

**CHAPTER 8835**  
**DEPARTMENT OF TRANSPORTATION**  
**PROGRAM MANAGEMENT DIVISION**  
**PUBLIC TRANSIT**

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**8835.0100** [Repealed, 8 SR 2113]

**8835.0110 DEFINITIONS.**

Subpart 1. **Scope.** The terms used in this chapter have the meanings given them in this part.

Subp. 2. **Cost.** "Cost" means the amount of money asked or paid or the liability incurred for a commodity or service.

Subp. 3. **Cost contract.** "Cost contract" means a cost reimbursement contract under which the contractor receives no fee, operating as a nonprofit organization.

Subp. 4. **Cost-plus-a-fixed-fee contract.** "Cost-plus-a-fixed-fee contract" means a cost reimbursement contract providing for the payment of a fixed fee to the contractor based upon negotiation.

Subp. 5. **Cost-plus-incentive-fee contract.** "Cost-plus-incentive-fee contract" means a cost reimbursement contract providing for a fee adjusted by a negotiated formula relating total allowable costs to target costs.

Subp. 6. **Cost reimbursement contract.** "Cost reimbursement contract" means a contract providing for payment to the contractor of allowable costs incurred in the performance of the contract, to the extent prescribed in the contract.

Subp. 7. **Department.** "Department" means the Department of Transportation.

Subp. 8. **Direct cost.** "Direct cost" means cost incurred for the benefit of and traceable to a specific activity or incurred for providing a specific service.

Subp. 9. **Fee.** "Fee" means profit and represents a sum of money which is over and above actual costs.

Subp. 10. **Financial assistance.** "Financial assistance" means state funds paid to an eligible recipient in accordance with the public transit subsidy program established under Minnesota Statutes, section 174.24.

Subp 11 **Generally accepted accounting principles.** "Generally accepted accounting principles" means broad rules adopted by the accounting profession as guides for use in accumulating and reporting financial data and found in the American Institute of Certified Public Accountants Professional Standards, volume 3 "Accounting," published by Commerce Clearing House (Chicago 1979).

Subp. 12. **Indirect cost.** "Indirect cost" means a cost incurred for the benefit of the operating entity as a whole and not traceable to a specific activity.

Subp 13. **Negotiation.** "Negotiation" means the process of conferring or bargaining to reach agreement.

Subp. 14. **Operating deficit.** "Operating deficit" has the meaning given it in Minnesota Statutes, section 174.22, subdivision 5.

Subp. 15. **Public transit or transit.** "Public transit" or "transit" has the meaning given it in Minnesota Statutes, section 174.22, subdivision 7.

Subp 16. **Reasonable cost.** "Reasonable cost" means a price for a commodity or service which, in its nature or amount, does not exceed that which would be incurred by an ordinarily prudent person in the conduct of competitive business.

Subp. 17. **Regional Development Commission.** "Regional Development Commission" has the meaning given it in Minnesota Statutes, section 462.384, subdivision 4.

Subp. 18. **Revenue.** "Revenue" means sources of income.

Subp. 19. **Total operating cost.** "Total operating cost" means the cost allowability provisions of parts 8835.0810 to 8835.0870 and 8835.1500, as well as the fee allowability provisions of part 8835.1600.

**Statutory Authority:** *MS s 174.23 subs 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.0200** [Repealed, 8 SR 2113]

### **8835.0210 AUTHORITY.**

This chapter is adopted pursuant to Minnesota Statutes, sections 174.23, subdivisions 2 and 7; 174.24, subdivision 3; and 174.245, subdivision 2.

**Statutory Authority:** *MS s 174.23 subs 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0220 PURPOSE.**

The purpose of this chapter is to establish the procedures and standards for review and approval of applications for transit financial assistance, to define "total operating cost" as the term is used in carrying out the public transit assistance program, to establish uniform performance standards for private operators of regular route transit systems in the Twin Cities metropolitan area transit taxing district, and to establish the procedures and standards for review and approval of applications for capital grant assistance.

**Statutory Authority:** *MS s 174.23 subs 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0230 SCOPE.**

This chapter applies to applicants for financial assistance under the public transit subsidy program established by Minnesota Statutes, section 174.24, and the public transit capital grant assistance program established by Minnesota Statutes, section 174.245.

**Statutory Authority:** *MS s 174.23 subs 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.0610 PUBLIC TRANSIT****8835.0300** [Repealed, 8 SR 2113]**8835.0400** [Repealed, 8 SR 2113]**8835.0500** [Repealed, 8 SR 2113]**8835.0600** [Repealed, 8 SR 2113]**8835.0610 ELIGIBLE RECIPIENT; DEFINITION.**

“Eligible recipient,” for the purposes of parts 8835.0610 to 8835.1900, 8835.5700, and 8835.5800, means a legislatively established public transit commission or authority, a county or a statutory or a home rule charter city operating or providing financial assistance to public transit, a private operator of public transit, or a combination of them

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.0700** [Repealed, 8 SR 2113]**8835.0710 FINANCIAL ASSISTANCE THROUGH PUBLIC TRANSIT PARTICIPATION PROGRAM.**

An applicant shall request financial assistance using a format prescribed by the department. The required information for the application is limited to the items specified in parts 8835.0720 to 8835.0740. In addition to submitting an application to the department, an applicant shall submit an application to the appropriate regional development commission for review and approval for consistency with regional transportation plans and development guides. If there is no regional development commission in the area, the applicant shall submit the application to the the State Planning Agency for review. When applicable, the application must also be submitted to the local transit authority, commission, or system for review and comment as to consistency with its approved transportation development program.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.0720 APPLICATION; MANAGEMENT PLAN.**

Applicants shall include the following information in the management plan:

A. a description of the levels of service to be provided during the contract period, including a discussion of service area, type of service, vehicle descriptions, days and hours of service, contract services, and route maps;

B. a description of the participating transit system's proposed marketing program, including costs and benefits of major elements;

C. a description of proposed capital improvements in the participating transit system;

D. a description of revenue-producing contracts relating to the transit services provided by or for the applicant;

E. a description of expense contracts for services and goods procured by the transit system,

F. a description of the participating public transit system's vehicle maintenance program for the period of financial assistance;

G. a description of the organizational structure established to direct, control, review, and implement the management plan;

H. a description of measurable goals and objectives for the transit system, illustrating the benefits expected to be realized by the investment of state financial assistance;

I. a description of how revenue will be generated through the fare box;

J. a listing of transit and paratransit systems and their union affiliations currently operating in the applicant's area, and a description of existing or potential coordination with these systems;

K. a description of the driver selection process; and

L. a description of the proposed insurance carrier and the limits of coverage.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0730 APPLICATION; OPERATIONS REPORT.**

Applicants shall include the following information in the operations report on forms provided by the department:

A. actual statistics on operating expenses and operating revenues for the most recent 12-month period;

B. anticipated statistics on operating expenses and operating revenues for the new contract period;

C. actual statistics on miles and hours of service and passengers carried for the most recent 12-month period; and

D. anticipated statistics on miles and hours of service and passengers carried for the new contract period.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0740 RESOLUTION REGARDING APPLICATION SUBMISSION.**

Applicants shall include with the application a resolution by the governing body authorizing the submission of an application, designating a person to represent the applicant in negotiations with the department, and attesting to the availability of local funds to provide the percentage of total cost specified in Minnesota Statutes, section 174.24, subdivision 3.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3, 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0800 [Repealed, 8 SR 2113]**

### **8835.0810 DETERMINATION OF FINANCIAL ASSISTANCE; EXPENSE CATEGORIES.**

In determining the total operating costs of a public transit system, upon which financial assistance is based, part 8835.1500 and the definitions of expense categories in parts 8835.0820 to 8835.0870 apply and have the meanings given them.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3, 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0820 PERSONNEL SERVICES EXPENSE.**

The "personnel services" expense category includes:

A. administrative, management, and supervisory services which are the amount paid to employees of the transit system who are classified as managers, supervisors, coordinators, or administrators and for which the amounts claimed by employees not working solely for the transit system must be supported by detailed time sheets;

B. operators' wages which are the total amount paid to employees of the transit system who are classified as vehicle operators;

C. maintenance and repair wages which are the labor charges incurred in the performance of maintenance and repair of vehicles and other property

required for the operation of the transit system, including only wages of maintenance personnel employed by the transit system,

D. other direct wages which are the amount paid to employees of the transit system who are not classified as operators, maintenance, or administrative personnel, such as dispatchers, bookkeepers, clerical personnel, janitors, and security personnel;

E. indirect labor charges which are the amount to be allocated to the transit contract for labor which is not traceable to a specific transit activity but which benefits the transit operation and must be based on a cost allocation plan approved by the Minnesota Department of Transportation; and

F. fringe benefits which are the cost of providing fringe benefits for active and retired employees of the transit system, including pension benefits, vacation and sick leave benefits, social security taxes, workers' compensation insurance, unemployment insurance, life insurance, and first party medical coverage and which may be allocated indirectly based on a cost allocation plan approved by the Minnesota Department of Transportation.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### 8835.0830 ADMINISTRATIVE CHARGES EXPENSE.

The "administrative charges" expense category includes:

A. management fees which are the amount paid for professional services provided by a management service company engaged contractually to provide operating management to the transit system;

B. tariffs and traffic expenses which are any necessary tariff filing fees and costs for the procurement of tickets, tokens, and transfers;

C. advertising, marketing, and promotional charges including the necessary cost of advertising and promoting the transit system;

D. legal, auditing, and other professional fees including attorney fees and expenses, court costs, witness fees, and fees for accounting and auditing services rendered by individuals or firms other than employees of the transit system for the purpose of maintaining continuing operations of the transit system, such as accident claims, defending workers' compensation claims, or other items directly related to the management plan and approved by the Minnesota Department of Transportation project manager and other professional fees including fees paid for planning, engineering, or other consultant services necessary to the continuing operation of the transit system;

E. security costs which are the costs necessary to provide armored car services and patrol services for vehicles, stations, yards, and buildings to detect and prevent criminal activity, fires, and unsafe conditions, when the patrolling is performed by an outside security agency and not by transit system employees;

F. office supplies expense which is the cost of office supplies and materials and printing and photocopying charges, which are solely attributable to and necessary for the operation of the transit system;

G. lease and rental costs of administrative facilities including leases and rentals of such items as land, buildings, office equipment, and furnishings, that are used for performing the general administrative functions of the transit system;

H. utilities expense which is the cost of utilities such as gas, electricity, water, telephone services, and trash collection;

I. other direct administrative charges including other administrative charges necessary for the continuing operation of the transit system, such as mileage reimbursement for transit support vehicles, approved conference fees,

employee travel expenses, driver's training, approved membership fees for transit associations if the cost of membership is reasonably related to the value of the services or benefits received, and subscriptions to transit publications; and

J. indirect administrative charges which are the amount allocated to the transit contract for administrative services not traceable to a specific transit activity but which benefit the transit operation and which must be based on a cost allocation plan approved by the Minnesota Department of Transportation.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0840 VEHICLE CHARGES EXPENSE.**

The "vehicle charges" expense category includes:

A. fuel and lubricants expense including costs of gasoline, diesel fuel, antifreeze, propane, lubricating oil, transmission fluid, and grease used by revenue and service vehicles;

B. maintenance and repair material expense including costs of parts, materials, and supplies used in the maintenance and repair of revenue and service equipment;

C. contract service maintenance labor expense which is the cost of labor for maintenance and repair service provided by persons other than transit system employees;

D. tire expense which is the cost of tires and tubes used on revenue and service equipment including the cost of recapping or regrooving and the rental costs for tires and tubes; and

E. other vehicle charges including the cost of first aid equipment, fire extinguishers, and other emergency equipment required for vehicles, and the cost of noncapitalized vehicle improvements which do not remake a vehicle or appreciably extend its useful life and which have received approval from the Minnesota Department of Transportation.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### **8835.0850 OPERATIONS CHARGES EXPENSE.**

The "operations charges" expense category includes:

A. purchase of service which is the cost of having a subcontractor operate the project service, with cost established:

(1) through competitive bidding procedures, except for those recipients covered under Minnesota Statutes, chapter 221;

(2) through a negotiated contract with the prime contractor in bid situations when only one bid is received; or

(3) through a negotiated subcontract in a nonbid situation;

B. depreciation which is the amount of depreciation or use allowance on depreciable items such as structures, revenue equipment, service vehicles and equipment, and office furniture and equipment and is the amount allowed based on a company's existing depreciation schedule or, if a schedule does not already exist, a depreciation schedule submitted to and approved by the Minnesota Department of Transportation, but which may not be charged for items purchased, totally or in part, with state or federal funds;

C. mileage reimbursement for passenger service including the cost of volunteer driver reimbursement for projects incorporating this type of service, as well as mileage reimbursement for transit personnel using private vehicles for emergency replacement passenger transport in the event of mechanical breakdown of transit vehicles;

D. repair and maintenance of other property including material costs associated with the upkeep and repair of buildings and stations, grounds,

nonrevenue equipment owned or leased by the transit company, and miscellaneous expenses such as small tool replacement, and supplies used for cleaning and for general shop and garage purposes,

E. leases and rentals including leases and rentals of garages, depots, passenger vehicles, service vehicles, and passenger stations, used in the operation of the transit system, with allowability based on the reasonableness of rates and the presence of evidence that the lease will not give rise to material equity in the property; and

F. other operations charges including the cost of such things as the purchase or rental and cleaning of uniforms, street tolls, sanding and snowplow operations, passenger amenities, and station agents and which may be allocated indirectly based on a cost allocation plan approved by the department.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### 8835.0860 INSURANCE CHARGES EXPENSE.

The "insurance charges" expense category includes:

A. public liability and property damage insurance expense on vehicles including premiums paid to insure the transit system against loss through damage to its own property and to indemnify the transit system and all financial and operational participants against loss from liability for its acts which cause damage to the person or property of others; and

B. public liability and property damage insurance charges other than on vehicles, including excess liability insurance, baggage and express insurance, and fire and theft insurance

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### 8835.0870 TAXES AND FEES EXPENSE.

The "taxes and fees" expense category includes:

A. vehicle registration and permit fees on vehicles;

B. federal fuel and lubricant taxes and excise taxes on tires;

C. state fuel and lubricant taxes; and

D. other taxes and fees including applicable real estate and property taxes.

**Statutory Authority:** *MS s 174.23 subds 2,7, 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

### 8835.0900 [Repealed, 8 SR 2113]

### 8835.0910 FINANCIAL ASSISTANCE CONTRACT.

Subpart 1. **Content.** The financial assistance contract must be a cost reimbursement contract and may be a cost contract, a cost-plus-a-fixed-fee contract, or a cost-plus-incentive-fee contract. The contract must specify the maximum amount of financial assistance to be awarded to the eligible recipient by the department and state the terms and conditions of assistance. For recipients receiving payment under the method described in Minnesota Statutes, section 174.24, subdivision 5, the contract is effective for no more than one year. The final application must be incorporated into the contract as a legal part of the contract document. A resolution by the governing body which designates a person or persons to execute the contract on behalf of the recipient and to represent the recipient during the contract term must be included with the contract.

Subp. 2. **Disbursement schedule.** Payments to recipients under contract must be made in accordance with Minnesota Statutes, section 174.24, subdivision 5.

Subp. 3. **Penalties.** If a recipient fails to comply with the terms and conditions of the contract, the department shall terminate the financial assistance contract.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1000** [Repealed, 8 SR 2113]

**8835.1100** [Repealed, 8 SR 2113]

**8835.1200** [Repealed, 8 SR 2113]

**8835.1300** [Repealed, 8 SR 2113]

**8835.1400** [Repealed, 8 SR 2113]

**8835.1500 DETERMINATION OF FINANCIAL ASSISTANCE;  
DISALLOWED EXPENSES.**

Subpart 1. **Scope.** In determining the total operating costs of a public transit system, upon which financial assistance is based, parts 8835.0810 to 8835.0870 and the definitions of disallowed expenses in subparts 2 to 7 apply and have the meanings given them.

Subp. 2. **General purpose equipment.** Expenditures for general purpose equipment are unallowable as operating costs. "General purpose equipment" means equipment that is usable for other than transit contract purposes, such as office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, and automatic data processing equipment.

Subp. 3. **Interest and other financial costs.** Interest on borrowing (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection with these costs are unallowable.

Subp. 4. **Fines and penalties.** Costs resulting from violations of, or failure to comply with federal, state, or local laws and regulations are unallowable.

Subp. 5. **Contingencies.** Contributions to a contingency reserve or any similar provision for unseen events are unallowable.

Subp. 6. **Bad debts.** Any losses arising from uncollectible accounts, other claims, and related costs are unallowable.

Subp. 7. **Donations and entertainment expense.** Contributions and donations are unallowable as are any entertainment expenses.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1600 DETERMINATION OF FINANCIAL ASSISTANCE; FEE FOR SERVICE.**

Operators for profit of public transit service are eligible for a fee for service. The profit or fee must be established as a dollar amount over and above costs of operation. The fee will be arrived at through noncompetitive negotiations and must represent a fair and reasonable price. Factors to be considered in determining the fee are degree of risk assumed by the contractor, the extent of the contractor's investment, and the contractor's past and present performance.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*



**8835.1700 DISTRIBUTION OF FINANCIAL ASSISTANCE; REVENUE CATEGORIES.**

In determining the local sources of funds which may comprise the fixed percentage of total operating costs to be paid by a recipient in accordance with the distribution classifications specified in Minnesota Statutes, sections 174.24, subdivision 3, the definitions of revenue categories in parts 8835.1710 to 8835.1760 apply and have the meanings given them.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1710 PASSENGER FARE.**

“Passenger fare” means revenue earned from transporting passengers on the public transit system, including a cash fare, a donation received instead of a set fare, and an advance fare received from the sale of a coupon, token, or pass.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1720 CONTRACT REVENUE.**

“Contract revenue” means revenue received from a contract with a beneficiary of a specific transit service, including an amount paid by an organization for a special route guarantee and revenue earned for a ride given in regular transit service but paid for by some organization for the benefit of the rider.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1730 SCHOOL BUS REVENUE.**

“School bus revenue” means revenue earned from service provided under a contract with a school district, including an amount paid for transporting school children on regularly scheduled route service, for operating a bus exclusively to carry school children, and an amount paid by a college or university for operating a bus on or between campuses.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1740 CHARTER REVENUE.**

“Charter revenue” includes reimbursement for charter service received in association with publicly funded transit service, providing that charter service rates are developed so that cost recovery equals or exceeds the full cost of providing the charter service

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1750 AUXILIARY REVENUE.**

“Auxiliary revenue” means revenue earned from an activity closely associated with the transit operation, including revenue received from an advertising service, delivery, a lease, and station and vehicle concessions.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1760 OTHER FINANCIAL ASSISTANCE.**

"Other financial assistance" includes revenue earned from an activity not associated with the provision of the recipient's transit service but which is applied to help cover the system's costs, including a federal cash grant, senior citizen fare assistance, fuel and lubricant tax refund, insurance settlement, investment income, and any general donation.

**Statutory Authority:** *MS s 174.23 subs 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1800 DISTRIBUTION CLASSIFICATIONS; EXCEPTIONS.**

Subpart 1. **Statutory compliance.** Distribution of funds must be made in accordance with the recipient's classification as specified in Minnesota Statutes, section 174.24, subdivision 3.

Subp. 2. **Exceptions.** Exceptions to the distribution classifications are:

A. the Twin Cities Metropolitan Transit Commission based on the definition of urbanized area found in Minnesota Statutes, section 174.22, subdivision 10;

B. private operators of regular route transit service in the metropolitan transit taxing district based on the statutory commitment to pay private operators up to 100 percent of the operating deficit, and the project for coordination of special transportation service in the metropolitan area based on the definition of elderly; and

C. handicapped service found in Minnesota Statutes, section 174.22, subdivision 13.

**Statutory Authority:** *MS s 174.23 subs 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.1900 USE OF FINANCIAL ASSISTANCE.**

Subpart 1. **Records.** An eligible recipient and any subcontractor shall maintain their financial records in accordance with generally accepted accounting principles. The records must permit audit verification of transit cost allocations claimed during the contract period. The eligible recipient and any subcontractor also shall keep records on miles and hours of service and passengers carried. Records must be kept available for a period of three years from the date of final payment.

Subp. 2. **Reports.** At the end of each month of operation, a recipient shall provide the department with a report summarizing cost allocations and operating statistics for the period. Reports must be completed on forms provided or approved by the department and must be submitted no later than 20 working days after the end of the preceding month.

Subp. 3. **Audits.** The financial records of the eligible recipient must be audited. They may be audited by the department or the department may accept all or part of the audit of an independent auditor instead of a departmental audit if the audit meets department standards. The financial records of a subcontractor may be audited at the department's discretion. Audits at the end of a contract period must establish approved total operating costs. New recipients are subject to a pre-award audit before contract execution and fund encumbrance. As provided by Minnesota Statutes, section 16.095, the records, books, documents, and accounting practices of the recipient and of any subcontractor relating to the contract are subject to audit and examination by the department and the legislative auditor during working hours.

Subp. 4. **Project monitoring.** The department shall use the management plan required under part 8835.0720 as a basis for monitoring and evaluating the performance of the public transit system during the contract period. Public transit policy decisions made by the recipient and actions taken during the

contract period must conform with the management plan. A proposed deviation from the management plan must be reported to the department and approval secured in writing before implementation. Approval will be granted if it is clearly documented that the proposed deviation will not increase overall project costs. Failure to secure approval jeopardizes continued financial assistance.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

#### **8835.2200 [Repealed, 8 SR 2113]**

#### **8835.2300 ELIGIBILITY.**

To be eligible for capital grant assistance, an applicant must be a political subdivision, public transit authority, or other public or private nonprofit agency that operates or provides financial assistance to a public transit system, except that a public transit authority or commission that operates a public transit system in a city of the first class is not eligible.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

#### **8835.2400 CRITERIA.**

Requests for capital assistance from eligible recipients must be evaluated for the impact of the capital need addressed on the provision of transit service, for the impact on accessibility to the handicapped, and on the availability of local share money.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

#### **8835.2500 STANDARDS.**

Only assistance requests for the purchase of new transit vehicles or for the refurbishing of existing vehicles may be considered. Refurbishing expenses are recognized as those costs that remake a vehicle to a renewed level of mechanical and structural soundness and which appreciably extend its useful life.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

#### **8835.2600 PROCEDURES.**

The department shall conduct an annual survey of the capital needs of financial assistance grant recipients. The survey must ask respondents to relate capital needs to the criteria established. The resulting capital grant requests must be reviewed by an internal committee of departmental representatives. The committee shall evaluate requests and establish priority rankings based on an equal weighting of each of the three criteria. The department shall award grants to the highest ranked eligible recipients from funds designated for capital grants.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

#### **8835.2700 CAPITAL GRANT ASSISTANCE CONTRACT.**

The capital assistance contract between the department and the eligible recipient must specify the maximum amount of financial assistance to be awarded to the recipient and must state the terms and conditions of assistance. In accordance with Minnesota Statutes, section 174.245, capital grants may not exceed two-thirds of the total cost of the purchase price or refurbishing expense. A resolution by the recipient's governing body pertaining to the capital grant request is required.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.5100** [Repealed, 8 SR 2113]

**8835.5200** [Repealed, 8 SR 2113]

**8835.5300** [Repealed, 8 SR 2113]

**8835.5400** [Repealed, 8 SR 2113]

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**8835.5600** [Repealed, 8 SR 2113]

**8835.5700 UNIFORM STANDARDS.**

Performance standards developed by the private operators of regular route transit service must be specified in the management plan required under part 8835.0720 and approved by the department in the process of negotiation. Standards must emphasize maintaining the quality of the system, maintaining the efficiency of the system, and maintaining service levels to the extent necessary to maximize ridership.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*

**8835.5800 FUNDING PROCEDURES FOR PRIVATE OPERATORS.**

Private operators are subject to the application procedures described in parts 8835.0710 to 8835.0740. They also are subject to the contract described in part 8835.0910 and the provisions in part 8835.1900. By the provisions of Minnesota Statutes, section 174.24, subdivision 3, payments to private operators may equal up to 100 percent of the operating deficit. The operating deficit is recognized as the total operating cost defined in part 8835.0110, subpart 19, minus revenue received. Payments to private operators must be made monthly upon receipt of a request for funds submitted on forms provided by the department. An advance of funds not to exceed ten percent of the maximum contract award may be made in the first month of the contract upon justification from the recipient. This advance must then be deducted from the last two monthly requests for funds.

**Statutory Authority:** *MS s 174.23 subds 2,7; 174.24 subd 3; 174.245 subd 2*

**History:** *8 SR 2113*