

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	06/08/15	Open	Action	06/02/15

Subject: Approving the Agreement for California State University, Sacramento Student and Employee Transit Pass Program

ISSUE

Whether or not to approve a new five-year Agreement for California State University, Sacramento, Student and Employee Transit Pass Program.

RECOMMENDED ACTION

Adopt Resolution No. 15-06-____, Approving the Agreement for California State University, Sacramento Student and Employee Transit Pass Program

FISCAL IMPACT

Estimated Annual Revenue*	FY 2016	\$764,755
	FY 2017	\$780,050
	FY 2018	\$795,651
	FY 2019	\$811,564
	FY 2020	\$827,795

* The initial revenue estimate shown above was calculated based on ridership numbers gathered during the RT Annual Fare Survey. A 2% increase in ridership from year to year was used to estimate future revenues.

Note: The FY 2016 amount shown above is included in the FY 2016 Proposed Operating Budget

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 for students and employees at a discounted 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. That the Agreement was amended on June 18, 2012 to extend the term to June 30, 2015.

Under the program, the students voted for a separate transportation fee assessment, which is applicable to all students each semester, regardless of whether or not each student uses RT services. The Sac State employees also fall under this program and are assessed a separate transportation fee to use the RT system. The majority of the fees collected from the students and faculty have been used to pay RT for transit usage. Under the existing contract, the final amount due by Sac State to RT is based on the ridership estimated by RT each fiscal year through the

Approved:

Presented:

Final 06/02/15

General Manager/CEO

Manager, Revenue

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annual fare survey, multiplied by the 50% of the single fare ticket price. This comes out to \$1.25 per ride, which is well above RT's average fare.

History of Recent Changes to the Contract

Prior to FY 2010, RT was collecting less than \$.60 per ride from Sac State. Under the FY 2010-FY 2012 contract, RT was able to increase the average fare paid by Sac State from under \$0.60 to \$1.10 per unlinked trip, which was half of the basic single ride fare at the time. After achieving this increase in FY 2012, RT has maintained the half fare rate paid by Sac State, which is \$1.25 per ride for the FY 2013-FY 2015 time frame.

Proposed Change to the Payment Provisions

The material terms in the new agreement will remain the same; however, because the agreement is based on two variables, Sac State's yearly ridership and RT's base fare, that can fluctuate from year to year, Sac State requested a change to the payment structure if the year-over-year total amount due increases by more than 5%. This new payment provision would allow Sac State to defer the payment of any amounts that are in excess of 105% of the previous year's bill if the increased bill would necessitate a higher Transportation fee to cover the increased cost. In that case, Sac State would have 21 months to pay the excess amount.

This requested change in methodology serves to help Sac State to budget for unexpected increases in ridership that would require Sac State to increase the student fee from year to year. Additionally, because the students must approve any fee increase and the approval would typically be determined after the ridership study, staff believes that this request is reasonable and has proposed a change to the payment language that would address this request.

Other changes to the terms of the previous contract merely update the language without substantive changes.

Staff Recommendation

Staff recommends the adoption of the new agreement between Sac State and RT for five years. The continued partnership between Sac State and RT is essential to promoting public transportation.

RESOLUTION NO. 15-06-_____

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

June 8, 2015

**APPROVING THE 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 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 five 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 Agreement.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary