

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	06/09/14	Open	Action	06/03/14

Subject: To extend the Citrus Heights Service Agreement for a period not to exceed December 31, 2014.

ISSUE

Whether to approve the Third Amendment to Agreement with Citrus Heights for Bus Service in order to extend the term to December 31, 2014.

RECOMMENDED ACTION

Adopt Resolution No. 14-06-____, Approving the Third Amendment to the Agreement with the City of Citrus Heights for Bus Service.

FISCAL IMPACT

During the 6-month extension, RT anticipates receiving an estimated \$2.5M in revenue from Citrus Heights, including fare revenue, Federal 5307 formula funds and Citrus Heights' TDA revenue. Approximately \$117,000 of the anticipated revenue will be allocated to Citrus Heights as an administrative fee. The Transit Service Enhancement Credit will not continue to accrue during this period.

DISCUSSION

Citrus Heights and RT have had an Agreement for the provision of transit service since 2001. The RT Board approved the latest Agreement on July 1, 2007. In addition to the provision of transit service, the Agreement provides for additional activities key to service operations, for example:

- Customer service activities including schedule and routing information by phone and the RT website
- Maintenance of bus stops, shelters and bus related facilities including signage, sign poles as well as participation in the cost for installation of bus pads, poles and shelters
- Service planning
- ADA compliance

The 2007 Agreement also provided a credit of \$300,000 for Citrus Heights to use for enhancements to bus service. This credit was included based on results from RT's Transit Equity Study (TES), which indicated Citrus Heights had financially contributed more to RT than the benefits it received for the period studied within the TES.

Approved:

Presented:

Final 06/03/14

General Manager/CEO

AGM of Planning and Transit System Development

J:\board meeting documents\2014\10 June 9, 2014\Citrus Heights Extension.doc

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Subject: To extend the Citrus Heights Service Agreement for a period not to exceed December 31, 2014.

The RT Board on June 24, 2013, approved the Second Amendment to extend the Agreement for one year until June 30, 2014. The extension was intended to allow Citrus Heights and RT to explore various options for a new agreement. Citrus Heights, in consultation with RT staff, hired Nelson Nygaard, a transit planning firm, to conduct a study regarding the existing arrangement. The firm was tasked to: evaluate the current agreement structure; evaluate changes in the current transit operating environment; and make recommendations for the continued relationship between Citrus Heights and RT. The Transit Service Enhancement Credit was suspended for 2012-13 and reinstated for 2013-14 with the understanding it would not continue beyond the 2013-14 year.

Draft findings of the study were presented to RT staff in March 2014. The scope of the study did not include the depth of system-wide research necessary to update findings from the TES, as the scope was limited to structural and fiscal analysis of the current RT/Citrus Heights agreement. Initial results from the Nelson-Nygaard review indicates Citrus Heights' TDA funding now covers less than the operational cost of the service attributed to Citrus Heights by RT. Some of the increase in the cost of service is due to the 36% increase in service that Citrus Heights received as a result of Transit Renewal service improvements. RT staff and Citrus Heights staff have discussed the issue and agree that the intent of any new agreement is to provide a balancing mechanism recognizing the shift of financial conditions. Staff from both the City of Citrus Heights and RT are committed to actively developing and finalizing the new agreement for RT Board and Citrus Heights Council consideration.

The challenge now is for RT and Citrus Heights to complete negotiations for an agreement that calls for the provision of transit service consistent with available resources. One of the options being explored is the possibility of Citrus Heights becoming a full member of the Sacramento Regional Transit District. RT and Citrus Heights staff will continue working to develop an arrangement to continue providing quality transit service to Citrus Heights. While those discussions occur, the parties would like to continue the existing relationship until December 31, 2014.

RESOLUTION NO. 14-06-_____

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

June 9, 2014

**APPROVING THE THIRD AMENDMENT TO THE AGREEMENT WITH THE CITY OF
CITRUS HEIGHTS FOR BUS SERVICE**

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

THAT, the Third Amendment to Agreement with Citrus Heights for Bus Service, by and between the City of Citrus Heights (therein "City") and the Sacramento Regional Transit District (therein "RT") whereby the term is extended to December 31, 2014 and the Transit Service Enhancement Credit is suspended, is hereby approved.

THAT, the Chair and General Manager/CEO are authorized to execute the Third Amendment to the Agreement with the City of Citrus Heights for Bus Service.

PHILLIP R. SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary