

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1552

Session of
1987

INTRODUCED BY LINTON, PIEVSKY, NAHILL, HAYDEN, CARN, HAGARTY,
BATTISTO, GAMBLE, FATTAH AND HUGHES, JUNE 10, 1987

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 29, 1987

AN ACT

1 Amending the act of January 22, 1968 (P.L.42, No.8), entitled,
2 as amended, "An act empowering and authorizing the Department
3 of Transportation to establish and administer certain grant
4 programs for the betterment of mass transportation systems
5 and facilities throughout the Commonwealth; providing for
6 State grants to transportation companies, municipalities,
7 counties, or their instrumentalities and to agencies and
8 instrumentalities of the Commonwealth for studies, research,
9 demonstration programs, promotion programs, purchase of
10 service projects, and capital improvement projects under
11 certain conditions; authorizing grants by counties or
12 municipalities in metropolitan areas to local transportation
13 organizations, authorizing the creation of a transportation
14 authority to function in each metropolitan area consisting of
15 any county of the first class and all nearby counties within
16 a radius of twenty miles of any such first class county, as a
17 body corporate and politic for the purpose of establishing an
18 integrated mass transportation system with all pertinent
19 powers including, but not limited to, leasing, acquiring,
20 owning, operating and maintaining a system for, or otherwise
21 providing for, the transportation of persons, authorizing the
22 borrowing of money and issuance of bonds therefor, conferring
23 the right of eminent domain on the authority; altering the
24 jurisdiction of the Public Utility Commission, authorizing
25 the acceptance of grants from Federal, State and local
26 governments, limiting actions against the authority and
27 exempting it from taxation, authorizing counties and
28 municipalities to enter into compacts for the financing of
29 each authority and to make appropriations in accordance with
30 such compacts, creating a citizen advisory committee,
31 conferring exclusive jurisdiction upon certain courts with
32 respect to matters relating to such authority, empowering

1 each authority to function outside of the metropolitan area
2 under certain terms and conditions," further defining certain
3 transit entities; requiring one-third local or private
4 funding matches for State grants, with certain exceptions;
5 removing certain limitations in State grants; further
6 providing for annual appropriations and new formulas for
7 distribution of the appropriations to transportation
8 organizations and companies; FURTHER PROVIDING FOR THE POWERS <—
9 AND DUTIES OF AUTHORITIES; and requiring certain transit
10 entities to appoint controllers.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. Section 202 of the act of January 22, 1968
14 (P.L.42, No.8), known as the Pennsylvania Urban Mass
15 Transportation Law, is amended by adding definitions to read:

16 Section 202. Definitions.--The following terms, whenever
17 used or referred to in this article, shall have the following
18 meanings, except in those instances where the context clearly
19 indicates a different meaning:

20 * * *

21 "Class 1 transit entity" shall mean and include a local
22 transportation organization or transportation company operating
23 one thousand or more transit vehicles in the peak period.

24 "Class 2 transit entity" shall mean and include a local
25 transportation organization or transportation company operating
26 more than three hundred but less than one thousand transit
27 vehicles in the peak period.

28 "Class 3 transit entity" shall mean and include a local
29 transportation organization or transportation company operating
30 three hundred or less fixed route transit vehicles in the peak
31 period.

32 "Class 3A transit entity" shall mean and include a local
33 transportation organization or transportation company operating
34 more than twenty but not more than three hundred fixed route

1 transit vehicles in the peak period.

2 "Class 3B transit entity" shall mean and include a local
3 transportation organization or transportation company operating
4 twenty or less fixed route transit vehicles in the peak period.

5 * * *

6 Section 2. The introductory paragraph and subparagraph (iii)
7 of paragraph (2) and paragraph (3) of section 203 of the act,
8 added July 10, 1980 (P.L.427, No.101), are amended to read:

9 Section 203. Program Authorizations.--The department is
10 hereby authorized, within the limitations hereinafter provided
11 and is required where the provisions of section 204 apply:

12 * * *

13 (2) To make [project] grants to municipalities, counties, or
14 their instrumentalities, and to agencies and instrumentalities
15 of the Commonwealth to supplement Federal or local or Federal
16 and local funds for use:

17 * * *

18 [(iii) To assist in financing purchase of service projects
19 designed to continue necessary service to the public, to permit
20 needed improvements in service which are not self-supporting,
21 and to permit service which may be socially desirable but
22 economically unjustified. Each project and project grant shall
23 be subject to an annual review and renewal. State funding under
24 this subparagraph shall not exceed three-fourths of the non-
25 Federal share of project costs as defined by the department
26 which cannot, as determined by the department, reasonably be
27 financed from revenues. Local or private funding shall equal at
28 least one-fourth of the non-Federal share of the project
29 deficit, as defined by the department. The methodology for
30 calculating the eligible deficit of applicants under this

1 subparagraph shall be determined in accordance with section 204.
2 Each purchase of service project grant shall be based on a
3 program or plan approved by the department and determined by the
4 department to be in the public interest and to be in furtherance
5 of a coordinated mass transportation plan for the area. No State
6 grant shall be made for a particular purchase of service project
7 that the department determines will involve unnecessary and
8 unfair competition and no State grant shall be made for a
9 particular purchase of service project unless the department
10 determines and finds for said project that:

11 (A) the purchase of the service project is necessary;

12 (B) the mass transportation carrier is taking or will take
13 continuing action to improve the service and hold losses to a
14 minimum.]

15 (iii) To assist in providing grants to continue necessary
16 service to the public, to permit needed improvements in service
17 which are not self-supporting, to permit service which may be
18 socially desirable but economically unjustified, and otherwise
19 for any purpose in furtherance of urban common carrier mass
20 transportation. The methodology for calculating the amount of
21 the grant under this subparagraph shall be determined in
22 accordance with section 204. Each grant to a class 1 transit
23 entity, to a class 2 transit entity or to a class 3 transit
24 entity made pursuant to this paragraph shall be matched by local
25 or private funding in an amount not less than one-third of the
26 total State grant made pursuant to section 204(b): Provided,
27 however, That any grants to class 3 transit entities may be
28 matched by an amount not less than the amount of local or
29 private funding furnished in the 1985-1986 fiscal year if the
30 department shall have received a certification from such class 3

1 transit entity that such lower level of local or private funding
2 is adequate to prevent significant service reductions or
3 passenger fare increases.

4 (3) [To make project grants to any transportation company or
5 companies to supplement Federal, private or local or Federal and
6 private or local funds for use in financing purchase of service
7 projects designed to continue necessary service to the public,
8 to permit needed improvements in services which are not self-
9 supporting, and to permit services which may be socially
10 desirable but economically unjustified.] To make grants to any
11 transportation company or companies for use in providing
12 necessary service to the public, to permit needed improvements
13 in services which are not self-supporting, to permit services
14 which may be socially desirable but economically unjustified,
15 and otherwise for any purpose in furtherance of urban common
16 carrier mass transportation. In view of the particular
17 sensitivity of special instrumentalities and agencies of the
18 Commonwealth created to serve or coordinate the local
19 transportation needs of substantial metropolitan areas, no
20 [project for use] grant moneys may be used exclusively or
21 principally in the local service area of any such agency or
22 instrumentality in which a city or county of the first or second
23 class has membership, [shall receive a project grant] except in
24 accordance with a system of priorities agreed upon by the
25 department and such agency or instrumentality. In the case of [a
26 project grant for a project to be operated] a grant where the
27 moneys granted will be used for an activity to be conducted
28 exclusively or principally within the local service areas of
29 such agency or instrumentality no [project grant shall be made]
30 grant moneys may be used except in accordance with agreements by

1 the department and such agency or instrumentality with respect
2 to such use. In the case of a [project] grant not falling within
3 the scope of the preceding sentence but [covering use] where
4 moneys granted will be used both within and without the local
5 service area of such agency or instrumentality, the [project]
6 grant shall require that the routes, schedules, and fares
7 applicable only within such service areas shall be those
8 mutually agreed upon by the department and such agency or
9 instrumentality. No agreement referred to in this paragraph
10 shall impair, suspend, reduce, enlarge or extend or affect in
11 any manner the powers of the Pennsylvania Public Utility
12 Commission or the Interstate Commerce Commission otherwise
13 applicable by law. [State funding under this paragraph shall not
14 exceed three-fourths of the non-Federal share of project costs
15 as defined by the department which cannot, as determined by the
16 department, reasonably be financed from revenues. Local or
17 private funding shall equal at least one-fourth of the non-
18 Federal share of the project deficit, as defined by the
19 department. The methodology for calculating the eligible deficit
20 of applicants under this paragraph shall be determined in
21 accordance with section 204. Each purchase of service project
22 grant shall be based upon a program or plan approved by the
23 department and determined by the department to be in the public
24 interest, to be in furtherance of a coordinated mass
25 transportation plan for the area, and not to involve unnecessary
26 and unfair competition. No State grant shall be made for a
27 particular purchase of service project unless the department
28 determines and finds for said project that:

29 (i) the purchase of service project is necessary in the
30 public interest; and

1 (ii) the mass transportation carrier is taking or will take
2 continuing action to improve the service and hold losses to a
3 minimum.] Each grant to a class 1 transit entity, to a class 2
4 transit entity or to a class 3 transit entity made pursuant to
5 this paragraph shall be matched by local or private funding in
6 an amount not less than one-third of the total State grant made
7 pursuant to section 204(b): Provided, however, That any grants
8 to class 3 transit entities may be matched by an amount not less
9 than the amount of local or private funding furnished in the
10 1985-1986 fiscal year if the department shall have received a
11 certification from such class 3 transit entity that such lower
12 level of local or private funding is adequate to prevent
13 significant service reductions and/or passenger fare increases.

14 * * *

15 Section 3. Section 204 of the act, amended May 1, 1984
16 (P.L.226, No.49), is amended to read:

17 Section 204. Annual Appropriation, Computation of Subsidy.--

18 (a) The Commonwealth shall annually determine the level of
19 appropriation for urban common carrier mass transportation
20 assistance, using the standards contained in this section, to
21 sufficiently fund and to make fully operative section
22 203(2)(iii) and (3).

23 [(b) The General Assembly shall annually appropriate to the
24 department for distribution an amount based upon the individual
25 projected subsidies of the local transportation organizations or
26 transportation companies participating in the program. Each
27 local transportation organization and transportation company
28 shall be entitled to receive a State subsidy of at least two-
29 thirds but not more than three-quarters of its constrained
30 deficit: Provided, however, That if amount of moneys actually

1 appropriated by the General Assembly is greater or lesser than
2 the lump sum appropriation request, the individual calculated
3 grants shall be prorated among all recipients in accordance with
4 the provisions of this article using a ratio determined by
5 applying the actual lump sum appropriation to the lump sum
6 appropriation request.

7 (c) The constrained deficit shall be an amount equal to
8 eligible operating costs reduced by assumed revenues and Federal
9 operating subsidies. For purposes of this subsection:

10 (1) Eligible operating costs for the budget year shall not
11 exceed the prior year's operating costs for the same level of
12 service increased by a percentage equal to the percentage
13 increase in operating costs for all local transportation
14 organizations and transportation companies for the most recently
15 completed State fiscal year as compared to the fiscal year
16 immediately preceding such year plus fifteen percent of such
17 increase.

18 (2) (i) Assumed revenues shall be a percentage of eligible
19 operating costs as determined by reference to the following
20 table:

21	FISCAL YEAR	(A)	(B)	(C)
22	1980-81	48%	38%	
23	1981-82	48%	38%	
24	1983-84			
25	and thereafter	48%	46%	34%

26 (ii) Column (A) is to be used for local transportation
27 organizations or transportation companies operating more than
28 one thousand transit vehicles in the peak period, column (B) is
29 to be used for transportation organizations and companies
30 operating between twenty-one and nine hundred and ninety-nine

1 vehicles in the peak period and column (C) is to be used for
2 local transportation organizations or transportation companies
3 operating twenty or fewer transit vehicles in the peak period.

4 (iii) In any case where a local transportation organization
5 or transportation company increases or decreases the number of
6 transit vehicles operating during the peak period so as to move
7 to or from column (A), (B) or (C), the department may make
8 appropriate adjustments regarding assumed revenues during a
9 reasonable period following such increase or decrease.

10 (3) Federal operating subsidies shall mean the total
11 operating assistance funds in the budget year which the eligible
12 grantee actually receives under the Federal Urban Mass
13 Transportation Act of 1964, Public Law 88-365 (49 U.S.C. § 1601,
14 et seq.) or any other Federal law.

15 (d) The basic subsidy for which each local transportation
16 organization or transportation company shall be entitled shall
17 be equal to sixty-six and two-thirds percent of its constrained
18 deficit.

19 (e) Each local transportation organization or transportation
20 company shall receive, in addition to the basic subsidy, an
21 incentive grant subsidy of up to eight and one-third percent of
22 its constrained deficit based upon a finding that the local
23 transportation organization or transportation company for the
24 most recently completed State fiscal year as compared to the
25 fiscal year immediately preceding such year has met or exceeded
26 the following performance factors. Each factor which a local
27 transportation organization or transportation company meets
28 shall result in an additional increase in State funding of its
29 constrained deficit. The factors to be considered by the
30 department in awarding incentive grant subsidies are as follows:

(1) No decrease in the system's revenue/cost ratio from the previous fiscal year.

(2) Higher ridership per vehicle hour in the system than in the previous fiscal year.

(3) Higher operating revenue per vehicle hour in the system than in previous fiscal year.

(4) Lower operating costs per vehicle hour in the system (adjusted for inflation) than in the previous fiscal year.

(f) Notwithstanding any other provision of this section, no local transportation organization or transportation company shall be entitled to receive an amount with respect to any fiscal year greater than seventy-five percent of its actual operating costs less actual revenues, excluding excess revenues determined in accordance with subsection (g), and Federal subsidies for that fiscal year.

(g) A local transportation organization or transportation company may utilize revenues which the department determines to be in excess of assumed revenues for any purpose in furtherance of urban common carrier mass transportation in its service areas except that such excess revenues may not be used to reduce local matching funds for any State operating grant. All excess revenues exceeding twelve percent of actual revenues shall be used to reduce operating deficits for grant determinations by the department. Expenses which are ineligible for reimbursement by the department under sections 203(2)(iii) and 204, including debt service, renewal and replacement and vehicle overhaul, may be funded by transportation companies or local transportation organizations through excess revenues.

(h) A local transportation organization or transportation company may at its option submit an application for project

1 grants covering modes or operating subsidiaries on an individual
2 basis or on a collective basis.

3 (i) Each recipient of funds under this section shall submit
4 to the department between August 15 and September 15 of each
5 calendar year a proposed budget for the budget year beginning
6 July 1 together with budget projections for four succeeding
7 budget years. Budget proposals, based upon information submitted
8 by individual recipients, shall appear as line items in the
9 department's budget request, subject to the provisions of
10 subsection (b): Provided, however, That the department budget
11 request for funds under this section shall be made as a lump sum
12 appropriation request which shall be the total of such line
13 items.

14 (j) Local transportation organizations and transportation
15 companies shall be prepared to appear individually before the
16 appropriation committees of the Senate and the House of
17 Representatives to justify budget requests.]

18 (b) The General Assembly shall annually make an
19 appropriation to the department for distribution as grants to
20 local transportation organizations and transportation companies.
21 The total amount of moneys appropriated shall be distributed by
22 the department as grants to local transportation organizations
23 and transportation companies in accordance with the provisions
24 of this section.

25 (c) The department shall distribute the total amount
26 appropriated under subsection (b) in the following manner:

27 (1) The department shall calculate the class 1 transit
28 entity share, the class 2 transit entity share and the class 3
29 transit entity share for the fiscal year. From the class 3
30 transit entity share, the department shall calculate the class

1 3A transit entity share and the class 3B transit entity share.

2 (2) The department shall then calculate the amount of grant
3 due to each local transportation organization and transportation
4 company as follows:

5 (i) Each class 1 transit entity shall receive a prorata
6 share of the class 1 transit entity share. If there is only one
7 class 1 transit entity, it shall receive the entire class 1
8 transit entity share.

9 (ii) Each class 2 transit entity shall receive a prorata
10 share of the class 2 transit entity share. If there is only one
11 class 2 transit entity, it shall receive the entire class 2
12 transit entity share.

13 (iii) Each class 3A transit entity shall receive a portion
14 of the class 3A transit entity share calculated as follows:

15 (A) From the class 3A transit entity share, each class 3A
16 transit entity shall first receive an amount equal to one
17 hundred percent of its adjusted base grant.

18 (B) With respect to any portion of the class 3A transit
19 entity share remaining after each class 3A transit entity
20 receives an amount equal to one hundred percent of its adjusted
21 base grant:

22 (I) Fifty percent of such excess shall be distributed to
23 class 3A transit entities based upon the percentage of all
24 adjusted base grants given to class 3A transit entities which a
25 particular class 3A transit entity received.

26 (II) Twenty-five percent of such excess shall be distributed
27 to class 3A transit entities based upon each transit entity's
28 class 3A vehicle mile percentage. The actual amount received by
29 each class 3A transit entity under this subclause shall be
30 determined by multiplying a particular class 3A transit entity's

class 3A vehicle mile percentage times twenty-five percent of such excess of the class 3A transit entity share.

(III) Twenty-five percent of such excess shall be distributed to class 3A transit entities based upon each class 3A transit entity's class 3A operating revenue percentage. The actual amount received by each class 3A transit entity under this subclause shall be determined by multiplying a particular class 3A transit entity's class 3A operating revenue percentage times twenty-five percent of such excess of the class 3A transit entity share.

(iv) Each class 3B transit entity shall receive a portion of the class 3B transit entity share calculated as follows:

(A) From the class 3B transit entity share, each class 3B transit entity shall first receive an amount equal to one hundred percent of its adjusted base grant.

(B) With respect to any portion of the class 3B transit entity share remaining after each class 3B transit entity receives an amount equal to one hundred percent of its adjusted base grant:

(I) Fifty percent of such excess shall be distributed to class 3B transit entities based upon the percentage of all adjusted base grants given to class 3B transit entities which a particular class 3B transit entity received.

(II) Twenty-five percent of such excess shall be distributed to class 3B transit entities based upon each transit entity's class 3B vehicle mile percentage. The actual amount received by each class 3B transit entity under this subclause shall be determined by multiplying a particular class 3B transit entity's class 3B vehicle mile percentage times twenty-five percent of such excess of the class 3B transit entity share.

1 (III) Twenty-five percent of such excess shall be
2 distributed to class 3B transit entities based upon each class
3 3B transit entity's class 3B operating revenue percentage. The
4 actual amount received by each class 3B transit entity under
5 this subclause shall be determined by multiplying a particular
6 class 3B transit entity's class 3B operating revenue percentage
7 times twenty-five percent of such excess of the class 3B transit
8 entity share.

9 (3) On or about each July 1, October 1, January 1 and April
10 1 of each year commencing July 1, 1987, the department shall
11 disburse one-quarter of the total annual amount due to each
12 local transportation organization or transportation company
13 calculated in accordance with the provisions of this section.

14 (d) Should a new local transportation organization or
15 transportation company be established, the department shall make
16 an appropriate determination as to the level of grant to which
17 such local transportation organization or transportation company
18 shall be entitled. Such determination shall include, but shall
19 not be limited to, a determination as to an appropriate adjusted
20 base grant for that local transportation organization or
21 transportation company.

22 (e) Each local transportation organization or transportation
23 company receiving moneys pursuant to this section shall annually
24 fix such rates, fares and charges in such manner that they shall
25 be at all times sufficient in the aggregate, and in conjunction
26 with any moneys received from Federal or other sources, and any
27 other income available to such organization or company, to
28 provide funds for the payment of all operating costs and
29 expenses which shall be incurred by such organization or
30 company.

1 (f) (1) Within one year after the effective date of this
2 act and every year thereafter, each local transportation
3 organization or transportation company receiving moneys pursuant
4 to this section, shall adopt a series of service standards and
5 performance evaluation measures. Such standards and measures
6 shall consist of objectives and specific numeric performance
7 levels to be achieved in meeting these standards and objectives.
8 Those standards and measures adopted shall include the
9 following, in addition to others deemed appropriate by the local
10 transportation organization or transportation company:

11 (i) An automatic mechanism to review the utilization of
12 routes.

13 (ii) Staffing ratios (ratio of administrative employees to
14 operating employees; number of vehicles per mechanic).

15 (iii) Productivity measures (vehicle miles per employe;
16 passenger and employe accidents per one hundred thousand vehicle
17 miles; on-time performance; miles between road calls).

18 (iv) Fiscal indicators (operating cost per passenger;
19 subsidy per passenger and operating ratio).

20 (v) Any other matter desired by the governing body of such
21 local transportation organization or transportation company.

22 (2) The service standards and performance evaluation
23 measures shall be established by formal action of the governing
24 body of such local transportation organization or transportation
25 company following an opportunity for comment by the public and
26 the department. Upon submission, the department will review and
27 may make recommendations to the local transportation
28 organization or transportation company concerning the service
29 standards and performance evaluation measures.

30 (3) In the discretion of such governing body, the service

1 standards and performance evaluation measures may be systemwide
2 or based on a sampling.

3 (4) The service standards and performance evaluation
4 measures shall only constitute goals for such local
5 transportation organization or transportation company in
6 providing service in the year following their adoption. At the
7 end of such year (fiscal or calendar, as the case may be), a
8 report shall be transmitted to the department for its
9 consideration indicating the projected performance levels and
10 the performance levels actually achieved. Upon submission, the
11 department will review the report and may make recommendations
12 to such local transportation organization or transportation
13 company concerning the performance levels actually achieved.
14 Such report shall be released to the public at the time of
15 issuance.

16 (g) With respect to grants to class 1 transit entities and
17 class 2 transit entities in any fiscal year, the department
18 shall reduce the grant amount due to such local transportation
19 organization or transportation company by an amount equal to one
20 percent of such grant moneys otherwise due to such local
21 transportation organization or transportation company for each
22 percentage point such local transportation organization's or
23 transportation company's operating ratio is less than fifty
24 percent in the case of a class 1 transit entity, or less than
25 forty-six percent in the case of a class 2 transit entity.

26 (h) The department is authorized to perform independent
27 financial audits of the financial statements of each local
28 transportation organization or transportation company receiving
29 moneys pursuant to this section. Such audits shall be conducted
30 in accordance with generally accepted auditing standards. Any

1 financial statements subject to such audit or reports resulting
2 from such audit shall be prepared and presented in accordance
3 with generally accepted accounting principles, consistently
4 applied with previous statements rendered for or on behalf of
5 such organization or company. The department may coordinate such
6 audits in conjunction with audits undertaken by the Auditor
7 General.

8 (I) IN ADDITION TO THE DISTRIBUTION PROVIDED FOR IN <—
9 SUBSECTION (C), EACH CLASS 3B TRANSIT ENTITY SHALL RECEIVE AN
10 ADDITIONAL GRANT EQUAL TO TWENTY PERCENT OF THE AMOUNT
11 DISTRIBUTED UNDER SUBSECTION (C). THESE GRANTS MAY BE USED BY
12 CLASS 3B TRANSIT ENTITIES FOR ACTIVITIES INCLUDING, BUT NOT
13 LIMITED TO, THE FOLLOWING:

- 14 (1) VEHICLE PURCHASES.
15 (2) EQUIPMENT PURCHASES.
16 (3) EXPANSION OF SERVICES.
17 (4) DEMONSTRATION PROJECTS.
18 (5) EDUCATION AND TRAINING.
19 (6) PROFESSIONAL DEVELOPMENT.

20 ~~(i)~~ (J) As used in this section the following words and <—
21 phrases shall have the meanings given to them in this
22 subsection:

23 "Adjusted base grant" shall mean the State subsidy a class 3
24 transit entity received during the 1985-1986 fiscal year
25 adjusted to reflect the amount of State subsidy certain class 3
26 transit entities would have received in that fiscal year but for
27 receipt of a one-time Federal grant during the 1985-1986 fiscal
28 year and also adjusted for other factors which, in the judgment
29 of the department, caused significant increases or decreases in
30 the amount of the State subsidy to such class 3 transit entity

1 during the 1985-1986 or 1986-1987 fiscal years.

2 "Class 1 percentage" shall be equal to seventy and three-
3 tenths percent.

4 "Class 2 percentage" shall be equal to twenty-five and four-
5 tenths percent.

6 "Class 3 percentage" shall be equal to four and three-tenths
7 percent.

8 "Class 1 transit entity share" shall be the product of the
9 class 1 percentage times the total amount appropriated under
10 subsection (b) in a particular fiscal year.

11 "Class 2 transit entity share" shall be the product of the
12 class 2 percentage times the total amount appropriated under
13 subsection (b) in a particular fiscal year.

14 "Class 3 transit entity share" shall be the product of the
15 class 3 percentage times the total amount appropriated under
16 subsection (b) in a particular fiscal year.

17 "Class 3A transit entity share" shall be sixty and sixty-nine
18 one-hundredths percent of the total class 3 transit entity
19 share.

20 "Class 3B transit entity share" shall be thirty-nine and
21 thirty-one one-hundredths percent of the total class 3 transit
22 entity share.

23 "Operating ratio" shall mean the proportion of total
24 operating revenue (which shall include all passenger, charter
25 and advertising revenue, fare reimbursement received from the
26 State Lottery Fund, and all other receipts associated with the
27 delivery of transit services, but shall exclude Federal grants
28 provided to cover operating losses and State grants made
29 pursuant to subsection (b)) divided by total operating expenses
30 associated with day-to-day operation of the system (but

1 excluding depreciation of capital assets).

2 "Operating revenue" shall mean the total revenue earned by a
3 local transportation organization or transportation company
4 through its transit operations during the 1984-1985 fiscal year,
5 including, but not limited to, passenger revenue, senior citizen
6 grant, charter revenue, school contract revenue, advertising and
7 other revenue as reported in the 1984-1985 Pennsylvania Mass
8 Transit Statistical Report. In the event such revenue for a
9 particular local transportation organization or transportation
10 company is not reported in the 1984-1985 Pennsylvania Mass
11 Transit Statistical Report, "operating revenue" shall mean the
12 total revenue during the 1984-1985 fiscal year indicated in the
13 1986-1987 purchase of service application submitted to the
14 department by such local transportation organization or
15 transportation company: Provided, however, That, if the primary
16 source of State operating assistance of a local transportation
17 organization or transportation company has changed, since the
18 1984-1985 fiscal year, from this act to the act of February 11,
19 1976 (P.L.14, No.10), known as the "Pennsylvania Rural and
20 Intercity Common Carrier Surface Transportation Assistance Act,"
21 the term "operating revenue" shall mean the total revenue during
22 the 1986-1987 fiscal year indicated in the 1986-1987 purchase of
23 service application submitted to the department by such local
24 transportation organization or transportation company.

25 "Operating revenue percentage" shall mean the percentage
26 determined by dividing the operating revenues a local
27 transportation organization or transportation company had during
28 the 1984-1985 fiscal year by the total operating revenue of all
29 local transportation organizations or transportation companies
30 during the 1984-1985 fiscal year. "Class 3A operating revenue

percentage" shall mean the percentage determined by dividing the operating revenues a class 3A transit entity had during the 1984-1985 fiscal year by the total operating revenue of all class 3A transit entities during the 1984-1985 fiscal year.

"Class 3B operating revenue percentage" shall mean the percentage determined by dividing the operating revenues a class 3B transit entity had during the 1984-1985 fiscal year by the total operating revenue of all class 3B transit entities during the 1984-1985 fiscal year.

"Pennsylvania Mass Transit Statistical Report" shall mean the summary of selected financial and operating data concerning local transportation organizations and transportation companies annually published by the department since the 1973-1974 fiscal year.

"Vehicle mile percentage" shall mean the percentage determined by dividing the vehicle miles of a local transportation organization or transportation company for the 1984-1985 fiscal year by the total number of vehicle miles of all local transportation organizations and transportation companies for the 1984-1985 fiscal year. "Class 3A vehicle mile percentage" shall mean the percentage determined by dividing the vehicle miles of a class 3A local transportation organization or transportation company for the 1984-1985 fiscal year by the total number of vehicle miles of all class 3A local transportation organizations and transportation companies for the 1984-1985 fiscal year. "Class 3B vehicle mile percentage" shall mean the percentage determined by dividing the vehicle miles of a class 3B local transportation organization or transportation company for the 1984-1985 fiscal year by the total number of vehicle miles of all class 3B local

1 transportation organizations and transportation companies for
2 the 1984-1985 fiscal year.

3 "Vehicle miles" shall mean the total distance, calculated in
4 miles, traveled by vehicles of a local transportation
5 organization or transportation company as reported for the 1984-
6 1985 fiscal year in the 1984-1985 Pennsylvania Mass Transit
7 Statistical Report. In the event vehicle miles for a particular
8 local transportation organization or transportation company are
9 not reported in the 1984-1985 Pennsylvania Mass Transit
10 Statistical Report, "vehicle miles" shall mean the total
11 distance, calculated in miles, traveled by vehicles of such
12 local transportation organization or transportation company
13 during the 1984-1985 fiscal year indicated in the 1986-1987
14 purchase of service application submitted to the department by
15 such local transportation organization or transportation
16 company: Provided, however, That, if the primary source of State
17 operating assistance of a local transportation organization or
18 transportation company has changed, since the 1984-1985 fiscal
19 year, from this act to the act of February 11, 1976 (P.L.14,
20 No.10), known as the "Pennsylvania Rural and Intercity Common
21 Carrier Surface Transportation Assistance Act," the term
22 "vehicle miles" shall mean the total distance, calculated in
23 miles, traveled by vehicles of such local transportation
24 organization or transportation company during the 1986-1987
25 fiscal year indicated in the 1986-1987 purchase of service
26 application submitted to the department by such local
27 transportation organization or transportation company.

28 ~~Section 4. Sections 205 and 321 of the act, added July 10,~~ <—
29 ~~1980 (P.L.427, No.101), are amended to read:~~

30 SECTION 4. SECTION 205 OF THE ACT, ADDED JULY 10, 1980 <—

1 (P.L.427, NO.101), IS AMENDED TO READ:

2 Section 205. Grant Proposals.--(a) Grants may be made
3 hereunder with reference to any appropriate project irrespective
4 of when it was first commenced or considered and regardless of
5 whether costs with respect thereto shall have been incurred
6 prior to the time the grant is applied for or made.

7 (b) The governing bodies of municipalities, counties or
8 their instrumentalities, and agencies and instrumentalities of
9 the Commonwealth may, by formal resolution, apply and
10 transportation companies by application may apply to the
11 department for State grant funds provided by this article. If
12 such action is taken by any such governing body, a certified
13 copy of the resolution and in the case of transportation
14 companies, an application shall be forwarded to the department
15 with a proposal of the governing body or company, which shall
16 set forth the use to be made of State grant funds and the amount
17 of funds required, or, in the case of grants under section 204,
18 which shall set forth a request that the grant provided for
19 under section 204 be made.

20 (c) The department shall give preference to any proposal
21 which will assist in carrying out a plan, meeting criteria
22 established by the department, for a unified or officially
23 coordinated urban transportation system as a part of the
24 comprehensively planned development of the urban area, which is
25 necessary for the sound, economic and desirable development of
26 such area, and which shall encourage to the maximum extent
27 feasible the participation of private enterprise. This
28 subsection shall not apply to grants made pursuant to section
29 204.

30 (d) The use of the State grant funds shall be for the

purposes set forth in section 203, and without limiting the
generality of the foregoing, may be used for local contributions
required by the Federal Urban Mass Transportation Act of 1964,
as amended, or other Federal law concerning common carrier mass
transportation.

(e) The department shall review the proposal and, if
satisfied that the proposal is in accordance with the purposes
of this article, shall enter into a grant agreement subject to
the condition that the grant be used in accordance with the
terms of the proposal. With respect to grants made pursuant to
section 204, the department shall make such grants subject to
the condition that the grants be used for the purposes set forth
in section 203 and, where applicable, only after the
certification required in section 203(2)(iii) and (3) shall have
been made.

(f) The time of payment of the grant and any conditions
concerning such payment shall be set forth in the grant
agreement.

SECTION 5. SECTION 303(D) OF THE ACT IS AMENDED BY ADDING A
CLAUSE TO READ:

SECTION 303. CREATION OF TRANSPORTATION AUTHORITIES; RIGHTS
AND POWERS.--* * *

(D) A DULY CERTIFIED AUTHORITY SHALL HAVE AND MAY EXERCISE
ALL POWERS NECESSARY OR CONVENIENT FOR THE CARRYING OUT OF THE
AFORESAID PURPOSES, INCLUDING BUT WITHOUT LIMITING THE
GENERALITY OF THE FOREGOING, THE FOLLOWING RIGHTS OR POWERS:

* * *

(18.1) TO EXPLORE ALTERNATIVE MEANS OF RAISING REVENUE,
INCLUDING, BUT NOT LIMITED TO, THE SOLICITATION OF COMPETITIVE
BIDS AND THE AWARDING OF CONTRACTS TO THE HIGHEST RESPONSIBLE

1 BIDDER FOR BOTH INTERIOR AND EXTERIOR ADVERTISING ON ALL
2 AUTHORITY EQUIPMENT ON WHICH THE PUBLIC IS CHARGED A FARE FOR
3 RIDING: PROVIDED, HOWEVER, THAT ON RAIL PASSENGER UNITS ONLY
4 BIDS FOR INTERIOR ADVERTISING SHALL BE SOLICITED. UNLESS AN
5 AUTHORITY PROVES, TO THE SATISFACTION OF THE DEPARTMENT, THAT
6 THE UTILIZATION OF THIS POWER TO RAISE NONFARE REVENUE IS NOT
7 FEASIBLE OR COST EFFECTIVE, FAILURE TO HAVE A CONTRACT IN FORCE
8 TO RAISE SUCH REVENUE UNDER THIS CLAUSE AT ANY TIME DURING ITS
9 FISCAL YEAR SHALL RESULT IN ANY FINANCIAL ASSISTANCE FROM THE
10 COMMONWEALTH TO BE LIMITED FOR THAT YEAR TO THE LEVEL OF FUNDING
11 RECEIVED BY THE AUTHORITY DURING THE FISCAL YEAR IMMEDIATELY
12 PRIOR TO THE FISCAL YEAR IN WHICH THIS ACT BECOMES EFFECTIVE.

13 * * *

14 SECTION 6. SECTION 321 OF THE ACT, ADDED JULY 10, 1980
15 (P.L.427, NO.101), IS AMENDED TO READ:

16 Section 321. Controller.--As a condition of eligibility for
17 grants made pursuant to section 204, all class 1 transit
18 entities shall appoint a controller. Any class 1 transit entity
19 which has not done so by January 1, 1988, shall cease to be
20 eligible for grants made pursuant to section 204. The board
21 shall appoint a controller, who shall not be a member of the
22 board, to hold office during the pleasure of the board and shall
23 fix his or her compensation. The controller shall conduct a
24 monthly examination of the books, accounts, documents and papers
25 of the authority and report the results of his or her
26 investigation to the board and the chief operations officer. The
27 controller shall submit an annual report of the authority's
28 financial condition which shall be in addition to any other
29 financial report required by this article to the board and the
30 chief operations officer. The controller shall execute a

1 corporate surety bond and shall take and subscribe the oath of
2 office provided in section 318.

3 SECTION 7. EACH TRANSPORTATION AUTHORITY SHALL HAVE 120 DAYS <—
4 TO IMPLEMENT THE PROVISIONS OF SECTION 303(D)(18.1) OF THE ACT
5 OF JANUARY 22, 1968 (P.L.42, NO.8), KNOWN AS THE PENNSYLVANIA
6 URBAN MASS TRANSPORTATION LAW.

7 Section 5 8. This act shall apply to fiscal years commencing <—
8 July 1, 1987, and thereafter.

9 ~~Section 6. This act shall take effect immediately.~~ <—

10 SECTION 9. THIS ACT SHALL TAKE EFFECT AS FOLLOWS: <—

11 (1) THE PROVISIONS OF THIS ACT AMENDING SECTION 303(D)
12 SHALL TAKE EFFECT IN 60 DAYS.

13 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
14 IMMEDIATELY.