

## Legislation Text

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**File #:** BILL NO. 21-259, **Version:** 1

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An Ordinance approving an intergovernmental agreement for transit services between the City of Lee's Summit, Missouri, and the Kansas City Area Transportation Authority (KCATA), for a period from January 1, 2022, through December 31, 2022, with a one-year option to renew, and commitment of Federal Transit Administration Section 5307 Formula Funds and CARES Act Funds to KCATA for eligible operating and capital expenses, and authorizing the Mayor to execute the same. (PWC 12/13/21)

### Issue/Request:

An Ordinance approving an intergovernmental agreement for transit services between the City of Lee's Summit, Missouri, and the Kansas City Area Transportation Authority (KCATA), for a period from January 1, 2022, through December 31, 2022, with a one-year option to renew, and commitment of Federal Transit Administration Section 5307 Formula Funds and CARES Act Funds to KCATA for eligible operating and capital expenses, and authorizing the Mayor to execute the same.

### Key Issues:

- The Kansas City Area Transportation Authority (hereinafter "KCATA") is a public agency authorized by law to plan, own, operate, have and generally deal with public transportation systems and facilities in the KCATA district.
- Since 1999, the City of Lee's Summit has contracted with KCATA for a commuter bus service, currently named Lee's Summit Express, for service between Lee's Summit and downtown Kansas City.
- The City regularly reviews and renews transit contracts with KCATA to provide the appropriate level of service based on user demand while keeping costs for services within the City's budget.
- For 2022, KCATA recommends to resume ridership to pre-COVID levels of 6 trips per day.
- The City desires to enter into an intergovernmental contract with KCATA for a period from January 1, 2022 through December 31, 2022, with a one-year option to renew, for said transit services and administration thereof, to coincide with the Oats transit service agreement contract period (hereinafter "Transit Service Agreement").
- Funding for the Transit Service Agreement is normally sourced by the local Transportation Sales Tax budgeted in the FY2022 and FY2023 Capital Improvement Plan and through the use of appropriated Federal FTA Section 5307 formula funds. However, the City was allocated and obligated CARES Act Funds by formula through the FTA and KCATA for transit operating assistance (and capital assistance) that will pay

for these transit services without a local match requirement. Available CARES Act Funds are expected to pay 100% of the cost of service through the contracted period and any renewal.

Proposed Committee Motion:

I move to recommend to City Council approval of an Ordinance approving an intergovernmental agreement for transit services between the City of Lee's Summit, Missouri, and the Kansas City Area Transportation Authority (KCATA), for a period from January 1, 2022, through December 31, 2022, with a one-year option to renew, and commitment of Federal Transit Administration Section 5307 Formula Funds and CARES Act Funds to KCATA for eligible operating and capital expenses, and authorizing the Mayor to execute the same.

Proposed City Council Motion:

FIRST MOTION: I move for a 2nd reading of an Ordinance approving an intergovernmental agreement for transit services between the City of Lee's Summit, Missouri, and the Kansas City Area Transportation Authority (KCATA), for a period from January 1, 2022, through December 31, 2022, with a one-year option to renew, and commitment of Federal Transit Administration Section 5307 Formula Funds and CARES Act Funds to KCATA for eligible operating and capital expenses, and authorizing the Mayor to execute the same.

SECOND MOTION: I move for adoption of an Ordinance approving an intergovernmental agreement for transit services between the City of Lee's Summit, Missouri, and the Kansas City Area Transportation Authority (KCATA), for a period from January 1, 2022, through December 31, 2022, with a one-year option to renew, and commitment of Federal Transit Administration Section 5307 Formula Funds and CARES Act Funds to KCATA for eligible operating and capital expenses, and authorizing the Mayor to execute the same.

Background:

Since 1999, the City of Lee's Summit has contracted with the Kansas City Area Transportation Authority (KCATA) to provide a commuter bus service from the park-and-ride lot at Chipman Road and US50 Highway in Lee's Summit to various points in downtown Kansas City, Missouri. Originally, this service provided three morning trips to downtown Kansas City and three afternoon return trips to Lee's Summit during the workweek (Monday through Friday). The commuter express route was previously known as Route 152; it has more recently been identified as Route 550.

A fourth trip each way was added in 2008 to address an increase in ridership at that time. In April 2019 the Commuter Express Service was adjusted back to three trips a day each way to size the capacity that better reflects demand, and to reduce cost of service. In spring of 2020 the service was adjusted to one trip a day each way, due to a sharp decline in ridership experienced with the onset of the COVID-19 pandemic. In early 2021 the service was adjusted back to two trips a day each way and then three trips per day as ridership increased. The current contract will offer ridership at pre-pandemic levels to resume to three trips a day each way. While there are three trips in the morning and three trips in the afternoon/evening, there is also a reverse commute trip for riders in the morning and afternoon/evening available in the service circulation. Additionally, prior to 2020, the ridership cost for a Route 550 fare was \$1.50 per trip. In 2020, KCATA eliminated the fare requirement for all KC Metro services to improve customer service, ridership and in response to the COVID-19 pandemic. The KCATA has expressed no intent or desire to reintroduce fares on any

route in the metropolitan system.

The contract period has been adjusted from July to January in order to coincide with the contract period of the Oats transit program, and is effective January 1, 2022. The 6-month period from July 1, 2021 to January 1, 2022, a period outside the previous contract, was executed under the terms of the previous contract and any invoices paid with CARES act funding through the FTA so as not to stop service. The contract from KCATA, if approved, will be effective January 1, 2022 and expire December 31, 2022. However, like the Oats Services agreement, this agreement can also be extended an additional year through December 31, 2023 with a 5 % increase in costs by mutual agreement with KCATA.

The total cost of proposed transit services by the KCATA to the City of Lee's Summit in this agreement is \$218,283 for 12 months of service, effective January 1, 2022. This amount includes \$171,373 for service operating cost, \$38,910 for service capital cost, and \$8,000 for transit program administration costs. The locally funded cost of services to the City provided under this contract with KCATA would normally be about 35% based on historical cost apportionment after the application of Section 5307 funds if not funded by an allocation of FTA Cares Act federal funds at 100% without a local match required. Normally, the local costs are split by operating expense, capital expense and contract management; where certain percentage of local match are required for use of Section 5307 funds based on capital and operating rules of apportionment. The locally funded costs of service to the City for the previous 12 months of service were \$61,272. The local transit expense last year was also reduced by applied FTA Cares Act federal funding. Costs have been adjusted for normal increases to labor and capital expenses (typically 4%-7% per year). Any local match for applied Section 5307 funding would be funded by the Transportation Sales Tax programmed in the CIP, if not paid for by CARES act funding allocated and obligated through the FTA to Lee's Summit.

The agreement would have also obligated about 65% based on historical cost apportionment of the total service cost in Lee's Summit Section 5307 federal funds to the KCATA for transit services operating expenses if not funded by an allocation of FTA Cares Act federal funds. If Section 5307 funds are required, there are sufficient amount of federal funds available for the obligation proposed in this contract with KCATA. Section 5307 funds require a local match as noted above. The FTA Cares Act funds require no local match, but cannot be commingled with Section 5307 funds. The amount of obligated FTA Cares Act funds for these transit services is expected to pay 100% of the cost of service through the contract period and any renewal. A total of \$3,469,992 in CARES act funding through FTA was obligated for transit operating assistance and are available for programming until December 31, 2024.

The KCATA has included a proposed management fee of \$8,000 for the administration of a contract between the City of Lee's Summit and OATS and management of federal funding. This management fee has the same annual cost of that was contracted for the previous 12 month period. As the designated administrator of Lee's Summit's FTA funds, the KCATA will apply available FTA funding and necessary administrative requirements of the FTA towards eligible OATS operation and capital costs of transit service contracted by the City. This fee facilitates the demand response transit services, RideKC Lee's Summit, under a contract with OATS as the operator of such service.

The City pays its local share for the balance of the service costs from its Transportation Sales Tax fund, which is budgeted annually through the Capital Improvement Plan's Public Works Programs, if not 100% covered by CARES act funding. Additional requests for information regarding the City of Lee's Summit Urbanized Transit

Area (UZA) designation and Federal Transit Administration (FTA) fund allocations for transit services, total cost of service including local share, Cares Act Funds, Section 5307 Funds, and fares, and transit planning activities can be addressed by City staff.

Impact/Analysis:

This contract is for transit service provided by KCATA for 3 morning and 3 afternoon bus trips (plus a reverse trip for each period), beginning January 1, 2022 through December 31, 2022. This contract also covers cost for KCATA administration of Lee's Summit FTA Section 5307 Funds and Transit Cares Act funds and management of Demand Response Transit Service operated by OATS. This contract can be extended an additional twelve months for a 5% increase in cost, by mutual agreement with KCATA.

The transit program budget of \$371,000 in the approved CIP for FY2022 and \$389,00 in FY 2023 is provided by the Transportation Sales Tax Fund. The local funding match includes transit costs for KCATA operated Lee's Summit Express, contracted RideKC Lee's Summit demand response transit operated by OATS, and KCATA administrative fees for program management of federal funds. However, the City will not require a local match for payment of these services in use of its obligated CARES act funding from the FTA that has been obligated for transit operating assistance. A total of \$3,469,992 in CARES act funding through FTA was obligated for transit operating assistance and are available until December 31, 2024.

This contract for Lee's Summit Express service and the KCATA administration fee is \$218,283. Had the City not opted to use CARES act funding, a local match would have been required to apply Lee's Summits Section 5307 funding (typically about 65% federal/35% local share). Since the transit costs will be funded by CARES act funding, the amount allocated in the CIP from the Transportation Sales Tax will be rolled into the fund balance for re-allocation in future years, but remain budgeted in the event CARES act funding is rescinded.

Transit ridership has stabilized on the express service, and significantly increased on the demand response service (RideKC Lee's Summit operated by OATS) in Lee's Summit; following COVID-19 impacts. The express transit service generally meets commuter needs and has excess capacity based on past and current ridership trends.

Timeline:

Start: January 1, 2022

Finish: December 31, 2022 (December 31, 2023 with renewal)

Michael Park, PE, PTOE, Director of Public Works

Staff recommends approval of an intergovernmental agreement for transit services between the City of Lee's Summit, Missouri, and the Kansas City Area Transportation Authority (KCATA), for a period from January 1, 2022, through December 31, 2022, with a one-year option to renew, and commitment of Federal Transit Administration Section 5307 Formula Funds and CARES Act Funds to KCATA for eligible operating and capital expenses, and authorizing the Mayor to execute the same.

Committee Recommendation:

The Public Works Committee voted unanimously 4-0 to recommend to City Council approval of an Ordinance

approving an intergovernmental agreement for transit services between the City of Lee's Summit, Missouri, and the Kansas City Area Transportation Authority (KCATA), for a period from January 1, 2022, through December 31, 2022, with a one-year option to renew, and commitment of Federal Transit Administration Section 5307 Formula Funds and CARES Act Funds to KCATA for eligible operating and capital expenses, and authorizing the Mayor to execute the same.