
CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**Council Meeting Date: 11/15/2012**
Agenda Item: 5E4

ACTION: Adopt a resolution authorizing the Mayor to sign amendment four to the intergovernmental agreement with the Regional Public Transportation Authority for the purchase and supply of transit services for fiscal year 2012-2013. (Resolution No. 2012.121)

FISCAL IMPACT: This agreement includes a fiscal year 2012-13 cost of \$1,286,736 for bus service that Tempe purchases from Regional Public Transportation Authority. Sufficient budget has been appropriated in the Transit Fund, Cost Center 3914 to cover these expenditures. In addition, the City will receive revenue in the amount of \$9,723,510 to cover the net cost of bus service sold to Regional Public Transportation Authority under this Agreement. Net costs are derived after factoring in revenue from passenger fares and grant funds.

RECOMMENDATION: Adopt Resolution No. 2012.121.

BACKGROUND INFORMATION: The five (5) year intergovernmental agreement (FY 2009 – FY 2013) allows the City of Tempe to purchase bus service from the RPTA on bus routes operated by that agency within Tempe's borders. The agreement also allows the RPTA to purchase bus service from Tempe on bus routes operated by the City in neighboring cities. Both Tempe and RPTA are regional transit operators and provide service on behalf of partner cities Chandler, Gila River Indian Community, Fountain Hills, Gilbert, Guadalupe, Mesa, Phoenix, and Scottsdale. Amendment four updates estimates for the level of bus service in each city as well as costs and revenue. To simplify the complex funding and operating arrangements, the agreement outlines four (4) methods by which bus service is funded and operated.

Each of the four (4) funding-operating methods (detailed in Schedules B, C, D and E of the agreement) includes gross costs consisting of contractor cost, fuel, facilities, regional support services, capital depreciation, and staff as well as revenue consisting of passenger fares and grants funds from federal programs. Differences in the net cost per mile noted below are driven by differences in fare revenue across bus routes which are a direct function of ridership, not any single agency's operational efficiency. Ridership is driven by multiple factors along each bus route corridor including geography, demographics, transit oriented development, residential and employment densities as well as the service planning and priorities put into place by local cities.

1. **RPTA Operated / Proposition 400 Funded** - RPTA allocates regional Proposition 400 funding for and operates bus service on Tempe's behalf (40-Apache, 61-Southern, and multiple Express routes). No funding transfer required. Value of service to Tempe is \$1,391,640 with offsetting revenue estimated to be \$592,341 (Schedule B). For the local bus routes in this category, RPTA's gross cost per mile is \$6.61; net cost per mile is \$3.80.
2. **RPTA Operated / Tempe Funded** - Tempe purchases transit service from RPTA on bus routes that serve Tempe (30-University and 45-Broadway). Gross cost is \$2,109,870. With offsetting revenue estimated to be \$823,134, the net cost to the TRANSIT FUND is \$1,286,736 (Schedule C). For the routes in this category, RPTA's gross cost per mile is \$6.61; net cost per mile is \$4.03.
3. **Tempe Operated / Proposition 400 Funded** - RPTA allocates regional Proposition 400 funding to Tempe for service within Tempe that the city itself operates (72-Rural/Scottsdale, 77-Baseline, 81-McClintock, and 520, 521, 522 Express routes). Gross cost is \$3,861,055. After credits and fare revenue received directly by

Tempe, net revenue supplied by RPTA to Tempe is \$1,970,790 (Schedule D). For the local routes in this category, Tempe's gross cost per mile is \$6.37; net cost per mile is \$3.21.

4. **Tempe Operated / Partner City Funded** - With regional and local funding from neighboring cities (Chandler, Fountain Hills, Gila River Indian Community, Gilbert, Guadalupe, Mesa, Phoenix, and Scottsdale), RPTA purchases service from Tempe on bus routes serving those cities. Gross cost is \$10,827,473. After credits and fare revenue received directly by Tempe, net revenue supplied by RPTA to Tempe is \$7,302,720 (Schedule E). For the local routes in this category, Tempe's gross cost per mile is \$6.37; net cost per mile is \$4.30.

Both Tempe and RPTA operate bus service across the East Valley and south Phoenix. While RPTA operates some express service in the West Valley and Phoenix, the vast majority of West Valley and Phoenix bus service is operated by the City of Phoenix. The cities noted in chart 1, which are not also operators, contract with RPTA, Phoenix or Tempe to supply bus service.

Chart 1 – Bus Service By City illustrates the percentages of total regional bus service in each valley city (all types including Local, Express, Circulator). Each city noted in the chart employs staff that are either dedicated to transit or have transit planning, policy and investment allocation duties. Note that of the bus service provided in Tempe, 84% is physically operated by Tempe and 16% is operated by RPTA.

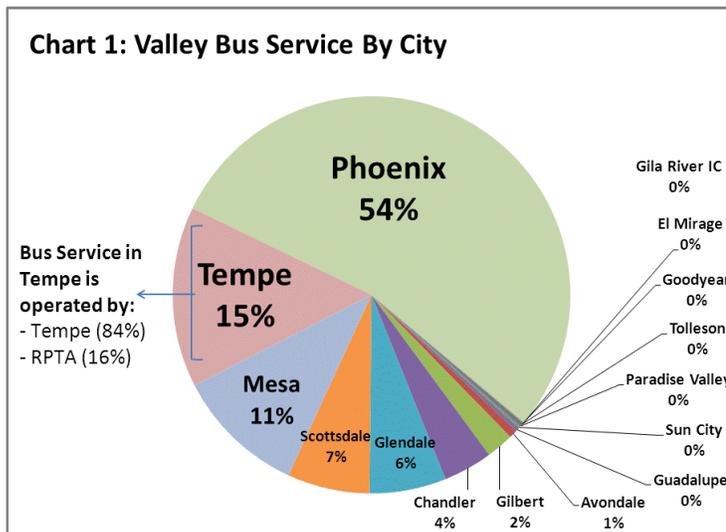
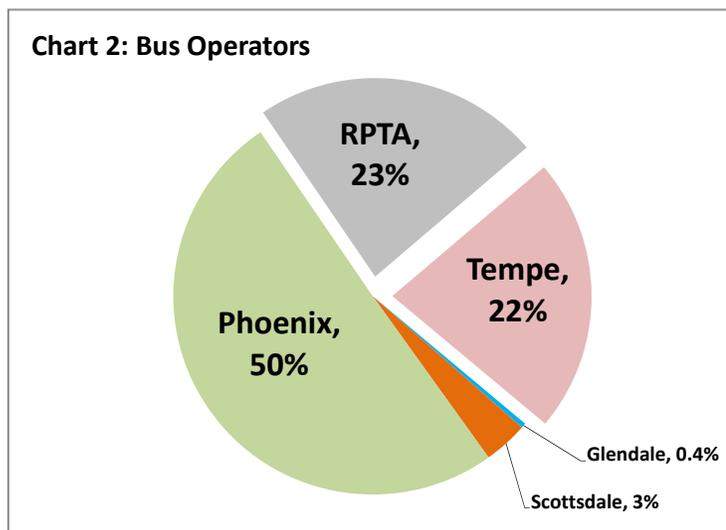


Chart 2 – Bus Operators illustrates the percentages of bus service physically supplied by each operator. There are five (5) major bus operators in the valley, but only RPTA, Phoenix and Tempe act as regional operators.



ATTACHMENTS: Resolution and Intergovernmental Agreement

STAFF CONTACT(S): Greg Jordan, Deputy Public Works Director, (480) 858-2094.

Department Director: Don Bessler, Public Works Director
 Legal review by: Teresa Voss, Assistant City Attorney
 Prepared by: Mike Nevarez, Transit Operations Coordinator