



Legislation Text

File #: 68632, **Version:** 1

Fiscal Note

Metro Transit has long-standing cost-sharing agreements with partnering municipalities, institutions and organizations that benefit from transit services. Over the course of 2021, Metro coordinated with partners to evaluate contract changes that benefit both Metro Transit and the partners.

Contracts with municipal partners and MMSD will continue practices that charge partners in proportion to their percentage of vehicle hours to the overall system hours. Contracts will also continue to use a contingency fund supported with partner contributions to fund unanticipated increases in expenses such as fuel. The most significant change to future agreements will be an increase to the size of this contingency fund. The increase in the reserve is expected to better cover unanticipated costs and help partners more effectively budget. The contingency reserve is currently around \$2 million and will be increased up to \$5 million using Federal COVID rescue funds.

Future agreements with UW Health, Madison College, and the University of Wisconsin-Madison will move to a flat fee. Metro will negotiate with these partners on a rate structure that appropriately shares risks of cost and funding fluctuations.

These updated agreements will not change Metro's current budget. Metro anticipates partner contribution revenues of \$5.3 million in 2022.

Title

Authorizing the Mayor and the City Clerk to execute agreements with current and future municipalities, institutions, and organizations, including but not limited to the Cities of Middleton, Fitchburg, Sun Prairie, and Verona, the University of Wisconsin-Madison, Madison College, UW Health, and Madison Metropolitan School District for provision of transit service benefiting these partner municipalities, institutions and organizations.

Body

In order to update contracts with partners to match current practice, provide ease of administration for long-standing contracts and to allow all partners to be able to more effectively budget and plan for transit service, partners negotiated a new, standardized contract for bus service. The standard contract for each partner, which will automatically renew in five-year periods, will be supplemented with Memorandums of Understanding to address specific costs, revenues, hours, routes and service changes.

For Municipal Partners and MMSD, Metro will calculate each partner's hourly cost of service and allocate a proportionate share of appropriate revenues to determine each partner's estimated annual investment. The difference between the estimated local share and actual local cost will be the responsibility of each partner as to its contracted service and will be payable via the funding partner's share of the operating reserve account. This will ensure that Metro is paid equitably for transit service provided. For ease of budgeting future costs for service partners, any change in actual costs compared to budget will be paid with the operating reserve account and be adjusted in the partner's calculation for the next budget year. In order to maintain a system that doesn't put undue costs on remaining partners should one wish to leave the system, any partner who terminates their agreement will forfeit their operating reserve account, to be proportionately distributed to the remaining partners.

For UW Health, Madison College, and the University of Wisconsin-Madison, Metro will bill a flat fee, or flat per

hour fee, which appropriately shares risks of cost and funding fluctuations with the partner to streamline the calculations of appropriate costs for these entities within the City of Madison.

WHEREAS, partnerships with municipalities, institutions and organizations for the provision of transit services have been successful for both Metro and the partners for many years; and

WHEREAS, all parties wish to continue the service with some administrative improvements; and

WHEREAS, Metro has coordinated with the partners over the course of 2021 to structure contracts that reduce risks for all parties and streamline budgeting processes;

NOW, THEREFORE, BE IT RESOLVED that the Mayor and the City Clerk are authorized to execute automatically renewing contracts, and the Metro Transit General Manager is authorized to execute the related Memorandums of Understanding, with current partners and future partners who would like to contract with Metro Transit for service. Current partner contracts will begin in 2022 and continue until the agreement is terminated in writing by either party. Contracts with future partners will begin upon execution by the Mayor. All contract documents, including any MOUs, shall be in a form approved by the City Attorney.