

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	06/10/19	Open	Action	06/03/19

Subject: DHA Contract Approval

## ISSUE

Whether or not to repeal Resolution 19-05-0046 and approve an agreement with the County of Sacramento for discount purchase and sale of prepaid fare media

## RECOMMENDED ACTION

Adopt Resolution No. 19-06-\_\_\_\_, Repealing Resolution 19-05-0046 and Approving the Agreement with County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	-
Budget Source:	Operating	Next FY:	\$	2,215,136
Funding Source:	Revenue	Annualized:	\$	2,215,136
Cost Cntr/GL Acct(s) or Capital Project #:	410315, 450922, 430913	Total Amount:	\$	2,215,136
Total Budget:	\$ 2,215,136			

No changes to the total contract value.

## DISCUSSION

At the May 13, 2019 SacRT Board meeting the Board passed Resolution No. 19-05-0046, approving the third amendment to the agreement with the Sacramento County Department of Human Assistance (DHA) for the discount purchase and sale of fare media. Upon receipt of the contract from SacRT, DHA staff presented the document to County contract personnel and were notified that they could not complete another contract amendment extending the agreement and that a new agreement would be needed, to be approved by the County Board of Supervisors on June 18, 2019. In addition, DHA staff subsequently notified SacRT that due to a decline in caseload, the County needs fewer stickers each month and that they would like to reduce the minimum order to 5,000 stickers per month, a reduction of 1,784 stickers per month.

Since 2008, each Agreement with DHA has specified a purchase price of \$25 for each monthly pass sticker, based on stated DHA concerns that a price in excess of \$25 per sticker was inconsistent with DHA's program limitations. To ensure that SacRT continued to receive revenue roughly equal to 40% of the regular monthly pass price for each distributed pass (the maximum discount specified in Policy for Discount Sale of Prepaid Fare Media), the parties negotiated a minimum purchase quantity that was significantly in excess of what DHA anticipated distributing. That model was the basis of the minimum purchase quantity of 6,784

Approved:

Presented:

Final 06/05/19

General Manager/CEO

Treasury Controller

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	06/10/19	Open	Action	06/03/19

Subject: DHA Contract Approval

that was included in the 2017 contract. To reduce the waste associated with undistributed stickers, DHA has now requested to reduce the minimum purchase quantity to 5,000 stickers at a per sticker cost of \$34 per sticker. However, if DHA needs additional stickers on a monthly basis, they will be able receive up to 1,784 additional stickers per month at no additional charge, so long as 45 days' advance notice is provided of the requested quantity increase. If the need is over 6,784 stickers per month, DHA will be charged \$40 per sticker. The cost of \$40 per sticker is consistent with contract language dating to 2013.

In an effort to keep the total contract value consistent with prior years, the administrative fee was reduced slightly by \$4,800 to make up for the change in sticker cost. Table 1 below summarizes the contract amounts and values:

Table 1

FARE TYPE	FY20 PROPOSED		FY19 CONTRACT	
	MIN. PURCHASES	MIN COST	MIN. PURCHASES	MIN COST
Single Ride Ticket	Purchase as needed.	50% off full fare when purchased	Purchase as needed.	50% off full fare when purchased
Daily Pass	Purchase as needed.	50% off full fare when purchased	Purchase as needed.	50% off full fare when purchased
Monthly Pass	5,000 monthly for a minimum of 60,000 for each 12-month term.	\$2,040,000 annually at \$34 per Monthly Pass*	6,784 monthly for a minimum of 81,408 for each 12-month term.	\$2,035,200 annually at \$25 per Monthly Pass
Sticker	5,000 monthly	\$10,000 flat fee for first year; at cost thereafter	6,784 monthly	\$10,000 flat fee for first year; at cost thereafter
Card	15,000	\$45,000 for 15,000 for each year; additional Cards will be issued at a cost of \$3.00 per card	15,000	\$45,000 for 15,000 for each year; additional Cards will be issued at a cost of \$3.00 per card
Admin. Fee		\$120,136		\$124,936
<b>TOTAL MINIMUM ANNUAL COST</b>		<b>\$2,215,136</b>		<b>\$2,215,136</b>

\*The County can receive up to 6,784 passes per month at no additional charge.

The proposed contract changes maintain farebox revenue for SacRT, provide a slight increase to total fare revenues of \$4,800, maintains a functional 60% discount for DHA, and provides flexibility for DHA to increase quantities with no fiscal impact. Staff recommends that the Board approve the agreement with DHA for the purchase and sale of discount fare media at a monthly sticker cost of \$34, with a minimum purchase order of 5,000 stickers per month.

RESOLUTION NO. 19-06-\_\_\_\_\_

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

June 10, 2019

**REPEALING RESOLUTION NO. 19-05-0046 AND APPROVING 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 Board hereby repeals Resolution No. 19-05-0046.

THAT, the Agreement with County of Sacramento for Discount Purchase and Sale of Prepaid Fare Media, by and between the Sacramento Regional Transit District (therein, "SacRT") and the County of Sacramento (therein "County"), whereby SacRT agrees to sell fare media to County at a discount, including the sale of monthly pass media at a discount exceeding the percentage established in the Policy for Discount Sale of Prepaid Fare Media and County agrees to purchase a minimum quantity of such media, for a 12-month term, is hereby approved.

That, the Chair and General Manager/CEO are hereby authorized to execute the foregoing agreement

\_\_\_\_\_  
PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

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