



Council
Communication
Office of the City Manager

Date

March 10, 2008

Agenda Item No. 71

Roll Call No. 08-

Communication No. 08-134

Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Approving agreement with Des Moines Regional Transit Authority (DART) providing for City contributions to DART and uniform regional funding for mass transit operations.

SYNOPSIS:

Approving an agreement with DART to provide increased City contributions to DART from City Park and Ride funds in exchange for the implementation of a uniform regional funding formula comprised of a two-tiered rate structure to be phased in by FY2011. City contributions will be \$800,000 in FY 2007-08; \$400,000 in FY 2008-09; and an annual targeted amount of \$500,000 for ten years, beginning in FY 2009-10.

FISCAL IMPACT:

Amount: \$800,000 FY 2007-08 (\$400,000 previously committed)
\$400,000 FY 2008-09 (previously committed)
\$500,000 Targeted amount, for ten years, beginning FY 2009-10

Funding Source: Fiscal Year 2007-08 Amended Operating Budget, Traffic & Transportation – Park and Ride Operation, EN078 / ENG100707, page 128.

ADDITIONAL INFORMATION:

Last year, the City Council approved a three-year grant to assist DART in preparing a balanced budget and maintaining the (60 cent) tax rate paid by Des Moines taxpayers. The three-year grant was for \$1.2 million, spread evenly over three years (FY2007-08 through FY2009-10). DART later requested that the funding be spread over two years with \$800,000 in FY2007-08 (due to higher than anticipated fuel costs) and \$400,000 in FY2008-09 to balance the budget while providing important services like bus service on Sundays.

DART's current funding formula was intended to be a short-term solution for the transition to a regional service with a long-term goal to equalize the tax rate among the participating communities. The first opportunity to move in that direction is the budget year beginning July 1, 2009 (FY2009-10), when a new funding formula can be implemented by DART.

This change in direction is being implemented through a new agreement in which DART has committed to a uniform regional funding structure in exchange for the City's commitment to contribute \$800,000 in FY 2007-08, \$400,000 in FY 2008-09, and an annual targeted amount of \$500,000 for ten years, beginning in FY 2009-10. The targeted amount of \$500,000 annually is in addition to funding for the

LINK Shuttle (\$300,000) and the Downtown Shuttle (\$200,000) provided under separate agreements. To lessen the impact on other participating communities, the agreement provides for a two-year phase-in period, resulting in the full implementation of the uniform rate structure in FY 2010-11. DART reviewed and approved the agreement at its March 4, 2008 board meeting.

To clarify the use of the term “targeted” amount of \$500,000 City contribution, staff offers the following explanation: Each year, the City Council will approve the Park and Ride operating budget and revenue projections as part of their normal budget process. This new commitment is contingent on availability of net operating revenue and the \$500,000 payment will be reduced to the extent Net Operating Revenue is less than \$500,000. Net Revenues is defined as gross Park and Ride Garage revenue (parking, childcare, and interest income) less operating costs (contract management, Link Shuttle costs, Operation Downtown Support, Downtown Shuttle operations, garage repairs, PILOT/Indirect Cost charge, and miscellaneous related costs), less reserves for Repair, Replacement, and Future Growth. The City will continue to operate the Park and Ride Garage in a fiscally responsible manner in an effort to ensure that rising costs are balanced with rising revenues. There are, in fact, parking rate adjustments in place that will increase rates on January 1, 2009. Future rate adjustments will depend on the supply and demand of the downtown parking market.

Future Growth refers to the fact that the task of operating a park and ride system requires changes in services and facilities from time to time. The agreement commits the City to consult with DART prior to implementing future growth and expansion of the park and ride system.

The 7th and Center Parking Garage, commonly known as the Park and Ride Garage, opened in March 1999. The garage cost over \$23.3 million to design and construct. Federal grants accounted for \$15.2 million of the funding with the remaining \$8.1 million (plus interest for debt financing) paid by the City of Des Moines. The facility is 6½ levels, has capacity for 1,824 vehicles, and houses a child care center. With the garage considered a park and ride facility, a shuttle to the central business district is included as part of the operations. Since original construction of the garage, net proceeds have been used to subsidize the City’s financial participation with the MTA in lieu of setting a higher Public Transit rate, and now more recently with DART.

The Park and Ride Fund is projected to generate approximately \$2.307 million in revenue, which includes parking revenue, childcare center rent, and interest income. The gross revenue is used to fund the operations of the garage, various mass transit operations, infrastructure repairs, and reserves for future repair, replacement, and future expansion of the Park and Ride system.

PARK AND RIDE OPERATIONS

Revenue

Parking (net of R&R contribution):	\$2,169,000
Childcare Rent	71,000
Interest Income	67,000
Total Revenue	\$2,307,000

Expenses

Contract Management	452,000
Link Shuttle (7 th & Center) [paid to DART]	300,000
Garage Repairs	300,000

PILOT/Indirect Cost	170,000
Miscellaneous	2,000
Operation Downtown Support	10,000
Downtown Shuttle [paid to DART]	200,000
Des Moines Tax Rate Equalization [paid to DART]	500,000
<u>Reserve for Repair, Replacement, & Future Growth</u>	<u>343,000</u>
Total Expenses	\$2,277,000

Net Operating Revenue **\$ 30,000**

The use of Park and Ride net revenue is restricted to transit related uses and, by federal law, must be segregated from the City’s parking fund. Increasing downtown traffic congestion, restricted parking availability, a downtown workforce that is expanding beyond the traditional central business district core, and greater interest regarding transportation impacts on the environment are issues facing Des Moines for which the remaining available net park and ride revenue will be used whether it is the financing of additional park and ride facilities, alternate modes of transportation, or other solutions.

PREVIOUS COUNCIL ACTION(S):

Date: January 28, 2008

Roll Call Number: 08-169

Action: Preliminary Terms of Agreement with DART Commission for Uniform Regional Funding of Mass Transit Operations and use of City Park and Ride Funds. Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

For more information on this and other agenda items, please call the City Clerk’s Office at 515-283-4209 or visit the Clerk’s Office on the second floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk’s Office on Thursday afternoon preceding Monday’s Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk’s Office or sending their request via email to cityclerk@dmgov.org.