## CHAPTER 2
### PLANNING
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Chapter 2
Planning

Purpose

The administration, management, and operation of a rural public transit system require on-going evaluation and both short-and long-range planning. Communities change as employers and other organizations come and go, some residents are choosing to live further away from centrally located cities or towns, and the general population is aging and will need additional services of all kinds. Transit systems must keep abreast of local and national trends and modify service to continue to meet constituent needs.

As described in the sections below, the planning process for a new transit system is initiated by forming a Transit Advisory Committee, participating in a Transportation Development Plan (TDP), and seeking public input. As you will read in the section on the Transportation Development Plan, this document covers a three to five year period. Transit system staff will want to re-evaluate the service and needs of the community during that time and determine what, if any, changes are needed.

Transit systems which have been operating for a period of time must also be involved in on-going planning. At a minimum, a general service evaluation and system review are required as the annual application is filed and the Four-Year Capital and Operating Plan are updated. ODOT encourages, however, all systems to develop a TDP.

Keep in mind that a variety of technical assistance is available from ODOT to help you do this. An overview of the types of technical assistance available can be found in Chapter 1, Introduction and Program Overview.

Your ODOT transit project analyst can refer you to appropriate resources. In addition, a very important part of any on-going planning process is to monitor your system’s performance. Performance measures are discussed in Chapter 6, Operating Data and Performance Measures.

This chapter will familiarize those beginning a Rural Transit Program with some of the necessary planning steps and assist existing rural transit systems plan for the future.

A. Determine If You Are an Eligible Applicant

The first step in starting an ODOT/FTA supported rural transit system is to determine if you are eligible to apply for ODOT/FTA funding. Eligible applicants may be counties, municipalities, county transit boards, regional transit authorities, and private nonprofit corporations. Refer to the Rural Transit Program Criteria for detailed eligibility requirements.
B. Contact and Meet with ODOT

Community representatives should contact ODOT and discuss the transportation needs of the community, the available funding, and to coordinate the next several steps in the process. Community representatives must show a high level of interest in starting service in order to be considered. During the meeting, the community representatives will be provided with ODOT documentation, such as the Rural Transit Program Criteria and Application Instructions, selected sections of this Manual, ODOT’s Is Public Transportation Feasible in Your County or Community?, and/or the Handbook for Coordinating Transportation Services.

C. Organize a Public Transit Advisory Committee (TAC)

A public transit system’s success depends on the support of citizens who recognize the need for the system and its benefit to the community. A key ingredient to gaining support for a public transit system is citizen input early in the system’s development.

ODOT strongly recommends that local elected officials (city, county, or both) appoint a Transit Advisory Committee (TAC) to assist the officials in the development of a public transit system. If you have been a coordination project, you already have in place a group of agency representatives and other interested individuals. Some or all of these “partners” can be appointed to the TAC. While ODOT is available to serve as a technical advisor to the committee, service related recommendations must be made by the TAC. Remember, too, that the TAC is not a policy making body, but serves only to make recommendations to the local officials, the ultimate decision-making responsibility for public transportation service.

The TAC should be comprised of five to ten members with the following representation:

- 1 to 2 persons from the business community
- 1 to 3 disabled and elderly persons;
- 1 to 2 racial minorities;
- 1 to 3 persons from the human service community;
- 1 to 2 persons from the local transportation industry (taxi or bus operator); and
- 1 to 2 interested citizens

Meeting frequency will depend on the need for public transportation, availability of committee members, and the number of issues to be decided.

TAC Duties
Local officials and the Transit Advisory Committee should use information gathered through surveys, community meetings, or during the feasibility study if one was conducted, to consider public transportation benefits, the different transportation system types, and the various costs.
After these decisions are reached, the Transit Advisory Committee can make recommendations concerning the following:

1. What are the goals and objectives of the proposed transportation system?

2. Who will apply for the funding, administer and oversee the transportation system?

3. Who will operate the system? Will it be provider side (city or county operated or contracted out) or user side (rates negotiated with local taxi operators)?

4. Will the proposed service be fixed route, demand-responsive, or a combination of the two?

5. What level of service will be provided?

6. What size and type of vehicles will be required?

7. What will the fare structure be?

8. What will the hours of operation be?

9. Will the applicant be willing to provide the local cash share or will the local share be provided through other sources (such as transportation contracts with human service agencies)?

If local officials desire the service to be county or city operated, a cost analysis must be made to support the economics of operating the service versus contracting with a private operator especially if a private operator already exists in the community. Federal and State funds may not be used to directly compete with a private for profit operator. If a private operator is desired and, after solicitations of bids or proposals, only one operator is interested in providing the service, for example the local operator, a cost analysis must be conducted to ensure that the proposed costs are reasonable and comparable to like systems. See Chapter 7, Third Party Contracting Guidelines, Section D, Contract Cost and Price Analysis for Every Procurement Action, for more information on cost analysis.

If there is more than one public entity (both a county and a city) interested in initiating a transit system, the local officials must decide which entity will be the "lead agency" to apply for the Rural Transit Program funding.

So far, discussion of the TAC has focused on duties pertinent to a new rural transit system. The TAC, however, should continue to function in its advisory capacity as long as the system exists. Membership and make-up of the committee may change over time, but input from this group is essential as the system continues to strive to meet the needs of the community. For existing systems, the TAC can provide input on the following:

- Review the system’s mission statement. Does it accurately reflect the needs of the community?

- Annual review of the goals and objectives of the system. Have they been met? Are revisions in order?
What, if any, service changes are needed or should be considered? The TAC might recommend that the Transportation Development Plan (TDP) be updated with assistance from ODOT.

Are changes in the fare structure warranted? If so, what impact will a change have on ridership?

The TAC is a valuable resource for staying current with what is going on in the community. Transit staff should remember that TAC meetings are open to the public and provide an opportunity for individuals who are not members of the TAC to express their opinions about the service.

D. Review Feasibility Study

When a representative from your community inquired about establishing a transit system, you received the ODOT publication *Is Public Transportation Feasible in Your County or Community?* During the community assessment, you or an outside individual or organization, conducted a feasibility study. During that process, market research, including a demographics study, travel pattern analysis, and surveys of the area’s transportation providers and citizens should have resulted in a series of service alternatives. The service alternatives may range from do-nothing, to developing a coordinated system of existing private, public, and human service operators, to implementing a rural public transit system. The alternatives will also be ranked according to the community goals. For instance, how well are the elderly, disabled, or transportation disadvantaged served? The alternatives and the feasibility study will provide the community a general idea of the type of service that best fits their needs, as well as an estimated cost for implementation.

A feasibility study is a short-range planning document and does not include a great deal of detail about service alternatives, funding levels, etc. A Transportation Development Plan (see Section F below) goes into more depth in planning a public transit system, implementing service, etc.

E. Letter of Intent

Once eligibility of the applicant has been determined (See Section A) and the decision has been made to apply for Rural Transit Program funding, the applicant must submit a Letter of Intent to ODOT. The letter should be directed to the Administrator, Office of Transit. You will receive acknowledgment of your letter including next steps to be taken by you and by ODOT. This step should be taken 18 months prior to when you plan to initiate rural public transportation service. The annual deadline date for letters of intent varies from year to year, so early contact with ODOT is advised.

F. Transportation Development Plan (TDP)

Upon receiving your Letter of Intent, ODOT will schedule a Transportation Development Plan (TDP) if a feasibility study has not been conducted. The timing of the TDP will depend on available funds, number of other projects requesting TDPs, etc. TDPs are
conducted by consultants under contract to ODOT through the Ohio Technical Assistance Program (OTEC). There is no cost to the local community. Participation through OTEC is not required; a community can decide to conduct a TDP on its own without ODOT assistance.

The purposes of a TDP are:

- to provide a comprehensive assessment of transportation needs, available services, and unmet needs;
- to make recommendations to improve the efficiency and effectiveness of existing services; and
- to develop an implementation strategy with corresponding financial and funding plans for operating and capital expenses for a three to five year time frame.

There will be on going and in-depth discussions among ODOT staff, the consultants, and the TAC before, during, and after the TDP. The TDP will recommend further action steps for the local community, but the final decision of what steps to take is up to the community. ODOT staff, however, recommends following the consultants’ recommendations as you proceed with rural transit planning. A complete TDP Outline is Attachment 2-A.

The TDP is a planning and resource document which will guide the development and growth of a transit system for three to five years. During that time, on-going evaluation must continue to determine if the system is meeting the needs of the community in the most effective and efficient way possible. Towards the end of the five-year period, system staff along with the TAC might decide that a comprehensive service evaluation and an updated TDP is necessary. Keep in mind that a TDP is a dynamic document which, along with other strategies, guides the development and evolution of the transit system.

G. Meet with ODOT Rural Transit Staff

Now it is time to meet with ODOT Rural Transit technical staff to discuss state and federal guidelines which must be met in order for a smooth installation to occur. It is important at this point to make sure you have your key system representatives available for this meeting.

ODOT rural staff will provide you with the current Rural Transit Program Criteria and Application Instructions and the Four Year Capital and Operating Plan Instructions. It is important that you clearly understand these documents for the preparation of your application and service plan. Staff will go over program goals, program definitions, eligibility requirements, distribution of grant funds, application procedures, planning requirements, and program administration requirements.

The Rural Transit Program Manual is available to help you with the implementation of your system. The Manual will also help you meet the reporting and monitoring requirements of the Rural Transit Program.
H. Service Plan

The feasibility study or the TDP becomes a basis for the area's service plan. The service plan is essentially a detailed project description (refer to the Rural Transit Program Criteria and Application Instructions) and the Four Year Capital and Operating Plan.

At this point in the planning process, the Transit Advisory Committee would review the pros and cons of provider side or user side systems.

Provider Side Systems
In most public transit systems, either fixed route or demand response, Rural Transit Program funds are used to defray the cost of the system's total operations, i.e. driver salaries, fringes, fuel, rent, etc.

Provider side systems can be municipally or county operated or can be contracted to a private (for profit or nonprofit) provider. In the case of contracting, the grantee must retain administrative responsibilities for the system including monitoring the contractor and preparing applications and invoices for State and Federal funds. The contractor's and grantee's responsibilities must be explicitly described in a written contract.

Provider side systems usually involve cash fares, monthly or weekly passes or tokens. Grantees may purchase vehicles or require the operator to provide the vehicles.

User Side Systems
User side systems are typically operated in municipalities where there are at least two taxi operators, although some systems have only one operator. Prior to traveling, passengers purchase tokens at designated sales sites. These tokens can then be used with participating taxi operators in exchange for a trip. The cost of the token to the passenger (i.e. user) is generally substantially less than the actual cost of the trip and must be subsidized by local, State, and Federal funds, thus the name “user side subsidy.”

The taxi operator accepting the token for payment of a trip turns the token into the grantee and receives payment for the actual cost of the trip which was negotiated between the grantee and the provider based on the provider’s operations costs, the grantee’s estimated number of trips, and the projected average trip length.

The grantee serves as the administrator of this type of system. For additional information on the responsibilities of the grantee, the sales sites, and the taxi operator(s), contact your ODOT transit project analyst.

Several other important service issues must also be addressed in the service plan. System goals, objectives, and priorities must be put in writing. Also, the level of service, the fare structure, the hours of operation, and the financing structure all must be finalized.

Your service plan must be submitted to ODOT for review and approval.
I. Organizational Structure

As the TAC develops the service plan, they must also consider how the new system will be managed and operated. There are three basic options from which to choose, and no one organizational structure is right for every community. Each alternative offers a number of advantages and disadvantages including such things as level of control and ease of implementation. The TAC should evaluate all the alternatives and decide which will work best for the community. Your ODOT transit project analyst can provide examples of the different management alternatives which are operating in Ohio.

One option is the direct operation of service. Under this option, the eligible applicant would apply for funding, hire staff, purchase vehicles and equipment, etc., and directly provide transportation service. This can be done through:

- **Existing Department of Local Government** - Transit service can be managed and operated by an existing department of a local government such as the streets, public works or other related department.

- **New Local Government Department** - The (city or county) department can be created with its sole mission being the provision of public transit service. This removes some of the risks of placing transit within an existing department where transportation can be a low priority.

- **New County Transit Board or Regional Transit Authority** - This option involves a city or county establishing an independent transit board or authority. County transit boards (CTB) and regional transit authorities (RTA) are political entities of the state and they must be established under, and are ultimately governed by, the Ohio Revised Code (see Chapter 306 of the ORC). RTAs may issue bonds and levy and collect taxes (with voter approval).

For each alternative, the grantee must take the following steps:

1. Submit an annual grant application to ODOT. Before each application can be submitted, the applicant must adhere to the public hearing notice and public hearing requirements outlined in Section M, Public Hearing.

2. Prepare vehicle acquisition. The steps for vehicle acquisition are outlined in Chapter 8, Vehicle Equipment and Real Property Acquisition.

3. Assemble and train a workforce. The applicant must hire and train its employees, preferably concurrent with vehicle acquisition, so that service can begin immediately upon vehicle delivery.

4. Establish routes and schedules. During the feasibility study and/or the TDP, the community’s transportation needs were determined. Depending on the type of service selected, decisions can now be made regarding routes, schedules, and service hours.

5. ODOT review. ODOT will conduct a pre-service initiation review to ensure that the transit system is ready to begin service. The review also confirms that the applicant followed the service plan.
6. Initiate service. After the review has been completed, the applicant may initiate service.

A second option is for the eligible applicant to choose and hire a provider to operate the service. Or, the applicant could “pass through” Rural Transit funds to another FTA grantee. These alternatives are described below:

- **Competitive Procurements** - In this case, the applicant would conduct a competitive procurement process to select the provider. This procurement should be conducted prior to filing the annual ODOT Rural Transit Program application so that documentation of the procurement can be included in the application. The advantage of a competitive procurement is that the eligible applicant retains grantee status, is responsible for establishing all managerial and operational policies for the system, and conducts all service planning activities. The disadvantage is that often the grantee's staff does not have sufficient time to oversee the provider and ensure that public transit is being provided according to the provisions of the contract. Potential service providers include private nonprofit organizations such as a community action commission or a council on aging. Existing public transit providers are also possible providers.

If an applicant chooses to provide its services through a contract with a private for profit provider or another agency or private nonprofit agency, the contract must be awarded through competitive solicitation as described in FTA Circular 4220.1D “Third Party Contracting Procedures”. Additional discussion of competitive solicitation is in Chapter 7, Third Party Contracting Guidelines.

The FTA does not impose a limit on contract duration. However, ODOT requires that any third party service contract awarded will have a maximum duration of five years. Before the end of the five-year contract period and after a service evaluation, the grantee must again decide which service option to employ.

During the length of the contract, the grantee must continue to prepare and submit annual operating and capital grant applications to ODOT. Before each application can be submitted, the grantee must publish a public hearing notice and hold a public hearing to give interested persons an opportunity to comment on any project included in the application. The public hearing process must be followed as described in Section M, Public Hearing.

At no time during the length of the contract may the terms of the contract or the scope of services provided be modified without prior approval from ODOT.

If the community has decided to contract out service, the following steps must be taken:

1. Review procurement methodology. The applicant must review the procurement methods necessary for contracting out service, an Invitation for Bid (IFB) or a Request for Proposal (RFP). A full description of the procurement methodology is in Chapter 7, Third Party Contracting Guidelines.

2. Advertise for service. The next step is to advertise for a provider. Guidelines for solicitation are included in Chapter 7, Third Party Contracting Guidelines.
3. Bid/RFP selection. The lowest and best bid or most qualified proposer should then be selected. Again, guidelines for this step are in Chapter 7, Third Party Contracting Guidelines.

4. Establish routes and schedules. During the feasibility study and/or the TDP, the community’s transportation needs were determined. Depending on the type of service selected, decisions can now be made regarding routes, schedules, and service hours.

5. ODOT review. ODOT will conduct a pre-service initiation review to ensure the transit system is ready to begin service. The review also confirms that the applicant followed the ODOT approved service plan.

6. Initiate service. After the review has been completed, the grantee may initiate service.

- **Pass Through Recipients** - An eligible applicant for rural transit funding may apply for and “pass through” rural transit funds to another eligible Federal Transit Administration applicant in either a rural or an urbanized area for all or a portion of the operations of rural transit service in the eligible applicant’s service area if it is determined that this arrangement best meets its transportation needs. The advantages of this alternative include the elimination of a level of bureaucracy, reduction in oversight responsibility for government officials, and more autonomy for the pass through agency for operations. The primary disadvantage is the loss of control by the applicant and, therefore, less accountability. Any pass through agreement must have prior ODOT approval. Although a competitive procurement is not required in this situation, ODOT strongly recommends that the eligible applicant conduct an analysis to ensure that the funds provided for the service are being used in a cost effective and efficient manner. Further information on pass through arrangements and a sample pass through agreement can be found in Attachment 2-B, Requirements for Local Service Operation Options and Designating a Private Nonprofit Corporation as Grantee for the Rural Transit Program (Section 5311).

- **Designated Grantee** - The third option applies to an eligible applicant for rural transit funding who wishes to have public transit service within its jurisdiction but does not choose to be the grantee for program funds. An eligible applicant can choose another eligible applicant (e.g. municipality, RTA, CTB, etc.) to apply for rural transit funding on its behalf or it may designate a private nonprofit corporation as the grantee for its community. The advantage of this option is that the applicant does not have the burden of the day-to-day operation of the transit system. On the other hand, the applicant has little control over how the system is operated. An overview of the process is below:

1. Request for information. The eligible applicant must go through the public participation process. The eligible applicant must publish a public notice requesting information from agency expressing an interest in becoming the designated grantee. The eligible applicant request that each interested agency attending the public hearing, and any other agency which does not attend the public hearing but expresses an interest in writing, submit the financial and operating information outlined in Attachment 2-B, Requirements for Local Service Operation Options and Designating a Private Nonprofit Corporation as Grantee for the Rural Transit Program.
2. Conduct review process. Review all information received from prospective agencies and select the agency that will best meet local transportation needs according to both local and ODOT criteria.

3. Submit information to ODOT. Submit to ODOT all information received from prospective agencies, a description of the local selection procedures and the name, address, telephone number, and contact person for the agency selected. ODOT will review all information submitted and notify the grantee of its decision regarding confirmation of the agency selected. ODOT reserves the right to disallow any designation if the Department believes the selection will not be in the best interest of citizens directly affected by the designation. For the most part, rejection will result from the proposed designee having a history of 1) poor performance or 2) repeated noncompliance with the requirements of federal or state grant programs. If ODOT rejects a grantee’s proposed designation, another agency must be selected according to the same criteria used to make the original designation.

4. Maintaining grantee status. A grantee designation is effective for three (3) years. After the three year period, if the original grantee wishes to redesignate the grantee, the same process must be followed. The eligible grantee may not automatically redesignate the current designated grantee. Satisfactory performance must be evaluated by the original grantee on the basis of the same criteria used in making the initial designation. The eligible applicant may review its designation and/or disallow the grantee designation at any time during the designation period for poor performance or repeated non-compliance with federal and state requirements.

5. Grantee responsibilities. During the length of the designation period, the designated grantee assumes all responsibilities of the program. The designated grantee submits annual operating and capital grant applications to ODOT. Before an application can be submitted, the designated grantee must publish a public hearing notice and hold a public hearing to give interested persons an opportunity to comment on any project included in the application. The public hearing process must be followed as described in Section M, Public Hearing.

At no time during the designation period may the scope of service provided be modified without prior approval from ODOT.

6. Changing grantee status. If after the three-year designation period the original grantee wishes to provide its services directly, it may do so regardless of the past performance of the previously designated grantee. The eligible applicant may review its designation and/or disallow the grantee designation at any time during the designation period for poor performance or repeated non-compliance with federal and state requirements.

The process to select a designated grantee is detailed in Attachment 2-B, Requirements for Local Service Operation Options and Designating a Private Nonprofit Corporation as Grantee for the Rural Transit Program (Section 5311).

J. Four Year Capital and Operating Plan

As part of your service plan, you will also need to complete a Four Year Capital and Operating Plan for your new system. The Four Year Capital and Operating Plan is an
essential part of planning for the transit system and ODOT. When combined, the Plans from all new and existing rural transit systems provide the basis for ODOT’s application for Rural Transit Program funding to the FTA. New transit systems receive operating funds for the first two years based on their Four Year Capital and Operating Plan. After that, operating funding is based on the allocation formula (See Chapter 4, Allocation and Funding). Although a detailed operating budget is not required until later in the process, applicants are encouraged to give careful consideration to these figures since ODOT will use them to program the State and Federal funding. Applicants are cautioned not to over inflate figures, but yet to build in some contingency for situations that may arise between the time the Plan is submitted and actual system startup.

The capital portion of the Plan can address vehicle procurement and/or real property procurement or construction. Project planning must include justification, a time line, proposed expenses, etc. The operating portion must include all operating expenses, projected revenues, and local funding amounts.

Annual operating and capital budgets submitted with grant applications are compared to each system’s Four Year Capital and Operating Plan. If projects are included in the annual capital budget but were not identified in the Four Year Capital and Operating Plan, there is less chance of approval.

Each grantee must submit its Four Year Capital and Operating Plan by February 15 every two years on the odd numbered years. For example, the next plan due as of this writing is February 15, 2005. Changes to the Four Year Capital and Operating Plan (deletion of items, changes to a type of vehicle, etc.) must be completed through the Four Capital and Operating Plan Amendment process. Amendments will only be accepted up to February 15 of each even numbered year in order to meet the FTA application deadline in July of each program year. Projects not included in a Four Year Capital and Operating Plan or the Federal application may not be funded until the next application cycle.

Forms and Instructions for the Four Year Capital and Operating Plan may be found on the ODOT Office of Transit’s website at http://www.dot.state.oh.us/ptrans/ and go to Funding Programs and click on Rural Transit, the Four Year Capital and Operating Plan is in the box on this page.

K. Board and ODOT Approval

The TAC- approved service plan must also be approved by the governing board of the affected area. The service plan must then be sent to ODOT for approval.

L. Prepare Operating Budget

Applicants must prepare a detailed operating budget identifying driver and other staff salaries and fringes, fuel and maintenance costs, insurance, vehicle licensing, etc. (See Chapter 5, Accounting, Budgeting and Invoicing). This detailed budget must correspond with the service plan and the figures submitted in the Four Year Capital and Operating Plan (See Section J) and can be used as a supporting document at the public hearing.
M. Public Hearing

Prior to filing an application for federal and state operating and capital assistance funds and as a part of the planning process, applicants must hold a public hearing. At the public hearing a representative of the applicant or the TAC should summarize the planning process to date, present the recommended service plan, budget information, etc. The public hearing offers private operators, local governments and interested citizens an opportunity to comment on any plans regarding the operation of those services.

Notice of the public hearing must be published in the local newspaper of widest circulation within the service area. ODOT suggests mailing notices directly to area private providers. National contacts include:

United Motorcoach Association
113 S. West Street, 4th Floor
Alexandria, VA 22314-2824
1-703-838-2929 or 1-800-424-8262
www.uma.org

American Bus Association
1100 New York Ave.
Suite 1050
Washington, DC 20005
1-202-842-1645
www.buses.org

The notice must encourage all interested parties to prepare and submit cost proposals and service alternatives for discussion during the public hearing. The initial notice must be published thirty days prior to the scheduled date of the public hearing, and there must be a thirty day comment period following the public hearing.

The previously prepared operating budget and service plan will be compared to any proposals, offers, or service alternatives presented by private operators, nonprofit organizations, local governments, and other interested parties during the public hearing. Applicants shall evaluate and consider all proposals and other relevant information presented at the public hearing before deciding which service option to implement and document this process in Exhibit B of the Rural Transit Program application. The application must also include documentation of the public hearing such as a copy of the newspaper announcement, signed minutes of the hearing, a sign-in sheet, etc.

This section will be referred to frequently throughout this Manual since a public hearing is required before any service change and before the annual application is submitted.

N. Prepare and Submit Rural Transit Program Application

Using the information from the approved Service Plan, eligible applicants must complete a Four Year Capital and Operating Plan and a Rural Transit Program application and submit both documents to ODOT. For further detail and instructions, please refer to the Rural Transit Program Criteria and Application Instructions.
O. ODOT and FTA Approval

All new applications for the Rural Transit Program will be considered contingent upon available State and Federal funding and ODOT and FTA final approval of the program application.