCAR § 1.4027 deals with Paratransit Service and Regular Route Demonstration Grant programs. The rule sets forth the objective of Paratransit programs. It limits eligible recipients to public or private agencies, entities or persons. It also sets forth the objectives of the Regular Route Demonstration Grant program, the eligibility requirements for that program, and eligible projects.

The rule sets forth the method for obtaining a subsidy under either program, including a two-stage application process. The purpose of the preliminary application is to ascertain the probable eligibility of the applicant, including projected availability of state and local financial assistance. The final application is submitted to determine the demonstration assistance and to be granted and the basic elements of the agreement. Again,

the Metropolitan Council has suggested that an amendment be made to the portion of the rule dealing with final applications such that the final application is submitted to the Department and "appropriate Regional Development Commission. This rule also sets forth the criteria that will be used in evaluation of the application and the contents of the contract. The Examiner finds that this section of the rule is reasonable and necessary.

11. 14 MCAR § 1.4028 deals with the final application for either subsidy and demonstration assistance. The proposal outlines in detail the contents of the application including a management plan, the local institutional or organizational structures established to carry out the management plan, a financial statement, operating statistics, sources of local funds, and fuel supplies. The Examiner finds that this section of the rule is reasonable and necessary. However, its placement in the proposed rules is confusing to the reader. The Examiner suggests that a more logical place would be directly after, or as a part of 14 MCAR § 1.4025(c). Such a change in location would not constitute a substantial change.

CONCLUSIONS

1. Due, timely and adequate notice of the hearing was properly served and published by the agency. All other substantive and procedural requirements have been fulfilled.

2. The agency has demonstrated its statutory authority to adopt the proposed rules.

3. The agency has demonstrated the need for and reasonableness of the proposed rules by an affirmative presentation of facts.

4. That any repetition of language contained within Minn. Stat. Ch. 174 found in the rules is reasonable and necessary.

RECOMMENDATION

The Hearing Examiner recommends that the proposed rules

be modified as suggested in Findings No. 6, 7, 9, 10, and 11, and that so modified they be adopted.

Dated: May 24, 1978.

Natalie L. Gaull

NATALIE L. GAULL
Hearing Examiner

MANKATO

202 EAST JACKSON STREET - PHONE 507-625-3161
P.O. Box 328 MANKATO, MINNESOTA 56001

RECEIVED
MAR 22 1978
OFFICE OF HEARING EXAMINERS

March 21, 1978

Hearing Examiners Office
1745 University Ave.
St. Paul, MN 55104

Dear Sir:

Could you please send us a copy of the "Statement of Evidence" outlining the testimony the Hearing will be introducing. Reference the Hearing taking place on April 19th.

It will be greatly appreciated. Thank you.

Sincerely,

Vern Lyght / Eileen J.

Vernon L. Lyght
Superintendent
Division of Transportation

VLL:eaj

MANKATO

202 EAST JACKSON STREET — PHONE 625-3161

P. O. BOX 328 — MANKATO, MINNESOTA 56001

MAR 24 '70

13

Hearing Examiners Office
1745 University Ave.
St. Paul, MN 55104

OFFICE OF HEARING EXAMINERS
RULES HEARING AGENDA, GUIDELINES, AND LOBBYIST REQUIREMENTS

The purpose of this hearing is to consider whether the proposed rules should be adopted and given the force of law. The agency must document its statutory authority to take the proposed action, show that it has fulfilled all relevant, substantive and procedural requirements of law or rule and demonstrate the need for and reasonableness of its proposed rules with an affirmative presentation of facts. After the hearing, the Hearing Examiner will submit his Findings of Fact, Conclusions and Recommendations to the agency. After waiting at least five days, the agency will decide whether to adopt, modify or withdraw the proposed rules. During that time, the Examiner's Report will be available to interested persons. If you desire to be notified when the Report is available, please write your name and address on an envelope at the registration desk.

AGENDA

1. Explanation of procedure by the Hearing Examiner

2. Introduction of agency panel

3. Introduction of jurisdictional and procedural documents

4. Presentation by agency

5. Questions and statements from interested persons

If any person is inconvenienced by this agenda, the Hearing Examiner will consider suspending it to accommodate special circumstances.

GUIDELINES

1. Everyone attending the hearing is requested to sign the register. If you wish to address the hearing, you must sign the register.

2. Everyone wishing to express his or her views will have an opportunity to do so. When the Examiner affords you an opportunity to speak, please step to the area designated for statements, spell your name, identify your interest or firm, and speak clearly.

   a. Only one person at a time may address the hearing.
   b. All statements must be verbalized - a nod cannot be recorded.
   c. Technical terms and proper names should be spelled.

3. All persons testifying may be questioned by representatives of the agency and the Examiner. Non-agency persons may consent to questioning by other non-agency persons.

4. Anyone who desires to submit written comments may do so at this hearing or within five working days of the close of the hearing unless the Hearing Examiner, during the hearing, extends the period for receipt of comments to 20 calendar days. Such material should be submitted to:

Office of Hearing Examiners
1745 University Avenue, Room 300
Saint Paul, Minnesota 55104

The materials must be RECEIVED within five days to be considered.

5. Lobbyists are required to register with the Ethical Practices Board. See the requirements on the back of this sheet.

Rev. 1/17/78

LOBBYING REQUIREMENTS
FOR
HEARING ON RULES,
RATE SETTING AND POWER PLANT SITING

An individual appearing at a rules hearing, rate setting or power plant siting hearing is a lobbyist if he or she meets the following criteria:

(a) Is engaged for pay or other consideration, or authorization by another individual or association to spend money, who spends more than five hours in any month or more than $250.00, not including travel expenses and membership dues, in any year for the purpose of attempting to influence legislative action or rulemaking, rate setting or power plant siting decisions by communicating or urging others to communicate with public officials; or

(b) spends more than $250.00, not including traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative action or rulemaking, rate setting or power plant siting decisions by communicating or urging others to communicate with public officials;

"Communicating with public officials" includes, but is not limited to testifying at contested case rate setting and power plant siting hearings and rulemaking hearings where the public officials' decisions will be based on the hearing record.

. . .

The following individuals are not lobbyists even if they meet the above criteria:

(a) Public official or employee of the state or any of its political subdivisions or public bodies acting in his official capacity;

(b) News media or their employees or agents acting in the ordinary course of business of publishing or broadcasting news items, editorials or other comments or paid advertisements which directly or indirectly urge official action;

(c) Paid expert witness whose testimony is requested either by the body before which he is appearing or one of the parties to a proceeding, but only to the extent of preparing or delivering testimony; or

(d) Stockholder of a family farm corporation as defined in Section 500.24, Subdivision 1, who does not spend over $250.00, excluding travel expenses, in any year in communicating with public officials.

An individual who meets the criteria of the lobbyist definition shall register with the Ethical Practices Board within five days of becoming a lobbyist.

Lobbyist registration forms may be obtained by writing the Ethical Practices Board, 41 State Office Building, Saint Paul, Minnesota 55155, or telephoning (612) 296-5615. Please contact the Board if you have any questions concerning lobbying registration and reporting requirements.

Metropolitan Council
300 Metro Square Building
Seventh Street and Robert Street
Saint Paul, Minnesota 55101
Telephone (612) 291-6453
Office of the Chairman

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April 19, 1978

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Office of Railroad Pol. & Pipeline Admin.

James Harrington
Commissioner
Department of Transportation
Transportation Building
Saint Paul, Minnesota 55155

Subject: Comments on Proposed Rules for Implementation of Public Transit Subsidy and Demonstration Grant Programs

Dear Jim:

It is requested that the following changes be made to the Proposed Rules:

1. Definitions, p. 2 -- Regional Development Commissions be defined to include the Metropolitan Council. (The Council is defined on p. 2 but is not referenced in the document, whereas RDC's are made reference to and not defined.) Also, the Metropolitan Transit Commission is defined but not referenced. Therefore, "local transit authority" should be defined and MTC included in the definition.

2. Program Applications, p. 3, line 12 -- Change "thirty" to "forty-five," and on line 16, insert "and RDC" after "department." (We believe the review by the local transit authority (MTC) should be available to the RDC (Council) prior to approval of the application because the transportation development program is a more detailed expression of the transportation policy plan. In order for the RDC to incorporate the comments of the local transit authority, an additional fifteen days is requested for the RDC review. The Proposed Rules allow thirty days of concurrent review for each.)

   Page 4, line 9 -- Change "10" days to "15" days. (Several preliminary applications reviewed by the Council had insufficient information to determine consistency and the Council approved the concept subject to review of the final application. Ten days is too little time for staff analysis and Committee review.)

3. Sec. 1.4026 Public Transit Subsidy Program

   p. 7 following f., add "The preliminary application shall be submitted to the Department and appropriate RDC as required in 14 MCAR Sec. 1.4025C."

   p. 7, line 6 under "Final Application," add after "Department", "and appropriate RDC."

(The law clearly states in 174.23, Subd. 2, that RDC and Council approval must be obtained for "financial assistance submitted to the Commissioner pursuant to Sections 174.21." The public transit subsidy program is in Sec. 174.24 and, therefore, subject to RDC and Council approval. We are requesting that the above language be added to conform with the language of &1.4027, Sec. G 2., p. 14 following (9)).

4. Final Application, p. 14, line 6 -- After "Department" add "and appropriate RDC."

These constitute the public hearing comments of the Metropolitan Council on the Proposed Rules.

Sincerely,

John Boland

John Boland
Chairman

JB:lh

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Public Transportation
Division

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HEARING REGISTER

CHECK HERE IF YOU WISH TO BE NOTIFIED BY THE AGENCY WHEN THE HEARING RECORD HAS BEEN SUBMITTED TO THE ATTORNEY GENERAL.

NAME	REPRESENTING	STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE NO.	
Anne J Entzel	Transit Union Local 1005	312 central ave S E	Mpls	Mn	55414	379-2914-15	yes
Frank Conroy	Washington County Senior Coun Hand handicapped Co	126 Wood ST	Mahtomedi	MN	55115	426-2703	yes
David R Hodnick	Greyhound Lines	29 North 9th St.	Mpls	Mn	55403	333-8274	yes
Peggy S. Ingison	MN/DOT	MN/DOT Bldg.	St. Paul	Mn	55155	296-3097	
Pete Mauner	Mn/DOT	"	"	"	"	"	
Curt Nelson	MN/DOT	"	"	"	"	"	
Dan MS Bonin	MN/DOT	"	"	"	"	"	yes
Gail K Dean	Mn/DOT	Mn/DOT	St Paul	Mn	55155	296-2533	
Judith H Hollander	Mn/DOT	Mn/DOT	St Paul	Mn	55155	296-1610	
Karen Eoff	Mpls Area Red Cross	11 Nicollet	Mpls	Mn	55403	871-7674	yes

Agency Ex. 1

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DEPARTMENT OF TRANSPORTATION

RULES AS PROPOSED

IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS

14 MCAR § 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 Minnesota Statutes 1977, chapter 174 (1977 Supplement) and Minnesota Statutes 1976, Section 15.0412 as amended.

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

1. "Department" means the Department of Transportation.

2. "Demonstration assistance" means state financial assistance granted to an eligible recipient in accordance with the Paratransit Service Demonstration Grant Program or Regular Route Demonstration Program established pursuant to Minnesota Statutes 1977, chapter 174, Sections 22 and 23 (1977 Supplement).

3. "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.

4. "Subsidy assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program established pursuant to Minnesota Statutes 1977, chapter 174, Section 21, (1977 Supplement).

5. "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 Laws of 1977, ch. 174, § 21, subd. 4 (1977 Supplement). Financial assistance received from the federal government for the operation of a public transit system shall be treated as revenue for the purpose of determining the operating deficit.

6. "Commuter van" has the meaning given it in Minnesota Statutes 1976, Section 221.011.

7. "Metropolitan council" means the council established by Minnesota Statutes 1976, Section 473.123.

8. "Metropolitan transit commission" means the commission established by Minnesota Statutes 1976, Section 473.404.

9. "Paratransit" means the transportation of passengers by motor vehicle or other means of conveyance by persons operating on a regular and continuing basis and 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.

10. "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 for consistency with regional transportation plans and development guides prior to the department approving the application. The RDC as part of their review will insure that existing public or private transit service in the proposed service area has the opportunity to comment on the proposed project. The RDC in their review will indicate this has been accomplished. Any Regional Development Commission that has not adopted a transportation plan may review but may not approve or disapprove an application. The Regional Development Commission must transmit its comments to the department within thirty days of the receipt of the application. 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. No comment from the RDC, local transit authority, commission or system will constitute a positive comment from such commission, authority or system. After considering

those comments and within sixty days of receipt of preliminary application, the department 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 Development 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. The Department will act upon the final application within 20 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 books shall be required at the beginning of the first contract period and prior to contract execution and fund encumbrance. 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 permit

audit verification of all transit cost allocations claimed during the contract period.

3. Project evaluation. The Department shall use the management plan required pursuant to 14 MCAR § 1.4028 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 deviation 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. Mn/DOT concurrence is required for the third party contract.

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 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. Eligibility 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 commission or 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 final application upon request. Subsidy assistance may not be used to pay any costs incurred by the applicant in the preparation, submission or processing of applications.

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 subsidy assistance would be used;

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

d. The amount of subsidy assistance requested;

e. A narrative describing the transit service; and

f. A description of the transit costs allocation method.

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 and include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the demonstration program 14 MCAR § 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. Transit costs as described in the Urban Mass Transit Administration's external operating manual;

b. Generally accepted accounting principles and practices;

c. 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;

d. Subsidy assistance shall be considered on the basis of the total project deficit for the proposed contract period;

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

f. An eligible recipient shall treat 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 required pursuant to 14 MCAR § 1.4028 as a basis for allocation of subsidy assistance to an eligible recipient. In the allocation of subsidy assistance, the Department shall 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 Minn. Stat. § 473.446, subd. 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. Disbursements will reimburse the recipient based on the claimed operating deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate in the final application. At the end of seven months if it appears that the existing contract limit shall be insufficient the department will, upon application, amend the contract.

As agreed to in the contract, 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 verify the transit costs claimed during the contract period. 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.

§ 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; and

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 program objective. The primary objective of the Regular Route Transit Demonstration Grant Program is to demonstrate improvements in the accessibility, quality, economic performance, or patronage of 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.

E. Eligible recipients. Any organization that qualifies under 14 MCAR § 1.4026 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.

F. Eligible projects. An eligible project for Paratransit Service and Regular Route Demonstration Grant programs shall meet the following requirements:

1. It shall be designed to have potential for general applicability in other areas of the State;

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

3. It shall meet one or more of the program objectives in 14 MCAR § 1.4027 B. and D.

An application should include a request for funding an ongoing evaluation of the project.

G. 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 preparation, submission or processing of the applications.

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 expenditures, 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.

(9) Transit cost allocation procedures.

The preliminary application shall be submitted to the Department and appropriate Regional Development Commission and transit systems as required in 14 MCAR § 1.4025 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 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, 14 MCAR § 1.4026, during the contract period, this shall 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;

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

i. Cost effectiveness of the project.

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 judgment, 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.

H. 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 not exceed 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. Disbursements will reimburse the recipient based on the claimed deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate.

As agreed to in the contract 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 verify the transit costs claimed during the contract period. 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.

§ 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 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 shall be described.

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

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

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

(a) Market research;

(b) Public information;

(c) Promotion;

(d) Advertising;

(e) Community relations; and

(f) Employee relations.

(5) Capital improvements. Any actual or anticipated capital improvements in the participating public transit system during the contract period shall 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 shall be described. Non-capital improvements include, but are not limited to:

(a) Staggering work hours;

(b) Regulating supply and prices of off-street parking; 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 shall be described. A copy of the contract will be required as part of the final application.

The following types of contracts shall be discussed:

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

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

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

(d) 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 shall be described. Examples of traffic improvements include:

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

(b) Control of traffic lights by buses;

(c) Provision of fringe parking spaces with express or improved bus service;

(d) Provision of bus turnouts; and

(e) Priority snow-plowing of transit routes.

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

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

(b) The expected impact of the traffic improvement upon estimated public operating revenues and expenses.

(9) Expenses contracts. Any contracts for services and goods relating to the public transit services provided by or for the

eligible recipient and others shall be described.

The types of contracts to be discussed include:

(a) Contracts for management and consulting services;

(b) Contracts for storage and maintenance of buses;

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

(d) Contracts for fuel and lubricants;

(e) Contracts for liability and property insurance

(f) 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 shall be described. Elements of a preventive maintenance program typically include:

(a) Defect reporting by drivers;

(b) Daily fueling inspection;

(c) Mileage inspection; and

(d) Inventory controls.

2. Organization. The local institutional or organizational structures established to carry out the management plan shall 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 shall be illustrated in a simple diagram following the narrative. In addition, the following questions shall 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 cash accounting method shall be used to report financial data unless otherwise authorized by the department.

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 program, 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/or the contract period shall be described. This discussion shall include revenue passengers, monthly ridership, total operating 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 shall 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.

The existing rules dated August 23, 1974 under Laws 1974, ch. 534 are rescinded.

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DEPARTMENT OF TRANSPORTATION

RULES AS PROPOSED

IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS

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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 Minnesota Statutes 1977, chapter 174 (1977 Supplement) and Minnesota Statutes 1976, Section 15.0412 as amended.

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

1. "Department" means the Department of Transportation.

2. "Demonstration assistance" means state financial assistance granted to an eligible recipient in accordance with the Paratransit Service Demonstration Grant Program or Regular Route Demonstration Program established pursuant to Minnesota Statutes 1977, chapter 174, Sections 22 and 23 (1977 Supplement).

3. "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.

4. "Subsidy assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program established pursuant to Minnesota Statutes 1977, chapter 174, Section 21, (1977 Supplement).

5. "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 Laws of 1977, ch. 174, § 21, subd. 4 (1977 Supplement). Financial assistance received from the federal government for the operation of a public transit system shall be treated as revenue for the purpose of determining the operating deficit.

6. "Commuter van" has the meaning given it in Minnesota Statutes 1976, Section 221.011.

7. "~~Metropolitan council~~ Regional Development Commission" means ~~the council established by Minnesota Statutes 1976, Section 473.123.~~

see Ex. 10

8. "Metropolitan transit commission" means the commission established by Minnesota Statutes 1976, Section 473.404.

9. "Paratransit" means the transportation of passengers by motor vehicle or other means of conveyance by persons operating on a regular and continuing basis and 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.

10. "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 for consistency with regional transportation plans and development guides prior to the department approving the application. The RDC as part of their review will insure that existing public or private transit service in the proposed service area has the opportunity to comment on the proposed project. The RDC in their review will indicate this has been accomplished. Any Regional Development Commission that has not adopted a transportation plan may review but may not approve or disapprove an application. The Regional Development Commission must transmit its comments to the department within thirty days of the receipt of the application. 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. No comment from the RDC, local transit authority, commission or system will constitute a positive comment from such commission, authority or system. After considering

those comments and within sixty days of receipt of preliminary application, the department 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 Development 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. The Department will act upon the final application within 20 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 books shall be required at the beginning of the first contract period and prior to contract execution and fund encumbrance. 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 permit

audit verification of all transit cost allocations claimed during the contract period.

3. Project evaluation. The Department shall use the management plan required pursuant to 14 MCAR § 1.4028 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 deviation 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. Mn/DOT concurrence is required for the third party contract.

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 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. Eligibility 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 commission or 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 final application upon request. Subsidy assistance may not be used to pay any costs incurred by the applicant in the preparation, submission or processing of applications.

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 subsidy assistance would be used;

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

d. The amount of subsidy assistance requested;

e. A narrative describing the transit service; and

f. A description of the transit costs allocation method.

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 and include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the demonstration program 14 MCAR § 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. Transit costs as described in the Urban Mass Transit Administration's external operating manual;

b. Generally accepted accounting principles and practices;

c. 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;

d. Subsidy assistance shall be considered on the basis of the total project deficit for the proposed contract period;

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

f. An eligible recipient shall treat 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 required pursuant to 14 MCAR § 1.4028 as a basis for allocation of subsidy assistance to an eligible recipient. In the allocation of subsidy assistance, the Department shall 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 Minn. Stat. § 473.446, subd. 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. Disbursements will reimburse the recipient based on the claimed operating deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate in the final application. At the end of seven months if it appears that the existing contract limit shall be insufficient the department will, upon application, amend the contract.

As agreed to in the contract, 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 verify the transit costs claimed during the contract period. 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.

§ 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; and

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 program objective. The primary objective of the Regular Route Transit Demonstration Grant Program is to demonstrate improvements in the accessibility, quality, economic performance, or patronage of 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.

E. Eligible recipients. Any organization that qualifies under 14 MCAR § 1.4026 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.

F. Eligible projects. An eligible project for Paratransit Service and Regular Route Demonstration Grant programs shall meet the following requirements:

1. It shall be designed to have potential for general applicability in other areas of the State;

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

3. It shall meet one or more of the program objectives in 14 MCAR § 1.4027 B. and D.

An application should include a request for funding an ongoing evaluation of the project.

G. 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 preparation, submission or processing of the applications.

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 expenditures, 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.

(9) Transit cost allocation procedures.

The preliminary application shall be submitted to the Department and appropriate Regional Development Commission and transit systems as required in 14 MCAR § 1.4025 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 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, 14 MCAR § 1.4026, during the contract period, this shall 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;

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

i. Cost effectiveness of the project.

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 judgment, 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.

H. 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 not exceed 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. Disbursements will reimburse the recipient based on the claimed deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate.

As agreed to in the contract 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 verify the transit costs claimed during the contract period. 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.

§ 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 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 shall be described.

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

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

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

(a) Market research;

(b) Public information;

(c) Promotion;

(d) Advertising;

(e) Community relations; and

(f) Employee relations.

(5) Capital improvements. Any actual or anticipated capital improvements in the participating public transit system during the contract period shall 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 shall be described. Non-capital improvements include, but are not limited to:

(a) Staggering work hours;

(b) Regulating supply and prices of off-street parking; 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 shall be described. A copy of the contract will be required as part of the final application.

The following types of contracts shall be discussed:

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

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

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

(d) 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 shall be described. Examples of traffic improvements include:

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

(b) Control of traffic lights by buses;

(c) Provision of fringe parking spaces with express or improved bus service;

(d) Provision of bus turnouts; and

(e) Priority snow-plowing of transit routes.

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

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

(b) The expected impact of the traffic improvement upon estimated public operating revenues and expenses.

(9) Expenses contracts. Any contracts for services and goods relating to the public transit services provided by or for the

eligible recipient and others shall be described.

The types of contracts to be discussed include:

(a) Contracts for management and consulting services;

(b) Contracts for storage and maintenance of buses;

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

(d) Contracts for fuel and lubricants;

(e) Contracts for liability and property insurance

(f) 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 shall be described. Elements of a preventive maintenance program typically include:

(a) Defect reporting by drivers;

(b) Daily fueling inspection;

(c) Mileage inspection; and

(d) Inventory controls.

2. Organization. The local institutional or organizational structures established to carry out the management plan shall 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 shall be illustrated in a simple diagram following the narrative. In addition, the following questions shall 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 cash accounting method shall be used to report financial data unless otherwise authorized by the department.

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 program, 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/or the contract period shall be described. This discussion shall include revenue passengers, monthly ridership, total operating miles, revenue hours, and other information required by the Department.

Agency Ex. 4

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

RECEIVED
MAR 30 1978
OFFICE OF HEARING
EXAMINERS

In the matter of the proposed adoption of rules of the Department of Transportation relating to the Implementation of Public Transit Subsidy and Demonstration Grant Programs.

CERTIFICATE

I hereby certify that the attached sheets constitute the complete list of persons, associations and other interested groups who as of 1:30 o'clock this 15th day of March, 1978, have requested pursuant to Minn. Stat. § 15.0412, (1977 Supp.) that their names be placed on file with the Secretary of State for the purpose of receiving notice of public hearing on proposed rules on the subject captioned above.

Joan Anderson Growe
Secretary of State

By Cheri L. Mattson

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CITY TESTCITY MN
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55407

CARRISON DALE K
MANKATO STATE COLLEGE
MANKATO MN
56001

CHILDS J L
4012 LYNN AVE S
MPLS MN
55416

CITY CLERK
386 CITY HALL
ST PAUL MN
55102

CLAUSEN PHILLIP
2307 STANDISH ST
ST PAUL MN
[redacted]

BEST FLANAGAN ET AL
4040 IDS CENTER
MPLS MN
55402

BLOOMINGTON CITY CLERK
2215 W CLD SHAKOPEE RD
BLCOMINGTON MN
55431

BRICK PHILIP D
807 SELLWOOD BLDG
DULUTH MN
55802

BROWN D M GOODRIDGE PUB SCH
IND DIST #561
GCODRIDGE MN
56725

BUSCH NCEL
SUITE 705 510 MARQUETTE
MPLS MN
55402

BUR NATL AFFAIRS INC
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WASHINGTCN DC
20037

CAIRNS JCHN A
47TH FLR IDS CENTER
MPLS MN
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CHAMBER CF COMMERCE
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ELY MN
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CHRISTIAN SCI COMM CN PUB
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NEW BRIGHTON MN
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MPLS MN
55405

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MINNETONKA MN
55343

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55075

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55155

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BRUBACHER RICHARD COMM AD
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CABLE COMM SYST-H SARRAZI
BOX 777
HECTOR MN
55342

CARLSON VERNE E
BOX 755 CITY HALL
WILLMAR MN
56201

CHERCHES CHRIS CITY MGR
5005 MTKA BLVD
ST LOUIS PARK MN
55416

CHRYSALIS CENTER FOR WOME
2104 STEVENS AVE S
MPLS MN
55404

CLARKSON J.B.
2350 I.D.S. CENTER
MINNEAPOLIS MN
55402

COLHAPP TED
1294 VALLEY VIEW ROAD
CHASKA MN
55318

COUNTY ATTYS COUNCIL
95 SHERBURNE AVE S203
ST PAUL MN
55103

CRAVEN NORMAN
10637 THOMAS AVE S
BLCOMINGTON MN
55431

CROW WING CO PLANNING & ADV
COURT HOUSE
BRAINERD MN
56401

CUSHMAN J S DAYTON HUDSON
700 NICOLLET MALL
MPLS MN
55402

DAHLKE LOIS M
118 S EAGLE ST
BELLE PLAINE MN
56011

DAILEY THOMAS ECONOMICS LAB
370 WABASHA ST
ST PAUL MN
55102

DANKERS,KENNETH
1200 WEST FOURTH STREET
RED WING MN
55066

DANIELSON RODNEY L
418 AUDITORIUM
ST PAUL MN
55102

DAYTON CHAS SIERRA CLUB
800 MIDLAND BANK BLDG
MPLS MN
55401

DEVELOP DISABILITIES PROGRAM
STATE PLAN 101 CAP SQ
ST PAUL MN
55155

DICKINSON MRS JOANNE
BOX 1065
MARSHALL MN
56258

DIEHL JOHN
[redacted] KENWOOD PKWY
PAUL MN
55105

DISPATCH PIONEER PRESS
PRESS RM STATE CAPITCL
ST PAUL MN
55101

DORSEY MARQUART
2400 1ST NATL BANK BLDG
MPLS MN
55402

DOUGLAS BELL ET AL
2212 AM.NATL BK BLDG
ST PAUL MN
55102

DOW CHEMICAL
47 BLDG
MIDLAND MI
48640

DUNN OLIVER PLUMBERS LOC 15
708 SO 10TH ST
MPLS MN
55404

DUPONT MIKE
5720 EXCELSIOR BLVD
MPLS MN
55416

DZUGAN KEN ST PAUL PLANNI
421 WABASHA ST
ST PAUL MN
55102

E CENTRAL REG. DEV. COMM
COURTHOUSE 18 N VINE ST
MORA MN
55051

EBELING EDWARD H.
161 W. MAIN
PERHAM MN
56573

EICHTEN DANIEL
3794 HAZEL
WHITE BEAR LK MN
55110

ELDER DR JAMES B
11140 WASHBURN AVE SO
BLOOMINGTON MN
55431

ELDRED P W ARMOUR & CO
UNION STOCK YARDS
SO ST PAUL MN
55075

ELMER EDWIN W
2901 PLEASANT AVE
MPLS MN
55408

EMERICK RICHARD A
1908 IDS CENTER
MPLS MN
55402

ENNIS A F BOISE CASCADE
PO BOX 713
INTL FALLS MN
56649

ENV SERV-GEN RESOURCE CORP
6340 INDUSTRIAL DR
HOPKINS MN
55343

ERDMAN ROGER TENNANT CO
701 N LILAC DR
MPLS MN
55441

ERNEST K LEHMANN & ASSOC.
1409 WILLOW ST.
MPLS MN
55403

ESSE KENNETH
4801 W 50TH ST
EDINA MN
55424

ETHICS COMM
RM 410 STATE OFF BLDG
ST PAUL MN
55155

EVANS CHAS.L. PRENTICE-HALL
ENGELWOOD CLIFFS
NEW JERSEY

EWING MRS WM
42 ASTAR RD
BABBITT MN
55706

FAEGRE & BENSON ATTN.LIBR
1300 NW BANK BLDG
MPLS MN
55402

FARMERS ELEVATOR ASSN
852 GRAIN EXCH BLDG
MPLS MN
55415

FARRELL FRANK BUR NOR
RM 1180 176 E 5TH ST
ST PAUL MN
55101

FARSETH PAUL FOOD STAMPS PR
WELFARE DEPT 690 N ROBT
ST PAUL MN

FELHABER R S
W 1ST NATL BANK BLDG
ST PAUL MN
55101

FILTER LOREN[redacted]
BOX 36
BRITT MN
55701

FINLEY JAMES F
920 MINN BLDG
ST PAUL MN
55101

FLADLAND CLINT MN L&P BUR
795 RAYMOND AVE
ST PAUL MN
55114

FORBES GORDON MINN RRS ASSN
203 HANOVER 480 CEDAR
ST PAUL MN
55101

FORSBERG AGR SERV
518 SUMMIT AVE
NEW ULM MN
56073

FOX W.E. LINDQUIST & VENN
4200 IDSCTR 80 S.8TH ST
MINNEAPOLIS MN
55402

FRANKLIN ROBERT B MPLS TRIB
426 PORTLAND
MPLS MN
55415

FREDIN CONRAD M
811 FIRST NATL BK BLDG
DULUTH MN
55802

FREDLUND MRS PHYLLIS
RR 4 BOX 37
CANBY MN
56220

FREDRIKSON BYRON ET AL
47TH FLR IDS CENTER M
PLS MN
55402

FRIESEN MILLER A
RAHR BD 624 13TH ST S
VIRIGINIA MN
55792

FRISON FRANK NECA
RM 305 200 SO ROBERT
ST PAUL MN
55107

GALVIN M J JR
W2162 1ST NATL BK BLDG
ST PAUL MN
55101

GARDNER HDW - R A JOHNSON
[redacted]15 WASHINGTON AVE N
[redacted]LS MN
55401

GEBERT K L
220 GRAIN EXCH
MPLS MN
55415

GEO A HORMEL & CO LAW DEPT
PO BOX 800
AUSTIN MN
55912

GIEL DAVID
RM B-28 STATE CAPITOL
ST PAUL MN
55155

GLEESON MICHAEL
909 SOC SC BLDG U OF M
MPLS MN
55455

GLEN. HILLS HOSP.R.VAN HAUER
3901 GOLDEN VALLEY RD.
MPLS. MN
55422

GODIN RALPH J
3824 47TH AVE SO
MPLS MN
55406

GOLDBERG PROF MELVIN
WM MITCHELL COL OF LAW
ST PAUL MN
55105

GOODMAN DF TEL CABLE TV
302 E SUPERIOR
DULUTH MN
55802

GRAHAM THOS H
854 MIDLAND BK BLDG
MPLS MN
55401

GRANATH MARVIN -HONEYWELL
2701 4TH AVE SO
MPLS MN
55408

GREATER MET AREA HOSPITAL
5152 CEDAR AVE S
MPLS MN
55417

GREEN DEL CITY MGR
BLOOMINGTON CITY HALL
BLOOMINGTON MN
55431

GREEN GARY J
41 SHERBURNE AVE
ST PAUL MN
55102

GREEN JANET
9773 N SHORE DR
DULUTH MN
55804

GRUMMERT REV DONALD
1435 ADAMS ST
MPLS MN
55413

GUSTAFSON DAN-LABOR TEMPLE
312 CENTRAL
MPLS MN
55414

GUSTAFSON WALLACE
BOX 567
WILLMAR MN
56201

H B FULLER CO
2400 KASOTA AVE
ST PAUL MN
55108

HALLBERG LEE & MCCABE
4927 34TH AVE S
MPLS MN
55417

HANFT PHILIP M
1200 ALWORTH BLDG
DULUTH MN
55802

HAROLD J WESTIN CONSTRUCT
45 E 8TH ST
ST PAUL MN
55101

HARRY RICK
RT 1 BOX 138
KETTLE RIVER MN
55757

HAUN DR J W GEN MILLS
PO BOX 1113
MPLS MN
55440

HAYES, THOMAS W
700 SELLWOOD BLG
DULUTH MN
55812

HART PATRICK V
112 E LIBERTY BOX 3271
MANKATO MN
56001

HARTFELDT WILL
434 HAMM BLDG
ST PAUL MN
55102

HAVEN RCBT TWIN TN TREATMENT
1706 UNIV AVE
ST PAUL MN
55104

HEAD & TRUHN
1007 SOO LIN[redacted]BLDG
MPLS MN
55402

HEADWATERS REG DEV. COMM
BOX 584 MENTAL HEALTH
BEMIDJI MN
56601

HEISENFELT WM
BOX 516
BEMIDJI MN
56601

HELTZER JAMES DAYTON HUDSON
777 NICOLLET MALL
MPLS MN
55402

HENDRICKSON A WM
100 FREEMAN DRIVE
ST PETER MN
56082

HENDRICKSON MRS VIRGINIA
3324 COUNTRY WOOD DR
BURNSVILLE MN
55337

HINRICHSEN PATRICK
MANKATO FREE PRESS
MANKATO MN
56001

HOLEY GEORGE
1509 SW SIXTH STREET
FARIBAULT MN
55021

HOLMES EUSTIS ET AL
4610 IDS CENTER
MPLS MN
55402

HOPKINS WM.B. DIR.MISCCA
3915 GOLDEN VALLEY ROAD
GOLDEN VALLEY MN
55422

HORNER WALDORF - KAZIUKEWICZ
PO BOX 3260
ST PAUL MN
55165

HOLT JOHN
517 4TH ST NW
FARIBUALT MN
55021

HOULE MELVIN
881 W HWY 96
SHOREVIEW MN
55112

HOUSE APPROPRIATIONS COMM
RM 109 STATE CAPITOL
ST PAUL MN
55101

HULSTRAND ANDERSON & LARSON
PO BOX 130
ILLMAR MN
56201

HUMAN RIGHTS
200 CAPITOL SQ BLDG
ST PAUL MN
55101

HUMAN SERVICES
414 LAFFAYETTE RD 5THFL.
ST PAUL MN
55101

HUSEBYE, CRAIG J.
5036 FRANCE S.
EDINA MN
55410

HUTCHISON R.M. ANOKA CO.COMP
COURT HOUSE
ANOKA MN
55303

HYLAND DEAN
1501 W 50TH ST
MPLS MN
55419

IMAGE
BOX 3215
ST PAUL MN
55165

IMS PAUL

ECHO MN

INGEBRIGTSEN DR K H
23 SE 4TH ST
MPLS MN
55414

INGVALSON VERN MN.FARM BU
1976 WOODDALE BOX 43370.
ST PAUL MN
55164

INS FED OF MINN
902 SOO LINE BLDG
MPLS MN
55402

INTERSTATE POWER RW STEELE
1000 MAIN ST
DUBUQUE IA
52001

IVERSON DR JOS DEPT ED
ST OLAF COLLEGE
NORTHFIELD MN
55057

IZAAK WALTON MN DIV
111 E FRANKLIN RM-210
MPLS MN
55404

JAIN NIRMAL ENIV PROCESS
1220 GLENWOOD AVE
MPLS MN
55405

JENOS INC
525 LAKE AVE SO
DULUTH MN
55801

JENSEN ARTHUR,CITY CLK
2215 W OLD SHAKOPEE RD
BLOOMINGTON MN
55431

JENSEN CARL A
127 E MAIN ST
SLEEPY EYE MN
56085

JENSEN MRS GAYNOLD
111 WEST 107TH ST
MPLS MN
55420

JOHANSEN BUS SERV INC
19 DAYTON RD
CHAMPLIN MN
55316

JOHNSON & SANDERSON
ST MARYS HOSPITAL
ROCHESTER MN
55901

JOHNSON CLARENCE IBEW LU 292
3615 37TH AVE S
MPLS MN
55406

JOHNSON G ROBERT
4344 IDS CENTER
MPLS MN
55402

JOHNSON LEROY
9939 BLUEBIRD ST NW
COON RAPIDS MN
55433

JOHNSON M.D. FRUNDT & FRU

BLUE EARTH MN
56013

JOHNSON LANCE J
265 S LAFAYETTE RD
ST PAUL MN
55107

JONES C NORTHSIDE RES REDEV
1800 OLSON MEMORIAL HWY
MPLS MN
55411

KABLE RICHARD W

BETHEL MN
55006

KLOSTER MARION PEAVEY CO
730 2ND AVE S
MPLS MN
55402

KLUZ STEVEN J
1910 1ST NATL BK BLDG
MPLS MN
55402

KNOPP TIMOTHY
COLLEGE FORESTRY U OF M
ST PAUL MN
55108

KNUTSON DR KEITH,BIOLOGY
ST CLOUD STATE
ST CLOUD MN
56301

KNUTSON R N GRANNIS ETAL
F J SCHULT BLDG
ST ST PAUL MN
55075

KOLLER MR & MRS ERWIN A
1568 DULUTH ST
ST PAUL MN
55108

KOPP MRS VERNON
2050 65TH ST E
INVER GR HGHT MN
55075

KRAMER ERNEST W
717 DELAWARE ST SE
MPLS MN
55440

KROEGER CHARLES
122 NW 7TH STREET
FARIBAULT MN
55021

KRONLOKKEN J E
10048 NORD RD
BLOMINGTON MN
55437

KROON H CLIFTON
210 E WALNUT
MANKATO MN
56001

KUHL CARL
4421 4TH ST NE
COL HEIGHTS MN
55421

KVB ENGINEERING INC
[illegible] S CO RD 18
[illegible]LS MN
55426

LABELLE JUANITA MRS
5816 AQUILA AVE NO
NEW HOPE MN
55428

LAKE SUPERIOR INDUSTRIAL
828 FIRST AM. BK. BLDG.
DULUTH MN
55802

LANAHAN E F - SIBLEY CO
184 E 6TH ST
ST PAUL MN
55101

LANGVIN DAVID
7500 80TH ST S
COTTAGE GROVE MN
55016

LAPP LAZAR LAURIE ET AL
1200 BUILDERS EXCHANGE
MINNEAPOLIS MN
55402

LARSON C L
3800 MINNEHAHA AVE SO
MPLS MN
55406

LARSON HANS P DIV HOSP SERV
717 DELAWARE ST SE
MPLS MN
55440

LEAGUE MN MUNIC
300 HANOVER 480 CEDAR
ST PAUL MN
55101

LEAGUE WOMEN VOTERS OF MINN
555 WABASHA
ST PAUL MN
55102

LEG.REF.LIB-Z. DEWITT
RM 111 STATE CAPITOL
ST PAUL MN
55155

LEVEY JESS MET STATE UNIV
METRO SQ RM 121
ST PAUL MN
55101

LEAVEY THOS
829 22ND AVE SE
MPLS MN
55414

LEWIS DR.G.M JR.
ABBOTT 110 E 18TH ST
MPLS MN
55403

LIBBEY LEONARD
BOX 17011 NOKOMIS STA
MPLS MN
55417

[illegible]INDALL & JONATHAN DEVELOP.
VILLAGE ONE CENTER
CHASKA MN
55318

LOCKNER GARY
R R 1 BOX 23
BAUDETTE MN
56623

LOWE DOUG
2701 N LEXINGTON AVE
ROSEVILLE MN
55113

LUTH SOC SERVICE OF MN
2414 PARK AVE
MPLS MN
55404

LYNCH DONALD SIBLEY CO
184 E 6TH ST
ST PAUL MN
55102

MADSON HUGH
AETNA 212 S 6TH ST
MPLS MN
55402

MAHOF RICK CARTER
2850 METRO DR SUITE 431
BLOOMINGTON MN
55420

MALECKI JAMES
1 SO STATE ST
NEW ULM MN
56073

MALONE E I COMM LABOR & INDU
444 LAFAYETTE RD 5TH FL
ST PAUL MN
55101

MANKATO STAT STUDENT SENA
CENTENNIAL STUDENT UN
MANKATO MN
56001

MANKATO STATE STUDENT ASSN
BOX 58 MANKATO COLLEGE
MANKATO MN
56001

MANTHEY T J PICKANDS MATHER
1100 SUPERIOR AVE
CLEVELAND OH
44114

MARRINAN MAR[illegible]ET M
1117 COMMERC[illegible]LDG
ST PAUL MN
55101

MASTOR & MATTSON LTD
315 PEAVEY BLDG
MPLS MN
55402

MCFADDEN G H DISPATCH-PRESS
55 E 4TH ST
ST PAUL MN
55101

MEIEROTTO, JOAN
1794 SO LEXINGTON
ST PAUL MN
55118

MIDLAND GLASS-HD SPURLING
PO BOX 69
SHAKOPEE MN
55379

MILLER TOM
[redacted]311 PILLSBURY AVE S
[redacted]PLS MN
55404

MINN ASSN ELEC COOPERATIVES
4901 W 77TH ST
MPLS MN
55435

MINN CHAP ASSOC BLDRS-CONTRS
7204 W 27TH ST
MPLS MN
55426

MINNESOTA FARMERS UNION
1717 UNIVERSITY AVE
ST PAUL MN
55104

MINN. HOTEL & MTR. ASSN
2001 UNIVERSITY AVE
ST PAUL MN

MINN POULTRY & HATCHERY ASSN
BOX 158
MADELIA MN
56062

MINN RETAIL HARDWARE ASSN
3033 EXCELSIOR BLVD 313
MPLS MN

MCKIBBON MRS SHIRLEY
11 EVERGREEN LN
BABBITT MN
55706

MET TFR MEN ASSN A ROSENTHAL
1821 UNIV AVE
ST PAUL MN
55104

MILLER M ADMIN AGENCIES DIV
G19K STATE ADM BLDG
ST PAUL MN
55155

MINN APT ASSN
GRIGGS-MIDWAY BLDG
ST PAUL MN
55104

MINN. ASSN. PET RETAILERS
1115 2ND AVE. SO.
MINNEAPOLIS MN
55403

MINN COMM FOR HANDICAPPED
METRO SQ 492 7TH & ROBT
ST PAUL MN
55101

MINN FOOD RETAILERS ASSN
555 WABASHA
ST PAUL MN
55101

MINN HWYS MANAGEMENT SERVICE
407 HWY BLDG
ST PAUL MN
55101

MINN. MTR. TRANSP. J.N. DENN
1821 UNIV.
ST. PAUL MN
55104

MN REP STATE CENTRAL COMM
555 WABASHA AVE
ST PAUL MN
55102

MINN STATE BAR ASSN
100 MINN FED BLDG
MPLS MN
55402

MCNEILLY GREG MNDSVIEW ED AS
41 SHERBURNE AVE
ST PAUL MN
55103

METROPOLITAN COUNCIL LIBRARY
300 METRO SQUARE
ST PAUL MN
55155

MILLER PAUL J PHARMACY SERV
ST MARYS HOSP
ROCHESTER MN
55901

MINN ASPHALT PAVEMENT ASSN
555 WABASHA RM 209
ST PAUL MN
55102

MINN ASSN VOL SOC SERVICE
1821 UNIV SUITE 389
ST PAUL MN
55114

MINN COMMUNITY DEVELOP SERV
512 ROSSMOR BLDG
ST PAUL MN
55101

MINN GOV ENG COUNCIL
2400 SHERWOOD HILL RD
MINNETONKA MN
55343

MINN LAND USE COMMITTEE
4344 IDS CENTER
MPLS MN
55402

MINN PETROLEUM COUNCIL
1020 NORTHERN FED BLDG
ST PAUL MN
55102

MINN RESTAURANT ASSN
2001 UNIVERSITY AVE.
ST PAUL MN
55104

MINN STATE [redacted]PHARMACY
717 DELAWARE [redacted]T SE #351
MPLS MN
55414

MET. WASTE CONTOL COMM.
350 METRO SQ BLG
ST PAUL MN
55101

MEYER HERBERT
10824 ZENITH AVE S
BLOOMINGTON MN
55431

MILLER RICHARD A
1020 PLYMOUTH BLDG
MPLS MN
55402

MINN ASSN COOPERATIVES
55 SHERBURNE AVE
ST PAUL MN
55103

MINN ASSN WATERSHED DIST
ADA MN
56510

MINN DEPT HEALTH J C MCKA
717 DELAWARE S E
MPLS MN
55440

MINN HEREFORD-LJ SCHAFER
BUFFALO LAKE MN
55314

MINN LP GAS ASSN
7515 WAYZATA BLVD 106
MPLS MN
55426

MINN POLLUTION CONTROL AG
1935 W CO RD B2
ROSEVILLE MN
55113

MINN RETAIL FED INS
131 METRO SP
ST PAUL MN
55101

MINN STATE EMP UNION COUN
236 E PLATO BLVD
ST PAUL MN
55107

MINN.TURKEY GROWERS ASSN
2383 UNIV AVE
ST PAUL MN
55114

MINN VETERANS MED ASSN
2175 W HWY 36
ROSEVILLE MN
55113

MINN WATER RESOURCES BD
RM 206 555 WABASHA ST
ST PAUL MN
55102

MINN-WISC BOUNDARY AREA C
600 2ND ST
HUDSON WI
54016

MN AUTOMOBILE DEALERS ASSN
277 UNIV AVE
ST PAUL MN
55103

MN. ASN.C&IND H.D.PETERSON
480 CEDAR ST.
ST.PAUL MN
55101

MN AFL-CIO L.O. LASHOMB
175 AURORA
ST PAUL MN
55103

MN.BD OF NURSING
717 DELAWARE ST SE
MPLS MN
55414

MN ELECTRICAL ASSN
3100 HUMBOLT SO
MPLS MN
55408

MN PUB INT RESEARCH GROUP
3036 UNIV AVE SE
MPLS MN
55414

MN SOC SERV ASS J HOOD
614 PORTLAND
ST PAUL MN
55102

MN ST PHARMACEUTICAL ASSN
2469 UNIVERSITY AVE
ST PAUL MN
55114

MN STATE SER BLIND-K NATARDY
1745 UNIVERSITY AVE
PAUL MN
104

MIXA FRANK LK MNTKA CONS DIS
402 E LAKE ST
WAYZATA MN
55391

MOFFITT R C
RM 301 M MPLS CITYHALL
MPLS MN
55415

MOOD R BLOOMINGTON HLTH D
10200 PENN SQ
BLOOMINGTON MN
55431

MORTON BUILDINGS INC
R #1
FOLEY MN
56329

MOSS DR JEROME
125 PEIK 159 PILLSBURY
MPLS MN
55455

MOTOR VEHICLE MFRS ASSN
411 MAIN ST (215)
ST PAUL MN
55102

MPIRG
BOX 45 ST MARYS COLLEGE
WINONA MN
55987

MPLS ASSN RETARDED CITIZENS
3100 W LAKE ST
MPLS MN
55416

MPLS CITY ATTORNEY
325M CITY HALL
MPLS MN
55415

MPLS STAR PRESS ROOM
STATE CAPITOL
ST PAUL MN
55101

MPLS TRIBUNE CITY DESK
425 PORTLAND AVE
MPLS MN
55415

MT OLIVET ROLLING ACRES
R 1 BOX 576
EXCELSIOR MN
55331

MURPHY DIANA E
4200 IDS-LINDQUIST VENN
MPLS MN
55402

MURPHY PATRICK SSR INC
BOX 986 COURTHOUSE STA
ARLINGTON VA
22216

MURPHY PATRICK DUFFY
1440 SUMMITT AVE
ST PAUL MN
55105

NASS GEO V HENN CO GEN HOSP
5TH AND PORTLAND AVE
MPLS MN
55415

NATL CAR RENTAL ATT D MITZEL
5501 GREEN VALLEY DR
MPLS MN
55437

NATL COUNCIL JEWISH WOMEN
4330 CEDAR LK RD
MPLS MN
55416

NATL FAMILY INS CO
2147 UNIV AVE
ST PAUL MN
55114

NCEC INC C/O DR DAHLBERG
CONCORDIA COLLEGE
MOORHEAD MN
56560

NELSON JOHN
4809 180TH ST N
HUGO MN
55038

NEREN MADONNA
376 NEAL AVE S
AFTON MN
55001

NEUMAN RALPH W
RT 2 BOX 125
EMBARRASS MN
55732

NO SUB MONTESSORI-S SADDLER
2487 HELEN COURT
NO ST PAUL MN
55109

NORTH CENTRAL ELEC ASSN
PO BOX 202
BATTLE LAKE MN
56515

NURSING HOME ADMRS BD EXA
RM 340 717 DELAWARE SE
MPLS MN
55414

NURSING HOME RES ADV CO.
111 E FRANKLIN S210
MPLS MN
55404

NW BELL TEL CO LEGAL DEPT
224 S 5TH ST RM 2000
MPLS MN
55402

NW COUNTRY ELEVATOR ASSN
802 GRAIN EXCH BLDG
MPLS MN
55415

NW REG. DEV. COMM
425 WOODLAND AVE
CROOKSTON MN
56716

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
ST PAUL MN
55101

OLOFSON ARTHUR MBO & MAINC
927 SOO LINE BLDG
MPLS MN
55402

PARKER SANDY
7480 CHANHASSEN ROAD
EXCELSIOR MN
55331

OLSON KATHLEEN
192 SEYMOUR AVE SE
MPLS MN
55414

PATTISON ORVIS
BOX 645
WILLMAR MN
56201

OTTER TAIL POWER CO.
215 S. CASCADE ST.
FERGUS FALLS MN
56537

PAYNE COL ALVIN

DEGRAFF MN
56233

PAYNE WM B
2400 FIRST NATL BK BLDG
MPLS MN
55402

PFEIFER AND SHULTZ, INC
1433 UTICA AVE S
MPLS MN
55416

PHAR MFGRS ASSN WM D PATTON
1155 15TH ST NW
WASHINGTON DC DC
20005

PHILLIPS LEGISLATIVE SERV
459 RICE ST
ST PAUL MN
55103

PINNETTI NICK M HALEY & ASS.
40 CENTRAL PARK S
NEW YORK NY
10019

POPOVICH PETER S
314 MINN BLDG
ST PAUL MN
55101

PORTER DAVID
3002 27 AVE S
MPLS MN
55406

PORTER LYLE O

TRACY MN
56175

PORT AUTH CITY OF ST PAUL
330 MINNESOTA BLDG
ST PAUL MN
55101

POSS DONALD G
6301 SHINGLE CREEK PKWY
BROOKLYN CTR MN
55430

POYZER ROBT
BOX 675
FERGUS FALLS MN
56357

PRAUSE JOS.C.
2220 105TH AVE.N.W.
COON RAPIDS MN
55433

PROCTOR&GAMBLE L THEOHAROUS
IVORYDALE TECH CENTER
CINCINNATI OH
45217

PULSCHER RBT SPRINGSTED INC
813 OSBORN BLDG
ST PAUL MN
55102

RADMAN RICHARD-LABOR TEMPLE
418 AUDITORIUM
ST PAUL MN
55102

RALPH BURKE ASSOCIATES
7710 COMPUTER #S101
MPLS MN
55435

RAMSEY CO MEDICAL SOC
908 AM NATL BK BLDG
ST PAUL MN
55101

REAGAN MICHAEL
% MINN LEARNING CTR
BRAINERD MN
56401

REARDON MRS HELEN
1125 S E 6TH ST
WILLMAR MN
56201

REID DAVID H
6469 N GRAHAM RD
INDIANAPOLIS IN
46220

RED OWL STORES INC
215 E EXCELSIOR AVE
HOPKINS MN
55343

REGION FIVE REG. DEV. COMM.
102 6TH ST N
STAPLES MN
56479

REGION NINE DEV. COMM.
709 N FRONT ST
MANKATO MN
56001

REINO O LAINE 3M COMPANY
3M CENTER
ST PAUL MN
55101

RENNER R.H. ST PAUL AREA
300 OSBORN BLDG.
ST PAUL MN
55102

RENQUIST ARTHUR NSP CO
414 NICOLLET MALL
MPLS MN
55401

RICHARDSON THOS
7851 METRO PKWY S 103
MPLS MN
55420

RICHARDS MONTGOMERY ET AL
1430 RAND TOWER
MPLS MN
55402

RIEKE DAVID
PO BOX 9311
MPLS MN
55440

ROE DAVID
175 AURORA
ST PAUL MN
55103

ROBBIE JOSEPH
904 CARGILL BLDG NO CTR
MPLS MN
55402

ROBERTS DR[illegible]N
BOX 297 MA[illegible] OF M
MPLS MN
55455

ROBERTS DAVID E
1260 NW NATL BK BLDG
ST PAUL MN
55101

SAN SIMEON DEVELOP CORP
OLD 1ST STATE BK BLDG
PAYNESVILLE MN

SANFORD S M
7000 PORTLAND AVE
RICHFIELD MN
55423

SAX DOVE & STENSON
310 ENDICOTT BLDG
ST PAUL MN
55101

SE MN REG DEV COMM
301 MARQ BK BLDG
ROCHESTER MN
55901

SPRAGUE CHARLOTTE B
AREA HOSPITAL BOX 339
WINDOM MN
56101

ST PAUL BUR HLTH DR P COX
555 CEDAR ST
ST PAUL MN
55101

ST PAUL FOOD RETAILERS ASSN
1220 ARCADE
ST PAUL MN
55106

SW REGIONAL DEV COMM
2811 BDWY
SLAYTON MN
56172

SCARBOROUGH WILLIAM
DIV.ED. U.M.
MORRIS MN
56267

SCHAEN ETHEL
1745 UNIVERSITY AVE
ST PAUL MN
55104

SCHLICHT REV ROBT
611 W MAIN ST
BELLE PLAINE MN
56011

SCHMIDT D R MN ASSN REALT
6101 WAYZATA BLVD
MPLS MN
55416

SCHMIDT H W TCHRS RETIREMENT
302 CAPITOL SQ BLDG
ST PAUL MN
55101

SCHMIDT LARRY WCCO-TV NEWS
50 S 9TH ST
MPLS MN
55402

SCHMIDT WARREN WELLCOME MHS
GARDEN CITY
MN
56034

SCHNEIDER MAHLON
GREEN GIANT
LESUEUR MN
56058

SCHUTZ LINDA
RM 328 CAPITOL BLDG
ST PAUL MN
55155

SCHWARTAU NEAL METH HOSP
201 W CENTER ST
ROCHESTER MN
55901

SCHWERMAN EARL JR
1535 8TH AVE SE
ROCHESTER MN
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SCHWINN ROBT.P.
1400 SOO LINE BLDG.
MPLS. MN
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SCHNEIDER & NEESER
706 1ST ST SO PO BX 876
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2172 CARROLL AVE
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SELECTVISION INC FR VALENTIN
1 DAG HAMMARSKJOLD PL
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10017

SENATE COUNSEL OFFICE
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ST PAUL MN
55055

SENATE FINANCE COMMITTEE
ROOM 121 STATE CAPITOL
ST PAUL MN
55155

SENATE GOV OP COMM
RM 303 STATE CAPITOL
ST PAUL MN
55155

SHABATURA EUGENE H
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DULUTH MN
55811

SHAW ROBERT M
616 MOBIL OIL BLDG
MPLS MN
55402

[illegible]AS JACK W
BOX 4366-1573 SELBY AVE
ST PAUL MN
55104

SILVERMAN JUDITH
8545 W 28TH ST
ST LOUIS PARK MN
55426

SITE ENGINEER INC
12 OLD DEERFIELD RD
WELCH MN
55089

SIX EAST REG. DEV. COMM.
311 W 6TH ST
WILLMAR MN
56201

SMERIKA WM.
BOISE CASCADE PAPERS
INTL FALLS MN
56649

SMITH MICHAEL
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MPLS MN
55455

SNELL LYN
BOX 314
EDEN VALLEY MN
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SNYDER, R.W. U OF M
RM 248C CLASS OFF BLDG.
ST PAUL MN
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MPLS MN
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SODERMAN ANTHONY
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MPLS MN
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C/O DR A C SPANNAUS DVM
WACONIA MN

STD AM LIFE & ANNUITY CO
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BABBITT MN
55706

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205 AURORA AVE
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SWANSON BURT E
W-2162 1ST NATL BK BLDG
ST PAUL MN
55101

SWANSON DALE
P O BOX 339
FOREST LAKE MN
55025

SWANSON MORTIMER C
5824 FRANCE AVE S
EDINA MN
55410

TATE VERN 3M CO
3M CENTER 220/6W
ST PAUL MN
55101

TENNESSEN SEN ROBERT J
RM 309 STATE CAPITOL
ST PAUL MN
55165

THOMPSON CONRAD
1107 23RD ST NW
ROCHESTER MN
55901

THOMPSON HESSIAN ET AL
1500 MIDWEST PLAZA BLDG
MPLS MN
55402

TIMESAVERS INC ATT R S VOLD
5270 HANSON COURT
MPLS MN
55422

TOUCHE ROSS & CO K H STOC
780 NORTHSTAR CNTR
MPLS MN
55402

TWIN CITIES PIPING IND ASSN
28[redacted] UNIV SE SUITE 304
MPL[redacted] MN
55414

UNION STOCK YARDS
ATTN PRES
SO ST PAUL MN
55075

UTLEY JOHN
4610 IDS CENTER
MPLS MN
55402

VANDERVCORT T J MET WASTE
350 METRO SQUARE BLDG
ST PAUL MN
55101

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56572

VAN EVERA MUNDT ET AL
700 TORREY BLDG
DULUTH MN
55802

VERRILL JOHN E
DEPT SECONDARY ED UOF M
DULUTH MN
55812

VIITALA, W.C. HONEYWELL
HONEYWELL PLAZA
MPLS MN
55408

VILLAGE OF WOODBURY
2100 RADIO DRIVE
WOODBURY MN
55042

VOSS REV GORDON O
11120 NE 7TH ST
BLAINE MN
55434

VOS LEROY
2137 BURNS AVE
ST PAUL MN
55119

WALTERS THOS H
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55435

WALZ SAM CO ADMINISTRATIO
ANOKA CTY COURTHOUSE
ANOKA MN
55303

WAMPLER LINUS DIR USW OF AM
609 PROVIDENCE BLDG
DULUTH MN

WANQUIST ALLEN
RM 252 FEDERAL BLDG
ST PAUL MN
55101

WATERS, DONNA M.
110506 WINDMILL COURT
CHASKA MN
55318

WELK G V NORTHERN STATES
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MPLS MN
55401

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PO BOX 1650
TULSA OK
75102

WEST CENTRAL REG. DEV.
ADM BLDG,COMMUNITY COLL
FERGUS FALLS MN
56537

WHITLOCK A G
ECON LAB OSBORN BLDG
ST PAUL MN
55102

WHITLOCK MARSHALL
RM 3 CAPITOL BLDG
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55155

WHITING RALPH
7316 BAILEY ROAD
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55055

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55102

WM.MITCHEL COLLEGE LAW LIB.
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ST.PAUL MN
55105

WILEY ENTERPRISES
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OSSEO MN
55369

WILSON R GARY PPG INDUSTR
1 GATEWAY CENTER
PITTSBURGH PA
15222

WIS FEEDER PIG MARKET CO-OP
FRANCIS CREEK WI

WOLKERSTORTER T[redacted]DORE
676 17TH AVE NW
NEW BRIGHTON MN
55112

WOZNIAK D D
401 FIRST FED BLDG
ST PAUL MN
55101

ZIMMERMAN & OFFERMAN
CAMBRIDGE STATE HOSP
CAMBRIDGE MN
55008

The following RDC'S were mailed a copy of the Notice of Hearing and the Rules:

John Boland, St. Paul, Metropolitan Council
Rolph Middleton, Rochester, Region 10
Terence Stone, Mankato, Region 9
Jerry Chasteen, Slayton, Region 8
Otto Schmid, St. Cloud, Region 7W
Phil Delvecchio, Mora, Region 7E
Dennis Dahlem, Appleton, Region 6W
Eugene Hipp, Willmar, Region 6E
Robert F. Benner, Staples, Region 5
John Sem, Fergus Falls, Region 4
Rudy Esala, Duluth, Region 3
John Ostrem, Bemidji, Region 2
Eugene Abbott, Crookston, Region 1

ADDITIONAL NAMES FOR THE GENERAL LIST

Rauenhorst Corp. - Ronald G. Kirk, 7900 Xerxes S., S-2200, Mpls 55431

Bingham, Kim E., Criminal Justice Coord.Council, 351 City Hall Annex. St.Paul 55102

The Following Names on the General Mailing List can be sent through Interoffice Mail

Anti-Trust Div., Attorney General, 160 State Office Bldg.

Brubacher, Richard, Comm. Adm., 208 Adm. Bldg.

Christiansen, Fredrik, Rm 505, Capitol Square Bldg.

Coleman, Nicholas, 208 State Capitol

Consumer Services Dept. Comm., 5th Floor, Metro Square Bldg.

Develop Disabilities Programs, State Plan, 101 Capitol Square Bldg.

Dispatch Pioneer Press, Press Rm, State Capitol

Ethics Comm., Rm 410, State Office Bldg.

Farseth, Paul, Welfare Dept., 690 N Robert Street, St. Paul

Giel, David, Rm B-28, State Capitol

House Appropriations Comm., Rm 109 State Capitol

Human Rights, 200 Capitol Square Bldg.

Human Services 414 Lafayette Rd., 5th Floor

Leg. Ref. Lib-Z. Dewitt, Rm 111, State Capitol

Levey, Jess, Met. State Univ., Metro Square Bldg., Rm 121

McLellan, Larkin, 215 Adm. Bldg. St. Capitol

Malone, E.I., Comm. Labor & Industry, 444 Lafayette Rd., 5th Floor

Met. Waste Control Comm., 350 Metro Square Bldg.

Metropolitan Council Library, 300 Metro Square

Miller, Michael, Admin. Agencies Div., G19K State Admin. Bldg

Minn Comm for Handicapped, Metro Square

Minn Pollution Control Agency, 1935 W Co Rd B2, Roseville

Minn State Retirement System, 529 Jackson St

Minn Water Resources Bd, Rm 206, 555 Wabasha St.

Mpls Star Press Room, State Capitol

Office of the Governor, 130 State Capitol

St. Paul Bur Hlth Dr P Cox, 555 Cedar St.

Schmidt, H.W. Teachers Retirement, 302 Capitol Square Bldg.

Schutz, Linda, Rm 328 Capitol Bldg.

Senate Coun. Office, Room 480, State Office Bldg.

Senate Finance Comm., 121 State Capitol

Senate Gov. Op. Comm. Rm 303, State Capitol

Senator Robert J. Tennessen, 309 State Capitol

Vandervoort, T.J., Met. Waste, 350 Metro Square Bldg.

Whitlock, Marshall, Rm. 3, State Capitol

Airlake Industrial Park, Box 517, Lakeville, 55044

Amen, Harry J., Star Route 2, Pequot Lakes 56472

Amundson Flying Service, Route 1, Box 175, Bricelyn 56014

Andersen, Wayne W., Route 1, Redwood FAlls 56283

Aquatrol Corporation, 2258 Terminal Road, St Paul 55113

Ayer, John E., Ayer Aviation Aero, Municipal Airport, LeSueur 56058

B & J Aerial Spray Service, Humboldt 56731

Beech Aero Center of Mpls, 13601 Pioneer Trail, Eden Prairie 55343

Benson Flying Service, 504 18th Street, North, Benson 56215

Bergmann Aerial Crop Service, Route 1, Box 114, Garden City 56034

Biske, Donal L., Winsted Municipal Airport, Winsted 55395

Block, E.J., 619 South Saratoga, St Paul 55116

Bohman Airways, Inc., Island View Route, Ranier 56668

Brainerd-Crow Wing Co. Airport Commission, City Hall, Brainerd, 56401

Cal O'Wild Air, Route 5 Mankato Airport, Mankato 56001

Charles Aerial Spray, Hancock 56244

Crystal Shamrock, 6000 Douglas Drive North, Mpls 55429

Deel, Dave, Jackson 56143

Duluth, Airport Authority, John C. Grinden, Duluth Int'l Airport, Duluth 55811

Ekstrom, Reynold, Route 2, Cass Lake 56633

Elmo Aero, Inc., Lake Elmo Airport, Lake Elmo 55042

Erickson, Clayton, Route 2, Hawley 56549

Flying Scotchman, Inc., 5201 Irving Avenue North, Mpls 55430

Garrett, Viola M., City Clerk-Treas., Pine River 56474

Gartner, Burkhardt & Schulman, Attn: A. Shulman, 112 7th Street NE, Rochester 55901

Greeley, Don, PO Box 822, Mankato 56001

Haberer, Herman H., 22905 West Martin Lake Drive NE, Stacy 55079

Halvorson, Thomas L., Halvair Div. Duluth Int'l Airport, Duluth 55811

Hart, Patrick V., 112 East Liberty Street, Mankato 56001

Hay, Mr. & Mrs. Frank B., Route 5, Box 460, Brainerd, 56401

Hoffman's Crop Spraying Service, Route 2, Nicollet 56074

Horton, Don, 1160 Northern Federal Bldg., St Paul 55102

Hovda, James A., 4701 Elliot Avenue South, Mpls 55407

Ingle, Jim, Ingle Spraying Service, Fort Pierre, South Dakota 57532

International Jet Inc., Box 170-D, Lakeville 55044

Johnson, John Arlen, Sacred Heart 56285

Jose, Dorothy, City Clerk-Treasurer, Stephen, 56757

Klaphake, Ronald, City Hall, Morris 56267

Kloos, Lawrence C., Jr., Route 1, Barrett 56311

Korkki Aviation Inc., International Airport, Duluth 55811

Lange, Alden W., Flight Training Ct., Int., 10100 Flying Cloud Drive, Eden Prairie 55343

L.L. LeJeune Company, P.O. Box 19070, 118 West 60th Street, Mpls 55419

Matson, C.E., 2368 Joy Avenue, White Bear Lake 55110

Marine Iron & Ship Bldg., Co., 325 Lake Avenue South, Duluth 55801

McCall Aviation, Route 4, Box 57, Montevideo, 56265

Mesaba Aviation, 2002 Airport Road, Grand Rapids 55744

Midwest Helicopter, Inc., Route 5, Box 460, Brainerd 56401

MN Aviation Trades Assn., Inc., Box 6444, Mpls 55423

Mohr's Air-Marine Service, Crane Lake 55725

Moore, Glen, Crookston Flying Service, Inc., Municipal Airport, Crookston 56716

Nelson, Leonard T., St James Municipal Airport, St James 56081

Nord, Terry, Hallock Mun.Airport, Hallock 56728

Notch Electric, 334 Central Avenue, Long Prairie 56347

Olmsted County Flying Club, Inc., P.O. Box 6035, Rochester 55901

Olson, Raymond, Route 1, Hackensack 56452

Orr Public Airport, Orr 55771

Progressive Helicopter Services Inc., 5301 Chantrey Road, Edina 55436

Raiber, Ken, 309 West 2nd Street, Canby 56220

Ready Flying Service, Inc., 8 Division Street, Buffalo 55313

Red Baron Flyers, Caledonia 55921

Ricks, Lowell, Elbow Lake

Royalaire Co., Hector Airport, Hector 55342

Runke, George Jr., Cosmos 56228

Ryan AG Service, Inc., Attn: Jerome Johnson, Box 312, East Grand Forks

Saef-Air Repair, Inc., E.E. Francis, Fleming Field, So St Paul 55075

Sharkey, Edwin, 111 East Main, New Prague 56071

Sky-Farmer Aerial Sprayers, Inc., Attn: T.K. Pfeil, Box 166, Hwy 13 South, Waseca 56093

South Dakota Skydrivers Inc., Box 63, Sioux Falls, South Dakota 57101

Straight, Annabelle M., City of Pelican Rapids 56572

Tamarac Helicopter Corp., Gary Behrens, Press, Box 297, Evansville 56326

Thunderbird Aircraft Co., 5100 Eden Avenue, Mpls 55436

Valley Sky Divers Inc., % Don Solberg, 630 7th Street, West Fargo, ND 58078

Vermilion Aviation Inc., PO Box 397, Ely 55731

Vocational Flight Training, Box 360, Maple Lake 55358

Vogan, Virl, Gunflint, Lake, Grand Marais 55604

Waldref, Jerome, 760 San Ysidro Lane, Santa Barbara, California 93108

Weber's Aero Repair, Inc., Alexandria Airport, Alexandria 56308

Weeks, T.N., City Clerk, Windom 56101

West Central Airways Inc., Box 432, Fergus Falls 56537

Wiederkehr Ballons Intl., Inc., 1604 Euclid Street, St. Paul 55106

Willmar Air Service, Inc.,Muncipal Airport, Willmar 56201

Wings, Inc., Attn: John Lindberg, Hangar #1, St Paul Downtown Airport, St Paul 55107

Worthington Flying Service, Inc., PO Box 605, Worthington 56187

Wyant, Clinton W., Attorney at Law, Aitkin 56431

TRANSPORTATION
HIGHWAY

Association of Casualty and Surety Executives, 60 John St, New York, NY

Bowar, C.L., Minnesota AAA, Burnsville 55378

Higgens, J.C., Brotherhood Rwy, Clks, 2317 W. 7th Street Duluth

Hoglund United Sales, Inc., South Hwy 25, Monticello

Hopkins, Bill, 2004 Lyndale Avenue South, Mpls 55405

Matthias, Dr. Howard, 329 Brown Hall, St Cloud State College, St Cloud 56301

Minnesota School Bus Operators Association, Faribault 55021

Nelson-Zepper, 9150 Central Avenue NE, Blaine 55434

Perley A. Thomas, Car Works, Inc., Attn: Carroll Graham, High Point, North Carolina
(School bus laws only)

St Paul Motorcycle Escort Club, Inc., PO Box 3264, St Paul 55101

Shields, J.B., Driver Ed. Range, 1000 N Snelling Avenue, St Paul 55108

Stern, Philip J., 1234 Soo Line Bldg., Mpls (Re driving Instructor & school)

Blake, Duane, 400 Midland Bank Bldg., Mpls 55401

Burton, Wendel, 3M Company, 3M Center, St Paul 55101

Chaffin, Robert L., E.F. Johnson Company, 299 10th Ave SW, Waseca 56093

Colloton, J. Michael, Dayton Hudson Corporation, 777 Nicollet Mall, Mpls 55402

Harris, Clarence, Sperry-Univac PO Box 3525, St Paul 55165

Noonan, James C., 60 East 4th Street, St Paul 55101

Schmid, Forest, Whirlpool Corp. PO Box 3380, 850 Arcade St, St Paul 55165

Theissen, Joseph, 2250 Wabash Avenue, St Paul

Ubel, Frank, 3M Company, 3 M Center, St Paul 55101

Human Services

Conroy, Frank, 126 Wood Street, Mahtomedi 55115

Agency Ex. 5

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

IN THE MATTER OF THE PROPOSED ADOPTION OF THE RULES OF THE DEPARTMENT OF TRANSPORTATION RELATING TO THE IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS.

AFFIDAVIT OF RECEIPT OF SECRETARY OF STATE'S LIST.

RECEIVED
MAR 20 1978
OFFICE OF HEARING EXAMINERS

- -

Kenneth H. Bjork, being duly sworn on oath deposes and says:

1) That he is an employee of the State of Minnesota Department of Transportation.

2) That on the 15th day of March 1978, he went to the Secretary of State'f office for the State of Minnesota and requested a current list of all representative of associations, or other interested groups or persons who had registered their names with the Secretary of State for the purpose of obtaining notices of public hearings relating to the promulgation of rules pursuant to M. S. 15.0412.

3) That on the 15th day of March 1978, in response to the above request, the Secretary of State provided him with such a list, a copy of which is attached hereto and incorporated by reference.

In the matter of the proposed
Adoption of the rules of the
Department of Transportation
Relating to the implementation
of Public transit subsidy and
demonstration grant programs.

Affidavit of receipt of
Secretary of State's List
(Page 2)

- - - -

Agency Ex. 6

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

IN THE MATTER OF THE PROPOSED ADOPTION OF RULES OF THE DEPARTMENT OF TRANSPORTATION RELATING TO THE IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS.

AFFIDAVIT OF MAILING

RECEIVED
MAR 20 1978
OFFICE OF HEARING EXAMINERS

- -

Kenneth H. Bjork, being first duly sworn, deposes and says:

That on the 15th day of March 1978, at the City of Saint Paul, County of Ramsey, State of Minnesota, he served the attached Notice of Hearing by depositing in the United States mail at said City of Saint Paul, a true and correct copy thereof, to all persons listed on the attached Certificate of the Secretary of State.

Kenneth H. Bjork

Subscribed and sworn before me this 20th day of March, 1978

Agnes I. Litfin

Notary Public

Ramsey County, Minnesota

My Commission Expires November 21, 1980

AGNES I. LITFIN
Notary Public, Ramsey Co., Minn.
My Commission Expires
November 21, 1980

Agency Ex. 7

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

IN THE MATTER OF THE PROPOSED ADOPTION OF THE RULES OF THE DEPARTMENT OF TRANSPORTATION RELATING TO THE IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS.

STATEMENT OF NEED

RECEIVED
MAR 20 1978
OFFICE OF HEARING EXAMINERS

The above captioned rules are not amendments to existing rules of the Department of Transportation, however, temporary rules have been published, adopted and are in effect.

The need to adopt these rules arises because of the enactment of Minnesota Statute 1977, Chapter 174 (1977 Supplement) which requires the Commissioner to establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the Commissioner pursuant to sections 18 to 24.

Minnesota Statutes 1977, section 174.23, subd. 2 requires "any applicant shall provide to the Commissioner any financial or other information required by the Commissioner to carry out his duties".

Minnesota Statutes 1977, section 174.23 subd. 4 requires "The Commissioner shall develop and promote proposals and projects to accomplish the purposes of sections 18 to 24 and shall actively solicit such proposals from municipalities, legis-

latively established transit commissions and authorities, regional development commissions, the Metropolitan council and potential vendors".

Minnesota Statutes 1977 section 174.21 states the purpose of the programs: "It is the purpose of sections 18 to 24 to increase vehicle occupancy, to reduce the use of vehicles occupied by only one person and the congestion, pollution, energy consumption, highway damage, and other costs associated with such use and to increase the efficiency and productivity of and benefit from public investments in road space and transportation and transit facilities and systems in the state".

The legislative purpose coupled with the state-wide scope of the programs and the charge to the Commissioner to actively solicit proposals from government agencies and private persons dictates the necessity for procedures and standards for the submission of proposals, review and approval so that all interested parties will have a systematized method for submitting all information necessary for the Department to make a final decision on each proposal.

This statement of need in support of the Department of Transportation rules will be presented section by section and by subsections therein.

14 MCAR § 1.4025. General provisions.

A. Authority. The authority for these rules is contained in Minnesota Statutes 1977, chapter 174, (1977 Supplement) and Minnesota Statutes 1976, Section 15.0412 as amended.

B. Definitions. "Department" means the Department of Transportation is self explanatory. Other definitions are established by Minnesota

Statutes 1977 Chapter 174 (1977 Supplement), Minnesota Statutes 1976 Sections 221.011, 473.123 and 473.404.

C. Program application. This subsection details the requirement for a preliminary and final application. The Department shall determine the eligibility of the proposal for financial assistance from the facts set forth in the preliminary proposal. A review is also required by the Regional Development Commission for consistency with regional development plans. Regional transit operators, public and private shall have the opportunity to comment so that their systems will not be infringed upon by any new project. Time restraints allow the RDC's and operators thirty days to forward comments to the Department. The Department shall notify the applicant within sixty days of receipt of the preliminary application as to eligibility of the proposal. The final application must be reviewed by the RDC, transit authority or system. Comments are required to be sent to the Department within ten days of receipt. The Department in turn shall notify the applicant within 20 days of receipt of the final application as to its decision for approval and funding.

D. Regulation of use of subsidy and demonstration assistance. The regulation requirements are state audits, record keeping, project evaluation, third-party contracts and penalties. The Department shall audit the recipient's books at the beginning and end of the contract period to establish an approved total operating deficit. If there is an ownership transfer, an interim audit shall be made by the Department. The recipient shall audit the financial records of any participating system. The recipient shall maintain accounting and other records to record expenses, revenues, patronage, rules and hours as specified in the contract. The Department will monitor and evaluate the project using the management plan required pursuant to 14 MCAR § 1.4028 to assure compliance with the terms of the contract and the legislative purpose of the program. Third-party contracts are authorized so that recipients may avail themselves

of services and materials necessary for the project. The Department may terminate all or part of the assistance if the recipient fails to comply with the provisions of the contract.

§§ 1.4026 Public transit subsidy program.

A. Purpose. The purpose of this program is to supplement local transit systems financing pursuant to Minnesota Statutes 1977, section 174.24 subd. 1, (1977 Supplement).

B. Eligibility. Eligible recipients are 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 pursuant to Minnesota Statutes 1977, section 174.24 subd. 2 (1977 Supplement). Any of these transit systems operating with a deficit are eligible. Only deficits incurred during the contract period are eligible for financial assistance. When a legislatively established public transit commission or authority is in existence, any application for the area under their jurisdiction must be submitted by that commission or authority except private operators in the metropolitan transit taxing district are exempt and may apply directly to the Department.

C. Application for subsidy assistance. Two applications shall be submitted: a preliminary and final 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. The final application shall be submitted to determine the subsidy assistance to be granted and the basic

elements in the agreement. The final application is submitted after the eligible recipient has been notified by the Department. This rule will facilitate orderly screening of applications for preliminary eligibility and determination of final financial assistance.

D. Determination of subsidy assistance. This rule tells the applicant to determine the total operating deficit by applying generally accepted accounting principles and practices excluding depreciation on capital equipment purchased with state or federal funds, projecting the contract period deficit using previous 12 month actual deficit, increased deficit due to increased service will be considered and any financial assistance from the federal government shall be treated as revenue. This will aid the applicant in formulating his submission. This rule also outlines the factors used by the Department in determining the amount of subsidy assistance. The Department will consider population, transit ridership, relative need for public transit, new developments and prior local assistance. Subsidy assistance shall not exceed two-thirds of the total operating deficit pursuant to Minnesota Statutes 1977, section 174.24, subd. 3 (1977 Supplement) and the recipient shall establish the fact that at least one-third of the deficit will be available from local sources during the contract period. This defines for the recipient the exact proportions of the deficit to be paid by state and local sources. Minnesota Statutes section 174.24 subd. 3 (1977 Supplement) allows the Department to fund up to 100% of the operating deficit of private transit operators in the metropolitan transit taxing district.

E. Contract. This rule explains that the contract shall be effective for a period of no more than one year, the disbursement schedule will be on a monthly or quarterly basis with disbursements based on actual experience, that a portion of the final payment will be withheld pending a final

audit and that any overpayment shall be returned to the State Treasury. This rule allows the recipient and the Department to budget the contract period.

§ 1.4027 Paratransit service and regular route demonstration program.

A. Paratransit purpose. The purpose of this program is to plan, promote, demonstrate, and evaluate the effectiveness, cost and efficiency of paratransit as a means of accomplishing program objectives pursuant to Minnesota Statutes 1977 Chapter 174 section 174.25, subd. 1 (1977 Supplement).

B. Paratransit objectives. Five paratransit objectives pursuant to Minnesota Statutes 1977 section 174.25 subd. 1 (1977 Supplement) 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; and

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 objectives. This rule gives broad choice to applicants.

C. Eligible recipients. Any public or private agency, entity, or person is eligible to receive financial assistance through the paratransit service demonstration program pursuant to Minnesota Statutes 1977, section 174.25 subd. 2 (1977 Supplement).

D. Regular route program objective. This rule states that the primary objective of the regular route transit demonstration program is to demonstrate improvements in the accessability, quality, economic performance or patronage or regular route service by: expansion of existing routes or addition of new routes or management and operations improvements without expansion or new routes. This rule expands and clarifies Minnesota Statutes 1977, section 174.26 subd. 1 (1977 Supplement).

E. Eligible recipients. Any organization eligible for the public transit subsidy program is also eligible under this regular route transit demonstration program in accordance with Minnesota Statutes 1977, section 174.26 subd. 2 (1977 Supplement).

F. Eligible projects. This rule outlines the general requirements and objectives for project eligibility under the paratransit service and regular route demonstration program so that eligible recipients will have more specific information upon which to design their projects.

G. Determination of demonstration assistance. This rule explains the submission and content requirements for preliminary and final applications and project funding.

1. General. This paragraph informs the applicant about what assistance, financial and in kind, can be expected from the Department as well as that the applicant is to submit a preliminary and final application for the project.

2. Preliminary application. The purpose of the preliminary application is to ascertain the probable eligibility of the applicant and the availability of local and state financial assistance. The subsection informs the applicant of subject matter that shall be discussed in the application. The items discussed are necessary for the evaluation by the Department so that the application is fairly treated and the legislative program objectives are fulfilled.

3. Final application. The applicant shall be informed of eligibility to submit a final application. The final application is submitted to determine the demonstration financial assistance to be granted and the basic elements to be contained in the agreement.

4. Application evaluation. The primary criteria that shall be used by the Department to evaluate the proposed demonstration projects are listed. The nine criterion will aid the applicant in designing the project application to assure a satisfactory evaluation and financial assistance approval.

5. Project funding. This paragraph informs the applicant that local financial assistance is expected. Normally the Department will assist not to exceed 90 percent of the deficit but reserves the right to fund 100 percent for a unique project that needs to be demonstrated but lacks local funding. A project with national significance may require an application to the federal government.

H. Contract. This paragraph specifies the content of the contract and the disbursement schedule. For the information of the applicant the contract will specify the amount of assistance effective for at least one year. It includes the assurance of the recipient that the local share is available and the management plan will be carried out. The

disbursement schedule will specify either monthly or quarterly at the pleasure of the recipient. The recipient will receive assistance based on actual experience but not to exceed the estimate. A portion of the final payment will be withheld pending an audit to determine that the assistance does not exceed the states share of the deficit.

§ 1.4028 Final application for subsidy and demonstration assistance.

This section outlines for the recipient the requirement for a management plan, local organization, financial conditions, financial statement, operating statistics, sources of local funds and fuel supplies. The data furnished by the recipient to the Department assures the Department and the recipient that if the plan and financial requirements are followed during the contract period prudent use of local and state funds will accomplished. The management plan details all of the planned and anticipated events that will affect the public transit systems operating revenue and expenses during the contract period. The local or organizational structure will delineate the decision making elements responsible for implementing, directing and controlling the management plan. Financial conditions will be reported by the accrual method for audited and estimated figures. Operating statistics including miles, ridership and revenue hours will be a plan the recipient and the Department can follow for successful or unsuccessful trends in the operation of the demonstration program. Local funds must be identified and assured. Fuel supply data for the contract period must be planned if the transit system is to operate continuously and fulfill the demonstration objectives.

Jim Harrington

Jim Harrington, Commissioner

Dated: March 9, 1978

Agency Ex. 8

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

IN THE MATTER OF THE PROPOSED ADOPTION OF THE RULES OF THE DEPARTMENT OF TRANSPORTATION RELATING TO THE IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS

STATEMENT OF EVIDENCE

RECEIVED
MAR 20 1978
OFFICE OF HEARING EXAMINERS

In addition to the "Statement of Need" which is available for inspection or purchase at the Hearing Examiners Office, 1745 University Avenue, St. Paul, Minnesota 55104, (612) 296-8111 and in support thereof the Department of Transportation will introduce the following evidence:

A. Minnesota Statutes 1977, Chapter 174 (1977 Supplement) mandates the Public Transit Subsidy and Demonstration Grant Programs.

B. Minnesota Statutes 1977, section 174.23, subd. 2 (1977 Supplement) requires the Commissioner to establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the Commissioner pursuant to sections 18 to 24.

C. Minnesota Statutes 1977, section 174.23, subd. 2 (1977 Supplement) requires any applicant to provide to the Commissioner any financial or other information required by the Commissioner to carry out his duties.

D. Minnesota Statutes 1977, section 174.23 subd. 3 (1977 Supplement) requires the Commissioner to offer, use, and apply the information developed pursuant to sections 18 to 24 to assist and advise political subdivisions and recipients of financial assistance in the planning, promotion, development, operation and evaluation of programs and projects to accomplish the purposes of sections 18 to 24. The Commissioner shall seek out and select eligible recipients of such technical and professional assistance.

E. Minnesota Statutes 1977, Chapter 15 section 15.0412 (1977 Supplement) requires each agency to adopt rules setting forth the nature and requirements of all formal and informal procedures related to the administration of official agency duties to the extent that these procedures directly affect the rights of or procedures available to the public.

F. Rules as proposed for the "Implementation of Public Transit Subsidy and Demonstration Grant Programs".

G. State Register, July 5, 1977 (1 S.R. 1875) Notice of Intent to Solicit Outside Opinion Regarding Rules for Public Transit Assistance and Transportation Management.

State Register, October 24, 1977 (2 S.R. 892) Proposed Temporary Rules of the Department of Transportation Relating to Public Transit Subsidy and Demonstration Grant Programs.

State Register, December 19, 1977 (2 S.R. 1200) Adopted Temporary Rules on Public Transit Subsidy and Demonstration Grant Programs.

State Register, February 20, 1978 (2 S.R. 1515) Notice of Extension of Temporary Rules on Public Transit Subsidy and Demonstration Grant Programs.

We may call one or more of the following expert witnesses to testify:

1. Richard L. Brown, Director
   Office of Transit Administration
   Department of Transportation
   Transportation Building
   St. Paul, Minnesota, 55155
   (612) 296-2533

2. Fred S. Suhler, Jr.
   Special Assistant Attorney General
   Office of the Attorney General
   Transportation Building
   St. Paul, Minnesota, 55155
   (612) 296-3257

We do not intend to introduce any manuals, books, scientific treatises or other documentary evidence

We will be citing the following statutes:

A. Minnesota Statutes 1977, chapter 15, (1977 Supplement)

B. Minnesota Statutes 1977, chapter 174 (1977 Supplement)

C. Minnesota Statutes 1976, chapter 174

Jim Harrington

Jim Harrington, Commissioner

Dated: March 9, 1978

Agency Ex 9

include the procedures for handling complaints and grievances by clients, their relatives, and/or guardians. A written copy of such rights and procedures shall be given to each client entering the program and posted in a prominent place.

(1) The program shall have a written statement of its policies and practices for handling cases of neglect and abuse of its clients.

(2) The risks associated with the use of any therapeutic procedures shall be fully explained to the patient in terms he/she can understand.

9. Outpatient treatment programs serving adolescents must meet the above requirements and in addition each program must:

(1) Provide a written rationale for its approach to the treatment of adolescents, demonstrating that within the context of its adult/adolescent population, the program can provide appropriate services to adolescent clients.

(2) Provide counselor(s) with knowledge in adolescent chemical dependency behavior, adolescent behavior, and direct counseling experience with adolescents. Personnel files of these counselors must document that the qualifications and expertise of identified staff is sufficient to meet the needs of the clients.

(3) Provide for each 1 hour of individual, group, or family unit counseling and each admission and discharge interview, a minimum of 1.5 hours of counselor time must be allocated. This section supersedes section G. 3 (1) above.

(4) Provide inservice training of direct counseling staff in areas specific to the treatment of chemically dependent adolescents, including training on incest, sexual and physical abuse, family dynamics, independent living skills, habilitation vs. rehabilitation, experimentation, and decision making.

(5) Document attempts to obtain the active participation of the adolescent's family or family surrogate in the treatment process. If, despite reasonable effort, participation of a functioning family or family surrogate unit cannot be obtained, it is then the obligation of the program to involve the anticipated provider of aftercare services in discharge planning.

(6) Document appropriate educational opportunities. Treatment and discharge planning must occur in coordination with the client's ongoing educational setting. The program must provide or contract with Special Learning and Behavior Problem teachers, tutors, class room teaching, vocational education, etc., as appropriate.

(7) Provide treatment, literature, lectures, etc. which are easily comprehendible to, and appropriate for the age level of adolescent serviced.

(8) Provide a recreational rehabilitation program to clients. Activities should be planned to develop constructive leisure time activity skills and should be documented in each individualized treatment plan.

(9) Develop a discharge plan which reflects consideration of aftercare provisions unique to adolescents to include leisure time, education, specialized adolescent services, role of family or family surrogate. The plan should be developed cooperatively by the client, program staff, referring agency, family (or surrogate) and the anticipated provider of aftercare services (when appropriate), and signed by the client.

Department of Transportation

Proposed Rules Governing the Implementation of Public Transit Subsidy and Demonstration Grant Programs

Notice of Hearing

Notice is hereby given that a public hearing in the above-entitled matter will be held in Room 81, State Office Building, Aurora and Fuller Streets, St. Paul, Minnesota on April 19, 1978 commencing at 9:30 A.M. and continuing until all persons have had an opportunity to be heard.

All interested or affected persons will have an opportunity to participate. Statements may be made orally or written materials may be submitted at the hearing. In addition, written materials may be submitted to Natalie Gaull, Office of Hearing Examiners, 1745 University Avenue, St. Paul, Minnesota 55104, (612) 296-8111, either before the hearing or within five working days after the public hearing ends or

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for a longer period not to exceed 20 days if ordered by the hearing examiner.

The proposed rules, if adopted, provide procedures and standards for the submission, review and approval of applications for financial assistance under the Public Transit Subsidy and Demonstration Grant Programs pursuant to Minn. Stat. ch. 174 (1977 supp).

Copies of the proposed rules are now available and one free copy may be obtained by writing to Richard L. Brown, Minnesota Department of Transportation, Room 419, Transportation Building, St. Paul, Minnesota 55155, (612) 296-2533. Additional copies will be available at the door on the day of the hearing. The agency's authority to promulgate the proposed rules is contained in Minn. Stat. ch. 174 (1977 supp.). A "Statement of Need" explaining why the agency feels the proposed rules are necessary and a "Statement of Evidence" outlining the testimony they will be introducing will be filed with the Hearing Examiners Office at least 25 days prior to the hearing and will be available there for public inspection.

Please be advised that Minn. Stat. ch. 10A, requires each lobbyist to register with the Ethical Practices Board within five days after he commences lobbying. Lobbying includes attempting to influence rule making by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than $250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association who spends more than $250 per year or five hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota 55155, phone (612) 296-5615.

The proposed rules are published herewith in their entirety without indication of changes from those previously published.

Jim Harrington
Commissioner

Rules as Proposed

The existing rules dated August 23, 1974 under Laws of 1974, ch. 534 are rescinded.

Readers should note that the following rule is totally new.

14 MCAR § 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. Stat. ch. 174 (1977 Supp.) and Minn. Stat. § 15.0412 (1976) as amended.

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

1. "Department" means the Department of Transportation.

2. "Demonstration assistance" means state financial assistance granted to an eligible recipient in accordance with the Paratransit Service Demonstration Grant Program or Regular Route Demonstration Program established pursuant to Minn. Stat. ch. 174, §§ 22 and 23 (1977 supp.).

3. "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 paratranist and regular route transit. For the purposes of these rules, this term does not include air or rail transit.

4. "Subsidy assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program established pursuant to Minn. Stat. ch. 174, § 21 (1977 supp.).

5. "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 Laws of 1977, ch. 174, § 21, subd. 4 (1977 supp.). Financial assistance received from the federal government for the operation of a public transit system shall be treated as revenue for the purpose of determining the operating deficit.

6. "Commuter van" has the meaning given it in Minn. Stat. § 221.011 (1976).

7. "Metropolitan council" means the council established by Minn. Stat. § 473.123 (1976).

8. "Metropolitan transit commission" means the commission established by Minn. Stat. § 473.404 (1976).

9. "Paratransit" means the transportation of passengers by motor vehicle or other means of conveyance by persons operating on a regular and continuing basis and 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.

10. "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 for consistency with regional transportation plans and development guides prior to the department approving the application. The RDC as part of their review will insure that existing public or private transit service in the proposed service area has the opportunity to comment on the proposed project. The RDC in their review will indicate this has been accomplished. Any Regional Development Commission that has not adopted a transportation plan may review but may not approve or disapprove an application. The Regional Development Commission must transmit its comments to the department within thirty days of the receipt of the application. 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. No comment from the RDC, local transit authority, commission or system will constitute a positive comment from such commission, authority or system. After considering those comments and within sixty days of receipt of preliminary application, the department 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 Development 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. The Department will act upon the final application within 20 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 books shall be required at the beginning of the first contract period and prior to contract execution and fund encumbrance. 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 permit audit verification of all transit cost allocations claimed during the contract period.

3. Project evaluation. The Department shall use the management plan required pursuant to 14 MCAR § 1.4028 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 deviation 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. Mn/DOT concurrence is required for the third party contract.

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.

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14 MCAR § 1.4026

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

2. Eligibility 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 commission or authority is in existence, any application for the area under the jurisdiction of the commission or 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 final application upon request. Subsidy assistance may not be used to pay any costs incurred by the applicant in the preparation, submission or processing of applications.

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 subsidy assistance would be used;

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

d. The amount of subsidy assistance requested;

e. A narrative describing the transit service; and

f. A description of the transit costs allocation method.

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 and include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the demonstration program 14 MCAR § 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. Transit costs as described in the Urban Mass Transit Administration's external operating manual;

b. Generally accepted accounting principles and practices;

c. 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;

d. Subsidy assistance shall be considered on the basis of the total project deficit for the proposed contract period;

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

f. An eligible recipient shall treat 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 required pursuant to 14 MCAR § 1.4028 as a basis for allocation of subsidy assistance to an eligible recipient. In the allocation of subsidy assistance, the Department shall 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 Minn. Stat. § 473.446, subd. 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. Disbursements will reimburse the recipient based on the claimed operating deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate in the final application. At the end of seven months if it appears that the existing contract limit shall be insufficient the department will, upon application, amend the contract.

As agreed to in the contract, 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 verify the transit costs claimed during the contract period. 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.

§ 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 inefficienty 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; and

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 program objective. The primary objective of the Regular Route Transit Demonstration Grant Program is to demonstrate improvements in the accessibility, quality, economic performance, or patronage of 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.

E. Eligible recipients. Any organization that qualifies under 14 MCAR § 1.4026 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.

F. Eligible projects. An eligible project for Paratransit Service and Regular Route Demonstration Grant programs shall meet the following requirements:

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14 MCAR § 1.4027

1. It shall be designed to have potential for general applicability in other areas of the State;

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

3. It shall meet one or more of the program objectives in 14 MCAR § 1.4027 B. and D.

An application should include a request for funding an ongoing evaluation of the project.

G. 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 preparation, submission or processing of the applications.

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 expenditures, 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;

(9) Transit cost allocation procedures.

The preliminary application shall be submitted to the Department and appropriate Regional Development Commission and transit systems as required in 14 MCAR § 1.4025 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 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, 14 MCAR § 1.4026, during the contract period, this shall 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;

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

i. Cost effectiveness of the project.

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 judgment, 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.

H. 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 not exceed 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. Disbursements will reimburse the recipient based on the claimed deficit for the monthly or quarterly reporting period, but will not be allowed to exceed the estimate.

As agreed to in the contract 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 verify the transit costs claimed during the contract period. 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.

§ 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 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 shall be described.

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

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

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

(a) Market research;

(b) Public information;

(c) Promotion;

(d) Advertising;

(e) Community relations; and

(f) Employee relations.

(5) Capital improvements. Any actual or anticipated capital improvements in the participating public transit system during the contract period shall be described. Capital improvements include, but are not limited to: buses, fareboxes, 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

KEY: PROPOSED RULES SECTION: Underlining indicates additions to pre-existing rule language. ~~Strike outs~~ indicate deletions from pre-existing rule language. If all proposed rules in a set are totally new (i.e. non-amendatory) the entire set is printed in standard type face. **RULES SECTION:** Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

transit service area during the contract period shall be described. Non-capital improvements include, but are not limited to:

(a) Staggering work hours;

(b) Regulating supply and prices of off-street parking; 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 shall be described. A copy of the contract will be required as part of the final application.

The following types of contracts shall be discussed:

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

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

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

(d) 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 shall be described. Examples of traffic improvements include:

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

(b) Control of traffic lights by buses;

(c) Provision of fringe parking spaces with express or improved bus service;

(d) Provision of bus turnouts; and

(e) Priority snow-plowing of transit routes.

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

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

(b) The expected impact of the traffic improvement upon estimated public operating revenues and expenses.

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

The types of contracts to be discussed include:

(a) Contracts for management and consulting services;

(b) Contracts for storage and maintenance of buses;

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

(d) Contracts for fuel and lubricants;

(e) Contracts for liability and property insurance;

(f) 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 shall be described. Elements of a preventive maintenance program typically include:

(a) Defect reporting by drivers;

(b) Daily fueling inspection;

(c) Mileage inspection; and

(d) Inventory controls.

2. Organization. The local institutional or organizational structures established to carry out the management plan shall 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 shall be illustrated in a simple diagram following the narrative. In addition, the following questions shall 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 today?

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 cash accounting method shall be used to report financial data unless otherwise authorized by the department.

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 program, 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.

14 MCAR § 1.4028

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/or the contract period shall be described. This discussion shall include revenue passengers, monthly ridership, total operating 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 shall 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.

KEY: PROPOSED RULES SECTION: Underlining indicates additions to pre-existing rule language. ~~Strike outs~~ indicate deletions from pre-existing rule language. If all proposed rules in a set are totally new (i.e. non-amendatory) the entire set is printed in standard type face. **RULES SECTION:** Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

Agency Ex. 2

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

IN THE MATTER OF THE PROPOSED ADOPTION OF THE RULES OF THE DEPARTMENT OF TRANSPORTATION GOVERNING THE IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS.

ORDER FOR HEARING

RECEIVED
MAR 20 1978
OFFICE OF HEARING EXAMINERS

IT IS HEREBY ORDERED that a public hearing on the above-captioned rules be held in Room 81, State Office Building, Aurora and Fuller Streets, St. Paul, Minnesota on April 19, 1978 commencing at 9:30 A.M. and continuing until all persons have had an opportunity to be heard.

IT IS FURTHER ORDERED that a Notice of Hearing be mailed to all persons or representatives of associations or other interested groups who have registered their names with the Secretary of State for that purpose.

IT IS FURTHER ORDERED that the Notice of Hearing be published in the State Register.

Jim Harrington

Jim Harrington, Commissioner

Date: February 24, 1978

Agency Ex. 3

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

IN THE MATTER OF THE PROPOSED ADOPTION OF RULES OF THE DEPARTMENT OF TRANSPORTATION GOVERNING THE IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS.

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that a public hearing in the above - titled matter will be held in Room 81, State Office Building, Aurora and Fuller Streets, St. Paul, Minnesota on April 19, 1978 commencing at 9:30 A.M. and continuing until all persons have had an opportunity to be heard.

All interested or affected persons will have an opportunity to participate. Statements may be made orally or written materials may be submitted at the hearing. In addition, written materials may be submitted to Natalie Gaull, Office of Hearing Examiners, 1745 University Avenue, St. Paul, Minnesota 55104, (612) 296-8111, either before the hearing or within five working days after the public hearing ends or for a longer period not to exceed 20 days if ordered by the hearing examiner.

The proposed rules, if adopted, provide procedures and standards for the submission, review and approval of applications for financial assistance under the Public Transit Subsidy and Demonstration Grant Programs pursuant to Minne-

sota Statutes 1977, Chapter 174 (1977 Supplement).

Copies of the proposed rules are now available and one free copy may be obtained by writing to Richard L. Brown, Minnesota Department of Transportation, Room 419, Transportation Building, St. Paul, Minnesota 55155, (612) 296-2533. Additional copies will be available at the door on the day of the hearing. The agency's authority to promulgate the proposed rules is contained in Minnesota Statutes 1977, Chapter 174 (1977 Supplement). A "Statement of Need" explaining why the agency feels the proposed rules are necessary and a "Statement of Evidence" outlining the testimony they will be introducing will be filed with the Hearing Examiners Office at least 25 days prior to the hearing and will be available there for public inspection.

Please be advised that Minnesota Statutes, Chapter 10A, requires each lobbyist to register with the Ethical Practices Board within five days after he commences lobbying. Lobbying includes attempting to influence rule making by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than $250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association who spends more than $250 per year or five hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota 55155, phone (612) 296-5615.

The proposed rules are published herewith in their entirety without indication of changes from those previously published.

February 24, 1978
Date

Jim Harrington
Jim Harrington, Commissioner

Copy 2 of 3

STATE OF MINNESOTA

DEPARTMENT OF TRANSPORTATION

NOTICE OF RULE EXTENSION

Adopted Temporary Rules governing implementation of Public Transit Subsidy and Demonstration Grant Programs.

The temporary rules published at State Register, Vol. 2, No. 16, p. 892, October 24, 1977 (2 S.R. 892) and adopted at State Register, Vol. 2, No. 24, p. 1200, December 19, 1977 (2 S.R. 1200), are continued in effect through and including May 22, 1978.

Extension authority is Minnesota Statutes 1976, sec. 15.0412 as amended by Laws of 1977, ch. 443.

Jim Harrington

Jim Harrington, Commissioner

Subscribed and Sworn Before me this

8th day of February, 1978.

Agnes I. Litfin

Notary Public

Ramsey County, Minnesota

My Commission expires November 21, 1980

AGNES I. LITFIN
Notary Public, Ramsey Co., Minn.
My Commission Expires
November 21, 1980

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
FEB 10 1978

Joan Anderson Growe
Secretary of State

MN 1000 (REV. 4/77)

Agency ck. 78

STATE OF MINNESOTA

Office Memorandum

DEPARTMENT MN/DOT, Office of Transit Admin.
Room 419A

TO : Richard L. Brown, Director
Office of Transit Administration

DATE: April 5, 1978

FROM : Dwight E. Bonin, Manager
Marketing Section

PHONE: 6-0368

SUBJECT: TESTIMONY FOR PUBLIC HEARING

Attached are documents you will use during your testimony at the hearing. The certificates and statements are self explanatory.

The Hearing Examiner will determine what detail will be required for your presentation. You will probably present the Statement of Need and the Statement of Evidence.

We omitted a definition of the Regional Development Commission. I suggest that you propose deleting the Metropolitan Council definition and insert the RDC definition.

We propose to delete 14 MCAR § 1.4025 B7 which defines the Metropolitan Council and insert therein:

"Development Region" has the meaning given it in Minn. Stat. § 462.384 (1976). The reason for this is that the Metropolitan Council is not mentioned in the rules whereas the Regional Development Commissions are cited as a reviewing agency for all applications.

Attachment

DEB/arw

Draft

DEPARTMENT OF TRANSPORTATION

RULES AS PROPOSED

IMPLEMENTATION OF PUBLIC TRANSIT SUBSIDY AND DEMONSTRATION GRANT PROGRAMS

14 MCAR § 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 Minnesota Statutes 1977, chapter 174 (1977 Supplement) and Minnesota Statutes 1976. Section 15.0412 as amended.

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

1. "Department" means the Department of Transportation.

2. "Demonstration assistance" means state financial assistance granted to an eligible recipient in accordance with the Paratransit Service Demonstration Grant Program or Regular Route Demonstration Program established pursuant to Minnesota Statutes 1977, chapter 174, Sections 22 and 23 (1977 Supplement).

3. "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.

4. "Subsidy assistance" means state financial assistance granted to an eligible recipient in accordance with the Public Transit Subsidy Program established pursuant to Minnesota Statutes 1977, chapter 174, Section 21, (1977 Supplement).

5. "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 Laws of 1977, ch. 174, § 21, subd. 4 (1977 Supplement). 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 purpose of determing the operating deficit.

6. "Commuter van" has the meaning given it in Minnesota Statutes 1976 221.011, § 22.

7. "Metropolitan council" means the council" means the council established by Minnesota Statutes 1976, 473.123.

8. "Metropolitan transit commission" means the commission established by Minnesota Statutes 1976, 473.404.

9. "Paratransit" means the transportation of passengers by motor vehicle or other means of conveyance by persons operating on a regular and continuing basis and 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.

10. "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 for consistency with regional transportation plans

and development guides prior to the department approving the application. The RDC as part of their review will insure that existing public or private transit service area has the opportunity to comment on the proposed project. The RDC in their review will indicate this has been accomplished. Any Regional Development Commission that has not adopted a transportation plan may review but may not approve or disapprove an application. The Regional Development Commission must transmit its comments to the department within thirty days of the receipt of the application. 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. No comment from the RDC, local transit authority, commission or system will constitute a positive comment from such commission, authority or system. After considering those comments the department within sixty days of receipt of preliminary application 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 Development 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. The Department will act upon the final application within 20 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 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. As specified in the contract and reporting format.

3. Project evaluation. The Department shall use the management plan required pursuant to 14 MCAR § 1.4028 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 deviation 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 contacts. 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 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. Eligibility 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 commission or 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.

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 subsidy 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 subsidy 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 include the elements specified in 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the demonstration program 14 MCAR § 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;

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 whall 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 required pursuant to 14 MCAR § 1.4028 as a basis for allocation of subsidy assistance to an eligible recipient. In the allocation of subsidy assistance, the Department shall 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 Minn. Stat. § 473.446, subd. 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 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. Disbursements will reimburse the

recipient based on the actual experience of the monthly or quarterly reporting period, but will not be allowed to exceed the estimate in the final application. If the actual experience exceeds the estimated cost 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 inadequatel 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 program objective. 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.

E. Eligible recipients. Any organization that qualifies under 14 MCAR § 1.4026 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.

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

1. It shall be designed to have potential for general applicability in other areas of the State;

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

3. It shall meet one or more of the program objectives in 14 MCAR § 1.4027 B. and D.

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

G. 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 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 availability of state and local financial. 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 14 MCAR § 1.4025 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 14 MCAR § 1.4028. When the eligible recipient has submitted or anticipates submitting an application for assistance under the Public Transit Subsidy Program, 14 MCAR § 1.4026, during the contract period, this shall be briefly discussed in the application.

4. Application evaluation. The primary criteria that shall be used by the Depart-

ment 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 para-transit 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.

i. Cost effectiveness of the project.

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 judgment, 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 deficity may include an amount not to exceed 10% of the total expenses for contingencies.

H. 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. Disbursements will reimburse the recipient based on the actual experience of the monthly or quarterly reporting period, but will not be allowed to exceed the estimate. 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 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 shall be described in general terms, including the costs benefits of the major elements. Elements of a marketing program may include:

(a) Market research;

(b) Public information;

(c) Promotion;

(d) Advertising;

(e) Community relations; and

(f) Employee relations.

(5) Capital improvements. Any actual or anticipated capital improvements in the participating public transit system during the contract period shall 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 shall be described. Non-capital improvements include, but are not limited to:

(a) Staggering work hours;

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

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

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

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

(d) 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 shall be described. Examples of traffic improvements include:

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

(b) Control of traffic lights by buses;

(c) Provision of fringe parking spaces with express or improved bus service;

(d) Provision of bus turnouts; and

(e) Priority snow-plowing transit routes.

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

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

(b) The expected impact of the traffic improvement upon estimated public operating revenues and expenses.

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

The types of contracts to be discussed include:

(a) Contracts for management and consulting services;

(b) Contracts for storage and maintenance of buses;

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

(d) Contracts for fuel and lubricants;

(e) Contracts for liability and property insurance

(f) 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 shall be described. Elements of a preventive maintenance program typicall include:

(a) Defect reporting by drivers;

(b) Daily fueling inspection;

(c) Mileage inspection; and

(d) Inventory controls.

2. Organization. The local institutional or organizational structures established to carry out the management plan shall 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 shall be illustrated in a simple diagram following narrative. In addition, the following questions shall 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 in 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 program, 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 shall 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.

The existing rules dated August 23, 1974 under Laws 1974, ch. 534 are rescinded

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

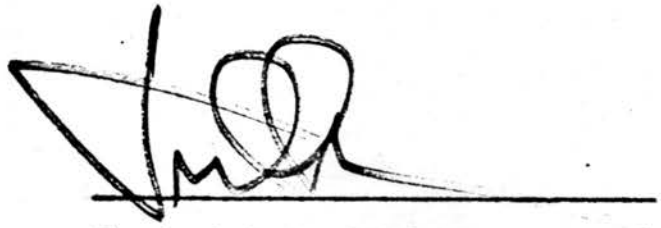
Jim Harrington
Commissioner of Transportation

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.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
DEC 7 - 1977
Joan Anderson Growe
Secretary of State
11:45 AM

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.	NOTICE OF REQUEST FOR PUBLIC COMMENT

LAWS OF MINNESOTA 1977, Chapter 454, § 20 requires that the Commissioner of Transportation establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the Commissioner pursuant to Minnesota Statutes, §§ 174.21 to 174.27 (1976), as amended. Section 25 of the Act provides that the Commissioner may exercise emergency rulemaking authority pursuant to Minn. Stat., § 15.0412, subd. 5 to implement the provisions of §§ 174.21 to 174.27; which rules are to be effective until permanent rules are adopted pursuant to ch. 15 or until July 1, 1978, whichever occurs first.

Section 25 of the Act further required the Commissioner to solicit information or opinions from sources outside of the Department of Transportation prior to the adoption of any emergency rules.

NOTICE was given that the Department requested information and comments concerning the subject matter of the proposed rules on July 5, 1977 (1 S.R. 1875), and no comments were received.

Laws 1977, Chapter 443 now requires that all interested persons or groups be allowed to submit for consideration their comments relating to the proposed rules set forth below. Comments (either written or oral) should be addressed to the Minnesota Department of Transportation, Office of Transit Administration, 419 Transportation Building, Saint Paul, Minnesota 55155; or by calling Mr. Richard L. Brown, at 612-296-2533. Matters submitted for consideration should be pertinent to the proposed rules. Any comments received by the Department of Transportation will become a part of the record of proceedings leading to the adoption of permanent rules. All comments must be received on or before November 7, 1977.

PLEASE BE ADVISED that Minnesota Statutes, Chapter 10A, requires each lobbyist to register with the Ethical Practices Board within five days after he commences lobbying. Lobbying includes attempting to influence rule making by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than $250 per year for lobbying or any individual who is engaged

for pay or authorized to spend money by another individual or association and who spends more than $250 per year or five hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, Saint Paul, Minnesota 55155, phone (612) 296-5615.

Jim Harrington

Jim Harrington
Commissioner of Transportation

Dated this 7th day of October 1977.

Subscribed and sworn to before me
this 7th day of October 1977.

Agnes I. Litfin

Notary Public

AGNES I. LITFIN
Notary Public, Ramsey Co., Minn.
My Commission Expires
November 21, 1980