

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	January 27, 2014
	Agenda Item No.	EX. 1
	Roll Call No.	<u>14-018</u>
	Communication No.	<u>14-043</u>
	Submitted by:	Scott E. Sanders, Finance Director

AGENDA HEADING:

Approval of Memorandum of Agreement between the City and Des Moines Area Regional Transit Authority (DART) to establish policies and procedures relating to the operation of the Center Street Park & Ride Facility.

SYNOPSIS:

Following an audit by Federal Transit Authority (FTA), a Memorandum of Agreement had been drafted between the City and Des Moines Area Regional Transit Authority (DART) to establish policies and procedures relating to the operation of the Center Street Park & Ride Facility. The intent of the agreement is to clarify policies regarding Park and Ride net operating proceeds and existing funds held in the Park and Ride account.

FISCAL IMPACT:

No payments are required to be made to Federal Transit Authority (FTA) or DART. Agreement establishes caps on the balances that can be maintained in the Park and Ride operations and capital accounts. Surplus revenue estimated at approximately \$3,000,000 must be programmed by the City for transit-related purposes and expended within three (3) years of July 1, 2014.

ADDITIONAL INFORMATION:

The Park and Ride Parking Garage located at 7th and Center was built in 1999 with grant assistance from the FTA. A 28E agreement with DART and approved by the FTA was signed prior to construction of the facility specifically stated that “revenues shall be applied by the City only to (i) the operation, maintenance, repair or improvement of the Park and Ride Facility or shuttle, (ii) other transit related capital, operating or maintenance costs (such as additional intermodal facilities or buses), (iii) other transit operating costs and/or (iv) to other activities as may be permitted by FTA Circular 5010.”

In February of 2012 the FTA contacted the City to request financial records relating to the Park and Ride Facility located at 7th and Center. In conversations and communications that followed, it was determined that the neither DART nor the FTA had been monitoring the financial transactions of the facility since the garage had been constructed beginning in 1999.

Over the course of the last two (2) years the FTA conducted a thorough review of the Park and Ride financials and determined all expenses were for transit-related purposes as defined in the original agreement. However, in 2000 land purchased for Park and Ride surface lots along MLK Parkway near 11th Street had not received prior-approval from the FTA, which the FTA believes was required by

regulations. Prior to the FTA's review, the surface parking lots originally acquired for transit purposes were no longer being used for a transit purpose and the City had already reimbursed the Park and Ride accounts for portions of land sold to the homeless shelter on Mulberry Street and a transfer had been made associated with a portion of the land used for the fire station at 13th and Mulberry Street.

While the City had always anticipated that funds originally used to purchase the surface lots would be deposited into the Park and Ride account upon sale or disposition of the remaining lots, the FTA concluded that a contemporaneous transfer of the remaining balance needed to be made. Therefore, an additional \$262,605 was transferred to the Park and Ride accounts on January 6th, 2014. The FTA now agrees that City now owns all remaining real estate without a federal interest and without further obligation to DART as stipulated in section 2a_i. of the newly drafted agreement being considered for approval by the City Council.

Communications with the FTA clarified that payments to DART to "buy down" the property tax levy assessed to Des Moines property owners is indeed proper. The agreement calls for the funds to be expended on transit-related purposes and the 28E agreement between DART communities clearly allows for this arrangement.

Other sections of this agreement place a cap on the amount of funds that can reside in the Operating Account (\$1,000,000) and the Facility Repair Account (\$1,500,000). As of January 1, 2014 about \$3,000,000 of excess funds reside in Park and Ride accounts and will be transferred to a newly created Transit Capital Account to be expended over the next three (3) years for transit purposes as directed by the City Council. If future surpluses are realized, excess fund balances will need to be expended on transit-related purposes during the following fiscal year.

The agreement calls for DART's review of the Park and Ride annual budgets to ensure compliance with federal regulations and that all expenses are transit-related. No budgetary discretion will reside with DART as to the preference of funding transit-related expenditures. The City Council retains the sole authority to allocate the Park and Ride funds as long as they are allocated in accordance with the agreement and federal regulations.

The agreement also stipulates processes for annual reporting (audit) as well as PILOT calculation and payment procedures.

PREVIOUS COUNCIL ACTION(S):

Date: February 17, 1997

Roll Call Number: 97-516

Action: Letter of Agreement with Metro Transit Authority, (MTA), for development of the Park and Ride Facility Project. (Council Communication No. 97-077) Moved by Hensley to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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