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DRAFT January 6, 2011
Guiding Principle 1: A defined and consistent process will be established for allocating funding for projects in the Regional Transportation Plan.

Adopted Policies

a) The Transit Life Cycle Program (TLCP) will identify the roles and responsibilities for affected agencies in implementing TLCP projects.

b) RPTA will manage the Public Transportation Fund (PTF) in accordance with ARS 48-5103 and will allocate funds for the transit projects of the Regional Transportation Plan with funds deposited in the Public Transportation Fund pursuant to ARS 42-6105.E.3.

c) A Lead Agency will be identified for each project.
   1) RPTA shall be the designated Lead Agency for all bus operations projects, unless a different arrangement is agreed upon by RPTA and the impacted jurisdiction(s).
   2) The impacted jurisdiction(s) shall have the option to be the designated Lead Agency for all non-rail related capital projects. If a jurisdiction opts not to be the Lead Agency for a specific project, then RPTA shall be the Lead Agency for that project.
   3) VMR shall be the designated Lead Agency for all light rail transit (LRT) projects. VMR may also serve as the Lead Agency for other major high capacity transit projects.

d) A Project Agreement will be developed for all projects for which RPTA is not the Lead Agency. A Project Agreement may include multiple projects or a complete program, such as for LRT.
   1) Lead Agency designations will be identified in Project Agreements along with Lead Agency responsibilities and appropriate performance measures for the project. The Lead Agency designations and Project Agreements must be approved by the RPTA Board of Directors. The Lead Agency must adhere to all TLCP Policies and Procedures and provide appropriate documentation to RPTA as required by the Project Agreement.
   2) Any Lead Agency that cannot fulfill its responsibilities may have its Lead Agency designation removed and RPTA would assume the Lead Agency responsibilities for the remainder of the project. Only the RPTA Board of Directors may make that determination.
   3) The Lead Agency will be responsible for all aspects of project implementation, including preparation of preliminary assessments, identification of required resources, project management and maintenance of all required documentation as specified in the project agreement. The Lead Agency will have final approval of all aspects of project implementation including site selections, specific corridor definitions and specific facility
designs, unless such approvals alter the scope, schedule or cost of the project as to require a Plan amendment as defined in Guiding Principle 2. Preliminary assessments will be required for all projects as follows:

i. For bus operations projects, a Project Assessment Report that details the specific routing, headways, fleet requirements, operating contract assignment, cost estimates, fare revenue estimates, and performance expectations.

ii. For bus capital projects, a Design Concept Report that identifies the preliminary concept for the project, including potential site(s), size, scope and cost.

iii. For high capacity capital projects, Federal Transit Administration (FTA) project development reports for approved projects.

4) A Lead Agency must request reimbursement from RPTA by completing a “PTF Expenditure Reimbursement Request” form.

i. Only eligible expenditures identified in the approved Project Agreement and in RPTA’s current Operating and Capital Budget may be submitted for reimbursement.

ii. Expenditures must have been incurred.

iii. Payment must have been made or payment must be due within 30 days to be eligible for reimbursement.

iv. Requests must be certified as to eligibility and authenticity by the Lead Agency’s Chief Executive Officer (CEO) or the CEO’s designee.

v. Certified requests may be made electronically with an electronic signature.

vi. If adequate PTF funds are available at the time of the receipt of the request, RPTA will electronically transfer the reimbursement funds to the Lead Agency within 10 business days of the request. RPTA may use financing options, such as utilizing a line of credit, to ensure that reimbursements can be made in a timely manner. Financing options will only be used with approval of the RPTA Executive Director.

vii. If adequate PTF funds are not available at the time of the receipt of the request, RPTA will electronically transfer the reimbursement funds to the Lead Agency in the order in which the requests are received when the funds become available.

5) Lead agencies other than RPTA will submit the following to RPTA for each year they receive Public Transportation Funds:

i. One copy of the independently audited annual financial statements.

ii. If the project includes federal funding, one copy of the independently audited annual federal single audit report.

e) RPTA’s Executive Director will consult with the Regional Transit Advisory Group (RTAG) to advise the Executive Director on issues regarding implementation of PTF funded transit projects in the Regional Transportation Plan. Actions taken by the RTAG will be forwarded by the Executive Director to the Transit Management Committee and Board of Directors. If
the Executive Director does not agree with a committee recommendation, the issue will be presented to the Transit Management Committee (TMC) for discussion and both the Executive Director’s and the committee’s recommendations will be presented to the RPTA Board of Directors. (This change is effective October 1, 2010).

1) The RTAG will review and/or make recommendations on issues related to the TLCP, including but not limited to:

1. The financial status of the program, including reasonable assumptions of revenues by source and expenditures over the life of the program,
2. Allocation of PTF to projects and jurisdictions,
3. Financial policies and procedures and audit results.
4. Financing options and strategies, cost controls, and policies for managing surpluses and shortfalls in revenues,
5. Project Assessment Reports, Design Concept Reports, Memoranda of Understanding, Project Agreements, or other technical documentation for project implementation,
6. Proposed projects and plan changes and their impacts on the financial status to ensure the financial integrity of the program,
7. RPTA Operating policies and procedures, contracting strategies, and vehicle specifications related to PTF funded projects,
8. Other issues relating to the implementation of Proposition 400.

f) RPTA shall be the owner of all capital assets purchased or constructed with monies in the Public Transportation Fund, unless a different ownership arrangement is agreed to by the impacted Agency(ies) and the RPTA.

Arizona Revised Statute (ARS) References

The following Arizona Revised Statutes (ARS) govern the Regional Transportation Plan and the Transit Life Cycle Program:

ARS 28-6357.B

The duties of the special assistant [appointed by ADOT Director] for the regional transportation plan include:

1. Life cycle management for the funding and programming of the regional transportation plan, including ombudsman services and oversight of gathering, analyzing, reporting, forecasting, coordinating, monitoring and executing information and programs related to the regional transportation plan.
ARS 28-6356.F

The citizens transportation oversight committee shall:

1. Review and advise the [ADOT] board, the governor, the director, the governing body of the regional planning agency and the board of directors of the regional public transportation authority on matters relating to all projects funded pursuant to section 42-6104 and in the regional transportation plan.

ARS 42-6105.E

The net revenues collected under this section shall be distributed and deposited as follows for use consistent with the regional transportation plan adopted under Title 28, Chapter 17, Article 1.

ARS 42-6105.E.3 (County Transportation Excise Tax: Distributions)

33.3 per cent to the public transportation fund pursuant to section 48-5103 for:

(a) Capital costs, maintenance and operation of public transportation classifications.

(b) Capital costs and utility relocation costs associated with a light rail public transit system.

ARS 48-5103.A.3 (RPTA: Public Transportation Fund)

A public transportation fund is established for the authority. The fund consists of:

3) Transportation excise tax revenues that are allocated to the fund pursuant to section 42-6104 or 42-6105. The board shall separately account for monies from transportation excise tax revenues allocated pursuant to section 42-6105, subsection E, paragraph 3 for:

(a) A light rail public transit system.

(b) Capital costs for other public transportation.

(c) Operation and maintenance costs for other public transportation.

ARS 48-5103.B

On behalf of the authority, the fiscal agent shall administer monies paid into the public transportation fund. Monies in the fund may be spent pursuant to or to implement the regional public transportation system plan, including reimbursement for utility relocation costs as prescribed in section 48-5107, adopted pursuant to section 48-5121 and for projects identified in the regional transportation plan adopted by the regional planning agency pursuant to section 28-6308.

48-5122.1 (RPTA: Board Powers and Duties)

The board shall:
Determine the exclusive public transportation systems to be acquired and constructed, the means to finance the systems and whether to operate the systems or to let contracts for their operation.
Guiding Principle 2: A defined and consistent process for Plan amendments and changes will be established.

Adopted Policies

a) Requests for changes in the bus transit program will be entered in the TLCP financial model and the impacts will be reviewed by the RTAG.
   1) A written request must be submitted for each change requested. The request will highlight the type of change (advancement, deferral, addition or deletion) and the impacts on implementation date, cost, the Transportation Improvement Program (TIP) and the RPTA Capital Improvement Program.
   2) All change requests will include proposed revenues by source.
   3) Changes will be categorized as major amendments, material changes, TIP changes or non-material changes.

b) Major amendments will follow the process mandated in State statutes.

c) Material changes for the transit program are defined as follows:
   1) Material Cost Change
      i. Bus Capital Projects: An increase in the total cost of a project that is either 1) more than five (5) percent of the project budget developed in the Design Concept Report and greater than $500,000; or 2) greater than $2.5 million, whichever is less.
      ii. Rail Capital Projects: An increase in the total cost of a project that is either 1) more than five (5) percent of the total project budget developed during Preliminary Engineering or 2) greater than $10 million, whichever is less.
   2) Material Scope Change
      i. Bus Capital Projects: A change in a project scope is considered a material change when 1) a change in project location requires an updated or new environmental assessment; 2) it adds design elements that results in a material cost change; or 3) it adds a new project not currently identified in the Regional Transportation Plan to the program.
      ii. Bus Operating Projects: A change in a project scope is considered a material change when an alignment change outside of the adopted corridor 1) affects more than 25% of the corridor; 2) changes the directional route miles by more than 25%; or 3) adds a new project not currently identified in the Regional Transportation Plan to the program. A change in project scope is considered a material change when
route characteristics such as frequency and span of service are adjusted such that weekly revenue vehicle miles increase by more than twenty five (25) percent.

iii. Rail Capital Projects: A change in project scope is considered a material change when a change in project location requires a supplemental environmental impact statement.

If the material scope change is requested by a local jurisdiction and meets the definition of an enhancement, then the local jurisdiction must execute an approved Intergovernmental Agreement (IGA) and provide the necessary funding to complete the enhancement. If the material scope change is requested by the Lead Agency, the cost of the scope change, if approved, can be paid from the Public Transportation Fund (PTF) after a review through the standard committee process and with approval of the RPTA Board if it is not considered an enhancement and will not negatively impact the allocation of funds to other projects identified in the Transit Life Cycle Program.

According to ARS 28-6351, enhancement means an addition that exceeds generally accepted engineering or design standards for the specific type of facility. The Lead Agency should ensure that the design elements of each project meet generally accepted engineering or design standards adopted or accepted for general use by the Federal Transit Administration (FTA).

3) Material Schedule Change
i. Bus Capital Projects: A change in the schedule developed in the Design Concept Report for the start of design, property acquisition or construction that causes: 1) completion to be delayed by more than three months or; 2) completion of the construction phase of the project to be delayed beyond the fiscal year shown in the Transit Life Cycle Program. For the purposes of this policy, completion means that the project is operational.

ii. Bus Operating Projects: A change in the approved implementation schedule that results in any advancement of a new route or route improvements of more than one year or deferment of a new route or route improvements of more than three years.

iii. Rail Capital Projects: A change that would advance or defer project completion by one or more fiscal years from the target completion identified in the TLCP.

d) Non-material changes are defined as changes that alter the cost, scope or schedule for a project but do not meet the definitions of material change or major amendment.

e) Proposed changes will be forwarded by the RPTA Executive Director to the RPTA Transit Management Committee for recommendation and to the RPTA Board of Directors for approval. Non-material changes do not require any further action.

f) Changes to the Regional Transportation Plan that are major amendments, material changes or changes that require an amendment to the TIP are not final until they have been adopted by the Maricopa Association of Governments Regional Council.
Arizona Revised Statute (ARS) References

The following Arizona Revised Statutes (ARS) govern changes to the Regional Transportation Plan (RTP) in two general categories, Major Amendments and Other Amendments.

MAJOR AMENDMENTS

ARS 28-6301.7

"Major amendment" means either:

(a) The addition or deletion of a freeway, route on the state highway system or a fixed guideway transit system.

(b) The addition or deletion of a portion of a freeway, route on the state highway system or a fixed guideway transit system that either exceeds one mile in length or exceeds an estimated cost of forty million dollars as provided in the regional transportation plan.

(c) The modification of a transportation project in a manner that eliminates a connection between freeway facilities or fixed guideway facilities.

ARS 28-6353

A. The regional planning agency in the county [MAG] shall approve any change in the regional transportation plan and the projects funded in the regional transportation plan that affect the planning agency’s transportation improvement program, including project priorities.

B. Requests for changes to transportation projects funded in the regional transportation plan that would materially increase costs shall be submitted to the regional planning agency for approval and submitted by the regional planning agency to the [ADOT] board for approval.

C. If a local authority requests an enhancement to a transportation project funded pursuant to the regional transportation plan, the local authority shall pay all costs associated with the enhancement.

D. The process prescribed in subsection E of this section is required if:

1. An audit finding pursuant to section 28-6313 recommends that a project or system in the regional transportation plan is not warranted or requires a modification that is a major amendment as defined in section 28-6301.

2. The transportation policy committee recommends to the regional planning agency a modification of the regional transportation plan that is a major amendment as defined in section 28-6301.
E. A major amendment requires the following:

1. Consideration by the transportation policy committee of alternatives in the same modal category that will relieve congestion and improve mobility in the same general corridor addressed by the originally planned project or system.

2. If a reasonable option is identified as an alternative for the originally planned project or system, the transportation policy committee shall submit the proposed amendment for review by the regional public transportation authority in the county, the state board of transportation, the county board of supervisors, Indian communities, cities and towns in the county and the citizens transportation oversight committee. After reviewing the proposed amendment, the board of directors of the regional public transportation authority, the state board of transportation and the county board of supervisors, by a majority vote of the members of each board within thirty days after receiving the proposed amendment, shall submit a written recommendation to the transportation policy committee that the proposed amendment be approved, modified or disapproved. Within thirty days after receiving the amendment, the citizens transportation oversight committee and the Indian communities, cities and towns may also submit written recommendations to the transportation policy committee that the proposed amendment be approved, modified or disapproved.

3. If no reasonable option for an alternative to the originally planned project or system is identified, the transportation policy committee shall submit an amendment to delete the original project for review by the regional public transportation authority, the state board of transportation, the county board of supervisors, Indian communities, cities and towns in the county and the citizens transportation oversight committee. After reviewing the proposed amendment the board of directors of the regional public transportation authority, the state board of transportation and the county board of supervisors, by a majority vote of the members of each board within thirty days after receiving the proposed amendment, shall submit a written recommendation to the transportation policy committee that the proposed amendment be approved, modified or disapproved. Within thirty days after receiving the proposed amendment, the citizens transportation oversight committee and Indian communities, cities and towns in the county may also submit written recommendations to the transportation policy committee that the proposed amendment be approved, modified or disapproved.

4. The transportation policy committee must consider any written recommendations submitted by any of the reviewing entities as prescribed by paragraph 2 or 3 of this subsection.

5. The transportation policy committee shall recommend approval, disapproval or modification of the proposed amendment to the regional planning agency for consideration.
F. The affirmative vote of seventeen members of the transportation policy committee is required to approve and proceed with either of the following:

1. Recommendation of a major amendment to the regional planning agency that fails to receive approval of either the regional public transportation authority in the county, the state board of transportation or the county board of supervisors as prescribed in this section.

2. A transportation project or system that is found to be unwarranted by an audit as prescribed in this section.

ARS 28-6356.F.2

The citizens transportation oversight committee shall:

Review and make recommendations regarding any proposed major amendment of the regional transportation plan by the governing body of the regional planning agency pursuant to section 28-6353.

OTHER AMENDMENTS

ARS 28-6308.B

Through the regional planning agency, the transportation policy committee shall:

1. By a majority vote of the members, recommend approval of a twenty year comprehensive, performance based, multimodal and coordinated regional transportation plan in the county, including transportation corridors by priority and a schedule indicating the dates that construction will commence for projects contained in the plan.

2. Develop the plan in cooperation with the regional public transportation authority in the county and the department of transportation and in consultation with the County Board of Supervisors, Indian communities, and cities and towns in the county.

3. Submit the plan for review by the regional public transportation authority in the county, the state board of transportation, the county board of supervisors, Indian communities and cities and towns in the county at the alternatives stage of the plan and the final draft stage of the plan. After reviewing the plan, the regional public transportation authority in the county, the county board of supervisors and the state board of transportation, by majority vote of the members of each entity within thirty days after receiving the plan, shall submit a written recommendation to the transportation policy committee that the plan be approved, modified or disapproved. Within thirty days after receiving the plan, Indian communities and cities and towns in the county may submit a written recommendation to the transportation policy committee that the plan be approved, modified or disapproved.
4. Consider plan modifications proposed by any of the entities as prescribed in paragraph 3 of this subsection.

5. By majority vote, approve, disapprove or further modify each proposed plan modification.

6. Provide a written response to the regional public transportation authority, the state board of transportation, the county board of supervisors and the entity that submitted the proposed modification within thirty days after the vote on the proposed modification explaining the affirmation, rejection or further modification of each proposed modification.

7. Recommend the plan to the regional planning agency for approval for an air quality conformity analysis.

ARS 28-6351.2

"Enhancement" means an addition that exceeds generally accepted engineering or design standards for the specific type of facility.

ARS 48-5121.D

If the plan includes a rail component and if the [RPTA] board adopts estimates of capital and maintenance and operation costs of the rail system, each member municipality in which the rail system is constructed shall pay to the public transportation fund amounts by which the actual capital, maintenance and operation costs exceed the estimated costs by more than fifteen per cent, computed in constant dollars. The excess costs shall be allocated among the affected member municipalities according to the proportion of the rail system facilities that are located in each municipality. The affected member municipalities shall:

1. Pay the monies from their respective general funds to the public transportation fund in the fiscal year following the fiscal year in which the excess costs were incurred.

2. Not pay to the public transportation fund under this subsection monies that it received from any source pursuant to title 28.

3. Not reduce its support of transportation projects funded by any source pursuant to title 28 in order to make payments under this subsection.

ARS 48-5121.E

The [RPTA] board may modify the regional public transportation system plan to reflect changes in population density or technological advances in the approved public transportation modes. A majority of the members of the board voting at a public hearing called for that purpose must approve a modification to the plan.
Guiding Principle 3: Funding allocations will be regularly monitored and managed.

Adopted Policies

a) The split between transit and non-transit programs is a legal firewall (ARS 42-6105.E and 28-6308.D).

b) The split between bus and rail (56.76% bus, 43.24% rail) is a defined allocation which can only be changed through a major amendment or material change (see Guiding Principle 2). Funds for rail will be managed by RPTA and reimbursed to Valley Metro Rail, Inc. (VMR) pursuant to Guiding Principle 1.d)4.

c) The split between bus transit operations, including paratransit and regional services, and bus capital is a flexible allocation which will be managed in accordance with the adopted annual budget by RPTA staff and monitored at least annually by the RTAG.

d) Inflation will occur throughout the TLCP. The original project budgets listed in the 2003 approved RTP were expressed in 2002 dollars. The annual update of the TLCP will require that the project budgets be adjusted to account for the past year’s inflation.

1) The regional funding specified in the original RTP for a project will be adjusted annually for inflation. Forecasted inflation for future costs will be differentiated between short term (3 years) and long term rates.

i. Short term rates will use the following categories and be based on recent experience and/or published forecasts:

1. Transit vehicle costs will be adjusted using the Producer Price Index, Total Manufacturing Industries.

2. Capital facilities construction costs will be adjusted using the Engineering News Record Construction Cost Index.

3. Operating costs will be based on the average increase in regional operating rates for the previous five years, taken from the Regional Transit Performance report. Known increases based on existing contracts will be considered.

4. Other costs will be based on the All Goods United States Consumer Price Index (CPI).

ii. Long term rates will be used for all categories beginning in the fourth year of planned expenditures and will be based on Consumer Price Index history.
e) Regional services will be fully funded by the Public Transportation Fund. An annual review of the regional services program and budget will be completed in cooperation with member agencies to ensure that only appropriate expenditures are included. The RTAG will review budget requests and advise the Executive Director as to the appropriateness of the requests.

f) ADA Complementary Paratransit expenses will be funded by the Public Transportation Fund (PTF) in the amount identified in the most recently adopted TLCP financial model. The ADA Certification program and Mobility Center will be fully funded with PTF.

g) If there is a surplus or deficit of revenues versus expenditures in the TLCP financial model updated with the most recent forecast of revenues, project changes will be determined by the following method during the subsequent update to the TLCP financial model:
   a. Available excise tax revenues will be allocated to jurisdictions based on Table A in Guiding Principle 6,
   b. Jurisdictions will be provided with cost estimates for the projects in their jurisdictions,
   c. Jurisdictions will prioritize their projects based on current needs,
   d. RPTA staff will compile the priorities and meet with the jurisdictions individually, in sub-regional groups and/or as a whole to negotiate changes based on submitted priorities.
   e. The proposed changes will be approved through the standard committee process.

Arizona Revised Statute (ARS) References

The following Arizona Revised Statutes (ARS) govern the funding allocations of the Proposition 400 sales tax monies:

ARS 42-6105.E

The net revenues collected under this section shall be distributed and deposited as follows for use consistent with the regional transportation plan adopted under title 28, chapter 17, article 1:

1. 56.2 per cent to the regional area road fund pursuant to section 28-6303 for freeways and other routes in the state highway system, including capital expense and maintenance.

2. 10.5 per cent to the regional area road fund pursuant to section 28-6303 for major arterial streets and intersection improvements, including capital expense and implementation studies.

3. 33.3 per cent to the public transportation fund pursuant to section 48-5103 for:
   (a) Capital costs, maintenance and operation of public transportation classifications.

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(b) Capital costs and utility relocation costs associated with a light rail public transit system.

ARS 28-6308.D

Transportation excise tax revenues that are distributed pursuant to section 42-6105, subsection E shall not be redistributed or used for other transportation modes. Except as provided by section 28-6353, subsections D, E and F, transportation excise tax revenues that are dedicated in the plan to a specific project or transportation system may only be redistributed to or otherwise used for another project within the same transportation mode if approved by a majority vote of the transportation policy committee.
Guiding Principle 4: A defined and consistent process will be established to ensure that legislated compliance audit, reporting and performance requirements are met.

Adopted Policies

a) Performance and cost control measures will be established, maintained, and reported for the transit system and for Public Transportation Fund funded projects. Project Agreements will identify performance measures and standards for each project.

b) Plan elements will be implemented in accordance with expected performance measures, where defined, subject to annual internal reviews and five-year performance audit findings.

c) The Regional Public Transportation Authority will ensure that compliance audit and reporting requirements are met.

d) All Lead Agency records pertaining to a Plan project will be subject to audit for compliance, financial or legislative purposes as determined by law or by RPTA. A Lead Agency will maintain adequate financial records and supporting documentation and will make them available to RPTA and RPTA's auditors when requested. While not a complete list, potential audits may include:

1) Legislatively mandated compliance and performance audits.

2) Certified “PTF Expenditure Reimbursement Request” audits for compliance with Transit Life Cycle Program policies and procedures.

3) RPTA Board audit requests.

Arizona Revised Statute (ARS) References

The following Arizona Revised Statutes (ARS) govern the performance and compliance responsibilities of RPTA.

ARS 28-6313

A. Beginning in 2010 and every fifth year thereafter, the auditor general shall contract with a nationally recognized independent auditor with expertise in evaluating multimodal transportation systems and in regional transportation planning to conduct a performance audit, as defined in section 41-1278, of the regional transportation plan and projects scheduled for funding during the next five years.
B. With respect to light rail systems, the audit shall consider the criteria used by the federal transit administration pursuant to 49 United States Code section 5309(e)(1)(B) and the interrelationship among the criteria to provide federal funding for light rail systems. For light rail systems, the audit shall also consider:
   1. Service levels.
   2. Capital costs.
   3. Operation and maintenance costs.
   4. Transit ridership.
   5. Farebox revenues.

C. The audit shall:
   1. Examine the regional transportation plan and projects scheduled for funding within each transportation mode based on the performance factors established in section 28-505, subsection A, in the context of the transportation system.
   2. Review past expenditures of the regional transportation plan and examine the performance of the system in relieving congestion and improving mobility.
   3. Make recommendations regarding whether further implementation of a project or transportation system is warranted, warranted with modifications or not warranted.

D. The auditor general or the auditors contracted to conduct the audit shall periodically update the transportation policy committee regarding the progress of the audit.

E. Within forty-five days after the release of the audit, the regional public transportation authority, the citizens transportation oversight committee, the state transportation board and the county board of supervisors, by a majority vote of each entity, shall submit written recommendations to the transportation policy committee that the findings are agreed to or disagreed with and the recommendations should be implemented, implemented with modification or not be implemented.

F. Within forty-five days after the audit's release, the regional planning agency shall hold a public hearing on the audit findings and recommendations.

G. The auditor general shall distribute copies of the audit to:
   1. The regional planning agency.
   2. The transportation policy committee.
   3. The citizens transportation oversight committee.
   4. The regional public transportation authority in the county.
   5. The county board of supervisors.
   6. The state transportation board.
7. The governor, secretary of state, president of the senate and speaker of the house of representatives.

8. The Arizona state library, archives and public records.

9. Any other person who requests a copy pursuant to title 39, article 2.

H. The state transportation board, regional planning agency, regional public transportation authority and county board of supervisors shall cooperate with and submit to the auditor general and the auditors contracted to conduct the audit information necessary to conduct the audits under this section.

I. The cost incurred by the auditor general in contracting with independent auditors for conducting performance audits under subsection A of this section shall be paid from revenues of the county transportation excise tax under section 42-6105. When due, the payments have priority over any other distribution authorized by section 42-6105. The auditor general shall deposit the payments in the audit services revolving fund established by section 41-1279.06. The state transportation board, regional planning agency, regional public transportation authority and county board of supervisors shall cooperate with and submit to the auditor general and the auditors contracted to conduct the audit information necessary to conduct the audits under this section.

ARS 28-6356.F

The citizens transportation oversight committee shall:

1. Review and advise the [ADOT] board, the governor, the director, the governing body of the regional planning agency and the board of directors of the regional public transportation authority on matters relating to all projects funded pursuant to section 42-6104 or 42-6105 and in the regional transportation plan.

2. Review and make recommendations regarding any proposed major amendment of the regional transportation plan by the governing body of the regional planning agency pursuant to section 28-6353.

3. Annually review and comment on the criteria developed pursuant to section 28-6354, subsection B.

4. Hold public hearings and issue public reports as it deems appropriate.

5. Annually contract with an independent auditor who is a certified public accountant to conduct a financial compliance audit of all expenditures from the regional area road fund and the public transportation fund and receive the auditor’s report. The department shall reimburse the committee for the cost of this audit from the highway user revenue fund pursuant to section 28-6538, subsection B, paragraph 1.

6. In consultation with the auditor general, set parameters for the performance audit prescribed in section 41-1279.03, subsection A, paragraph 6 in the county, review
the results of the auditor general's performance audit and make recommendations to the regional planning agency, the regional public transportation authority, the department, the speaker of the house of representatives, the president of the senate and the governor.
Guiding Principle 5: Budgeting and accounting systems will be established to manage Public Transportation Funds and monitor and report results.

Adopted Policies

a) Systems will be maintained in conformance with generally accepted accounting principles and standards of the Governmental Accounting Standards Board and the Government Finance Officers Association.

b) An annual financial statement audit and an audit of all Federal financial assistance revenue will be performed by an independent public accounting firm.

c) Current operating revenues will be sufficient to support current operating expenditures.

d) Current operating expenditures will not be funded by debt issuances or loans.

e) Federal and State grant revenue should be considered to leverage the program. Inconsistent, one time and/or fluctuating grants should not be used to fund ongoing programs.

f) Financial systems will be maintained to monitor revenues, expenditures and departmental performance on an ongoing basis.

g) Long range (five year) revenue and expenditure forecasts will be prepared annually to examine RPTA's ability to finance future operating costs and capital improvements and to assess the impact of changes in the economy and changing service demands on current operations.

h) Cash and investment programs will be maintained in accordance with an adopted investment policy and funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity and return on principal, in that order.

i) A five-year capital improvement program will be developed and updated annually, including anticipated funding sources.

j) Capital improvement financing should not exceed the useful life of the asset constructed or purchased with the average (weighted) bond/loan maturities at or below ten years.
k) An Unreserved/Undesignated General fund balance equal to at least 45 days of current budgeted operating expenditures will be maintained.

l) A Reserve for Debt Service may be maintained in order to ensure the repayment of existing debt obligations, as identified in the adopted Master Resolution for Transportation Excise Tax Revenue Bonds.

m) Contingency appropriations to be determined annually will be maintained to offset unanticipated revenue shortfalls and/or unexpected expenditure increases. Contingency appropriations may also be used for unanticipated and/or inadequately budgeted events threatening the public health or safety.

n) A reserve for bus refurbishment will be established for the rehabilitation of major components of fleet that has reached mid-life. The reserve will be funded with PTF and the amount deposited in the reserve will be determined annually based on fleet age and size.

o) RPTA shall calculate and distribute annually estimates of PTF expenditures by project and jurisdiction and shall reconcile those costs after each fiscal year. Reconciled costs shall be distributed to jurisdictions no later than October 31 for the previous fiscal year and cumulative to date.

**Arizona Revised Statute (ARS) References**

The following Arizona Revised Statutes (ARS) govern the fiduciary responsibilities of RPTA.

**ARS 48-5122.2**

*The [RPTA] board shall adopt an annual budget and fix the compensation of its employees.*

**ARS 48-5122.4**

*The [RPTA] board shall cause a postaudit of the financial transactions and records of the board to be made at least annually by a certified public accountant.*
Guiding Principle 6: Jurisdictional equity will be maintained.

Adopted Policies

a) Jurisdictional equity applies to transportation excise tax revenues collected pursuant to ARS 42-6105 and expended through the Public Transportation Fund (PTF).

b) Jurisdictional equity is the percent share of expected PTF revenues allocated to each jurisdiction over the 20-year life of the regional transit program as listed in Table A – Jurisdictional Equity Allocation.

c) The RTAG will review the TLCP financial model at least annually and make recommendations to maintain jurisdictional equity over the 20 year life of the program based on the following parameters:

   a. Jurisdictional equity will be maintained by sub-region, with each sub-region not to exceed ± 2.5% of allocated transportation excise tax revenues.
   b. No individual jurisdiction may be under allocated by more than $7.5 million without that jurisdiction’s expressed consent.

d) Expenditures for activities that are regional in nature will not be counted as part of the jurisdictional equity calculation and include Regional Services, ADA Certification and Mobility Center costs, capital financing costs and RPTA planning and administration costs. (This change will be effective when the Mobility Center begins operation).

e) Jurisdictional allocations will be based on cost allocations for projects according to the following parameters:

   a. Supergrid, local and arterial bus rapid transit services will be allocated based on the net PTF subsidy. Costs will be calculated using actual contract rates for fiscal years 2006 through 2016. Costs will be calculated using average contract rates for fiscal years 2017 through 2026. Costs then will be allocated to jurisdictions on a mileage basis and fares allocated based on ridership.
   b. Express and freeway bus rapid transit services will be allocated on the net PTF subsidy. Costs will be calculated using actual contract rates for fiscal years 2006 through 2016. Costs will be calculated using average contract rates for fiscal years 2017 through 2026. Costs then will be allocated to jurisdictions on a mileage basis for jurisdictions in which there are boarding/alighting locations and fares will be allocated based on ridership.
   c. Rural routes are allocated to Maricopa County based on the PTF subsidy.
   d. All capital facilities are allocated to the jurisdiction in which they are located based on the PTF contribution. Additionally, depreciation of the cost of
Operations and Maintenance Facilities, excluding any FTA federal share, will be included in the operating rates charged for service. (This policy will be effective July 1, 2011 unless current practice)

e. Fixed route fleet costs are allocated to the agency operating the fleet. The costs will be included in the operating rates charged for service, excluding any FTA federal share. (This policy will be effective July 1, 2011 unless current practice)

f. Paratransit fleet costs are allocated to the jurisdictions for which the vehicles were purchased based on the PTF contribution. If the vehicles were purchased for a sub-regional service, the costs are further allocated based on the distribution of revenue hours by jurisdiction within that sub-regional service.

g. Rural fleet costs are allocated to Maricopa County based on the PTF contribution.

h. Vanpool fleet costs are considered regional and therefore not allocated to jurisdictions.

For the light rail program the primary goal will be to implement the entire program as defined in the Regional Transportation Plan. If there is a surplus of light rail funds, these funds may be utilized for rail equipment and facility modernization and upgrades.

Table A – Jurisdictional Equity Allocation

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Bus PTF % Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avondale</td>
<td>1.538% - 1.563%</td>
</tr>
<tr>
<td>Buckeye</td>
<td>0.073% - 0.074%</td>
</tr>
<tr>
<td>Carefree</td>
<td>0.000%</td>
</tr>
<tr>
<td>Cave Creek</td>
<td>0.000%</td>
</tr>
<tr>
<td>Chandler</td>
<td>9.463% - 9.617%</td>
</tr>
<tr>
<td>El Mirage</td>
<td>0.226% - 0.230%</td>
</tr>
<tr>
<td>Fountain Hills</td>
<td>0.085% - 0.086%</td>
</tr>
<tr>
<td>Gila Bend</td>
<td>0.136% - 0.138%</td>
</tr>
<tr>
<td>Gilbert</td>
<td>6.117% - 6.246%</td>
</tr>
<tr>
<td>Glendale(2)</td>
<td>5.679% - 5.146%</td>
</tr>
<tr>
<td>Goodyear</td>
<td>0.259% - 0.263%</td>
</tr>
<tr>
<td>Guadalupe</td>
<td>0.007% - 0.007%</td>
</tr>
<tr>
<td>Litchfield Park</td>
<td>0.227% - 0.231%</td>
</tr>
<tr>
<td>Maricopa County (1)</td>
<td>0.652% - 0.663%</td>
</tr>
<tr>
<td>Mesa</td>
<td>19.441% - 19.757%</td>
</tr>
<tr>
<td>Peoria</td>
<td>2.217% - 2.253%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>31.735% - 32.251%</td>
</tr>
</tbody>
</table>
## TLCP Policies

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Bus PTF % Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queen Creek</td>
<td>0.061% 0.062%</td>
</tr>
<tr>
<td>Scottsdale</td>
<td>10.407% 10.576%</td>
</tr>
<tr>
<td>Surprise</td>
<td>0.232% 0.235%</td>
</tr>
<tr>
<td>Tempe</td>
<td>10.564% 10.736%</td>
</tr>
<tr>
<td>Tolleson</td>
<td>0.308% 0.313%</td>
</tr>
<tr>
<td>Wickenburg</td>
<td>0.022% 0.022%</td>
</tr>
<tr>
<td>Youngtown</td>
<td>0.016% 0.017%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.000%</strong></td>
</tr>
<tr>
<td><strong>West Valley</strong></td>
<td><strong>11.585%</strong></td>
</tr>
<tr>
<td><strong>Central Valley</strong></td>
<td><strong>31.735%</strong></td>
</tr>
<tr>
<td><strong>East Valley</strong></td>
<td><strong>56.680%</strong></td>
</tr>
<tr>
<td><strong>Total—20 Years (2002 dollars)</strong></td>
<td><strong>$1,519,735,975</strong></td>
</tr>
<tr>
<td><strong>Glendale Avenue Adjustment</strong></td>
<td><strong>$24,700,000</strong></td>
</tr>
<tr>
<td><strong>Total—20 Years (2002 dollars)</strong></td>
<td><strong>$1,544,435,975</strong></td>
</tr>
</tbody>
</table>

(1) Includes Gila River Indian Community and Salt River Pima-Maricopa Indian Community

(2) The Glendale Avenue Adjustment is incorporated into the policy percentages.

### Arizona Revised Statute (ARS) References

There are no statutory requirements related to this Guiding Principle.
Amendments to Policies and Procedures

Adopted Policies

a) Member agencies and RPTA staff may submit to the RPTA Executive Director suggestions for new provisions, additions and revisions to the TLCP Policies and Procedures.

b) Recommended changes to policies and procedures will follow the standard RPTA committee process.

c) The RPTA Executive Director is authorized to approve procedural changes.

d) The RPTA Board of Directors must approve policy changes.