

**2014 URBAN MASS TRANSIT OPERATING ASSISTANCE GRANT AGREEMENT
BETWEEN
STATE OF WISCONSIN, DEPARTMENT OF TRANSPORTATION
AND THE
CITY OF WAUKESHA**

This Grant Agreement is made and entered into between the City of Waukesha, hereinafter referred to as "Recipient," and the State of Wisconsin, Department of Transportation, hereinafter referred to as "WisDOT," through the Secretary of the Department of Transportation, hereinafter referred to as "Secretary."

RECITALS

WHEREAS, sec. 85.20, Wis. Stats. (2013-2015), creates an urban mass transit operating assistance program for the purpose of promoting the general public good by preserving and improving existing urban mass transit systems in Wisconsin and encouraging their effective and efficient operation; and

WHEREAS, sec. 20.395, Wis. Stats. (2013-2015), appropriates funds for the sec. 85.20 mass transit operating assistance program; and

WHEREAS, such funds are available to a local public body in an urban area that includes a city or village of more than 2,500 population which is served by an urban mass transit system incurring an operating deficit; and

WHEREAS, WisDOT has determined that the Recipient meets the eligibility requirements of sec. Trans 4.02, Wis. Admin. Code, and is willing to pay up to the nonfederal share of the operating deficit of the urban mass transit system, hereinafter referred to as "Transit System";

NOW THEREFORE, The parties hereto contract and agree as follows:

SECTION I: DEFINITIONS

- A. "Operating expenses" as used in this Contract has the meaning given under sec. 85.20(1)(g), Wis. Stats., and under sec. Trans 4.04, Wis. Admin. Code, and the cost principles published at 48 CFR 31, Federal Acquisition Regulations, and applies specifically to the recipient, subrecipients, and contractor's expenses to operate the Transit System for the period January 1, 2014 through December 31, 2014. Although 48 CFR 31.205-1, Federal Acquisition Regulations, does not generally recognize advertising as an allowable cost, the nature of transit service requires its promotion to be successful and effective. Consequently, advertising is specifically allowed as an operating expense for subrecipients and contractors under this contract.
- B. "Operating deficit" as used in this Contract has the meaning given under sec. 85.20(1)(f), Wis. Stats., and applies specifically to the Transit System's operating deficit for the period January 1, 2014 through December 31, 2014.
- C. "Total passenger trips" as used in this Contract has the meaning given in sec. Trans 3.02, Wis. Admin. Code, and includes revenue, free fare, and transfer passenger trips.

SECTION II: PAYMENT BY WisDOT

- A. WisDOT agrees to pay the lesser of the following:
1. **\$4,174,290**
 2. the nonfederal share of the Transit System's audited operating deficit; or
 3. five times the amount of the recipient's local contribution as defined under sec. 85.20(4m)(b), Wis. Stats. This provision does not apply if the transit system is a shared-ride taxi system.

The Transit System's combined state and federal operating assistance shall not exceed sixty percent (60.0%) of the audited operating expenses.

This contract will be amended to reduce state payments, if sufficient funds are not made available under sec. 20.395, Wis. Stats.

- B. WisDOT shall determine the Transit System's operating expenses and operating deficit. Such determinations by WisDOT shall be made in accordance with generally accepted accounting principles and practices. The allowable federal share of the operating deficit will also be determined by WisDOT.
- C. Where the project service is provided by a private transportation provider, the Department agrees to recognize a management fee of **\$0.00** as a fixed fee and eligible project expense. When the project service is provided for a period less than the contract period, the fixed fees shall be prorated on the basis of days of operation.

SECTION III: RESPONSIBILITY OF RECIPIENT

- A. The Recipient agrees to pay the total operating deficit of the Transit System as its bills become due. If the Recipient contracts for mass transit service with a privately-owned company, the Recipient shall pay the privately-owned company in accordance with actual monthly operating expenses.
- B. The Recipient shall require the Transit System to provide reduced-fare programs for elderly and handicapped persons during nonpeak hours, and shall ensure compliance with that requirement. Such reduced fares may not exceed one-half of the full adult cash fare applicable during peak hours of operation. This requirement is not applicable if the recipient's mass transit system is a shared-ride taxi system.
- C. The Recipient shall maintain a system of accounting controls to identify, segregate, allocate, and safeguard allowable operating expenses and revenues for the Transit System. The recipient shall also insure that all subrecipients and contractors comply with this requirement.

- D. The Recipient shall require the Transit System to determine "total passenger trips" taken during the calendar year in accordance with the procedures set forth in Ch. Trans 3, Wis. Admin. Code, and with the provisions of the Transit Management Plan contained in the Recipient's 2014 application for operating assistance which is made part of this Contract by reference, and shall ensure compliance with that requirement.
- E. The Recipient shall require the Transit System to file quarterly transit operational reports, annual statistics and ridership reports, and other special reports as may be required by WisDOT, and shall ensure compliance with that requirement. The Recipient shall also require and ensure that all reports will be submitted in a manner and form prescribed by WisDOT.
- F. The Recipient shall, if other local public bodies contribute assistance to the operation of the Transit System, allocate the state aids received under this Contract among the contributors in proportion to their contributions as shown in Schedule III of this Contract.

SECTION IV: STATE DISBURSEMENTS

- A. Payments by WisDOT to the Recipient shall be made in accordance with Schedule II, subject to the allowable maximum payment under Section II.A of this Contract.
- B. An initial adjustment of payments will be made upon receipt by WisDOT of a year-end financial statement submitted by the Recipient. The year-end financial statement shall reflect the operating revenues and expenses incurred by the Transit System for the year ending December 31, 2014, after the books for that year have been closed. If, based on the year-end financial statement, payments made by WisDOT are less than the contracted amount of eligible operating expenses of the Transit System, and less than the nonfederal share of the operating deficit of the Transit System, WisDOT will pay the Recipient the amount withheld per Schedule II of this Contract, or a sum sufficient to bring WisDOT's total payments, when combined with the federal share, to 60% of eligible operating expenses, or a sum sufficient to bring WisDOT's total payments up to the nonfederal share of the operating deficit, whichever sum is less.
- C. A final adjustment of state payments will be made upon completion of WisDOT's audit of the Transit System. If WisDOT's audit establishes that the state paid more than the allowable maximum payment under Section II.A of this Contract, the Recipient shall refund to WisDOT upon demand a sum sufficient to reduce WisDOT's payments to comply with Section II.A and with sec. 85.20(4m), Wis. Stats.
- D. WisDOT may withhold any and all payments due and owing Recipient if Recipient or Transit System has not filed any report required under paragraph III, E, until such time as the report is filed in the manner and form prescribed.

SECTION V: ACCOUNTING RECORDS AND WisDOT AUDITS

- A. The Recipient shall have a single, organization-wide financial and compliance audit performed by a qualified independent auditor if required to do so under federal law and regulations. See Federal Office of Management and Budget (OMB) Circular No. A-133.
- B. This audit shall be performed in accordance with federal OMB Circular A-133, its Compliance Supplement, and state single audit guidelines issued by the Wisconsin Department of Administration (DOA).
- C. The Recipient, subrecipients, contractors, subcontractors, and their affiliates shall maintain all documents and evidence pertaining to revenues, expenses, and cost allocations related to the Transit System for inspection by WisDOT or its designee during normal business hours in their respective offices for a period of three years following final contract payment. The recipient shall be responsible for insuring the compliance of all subrecipients, contractors, and affiliates with this provision.

SECTION VI: SYSTEM MANAGEMENT

- A. The Recipient shall require the Transit System to be managed and operated in accordance with the provisions of the Transit Management Plan made a part of this Contract by reference, and shall ensure compliance with that requirement. Modifications to the Transit Management Plan may be proposed by either the Recipient or WisDOT.
- B. A request by the Recipient to modify the Transit Management Plan must be submitted in writing to WisDOT in a manner prescribed by WisDOT, and must be received by WisDOT at least 14 calendar days prior to the planned implementation date of the proposed change. WisDOT may require the Recipient to hold a public hearing prior to WisDOT's determination on its request.
- C. If WisDOT determines that a proposed modification is a "substantive change" to the Transit Management Plan, and if the Secretary approves such a "substantive change," WisDOT shall prepare an amendment to this Contract and forward it to the Recipient for execution. The Recipient may not implement a proposed "substantive change" to the Transit Management Plan until an appropriate amendment to this Contract has been executed by both the Recipient and the Secretary.
- D. If WisDOT determines that a proposed modification to the Transit Management Plan is a "nonsubstantive change," WisDOT shall authorize the Recipient to implement the change, and a formal amendment to this Contract will not be required.

A request by WisDOT to modify the Transit Management Plan must be submitted in writing to the Recipient at least 28 calendar days prior to the planned implementation date of the proposed change. Within 21 calendar days of receipt of such a request, the Recipient shall respond to WisDOT's request. If the Recipient agrees to WisDOT's request, then this Contract shall be modified accordingly and the change shall be implemented.

SECTION VII: WisDOT APPROVAL OF CONTRACTS

If the Recipient contracts for mass transit service with a privately-owned system, the Recipient shall send to WisDOT all draft contracts between the Recipient and the Transit System. WisDOT shall review such draft contracts and determine their conformance with the provisions of this Contract. Upon written authorization by WisDOT, the Recipient and the Transit System may execute such contracts.

SECTION VIII: EFFECTIVE PERIOD

This Contract shall be in effect from January 1, 2014 through December 31, 2014, unless this Contract is terminated by either party prior to December 31, 2014. In the event of such termination, this Contract shall be in effect from January 1, 2014 to the termination date.

SECTION IX: TERMINATION

- A. WisDOT may terminate this Contract at any time that the Secretary determines that the purpose of the mass transit aid program as expressed in sec. 85.20, Wis. Stats., is not being fulfilled.
- B. The Recipient may terminate this Contract if the Recipient makes a formal application to do so.
- C. Both parties agree that notice of intent to terminate shall be made through "return-receipt certified mail" at least 30 calendar days prior to the proposed termination date.
- D. In the event that this Contract is terminated, WisDOT agrees to reimburse the Recipient the non-federal share of the operating expenses incurred between January 1, 2014 and the termination date, provided the amount of reimbursement does not exceed the amount in Sec. II(A)(1) and the total of state and federal reimbursements do not exceed 60% of the total operating costs. Eligible costs will be determined in accordance with the provisions of Section II.A of this Contract and sec. 85.20(4m), Wis. Stats.

SECTION X: EXEMPTION FROM REGULATION

For the effective period of this Contract, the Transit System shall be exempt from regulation under Ch. 194, Wis. Stats., as provided by sec. 85.20(5), Wis. Stats.

SECTION XI: INCORPORATION OF APPLICATION FOR AIDS

The 2014 operating assistance application for state aid (85.20) and federal aid (Section 5307) is incorporated as part of this contract by reference.

"IN WITNESS WHEREOF the parties have executed this Contract in the manner most appropriate to each."

STATE OF WISCONSIN
DEPARTMENT OF TRANSPORTATION

City of Waukesha

By: _____

By: _____

Administrator, Aileen Switzer
Division of Transportation Investment Management

Name: _____

Title: _____

Date: _____

Date: _____

2014 Urban Mass Transit Operating Assistance Contract
Between the State of Wisconsin and the
City of Waukesha

Schedule I – Estimated Deficit

January 1, 2014 to December 31, 2014

Item	Amount	Line
Operating Expenses	\$9,312,710	(1)
Operating Revenue	\$1,990,197	(2)
<u>Net Operating Deficit</u>	<u>\$7,322,513</u>	<u>(3)</u>
*Federal Share	\$1,001,661	(4)
State Share	\$4,174,290	(5)
*Local Share	\$2,146,562	(6)

*Estimated amount based on budget and statewide funding distribution. Final local share determined by actual costs of the transit system.

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Schedule II – State Disbursements

January 1, 2014 to December 31, 2014

Period	Payment	Estimated Payment Date
First Quarter	\$1,043,572	March 31, 2014
Second Quarter	\$1,043,572	June 30, 2014
Third Quarter	\$1,043,572	September 30, 2014
Fourth Quarter	\$ 626,143	December 31, 2014
*Withheld Pending Audit	\$ 417,429	

*Audits are often completed in three or four-year cycles, depending on WisDOT Audit Section staffing levels.