COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 250247, AS AMENDED

Authorizing an agreement not to exceed $46,717,626.00 with the Kansas City Area Transportation Authority (KCATA) to provide transit services for the City of Kansas City, Missouri between May 1, 2025 and October 31, 2025 from funds appropriated in the 2025-2026 Annual Budget; establishing a policy of enhanced oversight of KCATA operations to ensure fiscal accountability; and directing the City Manager to partner with KCATA to utilize Fountain Cards for bus onboarding.

WHEREAS, the Kansas City Area Transportation Authority (KCATA) was established through an interstate compact between the states of Missouri and Kansas, which was approved by the United States Congress in 1965 to provide a coordinated and efficient public transportation system for the Kansas City metropolitan area; and

WHEREAS, the KCATA was created with the mission of developing, maintaining, and operating a comprehensive and accessible transit system to serve the transportation needs of residents and businesses across the bi-state region; and

WHEREAS, the City of Kansas City, Missouri, has consistently supported the KCATA since its formation by providing ongoing financial support to the KCATA through dedicated sales tax revenue and other funding mechanisms to ensure the availability and expansion of reliable public transit services for residents and visitors; and

WHEREAS, Kansas City, Missouri, has supported the KCATA's mission to provide equitable access to public transportation by working together to expand service areas, improve infrastructure, and ensure that transit options are accessible to all residents; and

WHEREAS, dating back to at least 2013 - as evidenced by Resolution 130778 - the City Council has recognized that the financial structure supporting KCATA is not sustainable and has urged KCATA to take actions necessary to place itself on more secure financial footing without major reductions in service and without a continued overreliance on the City of Kansas City, Missouri; and

WHEREAS, KCATA's efforts to control costs and/or increase revenues have been unsuccessful, as the KCATA has experienced persistent budget challenges which have threatened the continuity and quality of transit services; and

WHEREAS, the City has repeatedly stepped in to cover KCATA's budget shortfalls through additional financial contributions and reallocations of local funding to ensure that public transit services remain operational and accessible to KCMO residents and visitors; and

WHEREAS, the growing financial burden on the City has created a need for increased oversight and accountability to ensure that KCATA's funding is managed effectively and that transit services are delivered in a fiscally responsible manner; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the Director of Transportation is hereby authorized to enter into an agreement with the KCATA to provide funding for transit services for residents of Kansas City, Missouri, for a period of six months beginning May 1, 2025 and ending October 31, 2025. This amount of funding will maintain operational levels for KCATA as they exist for the 2024-2025 fiscal year.

Section 2. That the Director of Transportation is hereby authorized to expend an amount not to exceed $46,717,626.00 from funds to be appropriated to the following accounts in the adopted 2025-2026 Budget, to be remitted to KCATA in monthly increments of up to $7,786,271.00 based on KCATA meeting performance measures:

25-2080-692000-F	KCATA Operations	$ 6,037,399.00
25-2290-69200-F	KCATA Sales Tax	40,680,227.00
	TOTAL:	$46,717,626.00

Section 3. That the City hereby establishes a policy of enhanced oversight of KCATA operations, requiring KCATA to demonstrate that it is executing certain policy changes and meeting certain performance measures before the full annual allocation of City funds is disbursed, in order to ensure responsible stewardship of City tax funds and the efficient delivery of transit services. The City will commit to full funding upon a subsequent Ordinance if certain policy changes and performance measures are sought by KCATA to a degree acceptable by City; to include:

A. Meeting specific performance measures (outlined in the Agreement) which shall not include a reduction in service routes but will include a prohibition on adjustments of routes (including markups) or extensions to headways unless approved by City Council.
B. Taking steps to improve the financial structure to place the Authority in a better financial footing without the need for major service reductions including a reduction in overhead to ensure efficient use of administrative positions and eliminating redundancy as well as fully addressing financial inefficiencies
C. Review the IRIS Service data and make cost reduction recommendations up to suspension of service. In the event of an IRIS suspension, the City will host a focused employment fair for IRIS drivers to connect them with City employment opportunities.
D. Implementing an electronic system within six months which requires a projected quarterly revenue generation of at least $10,000,000.00 annually. KCATA shall formulate a functionally free fare structure and system, beginning at a $2.00 base fare, in a manner that ensures current riders transition to the system without complication or confusion, and ensure that businesses and social service organizations can reestablish and distribute fares for those most in need to include low-income riders, individuals connected to or receiving services from social service agencies, students, and other groups and report back to Council with the functionally free fare plan within 30 days.

250247 sub as amended

E. Seeking partnerships with surrounding municipalities, employers, organizations, state and federal government. In three months, KCATA is expected to increase the request of Missouri State Government by at least 53% to $6,800,000.00; initiate a request to the Kansas State Government for at least $2,500,000.00 and submit a request for funding to the Federal Government for at least $11,000,000.00 and to renew requests at a similar or increased amount prior to the next immediate budget process. KCATA will work collaboratively with the Kansas City Metropolitan Planning Organization to report to the Council a Regional Public Tax plan within six months. KCATA shall produce a strategic plan which (1) outlines the current status of ridership, routes, coverage and frequency (2) outlines what deficiencies exist with the ridership, routes, coverage, and frequency and how to improve upon those deficiencies, and (3) includes input from stakeholders including those who currently use the KCATA system and those that would like to.
F. Demonstrating progress towards these items to the satisfaction of the City Council through presentations to Council or a Council Committee every two months.
G. Allowing the City Auditor or another third-party auditor designated by the City to conduct comprehensive audits of all operations, administration, finances, and services included in this ordinance. KCATA shall provide full access to all financial records, operational data, and other information necessary to complete such audits upon request. Audit findings shall be presented to the City Council with 60 days of completion.

Section 4. That the City Manager is directed to partner with KCATA to implement the use of Fountain Cards as part of the electronic system for bus boarding.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

For Tammy L. Queen
Director of Finance

Approved as to form:

Dustin E. Johnson
Assistant City Attorney

SEAL OF KANSAS CITY INCORPORATED 1850 MISSOURI

Authenticated as Passed

Quinton Lucas, Mayor

Marilyn Sanders, City Clerk

APR 03 2025
Date Passed