

Legislation Text

File #: BILL NO. 24-010, **Version:** 1

An Ordinance authorizing the approval of Amendment 1 to the Transportation Service Agreement with OATS, by and between the City of Lee's Summit, Missouri and OATS, and authorizing the City Manager to execute the same. (PWC 1/8/24)

Issue/Request:

An Ordinance authorizing the approval of Amendment 1 to the Transportation Service Agreement with OATS, by and between the City of Lee's Summit, Missouri and OATS, and authorizing the City Manager to execute the same.

Key Issues:

- OATS, Incorporated ("Oats") is a private, not-for-profit corporation that provides non-emergency demand response transportation that the City of Lee's Summit needs for its residents.
- Pursuant to Ordinance No. 9310, the City entered into an agreement with OATS, Inc. (OATS) to provide on-demand door-to-door public transportation within the City Limits of Lee's Summit")
- The City and OATS desire to modify the existing agreement to continue providing said transportation services.

Proposed Committee Motion:

I move to recommend to City Council approval of an Ordinance authorizing the approval of Amendment 1 to the Transportation Service Agreement with OATS, by and between the City of Lee's Summit, Missouri and OATS, and authorizing the City Manager to execute the same.

Proposed City Council Motion:

FIRST MOTION: I move for a second reading of an Ordinance authorizing the approval of Amendment 1 to the Transportation Service Agreement with OATS, by and between the City of Lee's Summit, Missouri and OATS, and authorizing the City Manager to execute the same.

SECOND MOTION: I move for adoption of an Ordinance authorizing the approval of Amendment 1 to the Transportation Service Agreement with OATS, by and between the City of Lee's Summit, Missouri and OATS, and authorizing the City Manager to execute the same.

Background:

OATS, Inc. has provided on-demand door-to-door bus service with 24-hour advance notice within the City

Limits of Lee's Summit for more than 20 years. OATS is no longer limited to serving the elderly, and provides service to all residents regardless of age to any location within the City of Lee's Summit. The City must annually renew the service agreement, so this amendment will continue this local transit service for one year from January 1, 2024, through December 31, 2024.

OATS, Inc. initially started with one bus in operation on a 3 day per week service schedule. OATS was expanded in 2010 to a 5 day per week service on the basis of a 2008 Lee's Summit Transit Study. The service was expanded again in 2012 with two vehicles based on ridership demand. Hours of daily operation were 7:00 a.m. to 3:30 p.m. A third vehicle in circulation (or overlapping service hours in peak demand) was added to support the operation, especially for demand to/from Longview Community College in 2014. The fare per one-way trip at that time had been \$2.00.

A Lee's summit Transit Study was completed in 2016 recommended consolidating the two demand response transit services in Lee's summit, KCATA MetroFlex and OATS, into one service. The Kansas City Area Transit Authority (KCATA) historically provided a demand response transit service in Lee's Summit, as well as OATS. MetroFlex provided on-demand during more hours per day with a lower fare when compared to OATS. However, OATS provided service over a much larger area within the City. MetroFlex was discontinued and combined with OATS in April 2017.

As part of the change, the City agreed to transfer its OATS transit management to KCATA and re-branded the services as RideKC Lee's Summit in April 2017. This consolidation of demand response transit service expanded the service capacity, service hours, and reduced cost to the City and users. Transferring management to KCATA allowed the management and operations expenses to become eligible for federal grant funding to reduce the City's matching cost from local funds. The result of this change created a significant increase in ridership without increasing the cost of the City's local match. The fare was adjusted to \$1.50 to match comparable KCATA system fares at that time.

This OATS, Inc. service agreement is for the period of January 1, 2024, through December 31, 2024, and may be terminated with advance notice. The 2024 cost of service increase by 70% to \$68.00 per hour for the contract year, compared to \$40.00 per hour in 2023. The cost increases were caused by increased cost of acquiring and maintaining vehicles, coupled with the higher cost to attract and retain qualified personnel. [These cost for these transit services operated by OATS are based on actual ridership, but shall not exceed the City's \\$430,000 transit budget](#) allocated in the FY24 Capital Improvement Plan.

The \$1.50 fare is proposed to be increased to \$3.00 per trip to help cover some of the cost increases. \$3.00 per one-way trip falls in line with other on-demand transit services offered in the metro KC area. Service boundaries and hours of operation are to remain the same. OATS operates Monday through Friday from 7:00 a.m. to 5:30 p.m., except on 13 recognized holidays. Those holidays are listed at <https://www.oatstransit.org/schedules>.

The cost for these transit services operated by OATS is an amount based on trip cost using actual ridership. KCATA, as the designated and contracted transit administrator and manager of the City's OATS contract will invoice the City monthly for actual expenses. This agreement authorizes the City local funds to pay for the City's share of actual costs, but not to exceed \$894,200 for the year (a maximum amount based on potential service hours and contract rate at 100% ridership).

The additional City's local expenses include an allocation of matching federal funds for transit that are administered by KCATA. Recently, the City's local funding requirement has been reduce because the City was allocated CARES Act funding by formula through the Federal Transit Administration for transit operations and capital assistance. Those CARES Act Funds total over \$3M will cover 100% of the transit service cost under this agreement without the use of any local funds (Transportation Sales Tax) or federal matching funds (Section 5307).

To continue transit services and maximize the use of available federal funds, the City must enter into agreements that include: on-demand transit services with OATS and an agreement with KCATA for Commuter Express Service, transit management services and administration of OATS contract and vehicle replacement. The KCATA agreement with the City is a separate agreement and Council item.

Impact/Analysis:

The transit program was budgeted \$430,000 in the approved FY2024 Transportation Sales Tax Fund, and includes transit costs for KCATA Commuter Express Service and RideKC Lee's Summit operated by OATS. These KCATA transit contracts are based on the calendar year, spanning parts of this fiscal year and next. Costs of transit service shall not exceed the approved budget. However, cost for transit services are expected to be paid from CARES Act funding obligated to transit services and capital assistance. There should be very limited use of Transportation Sales Tax funds for the KCATA contract, but the CIP should remain budgeted in the event CARES Act funding cannot be applied, is rescinded, or otherwise reduced.

The total costs for OATS to operate the RideKC Lee's Summit transit service for Lee's Summit as proposed is estimated not to exceed \$894,200 for the period beginning January 1, 2024, through December 31, 2024, based on six vehicles in daily operation, every day and every hour of potential service according to the service schedule, cost per trip basis, and ridership history. Actual costs will be based on hours each vehicle is in operation to serve actual demand and ridership (fare collections). The total cost is reduced by special contracts, etc. managed by OATS. The City was allocated CARES Act funding by formula through the Federal Transit Administration (FTA) for transit operating and capital assistance. Those CARES Act funds total over \$3M and should cover 100% of the transit service cost under this agreement without the use of any local funds (Transportation Sales Tax) or federal matching funds (Section 5307).

Susan Barry, P.E., PTOE

Staff recommends approval.

Committee Recommendation: The Public Works Committee voted unanimously 4-0, to recommend to City Council approval of an Ordinance authorizing the approval of Amendment 1 to the Transportation Service Agreement with OATS, by and between the City of Lee's Summit, Missouri and OATS, and authorizing the City Manager to execute the same.

