

**SACRAMENTO REGIONAL TRANSIT DISTRICT  
BOARD OF DIRECTORS  
BOARD MEETING  
October 12, 2015**

**ROLL CALL:** Roll Call was taken at 6:04 p.m. PRESENT: Directors Budge, Hansen, Harris, Hume, Jennings, MacGlashan, Miller, Morin, Nottoli, Serna and Chair Schenirer.

**CONSENT CALENDAR**

1. Motion: Approval of the Action Summary of September 28, 2015
2. Motion: Rejection of Claim: *Wardlaw, D.*
3. Resolution: Approving Amendment No. 1 to Work Order No. 17 to the Contract for General Engineering Support Services – 2013 with Psomas (Abansado)
4. Resolution: Delegating Authority to the General Manager/CEO to Pay Annual Software Maintenance Support Fees for Software Purchased by Clever Devices, Inc. (Thorn)
5. Resolution: Authorizing Release of an Invitation to Bid for the Purchase of Light Rail Tire Kits and Delegating Authority to the General Manager/CEO to Award a Contract (Lonergan)
6. Resolution: Approving the Modified Job Description for the Marketing and Communications Specialist (Bonnell)
7. There is no item for this number.

**ACTION: APPROVED - Director Hume moved; Director Miller seconded approval of the consent calendar as written. Motion was carried by voice vote.**

**GENERAL MANAGER'S REPORT**

8. General Manager's Report
  - a. Government Affairs Update
  - b. System-Wide Improvement Initiatives (Ham)
  - c. RT Meeting Calendar

Mike Wiley noted that since the release of the Board package, Governor Brown signed the following bills sponsored by the California Transit Association and supported by RT: AB 1250 (bus axle weight), SB 413 (violations on transit systems), and SB 580

(Transportation Development Act requirements).

Laura Ham noted that with the opening of the Golden 1 Center, RT expects increased ridership. RT will work with its partners to provide additional enhancements to the stations. Various teams are meeting weekly to stay on schedule for this effort and other related system-wide implementation plans. Doug Carter will be sharing his interim report on the fiscal responsibility policies which are linked to the revenue enhancement and policy improvement shared during his last presentation to the Board. RT sent out a contract with Sacramento Steps Forward in order to obtain the services of a homeless navigator and expect that the contract should be executed by November 1.

## **INTRODUCTION OF SPECIAL GUESTS**

## **UNFINISHED BUSINESS**

## **PUBLIC HEARING**

## **NEW BUSINESS**

9. Information: Fiscal Responsibility Policy Discussion (Covington)
  - A. Comprehensive Reserve Policy; and
  - B. Fiscal Sustainability Policy; and
  - C. Farebox Recovery Policy; and
  - D. Fare Change Policy

RoseMary Covington noted the need to examine RT's overall fare policies in order to fully address the overall financial stability of the District. Doug Carter has been assisting the District with recommendations for cost saving and revenue growth and has lead this effort. Mr. Carter has worked with staff to evaluate existing policies, and to build upon these policies with the objective of focusing the Board's attention that are key to meeting service levels and customer needs in a financially sustainable manner. After receiving the Board's comments, staff will work with Doug Carter to make the necessary modifications to the policies and will bring revised policies back to the Board for further discussion and adoption.

Doug Carter provided an overview of RT's financial history. Having a set of business practices, policies and procedures guide the District into a fiscal sustainability which strengthen the District. Each policy should have an introduction, authorities, practice and content, approach, compliance, and outcome reporting. Mr. Carter then provided an overview of each policy. Mr. Carter suggested that staff add a capital reserve fund to the Comprehensive Reserve Policy (CRP). The CRP works in tandem with the other policies.

Mr. Carter indicated that the Fiscal Sustainability Policy states that for all projects which have on-going operations and maintenance cost, RT should assume a total cost of

ownership (operating and capital cost, ownership, responsibility of project, and whether RT afford it). This policy also increases the responsibility for RT departments to communicate with each other during a project. Mr. Carter suggests that RT manage cost per revenue service hour for bus and rail to no more than the Consumer Price Index for Wage Workers (CPI-W) on a three-year rolling average. A three year rolling average, measured at RT's mid-year and annual budget cycle, could show whether RT was within the CPI-W. All policies have monitoring and reporting components to them.

Relative to the Farebox Recovery Policy, Mr. Carter indicated that the Public Utilities Code in California requires RT's Board to set and update rates and fees for transit services. RT has a Transportation Development Act (TDA) mandate with 25.5% minimum farebox recovery. The penalty for not making that percentage may cause the loss of State Transit Assistance money. There are also federal guidelines about discount fares for certain groups and about equity in fare changes. This policy defines the process, responsibilities, drivers, expectations and benefits for setting a farebox recovery ratio target; it describes the way the Board would go about adopting a target. RT's fares pay only for part of the cost of the transit service provided. RT should plan out their target over a number of years. The Farebox Recovery Policy, as proposed, indicates that Step 1 is to control the cost; Step 2 is to increase ridership; and Step 3 is adjusting fares.

RT has done infrequent fare changes and then increases at high percentages. For riders it is very difficult. Wages grow measured by the federal government (the Bureau of Labor Statistics) and are called average wage increases (AWI) which matches the CPI-W. Mr. Carter suggested that RT look at how a person has an ability to pay as well as what RT's financial needs are. The policy proposes plans for fare changes every two years. When fare increases are scheduled for every two years, its percentage increase can be smaller. The ability to do small fare changes is enhanced by some of the fare collection things that you are going at RT (Connect Card and telephone paying system). The policy looks at ways to improve the fare structure and the way it is better for RT by maximizing ridership by differential pricing or distance based fares. The Equity Policy has been embedded into the Fare Change Policy. This policy incorporates everything RT needs to make fare changes (fare structure, pricing, equity analysis and the consumer ability to pay), a best practice policy.

The four policies work together to change the business process. RT has services that are below the minimum threshold of riders per hour. Staff needs to look at RT's fiscal needs which include the local share of capital and the operating costs. For example, if you need three additional buses to sustain the service, the local share of the capital cost should be part of the budgeting cost. Then look at fiscal sustainability and see that some other services need to pay for the difference. Then you look at fare box recovery and see that system-wide, RT needs to be at 28%, and then decide whether fares need to be raised on all services to be able to afford to keep some unproductive services. If so, then a fare change policy would indicate that RT may lose some riders by increasing fares. A determination could be made to increase the fares for fiscal sustainability, and then lose riders throughout the system or, lose riders by eliminating

the unproductive service; a determination needs to be made as to what is the better decision.

The goal of these policies is to strengthen fiscal responsibility and fiscal stewardship for the entire Sacramento region by adopting a set of policies that change the business practices. These policies add more transparency into short and long term fiscal impacts of services, projects, initiatives and decisions. It gives the Board better information to make decisions. It also allows timely replacement of capital assets. It offers transportation services to the public at a fraction of the cost. RT can maximize funding to improve mobility for the region. It provides predictable smaller fare increases more closely reflecting the average rider income and benefit changes. It achieves and sustains quality in all services, only expanding where improvement may be sustained, and it allow RT to access financial markets at preferred rates when bonds are needed for large capital improvements.

The next steps are getting public, partner organizations and staff feedback, and decide whether to reorder priorities. The Board needs to set the policies and take them seriously when making decisions.

Speaker: David Taylor

Directors MacGlashan and Hansen were happy to see that the Fiscal Sustainability Policy included the establishment of a capital reserve account.

Director Serna wants to understand how these policies could enhance RT and not limit RT too much in their decision making. Mr. Carter indicated that by having sustainable finances the Board would be able to invest in service quality, invest in community relationship, invest in security, and replace the capital in a timely manner. It is about looking at the system RT wants it to be, and saying that it will not happen overnight, but setting these policies would be the first and second steps, etc., and through small changes over a period of years, RT will get the improvements they need.

Director Serna asked if there was a way to communicate these new policies to the public so they understand the parameters that RT has to work with relative to adding service that is or may not be sustainable. The Board and staff will need to explain to the public that if a service is not sustainable, then a fare increase for the entire region may be necessary to sustain that service, and then would affect all riders, not just the unproductive service route.

Chair Schenirer believes that ongoing communication is important so that the public understands what the RT decision making process is about. Chair Schenirer suggested that as issues are brought to the Board they need to include information relative to the fiscal responsibility policy so that the public is aware why the Board is making the decision(s) they do. Chair Schenirer indicated that he believes the Board did not raise fares because they believed the quality was not in place, and stated that he did not see anything in the policy that connected increases in fares to quality, and quality of service.

Mr. Carter indicated that the public understands that costs go up, and that sometimes at the same quality, it is reasonable that the cost of service goes up over time (in a modest way).

**ACTION: None.**

10. Resolution: Delegate Authority to the General Manager/CEO to Execute Contracts Relating to the System-Wide Station Improvement Project Funded in Whole or in Part by Revenue Bonds (Nakano)

Speakers: Beverly Valley                      Cheryl Harris                      Dion Dwyer

Director Nottoli questioned the cost associated with each station and in particular the Watt/I-80 corridor. Diane Nakano and Mike Wiley indicated that these costs are just estimates at this time and that the cost per station could vary as work progresses.

Director Nottoli wanted to know what part of the revenue, if we are not making fare box return, would be the security behind the revenue. Mike Wiley indicated that the revenue bonds are a term that RT has assigned to the bonds that the RT Board authorized several years ago when RT was going through the Full Funding Grant Agreement (FFGA) process, anticipating at that time that the federal government was not going to grant RT the FFGA beside they were doubtful that RT would get state money. The state monies have come through, which has freed up revenue bonds and this is source staff is referring to.

Chair Schenirer suggested that as contracts are signed, that Laura Ham include them in the System-wide improvement update.

Director Hansen encouraged staff to use the Friends of Light Rail station assessment as part of the benchmark for RT's stations. Director Hansen wants a listing of priorities for each station for the basic level of service, which stations have the most need for improvement and then opportunity for improvement with health and safety first. \$25,000 has been added has been added from the Sacramento Commons Project to help improve the station at 8<sup>th</sup> & O.

Director Serna noted that this initiative will enhance the travel of patrons on the entire system, and hopefully increase ridership so that RT can achieve some of the objectives that were presented in the previous recommendation.

Director MacGlashan noted that the bonds have already been issued and RT is paying the debt service. Diane Nakano indicated that there are 27 years left on the debt service. Director MacGlashan noted that some of the improvements will not last 27 years and is questioning if that is best practice to pay for certain types of improvements such as painting. Diane Nakano indicated that the way to look at this is that the paint may not last 27 years but a new coat of paint could help the infrastructure last another 27 years. If staff is fixing stations now that are less than 27 years old, then it tells her

that a number of these items are going to last as long as we will be paying for them, and then a future Board will have to pay for them again while still paying for the items RT is doing now. Mike Wiley noted that staff has identified a source of funds that is readily available to RT to move as quickly as possible to make the needed improvements. RT will not stop looking for alternate sources during the next year to accomplish some of these items, and if other funds can be identified and freed up to use in place of the revenue bonds, RT will certainly do that.

**ACTION: APPROVED - Director Hansen moved the item with the addition of Chair Schneider's suggestion of reporting back during the System-Wide Initiatives as to what contracts had been executed; Director Serna seconded approval of the item as written. Motion was carried by voice vote.**

### **REPORTS, IDEAS AND COMMUNICATIONS FROM BOARD MEMBERS**

11. Paratransit, Inc. Board of Directors Meeting – September 24, 2015 (Nottoli)

No further comments were provided.

### **PUBLIC ADDRESSES THE BOARD ON MATTERS NOT ON THE AGENDA**

Speakers:

Supervisor Patrick Kennedy\* - Supervisor Kennedy had a constituent come to him wanting free rides for disabled veterans, and Supervisor Kennedy noted that various other transit agencies offer free transit for disabled veterans whose disabilities come directly as a result of their service to the United States. Supervisor Kennedy asked the Board to take a look at providing free rides to those who have served us in the military.

Lee Thao – Ms. Thao suggested that RT have a stool for her to stand on at the podium because she is short. She is an intern at Wellspring Women's Center and she will be representing the guests at that center. Ms. Thao indicated that she was talking on behalf of a guest that was unable to come today and believes that customer service is important, especially with bus drivers. She would like the bus drivers trained better in customer service.

### **ANNOUNCEMENT OF CLOSED SESSION ITEMS**

#### **RECESS TO CLOSED SESSION**

#### **CLOSED SESSION**

#### **RECONVENE IN OPEN SESSION**

#### **CLOSED SESSION REPORT**

**ADJOURN**

\*Handout

As there was no further business to be conducted, the meeting was adjourned at 7:49 p.m.

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JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

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