

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	04/13/09	Open	Action	04/08/09

Subject: Approving Transfer Agreement with El Dorado County Transit Authority

## ISSUE

Whether or not to approve a Transfer Agreement with El Dorado County Transit Authority.

## RECOMMENDED ACTION

Adopt Resolution 09-04-\_\_\_\_\_, Approving Transfer Agreement for El Dorado County Transit Authority Service

## FISCAL IMPACT

The estimated additional revenue resulting from this renegotiation is minimal.

## DISCUSSION

On August 25, 2008, the RT Board held a Public Hearing on potential fare changes and service reductions. As part of the presentation, staff provided additional information on several other budget re-balancing strategies including re-negotiating all existing fare and transfer agreements. Staff was subsequently directed by the General Manager/CEO to begin re-negotiating all fare and transfer agreements with a goal of revenue neutrality. The basic premise of the re-negotiations is that each agency should be reimbursed based on its own fare structure.

Many of the agreements were originally developed before RT commenced light rail service and the fares of each agency were substantially the same. The agreements require each agency to maintain a fare structure similar if not equal to RT's. Over the years, while RT has increased its fares, transit partners have maintained lower fares. The fare and transfer study conducted last year by RT highlighted the fact that RT's cash outlay under some of the transfer agreements is significantly higher than it should be due to the assumption in the revenue-sharing formulas that agencies would maintain substantially similar fare structures.

While Staff began the re-evaluation and re-negotiation process with a view toward strict revenue neutrality, it was determined, in reviewing the transfer agreements with some smaller agencies (such as El Dorado County Transit Authority), that achieving strict revenue neutrality would result in a significant administrative burden for both agencies, negating the overall goal of reducing RT's cost outlays and discouraging the cooperative relationships fostered by the agreements. The Board previously approved revised transfer agreements for Yuba Sutter County and Amador Regional Transit. At this time, the El Dorado County Transit Authority's agreement is ready for approval. Staff is still working with the various transit partners to complete the final transfer agreements for Yolo, Folsom, Roseville, Elk Grove and Sacramento County.

Approved:

  
General Manager/CEO

Presented:

  
Chief Financial Officer



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Staff is recommending that there will be no material changes with the respect to the methodology for counting and determining ridership for holders of transfers and regular/discount monthly passes. However, Staff is proposing modifications (where applicable) to the reimbursement of the transit partners that accept RT group passes. In the past, RT Group Passes have been treated for reimbursement purposes, as monthly passes, notwithstanding the fact that RT receives far less revenue per Group Pass than per monthly pass. The reimbursement rate for these counts will now be based on a lower per ride reimbursement rate.

The following is a brief summary of the methodology and the proposed changes:

RT provides El Dorado County Transit Authority with RT monthly passes to be sold only in conjunction with a special El Dorado County Transit Authority endorsement sticker. El Dorado County Transit Authority can sell the RT monthly passes for up to 50% off RT's regular monthly pass price, or \$50.00. The monthly pass with the sticker, at a current combined cost to the rider of \$130 or \$178 (depending on the type of pass sold), is used by commuters from El Dorado county to travel to either Folsom or the Sacramento area and transfer to RT service. All revenue from the sales of the RT monthly passes is returned to RT. While RT is providing a discount to a group of commuters, the likely effect of charging full price for the RT monthly pass would result in a deflection in riders and an overall loss of revenue. The volume of net monthly passes sold through this agreement is approximately 5 per month.

In addition to monthly pass sales, El Dorado County Transit Authority honors RT transfers and RT's Group Passes issued to Los Rios and CSUS students. In return, RT accepts RT transfers issued by El Dorado County Transit Authority. At the end of each month, the number of RT transfers issued and received by El Dorado County Transit Authority is netted and the amount will be multiplied by an average fare (by RT's fare if the number of transfers issued is greater than the number received or by El Dorado County Transit Authority's if the number received is greater than the number issued).

The most significant change to the current agreement is related to how RT will reimburse El Dorado County Transit Authority for college students who display a group pass. El Dorado County Transit Authority will be required to separate the student discounted riders from other riders. The reimbursement for these student group discount riders will be based on an average Group Pass fare received by RT, while the calculation for riders displaying a transfer will be based on an average fare. This methodology allows RT to properly reimburse El Dorado County Transit Authority at a rate closer to what RT collects from the universities.

In addition, because the original transfer agreement was signed before RT began charging for transfers, it did not address allocation of revenues from the sale of RT transfers by El Dorado County Transit Authority. The new agreement will specify that all revenue from transfer sales belongs to RT.

Other changes to the contract are more administrative, such as procedures for new bus stops and routes, adoption of discount fare changes, changing the termination language notice from 60 to 90 days, and adding a record retention requirement of 3 years.

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Staff recommends Board approval of the re-negotiated transfer agreements with El Dorado Transit.

RESOLUTION NO. 09-04-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

April 13, 2009

**APPROVING TRANSFER AGREEMENT FOR EI DORADO COUNTY TRANSIT  
AUTHORITY SERVICE**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE  
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Transfer Agreement for El Dorado County Transit Authority between the  
Sacramento Regional Transit District, therein "RT," and El Dorado County Transit  
Authority, therein "Transit," is hereby approved.

THAT, the Chair and the General Manager/CEO or his designee are hereby  
authorized to execute said Agreement.

\_\_\_\_\_  
STEVE COHN, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary