

Legislation Text

File #: BILL NO. 19-04, **Version:** 1

An Ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2019 through December 31, 2019 in an amount not to exceed \$242,000 and commitment of an amount not to exceed \$365,000 of Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.

(NOTE: First Reading by City Council on January 8, 2019. Passed by unanimous vote.)

Issue/Request:

An ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2019 through December 31, 2019 in an amount not to exceed \$242,000 and commitment of an amount not to exceed \$375,000 of Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.

Key Issues:

- MARC, KCATA, and City of Lee's Summit completed a Transit Study for the City of Lee's Summit that recommended several changes to improve transit service and reduce transit costs.
- The changes recommended in the study were implemented in April 2017 by consolidating local, on-demand transit services between KCATA and OATS into one service.
- This new service, RideKC Lee's Summit, is managed by KCATA and operated by OATS.
- The costs of transit services are funded by the City's Transportation Sales Tax and federal grants.
- To implement these changes and maximize the use of federal funds, the City must enter into a series of agreements that include: on-demand transit services with OATS and agreement with KCATA for transit management services.

Proposed City Council Motion:

I move for adoption of an ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2019 through December 31, 2019 in an amount not to exceed \$242,000 and commitment of an amount not to exceed \$365,000 of Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.

Background:

OATS, Inc. has provided on-demand door-to-door bus service with 24 hour advance reservation within the City Limits of Lee's Summit for more than 10 years. 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 and Council approval. Hours of daily operation were 7:00 a.m. to 3:30 p.m. and the fare per one-way trip had been \$2.00. 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.

A Lee's Summit Transit Study was most recently completed in 2016. This study recommended a consolidation of demand response transit services in Lee's Summit (KCATA MetroFlex and OATS). The Kansas City Area Transit Authority (KCATA) historically provided a demand response transit service in Lee's Summit as well as OATS. This KCATA service, MetroFlex, provided on-demand services to the Lee's Summit core area Monday through Friday from 7:30 a.m. to 5:30 p.m. and a \$1.50 fare.

When MetroFlex was discontinued and combined with OATS, managed and branded under the KCATA regional system and operated by OATS; RideKC Lee's Summit was borne in April 2017. This consolidation of demand response transit service expanded the service capacity, service hours and reduced cost to the City and users. The result of this change has been a significant increase in ridership that has surpassed projections.

The increase in ridership has resulted in an increase in associated personnel, wage and benefit expenses at OATS associated with the service and increase costs associated with vehicle maintenance and fuel. These additional expenses experienced by OATS to provide this service and a reduction in outside grants and other funds historically used to subsidize service by OATS have resulted in a cost of service increase proposed for 2019.

RideKC Lee's Summit, operated by OATS, is not limited to serving the elderly or disabled, and does provide service to all residents regardless of age to any location within the City of Lee's Summit and Truman Medical Center - Lakewood located just outside the City limit along Lee's Summit Road. This service is operated Monday through Friday, 7:00 a.m. to 5:30 p.m., with six vehicles in circulation. The fare per one-way trip is \$1.50.

The OATS, Inc. service agreement is for the period January 1, 2019 thru December 31, 2019 and may be terminated with 30 days advance notice. Typically, a 12-month service agreement is expected and may be renewed for an additional year's period to minimize service disruptions.

Consideration of the KCATA contract for Commuter Express Service and the administration of OATS contract with the City, application of FTA funding for OATS service and maintaining the availability of services is crucial to providing this transit service as well. KCATA will manage the application of FTA funding and payment to OATS for the OATS operated transit service provided to the City under this contract. The KCATA is the City's designated administrator of Lee's Summit allocated FTA 5307 funding.

The total costs of for OATS to operate the RideKC Lee's Summit transit service for Lee's Summit as proposed is not to exceed \$242,000 for the period beginning January 1, 2019 to December 31, 2019 based on six vehicles in daily operation, every day and every hour of potential service according to the service schedule. 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 local cost of service is not to exceed \$242,000 annually after other funding deductions are contributed by OATS from the total cost of service and FTA Section 5307 Funding is applied. The fares collected by OATS are used to provide a portion of the local match for FTA funding by the City.

The local cost of service will be paid through the KCATA to OATS so as to apply the City allocated FTA 5307 funds. The current Lee's Summit FTA 5307 balance is over \$1,000,000 and the City would commit an amount not to exceed \$375,000 from its FTA 5307 funding for this demand response transit service. The Lee's Summit FTA 5307 funding amount will be determined based on actual costs of service as noted above and consider the allowable contributions by rule for operation and capital that may range from 50% to 80% of total local actual costs of service with the City's local match funding the balance of total costs of service.

The local share is funded from the Transportation Sales Tax and fares collected. This local funding is shown in the Capital Improvement Plan (CIP) Transit Program for FY19/FY20 that was approved by the City Council in the annual budget funding the CIP.

Impact/Analysis:

The transit program budget (\$317,000) in the approved FY2019 Transportation Sales Tax Fund, and \$333,000 for FY2020, 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. This contract is approximately 16% above the 2018 actual cost of service.

Michael Park, PE, PTOE, City Traffic Engineer

Recommendation: Staff recommends approval of an ordinance authorizing the execution of an agreement for transit service by and between the City of Lee's Summit, Missouri, and OATS, Inc. for transit service effective January 1, 2019 through December 31, 2019 in an amount not to exceed \$242,000 and commitment of an amount not to exceed \$375,000 of Federal Transit Administration Section 5307 Formula Funds to OATS for transit service.