

 <div style="text-align: center;"> <h1 style="margin: 0;">Council</h1> <h1 style="margin: 0;">Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div>	Date	November 24, 2008
	Agenda Item No. 49 Roll Call No. <u>08-</u> Communication No. <u>08-712</u> 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 regional funding formula to begin in FY2010. City contributions will be \$800,000 in FY 2008-09 with future payments to be made at the City's discretion for FY 2009-10 and beyond that would decrease the DART levy to Des Moines property owners. This agreement replaces a similar agreement approved in March 2008.

FISCAL IMPACT:

Amount: \$800,000 FY 2008-09 (previously committed)
\$680,000 Estimated amount, for ten years, beginning FY 2009-10

Funding Source: Fiscal Year 2008-09 Amended Operating Budget, Traffic & Transportation – Park and Ride Operation, EN078 / ENG100707, page 128.

ADDITIONAL INFORMATION:

In March 2008, the City entered into an agreement with DART that approved a tiered regional funding formula in exchange for the City's commitment to grant \$500,000 annually from Park and Ride funds to lower the DART regional property tax levy for all participating communities. The funding formula was questioned by some of the participating communities, so the DART Commission enlisted the services of a national expert in public transit issues to help DART and its participating communities work through funding formula issues and arrive at a workable solution. The resulting solution has been incorporated into the revised agreement.

The key provisions of the revised agreement are:

1. DART will implement a new regional funding formula structured around an amount levied against each participating community's current contribution, with additional DART expenditures above the current \$4,789,223, distributed based on the total taxable property valuation in participating communities. The new funding formula is detailed in Exhibit A of the agreement.
2. The City will grant \$800,000 to DART in FY2008-09 from Park and Ride funds that was part of a previous agreement.
3. DART will assume the City's obligations related to the Downtown Shuttle as of July 1, 2009 (\$180,000 annually).

4. The City may make payments to DART to reduce the DART property tax levy on Des Moines property owners. The amount of this payment may be determined annually, and the option is available to all participating communities.

In the March 2008 agreement, DART committed to a two-tiered 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 was in addition to funding for the LINK Shuttle (\$300,000) and the Downtown Shuttle (\$180,000) provided under separate agreements. To lessen the impact on other participating communities, the agreement provided for a two-year phase-in period, resulting in the full implementation of the two-tiered rate structure in FY 2010-11. DART reviewed and approved the agreement at its March 4, 2008 board meeting, but ran into opposition from a number of participating communities that questioned the fairness of the costs to be borne by their property owners.

Over the past several months, considerable discussion has taken place between DART Commission members and representatives of participating communities to increase the likelihood that the new agreement will be accepted and approved across the region.

The City plans to use Park and Ride funds as its source of payment to reduce the DART tax rate in Des Moines. Park and Ride funds are derived from 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. 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.

PREVIOUS COUNCIL ACTION(S):

Date: March 10, 2008

Roll Call Number: 08-436

Action: Agreement with The Des Moines Area Regional Transit Authority (DART) for regional funding of mass transit operations and use of City Park and Ride revenues. Moved by Hensley to adopt. Motion Carried 7-0.

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

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