

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	06/11/12	Open	Action	05/22/12

Subject: First Amendment to the Agreement with the California State University, Sacramento for the Discount Student and Employee Pass Program

ISSUE

Whether or not to Approve the First Amendment to Agreement for California State University, Sacramento Student and Employee Transit Pass Program

RECOMMENDED ACTION

Adopt Resolution No. 12-06-____, Approving the First Amendment to Agreement for California State University, Sacramento Student and Employee Transit Pass Program

FISCAL IMPACT

Estimated Annual Revenue*	FY 2013:	\$903,540
	FY 2014:	\$993,894
	FY 2015:	\$1,093,283

* Revenue is dependent on ridership determined through the RT Annual Fare Survey. A 10% increase in ridership from year to year was used to estimate revenues.

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. There were four amendments to extend the term of that agreement. On July 1, 2009, Sac State and RT entered into a new agreement covering a three-year period expiring on June 30, 2012.

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

Under the existing three-year agreement, RT included a fee calculation methodology that would gradually increase the average fare from \$0.67 per unlinked trip to \$1.10, which was equal to the discount single ride fare at the time. During FY 2012, RT was successful in achieving \$1.10 per unlinked trip.

Approved:

Presented:

Final 5/31/12

General Manager/CEO

Chief Financial Officer

C:\Temp\BCL Technologies\NitroPDF6\@BCL@AC0B5047\@BCL@AC0B5047.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	06/11/12	Open	Action	05/22/12

Subject: First Amendment to the Agreement with the California State University, Sacramento for the Discount Student and Employee Pass Program.

During negotiations for an amendment to the agreement, RT provided Sac State with two fee calculation methodology options, which resulted in similar revenue projections. The first option resembled the current methodology, which is based on the annual ridership by students and employees determined by RT’s Annual Fare Survey multiplied by RT’s discount single ride fare. The only exception was to increase the unlinked trip multiplier from \$1.10 to the current discounted student fare of \$1.25. The second option was enrollment-based, wherein Sac State would pay \$17.50 per enrolled student and \$30.00 per employee. After deliberation, Sac State elected the first option.

Recap of the Proposed Fee Calculation Methodology

As stated above, the only change in the Fee Calculation Methodology for this amendment is the increase of the average fare billed from \$1.10 to \$1.25, RT’s current discount student single ride fare. The total number of unlinked trips taken by Sac State students and employees will be determined by the Annual Fare Survey conducted by RT’s Planning department, and this total will be multiplied by \$1.25 to give the total billing. The billing will be split into 4 payments to be invoiced quarterly. There is a 40% cap on year-to-year billing increases, with language to recapture the amount not billed during the fiscal year, as in the existing contract. With the increase in the average fare billed from \$1.10 to \$1.25, and increase in ridership of 10% per year with restoration of service, the 40% cap should not be needed, however, remains in place to provide a safety net for any significant changes in ridership.

The amended contract will also include 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, Smart Card technology would be integrated into the Sac State OneCard. This will eliminate the need for a sleeve over the OneCard to verify its validity as an RT pass. Smart Card technology is expected to also improve the process for collecting the ridership data upon which the Sac State invoices are calculated. One full school year (Fall and Spring semesters of the same school year) of smart card data will be collected before Sac State and RT will discuss changing the invoicing method to use the smart card data instead of the Annual Fare Survey data. Sac State and RT also agree to share the increase in cost of new smart card enabled OneCards over the cost of the current cards, and to include Sac State as soon as possible in the smart card implementation.

Staff Recommendation

Staff recommends adoption of the First Amendment extending the agreement between Sac State and RT for three years, based on the increase to revenue and ridership. The continued partnership between Sac State and RT is essential to promoting public transportation.

RESOLUTION NO. 12-06-_____

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

June 11, 2012

**APPROVING THE FIRST AMENDMENT TO AGREEMENT FOR CALIFORNIA STATE
UNIVERSITY, SACRAMENTO STUDENT AND EMPLOYEE
TRANSIT PASS PROGRAM**

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

THAT, the First Amendment to Agreement for California State University, Sacramento Student and Employee Transit Pass Program between the Sacramento Regional Transit District (RT) and the California State University, Sacramento (Sac State) whereby RT agrees to continue to recognize the Sac State Transit Pass and Sac State Employee Transit Pass as valid fare media for RT service and Sac State agrees to continue compensating RT for such recognition for an additional three years, on the terms and conditions further set forth therein, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby directed to execute said First Amendment.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary