

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	09/27/10	Open	Action	09/08/10

Subject: Modification to the DHA contract return language for the distribution of single fare and daily tickets

ISSUE

Whether to repeal the resolution approving the Agreement for Purchase and Sale of Prepaid Fare Media with the County of Sacramento, Department of Human Assistance (DHA) and approve a new Agreement for Purchase and Sale of Prepaid Fare Media that does not include language requiring return of single fare tickets and daily passes and replaces such language with monthly reporting requirements.

RECOMMENDED ACTION

Adopt Resolution No. 10-09__, Repealing Resolution 10-07-0088 and Approving the Agreement for Purchase and Sale of Prepaid Fare Media with the County of Sacramento

FISCAL IMPACT

No fiscal impact. The contract language requires DHA to purchase 1,000 single fare tickets and 4,000 daily passes on a monthly basis. Regardless of whether this media is consumed or returned, DHA pays the same monthly amount. Therefore, removing the return language has no fiscal impact.

DISCUSSION

On July 26, 2010, the Board approved an Agreement for purchase and sale of prepaid fare media with DHA. During the negotiation process, RT staff requested that DHA return unused single fare and daily passes on a monthly basis. The reason for RT's request was two-fold (1) RT staff had not reviewed DHA's internal controls with respect to the distribution of the media and (2) RT staff had concerns regarding the safeguarding and storage of unused media. A DHA representative agreed to inclusion of the return requirement in the Agreement; however, the contract previously approved by the Board has not yet been signed, because DHA subsequently raised a concern about the feasibility of returning single fare tickets and daily passes.

On August 16, 2010, RT staff received DHA's process and procedures guidelines for distributing single fare and daily pass media. In addition, RT staff toured the building where the media is housed and distributed. After reviewing the processes and discussing various internal controls with DHA staff, RT staff has gained a level of comfort with DHA's processes and safeguards. After a review of their processes, DHA staff agreed to provide RT staff with a monthly utilization report, which will track the single fare and daily pass inventory balances as well as provide utilization figures.

Approved:

Presented:

FINAL 9/20/10

General Manager/CEO

Chief Financial Officer

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Because DHA is required to pay fixed amount for the monthly allotment of single fare and daily pass media and RT staff has gained a good understanding of DHA's internal controls, RT staff no longer believes that it is necessary for DHA to provide RT with the unused single fare tickets and daily passes so long as the monthly utilization report is provided.

The revised contract terms would also include a waiver of interest payments that would otherwise be due under the Agreement; RT has continued to furnish media to DHA and send invoices for such media since the prior Agreement expired on June 30, 2010, with the assumption that the new agreement would have a retroactive effective date of July 1, 2010. Under the Agreement, payments for invoiced amounts are due within 30 days and late payments and late payments accrue interest at 8%. In recognition of the retroactive effect of the Agreement, RT staff has agreed that late payments on previously-invoiced amounts will not begin to accrue interest until 30 days after execution of the Agreement.

All other terms of the Agreement will be as represented to the Board in the Issue Paper approving Resolution 10-07-088.

RT staff recommends that the Board repealing Resolution 10-07-0088 and adopt a new resolution approving an Agreement for Purchase and Sale of Prepaid Fare Media with the County of Sacramento that requires monthly reconciliation reporting for the inventory levels and usage of single fare tickets and daily pass media and provides that interest otherwise due on previously-invoiced amounts will not begin to accrue until 30 days after execution of the Agreement.

RESOLUTION NO. 10-09-_____

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

September 27, 2010

**REPEALING RESOLUTION 10-07-0088 AND APPROVING THE AGREEMENT FOR
PURCHASE AND SALE OF PREPAID FARE MEDIA WITH THE
COUNTY OF SACRAMENTO**

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

THAT, Resolution 10-07-0088 is repealed.

THAT, the Agreement for Discount Purchase and Sale of Prepaid Fare Media between the Sacramento Regional Transit District (RT) and the County of Sacramento (County), whereby COUNTY agrees to purchase specified minimum quantities of single fare tickets, daily passes, and monthly passes for its General Assistance Recipients for 3 fiscal years (FY), beginning with FY2010-11, and RT agrees to sell such fare media at a discount exceeding the percentage established in the RT fare policy set forth in Resolution No. 07-12-0158, is hereby approved.

STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary