

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	06/22/09	Open	Action	06/15/09

Subject: Authorizing the Issuance of a Note with Wells Fargo in a Principal Amount Not to Exceed \$25.0 Million with an Effective Date On or After July 1, 2009 and a Final Maturity Date of June 30, 2010

## ISSUE

Whether or not to delegate authority to the General Manager/CEO to authorize the Issuance of a note with Wells Fargo Bank in a Principal Amount Not to Exceed \$25.0 Million with an Effective Date on or after July 1, 2009 and a Final Maturity Date of June 30, 2010

## RECOMMENDED ACTION

Adopt Resolution No. 09-06-\_\_\_\_, Delegating Authority to the General Manager/CEO to Authorize the Issuance of a Note with Wells Fargo Bank in a Principal Amount Not to Exceed \$25.0 Million with an Effective Date on or After July 1, 2009 and a Final Maturity Date of June 30, 2010

## FISCAL IMPACT

Annual cost of the Line of Credit (LOC) secured by the note with Wells Fargo Bank:

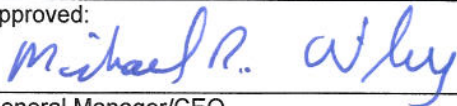
Annual Fee:	\$ 25,000
Estimated Interest Expense:	<u>300,000</u>
Total FY 2010 Budget:	<u>\$ 325,000</u>

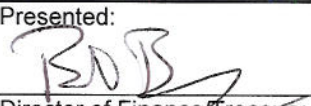
- The annual fee of \$25,000 is associated with securing and holding the funds available.
- The interest rate will be a fixed rate (current LIBOR +1.75%) if using a defined payback period within the year or a variable rate (current Prime -1.0%) if using an undefined payback period within the year.

RT will incur interest expense based on the amount, type (fixed or variable rate) and use of the established LOC and is determined by factors such as interest rates and repayment schedule. The LOC is expected to be used periodically for both operating and capital purposes.

## DISCUSSION

RT staff has requested RT Board approval for the issuance of a note with Wells Fargo Bank for operating cash flow purposes since FY 2004 as part of its cash management program. The California Government Code requires that public agencies annually reauthorize by resolution the issuance of notes of indebtedness for temporary borrowing. This issue paper is RT's request for reauthorization of the issuance of a note for FY2010 in the amount of \$25 Million. This amount represents a \$5 million increase over the previous LOC of \$20 Million. As requested by the Board, staff will provide a monthly report to the Board whenever the note is exercised indicating the draw amount, expense and repayment schedule.

Approved:   
General Manager/CEO

Presented:   
Director of Finance/Treasury



Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	06/22/09	Open	Action	06/15/09

Subject: Authorizing the Issuance of a Note with Wells Fargo in a Principal Amount Not to Exceed \$25.0 Million with an Effective Date On or After July 1, 2009 and a Final Maturity Date of June 30, 2010

RT's cash flow for both operating and capital expenses is dependent, in large part, on timely payments from State and Local agencies and reimbursement of expenses from the Federal Transit Administration (FTA). RT's system generated fares (farebox recovery) account for approximately 24.0% of all operating revenue.

In large part, the LOC serves as RT's "working capital" throughout the year. As with any enterprise, the timing of RT's cash receipts does not always coincide with required cash disbursements. For instance, all capital project expenses are paid from operating revenue and then reimbursed, depending on the project funding source, anywhere from a few days to eight weeks after payment. Reserving an appropriate working capital balance, whether through reserves or a LOC, solves the difference in cash flow timing. RT's monthly working capital requirement for FY2010 is expected to be \$25.0 million. RT has experienced external and cyclical events in the last four years that have significantly impacted the availability of working capital. Sound fiscal policy dictates a contingency plan to meet short-term liquidity obligations. RT relies upon the LOC to ensure those obligations are met regardless of cash flow timing issues.

In years past, the submission and release process of federal funds was completed in the June - July timeframe, ensuring an adequate working capital balance for RT. However, in the last five years, federal funds have been released to RT as late as September - October. This year, federal funds for FY2009 are expected to be released as late as October 2009 (FY10). This includes over \$22.0 million in Fiscal Year 2009 and \$23.5 million in Fiscal Year 2010 for preventative maintenance funds.

Additionally, during FY 2010, RT will be expending funds on four large capital projects, Southline Phase 2, DNA (Downtown-Natomas-Airport), NEC (North East Corridor), and BMF II (Bus Maintenance Facility). Each project will require sufficient cash requirements throughout FY 2010. Based on the current respective funding apportionments for these projects, RT anticipates receiving State and Local reimbursement for these projects within 30 days from payment.

To ensure adequate cash flow for the RT's operations and capital project expenses, staff recommends renewing its flexible and cost-effective note with Wells Fargo Bank. The note is facilitated by Wells Fargo's Government, Education and Labor Banking Division and is in compliance with public agency temporary borrowing practices as regulated by California Government Code Sections 53850 – 53858.

Upon Board approval and subject to bank limitations, the note would not exceed the monthly average working capital requirement of \$25.0 million and would be pledged with receipt of current year Federal 5307 formula funds and current year TDA funds, identical to last year's pledge.

As each note is individualized, the cost of such services is usually dependent on the following criteria and current market conditions; most, if not all, elements are negotiable based on the submission of a formal application and RT's commitment to use such funds.



Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	06/22/09	Open	Action	06/15/09

Subject: Authorizing the Issuance of a Note with Wells Fargo in a Principal Amount Not to Exceed \$25.0 Million with an Effective Date On or After July 1, 2009 and a Final Maturity Date of June 30, 2010

**Basic terms of the note:**

- The note duration is quoted as a general period of (1) year and will be reviewed and approved by the bank on an annual basis.
- Interest rates on the amount used will vary depending on the payback structure. The interest rate will be a fixed rate (current LIBOR +1.75%), if using a defined payback period within the year, or a variable rate (current Prime -1.0%) if using an undefined payback period within the year.
- Fees, if not excluded from the note agreement, are identified as Commitment Fees and Unused Fees (the amount charged to reserve the capital) and are anticipated to cost RT approximately \$25,000 for the year.
- Auditing fees will not be applicable, as this is not considered a secured loan.

As with any banking service, there may be a competitive advantage to engaging in a formal bid process for the LOC. However, current economic conditions prevented RT from doing so this year. Staff anticipates bidding the LOC, as well as all other banking services, during less volatile economic times, which may be as early as the next fiscal year.

Staff recommends that the RT Board of Directors delegate authority to the General Manager/CEO to authorize the issuance of a note with Wells Fargo Bank in a principal amount not to exceed \$25.0 Million with an effective date on or after July 1, 2009 and a final maturity date of June 30, 2010.

RESOLUTION NO. 09-06-\_\_\_\_\_

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

June 22, 2009

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AUTHORIZE  
THE ISSUANCE OF A NOTE WITH WELLS FARGO BANK IN A PRINCIPAL  
AMOUNT NOT TO EXCEED \$25.0 MILLION WITH AN EFFECTIVE DATE ON OR  
AFTER JULY 1, 2009 AND A FINAL MATURITY DATE OF JUNE 30, 2010**

WHEREAS, in accordance with Chapter 4.7 (Temporary Borrowing) of Title 5, Division 2, Part 1 of the California Government Code (Section 53850 and following), Sacramento Regional Transit District ("District") may borrow money for any purpose for which the local agency is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the local agency; and

WHEREAS, the District is negotiating a short-term credit note in an amount not to exceed Twenty-Five Million Dollars (\$25,000,000.00) with Wells Fargo Bank to be effective on or after July 1, 2009, with a final maturity date of June 30, 2010; and

WHEREAS, the General Manager/CEO of the District or his authorized representative desires to draw on said short-term Note during its term as necessary and appropriate.

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

THAT, the General Manager/CEO of the District or his authorized representative is hereby authorized on behalf of the District, to bind District to a note with Wells Fargo Bank, a national banking association, whereby the District may borrow an amount not to exceed Twenty-Five Million Dollars (\$25,000,000.00) with an effective date on or after July 1, 2009, and a final maturity date of June 30, 2010. Said funds shall be provided in accordance with the terms, covenants and conditions contained in said Note.

THAT, the Chief Legal Counsel or his designee is hereby authorized to issue an opinion regarding the validity and enforceability of District's obligations under the note and such other matters as may be required in connection with the issuance of said Note.

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

A T T E S T:

MICHAEL R. WILEY, Secretary

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



# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	06/22/09	Open	Action	06/16/09

Subject: Approving a Easement Agreement and Project Agreement between RT and Capitol Station 65, LLC. for the DNA MOS1 Project light rail station at the intersection of Richards Boulevard and 7th Street.

## ISSUE

Whether to approve an easement and project agreement between RT and Capitol Station 65, LLC. for the Downtown-Natomas-Airport (DNA) MOS1 Project light rail station at Richards Boulevard and 7<sup>th</sup> Street.

## RECOMMENDED ACTION

Adopt Resolution No. 09-06-\_\_\_\_\_, Approving an Easement Agreement and Project Agreement with Capitol Station 65, LLC. for the Richards Boulevard Light Rail Station of the Downtown-Natomas-Airport Minimal Operable Segment (MOS1).

## FISCAL IMPACT

None.

## DISCUSSION

The subject property is located in the Richards Boulevard planning area of the City of Sacramento near the northwest corner of the intersection of Richards Boulevard and 7<sup>th</sup> Street (Attachment "A")

The Township 9 Project development objectives included creating a Transit-Oriented Development Project and providing for construction of a transit line and light rail station along the planned Downtown-Natomas-Airport (DNA) light rail line. Capitol Station 65, LLC's (the Project developer) entitlement conditions approved by the City require the dedication of right of way for light rail tracks and the Richards Boulevard Light Rail Station along the planned first phase (MOS1) of the DNA light rail transit alignment (See Attachment A).

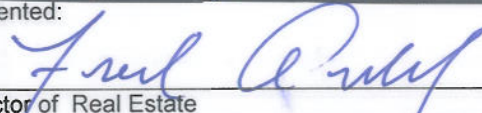
The non-exclusive Easement Area measures approximately 60 feet wide for the light rail tracks and the light rail station, 1,060 feet in length and, as measured from the top of the rails, 26 feet in height and six feet below ground. The airspace above the Easement Area remains the property of Capitol Station 65, LLC. In addition, Capitol Station 65, LLC reserves the right to place kiosks, a sales office, sign poles, signs, banners and similar facilities within the Easement for the purposes of advertising public events, providing services to the public, including but not limited to vending services, and providing directional signage, if such fixtures and services do not interfere with RT's use of the easement for light rail purposes.

Approved:



General Manager/CEO

Presented:



Director of Real Estate

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	06/22/09	Open	Action	06/16/09

Subject: Approving a Easement Agreement and Project Agreement between RT and Capitol Station 65, LLC. for the DNA MOS1 Project light rail station at the intersection of Richards Boulevard and 7th Street.

Because the light rail station will be integrated with the Township 9 development, Capitol Station 65, LLC desires to take responsibility for design and construction of the majority of the station area (excepting the trackwork, overhead contact system, communications conduits, and certain standard RT station fixtures—fare vending machines, signs, etc.) The purpose of the Project Agreement is to allocate responsibility for construction of the station between RT and Township 9 and establish a time frame for station design and construction that dovetails with RT’s overall objective of opening MOS 1 in October 2010.

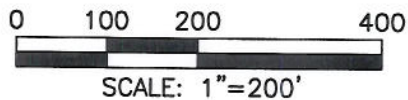
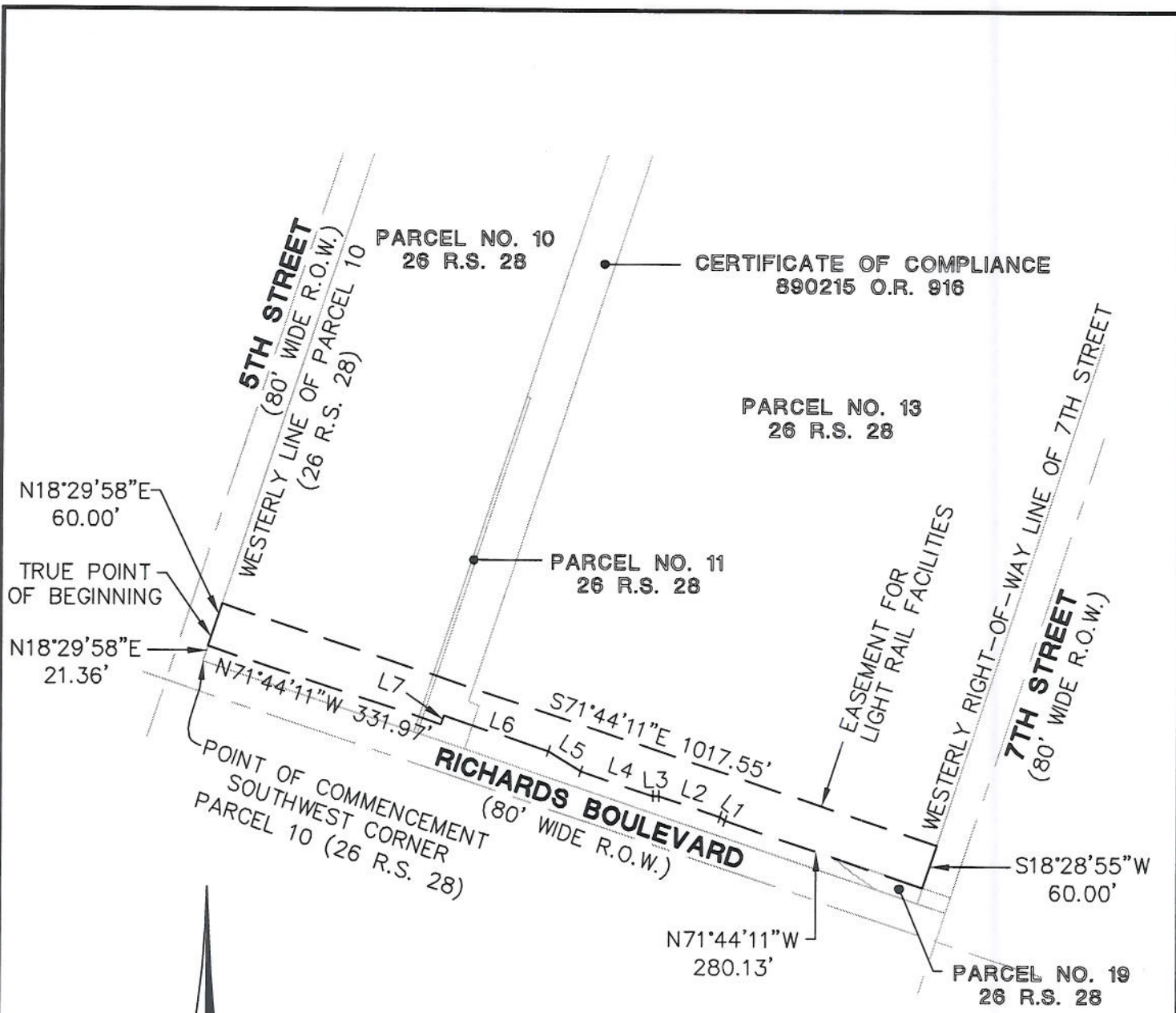
The Design-Builder selected to construct the MOS 1 extension on RT’s behalf will be able to use the Project Agreement to coordinate its work with Township 9. Each party will have a limited right to review the other’s design. RT will review Township 9’s design for consistency with RT’s operating requirements and regulatory obligations (such as compliance with the Americans with Disabilities Act).

The Project Agreement also specifies a schedule for completion of design and construction activities and permits each party to step in and complete the work of the other if the work is not completed by certain milestone dates.

The conveyance of the easement and execution of the Project Agreement with Capitol Station 65, LLC will assist RT in completing the MOS 1 light rail extension and provide the community with an easily accessible light rail station.

Staff recommends approval of the Easement Agreement and Project Agreement between RT and Capitol Station 65, LLC.





LINE TABLE

L1	N52°29'57"W	8.10'
L2	N71°44'11"W	87.28'
L3	S89°00'55"W	8.09'
L4	N71°44'11"W	103.78'
L5	N58°14'28"W	51.42'
L6	N71°44'11"W	149.09'
L7	S18°28'55"W	12.00'



**NOLTE**

BEYOND ENGINEERING

2405 MATCHAS PARK DRIVE, 4TH FLOOR, SACRAMENTO, CA. 95833  
916.641.9007 TEL. 916.641.9222 FAX WWW.NOLTE.COM

**EXHIBIT B**  
**EASEMENT TO REGIONAL TRANSIT FOR**  
**LIGHT RAIL FACILITIES**

PREPARED FOR: REGIONAL TRANSIT

DATE SUBMITTED: 05-21-2009

SHEET NUMBER

1

OF 1 SHEETS

JOB NUMBER  
SA0151101

RESOLUTION NO. 09-06-\_\_\_\_\_

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

June 22, 2009

**APPROVING AN EASEMENT AGREEMENT AND PROJECT AGREEMENT WITH  
CAPITOL STATION 65, LLC FOR THE RICHARDS BOULEVARD LIGHT RAIL  
STATION OF THE DOWNTOWN-NATOMAS-AIRPORT MINIMAL OPERABLE  
SEGMENT (MOS 1)**

THAT, the Easement Agreement between Capitol Station 65, LLC (therein "Grantor") and the Sacramento Regional Transit District (therein "Grantee"), whereby Grantor grants RT an irrevocable non-exclusive easement in gross for the purpose of constructing, operating, and maintaining a light rail station and tracks near the intersection of Richards Boulevard, is hereby approved.

THAT, the Chair and the General Manager/CEO are hereby authorized and directed to execute said Easement Agreement.

THAT, the General Manager/CEO is hereby authorized and directed to execute a Certificate of Acceptance and to record the Easement Agreement and Certificate of Acceptance.

THAT, the Project Agreement between Capitol Station 65, LLC (therein "Capitol") and the Sacramento Regional Transit District (therein "RT"), whereby Capitol and RT allocate responsibility for design and construction of the Richards Boulevard Station of the Downtown-Natomas-Airport Minimal Operable Segment (MOS 1) and the schedule for such work, is hereby approved.

THAT, the Chair and the General Manager/CEO are hereby authorized and directed to execute said Project Agreement.

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

A T T E S T:

MICHAEL R. WILEY, Secretary

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



# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	06/22/09	Open	Action	06/16/09

Subject: Setting a Public Hearing on July 27, 2009 to Receive Public Testimony on Service Changes Proposed for January 2010

## ISSUE

Whether or not to schedule a public hearing on July 27, 2009 to receive public testimony on service changes proposed for January 2010.

## RECOMMENDED ACTION

Adopt Resolution 09-06-\_\_\_\_, Setting a Public Hearing on July 27, 2009 to Receive Public Testimony on Service Changes Proposed for January 2010.

## FISCAL IMPACT

None.

## DISCUSSION

On June 8, 2009, staff presented to the Board a service reduction package for September 2009 that would save an estimated \$2.2 million in FY 2010. This package, which is now before the Board as a separate item, was subsequently reduced to \$740,000 in savings, based upon the estimated impact of a new fare increase. While the proposed service reductions and fare increase are intended to balance the Fiscal Year 2010 budget, staff anticipates a potential \$1 million imbalance in the budget and thus further service reductions may be necessary. With these circumstances in mind, staff has been directed to prepare a service reduction package for optional implementation in January 2010, if RT's financial situation requires it.

In the event that further service reductions are needed in January, many of the productivity-based proposals in the original \$2.2 million package would be reconsidered. Other options would be to make wholesale changes to RT's service such as eliminating weekend service, eliminating peak-only buses, eliminating all evening service, and/or making reductions to some of RT's higher-productivity, but still resource-intensive bus routes.

Under normal circumstances, the final day to approve January service changes would be August 24, 2009. September is typically spent preparing the schedule, with driver bidding taking place in October. Given the severity of the budget situation, a decision on whether or not to implement January service reductions could be postponed past the August 24 date, however, the changes themselves could not be adjusted past this date; the only decision would be whether or not to implement them. In other words, August 24 is the last day to make changes to the service reduction plan. But whether or not to adopt it could conceivably be postponed until the end of September.

Approved:



General Manager/CEO

Presented:



Rosemary Covington, AGM of Planning and Transit System Development

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	06/22/09	Open	Action	06/16/09

Subject: Setting a Public Hearing on July 27, 2009 to Receive Public Testimony on Service Changes Proposed for January 2010

Board Resolution 94-09-2214 requires a public hearing prior to Board approval of any major service change. Public notice is required at least ten days in advance of the hearing. In spite of the public hearing held on June 8, 2009 for the September service changes, Resolution 94-09-2214 still requires that another hearing be noticed and held. Given the uncertainty and potential severity of January service changes, staff intends to notice all routes for elimination, so as to allow contingency planning with maximum flexibility. Staff will take into consideration all comments received regarding the September changes while preparing the January package.



RESOLUTION NO. 09-06-\_\_\_\_\_

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

June 22, 2009

**SETTING A PUBLIC HEARING ON JULY 27, 2009  
TO RECEIVE PUBLIC TESTIMONY ON SERVICE CHANGES  
PROPOSED FOR JANUARY 2010**

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

THAT, a public hearing is set for Monday, July 27, 2009 at 6:00 p.m. to receive public testimony regarding service changes proposed to the bus and light rail system, including all bus and light rail routes.

THAT, the General Manager/CEO, or his designee, is hereby authorized to publish a notice in substantially the form set out in Exhibit A pertaining to the service changes proposed for January 2010.

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

A T T E S T:

MICHAEL R. WILEY, Secretary

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

**Public Notice**  
RT to Hold Public Hearing  
on Proposed Service Changes

NOTICE IS HEREBY GIVEN that the Sacramento Regional Transit District (RT) will hold a public hearing on Monday, July 27, 2009 at 6:00 p.m. to receive comments regarding proposed transit service changes. These changes may include reduction, realignment, or elimination of bus routes and/or light rail service, including all bus and light rail routes.

The proposed service changes are scheduled for adoption by the RT Board of Directors on August 24, 2009 and would take effect on January 3, 2009.

The public hearing will be held at 6:00 p.m. in the RT Auditorium at 1400 29th Street (at N Street). This location is served by Routes 36, 38, 50E, 67, 68, and light rail at the 29th Street light rail station.

Comments may be submitted in writing to the Planning Department (P.O. Box 2110, Sacramento, CA 95812-2110) or by email to [servicechanges@sacrt.com](mailto:servicechanges@sacrt.com) and must be received by 5:00 p.m. on Monday, July 27, 2009.



# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	06/22/09	Open	Action	06/12/09

Subject: Approval of Warehouse Lease at 2541 Land Avenue, Unit 400, Sacramento

## ISSUE

Whether to approve lease of warehouse space at 2541 Land Avenue, Sacramento, for storage of light rail vehicle parts for an additional three years.

## RECOMMENDED ACTION

Adopt Resolution No. 09-06-\_\_\_, Approving Warehouse Space Lease with Fischer Family Revocable Trust for Warehouse Space at 2541 Land Avenue.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	52,800
Budget Source:	Operating	Next FY:	\$	54,000
Funding Source:	Local	Annualized:	\$	54,000
Cost Cntr/GL Acct(s) or Capital Project #:	Cost Center 37 GL #3037-680002	Total Amount:	\$	162,000
Total Budget:	\$162,000			
FY09/10:	\$4,400 per month, total = \$52,800			
FY10/11:	\$4,500 per month, total = \$54,000			
FY11/12:	\$4,600 per month, total = \$55,200			

## DISCUSSION

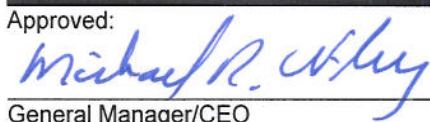
RT has occupied 16,000 square feet of warehouse space at 2541 Land Avenue under a 12-month lease dated February 1, 2003. The leased area is used to store light rail vehicle parts. It is approximate to RT's light rail maintenance facility on Academy Way and to its 2501 and 2531 Land Avenue properties. RT's premises (Unit 400) represents approximately 23% of the total floor area in the 70,000 square foot, multiple-tenant light industrial building. The property is owned by the Fischer Family Revocable Trust. The floor plan for the premises and property is shown on Attachment A.

On May 1, 2009, the original lease term expired, and the leasehold automatically reverted to month-to-month status with rent continuing at the rate of \$4,750 per month. Other costs of occupancy paid by RT include utilities and trash removal. RT has a continuing need for this leased space for vehicle parts storage as repairs are being made to RT's storage facility. This 3-year lease will result in lower rent for RT.

Staff recommends that the Board approve a 3-year lease of the warehouse at 2541 Land Avenue, unit 400.

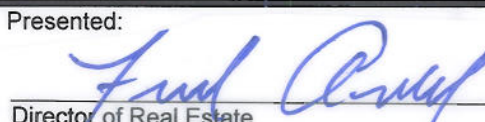
Approved:

General Manager/CEO



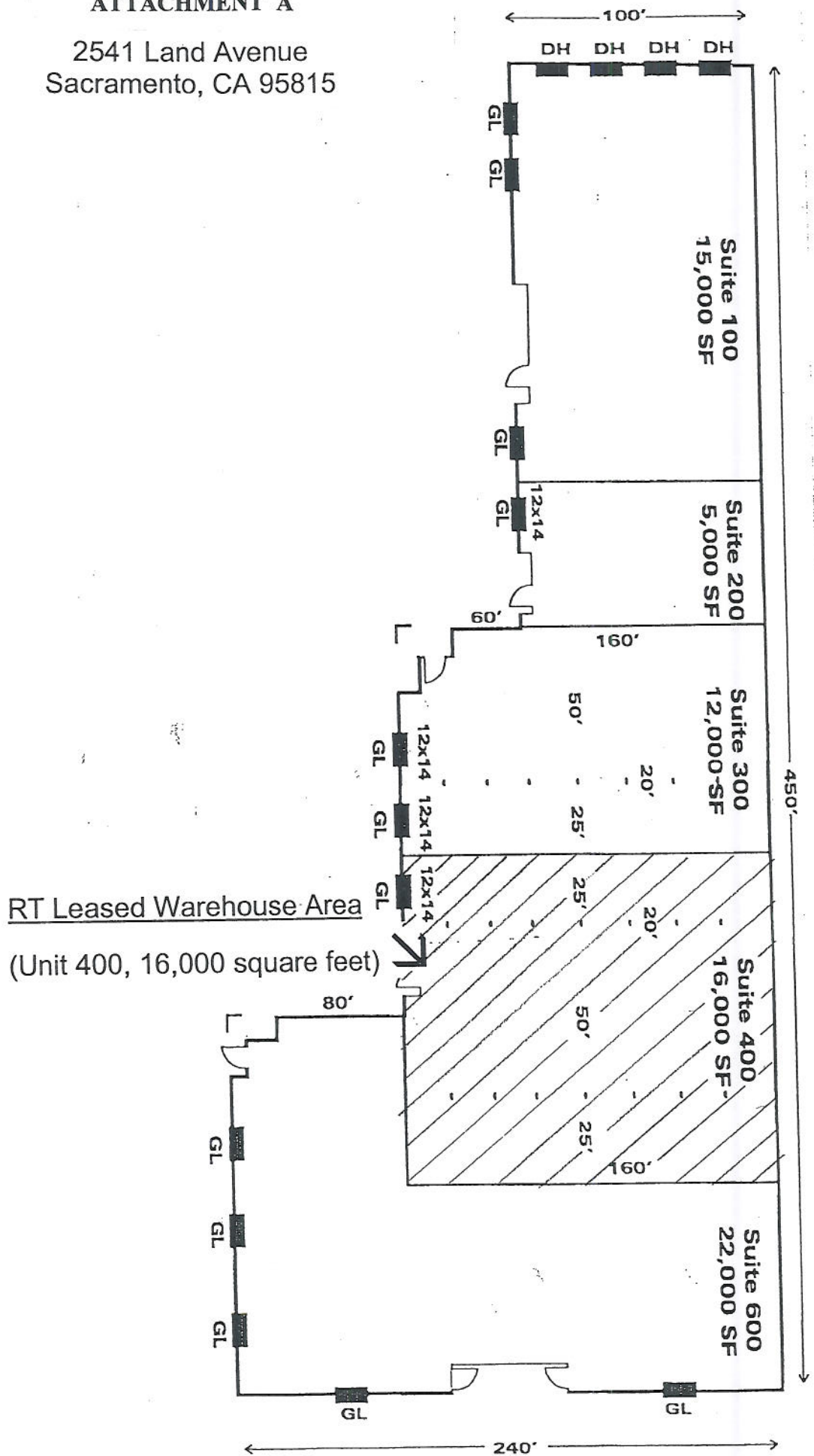
Presented:

Director of Real Estate



ATTACHMENT A

2541 Land Avenue  
Sacramento, CA 95815





RESOLUTION NO. 09-06-\_\_\_\_\_

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

June 22, 2009

**APPROVING WAREHOUSE SPACE LEASE WITH FISCHER FAMILY REVOCABLE TRUST FOR WAREHOUSE SPACE AT 2541 LAND AVENUE**

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

THAT, the lease between the Fischer Family Revocable Trust (Lessor) and RT (Lessee) for warehouse space located at 2541 Land Avenue, Unit 400, Sacramento, for a 3-year term, beginning July 1, 2009 or upon execution, whichever is later and continuing for 3 years for a total cost of \$162,000, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to sign said lease.

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

A T T E S T:

MICHAEL R. WILEY, Secretary

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

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	06/22/09	Open	Action	06/08/09

Subject: Approving a Three-Year Agreement with California State University - Sacramento for a Discount Student and Employee Pass Program

## ISSUE

Whether or not to delegate authority to the General Manager/CEO to execute a three-year agreement for a discount student and employee pass program with California State University - Sacramento.

## RECOMMENDED ACTION

Adopt Resolution No. 09-06- \_\_\_\_\_, Delegating Authority to the General Manager/CEO to Execute a Three-Year Agreement with California State University - Sacramento for a Discount Student and Employee Pass Program.

## FISCAL IMPACT

Estimated Annual Revenue\*:

FY 2010:	\$527,000
FY 2011:	\$738,000
FY 2012:	\$1,100,000

\* Revenue is dependent on ridership determined through the RT Annual Fare Survey.

## DISCUSSION

### *Background*

On June 10, 1996, the RT Board approved a ten-year agreement with California State University – Sacramento (Sac State) for the provision of transit passes to students and employees at a discount rate. Three amendments to extend the term of this agreement for one year each have occurred since. The agreement expires on June 30, 2009.

Under the program, the students voted to assess themselves a fee each semester, regardless of whether or not each student uses RT services. Fees collected from the students have been used to pay for RT transit passes. Sac State Employees are also eligible to obtain a transit pass for use on RT. Payments are based on the ridership estimated by RT each fiscal year through an annual fare survey.

### *Current Compensation Methodology*

The compensation due under the agreement is calculated by multiplying the student ridership by 50% of the basic single ride fare and the employee ridership by RT's prior fiscal year average fare. The sums are totaled and compared to the prior year invoice total. The original agreement contained a 10% cap on year-to-year increases, regardless of the calculated fee, so that Sac State would have a way to estimate the next year's billing as much as a year in advance for budgeting purposes and to determine if another student assessment would be necessary before the end of the term of the agreement. The cap has continued over time and was increased to 20%

Approved:

  
General Manager/CEO

Presented:

  
Director of Finance/Treasury



Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	06/22/09	Open	Action	06/08/09

Subject: Approving a Three-Year Agreement with California State University - Sacramento for a Discount Student and Employee Pass Program

in FY 2008. With the current 20% cap on annual increases, RT expects to receive \$376,648 for approximately 811,000 unlinked passenger trips in FY 2009.

*Proposed Fee Calculation Methodology*

Based on FY 2008 ridership figures used to prepare the FY 2009 invoice, RT will collect an average fare of roughly \$0.67 per unlinked ride under the current agreement. This average fare is well below both the prior and current year discounted single ride fare of \$1.00 or \$1.10, respectively. Recognizing that the 20% cap has limited RT's ability to invoice for either increases in fares or ridership, or to achieve the discount fare of \$1.10, RT staff and Sac State staff have worked together to improve the methodology. The proposed agreement increases the annual cap by 20% to 40%, year-over-year, not to exceed \$1.10 per unlinked ride for the term of the contract, with safeguards for unusual increases or decreases in ridership. For each year of the Agreement, Sac State will pay RT the Lesser of: (1) \$1.10 times the total number of unlinked student and employee trips; or (2) the amount of the prior year's invoice times 140%.

The new methodology is based on an assumption that total ridership will increase by at least 5% each year. If ridership rises as estimated, the annual increase cap of 40% over the prior year's billing will bring the average fare per unlinked ride to \$1.10 by the third year of the agreement.

If ridership increases between 5% and 10% in any given year, the 40% cap will limit RT's ability to recoup the \$1.10 per unlinked trip. For ridership increases of greater than 10%, RT and Sac State reached a compromise that allows RT to receive \$1.10 per trip but also recognizes Sac State's need for a fixed cost for budgetary purposes. The agreement incorporates a carryover account that will allow RT to bill Sac State for ridership increases of 10% or more year-over-year in years 2 or 3. RT will separately charge Sac State \$1.10 per ride for the number of unlinked rides exceeding the 10% increase over the prior year. RT will calculate the carryover amount due and provide notice to Sac State of the carryover amount, but Sac State would not be billed for the carryover amount until the following year as a separate item on that year's invoice. This allows Sac State to incorporate this additional unforeseen cost into the next year's budget.

As a safeguard for Sac State, the annual calculation will also multiply the combined student and employee ridership based on the fare survey by \$1.10. This will be the maximum amount that will be billed if there is a significant decline in ridership to ensure that Sac State is not billed more than \$1.10 per ride.

The amended contract will also incorporate language needed for the eventual incorporation of the regional universal fare card (also known as the smart card) technology. Based on the current program under development, a single smart card will replace the current pass, which is the combination of a Sac State One Card with an imprinted paper sleeve. Smart card technology is expected to improve the process for collecting the ridership data upon which the RT - Sac State bills are calculated.

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	06/22/09	Open	Action	06/08/09

Subject: Approving a Three-Year Agreement with California State University - Sacramento for a Discount Student and Employee Pass Program

Because the agreement has not received final approval by Sac State, staff requests that the Board delegate authority to the General Manager/CEO to execute a three-year agreement (from July 2009 to June 2012). The new contract will include a year-over-year fee increase in the cap from 20.0% to 40.0% (with the carryover amount noted above). The three-year contract will allow RT to come closer to its goal of receiving a discounted fare of \$1.10 per ride with the ability to incorporate smart card technology when it becomes available.



RESOLUTION NO. 09-06-\_\_\_\_\_

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

June 22, 2009

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE A  
THREE-YEAR AGREEMENT WITH CALIFORNIA STATE UNIVERSITY -  
SACRAMENTO  
FOR A DISCOUNT STUDENT AND EMPLOYEE PASS PROGRAM**

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

THAT, the General Manager/CEO is hereby authorized to execute an Agreement between the Sacramento Regional Transit District (RT) and California State University-Sacramento (Sac State), beginning July 1, 2009 and ending June 30, 2012, whereby RT agrees to recognize the Sac State Student Transit Pass and Sac State Employee Transit Pass as valid fare media for RT service and Sac State agrees to compensate RT for such recognition, on the terms and conditions further set forth therein.

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

ATTEST:

MICHAEL R. WILEY, Secretary

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