

## Legislation Text

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**File #:** BILL NO. 21-260, **Version:** 1

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An Ordinance approving a Transportation Service Agreement between the City of Lee's Summit, Missouri, and OATS, Incorporated (OATS), for transit services effective 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 OATS for transit service, and authorizing the City Manager to execute the same. (PWC 12/13/21)

### Issue/Request:

An Ordinance approving a Transportation Service Agreement between the City of Lee's Summit, Missouri, and OATS, Incorporated (OATS), for transit services effective 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 OATS for transit service, and authorizing the City Manager to execute the same.

### Key Issues:

- OATS, Incorporated (hereinafter "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.
- The City desires to enter into an agreement with Oats for said transit services for a period of January 1, 2022 thru December 31, 2022, with a one-year option to renew (hereinafter "Transit Service Agreement").
- Funding for the Transit Service Agreement is sourced by the local Transportation Sales Tax budgeted in the FY2022 and FY2023 Capital Improvement Plan, federal FTA Section 5307 formula funds and CARES Act funds, and the rider fare imposed at the time of transit service. CARES Act funds allocated to the City through the FTA and obligated to transit operation and capital requires no local match and is expected to cover the full cost of this agreement.
- The cost for these transit services operated by Oats is based on actual ridership, but shall not exceed the \$262,000 transit budget.

### Proposed Committee Motion:

I move to recommend to City Council approval of an Ordinance approving a Transportation Service Agreement between the City of Lee's Summit, Missouri, and OATS, Incorporated (OATS), for transit services effective 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 OATS for transit service, and authorizing the City Manager to execute the same.

Proposed City Council Motion:

FIRST MOTION: I move for a second reading of an Ordinance approving a Transportation Service Agreement between the City of Lee's Summit, Missouri, and OATS, Incorporated (OATS), for transit services effective 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 OATS for transit service, and authorizing the City Manager to execute the same.

SECOND MOTION: I move for adoption of an Ordinance approving a Transportation Service Agreement between the City of Lee's Summit, Missouri, and OATS, Incorporated (OATS), for transit services effective 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 OATS for transit service, 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 reservation within the City Limits of Lee's Summit for nearly 20 years. OATS, Inc. initially started with one bus in operation on a 3 days per week service schedule. OATS was expanded in 2010 to a 5 days 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 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. 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.

The cost of service has increased \$1.00 per hour from 2020-2021 contracted services. Oats, Inc. has experienced an increase in operating expenses and gasoline prices in the last year. These additional expenses for OATS resulted in a cost increase to the City from \$34.00 per operational hour in 2021 to \$35.00 per operational hour in 2022. Ridership peaked in 2018 and went down slightly in 2019. In 2020, ridership was reduced as a result of COVID-19. However, ridership in 2021 has returned to 2019 levels. There are no other cost increases proposed for service in 2022.

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 \$262,000 for the year (a maximum amount based on potential

service hours and contract rate at 100% ridership). The additional expenses would be funded by an allocation of matching federal funds administered by KCATA. However, the City was allocated CARES Act funding by formula through the 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 (and any renewal) without the use of any local funds (Transportation Sales Tax) or federal matching funds (Section 5307).

The proposed service boundary, hours of operation, vehicles in circulation, and fare remain the same as last year.

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, 2022 thru December 31, 2022 and may be terminated with 30 days advance notice. A 12-month service agreement is expected and may be renewed for an additional year's period to minimize service disruptions.

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 transit management services and vehicle replacement. The KCATA agreement with the City is a separate agreement and Council item.

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 would manage the application of FTA funding and payment to OATS for the OATS operated transit service provided to the City under contract. The KCATA is the City's designated administrator of Lee's Summit allocated FTA 5307 and Cares Act funding.

#### Impact/Analysis:

The transit program was budgeted \$371,000 in the approved FY2022 Transportation Sales Tax Fund, and \$389,000 for FY2023, 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 no use of Transportation Sales Tax of Section 5307 Funding required, 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 \$262,000 for the period beginning January 1, 2022 to December 31, 2022 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 local cost of service is estimated not to exceed \$262,000 annually after other funding deductions are contributed by OATS from the total cost of service and FTA Section 5307 funding and FTA Cares Act 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 City was allocated CARES Act funding by formula through the 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 (and any renewal) without the use of any local funds (Transportation Sales Tax) or federal matching funds (Section 5307).

The service cost will be paid through the KCATA to OATS so as to apply the City allocated FTA Section 5307 Formula funds and FTA Cares Act funds. The current Lee's Summit FTA Section 5307 fund balance is over \$1,000,000, with over \$1,000,000 in annual formula fund allocation, and the City would commit an estimated amount not to exceed \$375,000 from its FTA Section 5307 and Cares Act funding for this demand response transit service based on eligible operating and capital expenses. The Lee's Summit FTA Section 5307 funding and FTA Cares Act 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 actual costs of service with the City's local match funding the balance of total costs of service.

Michael Park, Director of Public Works

Staff recommends approval of an Ordinance approving a Transportation Service Agreement between the City of Lee's Summit, Missouri, and OATS, Incorporated (OATS), for transit services effective 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 OATS for transit service, and authorizing the City Manager to execute the same.

Committee Recommendation: The Public Works Committee voted unanimously 4-0 to recommend to City Council approval of an Ordinance approving a Transportation Service Agreement between the City of Lee's Summit, Missouri, and OATS, Incorporated (OATS), for transit services effective 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 OATS for transit service, and authorizing the City Manager to execute the same.