



Transportation Development Act Handbook

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CHAPTER 1: INTRODUCTION

Handbook Purpose

This handbook is used to clarify the Transportation Development Act (TDA), and to provide guidance to jurisdictions and claimants in Modoc County and aid them in completing the annual TDA claim process.

The intent of this handbook is to provide the user the ability to:

- Understand what TDA is
- Understand how the whole process fits together in Modoc County
- Understand TDA requirements, the reasons for the requirements
- Understand how to complete claims

The handbook is intended for:

- MCTC staff managing the claim process
- MCTC staff managing transit operations
- MTA/Sage Stage staff managing transit operations
- MTA, City and County staff filing TDA claims
- MTA, City and County staff managing TDA finances

Handbook Background

The TDA is also known as the Mills-Alquist-Deddeh Act. The State Transit Assistance (STA) Fund is sometimes referred to as Senate Bill (SB) 620. The TDA statutes are codified in the State Public Utilities Code (PUC). The California Code of Regulations (CCRs) helps clarify the legislative intent of the statutes. Throughout this handbook, references to the statutes are made as PUC Sec. #####. This means that the source of the information presented in this handbook can be found in the referenced number section of the State PUC. References of the CCRs are described as 21 CCR Sec. ####. The source of the information is found in Chapter 21 of the California CCR in Section ####. In some cases, both the PUC and CCR will be referenced. In addition, there are a few references to the California Government Code. These are identified as GC Sec. #####.

California Department of Transportation, Division of Mass Transportation, has compiled a guidebook with all of the Statutes and Regulations titled “Transportation Development Act – Statutes and California Code of Regulations. It can be found at this website <http://dot.ca.gov/hq/MassTrans/State-TDA.html> or a copy can be viewed at the MCTC offices at 108 S Main Street, Alturas, California.

CHAPTER 2: OVERVIEW OF THE TRANSPORTATION DEVELOPMENT ACT

What is the TDA?

The TDA is the MCTC's funding for public transportation. The TDA Guidebook is a complex set of laws and regulations; the handbook is a user friendly reference to the TDA Guidebook.

The TDA provides a State funding source for use by local jurisdictions at the county level to improve existing public transportation and encourage regional public transportation coordination. It also provides some funding for bicycle and pedestrian projects. In Modoc County, it can also provide funding for local street and road projects when certain conditions are met. The primary purpose and priority of TDA, however, is to provide funding for public transportation.

The Transportation Development Act was signed by the Governor on November 4, 1971 and became effective July 1, 1972. Several bills have amended the TDA over time. As changes to TDA necessitate changes to this workbook, an addendum will be issued to workbook users as soon as possible. The TDA provides two major sources of funding, the Local Transportation Fund (LTF) and the State Transit Assistance (STA) Fund. The following sections provide background on each of these two funding sources.

Transportation Development Act Funding Sources



What is the Local Transportation Fund (LTF)?

The LTF are local funds from sales tax that can be used for transportation purposes as defined by TDA. Modoc County receives these funds from state sales tax revenues.

Where Does LTF Money Come From?

The Modoc County's Local Transportation Fund (LTF) comes from $\frac{1}{4}$ cent of the 7 $\frac{1}{2}$ percent sales tax collected in Modoc County. These revenues fluctuate because sales tax revenues are higher in times of economic prosperity and lower in times of recession.

Who Can Use the Money?

Several agencies can use LTF money for several types of purposes. To qualify for the money, agencies must meet the eligibility requirements set forth in TDA. Figure 2-1 shows the agencies eligible to use LTF money as defined in TDA and how this applies in Modoc County. Chapter 4 explains the purposes for which each of these agencies can use LTF. Chapters 5 through 7 explain the eligibility requirements for using the money.

Table 1 – TDA Eligible Agencies and Modoc Eligible Agencies

| Eligible Agencies Per TDA | Eligible Agencies in Modoc County |
|---|--|
| Incorporated Cities | Alturas |
| The Regional Transportation Planning Agency (RTPA) | Modoc County Transportation Commission |
| County | Modoc |
| Transit Operators | Modoc Transportation Agency/Sage Stage |
| Transit Districts | None in Modoc County |
| **Consolidated Transportation Service Agencies (CTSAs) | Modoc Transportation Agency |
| County Auditor | Modoc County Auditor |

*Regional Transportation Planning Agency is a term used to refer collectively to RTPAs, Local Transportation Commissions, and metropolitan planning groups. The Modoc County Transportation Commission is referred to as a local transportation commission or a RTPA.

** Consolidated Transportation Service Agency is defined by MCTC and consolidates the provision of Social Service Transportation within Modoc County. Modoc Transportation Agency is the CTSA in Modoc.

What is the State Transit Assistance (STA) Fund?

The STA fund provides a second source of TDA funding. STA funds are generated from the statewide sales tax on motor vehicle fuel (gasoline and diesel).

Each year, during the state budget process, the State Legislature designates the amount of money available for STA (PUC Sec. 99312). The legislature appropriates the STA funds to the State Controller who allocates them by formula to each RTPA – MCTC in Modoc County. The formula allocates 50% of the funds on the basis of Modoc County’s population compared to the total state population. The other 50% is allocated on the basis of transit operators passenger fares and local support revenues (claiming under Article 4). MCTC does not qualify for the other 50% allocation.

CHAPTER 3: HOW DO LOCAL AGENCIES IN MODOC COUNTY GET THE MONEY?

MCTC is responsible for distributing TDA money to local agencies within the County. The distribution process differs slightly for the LTF and the STA money. Each is described below.

The Local Transportation Fund

Money “Off the Top”

Before determining the amount of money from the LTF that is available for distribution to the City and County, TDA allows MCTC to take money “off the top” for certain purposes. Figure 3-1 shows allowable uses by TDA and how it is applied in Modoc County.

Table 2 – Off the Top Distributions of the LTF

| Allowed “Off the Top” by TDA | Application in Modoc County | Amount Allowed by TDA |
|--|--|--|
| TDA Administration (PUC Sec. 99233.1) | MCTC allocates costs for administration Auditor fees | As necessary |
| Pedestrian & Bicycle Facilities (PUC Sec. 99233.3, 99234) | MCTC does not set aside funds for this category | Up to 2% of the remaining LTF |
| Rail passenger service operations and capital improvements (PUC Sec. 99233.4, 99234.9) | MCTC does not set aside funds for this category | Up to area apportionment |
| Consolidated Transportation Service Agency activities (PUC Sec. 99233.7) | MCTC does not set aside funds for this category. | Countywide, up to 5% of remaining money. |

MCTC takes money “off the top” of the LTF only for TDA Administration. The remainder is available for the MTA, City, and County.

Apportionment, Allocation, and Payment

There are three steps to distribute the money from the LTF to local agencies.

1. Apportionment
2. Allocation
3. Payment

Step 1) Apportionment

Per TDA MCTC divides the remaining amount, estimated to be deposited in the fund over the coming fiscal year, between the City and County based on population (PUC Sec. 99231). Prior to March 1, MCTC informs each jurisdiction of this amount, called the apportionment (21CCR Sec. 6644).

Note: The apportionments are based on an estimate; the annual amounts vary from year to year based on: 1) volatility of sales tax revenues (as explained in Chapter 2); estimates are based on economic forecast and past experience; 3) while the estimate from the County Auditor is due in February, the Department of Finance does not release annual population estimates until May.

The City and County have adopted a Joint Powers Agreement (JPA) that creates Modoc Transportation Agency. Modoc Transportation Agency operates Sage Stage public transit service. The JPA is included in Appendix A. Because of this agreement, MCTC apportions funding to operate Sage Stage; remaining amounts are apportioned to the County and City.

The amount apportioned to each jurisdiction for the coming fiscal year is called the “Findings of Apportionment.” The MCTC adopts the “Findings of Apportionment” by March 1 of each year for the coming fiscal year (21CCR Sec. 6644).

Once money has been apportioned to the City or County, the money can only be allocated to the City or County (which is based on population). If either agency wants a larger sum of money, it will have grow in population more than the other agency or increase sales tax revenues in the county by having a voter passed tax initiative.

Step 2) Allocation

Allocation is the step where the City or County request money for the project(s) they decide what they will do with their apportionment in the coming year. They file “claims” with MCTC for the dollar amounts for LTF allowable projects (PUC Sec. 99400(a), 99402, 99407) after TDA statute requirements have been met (Chapters 5-7). The primary intent of the LTF is to provide public transportation and administrative costs to support those services. If the requirements are not met, MCTC can hold the apportionment and not allocate it until requirements are satisfied (21 CCR Sec. 6633.9). The claim process is fully described in Chapters 5-7 and summarized in Chapter 10.

Step 3) Payment

MCTC provides instructions to the County Auditor (through the apportionment resolution) and authorizes payments to the respective agency. MCTC is required to provide written instructions at least annually prior to the start of the fiscal year, and typically provides this in the form of a resolution.

Since MCTC is a small agency with limited funds, payments are often made quarterly or annually. MCTC must write separate instructions for each agency and for the purpose (the applicable PUC section) of which an agency has claimed LTF (21 CCR Sec. 6659).

State Transit Assistance Fund

An agency obtains STA funds much in the same way as it does from the LTF; through apportionment, allocation, and payment. The entire amount received by the MCTC from the State is available only for transit purposes. No administrative costs are eligible for reimbursement.

Amount of STA

The amount of STA funds received by MCTC each year depends on the following:

- 1) The amount designated by the State legislature for the year.

Note: Chapter 2 explained that STA funds come from the sales tax on gasoline and diesel. The amount that is set aside each year for STA is determined in the Annual State Budget Act.

- 2) The relative size of the population within Modoc County to the population of other RTPA jurisdictions in the state.
- 3) Modoc does not receive the “revenue formula allocation” because we have no transit operators under PUC Article 4.

Apportionment

The STA funds received by MCTC are apportioned to MTA to operate the public transportation.

Allocation

MTA files a claim for the STA funds. Since eligible uses of STA funds are limited to operating public transportation, the claims tend to be more straight-forward. Details on how STA can be used and eligible use of those funds are included in Chapter 4.

Payment

MCTC follows the same process to instruct the County Auditor to make payments from the STA fund to MTA as was described above for LTF payments.

Responsibilities of MCTC, City, County, MTA and Other Claimants.

This chapter explained the steps involved in getting TDA money (LTF and STA) from the State to Modoc agencies. Several agencies play a role in the process. Figure 2 summarizes the steps in an annual timeline and identifies the agency responsible for each step.

Table 3 – Responsibilities for Apportionment, Allocation, and Payment

| Who | What | When |
|------------------------------------|--|--|
| State Controller | Send estimate of STA funds to be apportioned to Modoc County for the coming year | Prior to January 31 (PUC Sec.99312.7{a}) |
| Modoc County Auditor | Prepare an estimate of the amount of LTF funds that will be available in the coming year | Prior to February 1 (21 CCR Sec. 6620) |
| MCTC Board and Staff | Prepare and Adopt the Findings of Apportionment | Prior to March 1 (21 CCR Sec. 6644) |
| Modoc Transportation Agency | File LTF Transit claim | Prior to June 1 (21 CCR Sec. 6630); (PUC Sec. 99400 {c,d,e}) |
| City and County | File bicycle and pedestrian claims (if setting aside funds) | Prior to June 1 (21 CCR Sec. 6630); PUC Sec. 99402, 99407) |
| City and County | File LTF street and road claims | Prior to June 1 (21 CCR Sec. 6630); (PUC Sec 99400 {a}) |
| Modoc Transportation Agency | File STA claim | Prior to June 1 (21 CCR Sec. 6630); (PUC Sec. 99400 {a}) |
| State Controller | Send an updated estimate of the STA apportionment to Modoc County in the coming fiscal year, based on amount appropriated in the State Budget Act. | Prior to August 1 (PUC Sec, 99312.7 {b}) |
| MCTC | Provide written allocation instructions to the County Auditor for payment of LTF and STA | June 30 and thereafter (21 CCR Sec. 6659) |

CHAPTER 4: LTF AND STA USES

What can LTF and STA Provide Funding For?

In Modoc County an agency can spend LTF and STA for purposes listed below *when it meets the eligibility requirements*. Eligibility requirements and information are explained in Chapters 5-7. It is noted that only MCTC can use LTF to cover TDA administrative costs, while MTA, the City and County can use LTF for other listed purposes.

Local Transportation Fund Purposes in Modoc County

- TDA Administration costs (MCTC only)
- General public transit operations and capital acquisition
- Contract payments for transit services
- Transit-related research and transit development projects
- Administration of transit contracts
- Elderly and disabled transit
- Bicycle and pedestrian projects
- Local streets and roads
- Multimodal transportation facilities

TDA law defines priorities for using LTF for the above purposes. The priorities are described at the end of this chapter.

State Transit Assistance Fund Purposes in Modoc County

- Public transit operations
- Contract payments for public transit services
- Capital acquisitions for the public transit system (vehicles, bus shelters, construction of intermodal/bus facilities)

There are no formal STA funding priorities in TDA statute. MCTC promotes funding countywide public transportation and intercity service connections.

TDA statutes and regulations are used throughout the state in all regions. As each region differs in population, transit systems, pedestrian access, funding levels, etc. so does the way a region utilizes LTF and STA under the TDA guidelines.

Making Sense of the Articles

The TDA statute is divided into sections called “articles.” Claims are often referenced by the Article of the statute under which they are filed. Since the population of Modoc was less than 500,000 in 1970, eligible agencies typically file claims under Article 8. The MCTC administration (off the top) expenditures are in Article 2. Figure 4 provides an overview of how funds can be used and by which agencies.

Figure 4 – The Articles – Uses and Eligible Agencies

| Fund Type Article | General Public Transit | Elderly & Disabled Transit | Rail* | Bike / Pedestrian | TDA Admin. Costs | Streets & Roads |
|--------------------------|-------------------------------|---------------------------------------|---------------------------------|---------------------------------|-------------------------|----------------------------|
| LTF | | | | | | |
| Article 2 | | | | | MCTC | |
| Article 3 | | | | City & County | City & County | |
| Article 4 | MTA *meet rqmts | MTA *meet rqmts | City & County *meet rqmts | | | |
| Article 4.5 | | CTSA (MTA) | | | | |
| Article 8 | MTA *meet rqmts | MTA *meet rqmts | City & County *meet rqmts | City & County *meet rqmts | | |
| STA | | | | | | |
| Article 6.5 | MTA *meet rqmts | MTA *meet rqmts | City & County *meet rqmts | | | |

Notes: TDA has requirements to be met by the City and County prior to funds being reimbursed. These will be discussed later in the handbook.

Shaded Areas: These Articles are not used in Modoc; claims are typically filed under Article 8 for public transit, rail, bike and pedestrian, and streets and roads purposes.

In summary – MTA is eligible to use LTF or STA to fund the public transit services and claims can be filed under Article 8.

Since the MCTC does not “set aside” funds for rail, bicycle, and pedestrian projects, the City or County would file a claim under Article 8 to fund these types of projects.

To use TDA money, identify the project fund type and look down that column to find the applicable articles. The next chapters walk through each type of claim and explain how an agency identifies the article to file and the requirements that need to be met.

LTF Priority Funding Order

The TDA statute establishes a priority order for the distribution of LTF funds. The following is an explanation of the priorities as set by statute.

Figure 5 – LTF Funding Priority in Modoc County

| Priority # | Purpose | Amount Allowed | Article | PUC Section |
|------------|--|--------------------------|---------|-------------|
| 1 | TDA Administration | As apportioned by MCTC | 2 | 99233.1 |
| 2 | Public Transportation Service Contract (MTA) | As apportioned by MCTC | 8 | 99400 (c) |
| 2 | Special group transportation | As apportioned by MCTC | 8 | 99400 (c) |
| 2 | Transit capital expenditure | As apportioned by MCTC | 8 | 99400 (e) |
| 2 | Multimodal transportation terminal | As apportioned by MCTC | 8 | 99400(d) |
| 3 | Local Streets & Roads | Up to area apportionment | 8 | 99400 (a) |

Prior to funds being allocated for local streets and roads, the MCTC must conduct an unmet transit needs and fund any services deemed “reasonable to meet.”

Figure 5 – STA Funding Purposes in Modoc County

| Purpose | Article | PUC Section |
|---|---------|--------------------------------------|
| Transit operations and capital for systems operated by MTA | 6.5 | 99313.6* and 21 CCR 6730 (a) and (b) |
| Contract payments for public transit services | 6.5 | 99313.6 and 21 CCR 6731 (b) |
| Administrative and planning cost of contracted public transportation | 6.5 | 99313.6 and 21 CCR 6731 (b) |
| Capital requirements of contracted public transportation system | 6.5 | 99313.6 referencing 99400(e) |
| Construction and maintenance of intermodal transportation facilities | 6.5 | 99317.7 and 21 CCR 6731 (a) |

*PUC 99313.6 refers to other sections of the TDA regarding the purposes for which claimants may use STA Funds. It does not specifically state the purposes for which operators can use these funds. The purposes are best defined in the Code of Regulations.

Although STA does not assign a priority order by funding purpose, the intent is that MCTC give priority consideration to STA fund claims that:

- offset reductions in federal operating assistance and/or
- the unanticipated increase in fuel costs,
- enhance existing public transportation services, and
- Meet high-priority regional, countywide, or area wide public transportation needs (PUC Sec. 99314.5(d)).

As has been said numerous times in this document, *there are certain requirements that must be met to file for each purpose and to file under the different Articles*. Turn the page to Chapter 5 and this workbook will finally start to explain the requirements.

CHAPTER 5: TRANSIT CLAIMS

This chapter reviews the eligibility requirements for filing LTF transit claims and STA Fund transit claims. The information in this chapter is summarized in step-by-step format in Chapter 10 – Claim Procedures.

LTF Transit Claims

Chapter 3 explained the amount of LTF available to an agency and Chapter 4 explained the transit purposes for which a claim can be filed. To claim the LTF apportionment, the next step is to figure out the article an agency should use when filing their LTF Claim, and to determine the eligibility requirements.

Operating transit under Article 8 allows MCTC to set a local farebox, rather than a service having to meet the standard set in Article 4. In Modoc, this provides more flexibility to provide service in our rural area and meet the transit needs of our passengers.

Claims Filed Under Article 4

To file a claim under Article 4, an operator must meet the following farebox requirements:

1. An operator serving a non urbanized area that commenced operating after FY 1979, must meet a 10% farebox recovery ratio (PUC Sec. 99268.4 and 21 CCR Sec. 6633.2 (a)).
2. An operator serving an urbanized area (population of 50,000 or more) must meet a 20% farebox recovery ratio (PUC Sec. 99268.3 and 21 CCR Sec.6633.2 (a)).
3. Provisions for operators for the exclusive use of elderly and disabled persons (commencing after FY 1979), must meet a 10% farebox recovery ratio.
4. If the operator provides both exclusive service for elderly and disabled persons, as well as general public transportation services, the operator can also qualify for Article 4 funding under certain circumstances (PUC Sec. 99268.5 (b) and 21 CCR Sec. 6633.5).

This chapter will focus on Article 8 requirements since claims are typically filed under Article 8 in Modoc County.

Claims filed under Article 8

The requirements of Article 8 are less stringent than Article 4. Article 4 information is included in Appendix A. First, an agency does not have to be an operator. The agency can contract out its entire transit system – from planning and fare establishment to drivers and vehicles.

Money claimed for transit under Article 8 may only be used for payment to a contractor to provide public transportation or special needs public transportation (PUC Sec. 99400(c)). Therefore an agency (MTA, City, or County) that uses its own employees to provide the transportation service is not eligible to file a claim under Article 8.

To qualify for Article 8 funding, a transit claimant must:

1. Ensure that the Article 8 funds do not represent more than 50% of the amount required to meet the claimant’s total proposed expenditures (PUC Sec. 99405(a)); OR
2. Maintain the fare and local support recover ratio requirements (PUC Sec. 99405 (b)); OR
3. Be subject to regional, countywide, or county sub area performance criteria, local match requirement, or fare recover ratios adopted by MCTC Resolution (PUC Sec. 99405 (c)).

The MCTC opts annually to establish local fare recovery ratios as defined in #3 above.

In addition, claimants filing Article 8 transit claims are required to:

1. Include a certification from the California Highway Patrol (that has been completed within the last 13 months), indicating that tie operator is in compliance with Section 1808.1 of the Vehicle Code. The section requires operators to participate in a pull notice system for obtaining current driver records from the Department of Motor Vehicles (PUC Sec. 99251).
2. Claimants must submit an annual certified fiscal audit to MCTC and to the State Controller within 180 days after the close of the fiscal year (PUC Sec. 99425). Upon written request with justification, MCTC may extend the deadline up to 90 days.

Figure 6-Summary of Article 8 Eligibility by Jurisdiction

| Agency (Jurisdiction) | When Claiming for Local Transit | When Claiming for Streets and Roads, Bike & Ped, or Rail |
|------------------------------------|---------------------------------|--|
| Modoc Transportation Agency | Article 8 | Not applicable |
| City of Alturas | N/A | Article 8, Section 99400 (a) |
| Modoc County | N/A | Article 8, Section 99400 (a) |

State Transit Assistance Fund

Eligibility Requirements

To receive STA population formula funds, an agency must be eligible to file an LTF transit claim under either Article 4 or Article 8 (PUC Sec. 99314.5 (a) and (b)). To receive STA revenue formula funds, an operator must be eligible to file an LTF transit claim under Article 4 (PUC Sec. 99314.5 (a)). Article 8 claimants are not eligible for revenue formula funds, because the revenue formula funds are allocated only to operators (PUC Sec. 99314.3). In addition, STA claimants must meet the following requirements:

1. The claimant's proposed expenses must be in conformity with the Regional Transportation Plan, and
2. The claimant is making full use of federal funds available under the Federal Transit Act (21 CCR 6754 (a)).

Amount of LTF and STA Funds that Can Be Claimed for Transit

There are technicalities about the amount of LTF and STA that can be claimed for the transit system. The State wants to ensure that an agency does not claim more than the actual transit budget (less the amount received from other sources). Section 6634 of the California Code of Regulations (CCR) explains the total amount of LTF and STA funding that transit claimants are eligible to receive during the fiscal year. The transit claimant's annual fiscal audit will test to ensure that all agencies (claimants) are in compliance with 21 CCR 6634.

Operating Costs

21 CCR 6634 (a) stipulates that an operator or claimant cannot receive funding for operating costs in excess of its operating costs (each fiscal year) minus the sum of:

1. Fare revenues received during the Fiscal Year.
2. The amount of local support required to meet their farebox ratio obligation.
3. The amount of federal operating assistance received during that fiscal year.
4. The amount received during the fiscal year from a city or county which the operator provides service to beyond its boundaries (i.e. Lassen Contract)
5. Any reduced funding eligibility resulting from the operator's failure to meet the required farebox recovery ratio.

Capital and Debt Service Costs

An operator or claimant cannot receive funding for capital costs and debt service purposes in an amount that exceeds the operator's actual fiscal year capital requirements and actual fiscal year debt service requirements minus any revenues received from other sources for such purposes (21 CCR 6634 (b) and (c)).

Elderly and Disabled Services

Transit claimants claiming funds for elderly and disabled transit under Article 4 (PUC Sec. 99260.7) are not eligible to receive more capital funds than actual bus/van purchase expenditures (21 CCR 6634 (e)).

Filing a Transit Claim

Chapter 10 summarizes all the requirements explained in this chapter and provides step-by-step instructions for filing your LTF and STA Fund transit claims.

Chapter 6: Streets and Roads, Bicycle, and Pedestrian Claims

Chapter 4 outlined the ability of agencies to file claims under Article 8 (PUC Sec. 99400). This allows for LTF to be used for other purposes, after transit needs have been met, such as support of streets and roads, rail, and bicycle and pedestrian projects. This chapter provides the requirements for filing claims under Article 8 for these purposes.

The “restricted/unrestricted” county distinction is made in TDA because there may not be enough transit need in rural counties to spend the entire LTF apportionment on transit. Article 8 provides flexibility in spending LTF while ensuring that transit needs are met in a region.

Eligible Projects

MCTC allows the agencies to claim Article 8 for streets and roads, bicycle and pedestrian projects and rail projects (PUC Sec.99400 (a), 99400 (b) and 99400.5). Some examples of projects may be

- Road and street maintenance, including acquisition of real property
- Sidewalk construction, including signage and ADA improvements
- Bicycle trails, paths, signage and amenities for bicycles (bicycle racks, lockers, etc.)

Street and road projects eligible for LTF include those that are “necessary or convenient to the development, construction, and maintenance of the city’s or county’s streets or road network, including planning, acquisition of real property and construction of facilities and buildings” (PUC Sec. 99402).

Eligibility Requirements

TDA funds can only be allocated to projects that are in conformity with the Regional Transportation Plan (RTP) (21 CCR 66451). MCTC prepares the RTP.

Unmet Transit Needs Process

Before the MCTC can allocate funds for purposes not directly related to public transportation services, MCTC must first conduct the unmet transit needs process. Since the primary purpose of TDA is to fund transit, the unmet transit needs process is used to seek out transit needs in a region. Transit needs that are found “reasonable to meet” by the MCTC are funded prior to street and road allocations to claimants.

MCTC conducts the unmet transit needs process each year, typically in April. The process is described in PUC Sec. 99401.5 and summarized in Figure 6

Figure 6 – Unmet Transit Needs Process

| Agency | Type of Action | Timing | Outcome |
|---------------|--|--|---|
| SSTAC | Convenes meeting to discuss transit needs | Annually, typically in February | Recommendation to MCTC to analyze transit needs |
| MCTC Staff | Publish legal notice of MCTC Unmet Transit Needs Public Hearing | Minimum of 30 days prior to MCTC Public Hearing (by mid February legal notice) | Notice public of hearing to consider transit needs in Modoc |
| MCTC Staff | Analyze transit needs brought forth by SSTAC and public. | Following the SSTAC meeting and prior to MCTC public hearing | Transit needs that can be met in the coming fiscal year. |
| MCTC | Conduct Public Hearing to consider unmet transit needs | Annually at the April meeting | Receive public input |
| MCTC | Consider transit needs that can be funded | Typically at the April MCTC meeting | *Resolution defining unmet transit needs and transit needs reasonable to meet |
| MCTC | Consider resolution regarding estimated apportionments and allocation of TDA funds | April or June MCTC meeting. | Resolution for estimated apportionments and allocating LTF/STA to MTA, City and County. |
| MCTC | Potential revision to apportionment based on actual LTF/STA or including unrealized revenue in next annual process (true up) | Mid-year review | Budget amendment; resolution amendment. |

*Annually MCTC must adopt one of the findings regarding transit needs:

1. There are no unmet transit needs
2. There are no unmet transit needs that are reasonable to meet, or
3. There are unmet transit needs, including needs that are reasonable to meet.

The finding is required to be adopted prior to any allocations being made to street and road purposes (99401.5(e)). If finding #3 is adopted, the transit needs have to be met prior to street and road allocations.

MCTC must hold one annual unmet transit needs hearing. The unmet transit needs process is specific to the claims filed in and revenues available to each agency.

For example, if an agency does not claim any of their allocation of LTF for streets and roads, the unmet transit needs is not required in that jurisdiction. The MCTC may still solicit and receive public input regarding transit needs, but if all of that agency's funding is being spent on transit, rail, multimodal capital projects, or bicycle and pedestrian projects, MCTC does not have to produce findings about transit needs. They could opt to produce the finding, but there would be no funds to meet the finding.

Documentation when Submitting a Claim

Claimants must submit the following to MCTC to request reimbursement from LTF or STA (MTA for transit).

- Claim form (examples are provided in Appendix **)
- A letter of request to MCTC
- A capital and operating budget for each project
- Project description that includes projected delivery (milestones) for project phases/project completion.

Reporting Requirements

All street & road, rail and multimodal facility claimants are required to submit:

- An annual certified fiscal audit to MCTC and to the State Controller within 180 days after the close of the fiscal year (PUC Sec. 99245). Upon written request, with justification, MCTC may extend the deadline up to 90 days.
- A report to the State Controller regarding the expenditure of funds received for projects within 90 days after the end of the fiscal year (CCR 6665).

Additional information about the annual fiscal audit requirement and the State Controller's Report is included in Appendix G.

Filing a Street and Road Claim.

Chapter 10 provides step-by-step instruction for filing the LTF claims discussed in this section.

Chapter 8: Fund Balances and Claim Revisions

There are still some restrictions to TDA money, even after an agency's claim has been approved. This chapter reviews the requirements on fund balances and claim revisions.

Reserved Funds

Agencies may claim LTF for a capital project that will either take awhile to get started, or will be on-going for a few years. In response to such a claim, MCTC can reserve money in the LTF Trust Fund for future payment to the claimant for that project (21 CCR 6648).

MCTC must provide a separate allocation instruction so that the County Auditor knows to reserve part of an agency's apportionment in the fund for this purpose. MCTC must issue separate allocation instructions to authorize payment of these reserved funds. Money reserved in prior fiscal years can only be paid to the jurisdiction to which they were allocated (and only for the specific capital projects that they have been reserved for). Money reserved in the current fiscal year may be reallocated and paid to the agency that reserved it for eligible expenditure in the same fiscal year by amending the allocation instruction to the County Auditor.

LTF capital project reserves that are not authorized for payment within three years cease to be allocated or reserved. This money may be reallocated to the same claimant for the same purpose, to the same claimant for a different purpose, or to a different claimant within the same jurisdiction. At least 30 days before the end of any three-year reserve period, MCTC provides written notice to the claimant specifying the date that the funds will cease to be reserved or allocated. In addition, at any time within the three-year period, MCTC with the consent or at the request of the claimant, may change the allocation of the reserved money. This money is then available to the same claimant for a different purpose.

MCTC also has the discretion to set reserve operating and capital plans for MCTC and MTA. Since the MCTC is a standalone agency and not a department of Modoc County, MCTC has set a reserve of \$300,000 for MCTC and \$620,000 for MTA. This is one year of operating/capital costs and provides for payment of monthly bills, salaries, transit contract costs, etc. as all of the grants are reimbursed after expenses are incurred. LTF and STA are received monthly and quarterly and are not enough to keep the agencies solvent the first half of the fiscal year.

Unallocated Apportionments

MCTC may allocate less than the total amount apportioned to a jurisdiction. The amount that is not allocated is called an "unallocated apportionment." A jurisdiction may end up with an unallocated apportionment if MCTC does not allocate funds as claimed because:

- The claimant has not met the required farebox ratio for two consecutive years.

- The claimant did not spend its total LTF or STA Fund payments from the previous year and has accumulated a “local fund balance.”
- The agency or jurisdiction did not file a claim, or the claim did not meet all of the requirements.
- The jurisdiction did not claim its entire apportionment.

MCTC must hold the unallocated apportionment in the LTF for future allocation to that jurisdiction. It cannot be reapportioned to another jurisdiction (PUC Sec. 6655.1).

Unrestricted Fund Balances

Chapter 2 explained that LTF and STF Fund apportionments are based on the amount that the County expects to receive from the State in the coming fiscal year. The County Auditor prepares a conservative estimate, because it is better to receive more money than what was counted on. An unrestricted fund balance is a balance of funds in the TDA account managed by MCTC that accrues due to money received from the State that is in excess of what the County Auditor estimated would be received. As a result, this money has not been allocated (i.e., claimed by any jurisdiction), because it was not made available in the findings of apportionment. An unrestricted fund balance is the balance that is not allocated, reserved or retained in the fund as an unallocated apportionment (21 CCR 6620).

As a result, the unallocated fund balance is added to the Findings of Apportionment in the coming year (PUC Sec. 6655.5). Chapter 3 explained that this is one of the reasons why there is uncertainty about the Findings of Apportionment each year. When the estimate of LTF for the coming year is due in February, the county auditor has a sense of what the county’s unallocated fund balance will be for the current year. The exact amount is not known, because the auditor only has two quarterly payments from the State, not all four, by the time the coming year estimate is due. The auditor, however, adds the estimated unallocated fund balance from the current year to the pot to be apportioned in the coming fiscal year.

Local Fund Balances

The last type of fund balance is the balance that a jurisdiction may have for their transit accounts. This is the money that the jurisdiction or agency (City, County or MTA) claimed in the previous years that MCTC authorized for payment that has not been spent on the purpose for which it was allocated.

Technically, local fund balances should not become significantly large. First of all, a jurisdiction’s claim is based upon the project budget submitted with the claim. As such, the jurisdiction is stating that it has a way to spend the funds it is claiming. Secondly, a jurisdiction must deduct its local fund balance from future year claims (with exception to the reserve balance approved by the MCTC). For example, if a City, County, or MTA has a \$100,000 local fund balance for transit operations, it must account for this when filing its

next claim. The claim form asks jurisdictions to subtract local fund balances and MCTC verifies this information against the information reported in the annual fiscal audit. The claimant may still claim all of its apportionment, but for other purposes, such as a capital project, bicycle/pedestrian project, or street and road project. The money may also sit in the Local Transportation Fund as an unallocated apportionment.

Local Fund Balance Accounting

A jurisdiction must track its local fund balances by the purposes for which they were claimed. Any payments made to the jurisdiction for transit operations must be kept separate from payments made for transit capital. More specifically, any payments made under Article, 8 Sec. 99400 (c) must be tracked separately from payments made under Article 4. Similarly, money received for bike and pedestrian projects must be accounted for independent from other TDA money received. This applies to money received for street and road purposes, capital projects, etc. Once allocated for a specific purpose the jurisdiction must spend the allocation on that purpose. For example, a fund balance that has accrued in the transit capital budget cannot be spent on transit operations, unless a claim revision has been submitted and approved to move the allocation from one project to the other.

Local Fund Balances and Unallocated Apportionments

It might seem like a good idea to have these fund balances so that if a transit operation gets into financial difficulty there is cushion of revenue to fall back on before the agency needs to make cuts or defer maintenance. This could be the circumstance for transit funding, due to the volatility of Federal Transit Assistance grant funds used to support intercity transit services. Actually, there are several problems with maintaining these fund balances. First is the difficulty of tracking all of the funds by purpose. Secondly, it is not a politically good idea, either locally or at the County level, to hold large fund balances since it has the appearance of poor management of government funding. While the funds can be used for limited purposes and belongs to the agency for which they were apportioned, local or county officials may question the ability of that jurisdiction to spend the money in the fiscally responsible manner. This could lead to political pressure to reduce future transit claims and increase future streets and roads claims. If an agency is claiming funds for a specific purpose, it should be certain to the best of their ability, that the funds can be spent in the coming years.

Claim Revisions

MCTC is responsible for establishing the claim process in Modoc County and the process for claim revisions. Some situations have previously mentioned the need for a claim revision. Here are a few examples why a jurisdiction might need to revise their claim:

- The Findings of Apportionment were revised

- A jurisdiction wants to switch around its allocation
- A jurisdiction wants to claim its unallocated apportionment
- A jurisdiction wants to change a capital reserve

Revised Finding of Apportionment

As explained in Chapter 3, the Findings of Apportionment are issued March 1 of each year. The Findings can change for several reasons as explained in Chapter 3. MCTC may request that jurisdictions revise their claims as a more accurate estimate is developed. It is common that claims are revised for this reason.

Modifying or Switching Allocations

If a jurisdiction claimed \$20,000 under Article 8 99400 (a) for a bicycle/pedestrian project and then, during the course of the year, determines that the bicycle/pedestrian project is not needed, the jurisdiction can file an amended claim to move the money to another Article 8 claim.

Similarly, if a claimant files for transit operating under 99400 (c, d, or e) and finds during the course of the year that it needs less for operating and more for capital than anticipated, the claimant could amend the claim to switch from transit operating to transit capital.

The same process holds true for money left over in a jurisdiction's/claimant's account after the close of the fiscal year. If toward the end of the year an agency realizes that it will have a fund balance of \$100,000 remaining, it can either subtract that amount from the coming fiscal year's claim, or it can revise its claim to use for another Article 8 purpose.

Claiming an Unallocated Apportionment

If a jurisdiction has an unallocated apportionment, it can file a revised claim during the course of the year to obtain this money if a need arises.

Changing the Purpose of Reserved Funds

As explained above, funds can be reserved for a capital project for a three year period. If during the three years a jurisdiction realizes the capital project will not be completed as planned, the jurisdiction can revise its claim for this money. If the jurisdiction has not spent the money during the three years, it may submit a revised claim to reserve the money for the same capital project, a different capital project or for a different eligible purpose.

Chapter 9: Productivity Improvement Program

What is a Productivity Improvement Program?

This program allows MCTC to monitor a transit operator's or transit claimant's progress toward meeting recommended improvements that can lower transit operating costs.

MCTC may, at its discretion, recommend and track productivity improvements for transit claimants receiving TDA funds under Article 8; if the claimant receives TDA funds under Article 4, MCTC is required to identify, analyze, and recommend potential improvements annually.

How are the Recommendations Developed?

The recommendations should include, but are not limited to, the productivity recommendations made in the operator's most recent TDA triennial performance audit (PUC Sec. 99244). MCTC can make recommendations on its own or set up a productivity committee to provide advice on developing productivity improvement recommendations and tracking improvements. MCTC currently does not have a productivity committee, but if it establishes one, the membership would consist of:

- Transit operator management staff
- Organizations of employees of the operator
- Users of the transportation services (PUC Sec. 99244)

If MCTC opts to establish this committee, the functions of the productivity committee will be developed, standard to report on PIP, and criteria established to measure and evaluate the transit operator's efforts to implement recommended improvements. The recommendations would likely be directly related to performance audit recommendations and specific operator or claimant initiated efforts to improve transit productivity (i.e. efforts to reduce costs, increase ridership, increase efficiencies, etc.).

Chapter 10: How to File a TDA Claim

This chapter provides information for the Article numbers you need to put on a claim form and provides guidance on the required documentation so you can submit your claim. It refers to all the other chapters in this handbook if you don't understand a certain step or want to know more information.

Get Your Numbers

MCTC will provide you with the Findings of Apportionment in March of each year. Once you receive this information, you have until May 15 to prepare your TDA claims. The Findings will tell you the amount of LTF and STA funds (MTA only) that your jurisdiction is expected to receive in the coming fiscal year.

Determine Your Allocation

Each jurisdiction/agency will determine how they want to allocate the funds in order for MCTC to allocate them appropriately. The following questions can aid in determining the allocation of funds:

- How much for transit operations?
- How much for transit capital?
- How much for bicycle and pedestrian projects?
- How much for local streets and roads?

Step 1: Set Aside the Money for the Transit Claims

In March, MCTC tells the City and County 1) how much of their apportionment will be set aside for Sage Stage operations and capital and 2) how much of the remaining apportionment is available to the City and County for other purposes.

Step 2: MTA's Transit Claim

Work with MTA to determine the transit budget for the coming year, including the amount needed for transit operations and transit capital. This amount includes any unmet transit needs that MCTC determined were reasonable to meet. The entire STA apportionment is claimed by MTA as the transit provider.

Step 3: City and County

Determine the amount you would like to claim for bicycle and pedestrian projects, street and road projects, or rail projects. Since these funds are claimed under Article 8, each project needs a cost, scope and schedule. Make sure that you meet all of the eligibility requirements as previously discussed in this handbook.

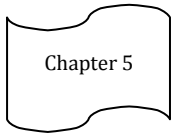
Prepare Your Claim Forms

MCTC provides blank and completed sample forms.

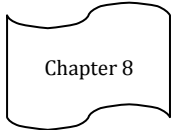
Step 1: Obtain claim forms from www.modoctransportation.com/tda/htm

Step 2: Complete the form titled Local Transportation Fund (LTF) & State Transit Assistance (STA) Fund Annual Project and Expenditure Plan

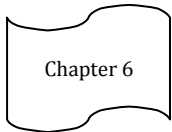
a. In the line item “Project Title” projects (each listed separately) could include:



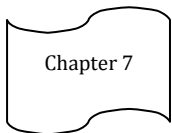
- Local Transit Operations (MTA – Sage Stage)
- Local Transit Capital Project A, B, C, etc.*.



Capital Reserve for Local Transit Projects A, B, C, etc.*.



- Bicycle and Pedestrian Project A, B, C, etc.* – Operations
- Bicycle and Pedestrian Project A, B, C, etc.* Capital



- Local Street and Road Project A, B, C, etc.* Capital
- Local Street and Road Project A, B, C, etc.* Operations
- Rail Project A, B, C, etc.*
- Multimodal Transportation Facility

*List each of these Projects separately

b. Complete the second and third columns to show the amount of LTF claimed for each project and the PUC code section under which the LTF is claimed. Use Figure 7 as a guide.

Figure 7 – PUC Section to File LTF Claims

| Type of Claim | PUC Article Number |
|--|--------------------------------|
| Transit Operations (including contracted service) and Transit Capital | Article 8 PUC Section 99400(c) |
| Planning and Administration | Article 8 PUC Sec 99400 (d) |
| Bicycle and Pedestrian Projects (specify operations or capital) | Article 8 PUC Sec. 99400 (a) |
| Local Street and Road Projects | Article 8 PUC Sec. 99400 (a) |
| Rail Projects | Article 8 PUC Sec. 99400 (b) |
| Multimodal Transportation Facilities | Article 8 PUC Sec 99400.5 |

See Chapters 4 and 5 for detailed information regarding these claim and articles.

- c. Complete the fourth and fifth columns using Figure 8 as a guide.

Figure 8 –CCR Section to File STA Claims

| Type of Claim | CCR Section |
|---|-----------------|
| Transit Operations (including contracted service) | 21 CCR 6731 (b) |
| Planning and administration of costs of contracted public transportation | 21 CCR 6731 (b) |
| Transit Capital | 21 CCR 6730 (b) |

- d. Complete the columns to the right, identifying how much of the total project budget in the coming you are claiming from LTF and STA, how much you have in your local fund balance for the project, and how much is coming from other sources (such as local or federal).

Step 3: Complete the Form titled Local Transportation Fund (LTF) Claim

Transfer the total LTF amounts for each claim to the summary form “Local Transportation Fund (LTF) Claim.” Use Figure 7 to guide you in collectively representing the following:

Public Transportation (Article 8)

1. Operating (claims filed under 99400 (c) and 99400 (d))
2. Capital (claims filed under 99400 (e))
3. Capital Reserves (designate how much of your capital claim should be kept in reserve.

Streets and Roads (Article 8) (street & roads claims filed under 99400 (a))

Bicycle and Pedestrian (Article 8) (bicycle and pedestrian claims filed under 99400 (a))

Rail (Article 8) (rail claims filed under 99400(b))

Multimodal Transportation Facilities (Article 8) (claims filed under 99400.5)

Step 4: Complete the Form Titled State Transit Assistance (STA) Fund Claim

Transfer the total STA fund amounts for each type of claim to the summary form “State Transit Assistance (STA) Fund Claim.

Public Transportation (Article 8)

1. Operating (claims filed under 21 CCR 6731(b))
2. Capital (claims filed under 99400 (e))

Step 5: Complete the Statement of Conformance Form

This form is a checklist to make sure that your jurisdiction/agency is eligible to file the claim it is submitting. Each item in the checklist references the section of the handbook that explains the meaning of the checklist item. It is the responsibility of the claimant to understand what it is checking on this checklist and why it is being checked. It is also their responsibility to ensure that all the information confirmations are accurate and true. Samples are included in Appendix **

Documentation to Include with your Claim

Claimants should submit one copy each of the claim forms and of the documentation requirements listed in this section.

All Claims

A letter of transmittal to MCTC, addressed to the Executive Director, which attests to the accuracy of the claim and all of the accompanying documentation. The claim must be signed by the chief financial officer of the claimant (21 CCR 6632).

All Transit Claims

A copy of the operating and capital budgets for the coming fiscal year for the services MTA Operates (21 CCR 6632). *See Chapters 2 and 3*

Description of capital projects including the estimated time frame for the project's implementation and completion. *See Chapter 9*

Article 8 Transit Claims

Substantiation of operating or capital budget increases 15% or more over the previous year (21 CCR 6632).

Certification completed within the past 13 months from the California Highway Patrol indicating that the operator is in compliance with Section 1808.1 of the Vehicle Code (21 CCR 6632).

Section 1808.1 lists numerous requirements that a transit operator should be familiar with. A brief non-inclusive paraphrased overview includes:

- Obtain reports of drivers' current public records,
- Participate in a pull-notice system,
- Obtain a report from the DMV at least every 12 months to verify that employees' driver's licenses have not been suspended or revoked, employees' traffic violation point counts, and whether the employees have been convicted of certain violations,
- The CHP shall inspect bus maintenance facilities and terminals at least once every 13 months and determine whether transit operators are in compliance with the Vehicle Code Section 1801.1.

A statement of projected or estimated revenues and expenditures from the prior fiscal year (21 CCR 6632). This allows MCTC to compare claims to actual revenues and expenditures.

Bicycle and Pedestrian Claims

A capital and operating budget for the coming fiscal year for each bicycle/pedestrian project. *See Chapter 6*

Project description that includes the timeframe for project completion. *See Chapter 6*

Street and Road Claims

A capital and operating budget for the coming fiscal year for each street and road project. *See Chapter 7*

A project description that includes the timeframe for project completion. *See Chapter 7*

Figure 9 summarizes the eligibility requirements, document submission requirements and reporting requirements for each type of claim. Figure 10 summarizes the claim process timeline.

Figure 9 Eligibility and Claim Requirements

| | Transit | | | Bike/Peds | Street & Road |
|---|-----------|-----------|-----|-----------|---------------|
| | LTF | | STA | | |
| | Article 4 | Article 8 | | | |
| Eligibility Requirements | | | | | |
| Operator | √ | | | | |
| Contract Operations | | √ | | | |
| Farebox Recovery Ratio | √ | √ | √ | | |
| Operating budget growth | √ | √ | | | |
| Part time employee requirement | | | √ | | |
| CHP Inspection | √ | √ | √ | | |
| Reduced transit fares for E&D | √ | √ | √ | | |
| Full use of Federal Funds | √ | √ | √ | | |
| Must be allowed to employ part time drivers or contract | | | √ | | |
| Efficiency Standards | | | √ | | |
| Productivity Improvement Program | √ | √ | √ | | |
| Conform with RTP | | | √ | | |
| Included in Bike Plan | | | | √ | |
| Use general design criteria in S&H code* | | | | √ | |
| 50% limitation | | | | √ | √ |
| Documentation to Accompany Claim | | | | | |
| Claim Forms | √ | √ | √ | √ | √ |
| Letter of Transmittal | √ | √ | √ | √ | √ |
| Capital & Operating Budget | √ | √ | √ | √ | √ |
| Letter of Completion | | | | √ | √ |
| Statement of Estimated Revenues & Expenses prior FY | √ | √ | | | |
| Reporting Requirements | | | | | |
| Submit annual certified fiscal audit | √ | √ | √ | √ | √ |
| Submit annual State Controllers Reports | √ | √ | √ | √ | √ |
| Triennial Performance Audits | √ | √ | | | |
| Service extension report | √ | | | | |

Figure 10 – Claim Process Timeline

| Who | What | When |
|---------------------------|---|--|
| State Controller | Provide estimate of STA funds allocated to Modoc County in the coming fiscal year | Prior to Jan 31 st (PUC Sec. 99312.7(a)) |
| Modoc County Auditor | Prepare estimate of LTF available in the coming fiscal year and transmit to MCTC | Prior to February 1 (21 CCR Sec. 6620) |
| MCTC Staff and MCTC Board | Prepare and adopt the Findings of Apportionment. | Prior to March 1 (21CCR Sec. 6644) |
| MTA, City and County | File LTF and STA transit claims. File LTF bicycle, pedestrian and street & road claims | Prior to June 1 ((21 CCR Sec. 6630) and PUC Sec. 99261)) |
| State Controller | Send an updated estimate of the STA Funds to be allocated to Modoc County in the coming fiscal year based on amount appropriated in the State Budget Act. | Prior to Aug 1 (PUC Sec. 99312.7 (b)). |
| MCTC | Provide written allocation instruction to the County Auditor for payment of funds. | June 30 and thereafter (21 CCR Sec. 6659) |
| MTA, City and County | Submit revised claims | As needed during each fiscal year. |