

Staff Summary Report



Council Meeting Date: January 8, 2009

Agenda Item Number: _____

SUBJECT: Request approval of Amendment #5 to the Intergovernmental Agreement with the City of Phoenix for the purchase of transit services and technical support for fiscal year 2008/2009.

DOCUMENT NAME: 20090108pwgj04 **TRANSPORTATION PLANNING (1101-01)**

SUPPORTING DOCS: Yes

COMMENTS: (Contract #C2004-242d) Cost to Tempe is \$1,217,134 less fare revenue collected.

PREPARED BY: Greg Jordan, Transit Administrator, 858-2094

REVIEWED BY: Carlos de Leon, Deputy Public Works Manager, 350-8527
Glenn Kephart, Public Works Manager, 350-8205

LEGAL REVIEW: Teresa Voss, Assistant City Attorney, 350-8814

FISCAL NOTE: Funding for this service provided in cost center 3914, account code 6644.

RECOMMENDATION: Approve Amendment #5 to the Intergovernmental Agreement with the City of Phoenix for transit services and technical support for fiscal year 2008/2009.

ADDITIONAL INFO: Amendment #5 reduces the amount of transit service supplied by Phoenix while authorizing an increase in the cost per mile charged by Phoenix. Intergovernmental agreement (C2004-242) allows the City of Phoenix to provide fixed route bus service on three routes within the City of Tempe. The term of the agreement is from July 1, 2004 until June 30, 2009.

Service supplied will decline due to service changes associated with the introduction of light rail on December 29, 2008. Following the introduction of light rail the Red Line (Apache, Central) will be eliminated and the route alignment on Route 1 (Washington) will be modified. Route 44 (44th Street, Tatum, University) will remain unchanged. Overall miles of service will decline from 260,700 in fiscal year 2007/2008 to 163,385 in fiscal year 2008/2009.

The rate per mile of \$7.45 charged by the City of Phoenix reflects a 10 percent increase due to higher costs of contracted transit services, fuel, fare collection system maintenance, and safety/security. Because of the significantly higher cost of bus service operated by the City of Phoenix compared to Tempe and Valley Metro/RPTA, city staff are examining strategies to minimize the supply of bus service provided by Phoenix in future years without demonstrably impacting services to Tempe residents.

AMENDMENT NO. 5
TO
AGREEMENT NO. 114318
(City of Tempe Agreement No. C2004-242)^D

THIS AMENDMENT NO. 5 TO AGREEMENT NO. 114318 is made and entered into this ___ day of _____, 2008, by and between the City of Phoenix, a municipal corporation duly organized and existing under the laws of the state of Arizona (hereinafter referred to as "PHOENIX"), and the City of Tempe, a municipal corporation duly organized and existing under the laws of the state of Arizona (hereinafter referred to as "TEMPE").

WHEREAS, on or about January 3, 2005, the parties did enter into Agreement No. 114318 (City of Tempe Agreement No. C2004-242) (hereinafter referred to as the "Principal Agreement") pursuant to which PHOENIX provides transit service to TEMPE; and,

WHEREAS, Section I of the Principal Agreement sets forth the services to be provided by Phoenix and Exhibit "A" sets forth the compensation provisions of said Agreement for fiscal year 2004-2005; and,

WHEREAS, on or about September 28, 2005, Amendment No. 1 to Agreement No. 114318 amended the Principal Agreement by: (1) setting forth additional services to be provided by PHOENIX; and, (2) increasing the compensation provisions of said Agreement for fiscal year 2004-05; and,

WHEREAS, also on or about September 28, 2005, Amendment No. 2 to Agreement No. 114318, as amended, further amended the Principal Agreement by increasing the compensation provisions of said Agreement for fiscal year 2005-06; and,

WHEREAS, on or about August 3, 2006, Amendment No. 3 to Agreement No. 114318, as amended, further amended the Principal Agreement by increasing the compensation provisions of said Agreement for fiscal year 2006-07; and,

WHEREAS, also on or about April 15, 2008, Amendment No. 4 to Agreement No. 114318, as amended, further amended the Principal Agreement by increasing the compensation provisions of said Agreement for fiscal year 2007-08; and,

WHEREAS, Section I of the Principal Agreement, as amended, sets forth the services to be provided by PHOENIX and Exhibit "A" to the Principal Agreement sets forth the compensation provisions of said Agreement; and,

WHEREAS, the Principal Agreement needs to be further amended to increase the compensation provisions of said Agreement for fiscal year 2008-2009; NOW, THEREFORE,

IT IS HEREBY AGREED, by and between the parties, as follows:

SECTION 1. That the portion of Exhibit "A" to the Principal Agreement, as amended, setting forth the compensation provisions for each fiscal year, be, and the same is hereby, amended to read in its entirety in accordance with the new Exhibit "A" compensation provisions attached hereto and by this reference incorporated herein. The new Exhibit "A" compensation provisions sets forth the compensation for FY 2008-09.

SECTION 2. The effective date of the amendments set forth herein shall be July 1, 2008.

SECTION 3. All of the rest, residue and remainder of the Principal Agreement not hereinbefore specifically amended by Section 1 and 2 hereof, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 5 to Agreement No. 114318 (City of Tempe Agreement No. C2004-242) on the day and year first above written.

CITY OF PHOENIX, a municipal corporation

FRANK FAIRBANKS, City Manager

By: _____
Debbie Cotton
Public Transit Director

ATTEST:

City Clerk - PHOENIX

APPROVED AS TO FORM:

Acting City Attorney - PHOENIX

APPROVED BY PHOENIX CITY COUNCIL BY FORMAL ACTION ON NOVEMBER 19, 2008.

CITY OF TEMPE, ARIZONA
A Municipal Corporation

By: _____
Hugh Hallman, Mayor

ATTEST:

City Clerk - TEMPE

APPROVED AS TO FORM:

City Attorney - TEMPE

APPROVED BY TEMPE CITY COUNCIL BY FORMAL ACTION ON _____.

INTERGOVERNMENTAL AGREEMENT DETERMINATION

In accordance with the requirements of Section 11-952(D), Arizona Revised Statutes, each of the undersigned attorneys acknowledge: (1) that they have reviewed the above Amendment on behalf of their respective clients; and, (2) that, as to their respective clients only, each attorney has determined that this Agreement is in proper form and is within the powers and authority granted under the laws of the State of Arizona.

Attorney for PHOENIX

Attorney for TEMPE

Exhibit "A"
(2008 - 2009)
(Amended August, 2008)

For the fiscal year from July 1, 2008 through June 30, 2009 and for all services described in Exhibit "A" of Amendment No. 5 to this Agreement, TEMPE shall pay PHOENIX as follows:

- A. A service cost estimated to be ONE MILLION TWO HUNDRED SEVENTEEN THOUSAND ONE HUNDRED THIRTY-FOUR (\$1,217,134) DOLLARS. Revenue collected in Tempe shall serve as a credit to offset costs. The actual fee includes the service cost net of estimated revenue and does not include the cost of regional services.
- B. For the purpose of this Amendment, the following estimates are provided:
- (1) Estimated Mileage: 163,385 miles.
 - (2) Fully allocated cost per revenue mile for Phoenix Transit System –
 - Estimated cost per mile (Veolia) \$ 7.45
 - Estimated farebox revenue \$ 242,454
 - (3) VMS support agreement: During the period of this Agreement, the City of Tempe will pay the City of Phoenix a fee of \$14,000 annually.
- C. The addition of Regional Public Transportation Authority (RPTA) funded transit service may modify some existing routes but will not supplant any existing transit service with RPTA funded service.

Cost and payment estimates are:

<u>Item</u>	<u>Amount</u>
Amount due Phoenix	\$1,217,134
VMS support agreement	\$14,000
Less estimated Revenues Collected Within TEMPE Municipal Boundaries	(\$ 242,454)
Net due Phoenix	<u>\$ 988,680</u>

- D. Current projected payments consist of two (2) equal installments of \$494,340 as follows:
- Payment No. 1 is due on or before July 1, 2008
 - Payment No. 2 is due on or before January 1, 2009
- Late payments shall be subject to a 12% annual charge computed on a monthly basis.
- E. PHOENIX will do a financial reconciliation of this Agreement after June 30, 2009. This includes cost adjustments due to the actual cost of fuel versus estimated fuel costs as well as other factors. Thereafter, the parties will make a final adjustment of the sum.

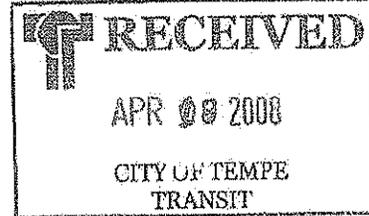
**CITY OF TEMPE
PURCHASE OF TRANSIT SERVICE
CONTRACT ESTIMATE
FISCAL YEAR 2008-09**

Route	Miles Per Day	Service Days	Annual Miles	Rate Per Mile	Annual Cost	Estimated Revenue	Net Cost
44 - Veolia	201.4	255	51,357	\$ 7.4495	\$ 382,584	\$ (77,960)	\$ 304,624
Red - Veolia	510.0	128	65,280	\$ 7.4495	\$ 486,303	\$ (120,115)	\$ 366,188
1 - Veolia	210.5	128	26,944	\$ 7.4495	\$ 200,719	\$ (18,901)	\$ 181,818
Total Weekday	921.9		143,581		\$ 1,069,607	\$ (216,976)	\$ 852,630
44 - Veolia	136.8	52	7,114	\$ 7.4495	\$ 52,993	\$ (10,798)	\$ 42,194
1 - Veolia	107.0	26	2,782	\$ 7.4495	\$ 20,725	\$ (1,952)	\$ 18,773
Total Saturday	243.8		9,896		\$ 73,717	\$ (12,750)	\$ 60,967
44 - Veolia	122.0	58	7,076	\$ 7.4495	\$ 52,713	\$ (10,741)	\$ 41,971
1 - Veolia	94.4	30	2,832	\$ 7.4495	\$ 21,097	\$ (1,987)	\$ 19,110
Total Sunday/Hol	216.4		9,908		\$ 73,810	\$ (12,728)	\$ 61,082
Total	1,382.1		163,385		\$ 1,217,134	\$ (242,454)	\$ 974,679

Exhibit "A", page 2



City of Phoenix
PUBLIC TRANSIT DEPARTMENT



April 10, 2008

Mr. Greg Jordan
Transit Administrator
City of Tempe
P.O. Box 5002
Tempe, AZ 85280

Dear Mr. Jordan:

Enclosed is the revised fiscal year 2007-2008 mid-year contract estimate and the fiscal year 2008-2009 contract estimate for fixed route transit services purchased from the City of Phoenix. Although gross costs increased slightly, the net decrease for fiscal year 2007-2008 resulted from a revised revenue estimate based on the new fare policy that went into effect December 1, 2007.

The fiscal year 2008-2009 increase is the result of fare collection system support and increased fuel cost estimates. Currently, general fuel prices are escalating significantly, resulting in considerably higher fuel cost estimates. In addition to higher estimates for diesel, our liquid natural gas (LNG) fuel contract will soon expire and proposals received for a new contract indicate a substantial increase in the cost for LNG. A detailed cost comparison of the two fiscal years is below:

Veolia 2007-08 CPM	Veolia 2008-09 CPM	Veolia Change
\$6.75	\$7.45	\$0.70
\$0.30	Increase due to fuel uncertainty	
\$0.30	Fare Collection System and Safety and Security	
\$0.10	Contract Increase	

We will need any revisions by May 1, 2008. If you have any questions or need additional information please contact Patrick Dunn at 602-256-5686. Thank you for your assistance.

Sincerely,

Debbie Cotton
Public Transit Director

Enclosures

H:\Patrick\Final FY2007-08 Tempe-Mid Year Estimate Letter.doc

Public Transit: It's How You Get There