



## STAFF REPORT

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**DATE:** May 11, 2020  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Brent Bernegger, VP, Finance/CFO  
**SUBJ:** DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AMEND THE OPERATIONS AGREEMENT WITH THE CITY OF ELK GROVE TO OPERATE E-TRAN AND E-VAN SERVICES

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

Adopting the attached Resolution will enable City of Elk Grove (City) to reimburse SacRT using Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to maintain readiness to resume normal service levels.

### FISCAL IMPACT

SacRT is in jeopardy of a revenue reduction of approximately \$200,000 due to service level reductions by the City's e-tran and e-van service. This amendment would enable the City to maintain standard payments to SacRT to avoid staffing reductions.

### DISCUSSION

Due to the COVID-19 pandemic the City's e-tran and e-van services have seen ridership declines similar to those of transit agencies across the country. Immediately on March 16<sup>th</sup>, when the self-isolation began for sensitive groups, individuals over 65 and individuals with pre-existing medical conditions, the City's e-van paratransit service saw significant declines in ridership. The current operating contract between SacRT and the City is billed based on revenue hours.

The e-van service revenue hours declined immediately with the widespread self-isolation as the riders of the e-van service are typically older individuals or individuals with pre-existing medical conditions. The total revenue hours for e-van service in March 2020 were approximately 693, in comparison to January 2020 (a similar 31-day month) where the revenue hours were 1,064. The variance of 371 hours at \$55.30/hour is a loss of approximately \$20,000 to SacRT. For the foreseeable future, the revenue hours for e-van service are estimated at roughly 384 hours per month, for a loss of revenue hours of approximately 720 hours per month.

On April 13, 2020, the City reduced its e-tran commuter service by approximately 51% for a system-wide fixed route reduction of 16.36%; there were no changes to local

service within the City limits. This reduction to the e-tran commuter service will drive an estimated reduction of approximately 500 revenue hours for April and reductions of 716 and 780, for May and June, respectively.

The United States Congress authorized funding for transit agencies through the Federal Transit Administration (FTA) under the CARES Act to reduce the financial hardship that is facing all transit agencies due to severe reductions in ridership and losses in sales tax and other local revenues. However, preliminary guidance from the FTA did not allow the City to reimburse SacRT for loss revenue due to the structure of the operating agreement. Under the existing agreement SacRT, acting as the Contractor, has control over staffing levels and payment of salaries and benefits. Due to this contract structure CARES Act funding would not be an eligible funding source, even though the purpose of the CARES Act funds would be to keep transit employees employed despite the steep decline in ridership.

The FTA subsequently issued updated guidance that allows for contract amendments to maintain normal payments to contractors to ensure the contractor maintains readiness when service levels can return to more normal levels. Staff is currently in discussions with Elk Grove to make the necessary contract modifications to ensure that Elk Grove's CARES Act allocation can be used to keep SacRT employees assigned to the Elk Grove service line employed, while service levels remain depressed due to the shelter in place orders.

RESOLUTION NO. 20-05-0036

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

May 11, 2020

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AMEND THE OPERATIONS AGREEMENT WITH THE CITY OF ELK GROVE TO OPERATE E-TRAN AND E-VAN SERVICES**

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

THAT, the Board hereby delegates authority to the General Manager/CEO to negotiate and execute a contract amendment to the Contract for Services entered into on March 13, 2019 between the City of Elk Grove (therein referred to as "CITY") and Sacramento Regional Transit District (therein referred to as "SacRT") whereby City will be able to allocate CARES Act funding allocated by the Federal Transit Administration (FTA) to reimburse SacRT for labor costs incurred in retaining SacRT employees assigned to the Elk Grove service line for the duration of the COVID-19 Shelter In Place order issued by Governor Gavin Newsom.

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STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

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