

1 Department of Transportation

2

3 Adopted Rules Governing Distribution of Financial Assistance

4 under the Public Transit Assistance Program (14 MCAR SS

5 1.4031-1.4065) and Repeal of Existing Rules (14 MCAR SS

6 1.4025-1.4030)

7

8 Rules as Adopted

9 14 MCAR S 1.4031 Definitions.

10 A. Scope. The terms used in 14 MCAR SS 1.4031-~~1.4065~~ 1.4044
11 have the meanings given them in this rule.

12 B. Cost. "Cost" means the amount of money asked or paid or
13 the liability incurred for a commodity or service.

14 C. Cost contract. "Cost contract" means a cost
15 reimbursement contract under which the contractor receives no
16 fee, operating as a nonprofit organization.

17 D. Cost-plus-a-fixed-fee contract. "Cost-plus-a-fixed-fee
18 contract" means a cost reimbursement contract providing for the
19 payment of a fixed fee to the contractor based upon negotiation.

20 E. Cost-plus-incentive-fee contract.
21 "Cost-plus-incentive-fee contract" means a cost reimbursement
22 contract providing for a fee adjusted by a negotiated formula
23 relating total allowable costs to target costs.

24 F. Cost reimbursement contract. "Cost reimbursement
25 contract" means a contract providing for payment to the
26 contractor of allowable costs incurred in the performance of the
27 contract, to the extent prescribed in the contract.

28 G. Department. "Department" means the Department of
29 Transportation.

30 H. Direct cost. "Direct cost" means cost incurred for the
31 benefit of and traceable to a specific activity or incurred for
32 providing a specific service.

33 I. Fee. "Fee" means profit and represents a sum of money
34 which is over and above actual costs.

35 J. Financial assistance. "Financial assistance" means state
36 funds paid to an eligible recipient in accordance with the

2-29-84

1 public transit subsidy program established under Minnesota
2 Statutes, section 174.24.

3 K. Generally accepted accounting principles. "Generally
4 accepted accounting principles" means broad rules adopted by the
5 accounting profession as guides for use in accumulating and
6 reporting financial data and found in the American Institute of
7 Certified Public Accountants Professional Standards, volume 3
8 "Accounting," published by Commerce Clearing House (Chicago
9 1979).

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

13 M. Negotiation. "Negotiation" means the process of
14 conferring or bargaining to reach agreement.

15 N. Operating deficit. "Operating deficit" has the meaning
16 given it in Minnesota Statutes, section 174.22, subdivision 5.

17 O. Public transit or transit. "Public transit" or "transit"
18 has the meaning given it in Minnesota Statutes, section 174.22,
19 subdivision 7.

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

24 Q. Regional Development Commission. "Regional Development
25 Commission" has the meaning given it in Minnesota Statutes,
26 section 462.384, subdivision 4.

27 R. Revenue. "Revenue" means sources of income.

28 S. Total operating cost. "Total operating cost" means the
29 cost allowability provisions of 14 MCAR SS ~~1-4040~~ 1.4036 and
30 ~~1-4042~~ 1.4037, as well as the fee allowability provisions of 14
31 MCAR S ~~1-4043~~ 1.4038.

32 14 MCAR S 1.4032 Authority, purpose, and scope.

33 A. Authority. Rules 14 MCAR SS 1.4031-~~1-4065~~ 1.4044 are
34 adopted pursuant to Minnesota Statutes, sections 174.23,
35 subdivisions 2 and 7; 174.24, subdivision 3; and 174.245,
36 subdivision 2.

1 B. Purpose. The purpose of 14 MCAR SS 1.4031-~~1.4065~~ 1.4044
2 is to establish the procedures and standards for review and
3 approval of applications for transit financial assistance, to
4 define "total operating cost" as the term is used in carrying
5 out the public transit assistance program, to establish uniform
6 performance standards for private operators of regular route
7 transit systems in the Twin Cities metropolitan area transit
8 taxing district, and to establish the procedures and standards
9 for review and approval of applications for capital grant
10 assistance.

11 C. Scope. Rules 14 MCAR SS 1.4031-~~1.4065~~ 1.4044 apply to
12 applicants for financial assistance under the public transit
13 subsidy program established by Minnesota Statutes, section
14 174.24, and the public transit capital grant assistance program
15 established by Minnesota Statutes, section 174.245.

16 14 MCAR S 1.4033 ~~Eligible-recipient~~ Eligibility for public
17 transit participation program.

18 "Eligible recipient," for the purposes of 14 MCAR SS
19 1.4033-1.4043, means a legislatively established public transit
20 commission or authority, a county or a statutory or a home rule
21 charter city operating or providing financial assistance to
22 public transit, a private operator of public transit, or a
23 combination of them.

24 14 MCAR S ~~1.4035~~ 1.4034 Application for financial assistance
25 through public transit participation program.

26 An applicant shall request financial assistance using a
27 format prescribed by the department. The required information
28 for the application is limited to the items specified in 14 MCAR
29 S 1.4035. In addition to submitting an application to the
30 department, an applicant shall submit an application to the
31 appropriate regional development commission for review and
32 approval for consistency with regional transportation plans and
33 development guides. If there is no regional development
34 commission in the area, the applicant shall submit the
35 application to the the State Planning Agency for review. When

1 applicable, the application must also be submitted to the local
2 transit authority, commission, or system for review and comment
3 as to consistency with its approved transportation development
4 program.

5 14 MCAR S ~~1-4037~~ 1.4035 Application format.

6 A. Management plan. Applicants shall include the following
7 information in the management plan:

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

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

15 3. a description of proposed capital improvements in the
16 participating transit system;

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

19 5. a description of expense contracts for services and
20 goods procured by the transit system;

21 6. a description of the participating public transit
22 system's vehicle maintenance program for the period of financial
23 assistance;

24 7. a description of the organizational structure
25 established to direct, control, review, and implement the
26 management plan;

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

30 9. a description of how revenue will be generated through
31 the fare box;

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

36 11. a description of the driver selection process; and

1 12. a description of the proposed insurance carrier and
2 the limits of coverage.

3 B. Operations report. Applicants shall include the
4 following information in the operations report on forms provided
5 by the department:

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

8 2. anticipated statistics on operating expenses and
9 operating revenues for the new contract period;

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

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

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

21 14 MCAR S ~~1-4040~~ 1.4036 Determination of financial assistance;
22 expense categories.

23 A. Scope. In determining the total operating costs of a
24 public transit system, upon which financial assistance is based,
25 14 MCAR S ~~1-4042~~ 1.4037 and the following definitions of expense
26 categories apply and have the meanings given them in this rule.

27 B. Personnel services. The "personnel services" expense
28 category includes:

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

35 2. operators' wages which are the total amount paid to
36 employees of the transit system who are classified as vehicle

1 operators;

2 3. maintenance and repair wages which are the labor
3 charges incurred in the performance of maintenance and repair of
4 vehicles and other property required for the operation of the
5 transit system, including only wages of maintenance personnel
6 employed by the transit system;

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

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

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

25 C. Administrative charges. The "administrative charges"
26 expense category includes:

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

31 2. tariffs and traffic expenses which are any necessary
32 tariff filing fees and costs for the procurement of tickets,
33 tokens, and transfers, etc.;

34 3. advertising, marketing, and promotional charges
35 including the necessary cost of advertising and promoting the
36 transit system;

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

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

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

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

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

29 9. other direct administrative charges including other
30 administrative charges necessary for the continuing operation of
31 the transit system, such as mileage reimbursement for transit
32 support vehicles, approved conference fees, employee travel
33 expenses, driver's training, approved membership fees for
34 transit associations if the cost of membership is reasonably
35 related to the value of the services or benefits received, and
36 subscriptions to transit publications; and

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

7 D. Vehicle charges. The "vehicle charges" expense category
8 includes:

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

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

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

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

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

28 E. Operations charges. The "operations charges" expense
29 category includes:

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

32 a. through competitive bidding procedures, except for
33 those recipients covered under Minnesota Statutes, chapter 221;

34 b. through a negotiated contract with the prime
35 contractor in bid situations when only one bid is received; or

36 c. through a negotiated subcontract in a nonbid

1 situation;

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

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

17 4. repair and maintenance of other property including
18 material costs associated with the upkeep and repair of
19 buildings and stations, grounds, nonrevenue equipment owned or
20 leased by the transit company, and miscellaneous expenses such
21 as small tool replacement, and supplies used for cleaning and
22 for general shop and garage purposes;

23 5. leases and rentals including leases and rentals of
24 garages, depots, passenger vehicles, service vehicles, and
25 passenger stations, ~~etc.~~ used in the operation of the transit
26 system, with allowability based on the reasonableness of rates
27 and the presence of evidence that the lease will not give rise
28 to material equity in the property; and

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

35 F. Insurance charges. The "insurance charges" expense
36 category includes:

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

7 2. public liability and property damage insurance charges
8 other than on vehicles, including excess liability insurance,
9 baggage and express insurance, and fire and theft insurance.

10 G. Taxes and fees. The "taxes and fees" expense category
11 includes:

12 1. vehicle registration and permit fees on vehicles;

13 2. federal fuel and lubricant taxes and excise taxes on
14 tires;

15 3. state fuel and lubricant taxes; and

16 4. other taxes and fees including applicable real estate
17 and property taxes.

18 14 MCAR S ~~1-4042~~ 1.4037 Determination of financial assistance;
19 disallowed expenses.

20 A. Scope. In determining the total operating costs of a
21 public transit system, upon which financial assistance is based,
22 14 MCAR S ~~1-4040~~ 1.4036 and the following definitions of
23 disallowed expenses apply and have the meanings given them in
24 this rule.

25 B. General purpose equipment. Expenditures for general
26 purpose equipment are unallowable as operating costs ~~except-with~~
27 ~~the-prior-approval-of-the-department.~~ "General purpose
28 equipment" means equipment that is usable for other than transit
29 contract purposes, such as office equipment and furnishings, air
30 conditioning equipment, reproduction and printing equipment, and
31 automatic data processing equipment.

32 C. Interest and other financial costs. Interest on
33 borrowing (however represented), bond discounts, cost of
34 financing and refinancing operations, and legal and professional
35 fees paid in connection with these costs are unallowable.

36 D. Fines and penalites. Costs resulting from violations of,

1 or failure to comply with federal, state, or local laws and
2 regulations are unallowable.

3 E. Contingencies. Contributions to a contingency reserve or
4 any similar provision for unseen events are unallowable.

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

7 G. Donations and entertainment expense. Contributions and
8 donations are unallowable as are any entertainment expenses.

9 14 MCAR S ~~1.4043~~ 1.4038 Determination of financial assistance;
10 fee for service.

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

19 14 MCAR S ~~1.4044~~ 1.4039 Distribution of financial assistance;
20 revenue categories.

21 A. Scope. In determining the local sources of funds which
22 may comprise the fixed percentage of total operating costs to be
23 paid by a recipient in accordance with the distribution
24 classifications specified in Minnesota Statutes, sections
25 174.24, subdivision 3, the following definitions of revenue
26 categories apply and have the meanings given them in this rule.

27 B. Passenger fare. "Passenger fare" means revenue earned
28 from transporting passengers on the public transit system,
29 including a cash fare, a donation received instead of a set
30 fare, and an advance fare received from the sale of a coupon,
31 token, or pass.

32 C. Contract revenue. "Contract revenue" means revenue
33 received from a contract with a beneficiary of a specific
34 transit service, including an amount paid by an organization for
35 a special route guarantee and revenue earned for a ride given in

1 regular transit service but paid for by some organization for
2 the benefit of the rider.

3 D. School bus revenue. "School bus revenue" means revenue
4 earned from service provided under a contract with a school
5 district, including an amount paid for transporting school
6 children on regularly scheduled route service, for operating a
7 bus exclusively to carry school children, and an amount paid by
8 a college or university for operating a bus on or between
9 campuses.

10 E. Charter revenue. "Charter revenue" includes
11 reimbursement for charter service received in association with
12 publicly funded transit service, providing that charter service
13 rates are developed so that cost recovery equals or exceeds the
14 full cost of providing the charter service.

15 F. Auxiliary revenue. "Auxiliary revenue" means revenue
16 earned from an activity closely associated with the transit
17 operation, including revenue received from an advertising
18 service, delivery, a lease, and station and vehicle concessions.

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

26 14 MCAR S ~~1-4045~~ 1.4040 Distribution classifications.

27 Distribution of funds must be made in accordance with the
28 recipient's classification as specified in Minnesota Statutes,
29 section 174.24, subdivision 3. Exceptions to the distribution
30 classifications are the Twin Cities Metropolitan Transit
31 Commission based on the definition of urbanized area found in
32 Minnesota Statutes, section 174.22, subdivision 10, private
33 operators of regular route transit service in the metropolitan
34 transit taxing district based on the statutory commitment to pay
35 private operators up to 100 percent of the operating deficit,
36 and the project for coordination of special transportation

1 service in the metropolitan area based on the definition of
2 elderly and handicapped service found in Minnesota Statutes,
3 section 174.22, subdivision 13.

4 14 MCAR S ~~1-4050~~ 1.4041 Financial assistance contract.

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

20 B. Disbursement schedule. Payments to recipients under
21 contract must be made in accordance with Minnesota Statutes,
22 section 174.24, subdivision 5.

23 C. Penalties. If a recipient fails to comply with the terms
24 and conditions of the contract, the department shall terminate
25 the financial assistance contract.

26 14 MCAR S ~~1-4055~~ 1.4042 Use of financial assistance.

27 A. Record keeping. An eligible recipient and any
28 subcontractor shall maintain their financial records in
29 accordance with generally accepted accounting principles. The
30 records must permit audit verification of transit cost
31 allocations claimed during the contract period. The eligible
32 recipient and any subcontractor also shall keep records on miles
33 and hours of service and passengers carried. Records must be
34 kept available for a period of three years from the date of
35 final payment.

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

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

21 D. Project monitoring. The department shall use the
22 management plan required under 14 MCAR S ~~1.4037~~ 1.4035 A. as a
23 basis for monitoring and evaluating the performance of the
24 public transit system during the contract period. Public
25 transit policy decisions made by the recipient and actions taken
26 during the contract period must conform with the management
27 plan. A proposed deviation from the management plan must be
28 reported to the department and approval secured in writing
29 before implementation. Approval will be granted if it is
30 clearly documented that the proposed deviation will not increase
31 overall project costs. Failure to secure approval jeopardizes
32 continued financial assistance.

33 14 MCAR S ~~1.4060~~ 1.4043 Uniform performance standards for
34 private operators in metropolitan transit taxing district.

35 A. Uniform standards. Performance standards developed by
36 the private operators of regular route transit service must be

1 specified in the management plan required under 14 MCAR S ~~1-4037~~
2 1.4035 A. and approved by the department in the process of
3 negotiation. Standards must emphasize maintaining the quality
4 of the system, maintaining the efficiency of the system, and
5 maintaining service levels to the extent necessary to maximize
6 ridership.

7 B. Funding procedures for private operators. Private
8 operators are subject to the application procedures described in
9 14 MCAR SS ~~1-4035~~ 1.4034 and ~~1-4037~~ 1.4035. They also are
10 subject to the contract described in 14 MCAR S ~~1-4050~~ 1.4041 and
11 the provisions in 14 MCAR S ~~1-4055~~ 1.4042. By the provisions of
12 Minnesota Statutes, section 174.24, subdivision 3, payments to
13 private operators may equal up to 100 percent of the operating
14 deficit. The operating deficit is recognized as the total
15 operating cost defined in 14 MCAR S 1.4031 S., minus revenue
16 received. Payments to private operators must be made monthly
17 upon receipt of a request for funds submitted on forms provided
18 by the department. An advance of funds not to exceed ten
19 percent of the maximum contract award may be made in the first
20 month of the contract upon justification from the recipient.
21 This advance must then be deducted from the last two monthly
22 requests for funds.

23 14 MCAR S ~~1-4065~~ 1.4044 Public transit capital grant assistance
24 program.

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

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

1 C. Standards. ~~Capital~~ Only assistance requests ~~must-be~~
2 considered for the purchase of new transit vehicles or for the
3 refurbishing of existing vehicles may be considered.
4 Refurbishing expenses are recognized as those costs that remake
5 a vehicle to a renewed level of mechanical and structural
6 soundness and which appreciably extend its useful life.

7 D. Procedures. The department shall conduct an annual
8 survey of the capital needs of financial assistance grant
9 recipients. The survey must ask respondents to relate capital
10 needs to the criteria established. The resulting capital grant
11 requests must be reviewed by an internal committee of
12 departmental representatives. The committee shall evaluate
13 requests ~~based-on-the-criteria~~ and establish priority rankings
14 based on an equal weighting of each of the three criteria. The
15 department shall award grants to the highest ranked eligible
16 recipients from funds designated for capital grants.

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

26
27 Repealer. Rules 14 MCAR SS 1.4025; 1.4026; 1.4027; 1.4028;
28 1.4029; and 1.4030, are repealed.