

WORKING AGREEMENT
Between the
KALAMAZOO TRANSIT AUTHORITY BOARD OF DIRECTORS
And the
CITY OF KALAMAZOO

THIS AGREEMENT, dated January 1, 2005, between the CITY OF KALAMAZOO (City), a municipal corporation, and the KALAMAZOO TRANSIT AUTHORITY BOARD OF DIRECTORS (Authority), a body corporate incorporated pursuant to the provisions of Act No. 55 of the Public Acts of Michigan of 1963, as amended, is as follows:

WHEREAS, the City owns and operates a public transit system to provide public transportation in the City of Kalamazoo and surrounding area; and

WHEREAS, the City, because of financial constraints, cannot continue to contribute money from its general fund to subsidize the operation of the transit system as it has in years past; and

WHEREAS, the City and Authority both recognize the great need and desirability of continuing public transit services in the City of Kalamazoo and surrounding area; and

WHEREAS, the Authority placed on the ballot at the November 2, 2004, general election the question of whether the Authority should levy a special millage for providing public transportation including limited evening services as authorized by Public Act No. 55 of 1963, as amended; and

WHEREAS, the electorate approved the levying of a special millage for up to three (3) years at one (1.0) mill per levy; and

WHEREAS, the Authority is willing to levy said special millage and provide the revenue to the City in return for the City providing the assets, employees, and management to continue the operation of the transit system in the City of Kalamazoo and surrounding area; and

WHEREAS, both the City and Authority believe that the public interest and welfare is best served by the City continuing to operate the public transit system in return for the revenue provided by the special millage of the Authority; and

WHEREAS, the City and the Authority are empowered to enter into an agreement by Act No. 35 of the Public Acts of 1951;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

- (1) The Authority shall levy a tax on July 1, 2005, in the amount of 1.0 mill, which is projected to generate \$1,562,618 in revenue. The City shall collect the tax for the Authority at the same time and in the same manner that it collects City taxes. Per the Transit System's adopted 2002 Operating Budget, the City shall use \$1,508,571 of said tax revenue for operating the public transit system in 2005. The City shall maintain its records so that the contingency reserve/equipment replacement fund is shown separately and clearly identified. The City shall use the funds in contingency reserve/ equipment replacement fund only with the prior approval of the Authority. These amounts may be subject to increases or decreases depending on the amount of federal and state operating assistance available to the City of Kalamazoo, and depending upon budgetary changes as determined by the City of Kalamazoo in its budget approval process.
- (2) Subsequent millage levies for 2006 and 2007 shall be subject to approval by both the Transit Authority Board and the Kalamazoo City Commission as part of the annual budget approval process.
- (3) The City shall continue to own the assets and provide the employees to operate the public transit system in the City of Kalamazoo and surrounding area during the three-year period covered by this agreement.
- (4) The Authority must approve the following items before adoption by the City:
 - (a) The annual budget, except for budget matters related to collective bargaining issues.
 - (b) Any rate (fare) increases.
 - (c) Any route changes, as that term is defined by the Federal Transit Administration.
 - (d) Any capital expenditures in excess of \$10,000.
- (6) The Transportation Director, all administrative staff, and all employees of the public transit system shall remain City of Kalamazoo employees.
- (7) The Transportation Director shall continue to report to the City Manager, but shall work closely with the Authority to promote cooperation and communication between the Authority and the City.
- (8) This Agreement does not affect any existing agreement between the City of Kalamazoo and any collective bargaining unit involved in the operation of the public transit system nor any existing agreement between the City and any other jurisdiction to provide public transit service.

- (9) Because the City will remain the employer of the transit system employees, the City will have full and sole authority in all matters relating to the collective bargaining agreement, including the negotiation, and establishing of wages. While the Authority may provide input to the City on such matters, it will not have any right of approval.
- (10) This Agreement shall expire on December 31, 2007. Provided, however, the Authority shall be obligated to continue to transmit to the City any revenue from the July 1, 2005, levy that may be collected after December 31, 2007.

CITY OF KALAMAZOO

Date: 21 February 2005

Pat DiGiovanni
City Manager

TRANSIT AUTHORITY BOARD OF DIRECTORS

Date: 28 January 2005

Richard P. Atwell
Chairperson