



REVISED

Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 12/19/05
729

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No.:

Roll Call

Submitted by: Richard A. Clark, Acting City Manager

SUBJECT—

Approval of Amended and Restated 28E Agreement for the creation of the Des Moines Regional Transit Authority.

SYNOPSIS—

This action creates a Regional Transit Authority (RTA) to replace the Metropolitan Transit Authority. The 28E requires approval from seven (7) cities, including Des Moines, and Polk County to become effective. All approvals from these governments are scheduled to be obtained by the end of January 2006. This time frame will enable the RTA to be created and operational by July 1, 2006.

FISCAL IMPACT—

Total cost of the MTA paid by the City of Des Moines is projected at \$3,692,000 for FY07. The City of Des Moines uses two funding streams to pay for this cost; a property tax (transit levy) of 47 cents per \$1,000 of value and \$1.1 Million utilized annually from the Park & Ride facility on 6th Avenue.

That total cost to City of Des Moines taxpayers will decrease by an estimated \$254,000 due to a new funding formula that bases 5% of the total cost of the RTA on property tax value. This formula effectively shifts that \$254,000 to other member jurisdictions of RTA.

The current plan calls for the \$1.1 million from the Park and Ride to be retained by the City for legally restricted uses. Therefore, the RTA would be funding the remaining \$846,000 through property taxes, requiring an additional 15 cents in the rate. The total RTA tax rate in Des Moines would be 62 cents. The RTA will be limited to a maximum tax rate of 95 cents.

RECOMMENDATION—

Approval

BACKGROUND—

The Iowa Legislature has enacted legislation over the course of the last two years, which now constitutes Chapter 28M of the Iowa Code, to enable the creation of Regional Transit Authorities. The action recommended here would reorganize the current MTA into a new RTA enabled by Chapter 28M.

An overview of the key points of the 28E agreement follows:

1. The Regional Transit Authority will be created by a 28E Agreement.
2. The board will have nine members:
 - Seven representing districts (based on Polk County Senate Districts).
 - Two at large, selected by the Polk County Board of Supervisors.
 - District representatives would be selected by a committee comprised of member jurisdictions.
 - Board members would serve a four-year term.

Service/Budget Development

1. The RTA will prepare a three-year budget to submit to member jurisdictions annually.
2. The Regional Transit Authority Board would set its own tax rate.
3. Non-members could contract for service by paying fully allocated costs plus a 10% non-member fee.
4. Jurisdictions could withdraw with 18 months' notice.

Funding

1. The taxing authority for public transit would be transferred from cities to the RTA. The tax would be collected by Polk County. The Regional Transit Authority can levy a maximum rate of \$.95 per \$1,000.
2. Regular service costs would be allocated as follows:
 - 5% of total operating expenses would be allocated district wide based on property tax values.
 - 95% of the budget subsidy required would be allocated based on miles of service and revenue.
3. Polk County and the RTA Board will determine the level of Paratransit service.
4. Polk County could pay for services as a contractor through its operating budget or through use of the transit levy.
5. After three years, the formula would sunset and the RTA Board would determine levy and method of cost allocation.

Board Transition

1. The current MTA Board of Trustees would serve as the first Regional Transit Authority Board until a permanent board could be selected.
2. Jurisdictions would select new board representatives to be seated on July 1, 2006.
3. Initial board terms would be staggered in order that no more than three seats will expire in any year.

