

Department of Transportation

Urban Mass Transportation Administration

Washington, D.C.

CIRCULAR

UMTA C 9050.1

June 10, 1977

*This was
Superseded by
9050.1A
↳ has some
good info.*

SUBJECT: APPLICATION INSTRUCTIONS FOR SECTION 5 OPERATING ASSISTANCE PROJECTS

1. PURPOSE. These instructions provide guidance on the preparation of project applications for operating assistance pursuant to Section 5 of the Urban Mass Transportation Act of 1964, as amended. This guidance supersedes the "Interim Application Instructions for Section 5 Capital and Operating Assistance Projects" in UMTA Notice 1340.2.
2. CANCELLATION. UMTA N 1340.2, "Interim Application Instructions for Section 5 Capital and Operating Assistance Projects," dated March 14, 1975, as it relates to operating assistance. UMTA N 1340.2 remains in effect as it relates to capital assistance.
3. REFERENCES.
 - a. Section 5 of the Urban Mass Transportation Act as amended by the National Mass Transportation Assistance Act of 1974.
 - b. Federal Register, Volume 40, Number 8, dated January 13, 1975, entitled "Capital and Operating Assistance Formula Grants; Interim Guidelines and Procedures."
4. BACKGROUND. Interim application instructions for Section 5 operating assistance projects were published on March 14, 1975. The original expiration date for these interim instructions has been extended several times. This Circular provides a revised guidance for preparing Section 5 operating assistance applications.

Jerome C. Premo
Jerome C. Premo
Associate Administrator
for Transit Assistance

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INTRODUCTION

This Order provides new application instructions for operating assistance projects under Section 5 of the Urban Mass Transportation Act of 1964, as amended, and supersedes the interim instructions, UMTA N 1340.2, published on March 14, 1975. Section 5 capital assistance projects can utilize many features of this new system, but are still subject to the original, interim instructions. The Transportation Representatives for your area should be contacted for more specific instructions on capital projects.

These procedures are effective immediately. Applicants are strongly encouraged to use these new procedures with their next operating assistance application, as they represent a reduction in the required paperwork and exhibits. However, it is recognized that some applications utilizing the old, interim procedure are currently in preparation and that conversion to the new system might delay the process. Therefore, applications under the old procedure will be accepted until January 1, 1978.

The new procedure described in this circular has several major features:

- It consolidates all duplicative material and eliminates several unnecessary exhibits and paperwork requirements.
- It establishes three different types of exhibits:
 - Applicant Eligibility Documentation and Assurances (Section I)
 - Transit System and Urbanized Area Descriptive Information (Section II)
 - Section 5 Project-Specific Information (Section III)

All exhibits should be submitted with the first application filed under this new procedure. However, in all subsequent applications for Section 5 operating assistance, Sections I and II material needs only to be updated or incorporated by reference. Where the information originally submitted in these exhibits has not changed, re-submission in subsequent applications is not required. Section III information is project-specific and must be submitted with each application. We estimate that this feature will reduce paperwork requirements by up to 75% per application. A summary of these changes is provided in Chart I on the following page.

- Major portions of the instructions have been clarified and simplified. Most notably, this includes the Maintenance of Effort and Project Budget exhibits. These revised exhibits should enable designated recipients to submit applications earlier, and they will facilitate the review and processing of applications by UMTA.

CHART I: Comparison of Application Items in Interim vs. Revised Procedure

Items Previously Required in Each Application	How Submitted Under the Revised Procedure
Application Forms - Part I Application Forms - Part III Authorizing Resolution Opinion of Counsel Standard Assurances Title VI Civil Rights Assurance State and Regional A-95 Clearinghouse Standard Certifications	Replaced by Standard Form 424 No change; instructions clarified No change; provision made to authorize execution of contracts One-time Submission; incorporated by reference in application One-time Submission; incorporated by reference in application One-time Submission; incorporated by reference in application No longer required* No change; submitted with public hearing transcript
Exhibit A: Project Description Exhibit B: Description of System Exhibit C: Project Justification Exhibit D: Maintenance of Effort Exhibit I: Labor Exhibit J: Public Hearing Exhibit L: Social ... Impact Exhibit M: Special Efforts for E&H Exhibit N: Civil Rights Exhibit P: E&H Half-Fares Charter and School Bus Operations	Simplified project budget is only submission requirement One-time submission; incorporated by reference or updated No longer required* Instructions extensively revised One-time submission; incorporated by reference or updated No change No longer required No longer required* One-time submission, incorporated by reference or updated One-time submission, incorporated by reference or updated Clarified submission requirements

* Requirements met at TIP Annual Element approval stage.

- Designated recipients may now submit operating assistance applications prior to the beginning of the Project Year and, therefore, initiate cash drawdown early in the project. This is accomplished by a new procedure which permits Maintenance of Effort to be calculated prior to the submission of audited financial statements for the immediately preceding fiscal year.

The principal purposes of this new procedure are to reduce paperwork required for Section 5 applications and to enable applicants to submit complete applications earlier in the local fiscal year. Although this Circular only addresses applications for Section 5 operating assistance, its basic objectives may be transferable to other UMTA activities. Moreover, this Circular may also be subject to further refinement as implementation of the uniform transit industry accounting and reporting system prescribed under Section 15 proceeds, to ensure that the application for Section 5 operating assistance is compatible with the basic financial and operating data reported under Section 15.

Section I: Applicant Eligibility Documentation and Assurances

As indicated in the Introduction, several documents previously submitted in each application for Section 5 operating assistance now need be submitted only once and need only to be incorporated by reference in subsequent applications. Resubmission of this material is required only when the information becomes out of date or when additional recipients are designated. The materials included in this one-time submission are:

1. Opinion of counsel;
2. Standard assurances for Section 5 operating assistance projects;
3. Assurances of Compliance with Title VI of the Civil Rights Act of 1964; and
4. Designation of recipients documentation.

Designation of recipients documentation has already been filed for most urbanized areas and need not be resubmitted except to change the designation(s). However, procedures for designating recipients are detailed in this section.

The other three items listed above are also described in greater detail in this section; each should be submitted with the first application filed under these new procedures.

An important distinction is made between designated recipients, applicants/grantees, and mass transportation operators. The entity responsible for executing the applicant eligibility documentation and assurances is determined by who will act as designated recipient and grantee for Section 5 operating assistance projects. These terms are defined as follows:

1. DESIGNATED RECIPIENT is the entity designated by the procedures prescribed in Section 5(b) of the Act.
2. APPLICANT/GRANTEE is the entity which will undertake legal responsibility for carrying out Section 5 projects directly, by lease, contract or otherwise.
3. MASS TRANSPORTATION OPERATOR is the entity (or entities) whose eligible transit operating expenses define a Section 5 operating assistance project.

UMTA encourages the designation of recipients who will undertake the legal responsibility for carrying out Section 5 projects. In practice, it has been most common under Section 5 for the same entity to act as both designated recipient and applicant/grantee. However, UMTA also recognizes there may be designated recipients who are unable or unwilling to carry out a project directly, by lease, contract or otherwise. In these cases, a public body other than the designated recipient may act as the applicant/grantee, pursuant to a supplemental agreement to the grant contract which must be executed by the designated recipient. A sample of this supplemental agreement is included in this section as Attachment I-1.

Who acts as the designated recipient and as the applicant/grantee is important with regard to (1) who must submit applicant eligibility documentation and assurances; (2) what type of grant contract is used; (3) who bears legal responsibility for carrying out the project; and (4) how funds flow to the mass transportation operator.

Where the designated recipient will also act as applicant/grantee, the following will result:

1. The designated recipient must execute and submit the applicant eligibility documentation and assurances.
2. The designated recipient bears legal responsibility for carrying out projects and executes a direct, two-party grant contract with UMTA.
3. The disbursement of UMTA operating assistance under the grant contract will be provided as follows:
 - a) If the mass transportation operator is also the designated recipient, UMTA funds provided under the grant will flow directly to the designated recipient.
 - b) If the mass transportation operator is a public entity, but different from the designated recipient, the designated recipient can either (1) request that UMTA funds provided under the grant flow directly to the operator, or (2) request that disbursement be made jointly payable to the designated recipient and the operator. (In general, where the operator is a public entity, but different from the designated recipient, UMTA will not make disbursements which are solely payable to the designated recipient.)
 - c) If the mass transportation operator is a private entity, payments will be made directly to the designated recipient.
 - d) If the operating assistance project encompasses more than one mass transportation operator (whether they are all public operators, all private operators, or a combination thereof), payments will be made directly to the designated recipient.

Where the designated recipient will not also act as applicant/grantee (i.e., where a public body different from the designated recipient will act as applicant/grantee), the following will result:

1. The applicant/grantee must execute and submit the applicant eligibility documentation and assurances.
2. The applicant/grantee bears legal responsibility for carrying out the projects and executes a "tripartite" grant contract with UMTA and the designated recipient. (See sample Supplemental Agreement attached.)

3. The disbursement of UMTA operating assistance under the grant contract will be provided as follows:
 - a) If the mass transportation operator is also the applicant/grantee, UMTA funds provided under the grant will flow directly to the applicant/grantee.
 - b) If the operator is a public entity, but different from the applicant/grantee, the applicant/grantee can either (1) request that UMTA funds provided under the grant flow directly to the operator, or (2) request that disbursement be made jointly payable to the applicant/grantee and the operator.
 - c) If the mass transportation operator is a private entity, payments will be made directly to the applicant/grantee.
 - d) If the operating assistance project encompasses more than one mass transportation operator (whether they are all public operators, all private operators, or a combination thereof), payments will be made directly to the applicant/grantee.

NOTE: In all cases where disbursements will be made jointly payable, both parties must jointly submit the requests for payment.

Attachment I-1

Supplemental Agreement*

Section 5 of the Act requires a designated recipient to enter into formal Section 5 project agreements. The Grantee under this Grant Contract has not been designated a recipient. Accordingly, the (Name of Designated Recipient), a recipient designated in accordance with the Act, hereby agrees to permit the Grantee under this Grant Contract to receive and dispense the Federal funds described in this Grant Contract. (Name of Designated Recipient) further agrees that the Grantee shall assume all responsibilities set forth in this Grant Contract.

The Government and the Grantee under this Grant Contract hereby agree that (Name of Designated Recipient) is not in any manner subject to or responsible for the terms and conditions of this Grant, and is a party to this Grant Contract only to assign to the Grantee the right to receive and dispense Federal funds as described above.

Executed this _____ day of _____, 19____.

Urban Mass Transportation Administration

Designated Recipient

Grantee

* This Supplemental Agreement is to be executed as part of Section 5 grant contracts where a public entity other than the designated recipient will act as grantee. This copy of the Supplemental Agreement is provided for information only and should not be submitted as part of the Applicant Eligibility and Standard Assurances documentation.

A. Opinion of Counsel

An opinion of counsel must be provided to establish each applicant's legal eligibility to apply for a grant and to carry out the operating assistance project(s). The basic opinion of counsel is required of every applicant for Section 5 operating assistance, and must address each of the following items:

1. The statutory authority, with citation, which created the applicant as a public body;
2. The statutory authority, with citation, which gives the applicant the authority to provide or assist public mass transportation;
3. The statutory authority, with citation, which gives the applicant the legal capacity to apply for and receive an UMTA grant;
4. The statutory authority, with citation, which gives the applicant the authority to provide its share of the project funds.

A sample of the basic opinion of counsel follows this page as Attachment I-2. This submission can be made as part of the first application filed under these new procedures. Subsequent applications need only to incorporate the opinion of counsel by reference. (See Section III.)

In addition, each application for Section 5 operating assistance must contain a statement by the applicant's attorney certifying that there is no pending legislation or litigation which might adversely affect the prosecution of the proposed project. (See Section III.)

Please take careful note of the distinction made at the beginning of this section between designated recipients and applicant/grantees. Where the designated recipient act as applicant/grantee, the basic opinion of counsel must be submitted by the designated recipient. Where a public body, different from the designated recipient, will act as applicant/grantee, the basic opinion of counsel must be submitted by the applicant/grantee. In the latter case, appropriate changes to the first paragraph of the attached sample opinion should be made, indicating that the entity is not the designated recipient, but that the entity will act as applicant/grantee, bear legal responsibility for carrying out Section 5 operating assistance projects, and execute a grant contract and supplemental agreement with UMTA and the designated recipient.

Attachment I-2

(Sample) Opinion of Counsel

NOTE: This opinion of counsel is applicable where the designated recipient will either carry out projects or will enter into third-party contracts for the completion of projects.

Name of Designated Recipient
Address of Designated Recipient

Dear (Responsible Official for Designated Recipient):

This communication will serve as the requisite opinion of counsel to be filed with the Urban Mass Transportation Administration, United States Department of Transportation, in connection with applications of (Designated Recipient) for financial assistance pursuant to the provisions of Section 5 of the Urban Mass Transportation Act of 1964, as amended, (the "Act"), for operating assistance projects. I understand that (Designated Recipient) has been duly designated as a recipient in accordance with the provisions of Section 5 of the Act, and that the Urban Mass Transportation Administration has concurred in/acknowledged that designation. The legal authority for (Designated Recipient's) ability to carry out operating assistance projects directly, by lease, contract, or otherwise is set forth below:

1. (Designated Recipient) is authorized under (city and quote from legal authority) to provide and assist public transportation by acquisition, construction and operation of existing or additional transit facilities. This assistance may be provided directly by (Designated Recipient) or by lease arrangements with other parties.
2. The authority of (Designated Recipient) to provide for its share of project funds is set forth in (cite source and provide a copy of, for example, local ordinance passed by City Council making local funds available for operating assistance projects). NOTE: If the designated recipient is not providing local share, a description of the anticipated source(s) of local funding should be provided.

Attachment I-2 (cont.)

3. I have reviewed the pertinent Federal, State and local laws, and I am of the opinion that there is no legal impediment to your making applications for Section 5 operating assistance. Furthermore, as a result of my examinations, I find that there is no pending or threatened litigation which might in any way adversely affect the proposed projects, or the ability of (Designated Recipient) to carry out such projects.

Sincerely,

Legal Counsel

B. Standard Assurances for Section 5 Operating Assistance Projects

The following statement (Attachment I-3) of standard assurances for Section 5 operating assistance projects may simply be reproduced, signed and submitted. However, in any case, the submission must use each such assurance verbatim as it appears in the following statement.

Before signing the master list of assurances, an applicant (along with its attorney) is advised to examine the assurances carefully in order to become fully aware of the obligations it will be undertaking. While the majority of assurances are self-explanatory, others may require reference to the appropriate Federal Regulations cited.

The submission of these standard assurances is required of every applicant for Section 5 operating assistance. The submission can be made as part of the first application filed under these new procedures. Subsequent applications need only to incorporate the assurances by reference. (See Section III.)

Please take careful note of the distinction made at the beginning of this section between designated recipients and applicants/grantees. Where a designated recipient acts as applicant/grantee, the standard assurances should be executed and submitted by the designated recipient. Where a public body, different from the designated recipient, will act as applicant/grantee, the standard assurances must be executed and submitted by the applicant/grantee.

Attachment I-3

Standard Assurances for Section 5 Operating Assistance

_____ hereby assures and certifies with
(Name of Applicant)
respect to any application which it might submit for operating assistance from the Urban Mass Transportation Administration that:

1. It has the legal authority to apply for and finance a grant.
2. It shall use Federal operating assistance to improve or continue mass transportation services.
3. It will apply Federal funds and local matching funds to eligible transit operating expenses incurred on an accrual basis in providing mass transportation services during the project period.
4. The rates charged elderly and handicapped persons during non-peak hours for transportation utilizing or involving the facilities and equipment assisted under the projects will not exceed one-half of the rates generally applicable to other persons during peak hours.
5. It, or any operator of mass transportation acting on its behalf, will not engage in school bus operations, exclusively for the transportation of students or school personnel, in competition with private school bus operators, except as provided under Section 3(g) of the Urban Mass Transportation Act of 1964, as amended, and published UMTA regulations on school bus operations.
6. It, or any operator of mass transportation acting on its behalf will not engage in charter bus operations outside the urban area within which it provides regularly scheduled mass transportation service, except as provided under Section 3(f) of the Urban Mass Transportation Act of 1964, as amended, and published UMTA regulations on charter bus operations.
7. It, and any mass transportation operator for which it applies, will conform to the reporting system and the uniform system of accounts and records prescribed under Section 15 of the Urban Mass Transportation Act, effective for each local fiscal year ending on or after July 1, 1978.
8. It will comply with the regulations and requirements included in Office of Management and Budget Circular A-95 and Federal Management Circular 74-7.

Attachment I-3 (cont.)

- 9. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly, those with whom they have family, business, or other ties.
- 10. It will give the grantor agency and the Comptroller General, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grants.
- 11. It will operate and maintain any facility constructed as part of a Federal grant in accordance with the minimum standards as may be required or prescribed by the applicable Federal, State, and local agencies for the maintenance and operation of such facilities.
- 12. It will comply with the applicable provisions of the Hatch Act.
- 13. It will make all purchases under any grant through competitive bidding in accordance with its (the applicant's) established procedures.

Legal Name of Applicant

Date: _____ by _____
(Signature of Authorized Official)

Title

Attest

_____ has the requisite authority under State and local
(Name of Applicant)
law to comply with the above assurances, and the foregoing assurances
have been legally and duly given and made by _____.
(Name of Applicant)

Attorney's Signature

Date

C. Assurance of Compliance with Title VI of the Civil Rights Act of 1964

The following assurance of compliance with Title VI of the Civil Rights Act of 1964 (Attachment I-4) may simply be reproduced, signed and submitted. However, in any case, the submission must use the language of this assurance verbatim as it appears in the following statements.

Appendices A and C to this Assurance and are applicable to Section 5 operating assistance projects. Appendices A and C must be included with the submission.

Applicants are advised to examine this assurance carefully before signing in order to become fully aware of the obligations it will be undertaking.

The submission of this assurance of compliance with Title VI is required of every designated recipient who applies for Section 5 operating assistance. The submission can be made as part of the first application filed under these new procedures. Subsequent applications need only to incorporate the assurance by reference. (See Section III.)

Please take careful note of the distinction made at the beginning of this section between designated recipients and applicants/grantees. Where a designated recipient acts as applicant/grantee, the Assurance of Compliance with Title VI should be executed and submitted by the designated recipient. Where a public body, different from the designated recipient, will act as applicant/grantee, the Assurance of Compliance with Title VI must be executed and submitted by the applicant/grantee. In the latter case, appropriate changes to the attached assurance should be made before it is executed (i.e., change "Name of Recipient" to "Applicant".)

Attachment I-4

Assurance of Compliance with Title VI
of the Civil Rights Act of 1964

(Department of Transportation)

_____, hereinafter
(Name of Applicant)

referred to as the "Recipient", HEREBY AGREES THAT as a condition to receiving Federal financial assistance from the Department of Transportation it will comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d-42 U.S.C. 2000d-4 (hereinafter referred to as the Act) and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964 (hereinafter referred to as the Regulations) and other pertinent directives, to the end that in accordance with the Act, Regulations, and other pertinent directives, no person in the United States shall, on the grounds of race, color, sex, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Recipient receives Federal financial assistance from the Department of Transportation, including the Urban Mass Transportation Administration (UMTA), and HEREBY GIVES ASSURANCE THAT it will promptly take any measures necessary to effectuate this agreement. This assurance is required by subsection 21.7(a)(1) of the Regulations.

More specifically and without limiting the above general assurance, the Recipient hereby gives the following specific assurances with respect to operating assistance projects:

1. That the Recipient agrees that each "program" and each "facility" as defined in subsections 21.23(e) and 21.23(b) of the Regulations, will be (with regard to a "program") conducted, or will be (with regard to a "facility") operated in compliance with all requirements imposed by, or pursuant to, the Regulations.
2. That the Recipient shall insert the following notification in all solicitations for bids for work or material subject to the Regulations and made in connection with a project under the Urban Mass Transportation Act of 1964, as amended (the UMTA Act) and, in adapted form in all proposals for negotiated agreements:

Attachment I-4 (cont.)

The Recipient, in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to 2000d-4 and Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation issued pursuant to such Act, hereby notifies all bidders that it will affirmatively insure that in regard to any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, sex or national origin in consideration for an award.

3. That the Recipient shall insert the clauses of Appendix A of this Assurance in every contract subject to the Act and Regulations.
4. That the Recipient shall insert the clauses of Appendix C of this Assurance, as a covenant running with the land, in any deed from the United States effecting a transfer of real property, structures, or improvements thereon, or interest therein.
5. That where the Recipient receives Federal financial assistance to construct a facility, or part of a facility, the Assurance shall extend to the entire facility and facilities operated in connection therewith.
6. That where the Recipient receives Federal financial assistance in the form, or for the acquisition of real property or an interest in real property, the Assurance shall extend to rights to space on, over, or under such property.
7. That where the Recipient receives Federal financial assistance to carry out a program of managerial training under Section 10 of the Urban Mass Transportation Act of 1964, as amended, the Assurance shall obligate the recipient to make selection of the trainee or fellow without regard to race, color, sex, or national origin.

Attachment I-4 (cont.)

8. That where the Recipient receives Federal financial assistance to carry out a program under the Urban Mass Transportation Act of 1964, as amended, the Assurance shall obligate the Recipient to assign transit operators and to furnish transit operators for charter purposes without regard to race, color, sex, or national origin.
9. That where the Recipient receives Federal financial assistance to carry out a program under the Urban Mass Transportation Act of 1964, as amended, routing, scheduling, quality of service, frequency of service, age and quality of vehicles assigned to routes, quality of stations serving different routes, and location of routes may not be determined on the basis of race, color, sex, or national origin.
10. That the Recipient shall include the appropriate clauses set forth in Appendix C of this Assurance, as a covenant running with the land, in any future deeds, leases, permits, licenses, and similar agreements entered into by the Recipient with other parties: (a) for the subsequent transfer of real property acquired or improved under an UMTA assisted grant; and (b) for the construction or use of or access to space on, over, or under real property acquired, or improved under an UMTA assisted grant.
11. That this Assurance obligates the Recipient for the period during which Federal financial assistance is extended to the project, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property or interest therein or structures or improvements thereon, in which case the Assurance obligates the Recipient or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the Recipient retains ownership or possession of the property.
12. The Recipient shall provide for such methods of administration for the program as are found by the Secretary of Transportation or the officials to whom he delegates specific authority to give reasonable guarantee that it, other recipients, subgrantees, contractors, subcontractors, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Act, the Regulations and this Assurance.

Attachment I-4 (cont.)

- 13. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Act, and Regulations, and this Assurance.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Recipient by the Department of Transportation under Federal Urban Mass Transportation Programs and is binding on it, other recipients, subgrantees, contractors, subcontractors, transferees, successors in interest and other participants in the Federal Urban Mass Transportation Program. The person or persons whose signatures appear below are authorized to sign this Assurance on behalf of the Recipient.

DATE: _____

Name of Recipient

by _____
(Signature of Authorized Official)

Attachments

- Appendix A
- Appendix C

Attachment I-4 (cont.)

Appendix A

During the performance of this contract, the grantee, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

- (1) Compliance with Regulations: The Contractor shall comply with the Regulations relative to nondiscrimination in Federally-assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
- (2) Nondiscrimination: The Contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, sex, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
- (3) Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, sex, or national origin.
- (4) Information and Reports: The Contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Recipient or the Urban Mass Transportation Administration (UMTA) to be pertinent to ascertain compliance with such Regulations, orders, and instructions. Where any information is required or a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the con-

Attachment I-4 (cont.)

tractor shall so certify to the Recipient, or the Urban Mass Transportation Administration, as appropriate, and shall set forth what efforts it has made to obtain the information.

- (5) Sanctions for Noncompliance: In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the Recipient shall impose such contract sanctions as it or the Urban Mass Transportation Administration may determine to be appropriate, including, but not limited to:
- (a) Withholding of payments to the contractor under the contract until the contractor complies, and/or
 - (b) Cancellation, termination or suspension of the contract, in whole or in part.
- (6) Incorporation of Provisions: The Contractor shall include the provisions of paragraph (1) through (6) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The Contractor shall take such action with respect to any subcontract or procurement as the Recipient or the Urban Mass Transportation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that, in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the Recipient to enter into such litigation to protect the interests of the Recipient, and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Attachment I-4 (cont.)

Appendix C

The following clause shall be included in all deeds, licenses, leases, permits, or similar instruments entered into by the Recipient pursuant to the provisions of Assurance 10(a).

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this (deed, license, lease, permit, etc.) for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964; and as said Regulations may be amended.

(Include in licenses, leases, permits, etc.)*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to terminate the (license, lease, permit, etc.) and to re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, lease, permit, etc.) had never been made or issued.

(Include in deeds)*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to re-enter said lands and facilities thereon, and the above described lands and facilities shall thereupon revert to and vest in and become the absolute property of (Name of Recipient) and its assigns.

The following shall be included in all deeds, licenses, leases, permits, or similar agreements entered into by the Recipient pursuant to the provisions of Assurance 10(b).

Attachment I-4 (cont.)

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds, and leases, add "as a covenant running with the land") that (1) no person on the ground of race, color, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the ground of race, color, sex, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

(Include in licenses, leases, permits, etc.)*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to terminate the (license, lease, permit, etc.) and to re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, lease, permit, etc.) had never been made or issued.

(Include in deeds)*

That in the event of breach of any of the above nondiscrimination covenants, (Name of Recipient) shall have the right to re-enter said land and facilities thereon, and the above described lands and facilities shall thereupon revert to and vest in and become the absolute property of (Name of Recipient) and its assigns.

* Reverter clause and related language to be used only when it is determined that such a clause is necessary in order to effectuate the purpose of Title VI of the Civil Rights Act of 1964.

D. Designation of Recipients

Required Functions

Designated recipients must be public bodies with the legal capacity to perform all of the following responsibilities.

1. Receive and dispense Federal funds for transit purposes,
2. Submit projects to be included in the annual elements of the Transportation Improvement Program through the Metropolitan Planning Organization,
3. Submit project applications to UMTA,
4. Enter into formal project agreements with UMTA, and
5. Certify that a public hearing has been held.

Designations in Areas Over 200,000 Population

In urbanized areas of 200,000 population or greater recipients must be designated jointly by the Governor(s), publicly-owned operators of mass transportation services and responsible local officials acting through the Metropolitan Planning Organization. In addition, in any case in which a statewide or regional agency or instrumentality is responsible under State laws for the financing, construction and operation -- directly, by lease, contract or otherwise -- of public mass transportation services, such agency must be included as a designated recipient.

Documentation of the designation of recipients in areas over 200,000 population shall include the following:

1. A letter expressing the concurrence of the Governor or other State agency in which the Governor's authority to concur in designations of recipients has been delegated;
2. Concurrence by the publicly-owned operators of mass transportation servicing the urbanized area in the designated recipient(s);
3. An appropriately certified resolution of the policy making body of the Metropolitan Planning Organization (MPO) concurring in the designated recipient(s); and
4. For each designated recipient, an opinion of counsel certifying to the entity's legal capacity to perform the functions of a designated recipient.

Designations in Areas Under 200,000 Population

The Governor of each State is the designated recipient for urbanized areas of less than 200,000 population. The Governor may:

1. Retain designated recipient status himself/herself. No documentation needs be submitted to support this action.
2. Designate one or more local recipients for each area under 200,000 population. Such designation must be documented by a letter from the Governor naming the designated local recipient and by an opinion of counsel for each such recipient certifying its legal capacity to perform the functions of a designated recipient.
3. Designate another State agency to act for the Governor as the designated recipient for areas under 200,000 population. The same documentation requirements as in #2 above apply.
4. Delegate authority to act for the Governor under Section 5 to another State agency, as documented by a letter to UMTA. Such agency may, in turn, a) retain designated recipient status in which case the required opinion of counsel must be submitted; or b) redesignate individual local recipients for each area under 200,000 population. The same documentation requirements as in #2 above apply.

Designations in Multi-State Urbanized Areas

UMTA encourages the designation of single recipients for each urbanized area, for contiguous urbanized areas, or for multistate urbanized areas. However, nothing precludes the designation of multiple recipients. For multistate urbanized areas of less than 200,000 population, each Governor (or his designee) is the designated recipient for his respective State's portion.

Designation by the Administrator

It is envisioned that all concerned parties will concur in the designation of recipients where required. However, in the event that agreement cannot be reached, the Administrator has the authority to designate a recipient, in order to allow needed funds to flow to an area. Designation by the Administrator shall occur on an exception basis, and such designations shall remain in effect until recipients are properly designated or re-designated by the required process.

Concurrence by UMTA

Designations of recipients for urbanized areas over 200,000 population are effective upon concurrence by UMTA. Notification of concurrence will be made to the individual recipients involved.

Designations of recipients for urbanized areas under 200,000 population, other than the Governor(s), are effective upon acknowledgement by UMTA. Acknowledgement of such designations will be made by UMTA upon the receipt of required documentation.

Duration of Designations

Designations of recipients remain in effect until rescinded or amended. Redesignation of a recipient agency, once the original designation has been concurred in or acknowledged by UMTA, is not required.

Changes of Designated Recipients

As indicated above, designations remain in effect until rescinded or amended. New recipients may be designated or previous designations rescinded at any time through the required processes.

SECTION II: Transit System and Urbanized Area Descriptive Information

The Interim Application Instructions for Section 5 Capital and Operating Assistance Projects published March 14, 1975, called for the submission of several exhibits in each application which describe characteristics of the transit system and urbanized area. As indicated in the Introduction to this Circular, the new procedure for Section 5 operating assistance projects requires that this basic descriptive information be submitted only once (with the first application filed under this procedure). Subsequent applications need only to incorporate by reference or update the material already on file, as necessary.

Transit System and Urbanized Area Descriptive Information subsumes the material formerly submitted in four separate exhibits under the interim application instruction. The purpose of this information is to provide a general overview of the mass transportation system(s) to be assisted; to enable UMTA review of compliance with Section 3(e), 5(m), and Civil Rights requirements; and to facilitate the certification of Section 13(c) labor protective arrangements by the U.S. Department of Labor. The four exhibits formerly required, which are now merged into the one-time submission described in this section, were:

- Exhibit B: Description of Public Transportation System
- Exhibit I: Labor
- Exhibit N: Distribution of Transportation Benefits
- Exhibit P: Elderly and Handicapped Half-Fares

It should be noted that three other narrative exhibits formerly submitted in each application for Section 5 operating assistance are no longer required: Exhibit C: Project Justification; Exhibit L: Social, Economic, and Environmental Impact; and Exhibit M: Special Efforts for the Elderly and Handicapped. The determination of compliance with the applicable requirements formerly covered by these exhibits will now occur in conjunction with the process for approving Annual Elements of the Transportation Improvement Program (TIP).

The following provides detailed guidance for the preparation of transit system and urbanized area descriptive information. UMTA recommends that this information be prepared on an areawide basis; however, nothing precludes each applicant in an urbanized area from preparing separate submissions. Where a recipient applies jointly for Section 5 operating assistance on behalf of more than one individual mass transportation operator, the descriptive material should be sufficient to describe all such operators.

UMTA expects each applicant to update urbanized area and transit system descriptive information in a prompt and timely manner, as information

previously submitted changes. Where information previously filed with UMTA has not changed, applications need only to include the statement found in Section III, Exhibit C of this Circular.

Information provided in this section should be organized into four basic categories, as outlined below. The remainder of this section of the Circular provides detailed guidance for preparing each category of information.

- A. Transit System Overview
- B. Labor
- C. Elderly and Handicapped Half-Fares
- D. Distribution of Transportation Benefits

A. Transit System Overview

In this section, a general narrative description of the public transportation system(s) for which assistance is sought should be provided. Where an applicant applies for assistance on behalf of more than one operator in an urbanized area, the system description should discuss each such operator.

The general information provided in this portion of the exhibit should cover each of the topics outlined below. Where operating assistance will be used to implement changes to any of these items, the nature and extent of such changes should also be noted.

1. Description of the operator's (or operators') service area.
2. Types of services provided.
3. Hours of operation.
4. Institutional characteristics of the operator(s), e.g., public vs. private ownership, independent public entity vs. city department, lease arrangements with other public bodies, special taxing authority, relationship with other State and local government agencies, etc. This discussion should also provide information on relevant aspects of the history of the transit service, indicating, for example, when the public operator came into being or how former private operators were consolidated.
5. Annual ridership, indicating actual ridership during the past three years and projected ridership during the project year.
6. Other mass transportation carriers in the urbanized area. This discussion must identify all other transportation carriers serving the urbanized area, indicating the types of service provided, hours of operation, and their respective service areas. Any joint fare, transfer, or other special arrangements for coordinating service among carriers serving the urbanized area should be discussed.

The information provided in this Section should be sufficient to clearly describe the nature and extent of mass transportation service(s) for which operating assistance is sought. In addition, the information provided in item #6 must be sufficient to describe the relationship among the operator(s) for which assistance is sought and other transportation carriers serving the urbanized area.

B. Labor

Section 13(c) of the Act specifies that as a condition to any financial assistance, fair and equitable arrangements be made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. The protective arrangements shall include, without being limited to, such provisions as may be necessary for the following:

1. The preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise;
2. The continuation of collective bargaining rights;
3. The protection of individual employees against a worsening of their positions with respect to their employment;
4. Assurances of employment to employees of acquired mass transportation systems and priority reemployment of employees terminated or laid off; and
5. Paid training or retraining programs.

With respect to item #3, the section further provides that such protection shall in no event provide benefits less than those established pursuant to Section 5(2)(f) of the Interstate Commerce Act, as amended. This protection extends to any technological displacement which occurs during any research or demonstration project assisted under Section 6 of the Act. The contract providing for the grant of assistance must specify the terms and conditions of such arrangements.

For Section 5 operating assistance projects, it is necessary in this section only to identify the union(s) representing employees of the transit system(s) to be assisted, and any other transportation systems who may be affected by the project(s). No further documentation or information need be submitted with regard to the provisions of Section 13(c).

C. Description of Half-Fare Procedures

As a condition of project eligibility, mass transportation operators receiving assistance under Section 5 must provide for charging no more than one-half the peak-hour fare to elderly and handicapped persons during non-peak hours. The operators to be assisted under Section 5 must describe the procedures which will be used to comply with this requirement. Implementation of such procedures is required prior to the execution of formal grant contracts with UMTA for Section 5 assistance.

The description of half-fare procedures shall encompass six general categories of information which are used by UMTA to determine compliance with the statutory requirement:

1. Definitions of "elderly" and "handicapped" individuals.
2. Procedures for certifying eligible individuals.
3. Procedures for collecting half-fares during non-peak hours.
4. Definition of non-peak hours.
5. Comparison of actual peak and non-peak fares.
6. Procedures for notifying the public of half-fare procedures.

NOTE: Some or all of the above information items are not required where the operator certifies to one of the following:

- a) Half-fares or less are provided to all transit riders during non-peak hours. (Items #1 and 2 above not required.)
- b) The transit services assisted under Section 5 operate only during peak or only during non-peak hours. (No further information required.)
- c) The service is provided exclusively for ridership by elderly and handicapped persons. (No further information required.)
- d) The service is operated with free fares at all times. (No further information required.)

In the development of off-peak half-fare procedures by individual transit operators and in the implementation of such procedures by operators throughout an urbanized area, UMTA strongly encourages consistency, continuity, and the maximizing of availability to elderly and handicapped persons.

The following discusses in greater detail the six general information categories noted above:

a. Definitions of Elderly and Handicapped

The definition of "elderly persons" may be determined by the transit operator but must, at a minimum, include all persons 65 years of age or over.

As defined in Section 16(d) of the Act, "handicapped person" means any individual who, by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, is unable without special planning or design to utilize mass transportation facilities and services as effectively as persons who are not so affected.

The eligibility of individuals otherwise included under these definitions may not be restricted solely on the basis of:

- (1) Residency,
- (2) Income,
- (3) Employment status,
- (4) Ability to operate an automobile, or
- (5) Other criteria which exclude groups of individuals who otherwise meet the statutory definition.

The definition of "handicapped" must include individuals with temporary incapacities or disabilities without restriction as to the duration of such temporary incapacities or disabilities, except handicaps of less than 90 days duration.

b. Procedures for Certifying Eligible Individuals

The procedures shall be described by which individuals may establish their eligibility to participate in the half-fare program implemented to comply with this requirement.

Where appropriate, the information in this section shall include, in addition to the general description of procedures, the following:

- (1) Names of agencies authorized to certify eligible individuals;
- (2) Requirements, if any, for certification of handicaps by a physician;
- (3) Requirements for obtaining and submitting an application;
- (4) Charges, if any, for issuing an identification card;
- (5) Identification which can be used to establish an individual's eligibility (e.g., Medicare cards, etc.); and
- (6) Other pertinent information sufficient to describe the certification procedure.

c. Procedures for Collecting the Half-Fare During Non-Peak Hours

The procedures shall be described by which individuals certified as elderly or handicapped are charged no more than one-half the peak-hour fare during non-peak hours. The requirement applies not only to the basic fare, but also (where applicable) to transfer fees, zone fares, and other surcharges.

d. Definition of Non-Peak Hours

Peak hours are typically between the weekday hours of 6:30 A.M. to 9:00 A.M. and 3:30 P.M. to 6:00 P.M. Non-peak hours are typically all other hours of operation, including evenings, weekends, and holidays. Operators may define non-peak hours consistent with local demand and operational characteristics; however, significant variation from the norm should be documented.

e. Comparison of Actual Peak and Non-Peak Fares

A table should be provided comparing the actual peak-hour and non-peak fares (including basic fares, zone fares, transfer charges, etc.) to demonstrate that elderly and handicapped persons are charged no more than one-half the peak-hour fare during non-peak hours.

f. Procedures for Notifying the Public of the Half-Fare Procedure

The procedures shall be described by which the public is to be notified of the off-peak half-fare provision and the procedures by which eligible individuals can participate. Typical media for such notification may include published notices in the press, broadcast announcements, signs on transit vehicles and in stations, notice provided through social service agencies and other organizations in contact with the elderly and handicapped, etc.

D. Distribution of Transportation Benefits

The purpose of this portion of the exhibit is to ensure that no person, on the basis of race, color, sex, creed, or national origin, will be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the use or benefits of the transit system to be assisted with UMTA funds.

Information provided in this portion of the exhibit and in conjunction with other exhibits will enable UMTA to ascertain whether or not the services, facilities, and equipment of the transportation system will be distributed equitably among all segments of the service area population, consistent with Title VI of the Civil Rights Act of 1964 and implementing regulations of the Departments of Justice and Transportation. The following outlines the necessary information to be submitted.

1. Socio-Economic Profile of the Operator's Service Area

The following information should be provided from the most current data available. At a minimum, the information should be provided from the most recent Census data for the urbanized area or SMSA.

a. Population

- (1) Total area population
- (2) Percentage of the total area population that is black, Hispanic, Asian or Pacific Islanders, and American Indian and Alaskan natives. The percentage of the population that is elderly and or handicapped should also be provided, to the extent possible.
- (3) Changes to the data presented in (2) since the previous Census.

b. Socio-Economic Data

The following data should be provided for each of the population groups in part a. above (i.e., total population, black, Hispanic, Asian or Pacific Islanders, and American Indian and Alaskan natives).

- (1) Median family income
- (2) Percentage of families with income below the poverty level
- (3) Automobiles per household
- (4) Percentage of employment and unemployment

2. Allocation of Service Resources

A table should be provided to describe the allocation of transit service resources among routes. This information will be used by UMTA to analyze the distribution of transportation benefits consistent with the requirements of Title VI of the Civil Rights Act of 1964 and implementing regulations.

The table should indicate information for each transit route operated, including both regular, express, and "special" services which operate on fixed routes. The following lists information to be provided for each route:

- a. Route designation (NOTE: The route designation should conform to symbols used to designate routes on the map provided in part 3 of this exhibit. Also, an asterisk (*) should be used to denote routes which serve minority areas.)
- b. Number of vehicles assigned. (Indicate for both peak and non-peak periods.)
- c. Average age of vehicles assigned. (Indicate for both peak and non-peak periods.)
- d. Load factor at maximum load point during peak periods. (Load factors should be computed as the number of buses assigned to the route during the peak period times the number of seats on those buses divided by the number of passengers carried during the peak period.)
- e. Special amenities provided on the buses which operate on each route. (Specifically, indicate for each route whether the buses assigned are equipped with air conditioning, "suburban" high-back seating, and/or special equipment for the elderly and handicapped.)

3. Map(s) of the Operator's Service Area

The following information should be presented on a map (or maps) of the operator's service area. It is suggested that the necessary information be superimposed on a single large map using overlays where possible in order to facilitate comparability between transit routes and service area characteristics. In any case, it is particularly important that information be clear and readable; therefore, applicants are discouraged from using maps with a scale of less than 1 inch=1 mile. Where more than one map is utilized to portray the necessary information, it is essential that they be of comparable scale to permit analysis. UMTA also recommends that Census Tract maps be used to portray information relating to population concentrations.

The following should be portrayed in a clear and readable form on the map(s) submitted in this part of the exhibit:

- a. Routes, existing and proposed, with an indicating of whether the service is regular, express, or "special." Each route should be designated by a unique number, letter, or other symbol to facilitate analysis.
- b. Location of major activity centers (i.e., Central Business District, shopping centers, hospitals, colleges, industrial parks, low income housing, etc.).
- c. Fare zone boundaries, if any.
- d. Location of fixed transit facilities (i.e., maintenance and office facilities, garages, stations and yards, fixed-guideway rights-of-way, and park-and-ride lots, existing and proposed).
- e. Areas with minority group population concentrations. The map should indicate if the group represents black, Hispanic, Asian and Pacific Islander, or American Indian and Alaskan Native persons. In general, the criterion for identifying minority group population concentrations should be Census Tracts in which the minority group population percentage is greater than the percentage for the area as a whole.
- f. Areas with elderly and handicapped population concentrations, to the extent possible.

4. Narrative Discussion of the Distribution of Transportation Benefits

In this part of the exhibit, provide a discussion of each topic outlined below.

- a. How are minority residents involved in the development and implementation of plans, programs, and policies relating to the distribution of transportation benefits? What policies govern the solicitation and consideration of public comments regarding changes in transit services?
- b. Indicate the nonelected boards, advisory councils, or committees which are an integral part of planning or implementing mass transit services in the community.
- c. Indicate the extent to which transit system information (including signs, schedules, public notices, and telephone information services) is communicated in a language other than English to meet the needs of non-English speaking persons in the community.

The above information, together with the other information presented in this exhibit, are necessary to facilitate an adequate Title VI Civil Rights review by UMTA. In some cases, less information may be acceptable. For example, UMTA's data needs would be minimal where an area has an insignificant minority population or no discernable concentrations. Similarly, route-by-route information would not be submitted by operators of dial-a-ride services. An applicant that wishes to submit less detailed information for these or other valid reasons should contact UMTA's Office of Civil Rights for further guidance.

SECTION III: Section 5 Operating Assistance Applications

An application must be submitted for each Section 5 operating assistance project by the appropriate designated recipient. This Section describes each of the items which must be included in the application. It is expected that after the first application submitted under this new procedure, most subsequent applications will contain substantial cross-referencing to materials already on file with UMTA. As such, the volume of material necessary in such applications should be significantly reduced below that previously required. The following items required in each Section 5 operating assistance application are described in greater detail in this Section.

- Form 424: Application for Federal Assistance
- Form OMB 80-RO-186: Part III (only)
- Authorizing Resolution
- Applicant Eligibility Documentation and Standard Assurances*
- Exhibit A: Project Description and Budget
- Exhibit B: Maintenance of Effort
- Exhibit C: Transit System and Urbanized Area Description*
- Exhibit D: Public Hearing and Standard Certification
- Exhibit E: Charter and School Bus Operations

* Some or all required documentation may already be on file and need only to be incorporated by reference.

Standard Form 424: Application for Federal Assistance

Standard Form 424 is now required with each application for Federal assistance in accordance with Federal Management Circular 74-7. As such, Standard Form 424 now replaces Part I of Form OMB 80-R0-186 as the basic application for Federal assistance. A sample copy of this form (Attachment III-1) and a blank copy which can be reproduced by applicants (Attachment III-2) are provided.

(NOTE: Part III of Form 80-R0-186 is still required with each application; instructions for completing this form and sample copies are provided in a following section.)

Instructions for completing Form 424 are attached. Most are self-explanatory. However, additional guidance for completing certain items on this form for Section 5 operating assistance applications is provided below:

Item:

1. The box labeled "application" should always be checked. Section 5 does not utilize a preapplication procedure.
2. a) The project application number will usually be assigned by UMTA upon receipt of the application. Therefore, this box may be left blank. If a project number has been assigned by UMTA at the time of program (i.e., TIP Annual Element) approval, enter this number.

b) Enter the date on which the application is submitted to UMTA.
3. Requirements for State A-95 Clearinghouse review no longer apply to Section 5 operating assistance projects. Leave this item blank.
4. The "legal applicant" should always be the applicant/grantee. (See page I-1 of the distinction made between designated recipients and applicant/grantees.)
5. Self-explanatory.
6. a) The "program number" for all Section 5 projects is 20.507.

b) The "program title" for all Section 5 projects is "Formula Grants".
7. The project description should identify the specific transit operator(s) to be assisted and the project period. For example: "Operating assistance for the _____ Transit Authority for the period July 1, 1976, through June 30, 1977."

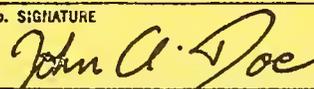
8. Self-explanatory.
9. All new applications for Section 5 operating assistance should be represented as "Basic Grants". Amendments to approved grants should be represented as "Supplemental Grants".
10. Name the urbanized area(s) from whose Section 5 apportionments the project will be funded.
11. Enter the urbanized area's population.
12. Self-explanatory.
13.
 - a) Enter the amount of Section 5 operating assistance requested.
 - b) Enter the portion of the local share which is contributed by the applicant.
 - c) Enter the portion of the local share which is contributed by State government agencies.
 - d) Enter the portion of the local share which is contributed by local government agencies, other than the applicant.
 - e) Enter amount of the other revenues applied against eligible operating expenses (e.g., farebox revenues).
 - f) The total of the above items should equal the amount of eligible operating expenses for the project year.
14. Self-explanatory.
15. Self-explanatory. (Use only if requesting an amendment to an approved project).
16. The "project start date" should be the first day of the local fiscal year for which assistance is sought.
17. The "project duration" should usually be 12 months.
18. Self-explanatory.
19. Self-explanatory.
20. Enter: UMTA, Washington, D.C. 20590.
21. Page 2 of Form 424 provides space for additional remarks. Typically, additional remarks are not expected. However, where a project is to be funded with Section 5 funds apportioned to more than one urbanized area, use this space to indicate breakdown of UMTA funds requested among the urbanized areas' apportionments.

22. b) For Section 5 operating assistance projects, leave blank.
23. The individual who signs this item must be the same individual authorized by resolution to execute and file and application for Section 5 operating assistance.

Attachment III-1

Sample of Standard Form 424

OMB Approval No. 29-R0218

FEDERAL ASSISTANCE		2. APPLICANT'S APPLICATION	a. NUMBER IL-05-4037	3. STATE APPLICATION IDENTIFIER	a. NUMBER
1. TYPE OF ACTION <input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION <small>(Mark appropriate box)</small> <input type="checkbox"/> NOTIFICATION OF INTENT (Cpl) <input type="checkbox"/> REPORT OF FEDERAL ACTION		Leave Blank	b. DATE 19 76 7 26	b. DATE Year month day ASSIGNED 19	
4. LEGAL APPLICANT/RECIPIENT a. Applicant Name : Midville Regional Transit Authority b. Organization Unit : c. Street/P.O. Box : P.O. Box 337 d. City : Midville e. County : Midland f. State : Illinois g. ZIP Code: 60000 b. Contact Person (Name & telephone No.) : L.R. Davis, 312/555-1000, ext. 99				5. FEDERAL EMPLOYER IDENTIFICATION NO. 337-999-14	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT Operating assistance for the Midville Regional Transit Authority and the XYZ Bus Company, Inc. for the period July 1, 1976 through June 30, 1977.				6. PRO. GRAM (From Federal Catalog) a. NUMBER 2 0 5 0 7 b. TITLE Formula Grants	
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.) Midville, IL, urbanized area				8. TYPE OF APPLICANT/RECIPIENT A-State H-Community Action Agency B-Interstate I-Higher Educational Institution C-Substate J-Indian Tribe D-County K-Other (Specify): E-City Transit Authority F-School District G-Special Purpose District Enter appropriate letter <input checked="" type="checkbox"/> K	
13. PROPOSED FUNDING a. FEDERAL \$ 300,000.00 b. APPLICANT 10,000.00 c. STATE 250,000.00 d. LOCAL 50,000.00 e. OTHER 400,000.00 f. TOTAL \$ 1,010,000.00		14. CONGRESSIONAL DISTRICTS CF: a. APPLICANT IL 7,8 b. PROJECT IL 7,8 15. PROJECT START DATE Year month day 19 76 7 1 17. PROJECT DURATION 12 Months 18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY 19 76 7 26		9. TYPE OF ASSISTANCE A-Basic Grant D-Insurance B-Supplemental Grant E-Other C-Loan Enter appropriate letter(s) <input type="checkbox"/> A	
12. TYPE OF APPLICATION A-New C-Revision E-Augmentation B-Renewal D-Continuation Enter appropriate letter <input type="checkbox"/> A				15. TYPE OF CHANGE (For 12c or 12e) A-Increase Dollars F-Other (Specify): B-Decrease Dollars C-Increase Duration D-Decrease Duration E-Cancellation Enter appropriate letter(s) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) UMTA, Washington, D.C. 20590				19. EXISTING FEDERAL IDENTIFICATION NUMBER n/a	
21. REMARKS ADDED <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
22. THE APPLICANT CERTIFIES THAT:		a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. <input type="checkbox"/> (1) <input type="checkbox"/> <input type="checkbox"/> (2) <input type="checkbox"/> <input type="checkbox"/> (3) <input type="checkbox"/>			
23. CERTIFYING REPRESENTATIVE a. TYPED NAME AND TITLE John A. Doe General Manager		b. SIGNATURE 		c. DATE SIGNED Year month day 19 76 7 25	
24. AGENCY NAME				25. APPLICATION RECEIVED 19	
25. ORGANIZATIONAL UNIT				27. ADMINISTRATIVE OFFICE	
26. ADDRESS				28. FEDERAL APPLICATION IDENTIFICATION	
31. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		32. FUNDING a. FEDERAL \$.00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$.00		33. ACTION DATE 19	
33. FEDERAL AGENCY A-95 ACTION		c. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, UMTA Circular A-95, it has been or is being made.			
		35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)		b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)	
				34. STARTING DATE 19 36. ENDING DATE 19 37. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	

SECTION IV-REMARKS *(Please reference the proper item number from Sections I, II or III, if applicable)*

Attachment III-2 (cont.)

GENERAL INSTRUCTIONS

This is a multi-purpose standard form. First, it will be used by applicants as a required facesheet for pre-applications and applications submitted in accordance with Federal Management Circular 74-7. Second, it will be used by Federal agencies to report to Clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A-95. Third, it will be used by Federal agencies to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082. Fourth, it may be used, on an optional basis, as a notification of intent from applicants to clearinghouses, as an early initial notice that Federal assistance is to be applied for (clearinghouse procedures will govern).

APPLICANT PROCEDURES FOR SECTION I

Applicant will complete all items in Section I. If an item is not applicable, write "NA". If additional space is needed, insert an asterisk "*", and use the remarks section on the back of the form. An explanation follows for each item:

- | Item | Item |
|--|---|
| 1. Mark appropriate box. Pre-application and application guidance is in FMC 74-7 and Federal agency program instructions. Notification of intent guidance is in Circular A-95 and procedures from clearinghouse. Applicant will not use "Report of Federal Action" box. | D. Insurance. Self explanatory.
E. Other. Explain on remarks page. |
| 2a. Applicant's own control number, if desired. | 10. Governmental unit where significant and meaningful impact could be observed. List only largest unit or units affected, such as State, county, or city. If entire unit affected, list it rather than subunits. |
| 2b. Date Section I is prepared. | 11. Estimated number of persons directly benefiting from project. |
| 3a. Number assigned by State clearinghouse, or if delegated by State, by areawide clearinghouse. All requests to Federal agencies <i>must</i> contain this identifier if the program is covered by Circular A-95 and required by applicable State/areawide clearinghouse procedures. If in doubt, consult your clearinghouse. | 12. Use appropriate code letter. Definitions are:
A. New. A submittal for the first time for a new project.
B. Renewal. An extension for an additional funding/budget period for a project having no projected completion date, but for which Federal support must be renewed each year.
C. Revision. A modification to project nature or scope which may result in funding change (increase or decrease).
D. Continuation. An extension for an additional funding/budget period for a project the agency initially agreed to fund for a definite number of years.
E. Augmentation. A requirement for additional funds for a project previously awarded funds in the same funding/budget period. Project nature and scope unchanged. |
| 3b. Date applicant notified of clearinghouse identifier. | 13. Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of the change. For decreases enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 13a, amount requested from Federal Government; 13b, amount applicant will contribute; 13c, amount from State, if applicant is not a State; 13d, amount from local government, if applicant is not a local government; 13e, amount from any other sources, explain in remarks. |
| 4a-4h. Legal name of applicant/recipient, name of primary organizational unit which will undertake the assistance activity, complete address of applicant, and name and telephone number of person who can provide further information about this request. | 14a. Self explanatory. |
| 5. Employer identification number of applicant as assigned by Internal Revenue Service. | 14b. The district(s) where most of actual work will be accomplished. If city-wide or State-wide, covering several districts, write "city-wide" or "State-wide." |
| 6a. Use Catalog of Federal Domestic Assistance number assigned to program under which assistance is requested. If more than one program (e.g., joint-funding) write "multiple" and explain in remarks. If unknown, cite Public Law or U.S. Code. | 15. Complete only for revisions (item 12c), or augmentations (item 12e). |
| 6b. Program title from Federal Catalog. Abbreviate if necessary. | |
| 7. Brief title and appropriate description of project. For notification of intent, continue in remarks section if necessary to convey proper description. | |
| 8. Mostly self-explanatory. "City" includes town, township or other municipality. | |
| 9. Check the type(s) of assistance requested. The definitions of the terms are:
A. Basic Grant. An original request for Federal funds. This would not include any contribution provided under a supplemental grant.
B. Supplemental Grant. A request to increase a basic grant in certain cases where the eligible applicant cannot supply the required matching share of the basic Federal program (e.g., grants awarded by the Appalachian Regional Commission to provide the applicant a matching share).
C. Loan. Self explanatory. | |

<i>Item</i>	<i>Item</i>
16. Approximate date project expected to begin (usually associated with estimated date of availability of funding).	19. Existing Federal identification number if this is not a new request and directly relates to a previous Federal action. Otherwise write "NA".
17. Estimated number of months to complete project after Federal funds are available.	20. Indicate Federal agency to which this request is addressed. Street address not required, but do use ZIP.
18. Estimated date preapplication/application will be submitted to Federal agency if this project requires clearinghouse review. If review not required, this date would usually be same as date in item 2b.	21. Check appropriate box as to whether Section IV of form contains remarks and/or additional remarks are attached.

APPLICANT PROCEDURES FOR SECTION II

Applicants will always complete items 23a, 23b, and 23c. If clearinghouse review is required, item 22b must be fully completed. An explanation follows for each item:

<i>Item</i>	<i>Item</i>
22b. List clearinghouses to which submitted and show in appropriate blocks the status of their responses. For more than three clearinghouses, continue in remarks section. All written comments submitted by or through clearinghouses must be attached.	23b. Self explanatory.
23a. Name and title of authorized representative of legal applicant.	23c. Self explanatory.
	Note: Applicant completes only Sections I and II. Section III is completed by Federal agencies.

FEDERAL AGENCY PROCEDURES FOR SECTION III

If applicant-supplied information in Sections I and II needs no updating or adjustment to fit the final Federal action, the Federal agency will complete Section III only. An explanation for each item follows:

<i>Item</i>	<i>Item</i>
24. Executive department or independent agency having program administration responsibility.	35. Name and telephone no. of agency person who can provide more information regarding this assistance.
25. Self explanatory.	36. Date after which funds will no longer be available.
26. Primary organizational unit below department level having direct program management responsibility.	37. Check appropriate box as to whether Section IV of form contains Federal remarks and/or attachment of additional remarks.
27. Office directly monitoring the program.	38. For use with A-95 action notices only. Name and telephone of person who can assure that appropriate A-95 action has been taken—If same as person shown in item 35, write "same". If not applicable, write "NA".
28. Use to identify non-award actions where Federal grant identifier in item 30 is not applicable or will not suffice.	
29. Complete address of administering office shown in item 26.	
30. Use to identify award actions where different from Federal application identifier in item 28.	
31. Self explanatory. Use remarks section to amplify where appropriate.	
32. Amount to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of change. For decreases, enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 32a, amount awarded by Federal Government; 32b, amount applicant will contribute; 32c, amount from State, if applicant is not a State; 32d, amount from local government if applicant is not a local government; 32e, amount from any other sources, explain in remarks.	
33. Date action was taken on this request.	
34. Date funds will become available.	

Federal Agency Procedures—special considerations

- A. *Treasury Circular 1082 compliance.* Federal agency will assure proper completion of Sections I and III. If Section I is being completed by Federal agency, all applicable items must be filled in. Addresses of State Information Reception Agencies (SCIRA's) are provided by Treasury Department to each agency. This form replaces SF 240, which will no longer be used.
- B. *OMB Circular A-95 compliance.* Federal agency will assure proper completion of Sections I, II, and III. This form is required for notifying all reviewing clearinghouses of major actions on all programs reviewed under A-95. Addresses of State and areawide clearinghouses are provided by OMB to each agency. Substantive differences between applicant's request and/or clearinghouse recommendations, and the project as finally awarded will be explained in A-95 notifications to clearinghouses.
- C. *Special note.* In most, but not all States, the A-95 State clearinghouse and the (TC 1082) SCIRA are the same office. In such cases, the A-95 award notice to the State clearinghouse will fulfill the TC 1082 award notice requirement to the State SCIRA. Duplicate notification should be avoided.

Form OMB 80-R0-186: Part III - Budget Information

This two-page form, including Section A-F, is required in all applications for Section 5 operating assistance. A blank copy which can be reproduced and used by applicants is attached. (Attachment III-3.)

(NOTE: This form must accompany Form 424 in each application. Instructions and sample copies of Form 424 are detailed in the preceding section.)

Instructions for preparing the Part III - Budget Information forms are detailed below:

Section A - Budget Summary

1. This form was originally developed to accommodate applications for Federal assistance under more than one program. For Section 5 operating assistance applications, only lines 1 and 5 will be used.
2. In Column (a), enter "operating assistance".
3. In Column (b), enter 20.507.
4. Leave Columns (c) and (d) blank; these do not apply to Section 5 operating assistance projects.
5. In Column (e), enter the amount of Section 5 operating assistance requested.
6. In Column (f), enter the amount of local share.
7. In Column (g), enter the sum of the two preceding entries.

Section B - Budget Categories

1. This form was originally developed to accommodate applications for Federal assistance under more than one program. For Section 5 operating assistance applications, only columns (1) and (5) will be used.
2. Enter the amount of eligible transit operating expenses for the project period on line (k).
3. To the extent possible, analyze the amount entered on line (k) among the expense categories on lines (a) through (j).
4. Enter the amount of revenue applied against eligible transit operating expenses which is not includable as local share (e.g., farebox revenues) on line (7).

Section C - Non-Federal Resources

1. This form was originally developed to accommodate applications for Federal assistance under more than one program. For Section 5 operating assistance applications, only lines 8 and 12 will be used. On line 8 in column (a) enter: Section 5 operating assistance.
2. The purpose of this section is to analyze the sources of local share. Enter the total local share in column (e). This amount should equal the amount entered in Section A, column (f).
3. Analyze the amount entered in column (e) among the source categories in columns (b), (c) and (d). These amounts should conform to the information entered in Item #13 on Form 424.

Section D - Forecasted Cash Needs

1. In the column labeled "Total for 1st year" enter the amounts of Section 5 operating assistance requested, the amount of local share, and the total on lines 13, 14 and 15, respectively.
2. In the remaining columns, allocate the amounts shown in the first column to indicate the estimated drawdown of Federal funds during the project period. Quarters refer to Project Year quarters.

Section E - Budget Estimates of Federal Funds Needed for Balance of the Project

This section does not apply to Section 5 operating assistance projects. Leave blank.

Section F - Other Budget Information

Use this section to provide additional information needed to clarify entries in the preceding sections, if any.

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PART III – BUDGET INFORMATION
Page 1

SECTION A – BUDGET SUMMARY

Grant Program, Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.		\$	\$	\$	\$	\$
2.						
3.						
4.						
5. TOTALS		\$	\$	\$	\$	\$

SECTION B – BUDGET CATEGORIES

Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1)	(2)	(3)	(4)	
a. Personnel	\$	\$	\$	\$	\$
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction					
h. Other					
i. Total Direct Charges					
i Indirect Charges					
k. TOTALS	\$	\$	\$	\$	\$
7. Program Income	\$	\$	\$	\$	\$

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PART III – BUDGET INFORMATION
Page 2

SECTION C – NON-FEDERAL RESOURCES

(a) GRANT PROGRAM	(b) APPLICANT	(c) STATE	(d) OTHER SOURCES	(e) TOTALS
8.	\$	\$	\$	\$
9.				
10.				
11.				
12. TOTALS	\$	\$	\$	\$

SECTION D – FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$	\$	\$	\$	\$
14. Non-Federal					
15. TOTAL	\$	\$	\$	\$	\$

SECTION E – BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) GRANT PROGRAM	FUTURE FUNDING PERIODS (YEARS)			
	(b) FIRST	(c) SECOND	(d) THIRD	(e) FOURTH
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTALS	\$	\$	\$	\$

SECTION F – OTHER BUDGET INFORMATION

(Attach additional Sheets if Necessary)

21. Direct Charges:

22. Indirect Charges:

23. Remarks:

Authorizing Resolution

Applicants for UMTA assistance typically require formal authorization from their governing body before filing the application. A sample format for such resolution is attached. (Attachment III-4.)

In preparing the language for authorizing resolutions, applicants should note the following:

- A. A single resolution can be used to authorize the filing of more than one application. However, the resolution should clearly indicate the specific applications for which filing is being authorized.
- B. More than one individual can be designated by the authorization to file the application and execute other documents. Only the authorized individual(s) should sign the application form and other documents relating to the application and its resulting grant.
- C. At a minimum, authorizing resolutions must address items #1-4 on the attached. At the applicant's option, the resolution may also authorize individual(s) to execute grant contracts with UMTA. If the latter option is not exercised, a second resolution will probably be required at a latter date to authorize the execution of grant contracts by the applicant.
- D. See page I-1 for a detailed discussion of the distinction between designated recipients and applicant/grantees. Where a public entity, different from the designated recipient, acts as applicant/grantee, that entity must submit the necessary authorizing resolution. Where a designated recipient will act as applicant/grantee, it must furnish the necessary authorizing resolution.
- E. Each authorizing resolution must be signed and certified in an appropriate manner, such as that suggested in the attached format.

Attachment III-4

Authorizing Resolution

NOTE: The following is a form for a resolution that should be passed by an applicant's governing body and submitted with each application for Section 5 operating assistance.

Resolution No. _____

Resolution authorizing the filing of an application with the Department of Transportation, United States of America, for a grant under the Urban Mass Transportation Act of 1964, as amended.

WHEREAS, the Secretary of Transportation is authorized to make grants for mass transportation projects;

WHEREAS, the contract for financial assistance will impose certain obligations upon the applicant, including the provision by it of the local share of project costs;

WHEREAS, it is required by the U.S. Department of Transportation in accord with the provisions of Title VI of the Civil Rights Act of 1964, that in connection with the filing of an application for assistance under the Urban Mass Transportation Act of 1964, as Amended, the applicant give an assurance that it will comply with Title VI of the Civil Rights Act of 1964 and the U.S. Department of Transportation requirements thereunder; and

WHEREAS, it is the goal of the Applicant that minority business enterprise be utilized to the fullest extent possible in connection with this project, and that definitive procedures shall be established and administered to ensure that minority businesses shall have the maximum feasible opportunity to compete for contracts when procuring construction contracts, supplies, equipment contracts, or consultant and other services:

NOW, THEREFORE, BE IT RESOLVED by _____ :
(Governing Body of Applicant)

1. That (Designated Official) is authorized to execute and file an application on behalf of (Legal Name of Applicant) with the U.S. Department of Transportation, to aid in the financing of operating assistance projects pursuant to Section 5 of the Urban Mass Transportation Act of 1964, as amended.

Attachment III-4 (cont.)

2. That (Designated Official) is authorized to execute and file with such applications an assurance or any other document required by the U.S. Department of Transportation effectuating the purposes of Title VI of the Civil Rights Act of 1964.
3. That (Name of Authorized Representative), (Title), is authorized to furnish such additional information as the U.S. Department of Transportation may require in connection with the application or the project.
4. That (Designated Official) is authorized to set forth and execute affirmative minority business policies in connection with the project's procurement needs.
5. That (Designated Official) is authorized to execute grant contract agreements on behalf of (Legal Name of Applicant) with the U.S. Department of Transportation for aid in the financing of the operating assistance projects.

CERTIFICATE

The undersigned duly qualified and acting (Title of Officer) of the (Legal Name of Applicant) certifies that the foregoing is a true and correct copy of a resolution, adopted at a legally convened meeting of the (Governing Body of Applicant) held on _____, 19____.

If applicant has an official seal, impress here.

(Signature of Recording Officer)

(Title of Recording Officer)

(Date)

Applicant Eligibility Documentation and Standard Assurances

See Section I of this guideline. In many cases, the necessary documentation and assurances for Section 5 operating assistance will be on file with UMTA and need only to be incorporated by reference in this exhibit. Additional material needed to update the documentation or assurances already on file should be submitted in this exhibit.

Where there is no change to the material previously submitted, applications need only to include the following statement:

"The Applicant Eligibility Documentation and Standard Assurances submitted to UMTA on (date), as subsequently updated or as updated by the additional material submitted herein, are herein incorporated by reference and made part of this application."

The necessary legal opinion referencing the original opinion of counsel and certifying that there is no pending legislation or litigation which may preclude the carrying out of the project, executed by the applicant's attorney, should also be submitted in this exhibit.

Finally, please recall the distinction made on page I-1 between designated recipients and applicant/grantees. Where the designated recipient acts as applicant/grantee, the statement above and legal opinion must be executed and submitted by the designated recipient. Where a public entity, different from the designated recipient, acts as applicant/grantee, the statement above and legal opinion must be executed and submitted by that entity. However, in the latter case, each application must be accompanied by a cover letter from the designated recipient which acknowledges the entity as applicant and formally transmits the application.

Exhibit A: Project Budget

Operating assistance projects are described by a budget which details the expenses and revenues accrued (or reasonably expected on the basis of projections) during one local fiscal year (i.e., the Project Year). Project approval constitutes a recognition of eligible transit operating expenses, the revenues applied to such expenses, and the maximum amount of UMTA funds which can therefore be granted.

The necessary project budget format is attached. (Attachment III-5.) This budget is developed by Section 5 applicants on the basis of revenue and expense statements and is submitted in Exhibit A of each application for operating assistance. The budget serves four basic and interrelated purposes:

1. To describe an operating assistance project in terms of eligible expenses.
2. To demonstrate the manner in which the eligible expenses are covered by transit operating revenues, State/local government funds, other non-Federal income sources, and UMTA operating assistance. This representation is particularly important because of the statutory requirement that UMTA assistance be used only to cover eligible operating expenses. To ensure that this requirement is met, non-Federal funds are first subtracted from total eligible expenses, leaving "net expenses before applying UMTA funds".
3. To demonstrate the required matching of Federal funds by a "local share". (Throughout this section, the term "local share" is used synonymously with "non-Federal share", and may include State funds, county funds, funds provided by regional bodies, and certain non-farebox transit revenues which are eligible as local share.) The amount represented as local share must be equal to or greater than the amount of UMTA funds requested.
4. To demonstrate the "maintenance of effort". Section 5(f) of the Act requires, as a condition of project eligibility, that the aggregate amounts of State and local government funds and certain non-farebox transit revenues applied to eligible expenses during the project period be at least equal to the average for the two preceding local fiscal years. All funds included in the level of effort for a given Project Year are automatically included in "local share"; however, because certain other revenues not subject to maintenance of effort are also eligible as local share, the MOE calculation is a separate but essential, element of the project budget. (Further discussion of the MOE requirement appears in Exhibit B.)

See Appendix A of this Circular for additional guidance in preparing project budgets. The project budget submitted in this exhibit contains several basic line items, as follow:

1. Eligible Operating Expenses

Eligible operating expenses are limited to direct labor, material and overhead expenses incurred on an accrual basis by an operator to provide mass transportation service in the urbanized area during one local fiscal year. Expenses for contractual services directly incident to the management and operation of transportation services and which are not otherwise reimbursed are also included.

In practice, eligible operating expenses are derived as the remainder when various categories of non-eligible expenses are subtracted from total expenses. The calculation of eligible expenses in this manner is discussed in detail in Appendix A to this Circular.

2. Farebox Revenues and Revenues Applied to Eligible Expenses Not Includable as Local Share

As indicated above, all funds used to cover eligible operating expenses must be represented in the project budget. This line represents those revenues used to cover eligible expenses which cannot be included in "local share" -- in other words, "non-matchable" revenue. This category includes transit farebox revenue.

3. Net Project Cost

This line represents the difference between lines (1) and (2), i.e. the amount of eligible expenses to be covered by the local and UMTA shares.

4. Local Share

As discussed above, local share (i.e., non-Federal share) includes all funds provided to meet the Maintenance of Effort requirement and, in addition, certain other transit revenues not subject to maintenance of effort which can be matched by UMTA funds.

5. Net Expenses Before Applying UMTA Funds

This amount represents the difference between "net project cost" and "local share", and it should represent the amount of eligible operating expenses not otherwise covered by transit revenues (#2 above) or local share funds (#4 above).

6. UMTA Funds

This is the amount determined to be the maximum UMTA share, based upon the project budget lines itemized in the preceding page. The UMTA share can be up to 50% of the net project cost. If local share is less than or equal to 50% of net project cost, it can be matched dollar-for-dollar with UMTA operating assistance, subject to the availability of formula funds and the local programming of projects. If the local share is greater than 50% of net project cost, UMTA operating assistance can only cover the net expenses before applying UMTA funds.

The project budget format described in this section must fully and as accurately as possible describe the actual or projected accrual of transit operating expenses, the identification of expenses eligible for UMTA assistance, the application of transit revenues to cover such expenses, the application of State and local government funds and other sources of local share, and the resulting eligibility for UMTA operating assistance.

Where an applicant applies on behalf of two or more individual transit operators under one operating assistance project, the budget should represent aggregated statements of Project Year revenues and expenses.

Appropriate documentation in support of the project budget may be provided to demonstrate the proper allocation of revenues to non-operating expenses, the availability of local share funds, and such other reconciliations as may be necessary to clarify estimates or projections of financial conditions during the Project Year.

Certification of project budgets based on estimates or projections are not required. However, the applicant's chief financial officer must sign the project budget statement, and, by doing so, attest to the reasonableness and accuracy of the information. Further, the applicant's certification on Form 424 that information provided in the application is true and correct, to the best of his knowledge, is applicable to the project budget schedule and related documentation.

In preparing Section 5 project budgets, applicants should itemize entries under each revenue and expense category. The number of lines provided in the attached format should be expanded by applicants whenever necessary to accommodate additional entries. Some lines (e.g. "other exclusions") may not be needed by individual applicants. It is particularly important that the itemization of revenues and expenses be sufficient for UMTA to verify the calculations of eligible operating expenses, net project cost, local share and eligible UMTA assistance.

No additional documentation or narrative material is required in this exhibit. However, applicants whose project budget exhibit is based upon estimates should take care to notify UMTA whenever significant deviations from such estimates are experienced -- whether they occur before or after project approval. Deviations which affect the eligibility for operating assistance in the amount requested should be reported promptly to maintain the accuracy of data on file for each project.

Attachment III-5

PROJECT BUDGET

For the Period: _____

Transit Operator(s): _____

Designated Recipient: _____
(Applicant)

(1) Total Operating Expenses (Itemize)

_____ \$

TOTAL OPERATING EXPENSES: \$ _____ \$ _____ (1)

(2) Less Eliminations

(a) Less Ineligible Expenses (Itemize)

_____ \$

(b) Less Non-Mass Transportation
Expenses (Itemize)

_____ \$

(c) Less Contra-Expenses (Itemize)

_____ \$

(d) Less Other Exclusions (Itemize)

_____ \$

TOTAL ELIMINATIONS: \$ _____ \$ _____ (2)

Attachment III-5 (cont.)

- (3) ELIGIBLE OPERATING EXPENSES (Line 1 - Line 2) \$ _____ (3)
- (4) Less Farebox and Other Revenue Not
Includable as Local Share (Itemize)
- _____ \$
- _____
- _____
- TOTAL FAREBOX AND OTHER
REVENUE APPLIED AGAINST
ELIGIBLE EXPENSES NOT
INCLUDABLE AS LOCAL SHARE: \$ _____ (4)
- (5) NET PROJECT COST (Line 3 - Line 4) \$ _____ (5)
- (6) Local Share (Itemize)
- _____ \$
- _____
- _____
- _____
- _____
- LOCAL SHARE: \$ _____ (6)
- (7) NET EXPENSES BEFORE APPLYING UMTA FUNDS
(Line 5 - Line 6) \$ _____ (7)
- (8) UMTA FUNDS REQUESTED \$ _____ (8)

Prepared By: _____

Title: _____

Date: _____

Exhibit B: Maintenance of Effort (MOE)

Section 5(f) of the Act requires, as a condition of project eligibility, that the amounts of State and local government funds and certain non-farebox mass transit revenues applied to eligible operating expenses in the Project Year not be less than the average contributions from such sources in the two preceding local fiscal years. This provision, in effect, requires a "maintenance of effort" (MOE) by non-Federal sources to support transit operating expenses as a specific condition of eligibility to receive UMTA funds under Section 5.

MOE establishes a minimum non-Federal commitment of funds which must be contributed from certain sources and which must be applied to eligible transit operating expenses during the Project Year. The calculation of MOE is, therefore, independent of the project budget and local share, except to the extent that the local share of operating assistance projects must include funds sufficient to satisfy the MOE requirement. The purpose of MOE is to ensure compliance with the statutory requirement that UMTA funds under Section 5 be supplementary to, and not in substitution for, a continuing non-Federal commitment to assist transit operating expenses.

This section provides a detailed discussion of MOE and instructions to applicants for Section 5 operating assistance on documenting compliance with the MOE requirement. As such, this material provides a new format for documenting MOE and introduces a new procedure with special reference to the requirement for audited financial statements. Please note, however, that MOE documentation is required in all applications for Section 5 assistance.

One key term which will appear repeatedly in this section is "Level of Effort" (LOE). LOE is the amount contributed from sources subject to Maintenance of Effort during any one local fiscal year and used to cover eligible transit operating expenses. Thus, MOE may be said to require that the Level of Effort in the Project Year be at least equal to the average Levels of Effort in the two preceding local fiscal years.

It should be noted that LOE relates to income sources in the aggregate, and not necessarily to the amount contributed from each source. Thus the contributions from any given source may vary from year to year, provided that the overall Level of Effort remains sufficient to satisfy the MOE requirement.

Each application for Section 5 assistance must include a calculation of the required MOE which shall identify the amounts contributed from the various sources subject to this requirement. The MOE calculation shall specify these figures for three periods:

1. The period for which UMTA assistance is sought (i.e., the Project Year);
2. The immediate preceding local fiscal year (i.e., Project Year-1); and

3. The second preceding local fiscal year (i.e., Project Year-2).

Appendix B discusses the applicability of MOE to specific income categories.

LOE Schedule

Applicants for Section 5 assistance must document the levels of effort for the Project Year and the two preceding local fiscal years (i.e., Project Year-1 and Project Year-2). The Level of Effort Schedule format (Attachment III-6) is a suggested outline for presenting the information necessary to determine LOE.

This schedule lists all potential categories of transit system revenue, indicating those which are subject to MOE and applied against eligible expenses, and provides the calculation of LOE. All income from all applicable sources accrued (or expected to be accrued) during the period covered by the schedule must be represented.

The basic revenue categories on the LOE schedule format conform to the prescribed Section 15 uniform transit industry accounting system. See Appendix B of this Circular for a more complete discussion of each item. The listing in Appendix B includes a breakdown of each generic revenue category among five-digit coded sub-categories. At this time, it is not required that Section 5 applicants utilize these specific sub-categories in preparing LOE schedules, although the listing in Appendix B should provide basic guidance in assigning local revenue sources to the proper categories and in determining which revenues are subject to MOE. To the extent necessary, applicants should itemize individual revenue sources under those categories for which extra lines are provided on the LOE format. This will assist UMTA in verifying LOE calculations and in clarifying the attribution of funds across the columns.

Income from any source is subject to MOE only to the extent that it was (or is expected to be) applied to eligible transit operating expenses during the period described. Appendix C to this guideline provides further instruction regarding the sequence in which potentially available income sources must be applied to other than eligible operating expenses.

Separate LOE schedules should be provided for each of the three required periods, and each period must be consistent with the 12-month local fiscal year. Page one of the two-page LOE schedule format provides basic information identifying the period covered, the transit operator(s), and whether the financial data is based on actual audited or estimated statements. (Requirements for the submission of audited financial statements are discussed in detail later in this section.)

On page two of the schedule, income from each source should be itemized under the appropriate revenue category. Please feel free to add extra lines under a category when needed to clarify individual sources. In the right-hand columns, the total income from each itemized source is analyzed to show the amounts expended on eligible operating expenses and the amounts expended on other than eligible operating expenses. Where funds are expended on other than eligible operating expenses, the specific costs or expenses so covered are itemized in the far, right-hand column. Some boxes have already been blacked out, indicating that income sources in the corresponding revenue category cannot be entered. (For example, passenger fare revenue is never subject to MOE; the value of contributed services is always subject to MOE.)

In the case of school bus, charter service and nontransportation revenues, always allocate sufficient revenue in the "Applied to Other than Eligible Expenses" column to cover the cost of generating such revenue; the remainder (e.g., net charter income), if any, can be applied to eligible expenses as a source of local share. At the bottom the sum of all entries in the column labeled "Source Subject to MOE" represents the Net LOE for the period.

As issue which has been raised repeatedly in the administration of Section 5 concerns the application of funds to increase the balance of a reserve account (i.e., a funded depreciation account, capital acquisitions fund, or other similar account established to retain funds which are not being applied to cover eligible operating expenses during the project period). Similarly, this issue involves operators who receive funds from a dedicated revenue source (e.g., a special transit tax) that can, at the discretion of management, be applied to cover eligible operating expenses, or applied to cover other costs, or not applied during the project period.

UMTA does not require that all funds which are potentially available during a project year to cover eligible operating expenses be applied to cover such expenses. However, in order to accurately determine the eligibility for UMTA assistance, it is necessary that transit operators clearly document the sources and amounts of non-Federal funds which are applied to eligible operating expenses. The following conditions relate to funds not applied to cover eligible operating expenses:

1. The sequence in which various sources of funds are applied to cover other than eligible operating expenses and capital costs must conform to that prescribed in Appendix C.
2. The sources and application of funds to cover eligible operating expenses must be amenable to audit.
3. The requirement to increase the balance of a reserve account may not be represented as an eligible operating expense.
4. Funds not applied to cover eligible operating expenses during any project period are not included in the local share or level of effort for that project period.

5. The local decision to apply available sources of funds must comply with any State or local requirements governing the use of such funds.

Where the local fiscal year has changed during the 24-month period preceding the Project Year, a reconciliation of fiscal year statements must be provided to the necessary 12-month periods for Project Years-1 and 2. The LOE schedules for Project Years-1 and 2 must reflect such reconciliation.

Project Year income shown as applied against eligible operating expenses must be consistent with the Project Budget information provided in Exhibit A.

All of the requirements in this section apply regardless of whether the entity which operates a mass transportation service has changed during the relevant periods.

Each LOE schedule must be properly certified by the transit operator's chief financial officer. Three sample certifications are attached (Attachment III-7, 8 and 9) to be used as follows:

- Sample #1: Use for Project Year-2 and for Project Year-1 where it is based upon actual audited statements.
- Sample #2: Use for Project Year-1 where it is not based upon actual audited statements.
- Sample #3: Use for the Project Year.

Documents in Exhibit B

Maintenance of Effort shall be documented in each application for Section 5 operating assistance by the following:

1. Level of Effort schedules for the Project Year and the two preceding local fiscal years (i.e., Project Years-1 and 2);
2. Certifications by the applicant's chief financial officer attesting to the information presented in the LOE schedules;
3. Audited financial statements for the two preceding local fiscal years or other appropriate independent certifications as discussed below sufficient to verify the information presented in the corresponding LOE schedules. A procedure is discussed in a later section of this exhibit for estimating MOE where audited statements for Project Year-1 are not available. In any case, audited financial statements or appropriate independent certifications must be provided for Project Year-2. (NOTE: Where UMTA operating assistance was provided in Project Year-2, the grant contract requires

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the grantee to furnish final audited statements for the project period. Where such is the case, the necessary audited statements should be used to determine LOE.)

The requirement for audited financial statements is to verify the amounts represented as LOE for the two local fiscal years preceding the Project Year. Where audits have not and cannot reasonably be performed to satisfy this requirement, UMTA may permit the independent certification of LOE items by the various contributor sources (e.g., State and local governments). The basis of such independent certification by means other than audited financial statements shall be determined by UMTA upon the review of local circumstances.

Audited financial statements are necessary to close-out former projects, to comply with contractual provisions of Section 5 operating assistance grants, and to support the applicant's certification of LOE. As such, audited financial statements should readily translate into the necessary information for determining LOE. However, where the LOE schedules clearly demonstrate compliance with the MOE requirement, UMTA will give emphasis to the applicant's own certification in reviewing individual applications.

In the event that accounting principles and practices have changed during the local fiscal years reported, a restatement of the affected reporting period will be necessary for comparison purposes. Such changes in accounting principles shall be described and the effects of such changes documented. Guidance on the reporting of changes in accounting principles and practices is provided in AICPA's Accounting Principles Board Opinion No. 20, "Accounting Changes", issued in July 1971.

Applications by a designated recipient on behalf of two or more transit operators may demonstrate Maintenance of Effort on an aggregate basis by combining the Levels of Effort attributable to all such operators in the appropriate LOE schedules. Requirements for audited statements or other independent certifications of LOE information are applicable to all operators included in an aggregated application. Applicants may require individual operators to provide certification of LOE information as the basis for the applicant's certification of LOE schedules. In all such situations, UMTA review shall treat MOE in the aggregate.

Where the applicant for an operating assistance project is an entity other than the transit operator, the operator may prepare and certify the necessary LOE schedules. (In any case, independent certification or audited statements for at least the Project Year-2 period must be submitted.) Where LOE schedules are prepared and certified by a transit operator other than the applicant, the applicant shall submit a statement attesting to the reasonableness of the information as certified by the transit operator's chief financial officer.

Estimated MOE Requirement

Where audited financial statements are available for both Project Year-1 and 2, the MOE requirement can be calculated exactly. This permits both UMTA and the applicant to determine the actual LOE required during the Project Year to satisfy the requirement. However, it is recognized that audited statements may not become available for several months or more following the close of a grantee's local fiscal year. Thus an absolute requirement that audited statements be available for both Project Year-1 and 2 may significantly delay the filing of Section 5 applications. A procedure is therefore provided by which applications may be conditionally approved for Section 5 operating assistance prior to the submission of audited statements for Project Year-1.

Under this procedure, the same documents are used, except that an unaudited statement of revenue and expense which reflects all income subject to MOE may be substituted for the required audited statement for Project Year-1. On this basis, an estimated MOE requirement can be calculated. In any case, audited financial statements or other appropriate independent verifications of LOE for Project Year-2 should be provided.

Applications submitted on the basis of estimated MOE will be subject to a conditional project approval by UMTA, pending the receipt of a revised LOE schedule reflecting actual figures and the audited statements for the Project Year-1 period.

The conditional approval will permit a grantee to request payment of UMTA funds on the basis of six months' operation expenses or 80% of the maximum UMTA share, whichever occurs first, before final audited statements and a revised LOE schedule for the preceding local fiscal year must be submitted. At that time, UMTA will certify the MOE requirement, compare it to the LOE projected for the project period, make the necessary adjustments to the project budget, and permit the payment of additional UMTA funds. This submission will also initiate the close-out of Section 5 project (if any) for the Project Year-1 period.

NOTE: The purpose of the "estimated MOE" procedure is to permit earlier submissions of operating assistance applications and to facilitate cash flow early in the project period. However, the ability of individual operators to utilize this procedure may be constrained by the availability of formula funds in their urbanized areas at the time of application or the local programming of projects in Annual Elements of the Transportation Improvement Program (TIP). The estimated MOE procedure may not be applicable where the apportionment or local programming of Section 5 funds for operating assistance will not occur until well into the project period. However, where at least a portion of the formula funds for an operating assistance project are available at the time of application and where the programming of the proposed project in the respective TIP Annual Element can occur in a timely fashion, the estimated MOE procedure can be used to achieve project approval and cash flow much earlier than would normally be possible if the application was not submitted until prior year audited statements were available.

Applicants who do wish to utilize the "estimated MOE" procedure described above may submit their application for Section 5 operating assistance up to 90 days prior to the beginning of the project period. Thus, for example, an applicant whose project period is July 1, 1978 - June 30, 1979, could submit its application as early as April 1, 1978. In general, UMTA will not execute grant contracts for an operating assistance project prior to the beginning of the project period.

Attachment III-6

Level of Effort Schedule

For the Period: _____ through _____.

Check One

Transit Operator(s): _____

___ Project Year
___ Project Year-1
___ Project Year-2

Designated Recipient: _____
(Applicant)

Based on: ___ Audited Statements or Independent Certifications
___ Estimated

Net Level of Effort for this Period: \$ _____

CERTIFICATION: (Enter applicable certification)

Signature of Chief Financial Officer

Title: _____

Date: _____

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LEVEL OF EFFORT SCHEDULE

REVENUE CATEGORY	TOTAL REVENUE	APPLIED TO ELIGIBLE EXPENSES		APPLIED TO OTHER THAN ELIGIBLE EXPENSES	ITEMIZE OTHER THAN ELIGIBLE EXPENSES:
		Source Subject to MOE	Source NOT Subject to MOE		
401 Passenger Fares _____	\$		\$	\$	
402 Special Transit Fares _____	\$	\$	\$	\$	
403 School Bus Revenues	\$		\$	\$	
404 Freight Tariffs	\$		\$	\$	
405 Charter Service Revenue	\$		\$	\$	
406 Auxiliary Transportation Revenue _____	\$	\$	\$	\$	
407 Nontransportation Revenue _____	\$		\$	\$	
408 Taxes Levied by Transit System _____	\$	\$		\$	
409 Local Cash Grants/Reimbursements _____	\$	\$	\$	\$	
410 Local Special Fare Assistance _____	\$	\$	\$	\$	
411 State Cash Grants/Reimbursements _____	\$	\$	\$	\$	
412 State Special Fare Assistance _____	\$	\$	\$	\$	
413 Federal Grants/Reimbursements _____	\$		\$	\$	
430 Contributed Services	\$	\$			
440 Other Sector Subsidy	\$	\$	\$	\$	
Other Sources Currently Applied	\$	\$	\$	\$	
TOTAL EACH COLUMN	\$	\$	\$	\$	
		Net LOE			

Attachment III-7

LOE Certification #1: For Project Year-2 and Project Year-1 if Based
Upon Audited Statements

"I, the undersigned, hereby certify that the Level of Effort Schedule for the Year ending _____ is a fair presentation of the amounts of State and local government funds, special purpose tax revenues, auxiliary transportation revenues, and other applicable sources of funds applied against eligible transit operating expenses, as defined in UMTA Circular C 9050.1, based upon audited financial statements or other independent verifications for the subject period."

Attachment III-8

LOE Certification #2: For Project Year-1 if Not Based Upon Audited
Statements

"I, the undersigned, hereby certify that the Level of Effort Schedule for the Year ending _____ is a fair presentation of the amounts of State and local government funds, special purpose tax revenues, auxiliary transportation revenues, and other applicable sources of funds applied, or expected to be applied, against eligible transit operating expenses, as defined in UMTA Circular C 9050.1, based upon estimated and/or unaudited financial statements for the subject period. Audited financial statements or other independent verification of the actual Level of Effort for the subject period are not available at this time. The applicant understands on this basis that UMTA approval of the application for which this Schedule is submitted shall be conditional upon the submission of a revised Level of Effort Schedule based upon audited financial statements or other independent verification of the Level of Effort for the subject period."

Attachment III-9

LOE Certification #3: For Project Year

"I, the undersigned, hereby certify that the Level of Effort Schedule for the Project Year _____ is a fair presentation of the amounts of State and local government funds, special purpose tax revenues, auxiliary transportation revenues, and other applicable sources of funds applied or expected to be applied against eligible transit operating expenses, as defined in UMTA Circular C 9050.1. To the best of my knowledge and understanding, the projected Net Level of Effort for this period is sufficient to comply with all requirements of Section 5(f) of the Urban Mass Transportation Act of 1964, as amended, and as summarized below:

Net LOE, Project Year-2	\$ _____	(1)
Net LOE, Project Year-1	\$ _____	(2)
Total, Lines (1)+(2)	\$ _____	(3)
$\frac{1}{2}$ Line (3)	\$ _____	(4)
	Required MOE	
Net LOE, Project Year	\$ _____	(5)

The amount on Line (5) being greater than or equal to the amount on Line (4), as supported by the accompanying Level of Effort Schedules, certifications, and financial statements, I submit that the documentary requirements for Section 5 applications with regard to Maintenance of Effort are herewith satisfied.

Exhibit C: Transit System and Urbanized Area Description

See Section II of this Circular. After the first application filed under these new procedures, some or all of the necessary information will need only to be incorporated by reference in this exhibit. Additional material needed to update the information already on file should be submitted in this exhibit of the application; such additions will be incorporated with the information previously submitted.

The following language should be used to incorporate previously submitted material by reference in this exhibit:

"The Transit System and Urbanized Area Descriptive Information submitted to UMTA on (date), as subsequently updated or as updated by the additional material submitted herein, accurately describes the transit system(s) and urbanized area associated with this project and are herein incorporated by reference and made part of this application."

Exhibit D: Public Hearing

The applicant shall hold a public hearing on each proposed Section 5 project. A public hearing may be held before the project application is submitted to UMTA.

The applicant shall publish a notice of intent to hold the public hearing in newspaper of general circulation in the urbanized area, including newspapers oriented to the minority communities. This notice shall be advertised at least twice before the public hearing, with the first advertisement occurring not less than thirty days before the date of the hearing. The notice must also be provided to the principal elected officials of each general purpose unit of government within the service area of the mass transportation operator(s) receiving operating assistance. A sample format for the required public hearing notice is attached. (Attachment III-10.)

If UMTA determines that the notice of the public hearing or the public hearing itself was inadequate to give parties with significant social, economic or environmental interests an adequate opportunity to present their views with regard to the proposed project(s), it may require that the applicant hold an additional hearing to accompany the project application submission.

The applicant must submit a certified verbatim transcript of the hearing and a certified copies of the published notice.

Where an applicant submits more than one application to UMTA, a single public hearing can be held covering each project. Appropriate changes to the sample hearing notice format should be made in such cases. It is also possible to hold the public hearing before submitting the application(s) to UMTA.

Following the public hearing, the applicant shall submit a standard certification to UMTA, addressing the compliance with requirements under Sections 3(d) and 5(i). A sample of this required standard certification is attached. (Attachment III-11.)

As indicated in the sample public hearing notice format, a copy of the proposed application(s) must be available for public inspection prior to the hearing.

If mass transportation operators to be assisted under the project operate school bus service or engage in charter bus operations outside their transit service area, consult Exhibit E of this Circular for further information regarding the required public hearing notice. Note that where the operators do engage in such operations, private operators must be provided with an opportunity to comment on existing and proposed charter and school bus operations and that such comments must be submitted to UMTA along with the required verbatim public hearing transcript.

Attachment III-10

Sample Format for Notice of Public Hearing

NOTE: This is the suggested Notice of Public Hearing which will meet the requirements for Section 5 operating assistance projects.

NOTICE OF PUBLIC HEARING

Re.: (Brief title or description of project, e.g., FY 1977 Operating Assistance)

I. Notice is hereby given that a public hearing will be held by (Applicant) for the purpose of considering a project(s) for which Federal operating assistance under Section 5 of the Urban Mass Transportation Act of 1964, as amended, is being sought, generally described as follows:

A. Description of Project

- (1) Indicate the project period, name of applicant, and name(s) of mass transportation operator to be assisted.
- (2) Indicate location or service area of the project.
- (3) Estimate the net project cost, Federal and local shares thereof, and indicate anticipated sources of local share.

B. Relocation

For Section 5 operating assistance projects, it is expected that the following sentence can be used by all applicants:

"No persons, families, or businesses will be displaced by this project."

C. Environment

Indicate whether the proposed project will or will not have a significant environmental impact upon the urban/service area.

D. Comprehensive Planning

Indicate that the project(s) is in conformance with comprehensive land use and transportation planning in the area and is consistent with the adopted programming of projects in the Transportation Improvement Program.

Attachment III-10 (cont.)E. Elderly and Handicapped

Indicate how the project(s) will take into consideration the special needs of the elderly and handicapped, including reference to off-peak half-fare procedures pursuant to Section 5(m).

F. Charter Bus Operations

See Exhibit E. Include this item only if the operator(s) to be assisted engages in charter bus operations outside its transit service area. Indicate, for each operator to be assisted, the proposed or existing charter bus operations, a description of the area in which the operator is authorized to provide charter bus service, the number and kind of buses to be employed in charter work, and the number of week days and weekends during which the vehicles will be available for charter service. Also, indicate if the proposed use of the equipment will interfere with regularly scheduled mass transit service.

G. School Bus Service

See Exhibit E. Include this item only if the operator(s) to be assisted engages in school bus operations exclusively for the transportation of students or school personnel. Indicate, for each operator to be assisted, the proposed or existing school bus operations, a description of the area in which the operator(s) is authorized to provide school bus service, the number and kind of buses to be employed in school work, and the number of week days (and weekends) during which the vehicles will be available for school service.

II. At the hearing, (applicant) will afford an opportunity for interested persons or agencies to be heard with respect to the social, environmental, and economic aspects of the project(s). Interested persons may submit orally or in writing evidence and recommendations with respect to said project(s).

III. A copy of the application and the Transportation Improvement Program for the area is currently available for public inspection at (location).

Applicant's Authorized Representative

Attachment III-11

Standard Certifications

(Name of Applicant) HEREBY CERTIFIES THAT, in the development of this application for a Mass Transportation Operating Assistance Grant under the Urban Mass Transportation Act of 1964, as amended, it:

1. Has afforded opportunity for public hearings pursuant to adequate prior notice, and has held such hearing, in accordance with the requirements set forth by the Urban Mass Transportation Administration.
2. Has considered the economic and social effects of this project and its impact on the environment, including requirements under the Clean Air Act, the Federal Water Pollution Control Act and other applicable Federal environmental statutes, and its consistency with goals and objectives of such urban planning as has been promulgated by the community.
3. Has found that this project is consistent with official plans for the comprehensive development of the urban area.
4. Has found the project is made in the best overall public interest taking into consideration the need for fast, safe, and efficient transportation, public services, and conservation of environmental and natural resources and the cost of eliminating or minimizing any adverse effects.

Date

Name of Applicant

By

Signature of Authorized
Official

Exhibit E: Charter and School Bus Operations

Operators who engage in charter and school bus operations are subject to UMTA regulations published in the Federal Register on April 1, 1976 (49 CFR 604 and 605). Compliance with these regulations must be demonstrated in Exhibit E of each application for Section 5 operating assistance. NOTE: Exhibit E is not required for any project period which ended prior to April 1, 1976.

A. Charter Bus Operations

The subject regulation prohibits mass transportation operators, and operators of mass transportation equipment on their behalf, from engaging in charter bus operations where points of origin or destination will be outside the area in which such operators are authorized to provide regularly scheduled mass transportation service, except as permitted under an agreement between UMTA and the grantee as part of the Section 5 grant contract.

If the mass transportation operator(s) for whom Section 5 operating assistance is sought does not engage in charter bus operations outside its transit service area, or if the operator(s) did not derive more than \$15,000 from charter bus operations during its most recently completed fiscal year, only the following statement needs to be submitted in this part of Exhibit E:

"The mass transportation operator(s) to be assisted under this project does not engage in charter bus operations outside its transit service area and/or did not derive more than \$15,000 from charter bus operations during its more recently completed fiscal year. Therefore, the requirements of 49 CFR 604 do not apply to this project."

If the mass transportation operator(s) for whom Section 5 operating assistance is sought does engage in charter bus operations outside its transit service area and did derive more than \$15,000 from charter bus operations during its most recently completed fiscal year, the following must be submitted in this part of Exhibit E:

1. A statement that the applicant has provided written notice to all private charter bus operators operating in its urban area of its application for operating assistance and its proposed or existing charter bus operations. This written notice should indicate the proposed or existing charter bus operations, describe the area in which the operator is authorized to provide charter bus service, state the number and kind of buses to be employed in charter work, and state the number of week days and weekends during which the vehicles will be available for charter service. The notice should also state whether the proposed use of the equipment cited above will interfere with regularly scheduled mass transit service.

2. A certification of costs for the applicant's proposed charter bus operations, as prescribed by the regulation (49 CFR 604).
3. A cost allocation plan which addresses each item listed in Appendix B of the regulation (49 CFR 604).

In addition, the same information described in the written notice to private charter bus operators must be included in the published public hearing notice discussed in Exhibit D of this circular. The sample public hearing notice provided in Exhibit D indicates an item (F) in which to incorporate the necessary charter bus information.

B. School Bus Operations

The subject regulation prohibits mass transportation operators from engaging in school bus operations exclusively for the transportation of students and school personnel in competition with private school bus operators, except in certain prescribed situations.

If the mass transportation operator(s) for whom Section 5 operating assistance is sought do not engage in school bus operations, only the following statement needs to be submitted in this part of Exhibit E:

"The mass transportation operator(s) to be assisted under this project does not engage in school bus operations exclusively for the transportation of students and school personnel. Therefore, the requirements of 49 CFR 605 do not apply to this project."

If the mass transportation operator(s) for whom Section 5 operating assistance is sought do engage in school bus operations, the following must be submitted in this part of Exhibit E:

1. A statement that it has provided written notice to all private school bus operators operating in the urbanized area of its application for assistance and its proposed or existing school bus operations. This notice should indicate the proposed or existing school bus operations, describe the area in which the operator(s) is authorized to provide school bus service, state the number and kind of buses to be employed in school work, and state the number of week days (and weekends) during which the vehicles will be available for school service.
2. A statement setting forth the reasons the applicant feels it should be allowed to engage in school bus operations pursuant to the exemptions outlined in Section 605.11 of the subject regulation (49 CFR 605).

NOTE: Applicants for Section 5 operating assistance and the mass transportation operators on whose behalf applications are submitted are strongly advised to consult the subject Charter and School Bus Operations regulation for detailed guidance regarding definitions, applicability and other requirements.

APPENDIX A: Project Budget Line Items

A. Eligible Operating Expenses

Transit industry accounting practices commonly do not segregate operating expenses between those which are and are not eligible for Section 5 assistance. Thus the calculation of eligible operating expenses usually requires the elimination of ineligible expenses from a total represented on an applicant's revenue and expense statement. These exclusions are embraced by four general classes:

1. Ineligible Expenses. Federal Management Circular 74-4 delineates expenses which are specifically ineligible for reimbursement under all Federal grant programs. Some of the more common ineligible items include:

- a. Entertainment
- b. Fines and penalties
- c. Charitable donations
- d. Interest expense on long-term borrowing and debt retirement.

2. Non-Mass Transportation Operating Expenses

Transit operators often maintain one set of expense records which combines the operation of various types of service. Some common services whose expenses are not eligible under Section 5 include:

- a. Charter bus operations
- b. School bus operations (i.e., operations for the exclusive transportation of school students, not the carrying of students in regularly scheduled mass transportation service)
- c. Sightseeing services
- d. Freight haulage
- e. Maintenance of non-transit vehicles
- f. Intercity transportation
- g. Mass transportation operations which do not serve the urbanized area.

To the extent that the expenses of such non-transit operations are maintained separately, they should be excluded from eligible expenses for a Section 5 project. Where a separate accounting of non-transit expenses is not performed and it can be assumed that revenues

derived from such operations equal or exceed the expenses, the amount of revenues will be subtracted from total expenses.

Where separate expense records are maintained for transit and non-transit operations, the excess of non-transit revenues over expenses (e.g., charter "profit") can be included as local share to the extent that such revenues are actually applied to cover eligible operating expenses. If not so applied, a representation as to the intended use of such revenues should be provided.

3. Contra-Expenses

Contra-expenses are revenue items which directly offset transit expenses and which are therefore eliminated from total expenses in computing those eligible for Section 5 assistance. Five common types of contra-expenses include:

- a. Interest income earned on working capital
- b. Proceeds from the sale of equipment in excess of the depreciated value (Private Operators only)
- c. Cash discounts and refunds which directly offset accrued expenses
- d. Insurance claims and reimbursements which directly offset accrued liabilities
- e. State fuel tax rebates to public operators.

4. Other Excluded Expenses

Capitalized costs or expenses recognized as part of and reimbursable under another project should be excluded from eligible expenses under Section 5. This includes both the value of cash contributions or in-kind services provided as the local share of such projects. Expenses associated with the following types of projects should be excluded:

- a. UMTA Section 3 or 5 capital grants (e.g., administrative expenses reimbursed under the capital grant, per cost allocation plan)
- b. UMTA Section 9 technical studies projects
- c. UMTA Section 6 research, development, and demonstration projects
- d. Demonstration projects funded fully or in part by non-Federal public or private entities.

NOTE: Under certain circumstances, demonstration project expenses (other than UMTA-funded) may be eligible, and the non-federal payments to cover such expenses may be used as local share to match Section 5 operating assistance. At an applicant's request, UMTA will consider the eligibility of demonstration project expenses on a case-by-case basis.

The preceding has discussed a procedure for calculating eligible operating expenses by eliminating certain ineligible categories from total expenses. In addition, the following seven items may, where appropriate, be included in the eligible operating expenses for Section 5 assistance. These should be included in the itemization of total operating expenses on Section 5 operating project budgets.

1. Pension benefits and contributions to a pension plan, only if actually paid and only up to a maximum of the current year accrual.
2. The value of contributed services, to the extent that such services are properly documented and included in local share. (As such, contributed services are also subject to the Maintenance of Effort requirement.) These include the receipt of services from another government entity (e.g., in-kind service contributions, not in cash) where such services directly benefit transit operations, and the transit operator is under no obligation to pay for the services. Contributed services may be defined as eligible transit operating expenses which are accrued and paid for by a public entity which is other than the mass transportation operator. Criteria for determining the eligibility of such services include the directness and uniqueness of the contributed service to the operation or management of mass transportation and the extent to which the service is provided primarily for the benefit of the mass transportation operation.
3. Purchase of service contracts between a transit operator and the Section 5 recipient for the provision of mass transportation by the recipient.
4. Interest and other financial costs associated with borrowings to provide working capital for the payment of current operating expenses.
5. Expenses associated with special mass transportation services for the elderly and handicapped.

6. For private operators, a reasonable return on investment ("profit") is an eligible expense. The "reasonableness" of profit shall be determined by UMTA on a case-by-case basis. Designated recipients applying for a private operator must submit a consideration of the reasonableness in support of the return on investment requested. UMTA will also consider profit calculated on a basis other than return on investment on a case-by-case basis.
7. Amortization of a leasehold improvement shall be determined to be eligible by UMTA on a case-by-case basis.

The following six items are, in general, ineligible for Section 5 assistance. Where any of these items is included in total expenses, it should be eliminated in the category of "Other Excluded Expenses."

1. Expenses incurred by a Governor, a designated recipient of other agency in its capacity as an intermediary for providing Section 5 funds between UMTA and the transit operating entity are not eligible.
2. Costs of advisory councils are ineligible unless prior UMTA approval has been granted.
3. For private mass transportation operators, provision for Federal, State, or local income taxes is not an eligible operating expense.
4. Indirect transit-related functions or activities of State, regional, or local entities performed as a normal or direct aspect of general public administration (e.g., expenses of a City Council in considering transit matters, expenses of a State DOT in administering the allocation of Section 5 apportionments, expenses of an MPO in programming formula funds in a TIP, etc.) are ineligible.
5. Depreciation accrued by public operators, depreciation on facilities or equipment purchased with public (i.e., Federal, State or local) capital assistance, depreciation of an intangible asset, and/or depreciation in excess of the rate otherwise used for income tax purposes is ineligible.
6. Expense for contingencies or capital acquisitions, including contributions to a capital reserve account or fund, is ineligible.

B. Farebox and Other Revenues Not Eligible as Local Share

As indicated earlier, the Section 5 operating assistance project budget describes the application of transit revenues and State/local government funds to cover eligible operating expenses. Some transit revenues are eligible for "local share" to be matched with UMTA funds. However, other revenues are specifically ineligible for UMTA matching, although their use to cover eligible operating expenses must be reflected in the project budget. Thus the "net project cost" represents the difference between eligible operating expenses and those revenues which are not includable as local share but which, nevertheless, are used to offset eligible expenses. Revenues not includable as local share are basically of two types:

1. Passenger Farebox Revenues, including cash collected at the farebox, multi-ride tickets, transfers, zone charges, parking fees at park-and-ride lots, etc.
2. Federal government funds (other than UMTA) which are not specifically certified as eligible for local share. A variety of Federal programs provide funds which may be used to assist general or special mass transportation service. Some of these programs may include Model Cities, Community Development block grants, WIN, CETA, etc. Under certain circumstances such funds may be eligible as local share to match UMTA funds for operating assistance under Section 5. However, to be eligible as local share, UMTA requires certification by the Federal grantor agency that the use of Federal funds for matching purposes is consistent with all requirements or regulations governing the Federal program. Where such certification is not provided, other Federal funds will be represented as "revenues not includable as local share" on the Section 5 project budget.

Note: The foregoing does not apply to Federal Revenue Sharing funds expended after January 1, 1977.
See the discussion of local share below.

C. Net Project Cost

As stated above, net project cost represents the difference between eligible operating expenses and those revenues applied to cover such expenses which are not includable as local share. Net project cost is the eligible amount against which UMTA funds may be applied, not to exceed 50%, subject to other financial limitations discussed in Section F below.

D. Local Share

The local share for a Section 5 operating assistance project

represents the transit operating revenues and government funds applied to eligible expenses which can be matched with UMTA funds. In addition to State and local government funds and those non-farebox transit revenues which are also subject to MOE, the statute permits local share to be applied from "undistributed cash surpluses, replacement or depreciation funds or reserves available in cash, or new capital."

The applicant must clearly specify and itemize the sources which comprise local share. This is because the eligible amount of UMTA operating assistance is computed by subtracting local share from the net project cost. The most common sources of local share are discussed below:

1. Revenues from taxes levied directly by the transit system (e.g., property tax, sales tax, income tax, payroll tax, utility tax, etc.) which are applied to eligible operating expenses.
2. Cash grants and reimbursements by State and/or local governments. These funds may be derived either from dedicated revenue sources (e.g., a special transit tax) or as appropriations from a general fund. In addition, such grants and reimbursements may represent funds specially earmarked for transit operating assistance or the application of funds generally available for transit purposes to cover eligible operating expenses. Finally, the funds may represent general transit operating assistance (i.e., subsidy) or assistance for certain direct operating expenses (e.g., purchase of service contracts or the reimbursement of reduced fares for senior citizens, students, and/or handicapped). State and local government funds specifically characterized as "demonstration" grants usually should be excluded, as discussed in A(4) above.
3. Federal government (other than UMTA) funds applied to eligible transit operating expenses for which the eligibility for use as local share has been specifically documented by the Federal grantor agency. (NOTE: Federal Revenue Sharing funds expended after January 1, 1977, are unconditionally eligible as local share and do not require further documentation of eligibility. However, Federal Revenue Sharing funds are not subject to Maintenance of Effort and do not count towards meeting the Project Year Level of Effort requirement.)
4. Auxiliary transportation revenues (e.g., station and vehicle concessions, advertising revenues, rental of buildings or equipment for transit purposes, etc.).

5. Reimbursement of special transit fares by State or local governments (usually for ridership by public employees on regular transit service).
6. Contributed services (as discussed in A(5)(b) above. NOTE: Proper documentation is required to establish the value and direct contribution of such services.)
7. Funds provided from private sources as cash contributions or donations.
8. Certain non-transportation revenues applied to cover eligible transit operating expenses (e.g., net charter or school bus operating revenue, rental of facilities or equipment for non-transit purposes, etc.) NOTE: These revenues are included in local share only to the extent that their use to cover eligible expenses is documented; however, the applicant must represent how these revenues are used in any case. In addition, the method used to allocate costs in determining the amounts of net school, charter, or other non-transit revenue may be subject to review by UMTA.
9. Interest income on non-working capital.
10. Other or miscellaneous revenues not otherwise treated as contra-expenses or ineligible revenues, as determined by UMTA on a case-by-case basis.
11. Other funds available in cash as undistributed cash surpluses, replacement or depreciation funds or reserves, or new capital.

It must be particularly noted that the above sources may represent local share only to the extent that such items are actually applied to cover eligible transit operating expenses. As such, the amounts represented as local share must be net of any reimbursement or the application of funds towards ineligible expenses.

Moreover, such reimbursement or application of funds otherwise eligible as local share must be specifically and properly documented. For example, local government funds provided as a cash advance in anticipation of and to be reimbursed upon the receipt of UMTA operating assistance should not be represented as local share. However, local arrangements to effect such reimbursement and to exempt such funds from local share (and Maintenance of Effort) must be properly documented and amenable to audit.

E. Net Expenses Before Applying UMTA Funds

This line represents the difference between net project cost and local share.

F. UMTA Funds

The difference between net project cost and local share is the maximum eligible amount of Section 5 operating assistance, subject to the following conditions:

1. UMTA assistance shall not exceed 50% of the net project cost.
2. UMTA assistance shall not exceed the net expenses before applying UMTA funds.
3. UMTA assistance shall not exceed the local share.
4. The local share shall include State and/or local government funds and certain non-farebox transit revenues sufficient to satisfy the MOE requirement.
5. UMTA assistance shall be consistent with the approved programming of formula funds available to the urbanized area.

APPENDIX B: TREATMENT OF REVENUE ITEMS
IN MAINTENANCE OF EFFORT (MOE)

The attached lists and defines specific categories of mass transportation revenues, indicating those which are and are not subject to MOE. Each generic revenue category is assigned a three-digit code which conforms to the basic categories delineated on the Level of Effort Schedule format in Exhibit C of Section 5 applications ("Maintenance of Effort"). The attached list is subcategorized by individual types of revenue.

This list is cited from UMTA-IT-06-0094-77-1, "Urban Mass Transportation Industry Uniform System of Accounts and Records and Reporting System - Volume II, "January 10, 1977. This publication provides detailed information regarding the uniform transit industry accounting and reporting system prescribed by UMTA pursuant to Section 15 of the Urban Mass Transportation Act of 1964, as amended. In certain cases, individual definitions have been modified to clarify their eligibility for MOE.

Operators whose revenue accounts conform to the prescribed Section 15 system should experience little difficulty in assigning their specific income items to the proper lines and columns on the LOE Schedule. In preparing LOE Schedules, it is not required at this time that operators sub-categorize all revenues among the five-digit coded categories in the following list. These are provided to guide operators in assigning their own local revenue sources to the proper categories and in recognizing which revenues are subject to MOE. However, the LOE format does provide extra lines in several key categories for itemizing individual sources which comprise the total for those categories. Itemizing sources in each category will assist UMTA in verifying LOE calculations.

NOTE: Asterisks (*) preceding the three-digit revenue categories connote generic categories.

401. Passenger Fares for Transit Service

-- These categories cover revenue earned from carrying passengers along regularly scheduled routes. Each revenue object class is to include the base fare, zone premiums express service preminums, extra cost transfers and quantity purchase discounts applicable to the passenger's ride. Also included is a category which covers "park and ride" revenue. Passenger fare revenue is not subject to maintenance of effort.

401.02 Passenger Fares for Transit Service - Senior Citizen

-- the revenue earned from carrying passengers who pay a special, reduced fare because they are older than a prescribed age limit. Not subject to MOE.

401.03 Passenger Fares for Transit Service - Student Fares

-- the revenue earned from carrying passengers who pay a special, reduced fare because they are enrolled in an educational institution. Not subject to MOE.

401.04 Passenger Fares for Transit Service - Child Fares

-- the revenue earned from carrying passengers who pay a special, reduced fare because they are younger than a prescribed age limit. Not subject to MOE.

401.05 Passenger Fares for Transit Service - Handicapped Rider Fares

-- the revenue earned from carrying passengers who pay a special, reduced fare because they are physically handicapped. Not subject to MOE.

401.06 Passenger Fares for Transit Service - Parking Lot Revenue

-- the revenue earned from parking fees paid by passengers who drive to "park and ride" parking lots operated by the transit company in order to utilize transit service. Revenue earned from the operation of parking lots which are not normally "park and ride" locations is collected in object class 407.05. Not subject to MOE.

401.99 Passenger Fares for Transit Service - Other Primary

-- the revenue earned from carrying passengers who pay a special, reduced fare for some reason other than those specified in items 401.02 through 401.05. Not subject to MOE.

*402. Special Transit Fares

-- These categories cover revenues earned . for rides given in regular transit service

but paid for by some organization other than by the rider, and . for rides given along special routes for which revenue may be guaranteed by a beneficiary of the service.

Special transit fare revenue which constitutes a contract fare reimbursement by public bodies may be subject to MOE. Other special transit fare revenues are not subject of the service

402.01 Special Transit Fares - Contract Fares for Postman

-- the revenues earned by providing rides for postmen with periodic contractual payments (rather than fare box collections) being made directly from the U.S. Postal Service to the transit system. Not subject to MOE.

402.02 Special Transit Fares - Contract Fares for Policemen

-- the revenue earned by providing rides for policemen with periodic contractual payments (rather than farebox collections) being made directly from the police authority to the transit system. Subject to MOE.

402.03 Special Transit Fares - Special Route Guarantees

-- the amounts paid by private entities (e.g. industrial firms, shopping centers), public and private universities, etc., to guarantee a minimum revenue on a line operated especially for the benefit of the payer. Not subject to MOE.

402.04 Special Transit Fares - Other Special Contract Transit Fares - State and Local Government

-- the revenue earned under contractual arrangements with state or local governments for transit fares other than those arrangements specified in categories 402.01 through 402.03 above. Revenue earned from other contract sources is collected in object class 402.05. Subject to MOE if the contractual arrangements involved constitute a mass transportation service.

402.05 Special Transit Fares - Other Special Contract Transit Fares - Other Sources

-- the revenue earned under contractual arrangements with nongovernment entities for transit fares other than those arrangements specified

in categories 402.01 through 402.03 above. Revenue earned from other State and local government entities is collected in object class 402.04. Not subject to MOE.

402.06 Special Transit Fares - Non-Contract Special Service Fares

-- the revenue earned by providing special service rides for sporting events, sightseeing, etc., where fares are not guaranteed on a contractual basis. Not subject to MOE.

*403. School Bus Service Revenues

-- This category covers revenues earned from operating vehicles under school bus contracts. School bus service revenues are not subject to MOE.

403.01 School Bus Service Revenues - Passenger Fares from School Bus Service

-- the amounts paid by schools for the operations of buses exclusively to carry children to and from their schools. Not subject to MOE.

*404. Freight Tariffs

-- This category covers revenues earned from carrying freight on runs whose primary purpose is passenger operations. Freight tariffs are not subject to MOE.

404.01 Freight Tariffs - Hauling Freight

-- the revenue earned from carrying all types of freight on passenger runs. Not subject to MOE.

*405. Charter Service Revenues

-- This category covers revenues earned from operating vehicles under charter contracts. Charter service revenues are not subject to MOE.

*406 Auxiliary Transportation Revenues

-- These categories cover revenues earned from operations closely associated with the transportation operations. Auxiliary transportation revenues are subject to MOE.

406.01 Auxiliary Transportation Revenues - Station Concessions

-- the revenue earned from granting rights to concessionaires to operate newsstands, candy counters, etc., in transit system stations. Subject to MOE.

406.02 Auxiliary Transportation Revenues - Vehicle Concessions

-- the revenue earned from granting rights to concessionaires to operate food and beverage services, etc., on transit system vehicles. Subject to MOE.

406.03 Auxiliary Transportation Revenues - Advertising Services

-- the revenue earned from displaying advertising materials on transit system vehicles and property. Subject to MOE.

406.04 Auxiliary Transportation Revenues - Automotive Vehicle Ferriage

-- the revenue earned from transporting vehicles in ferryboat transit service. Subject to MOE.

406.99 Auxiliary Transportation Revenues - Other

-- the revenue earned from auxiliary operations other than those specified in categories 406.01 through 406.04 above. Subject to MOE.

*407 Nontransportation Revenues

-- These categories cover revenues earned from activities not associated with the provision of the transit system's transit service. Nontransportation revenues are, in general, not subject to MOE.

407.01 Nontransportation Revenues - Sales of Maintenance Services

-- the revenue earned from performing maintenance services on property not owned or used by the transit system. Not subject to MOE.

407.02 Nontransportation Revenues - Rental of Revenue Vehicles

-- the revenue earned from leasing transit system revenue vehicles to some other operator. Not subject to MOE.

407.03 Nontransportation Revenues - Rental of Buildings and Other Property

-- The revenue earned from leasing transit system buildings and property (other than revenue vehicles) to other organizations for transit purposes is subject to MOE. Revenue earned from leasing for non-transit purposes is not subject to MOE.

407.04 Nontransportation Revenues - Investment Income

-- the revenue earned from investing available funds in marketable securities. (This is not to include earnings on capital grant funds advanced by the grantor; such earnings are to be credited to the same account as the capital grant itself.) Not subject to MOE.

407.05 Nontransportation Revenues - Parking Lot Revenue

-- the revenue earned from parking fees generated from parking lots not normally used as "park and ride" locations. Revenue earned from operating "park and ride" lots is reported in object class 401.06. Not subject to MOE.

407.99 Nontransportation Revenues - Other

-- the revenue earned from nontransportation activities other than those listed in categories 407.01 through 407.05. Not subject to MOE.

*408. Taxes Levied Directly by Transit System

-- These categories cover tax revenues to transit systems that are organized as independent political subdivisions with their own taxation authority. Revenues to transit systems that come from local, state or Federal government and have been raised through the taxing authority of the grantor governmental unit (which is not synonymous with the transit system) are covered in categories 409 through 412. Revenues from taxes levied directly by the transit system are subject to MOE to the extent that they are applied to eligible operating expenses and are net of any direct expenses

incurred in collecting said tax.

408.01 Taxes Levied Directly by Transit System - Property Tax Revenue

-- the revenue earned by taxing the property within the political subdivision constituting the transit system. Subject to MOE.

408.02 Taxes Levied Directly by Transit System - Sales Tax Revenue

-- the revenue earned by taxing sales of goods and/or services that occur within the political subdivision constituting the transit system. Subject to MOE.

408.03 Taxes Levied Directly by Transit System - Income Tax Revenue

-- the revenue earned by taxing the income of persons and/or organizations located within the political subdivision constituting the transit system. Subject to MOE.

408.04 Taxes Levied Directly by Transit System - Payroll Tax Revenue

-- the revenue earned by taxing the payrolls of employers for all work performed within the political subdivision constituting the transit system. Subject to MOE.

408.05 Taxes Levied Directly by Transit System - Utility Tax Revenue

-- the revenue earned by taxing the consumption of utilities (e.g., water and sewer, gas, electric, telephone, etc.) within the political subdivision constituting the transit system. Subject to MOE.

408.99 Taxes Levied by Transit System - Other Tax Revenue

-- the revenue earned by taxation on some basis other than those specified in categories 408.01 through 408.05 when the taxing authority is the transit system. Subject to MOE.

*409. Local Cash Grants and Reimbursements

-- These categories cover funds obtained from local government units to assist in paying the cost of operating transit services. (The local

government units are those not synonymous with the transit system; revenues for these units are covered in category 408.) The breakdown of local government grants and reimbursements to the sub-categories is to be based on the factor that determines the amount of the grant or reimbursement. Amounts originating from Federal Revenue Sharing funds are not included in these categories, as Revenue Sharing is to be treated as a Federal source for MOE purposes.

-- These categories do not cover grants and reimbursements to help cover the difference between full adult fares and special reduced fares (handicapped rider, senior citizen, etc.). Grants and reimbursements for local special fare assistance are included in object class 410.

-- This category includes funds provided as appropriations from general local government funds or directly as revenues from a dedicated local government tax source. Such funds may be provided specifically as transit operating assistance or represented as the amount of funds provided for general transit purposes which are applied to operating expenses. Finally, such funds may be provided to assist in meeting expenses associated with specific operations or services.

-- Funds provided as a cash advance in anticipation of and to be reimbursed upon the receipt of UMTA operating assistance should not be included. However, local arrangements to effect such reimbursements and to exempt such funds from MOE must be properly documented and amenable to audit.

-- Local cash grants and reimbursements are subject to MOE, with the exceptions noted below.

409.01

Local Cash Grants and Reimbursements - General Operating Assistance

-- the receipt or accrual of local government payments to help cover the operating costs of providing transit services. This category covers general operating assistance, not that

based on special fares or certain expense items as described in the following categories. It includes "purchase of service" payments from local government units. Subject to MOE.

409.02 Local Cash Grants and Reimbursements - Special Demonstration Project Assistance - Local Projects

-- the receipt or accrual of local government payments to help cover the operating costs for special demonstration projects which are fully funded at the local level. Local cash grants and reimbursements for special demonstration services that are provided on an experimental basis for a limited duration will be considered subject to MOE on a case-by-case basis. Otherwise, such funds are not subject to MOE.

409.03 Local Cash Grants and Reimbursements - Special Demonstration Project Assistance - Local Share for State Projects

-- the receipt or accrual of local government payments to help cover the operating costs for special demonstration projects which are partially funded at the state level. See 409.02 comment regarding MOE.

409.04 Local Cash Grants and Reimbursements - Special Demonstration Project Assistance - Local Share for UMTA Projects

-- the receipt or accrual of local government payments to help cover the operating costs for special demonstration projects which are partially funded by UMTA. Not subject to MOE.

409.05 Local Cash Grants and Reimbursements - Reimbursement of Taxes Paid

-- the receipt or accrual of local government payments to help cover the cost of taxes incurred by the transit system. Not subject to MOE.

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- 409.06 Local Cash Grants and Reimbursements - Reimbursement of Interest Paid
- the receipt or accrual of local government payments to help cover the cost of interest on funds borrowed by the transit system. Not subject to MOE, except the reimbursement of interest paid on borrowing for working capital which is subject to MOE.
- 409.07 Local Cash Grants and Reimbursements - Reimbursement of Transit System Maintenance Costs
- the receipt or accrual of local government payments to help cover the costs of maintaining transit system rolling stock, buildings, grounds and equipment. Subject to MOE.
- 409.08 Local Cash Grants and Reimbursements - Reimbursement of Snow Removal Costs
- the receipt or accrual of local government payments to help cover the cost of removing snow from transit system property and/or transit right-of-way. Not subject to MOE.
- 409.09 Local Cash Grants and Reimbursements - Reimbursement of Security Costs
- the receipt or accrual of local government payments to help cover the cost of providing security forces on transit system property and on operating revenue vehicles. Subject to MOE.
- 409.99 Local Cash Grants and Reimbursements - Other Financial Assistance
- the receipt or accrual of local government payments to help cover the costs of operating transit service not included in categories 409.01 through 409.09. Subject to MOE.
- *410. Local Special Fare Assistance
- These categories cover funds obtained from local government units to help cover the difference between full adult fares and special reduced fares for ridership by certain groups in regular mass transportation service. Amounts originating from Federal revenue sharing funds are not included in this category. Funds obtained from local government to assist in paying the cost of operating transit services are included in object class 409. Local Special Fare Assistance is subject to MOE.

410.01 Local Cash Grants and Reimbursements - Handicapped
Citizen Fare Assistance

-- the receipt or accrual of local government payments to help cover the difference between full adult fares and handicapped rider fares. Subject to MOE.

410.02 Local Cash Grants and Reimbursements - Senior
Citizen Fare Assistance

-- the receipt or accrual of local government payments to help cover the difference between full adult fares and special senior citizen fares. Subject to MOE.

410.03 Local Cash Grants and Reimbursements - Student
Fare Assistance

-- the receipt or accrual of local government payments to help cover the difference between full adult fares and special student fares. Subject to MOE.

410.99 Local Cash Grants and Reimbursements - Other
Special Fare Assistance

-- the receipt or accrual of local government payments to help cover the difference between full adult fares and special reduced fares other than for handicapped riders, senior citizens and students.

*411. -- These categories cover funds obtained from State government(s) to assist in paying the cost of operating transit services. The breakdown of the state government grants and reimbursements to the subcategories is to be based on the factor that determines the amount of the grant or reimbursement. Amounts originating from Federal Revenue Sharing funds are not included in this category, as Revenue Sharing is to be treated as a Federal source for MOE purposes.

-- These categories do not cover grants and reimbursements to help cover the difference between full adult fares and special reduced fares (handicapped rider, senior citizen, etc.) Grants and reimbursements for state special fare assistance are included in object class 412.

-- Funds provided as a cash advance in anticipation of and to be reimbursed upon the receipt of UMTA operating assistance should not be included. However, local arrangements to effect such reimbursement and to exempt such funds from MOE must be properly documented and amenable to audit.

-- State cash grants and reimbursements are subject to MOE, with the exceptions noted below.

411.01 State Cash Grants and Reimbursements - General Operating Assistance

-- the receipt or accrual of state government payments to help cover the operating costs of providing transit services. This category covers general operating assistance, not that based on special fares or certain expense items as described in the following categories. It includes "purchase of service" payments from state government units. Subject to MOE.

411.03 State Cash Grants and Reimbursements - Special Demonstration Project Assistance - State Projects

-- the receipt or accrual of state government payments to help cover the operating costs for special demonstration projects which are fully funded at the state or state and local level. State cash grants and reimbursements for special demonstration services that are provided on an experimental basis for a limited duration will be considered eligible for MOE on a case-by-case basis. Otherwise, such funds are not subject to MOE.

411.04 State Cash Grants and Reimbursements - Special Demonstration Project Assistance - State Share for UMTA Projects

-- the receipt or accrual of state government payments to help cover the operating costs for special demonstration projects which are partially funded by UMTA. Not subject to MOE.

411.05 State Cash Grant and Reimbursements - Reimbursement of Taxes Paid

-- the receipt or accrual of state government payments to help cover the costs of taxes incurred

by the transit system. Not subject to MOE, except for the reimbursement of State fuel taxes (or related taxes) as determined by UMTA on a case-by-case basis, paid by a privately owned mass transportation operator.

411.06 State Cash Grants and Reimbursements - Reimbursement of Interest Paid

-- the receipt of accrual of state government payments to help cover the cost of interest on funds borrowed by the transit system. Not subject to MOE except for the reimbursement of interest paid on borrowing for working capital which is subject to MOE.

411.07 State Cash Grants and Reimbursements - Reimbursement of Transit System Maintenance Costs

-- the receipt or accrual of state government payments to help cover the costs of maintaining transit system rolling stock, buildings, grounds and equipment. Subject to MOE.

411.09 State Cash Grants and Reimbursements - Reimbursement of Security Costs

-- the receipt or accrual of state government payments to help cover the costs of providing security forces on transit system property and on operating revenue vehicles. Subject to MOE.

411.99 State Cash Grants and Reimbursements - Other Financial Assistance

-- the receipt or accrual of state government payments to help cover the costs of operating transit service not included in categories 411.01 through 411.09. Subject to MOE.

*412. State Special Fare Assistance

-- These categories cover funds obtained from state government(s) to help cover the difference between full adult fares and special reduced fares for ridership by certain groups in regular mass transportation services. Amounts originating from Federal revenue sharing funds are not included in this category. Funds obtained from state government(s) to assist in paying the cost of operating transit services are included in object class 411. State special fare assistance is subject to MOE.

412.01 State Cash Grants and Reimbursements - Handicapped
Citizen fare Assistance

-- the receipt or accrual of state government payments to help cover the difference between full adult fares and handicapped rider fares. Subject to MOE.

412.02 State Cash Grants and Reimbursements - Senior
Citizen Fare Assistance

-- the receipt or accrual of state government payments to help cover the difference between full adult fares and special senior citizen fares. Subject to MOE.

412.03 State Cash Grants and Reimbursements - Student
Fare Assistance

-- the receipt or accrual of state government payments to help cover the difference between full adult fares and special student fares. Subject to MOE.

412.99 State Cash Grants and Reimbursements - Other
Special Fare Assistance

-- the receipt or accrual of state government payments to help cover the difference between full adult fares and special reduced fares other than for handicapped riders, senior citizens and students. Subject to MOE.

*413. Federal Cash Grants and Reimbursements

-- These categories cover funds obtained from the Federal government to assist in paying the cost of operating transit services. The breakdown of Federal government grants and reimbursements to the subcategories is to be based on the factor that determines the amount of the grant or reimbursement. Federal funds are not subject to MOE.

413.01 Federal Cash Grants and Reimbursements - General
Operating Assistance

-- the receipt or accrual of Federal government payments to help cover the operating costs of providing transit services, including Section 5 funds. This category covers general operating assistance, not that based on special fares or specific expense items as describe in the following categories. It includes "purchase of service" payments from Federal government units. Not subject to MOE.

413.04 Federal Cash Grants and Reimbursements - Special
Demonstration Project Assistance

-- the receipt or accrual of Federal government payments to help cover the operating costs for special demonstration projects. Not subject to MOE.

413.99 Federal Cash Grants and Reimbursement - Other
Financial Assistance

-- the receipt or accrual of Federal government payments to help cover the costs of operating transit service not included in categories 413.01 and 413.04. Include Federal Revenue Sharing funds provided by State or local governments in this category. Not subject to MOE.

*430 Contributed Services

-- This category covers the receipt of services (not cash) from another entity where such services benefit transit operations, and the transit operator is under no obligation to repay. The value of contributed services and the directness of such contributions to the transit operation must be properly documented. Contributed services are subject to MOE.

430.01 Contributed Services - State and Local Government

-- the value of services provided by state and/or local government units at no cost to the transit operator. Subject to MOE.

430.02 Contributed Services - Contra Account for Expense

-- the value of services provided to the transit operator by another entity where such services benefit transit operations and the transit operator is under no obligation to pay for the services. The amount debited to this account should be equal to the amount of contributed services received by the transit operator and credited to object class 430.01. This category is not used for reporting MOE.

*440. Subsidy from Other Sectors of Operations

-- This category covers funds obtained from other sectors of a transit company's operations to help cover the cost of providing transit service. May be subject to MOE depending upon the entity involved, as discussed below.

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440.01 Subsidy from Other Sectors of Operations - Subsidy from Utility Rates

-- the receipt or accrual of funds to help cover the cost of transit operations provided by revenues from another sector of operations by a private utility company that operates the transit service. Not subject to MOE.

440.02 Subsidy from Other Sectors of Operations - Subsidy from Bridge or Tunnel Tolls

-- the receipt or accrual of funds to help cover the cost of transit operations provided by revenues from tolls collected on bridges and/or tunnels owned and operated by the same entity that operates the transit system. Not subject to MOE.

440.99 Subsidy from Other Sectors of Operations - Other Subsidies

-- the utilization of net revenues available as a current year undistributed cash surplus derived from an entity's non-transit operations other than those described in 440.01 and 440.02 and which are applied to cover that entity's eligible transit operating expenses. Eligibility for MOE will be determined by UMTA on a case-by-case basis. In general, such funds will be subject to MOE if the entity is public and not subject to MOE if the entity is private.

*Other Sources of Funds Currently Applied

-- Prior year cash surpluses, contributions from a depreciation reserve account, or other prior year retained funds which are applied by a public mass transportation operator to cover eligible transit operating expenses during a project year. Such funds are considered subject to MOE unless it can be demonstrated that the original source of the funds was one not subject to MOE. For private operators, such funds are considered not subject to MOE unless it can be demonstrated that the original source of the funds was one which is subject to MOE.

-- Funds donated by private entities or individuals to assist in paying transit operating expenses, where not included in any category above. Not subject to MOE.

APPENDIX C: Guidelines for the Application of Revenues and Other Sources of Funds to Cover Eligible and Ineligible Expenses

The following provides guidance for the sequence in which sources of revenue should be applied to various types of expenses, both eligible and ineligible:

1. Application of funds and revenues to cover required current long-term debt service and capital acquisitions. In the absence of a State or local statute to the contrary, revenues and funds shall be applied in the following sequence.
 - (a) Federal, State, and local revenues and non-farebox transit revenues that must be applied to long-term debt service or current capital acquisitions.
 - (b) State and local revenues and non-farebox transit revenues that may be applied to long-term debt service and current capital acquisitions.
 - (c) Prior year cash surpluses and new capital.
 - (d) Farebox revenues and other transit revenues not subject to MOE. (NOTE: These sources are not eligible as local share to match UMTA capital assistance grants.)
2. Application of revenues and other sources of funds to cover ineligible funded operating expenses:
 - (a) Non-transit operating revenues shall offset the cost of generating such revenues.
 - (b) Farebox revenues and other transit revenues not subject to MOE.
 - (c) Non-farebox transit revenues not otherwise restricted, eligible contributed services, and State and local revenues which must be applied to transit operating expenses.
 - (d) State and local revenues that may be applied to transit operating expenses.
 - (e) Federal funds, other than Section 3(h) or Section 5 funds which are eligible to cover such expenses.

3. Application of revenues and other sources of funds to cover eligible operating expenses:
 - (a) Farebox revenues and other transit revenues not subject to MOE.
 - (b) Non-farebox transit revenues not otherwise specifically restricted, eligible contributed services, and State and local government funds that must be applied to transit operating expenses.
 - (c) State and local revenues that may be applied to transit operating expenses.
 - (d) Federal funds, other than Section 3(h) or Section 5 funds, to be applied to eligible operating expenses (e.g., Federal Revenue Sharing funds).
 - (e) Prior year cash surpluses and new capital.

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