

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	12/13/10	Open	Action	11/29/10

Subject: Amend the Service Agreement with the City of Elk Grove

## ISSUE

Whether or not to Approve the Third Amendment to the Service Agreement with the City of Elk Grove.

## RECOMMENDED ACTION

Adopt Resolution No. 10-12-\_\_\_, Approving the Third Amendment to the Service Agreement with the City of Elk Grove

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$448,334
Budget Source:	Operating	Next FY:	\$215,147
Funding Source:	Operating	Annualized:	\$295,000
Cost Cntr/GL Acct(s) or Capital Project #:	420919	Total Amount:	\$956,783
Total Budget:	\$956,783		

Note: The above total are estimates based on budgeted and forecasted revenues and expenses. The actual yearly amount due will be based on the prior year's audited financial results. (See discussion for further details).

## DISCUSSION

In January 2005, RT entered into a one year service and cost sharing agreement with the City of Elk Grove that outlined the provision of transit services within each jurisdiction (Principal Agreement). On February 15, 2006, the agreement was amended to extend the term through December 31, 2010. On June 28, 2010, a second amendment to the service agreement was approved by the Board allowing the City of Elk Grove to provide its own ADA eligibility certification support.

The terms of the current agreement require the City of Elk Grove to pay its proportional share of costs related to bus, rail, and facility support services provided by RT. Exhibit A of the agreement provided a 5 year schedule of bus and rail costs based upon forecasted revenues and expenses. The methodology for determining the annual costs was established within the principal agreement, adopted January 2005, and was based on Sacramento Area Council of Government's 1999 Transit Equity Study. Due to major changes in service levels and ridership at RT and eTran, this methodology has been re-evaluated.

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Approved:

Presented:

FINAL 12/7/10

General Manager/CEO

Director, Finance and Treasury

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The terms of the third amendment will allow RT to continue to bill the City of Elk Grove for rail and bus services using prior year budgeted figures however, after the end of each Fiscal Year (FY), beginning with FY 2010, a reconciliation will take place, whereby RT will reconcile the estimated revenues and expenses against the actual audited revenues and expenses. If the yearly reconciliation process indicates there has been an overpayment or underpayment to any party, either a refund or payment would be due in the following fiscal year. For example, the bill for FY2011 would be based on the June 30, 2010 budgeted revenues and expenses, with the reconciliation to occur 30 days after completion of the publicized audited financial results. Typically the audited results are completed and presented to the RT Board by mid-December, and therefore any over(under) payment would be calculated by March 1st and be incorporated into the following year's bill. By following this process, both parties will have ample time to incorporate the adjustment resulting from the reconciliation process, and the following year's bill into their FY2012 (and future years) budgets.

In addition to the change noted above, staff has added language requiring both parties to work towards creating a new methodology for reimbursing rail and bus costs in an effort to incorporate the service and ridership changes that have transpired since the completion of the 2005 transit equity study. Along with these changes, the term and the agreement will be extended to a 3 ½ year period, ending on June 30, 2014.

Two new sections have also been added to the agreement: the first addition provides the City of Elk Grove with the opportunity to seek authorization to park, fuel, and service its e-tran buses at an RT-approved location, on terms and conditions to be further defined under a future contract amendment; the second addition commits the parties to develop a process for the City of Elk Grove to purchase RT shelters, stations, benches and signs located within the City of Elk Grove subject to terms and conditions to be determined.

Staff seeks approval of the third amendment to the cost sharing agreement with the City of Elk Grove, effective January 1, 2011.

RESOLUTION NO. 10-12-\_\_\_\_\_

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

December 13, 2010

**APPROVING THE THIRD AMENDMENT TO THE SERVICE AGREEMENT WITH THE CITY OF ELK GROVE**

WHEREAS, the Sacramento Regional Transit District (RT) has a service agreement with the City of Elk Grove addressing compensation for the operation and maintenance of light rail, bus, and facilities support provided to the City of Elk Grove.

WHEREAS, the parties desire to extend the contract for an additional 3 ½ years and change the payment methodology so that the City of Elk Grove makes payment for the estimated operating costs of the light rail, bus and facilities service costs followed up by a reconciliation of estimated to actual costs for which either party may receive an under(over) payment in the following Fiscal Year; and

WHEREAS, for readability purposes, the parties desire to amend and restate the Service agreement.

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

THAT, the Third Amendment to the Light Rail, Bus and Facilities Service Agreement with the City of Elk Grove is approved.

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STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

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