



CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 06/27/2013
Agenda Item: 5E4

ACTION: Adopt a resolution to execute a contract change order on a grant agreement with the City of Phoenix, as the designated federal grant recipient, to provide additional Federal Transit Administration grant funds for transit operating assistance. (Resolution No. 2013.78)

FISCAL IMPACT: Contract change order will increase Federal Grant revenue in the Transit Fund by \$495,389 for Grant AZ-96-X002, Federal Transit Administration American Recovery and Reinvestment Act of 2009 for operating assistance.

RECOMMENDATION: Adopt Resolution No. 2013.78.

BACKGROUND INFORMATION: American Recovery and Reinvestment Act of 2009 (ARRA) funds were originally apportioned through existing formula and discretionary grant programs for capital projects that were deemed to be construction ready. Congress later amended the ARRA to allow up to 10 percent of apportioned ARRA formula funds for operating costs, which amounts to \$6.4 million for the Phoenix-Mesa Urbanized Area. Because the Valley Metro Board of Directors approved projects that utilized the entire apportionment of ARRA funds, operating assistance could only be funded with savings associated with projects expected to be completed under budget.

In November 2009, the Valley Metro Board of Directors approved a prioritization framework and distribution guidelines for unused ARRA funds. Given the economic conditions and ensuing service reductions, the Board identified operating assistance as a regional need legitimate for ARRA fund use. The Board approved a distribution method, the first allocated unused ARRA funds between bus and rail modes (87% and 13% respectively), and then distributed among bus service providers based on revenue miles.

Originally approved on August 8, 2009, grant agreement AZ-96-X002 provided \$6,500,000 in Federal Transit Administration (FTA) ARRA grant funds for the upgrade/expansion of the East Valley Bus Operations and Maintenance Facility. On November 2, 2010, a contract change order was approved to increase grant AZ-96-X002 by \$330,976 for operating assistance.

Contract change order no. 3 for grant AZ-96-X002 will increase federal funds an additional \$495,389 for operating assistance and extends the contract expiration period date to September 30, 2013.

ATTACHMENTS: Resolution and Contract change order no. 3 (AZ-96-X002).

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