

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	06/27/16	Open	Action	06/21/16

Subject: Approving the First Amendment to the Agreement with County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media.

ISSUE

Whether to approve the First Amendment to Agreement with County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media.

RECOMMENDED ACTION

Adopt Resolution No. 16-06____, Approving the First Amendment to the Agreement with County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media.

FISCAL IMPACT

RT has a history of entering into long-term agreements with the Department of Human Assistance (DHA); therefore an annual amount of \$1,991,200 was budgeted in FY 2017 as a revenue source from this agreement. Entering into this temporary extension would result in 3 months of revenues equaling \$497,799. If this extension or a permanent agreement is not completed, the annual budgeted amount of \$1,991,200 will need to be reexamined, and an adjustment to budgeted revenues will be needed.

DISCUSSION

Since 1991, RT and Sacramento County DHA have been working together to provide transit passes at a discounted rate for General Assistance recipients. Recipients are required to obtain an RT picture ID from the RT Customer Service Center and a monthly sticker, which is provided by DHA.

On June 24, 2013, the Board adopted Resolution No. 13-06-0088 approving an agreement with the County of Sacramento for a discount group pass program for DHA, that expires on June 30, 2016. Under the terms of the 2013 agreement, DHA was required to purchase a monthly minimum of 6,454 Monthly Pass stickers at \$25 each, with the option to purchase Single Fare tickets and Daily Passes at a 50% discount off the full fare as needed. It was mutually understood that DHA's actual distribution of the 6,454 Monthly Pass stickers purchased would average 4,034 per month for each year. In order to meet DHA's \$25 per pass requirement and the intent of RT's Board-approved Discount fare policy (Resolution No. 07-12-0158, setting a maximum discount of 60%), the contract required DHA to purchase additional passes above the average monthly distribution of 4,034. When factoring in the additional purchases, the average amount received per distributed pass was approximately \$40. Over the past 3 years, DHA has been very close to the maximum distribution each year, thereby keeping within RT's Discount Fare Policy.

Approved:

Presented:

Final 06/22/16

General Manager/CEO

Director of Finance and Treasury

J:\FI\Issue Papers ALL\2016 Issue Papers\06-27-16 Issue Paper DHA Contract UPDATE 90 EXT - FINAL.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	06/27/16	Open	Action	06/21/16

Subject: Approving the First Amendment to the Agreement with the County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media

In an effort to continue the relationship with DHA, staff has been working with DHA to extend its existing contract for another 3 years. However, with the recently-adopted fare increase that goes into effect on July 1, 2016, staff concluded that the existing contract with DHA would need to be updated to reflect the monthly pass increase of \$10 (from \$100 to \$110 per month). This would increase the effective monthly pass price for DHA from \$40 to \$44 per month, assuming the same average distribution. Noting that the DHA contract only had two small increases in 2011 and 2014, of .8% and 1.4%, respectively, RT also requested an additional 5% increase to be in line with the general public increases.

Because this increase would be approximately \$300,000 per year, an increase of approximately 15%, DHA would like to temporarily extend the current agreement for three months, while continuing negotiations for a more permanent solution. Factoring in the fare increase effective on July 1 the extension on the same terms would entitle DHA to receive a 64% discount, even after accounting for the difference in purchases vs. distribution. Because this agreement impacts such a significant number of individuals in the Sacramento region, many of whom do not have other transportation alternatives, RT staff agree with the solution of temporarily extending the agreement until a more permanent agreement can be reached.

Therefore, staff recommends that the Board temporarily waive the maximum group discount of 60% and enter into an amendment to the Agreement with County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media to extend the term for 3 months.

RESOLUTION NO. 16-06-_____

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

June 27, 2016

APPROVING THE FIRST AMENDMENT TO THE AGREEMENT WITH COUNTY OF SACRAMENTO FOR DISCOUNT PURCHASE AND SALE OF PREPAID FARE MEDIA

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

THAT, the First Amendment to the Agreement with County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media, whereby the term is extended by three months on the same terms and conditions, including sale of monthly pass media at a discount exceeding the percentage established in the Policy for Discount Sale of Prepaid Fare Media, is hereby approved.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary