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February 5, 2021

ARIZONA LOTTERY FUND APPLICATION

Dear ALF Recipient

We are pleased to begin the application process for the FY 2021 ALF funds. Revenues are budgeted at \$11.2 million. To receive the funds agencies must apply annually. The attached application is self-explanatory. Please pay attention to the required signatures of financial officers and the jurisdiction's appropriate authorizing agent (city or county manager, program director, etc.). There are two other attachments: application instructions and guidelines which highlight and clarify certain aspects of this year's process, and a chart showing the allocation of funds to each agency or jurisdiction.

Applicants are required to provide more detailed information about the services or projects that will be funded with Arizona Lottery Funds than has been provided previously. Additional space has been provided on page two of the application form for this purpose. Concurrently in the Annual Report and Expenditure Certification, due after June 30, 2021, the project narrative should include a status of the project included in the original application and quantifiable data such as number of trips, miles and/or hours of service provided. If funds were used for a capital related project the status of the project, percentage complete, vehicles purchased, shelters installed, bus bays constructed and other relevant project related information.

Valley Metro distribution of funds to jurisdictions is anticipated to be near the end of April 2020. In order to be eligible for a distribution, the completed application must be returned to Valley Metro by the close of business on March 19, 2021. Please note that distributions may be withheld to jurisdictions which have not submitted their FY2020 Annual Report and Expenditure Certification. If you wish to opt out of the program for FY 2021, please submit a letter or email to this effect to Valley Metro indicating your jurisdiction does not wish to participate in this year's program. Additional instructions are provided in the attachments.

If you need assistance or have any questions, please don't hesitate to contact Jeff Dolfini by email at jdolfini@valleymetro.org or by phone at (602) 523-6012.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Hodgins'.

Paul Hodgins
Chief Financial Officer

c: Intergovernmental Representatives
Transit Managers

**ARIZONA LOTTERY FUND
APPLICATION INSTRUCTIONS AND GUIDELINES FOR
ELIGIBLE RECIPIENTS**

INTRODUCTION AND GUIDELINES

Maricopa County and jurisdictions within the county that receive Arizona Lottery Fund (ALF) funding are required to use the funding for public transportation. There is no local match requirement for these funds. Following is a general outline of eligible expenditures and recipients. Attached is a Glossary that further describes the terminology used in this document.

Public transit is defined as any service, vehicle(s), or support facility for a vehicle(s), intended for the purpose of conveying multiple passengers (i.e. typically 5 or more ⁽¹⁾) and which meets applicable state and federal safety and accessibility laws, rules, and regulations. The definition also includes the planning and administrative support for such services. It is the intent of the program to provide funds for the purpose of providing transit service or facilities that is publicly available to the following populations:

- The general public;
- Elderly persons;
- Persons with disabilities;
- Welfare recipients and “low-income” persons engaged in employment activities.

Funding will be distributed directly to eligible jurisdictions in the county and includes Maricopa County, and cities and towns within the county.

In the case of private, not-for-profit agencies and private, for-profit transit providers, the city, town, or county receiving the ALF funding must enter into a contract or grant agreement with the proposed operator to provide the transportation service that is approved by its governing body. The contract and/or grant agreement, accompanied by Board or Council resolution, must be available to Valley Metro as evidence of the agreement.

Jurisdictions may enter into agreements to share ALF funding to provide eligible public transit services across jurisdictional boundaries in order to meet the mutual public transit needs of the jurisdictions involved. Additionally, funds may be utilized to provide “vouchers” or other remuneration for services rendered to for-profit transportation companies when there is clear evidence that the service is for the general public, special needs population, or “low-income” and “welfare to work” employment.

Projects must be included in or compatible with the adopted Regional Transportation Plan. Additionally, use of ALF funding implies that all applicable state and federal Civil Rights statutes are to be complied with in the provision of services rendered with these funds, including but not limited to, Title VI of the Civil Rights Act and the Americans with Disabilities Act. It is the responsibility of each community within the county in receipt of the funds and any end-use (grant or subcontract) recipient to be familiar with all portions of State and Federal Motor Vehicle Safety Standards, Motor Carrier, and Motor Vehicle Division regulation requirements, restrictions, and conditions.

(1) Some “special needs,” “dial-a-ride,” or other demand-responsive or carpool vehicles may have capacity of less than 5 passengers, and include vehicle types such as sedans or station wagons.

Eligibility

To be eligible Maricopa County and jurisdictions within the county must apply for funds annually, up to the amount indicated in the annual allocation. These funds have historically been used to support a variety of projects including transit operations, vehicle purchases, transit facility or amenity construction, and transit planning.

Subject to consultation with Valley Metro jurisdictions may work together to combine applications where it is mutually beneficial to do so from an operations or procurement perspective. Regardless, these applications must have the prior approval of Valley Metro, for such an arrangement and a signed letter of agreement between the city, town, or county manager must be received.

While not directly eligible as primary or first tier recipients from Valley Metro, local private-non-profit (PNP) agencies providing special needs transportation may approach local jurisdictions for all or a portion of its ALF allocations to support their transportation operations as sub-grantees of the primary recipient jurisdiction. These agreements are made between the jurisdictions and PNP and may or may not include local matching fund assistance from the PNP or local jurisdiction, which is at that jurisdiction's discretion. Any such transportation provided by the PNP must qualify as public transportation to be eligible for the funds.

Application Process

The application process is straightforward and for the most part self-explanatory. The spreadsheet includes two tabs. The first is a summary page with information about the applicant and a summary of the funding request. The second tab is for the project description(s). There is room for two projects on the tab. If more space is required simply copy the page as many times as needed. The funding totals for the projects should carry forward to the summary application page.

Please provide specific descriptions for projects. Support for fixed route and paratransit services should be reported as separate projects. If ALF is intended to support fixed route services, please provide specific routes that will be supported and whether the funds will be used for existing or expanded service levels.

The proposed projects must be included in or compatible with the adopted Regional Transportation Plan. Planning projects should be included in the adopted Unified Planning Work Program (UPWP) and capital projects should be included in the adopted Transportation Improvement Program (TIP). The grant funds do not require a local matching share.

Completed applications can be e-mailed to jdolfini@valleymetro.org. The application should be signed and scanned when submitting through e-mail. We will review your submission and reply promptly of acceptance or rejection of the application. We will also accept paper applications, but they have to be received in the Valley Metro offices by the due date indicated in the cover letter.

If a recipient elects not to make application for funding, it forfeits all rights to the funds allocated to that entity, and must submit a letter to this effect to Valley Metro indicating it does not wish to participate in this year's program. The letter needs to be signed by the County Manager or City or Town Manager or their proxy. The applicant also should understand that funds do not revert or otherwise flow back to that entity's ALF account or allocation for the following year, but will be used by Valley Metro within the region to support public transit activities, at the discretion of the Board of Directors.

ALF ELIGIBLE PUBLIC TRANSPORTATION EXPENDITURES

Planning and Training Related Expenses

ALF funding may be used for transit planning studies or portions of planning studies focused on transit planning needs for the community. Additionally transit training activities are eligible and include:

- Short and long range transit related plans and programs to develop, implement, or enhance transit patronage;
- Transit training for activities related to transit procurement and operations and travel training; and
- Transit related memberships in organizations and associations associated with transit activities.

Capital Expenses

Capital expenses include the acquisition, construction and improvement of public transit facilities and equipment needed for a safe, efficient and coordinated public transportation system. Examples of eligible capital expenditures include, but are not limited to:

- Fleet including buses, vans or paratransit vehicles;
- Light and rapid rail construction projects;
- Radios and communications equipment;
- Passenger shelters, bus stop signs, and similar passenger amenities;
- Vehicle rehabilitation, remanufacture, or overhaul;
- Storage or maintenance facility construction or rehabilitation;
- Extended warranties which do not exceed the industry standard;
- Operational support such as computer hardware or software;
- Installation costs; vehicle procurement, testing, inspection and acceptance costs;
- Construction or rehabilitation of transit facilities including design, engineering and land acquisition;
- Provide access or equipment for bicycle transport on transit vehicles or to transit facilities;
- Lease of equipment or facilities when lease is more cost effective than purchase;
- Transit related intelligent transportation systems, (e.g. passenger information kiosks, scheduling technology, vehicle locator or tracking systems, and road and weather information systems).

Operating Expenses

Operating expenses are considered those costs directly related to system operations. At a minimum, the following items are considered operating expenses:

- Fuel and oil for vehicles, and vehicle maintenance costs;
- Transit employee salaries and fringe benefits;
- Licenses;
- Insurance;
- Facility rental (appropriate to transit related operations);

Other Eligible Expenses

Additional expenses related to public transportation are also eligible for ALF funding and include:

- Marketing and administration of Transportation Demand Management programs to encourage reductions in travel and promote alternative modes of travel such as; carpooling, vanpooling, walking, bicycling, and alternative work schedules.
- Marketing to advertise and/or promote transit service in the service area.
- Expenses related to financial reporting requirements related to ALF.

Exceptions

If the grant recipient or end-use provider has a situation that varies from the eligible recipients and expenditures outlined above, it must contact Valley Metro to seek clarification regarding eligibility.

Two Year Expenditure Limit and Extensions

Funds distributed to Maricopa County and jurisdictions within the county must be utilized within two years from the date of distribution by Valley Metro. If an entity does not expect to expend all of its funds within this timeframe, it must submit a letter to Valley Metro requesting an extension if it wishes to retain those funds. Extensions are granted for a maximum of one (1) year. Granting of an extension is not automatic and requests are subject to Valley Metro review. **If an entity does not meet the two-year expenditure limit and does not request an extension unspent funds are subject to remittance to Valley Metro and/or the jurisdiction may be ineligible to receive future allocations of funds until the jurisdiction submits an acceptable plan to spend the funds on valid transit projects.**

Annual Report and Expenditure Certification

Within 120 days after the end of each fiscal year (June 30) the recipient must submit to Valley Metro a Financial Report that includes all ALF funds received by year and a summary of expenditures to date for each category in the agency's financial system. **Failure to submit a timely report may result in withholding or potential forfeiture of future disbursements from the ALF Program.**

The report must also include a project narrative. The project narrative should include a detailed description of the service provided, qualitative description of program measures that impacted the availability of transportation services as a result of the project(s). Examples include geographic coverage, service quality and/or service times and milestones accomplished. Statistical information may include number of one-way trips, number of revenue miles or revenue hours provided by route, and/or total hours of demand service provided.

If funds were used for a capital related project(s) provide a detailed description on the additions or changes to environmental infrastructure (e.g. transportation facilities, bike paths, shelters installed, sidewalks, etc.) technology, vehicles purchased that impacted the availability of transportation services as a result of the project(s) during the reporting year.

The report should provide relevant information about the project(s) described in the original application. The report does not need an external auditor certification. The jurisdiction will self-certify. The report should be certified by the jurisdiction's chief financial officer, city controller or finance director. Valley Metro may require a review by an outside audit firm at its discretion.

Forfeiture of Funds

If a jurisdiction within the county elects **NOT** to make application for funding for a particular year, it forfeits all rights to the funds allocated to the jurisdiction, and must submit a letter of acknowledgement to this effect to Valley Metro indicating it does not wish to participate in this year's program. The letter needs to be signed by the ranking County Manager or City or Town Manager or their proxy. The applicant also should understand that these funds and any funds returned to Valley Metro do not revert or otherwise flow back specifically to that entity's ALF account or allocation for the following year, but will be used by Valley Metro within the region to support public transit activities.

GLOSSARY OF TERMS

ALF – Arizona Lottery Fund is judicially mandated funding currently derived from Powerball lottery revenues and provides public transportation funding in Maricopa County. These funds were formerly distributed through the Local Transportation Assistance Fund (LTAF), which was eliminated in 2010.

General public - Describes all individuals, regardless of age, race, minority status or physical or mental condition.

Elderly persons - Describes persons who are 60 years of age or older.

Persons with disabilities - Typically describes individuals with irreparable or otherwise chronic, long-term physical or mental impairments that impede significant life functions. As the term is used here, a “disability” does not typically imply or involve temporary or otherwise non-recurrent injury or impairment due to accident or illness.

Public Transportation or Transit - As defined in A.R.S. 48-5101.8 "Public transportation" means local transportation of passengers by means of a public conveyance. For the purposes of the ALF Program, the terms "Public Transportation" and "Transit" are interchangeable.

Welfare Recipient and Low Income Employment Activities - Describes service which is oriented to persons who are either welfare recipients or are under the federally defined “low income” threshold (see following definitions), who require transportation to government or privately-sponsored employment or employment programs, including but not limited to traditional “welfare-to-work” programs such as Access to Jobs, Temporary Assistance To Needy Families (TANF), etc.

Welfare Recipient - An individual who receives or received aid or assistance under a state program funded under Part A of Title IV of the Social Security Act (whether in effect before or after the effective date of the amendments made by Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193); (110 Stat. 2110)) at any time during the three-year period before the date on which the applicant applies for a grant.

Low-Income Individual - An individual whose family income is at or below 150 percent of the poverty line (as that term is defined in Section 673(2) of the CSBG Act (42 U.S.C. 9902(2)) including any revisions required by that section for a family of the size involved, as calculated by HHS. The 1999 guidelines were published in the March 18, 1999, (Volume 64, Number 52) Federal Register, page 13428-13430, and are available on the web at [<http://www.aoa.gov/network/99hhspov.html>].

A provider may place conditions on passenger age if it can document that it is not generally appropriate to its clientele group (such as a senior program), or cannot provide service to that individual(s) in a safe and responsive manner. An example of such a condition may be that service to a child under a specific age cannot be provided unless a travel assistant or guardian accompanies them. Situations may arise where it is permissible for a service provider to refuse to provide transportation to an individual(s). One such condition is when it can be documented that service cannot be provided in a safe and responsible manner to the individual(s), the passengers, or the driver/operator -- based on an assessment of the individual's condition and/or behavior or driver/operator's skills and capabilities. See the Americans with Disabilities Act (ADA) for further detail on what limitations may be placed on boarding refusals or operator-initiated de-boarding actions en route. Also see the ADA for other limitations or required service conditions such as service animals, medical equipment, and travel companions or assistants.

Updated 7/2/19

FY 2021 Arizona Lottery Local Transportation Assistance Fund Distribution

| | 2015 Population (1) | % of County Population | FY 2021 ALF Amount (2) |
|-----------------------------------|---------------------|-----------------------------|---------------------------|
| Apache Junction | 305 | 0.007% | \$ 838 |
| Avondale | 79,476 | 1.950% | \$ 218,360 |
| Buckeye | 62,541 | 1.534% | \$ 171,831 |
| Carefree | 3,566 | 0.087% | \$ 9,798 |
| Cave Creek | 5,543 | 0.136% | \$ 15,229 |
| Chandler | 245,168 | 6.014% | \$ 673,598 |
| El Mirage | 33,655 | 0.826% | \$ 92,467 |
| Fountain Hills | 23,508 | 0.577% | \$ 64,588 |
| Gila Bend | 1,991 | 0.049% | \$ 5,470 |
| Gilbert | 233,881 | 5.737% | \$ 642,587 |
| Glendale | 236,222 | 5.795% | \$ 649,019 |
| Goodyear | 75,550 | 1.853% | \$ 207,573 |
| Guadalupe | 6,093 | 0.149% | \$ 16,740 |
| Litchfield Park | 6,152 | 0.151% | \$ 16,903 |
| Mesa | 466,450 | 11.443% | \$ 1,281,570 |
| Paradise Valley | 13,735 | 0.337% | \$ 37,737 |
| Peoria | 162,055 | 3.975% | \$ 445,245 |
| Phoenix | 1,536,015 | 37.680% | \$ 4,220,195 |
| Queen Creek | 32,959 | 0.809% | \$ 90,555 |
| Scottsdale | 233,524 | 5.729% | \$ 641,606 |
| Surprise | 126,343 | 3.099% | \$ 347,127 |
| Tempe | 173,868 | 4.265% | \$ 477,702 |
| Tolleson | 6,895 | 0.169% | \$ 18,944 |
| Wickenburg | 6,681 | 0.164% | \$ 18,356 |
| Youngtown | 6,510 | 0.160% | \$ 17,887 |
| Maricopa County | 297,753 | 7.304% | \$ 818,075 |
| Totals | 4,076,439 | 100.00% | \$ 11,200,000 |
| Maricopa County Population | 4,076,439 | Estimated Allocation | \$ 11,200,000 |

(1) Population source MAG Population estimates July 1, 2015

(2) FY 2021 budget allocation