

FORM OF
INTERLOCAL AGREEMENT
between
DALLAS AREA RAPID TRANSIT and
[CITY] for
GENERAL MOBILITY PROGRAM FUNDS

This Interlocal Agreement (“Agreement”) is made and entered into by and between DALLAS AREA RAPID TRANSIT (“DART”), a regional transportation authority organized and existing pursuant to Chapter 452 of the Texas Transportation Code (the “Act”), and _____ (“CITY”). DART and CITY may be referred to herein individually as a “Party” or collectively as “Parties.”

WHEREAS, pursuant to DART Board Resolution No. _____, the DART Board directed the DART President & Chief Executive Officer to establish a six-year General Mobility Program (GMP) for allocation pursuant to Exhibit “A”¹ to be distributed to eligible DART Service Area cities for Public Transportation System or Complementary Transportation Service purposes, as those terms are defined herein, consistent with the Act, hereinafter referred to as “GMP Funds;” and

WHEREAS, the North Central Texas Council of Governments (NCTCOG) Regional Transportation Council (RTC) has authorized seventy-five million dollars (\$75,000,000.00) in funding to supplement the DART allocation amounts for FY 2027 through FY 2031 as shown in Exhibit “A,” of which 0.5% will be allocated in FY 2027, and will increase by 0.5% each year to achieve an allocation equivalent to 10% of DART sales tax in FY 2031; and

WHEREAS, pursuant to DART Board Resolution No. _____ and Exhibit “A,” all DART Service Area cities are eligible to receive a portion of the GMP Funds during the six (6) year term of this Agreement, subject to the conditions contained in this Agreement; and

WHEREAS, the Parties are authorized to enter into this Agreement pursuant to Section 452.055(c) of the Act and Chapter 791 of the Texas Government Code; and

WHEREAS, CITY is a DART Service Area city that is eligible to receive GMP Funds if it uses such funds to complete projects that will benefit DART’s Public Transportation System, provide Complementary Transportation Services (each as defined below) or is otherwise permissible under the Act and complies with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the Parties, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

¹ Amounts for subsequent fiscal years (FY2028–FY2031) shall be calculated based on the actual sales tax receipts from the corresponding fiscal year two years prior (FY2026–FY2029).

Section I. Definitions

- 1.1 Complementary Transportation Services means: (a) special transportation services for a person who is elderly or has a disability; (b) medical transportation services; (c) assistance in street modifications to improve public transportation infrastructure or as necessary to accommodate the Public Transportation System; and (d) any other service that complements DART's Public Transportation System, including providing parking facilities, roadways, and pedestrian corridors. "Complementary Transportation Services" must be provided within the limits of DART's service area.
- 1.2 Eligible Project means a CITY project supporting DART's Public Transportation System or for Complementary Transportation Services that has been approved by DART in accordance with Section III of this Agreement.
- 1.3 Public Transportation means the conveyance of passengers and hand-carried packages or baggage of a passenger by any means of transportation.
- 1.4 Public Transportation System means (a) all property owned or held by DART for public transportation or complementary transportation service purposes, including vehicle parking areas and facilities and other facilities necessary or convenient for the beneficial use of, and the access of persons and vehicles to, public transportation; (b) real property, facilities, and equipment for the protection and environmental enhancement of all the facilities; and (c) property held in accordance with a contract with the owner making the property subject to the control of or regulation by DART and for public transportation or complementary transportation service purposes.
- 1.5 Site-Specific Shuttle means a circulator or shuttle service that complements and supports the public transportation system as defined in DART Board Policy III.16.
- 1.6 Eligible CITY means a city identified in DART Board Resolution No. _____ and Exhibit "A" as eligible to receive a portion of the GMP Funds, subject to the conditions contained in this Agreement.
- 1.7 Effective Date means the date on which this Agreement was executed by a duly authorized representative of both parties. The Effective Date must not be later than April 30, 2026.
- 1.8 Term means the period during which this Agreement is in effect, commencing on the Effective Date through September 30, 2031.

Section II. CITY's Obligations

- 2.1 Use of Funds. CITY shall use GMP Funds only for an Eligible Project approved by DART in accordance with Section III of this Agreement.

- 2.2 Good Standing Requirement. CITY understands and agrees that CITY shall not be entitled to receive any GMP Funds until and unless any outstanding amounts owed to DART pursuant to any Interlocal Agreement or other Agreement, whereby CITY is obligated to pay DART for goods and services provided or for the reimbursement of goods and services provided, shall be current or fully paid. If there is a good faith dispute in which the parties are engaged in litigation, or an informal dispute resolution process, DART may not withhold GMP Funds while the dispute is pending.
- 2.3 Certification of CITY Meeting Good Standing Requirements. CITY shall have met the requirements of Section 2.2 before any project is approved and before GMP Funds are distributed to CITY. If DART does not certify the CITY's compliance under Section 2.2, DART shall inform the CITY within fourteen (14) business days of any deficiencies or matters requiring immediate action. CITY may cure or commence to cure the deficiency within 30 days of DART's written notice or may pursue the dispute resolution process in Section IX of this Agreement.
- 2.4 Project Design, Construction, and Maintenance. All activities associated with implementation and operation of an Eligible Project, including planning, design, construction, and maintenance, shall be the responsibility of CITY, unless otherwise agreed to by DART. The Parties shall reasonably cooperate with each other on any Eligible Project that CITY initiates.
- 2.5 Insurance. CITY shall obtain and maintain, and shall require its contractors to obtain and maintain, adequate insurance or self-insurance coverage to effectively protect against the risks associated with each Eligible Project.

Section III. DART Approval of Eligible Projects

- 3.1 Allowable Projects and Activities. A project proposed by CITY shall be related to improvement of, or provide a benefit to, DART's Public Transportation System or provide Complementary Transportation Services and be approved by DART in accordance with Section 3.2 of this Agreement. Eligible activities for which the GMP Funds may be used include, but are not limited to, planning, environmental impact studies, engineering, final design, right-of-way acquisition, construction, testing, inspection, or surveying, and the cost of contracting with providers of Complementary Transportation Services, including Site Specific Shuttles. Projects and activities may also include funding the operating costs of DART services within the CITY under a separate funding agreement between DART and CITY.
- 3.2. CITY Submittal of a Project. By June 30 annually, CITY will submit to DART a description of each proposed project, a cost estimate, and a statement demonstrating how the proposed project will benefit DART's Public Transportation System or will provide Complementary Transportation Services. CITY may amend and resubmit alternative proposed projects for review and approval by DART after the annual June 30, deadline in Section 4.3 by submitting a request in writing to DART. All other critical deadlines in Section 4.3 will remain in effect.

- 3.3 DART Approvals. DART will have fourteen (14) business days to review and respond to the proposed Project(s). DART shall not unreasonably withhold approval for proposed projects considered legally permissible pursuant to this Agreement. Amounts for subsequent fiscal years (FY2028–FY2031) shall be calculated based on the actual sales tax receipts from the corresponding fiscal year two years prior (FY2026–FY2029). If a project considered legally permissible pursuant to this Agreement is not approved or denied within forty-five (45) days of submission, it shall be deemed automatically approved by the DART.
- 3.4 Eligible Projects. Only after a proposed project has been approved by DART in writing, or deemed automatically approved by DART, shall the proposed project be deemed an Eligible Project for the purposes of this Agreement.

Section IV. Financial Considerations

- 4.1 Eligibility for Reimbursement. CITY’s expenditure of funds for a proposed project prior to DART’s approval of such project in accordance with Sections 3.3 and 3.4 of this Agreement may render such expenditures ineligible for reimbursement by DART. DART shall have no obligation to reimburse CITY for any Eligible Project undertaken prior to DART’s approval thereof and DART is not obligated to provide GMP Funds for activities performed or costs incurred prior to the execution of this Agreement.
- 4.2 Disbursement of Funds. DART shall disburse GMP Funds to CITY only if CITY is in good standing per Section 2.2, and has received certification under Section 2.3 for Eligible Projects approved by DART in accordance with the following terms:
- a. General. CITY shall receive the amount of GMP Funds in accordance with Exhibit “A.” The Parties agree to actively collaborate with each other and regional stakeholders to seek new revenues. If regional rail or state-authorized new revenue or funding is made available, this Agreement will be amended and the amount in Exhibit “A” will increase by an amount commensurate with those new revenues not to exceed the equivalent of twenty-five (25) percent of DART sales and use tax collections. DART shall have no obligation to pay to CITY an amount greater than the annual amount of GMP Funds available to CITY if DART has approved more than one Eligible Project for CITY. Unless otherwise agreed by DART, DART shall not be responsible for paying any cost overruns. To the extent permitted by law, CITY shall RELEASE AND HOLD DART HARMLESS from any claims or liabilities arising from the use of the GMP Funds or implementation or operation of an Eligible Project.
 - b. Payment. DART’s President & Chief Executive Officer or designee shall approve all GMP Fund distributions. In Fiscal Year (FY) 2026, DART shall distribute undisputed GMP Funds to CITY, in accordance with Exhibit “A,” by October 1, 2026. In FY 2027 and in each subsequent fiscal year during the term of this Agreement, DART shall distribute undisputed GMP Funds to the CITY, in accordance with Exhibit “A,” on October 1 annually.

- 4.3 Critical Deadlines. CITY shall submit proposed projects to DART for approval by June 30 annually during the term of this Agreement. CITY shall submit semi-annual reports to DART to demonstrate progress on approved projects by the 15th of January and July of each year until project completion. Contracts for Eligible Projects must be executed by CITY by September 30, 2033. CITY shall provide documentation demonstrating substantial completion of Eligible Project(s) to DART for its records by September 30, 2036, or earlier as projects are completed. GMP Funds not encumbered by CITY on approved projects prior to September 30, 2033, shall be returned to DART.
- 4.4 Audit Rights. If a subsequent audit of Eligible Project documentation submitted under Section 4.3 reveals that GMP Funds were expended in violation of this Agreement, CITY will be provided a copy of any report and will be given ten (10) business days to respond to any expenditure in violation of this Agreement. If findings do not change, CITY shall promptly reimburse such funds to DART. If there is continued disagreement on the findings, Section IX Dispute Resolution may be pursued.
- 4.5 Existing Services. This Agreement is entered into in consideration of existing services and service coverage DART provides to CITY at the time this Agreement is executed. Any changes to DART services that reduce service levels or coverage when this Agreement was executed must be agreed upon mutually in writing, other than changes made pursuant to existing DART policy on Service Standards and Service Changes and as that may be amended from time to time in the future.
- 4.6 Redistribution of Funds. Any funds refunded to CITY from an agreed amended service plan or any other separate agreement between DART and CITY shall be an additional distribution to CITY by DART, separate from this Agreement, and shall not impact or be an offset from any GMP distributions required herein.
- 4.7 Sales Tax Receipts. In year(s) where DART sales tax receipts are trending below the Board approved budget as of September 15 of that year, DART may delay payment to the CITY until December 15 of that year.

Section V. Termination

5.1 Termination.

In the event of a Material Breach, either Party shall provide written notice to the breaching Party and if the breaching Party fails to cure such Material Breach within ninety (90) calendar days after written notice thereof, the nonbreaching Party may terminate this Agreement upon the date set forth in a written notice to the defaulting Party. If either Party disputes a Material Breach has occurred, the Parties shall first attempt to resolve the dispute by securing a determination through the dispute resolution process set out in Section IX without such dispute resolution being final. In the event the Parties are unable to resolve their dispute through the dispute resolution process set out in Section IX, then either Party may terminate this Agreement.

- 5.2 Expiration of Agreement. This Agreement shall terminate automatically on September 30, 2031; provided, however, obligations identified in 4.3 and 10.7, shall survive termination.

Section VI. Withdrawal of Service Area City

- 6.1 Pursuant to the Act, ordering of an election as a result of a citizen petition will not be considered a material breach of this Agreement.
- 6.2 If CITY has ordered an election prior to this Agreement, CITY shall rescind the order of the election within seven (7) business days following the execution of this Agreement, and DART shall reinstate within seven (7) business days any funds that DART has suspended or placed on hold under any previous agreements with CITY because of the call of an election to withdraw from DART.
- 6.3 If CITY proceeds with a withdrawal election pursuant to the Act, Sec. 452.651(a), in 2026, or if an election to withdraw pursuant to the Act, Sec. 452.651(b), is successful during the term of this Agreement, payment under this Agreement will be forfeited. If an election is called pursuant to the Act, Sec. 452.651(b), during the term of this Agreement, GMP Funds will be suspended pending the election outcome, and will be fully reinstated if the election fails.
- 6.4 If CITY withdraws from DART pursuant to an election prior to September 30, 2031, then any GMP Funds disbursed by DART and unencumbered by CITY shall be reimbursed to DART.

Section VII. Legislative Activities

- 7.1 Parties agree to abstain from legislative action seeking to amend Section 452 of the Act to reduce or impair the one cent sales tax levy during the period of this Agreement.
- 7.2 This section does not apply to mutually acceptable legislative activities that are undertaken in collaboration with DART, consistent with approved legislative priorities of the DART Board and all service area cities.
- 7.3 If the CITY or its authorized agent violates this provision, any GMP Funds previously disbursed by DART and unencumbered by CITY under this Agreement shall promptly be reimbursed to DART and all future annual payments will be forfeited; provided, however, DART must notify CITY of any violation of this provision in writing and CITY may cure the deficiency within 30 days of DART's notice. If the deficiency is cured, GMP Funds shall not be required to be reimbursed, and annual payments will not be forfeited.

Section VIII. Most Favored Nation

DART hereby covenants and agrees that none of the terms that may be offered to any other participating Service Area city are or will be more favorable to such Service Area city than those

of the CITY; and in the event that DART should amend this Agreement with other Service Area cities providing for more favorable terms, this Agreement shall be deemed amended and modified in an economically and legally equivalent manner such that CITY shall receive the benefit of such more favorable terms.

Section IX. Dispute Resolution

DART and CITY will make good faith efforts to resolve any issues or disputes which may arise under this Agreement. If an issue or dispute cannot be resolved, it will be elevated to CITY’s City Manager and the DART President & Chief Executive Officer as the final arbiters of the issue or dispute in accordance with the powers and authorities vested in them.

Section X. Miscellaneous

10.1 Notices. Notice shall be provided in writing at the following addresses:

DALLAS AREA RAPID TRANSIT
1401 Pacific Avenue
Dallas, Texas 75202-7210
cfo@dart.org
Attn: EVP, Chief Financial Officer

CITY

Copy to:
DART General Counsel
P.O. Box 660163
Dallas, TX 75266-7255

Either Party may designate a different address for receipt of notice by giving written notice of such change of address.

10.2 Governing Law; Voting Requirements for Initiation of Suit Against CITY. This Agreement shall be construed under and in accordance with the laws of the State of Texas. Any action brought by a party to enforce any provision of this Agreement shall be commenced in a state district court of competent jurisdiction in Dallas County, Texas. DART shall not name or implead a principal or non-principal municipality (CITY) or its officers or employees except upon a two-thirds vote of the DART Board.

10.3 Entirety and Amendments. This Agreement embodies the entire agreement between the Parties on the terms herein. This Agreement may be amended or supplemented only by a mutual agreed upon written instrument executed by the Parties.

10.4 No Joint Enterprise. The Parties do not intend that this Agreement be construed as finding that the Parties have formed a joint enterprise. It is not the intent of any of the Parties that a joint enterprise relationship is being entered into, and the Parties hereto specifically disclaim such relationship.

- 10.5 Third Party Beneficiaries. There are no third-party beneficiaries to this Agreement.
- 10.6 Construction and Interpretation. This Agreement shall not be construed against the drafting Party.
- 10.7 Severability. If any provision of this Agreement is determined to be illegal or unenforceable in any respect, such determination will not affect the validity or enforceability of any other provision, each of which will be deemed to be independent and severable. Except for the time periods that CITY shall submit applications for eligible projects, all sections of the Interlocal Agreement survive and remain in force and effect.
- 10.8 Force Majeure. Except for payments due and owing to CITY by DART pursuant to this Agreement, in no event shall either party be liable or be deemed to have breached this Agreement for any delay in, or failure of performance, of any requirement included in this Agreement caused by force majeure. The existence of such causes of delays or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing party exercises all reasonable due diligence to perform. Force majeure is defined as acts of God, war, fires, explosions, hurricanes, tornadoes, floods, pandemics or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome.
- 10.9 No Waiver of Governmental Immunity. By entering into this Agreement, neither Party waives or diminishes any defenses available to it, including, by example and without limitation, governmental immunity and statutory caps on damages.
- 10.10 No Discrimination. In the performance of this Agreement, each Party warrants that it shall not discriminate against any person on account of race, color, sex, religious creed, age, disability, ethnic or national origin, veteran status or other protected group of persons.
- 10.11 Signature Authority. Each of the individuals signing this Agreement warrants that he or she is duly and properly authorized to execute this Agreement on behalf of his or her respective Party.

DALLAS AREA RAPID TRANSIT

Nadine S. Lee
President & Chief Executive Officer

Date: _____

[CITY]

City Official

Title: _____

Date: _____