



Roll Call Number

Agenda Item Number

60 ✓

Date January 28, 2008

RESOLUTION APPROVING PRELIMINARY TERMS OF AGREEMENT WITH THE DES MOINES REGIONAL TRANSIT AUTHORITY FOR UNIFORM REGIONAL FUNDING OF MASS TRANSIT OPERATIONS AND USE OF CITY PARK AND RIDE FUNDS

WHEREAS, on February 26, 2007, by Roll Call No. 07-375, the City Council of the City of Des Moines approved the Amended FY 2007 budget with additional funding authorized for the Des Moines Regional Transit Authority (DART) that enabled DART to stabilize their property tax rate for a period of three years, and

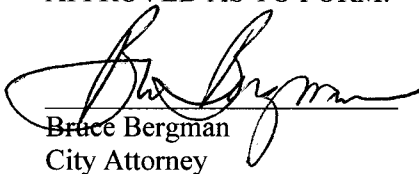
WHEREAS, subsequent discussions have led to a desire for more uniform DART property tax rates across the Des Moines metropolitan area,

WHEREAS, it is in the best interests of the City to participate in a regionally cooperative effort to provide mass transit services on a metro-wide basis,

WHEREAS, the City Manager has drafted a letter outlining the terms of a proposed ten-year agreement with the Des Moines Regional Transit Authority to include their commitment to adopt uniform regional tax rates beginning in FY 2009/2010 in exchange for the contribution of City Park and Ride funds,

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the City Council hereby approves, in principal, the terms proposed by the City Manager for an agreement with the Des Moines Regional Transit Authority, and directs the City Manager to proceed to negotiate the final terms of an agreement for City Council review and approval.

APPROVED AS TO FORM:


Bruce Bergman
City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				

MOTION CARRIED

APPROVED

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

Mayor

City Clerk

January 28, 2008

Date _____

Agenda Item 60

Roll Call # _____

Skip Conkling, Chair
and
Members of the DART Commission
1100 DART Way
Des Moines, IA 50309

Dear Mr. Conkling and DART Commissioners:

I appeared before the DART Commission last week to discuss the DART budget and future DART property tax rates. This letter is an outcome of those discussions and is intended to set the stage for a new agreement between the City and DART regarding Des Moines' participation in regional mass transit funding. In an effort to provide context to the terms of the proposed agreement, I have provided some background information below.

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
<u>Interest Income</u>	<u>67,000</u>
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



OFFICE OF THE CITY MANAGER
CITY HALL
400 ROBERT D. RAY DRIVE
DES MOINES, IOWA 50309-1891
(515) 283-4141

ALL AMERICAN CITY
1949, 1976, 1981
2003

Downtown Shuttle [paid to DART]	200,000
Des Moines Tax Rate Equalization [paid to DART]	500,000
Reserve for Repair, Replacement, & Future Growth	343,000
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.

Last year the City Council approved a three-year grant to assist DART in preparing a balanced budget and maintain 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 now requests 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. It is my intent to submit to the City Council a budget that will provide the \$1.2 million over a two-year period as requested, provided the DART Commission agrees to the implementation of a uniform regional tax rate to be effective for the 2009-10 fiscal year.

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 will be the budget year beginning July 1, 2009, (FY2009-10) when a new budgeting formula can be implemented by DART. This change in direction will be best implemented through a new agreement that would be patterned after the terms outlined in this letter.

The City Council desires to see the DART Commission adopt a regional funding structure for regional transit services that results in a uniform tax rate across its participating communities. The City Council has approved by resolution their intent to extend grant payments for up to ten years starting in FY2009-10 at a targeted amount of \$500,000 per year on the condition that the DART Commission establishes a new uniform regional tax rate structure starting in FY2009-10. The targeted amount of \$500,000 annually would be in addition to funding for the LINK Shuttle (\$300,000) and the Downtown Shuttle (\$200,000) provided under separate agreements.

I am aware that the DART General Manager has proposed a three-tier rate structure in lieu of a fully uniform approach that results in a \$.45 tax rate for Des Moines. I

January 28, 2008

Page 3

am open to considering this option or similar options pending our review of the specific provisions of the proposal.

Each year the City Council will approve the Park and Ride operating budget and revenue projections as part of their normal budget adoption process. It must be understood that 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 a negative amount. 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. It should be stated that 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 would commit the City to consult with DART prior to implementing future growth and expansion of the park and ride system.

The City Council has reviewed the terms outlined in this letter and has expressed their approval by affirmative vote taken at the January 28, 2008 regular City Council meeting. Upon approval of the terms outlined in this letter by the DART Commission, we will proceed immediately to finalize the terms of an agreement that can be returned to the City Council and the DART Commission for final approval.

Sincerely,

Richard A. Clark
City Manager

cc: Mayor and City Council Members