



Sacramento Regional Transit District

BOARD MEETING NOTICE TO THE PUBLIC

In compliance with directives of the County, State, and Centers for Disease Control and Prevention (CDC), this meeting is live streamed and closed to the public. Temporary procedures are subject to change pursuant to guidelines related to social distancing and minimizing person-to-person contact.

**SacRT Board Meetings are being streamed live at
<http://iportal.sacrt.com/iapps/srtdbm/>**

Please check the Sacramento Metropolitan Cable Commission Broadcast Calendar - <https://sacmetroable.sacounty.net> for replay dates and times.

**Members of the public are encouraged to submit written public comments relating to the attached Agenda no later than 2:00 p.m. on the day of the Board meeting
at
Boardcomments@sacrt.com**

**Please place the Item Number in the Subject Line of your correspondence.
Comments are limited to 250 words or less.**



Sacramento Regional Transit District Agenda

**SPECIAL CLOSED SESSION MEETING
5:30 P.M., Monday, December 14, 2020
VIRTUAL MEETING**

ROLL CALL — Directors Budge, Harris, Howell, Hume, Jennings, Kennedy, Miller, Nottoli, Schenirer, Serna and Chair Hansen

Alternates: Directors Detrick, Kozlowski, Sander and Slowey

1. **Announce Closed Session Items:**

A. Conference with Labor Negotiator
Pursuant to Section 54957.6
District Negotiator : Stephen Booth

- A. Employee Organization: AFSCME
- B. Employee Organization: ATU
- C. Employee Organization: IBEW
- D. Employee Organization: OE3

B. Conference with Legal Counsel
Pursuant to Section 54956.9
Anticipated Litigation: One Case

2. **Recess To Closed Session**

3. **Open Session**

4. **Closed Session Report**



Sacramento Regional Transit District Agenda

BOARD MEETING
5:30 P.M., MONDAY, DECEMBER 14, 2020
VIRTUAL MEETING

Website Address: www.sacrt.com

ROLL CALL — Directors Budge, Harris, Howell, Hume, Jennings, Kennedy, Miller, Nottoli, Schenirer, Serna and Chair Hansen

Alternates: Directors Detrick, Kozlowski, Sander and Slowey

1. PLEDGE OF ALLEGIANCE

2. CONSENT CALENDAR

- 2.1 Motion: Approval of the Action Summary of October 26, 2020
- 2.2 Resolution: Delegating Authority to the General Manager/CEO to Execute a Reimbursement Agreement with the Sacramento Downtown Partnership for SacRT's Share of the Community Prosecution Program (L. Hinz)
- 2.3 Resolution: Award a Contract for Purchase of Grade Crossing Gate Mechanisms to Western-Cullen-Hayes, Inc. and Delegate Authority to the General Manager/CEO to Execute Amendments to Purchase Additional Grade Crossings as Funding Becomes Available (L. Ham)
- 2.4 Awarding Contracts for Real Estate Broker Services and Owner/Tenant Representation Services (B. Bernegger)
 - A. Resolution: Delegating Authority to the General Manager/CEO to Award a Contract for Real Estate Broker Services and Owner/Tenant Representation Services to Newmark Knight and Frank, and
 - B. Resolution: Awarding Contract for Real Estate Broker Services and Owner/Tenant Representation Services to CBRE, Inc.
- 2.5 Resolution: Approving the Sacramento Regional Transit Board Meeting Calendar for 2021 (C. Brooks/S. Valenton)
- 2.6 Resolution: Awarding Contract to Purchase Zero Emission Buses from Gillig, LLC. (C. Alba)
- 2.7 Resolution: Awarding Contract for 2006 Orion Bus Refurbishment and CNG Tank Replacement Services to Complete Coach Works (C. Alba)

- 2.8 Resolution: Delegating Authority to the General Manager/CEO to Approve the Renewal of SacRT Employee Health and Welfare Benefits for 2021 (S. Valenton)
- 2.9 Resolution: Approving the Second Amendment the Personal Services Contract with Mark Lonergan (S. Valenton)
- 2.10 Resolution: Approving Work Order No. 8 to the Contract for On-Call Planning Support with WSP USA, Inc. (L. Ham)
- 2.11 Resolution: Repeal Resolution 20-09-0099 and Ratify Execution of the Contract for Final Design Services for Rail Modernization 15-Minute Service to Folsom Project with AECOM Technical Services, Inc. (L. Ham)
- 2.12 Resolution: Approve the Project List for Funding under the Roadway Repair and Accountability Act State of Good Repair Program for Fiscal Year 2020 (B. Bernegger)
- 2.13 Resolution: Repealing Resolution No. 20-10-0119 and Delegating Authority to the General Manager/CEO to Execute FY20-21 Caltrans Sustainable Communities Planning Grant for the Bus Stop Improvement Plan (B. Bernegger)
- 2.14 Resolution: Approving Caltrans Master Agreement (B. Bernegger)
- 2.15 Dos Rios - Sacramento Municipal Utility District Easements and Deed Transfer on SacRT Properties (B. Bernegger)
 - A. Resolution: Authorizing the General Manager/CEO to Convey Two Easements to the Sacramento Municipal Utility District for Pole Relocation Related to the Dos Rios Light Rail Station Constuction Project; and
 - B. Resolution: Authorizing the General Manager/CEO to Convey Two Parcels in Fee to the City of Sacramento Upon Completion of the Construction of the Dios Rios Light Rail Station
- 2.16 Resolution: Awarding a Contract for Federal Lobbying Services to Carpi & Clay, Inc. (D. Selenis)
- 2.17 Resolution: Approving the Second Amendment to the Fiscal Year 2021 Capital Budget Amendment (B. Bernegger)
- 2.18 Approving MCIMetro Access Transmission Services Corp Fiber Installation at Multiple SacRT Locations (B. Bernegger)
 - A. Resolution: Approving MCIMetro Access Transmission Services Corp (DBA Verizon) Fiber Installation at S Street and 59th Street to Q Street and 69th Street ; and
 - B. Resolution: Approving MCIMetro Access Transmission Services Corp (DBA Verizon) Fiber Installation at Arden Way at Oxford Street; and

- C. Resolution: Approving MCIMetro Access Transmission Services Corp (DBA Verizon) Fiber Installation at Beaumont Street and Arden Way
- 2.19 Resolution: Approving the First Amendment to the FY 20-21 Operating Budget (B. Bernegger)
- 2.20 Extending Emergency Paid Sick Leave, Authorizing Paid Administrative Leave, and Repealing Resolution No. 20-03-0020 and Replacing with a Resolution Increasing the Limit for Advance Sick Leave for Employees Exposed to COVID-19 Extending Emergency Sick Leave (S. Valenton)
 - A. Resolution: Authorizing the General Manager/CEO to Extend the Emergency Paid Sick Leave Program Implemented Pursuant to the Families First Coronavirus Relief Act (FFCRA) Through March 31, 2021; and
 - B. Resolution: Repealing Resolution No. 20-03-0020 and Authorizing Advancing Sick Leave for Employees Afflicted with COVID-19; and
 - C. Resolution: Authorizing the Use of Paid Administrative Leave for Employee Required to Quarantine Pursuant to California Division of Occupational Safety and Health (CalOSHA) Regulations
- 2.21 Resolution: Conditionally Repealing Resolution No. 20-02-0008 and Conditionally Approving a Collective Bargaining Agreement for Operating Engineers, Local 3 (Administrative Employees Association) for the Terms of July 1, 2020 through June 30, 2025

3. INTRODUCTION OF SPECIAL GUESTS

- 3.1 Resolution: Commending Steve Hansen (Vice Chair Miller)
- 3.2 Information: Recognizing and Thanking AmeriCorps National Civilian Community Corps Volunteers (D. Selenis)

4. UNFINISHED BUSINESS

5. PUBLIC HEARING

6. PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA*

7. NEW BUSINESS

- 7.1 Intent Motion: Selection of the Chair and Vice Chair of the Sacramento Regional Transit Board of Directors for 2021 (C. Brooks/S. Valenton)

- 7.2 Resolution: Receive and File the Comprehensive Annual Financial Report, Reports on Compliance and Internal Controls as Required by Uniform Guidance and the Transportation Development Act Report to the Board of Directors for the Fiscal Year Ended June 30, 2020 and Designate \$3,692,795 and \$9,100,000 to SacRT's Operating Reserve and Working Capital Reserve, Respectively (B. Bernegger)
- 7.3 Resolution: Streetcar Update and Approving the Memorandum of Understanding between the SacRT and the City of West Sacramento as the Framework for Developing the Operating and Maintenance Agreement for the Downtown Riverfront Streetcar Project (L. Ham)
- 7.4 Information: Transit Oriented Development/Surplus Property Update (B. Bernegger)

8. GENERAL MANAGER'S REPORT

- 8.1 General Manager's Report
 - a. SacRT/California Transit Association 2021 Annual Conference
 - b. Quarterly Financial Report – 1st Quarter
 - c. Capital Facility Needs Report
 - d. Sacramento Placerville Transportation Corridor JPA (November 2) - (Budge)
 - e. Capitol Corridor JPA Meeting (November 18) Report – (Miller)
 - f. San Joaquin JPA Meeting (November 20) Report – (Hume)
 - g. SacRT Meeting Calendar

9. REPORTS, IDEAS AND QUESTIONS FROM DIRECTORS, AND COMMUNICATIONS

10. CONTINUATION OF PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA (If Necessary)

11. ANNOUNCEMENT OF CLOSED SESSION ITEMS

12. RECESS TO CLOSED SESSION

13. CLOSED SESSION

14. RECONVENE IN OPEN SESSION

15. CLOSED SESSION REPORT

16. ADJOURN

*NOTICE TO THE PUBLIC

It is the policy of the Board of Directors of the Sacramento Regional Transit District to encourage participation in the meetings of the Board of Directors.

This agenda may be amended up to 72 hours prior to the meeting being held. An Agenda, in final form, is located by the front door of Regional Transit's building at 1400 29th Street, Sacramento, California, and is posted on the SacRT website.

The Regional Transit Board of Directors Meeting is being videotaped. A replay of this meeting can be seen on Metrocable Channel 14 on December 18 and 19 @ 2:00 p.m.

Any person(s) requiring accessible formats of the agenda should contact the Clerk of the Board at 916/556-0456 or TDD 916/483-4327 at least 72 business hours in advance of the Board Meeting.

Copies of staff reports or other written documentation relating to each item of business referred to on the agenda are on SacRT's website, on file with the Clerk to the Board of Directors of the Sacramento Regional Transit District. Any person who has any questions concerning any agenda item may call the Clerk to the Board of Sacramento Regional Transit District.



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Cindy Brooks, Clerk to the Board
SUBJ: APPROVAL OF THE ACTION SUMMARY OF OCTOBER 26, 2020

RECOMMENDATION

Motion to Approve.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
BOARD OF DIRECTORS
BOARD MEETING
October 26, 2020**

ROLL CALL: Roll Call was taken at 5:32 p.m. PRESENT: Directors Budge, Harris, Hume, Jennings, Kennedy, Nottoli, Schenirer, Serna, Vice Chair Miller and Chair Hansen. Director Howell joined the meeting at 5:42 p.m.

1. PLEDGE OF ALLEGIANCE

2. CONSENT CALENDAR

- 2.1 Motion: Approval of the Action Summary of September 14, 2020
- 2.2 Resolution: Approving the First Amendment to the Contract for On-Call Tort Litigation Services with Jones & Mayer (O. Sanchez-Ochoa)
- 2.3 Resolution: Delegating Authority to the General Manager/CEO to Award a Contract for the Completion of the Morrison Creek Light Rail Station to Swierstok Enterprise dba Pro Builders. (L. Ham)
- 2.4 Resolution: Approving the Agreement between Capitol Corridor Joint Powers Authority (CCJPA) and Sacramento Regional Transit District for Subsidized Transit Transfer Program (B. Bernegger)
- 2.5 Amending the Transit Pass Agreements with Sacramento State and Los Rios (B. Bernegger)
 - A. Resolution: Approving the Eight Amendment to the Student Transit Pass Agreement- 2015 with Los Rios Community College District; and
 - B. Resolution: Approving the First Amendment to the Amended and Restated Agreement for California State University, Sacramento Student and Employee Transit Pass Program – 2020
- 2.6 Modifying the Definition of 2020-2021 Annual Student (TK-12) in the Fare Structure to Allow Students in Grades 7 - 12 to Use the TK-6th Grade RydeFreeRT Card as Valid Fare Media through September 30, 2021 and Ratifying the General Manager/CEO's Execution of the Amended and Restated Student Ridership Initiative Student Transit Pass Agreement (B. Bernegger)

- A. Resolution: Repealing Resolution No. 20-09-0107 and Temporarily Modifying the Fare Structure (Resolution Nos. 09-10-0174 and 18-06-0061, as Amended) to Create a 2020-2021 Annual Student (TK-12) Pass Prepaid Fare; and
 - B. Resolution: Ratifying Execution by the General Manager/CEO of the Amended and Restated Student Ridership Initiative Student Transit Pass Agreement
- 2.7 Resolution: Approving the Second Amendment to the Contract for On-Call SAP Support Services with Inlink Consulting, Inc. (S. Valenton)
 - 2.8 Resolution: Approval of the Innovative Clean Transit Plan (L. Ham)
 - 2.9 Resolution: Approving the First Amendment to the Capital Budget for FY 2021 Budget (B. Bernegger)
 - 2.10 Resolution: Delegating Authority to the General Manager/CEO to Execute FY20-21 Caltrans Sustainable Communities Planning Grant - Sacramento Regional Transit Bus Stop Improvement Plan (B. Bernegger)
 - 2.11 Resolution: Approving a Title VI Fare Equity Analysis for the University of California, Davis Identification Card for the Causeway Connection (L. Ham)
 - 2.12 Resolution: Approving the Fourth Amendment to the Contract for Employee Uniforms with Curtis Bus Line (C. Alba)
 - 2.13 Resolution: Delegating Authority to the General Manager/CEO to Execute a Regional Radio Communications System Licensing Agreement with the County of Sacramento (L. Hinz)
 - 2.14 Resolution: Ratifying Unauthorized Procurement, Approving a Sole Source Procurement, and Approving the First Amendment to Contract for Janitorial Services with Consolidated Facility Services, LLP (L. Ham)

Public comment was read into the record from:

Helen O'Connell on Items 2.3 and 2.10.

ACTION: APPROVED - Director Budge moved; Director Jennings seconded approval of the consent calendar as written. Motion was carried by roll call vote. Ayes: Directors Budge, Harris, Hume, Jennings, Kennedy, Nottoli, Schenirer, Serna, Miller and Chair Hansen. Absent: Director Howell.

3. INTRODUCTION OF SPECIAL GUESTS

4. UNFINISHED BUSINESS

- 4.1 Resolution: Approving the Job Description for the Position General Counsel and Changing the Reporting Structure as Authorized Under California Public Utilities Code §102160 (O. Sanchez-Ochoa)

Olga Sanchez-Ochoa introduced the item. Chair Hansen further explained why the item was before the Board for consideration, and made a motion to approve the item. Director Budge seconded the motion and described that this proposed structure is the same structure that the City of Rancho Cordova works under.

Director Nottoli wanted to know about the functionality of the Legal Department and the current role of the General Counsel. Chair Hansen and Ms. Sanchez-Ochoa described the current functionality and indicated that the position is a functioning member of the Executive Management Team (EMT).

Director Hume wanted to know how this is dissimilar to the prior structure. Chair Hansen described the difference between the prior structure and the new proposed structure. Director Hume asked Ms. Sanchez-Ochoa to describe the differences between prior General Counsel roles and the proposed job description.

Director Harris asked Mr. Li if he sees this as a positive change in his ability to manage SacRT. Mr. Li indicated that he would work with any change that Board supports. Director Harris wanted to know why a change is being proposed - what would be the benefits to changing the position. Chair Hansen indicated this would ensure the Board's oversight on compliance.

Director Budge expressed that she is comfortable with this change as the City of Rancho Cordova (RC) is structured this way and that there has never been an issue with the structure of the management team at the RC. The RC City Manager and City Attorney work together as peers with mutual trust and respect.

Director Hume wanted to know if voting to approve the job description by default changes the organization structure. Chair Hansen indicated that it does; however, the General Counsel position is not filled as yet, and the Board would be responsible for hiring the General Counsel.

ACTION: DID NOT PASS- Chair Hansen moved; Director Budge seconded approval of the item as written. Ayes: Directors Budge, Jennings, Schenirer and Chair Hansen. Noes: Director Harris, Howell, Hume, Kennedy, Nottoli, Serna and Miller. Absent: None. Abstain. None.

5. **PUBLIC HEARING**

6. **PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA**

Written public comment was read into the record from:

Mike Barnbaum – Mr. Barnbaum provided a summary of the Sacramento Transportation Authority meeting of October 14th. regarding SmarT Ride service zones and future funding.

7. **NEW BUSINESS**

- 7.1 Resolution: Approval of the Public Transportation Agency Safety Plan (L. Hinz)

Lisa Hinz introduced the item and provided an overview of the Public Transportation Agency Safety Plan. Ms. Hinz noted that the SacRT Safety teams are being honored by the American Public Transportation Association (APTA) for receiving the Gold Award for Light Rail Security. SacRT received this award by reducing violent and overall crime through the establishment of the transit ambassadors and adopt a station programs.

Mr. Li thanked Ms. Hinz for her leadership and the teamwork provided to the staff and SacRT partners.

ACTION: APPROVED – Director Hume moved; Director Harris seconded approval of the item as written. Motion was carried by roll call vote. Ayes: Directors Budge, Harris, Howell, Hume, Jennings, Kennedy, Nottoli, Schenirer, Serna, Miller and Chair Hansen. Absent: None. Abstain: None.

- 7.2 **PRESENTATION/WORKSHOP -**
Sacramento Regional Transit Strategic Plan 2021-2025

- A. Resolution: Adopting the Sacramento Regional Transit Strategic Plan 2021-2025 (S. Valenton)

Shelly Valenton introduced the item as well as introducing Mark Aesch from Transpro, the consultant involved in assisting Sacramento with this plan. Ms. Valenton noted that this is a two-part planning process. The second part of the plan brings the plan to life. The plan provides an emphasis on customer satisfaction and community value to an engaged workforce committed to operational excellence.

Mr. Aesch reviewed the planning process to get to the final plan -- why are we here; what does success look like in pursuit of that why; how to realize that; and who is responsible and has ownership to deliver on the activities.

Ms. Valenton indicated that Staff will continue to work with Information Technology to track projects, and will seek feedback from employees and the community to improve the plan.

Devra Selenis noted that SacRT will pursue community engagement to support public transit as well as pursue additional grant opportunities. Rider and community engagement will happen with continuing the transit academy, social media, news media, customer feedback on service implementation and social justice. Staff will continue to promote service (SacRT Forward, RydeFreeRT, SmaRT Ride, etc.), and will collaborate with regional mobility partners, and rethink COVID-19.

Carmen Alba noted that this plan is the roadmap to service evaluation including operator availability, on time pull out, performance, schedule adherence, equipment availability, spare ratio, in-service failures and vehicle cleanliness.

Lisa Hinz stated that the plan implements many safety measures such as daily cleaning of vehicles and temperature checks that promote a safety-first culture. Staff has created a command center to integrate several departments, and has partnered with the City of Sacramento and hired a city intern to ride with police officers to address homelessness.

Laura Ham discussed upcoming major capital and planning projects such as the light rail modernization/Folsom 15 minute service, Green Line to the Airport, Sacramento Valley Station Loop//7th Street double track; Elk Grove light rail extension, Downtown Riverfront Streetcar, Watt I-80 transit center improvements, new light rail stations – (Dos Rios, Morrison Creek, Horn, railyards), zero emission vehicle planning; BRT/high capacity bus study; SacRT Forward evaluation & refresh and the long range and facility plans. Ms. Ham reviewed the SmartRide zones and their ridership numbers and noted that the Sacramento Transportation Authority (STA) has approved the continuation of the SmaRT Ride program for 2 more years. Staff will continue to develop partnerships with Elk Grove, West Sacramento and the Yolo County Transportation District on the Causeway Connection and Airport; fares (Connect Card, Zip Pass, etc.); a mutual aid agreement, and San Joaquin JPA network integration.

Shelly Valenton indicated that staff will continue with their efforts to update business processes and best practices, will prepare for ongoing and upcoming audits, clean up Standard Operating Procedures and evaluate other business processes giving high priority to customer facing applications. Ms. Valenton noted that employees are SacRT's most important asset and staff will continue to engage with the workforce by providing training and professional development, succession planning, crisis management and employee assistance.

Brent Bernegger provided information on major facility and State of Good Repair initiatives. Mr. Bernegger noted that SacRT will need to upgrade their bus fleet to meet the zero emission standards. To increase funding SacRT will need local support to

approve a Measure in 2022. SacRT Staff will work with the Sacramento Transportation Authority staff to try and move this Measure forward. If this initiative is not approved, SacRT proposes to work with a Citizen's Initiative to support a new Measure.

Henry Li thanked staff for the presentation and thanked the Board for their guidance and comments. Mr. Li noted that SacRT has made a historical turnaround being one of the best in class in North America and is in a good place to emerge through the pandemic. It is vital to plan for the future through development of key indicators and a strategic plan that tracks projects and goals.

Director Hume congratulated staff on their comprehensive plan product, and moved the item.

Director Howell noted that staff had provided a great presentation.

Director Jennings also noted an incredible presentation and congratulated staff for their hard work.

Director Miller commented that it is great to have a work plan and looks forward to celebrating the successes of the plan in the next 5 years.

Chair Hansen indicated that his plan will bring the agency together to envision a modern and vibrant agency with a bold and essential vision, but will require a lot of work in the future. Chair Hansen mentioned that the Board will need to continue to provide the resources to staff to move this plan forward. He also provided his thanks to the staff for creating this plan.

ACTION: APPROVED – Director Hume moved; Director Howell seconded approval of the item as written. Motion was carried by roll call vote. Ayes: Directors Budge, Harris, Howell, Hume, Jennings, Kennedy, Nottoli, Schenirer, Serna, Miller and Chair Hansen. Absent: None. Abstain: None.

8. GENERAL MANAGER'S REPORT

- 8.1 General Manager's Report
 - a. Capitol Corridor Joint Powers Authority Meeting – September 16, 2020 (Miller)
 - b. San Joaquin Joint Powers Authority Meeting – September 25, 2020 (Hume)
 - c. SacRT Meeting Calendar

No additional comments were provided on the Capitol Corridor or San Joaquin JPA meeting summaries.

9. REPORTS, IDEAS AND QUESTIONS FROM DIRECTORS, AND COMMUNICATIONS

Chair Hansen announced that the SacRT Board meeting for November 9th is being canceled.

10. CONTINUATION OF PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA (If Necessary)

11. ANNOUNCEMENT OF CLOSED SESSION ITEMS

Chair Hansen announced that Item 13.2 listed on the Closed Session agenda is being pulled since Item 4.1 above did not pass.

12. RECESS TO CLOSED SESSION

The Board recessed to Closed Session at 7:05 p.m.

13. CLOSED SESSION

13.1 Conference with Legal Counsel
Pursuant to Section 54956.9
Existing Litigation

- 1) Zatha Ladra v. SacRT
(Case number is 34-2019-00269269)
(Claim number is L-60871-01)

13.2 Public Employee Appointment
Pursuant to Section 54957

Title: General Counsel

14. RECONVENE IN OPEN SESSION

15. CLOSED SESSION REPORT

There was no Closed Session report.

16. ADJOURN

As there was no further business to be conducted, the meeting was adjourned at 7:19 p.m.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Lisa Hinz, VP, Safety, Security and Customer Satisfaction
SUBJ: DELEGATION OF AUTHORITY FOR THE COMMUNITY PROSECUTION PROGRAM AGREEMENT

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The SacRT General Manager/CEO will be authorized to finalize negotiations with the Downtown Sacramento Partnership and will have the authority to execute the Community Prosecution Program Agreement between the Downtown Sacramento Partnership and SacRT.

FISCAL IMPACT

The total estimated cost of this agreement is \$331,683 over a 5-year term. The impact of this agreement on each fiscal year is listed below. The amount of \$31,237.00 is included in the budget for FY21.

FY21 \$31,237.00
 FY22 \$63,411.00
 FY22 \$65,313.50
 FY24 \$67,273.00
 FY25 \$69,291.00
 FY26 \$35,157.50

DISCUSSION

On October 12, 2016, the Board approved a reimbursement agreement (Resolution No. 16-10-0119) with the Downtown Sacramento Partnership for SacRT's share of the Community Prosecution Program. This agreement expires December 31, 2020. However, the services of the Community Prosecutor are vital and still needed by SacRT.

SacRT has participated with the Downtown Sacramento Partnership and the City of Sacramento (City) to proportionally share the cost of a Community Prosecutor through the Sacramento County's Community Prosecution Program. Through this program, a Community Prosecutor has been assigned to address problems unique to Downtown

Sacramento impacting SacRT and the Downtown Sacramento Partnership (such as prosecuting operator assaults).

If the Board approves the attached Resolution, the General Manager/CEO will be authorized to finalize a Reimbursement Agreement with the Downtown Sacramento Partnership for SacRT's share of the Community Prosecutor. The terms of the Agreement have been largely agreed to among the parties, but the City still needs to process the terms for final approval through their process. Because the City has not fully approved of the terms of the Agreement, staff is asking that the Board delegate authority to finalize negotiations and execute the Agreement upon approval of the terms. At the time of this writing, the agreed upon terms are as follows: The cost of the Community Prosecutor is being split proportionately between the Downtown Sacramento Partnership, SacRT and the City of Sacramento. This agreement is for a 5-year term and would begin January 1, 2021 and continue through December 31, 2025. The contract cost for the 5-year term is \$331,683.00. Staff anticipates that those terms will not change.

Staff recommends that the Board delegate authority to the General Manager/CEO to finalize a Reimbursement Agreement with the Downtown Sacramento Partnership for SacRT's share of the Community Prosecutor Program on substantially the same terms described hereinabove.

RESOLUTION NO. 20-12-0128

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

December 14, 2020

DELEGATION OF AUTHORITY FOR THE COMMUNITY PROSECUTION PROGRAM AGREEMENT

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 enter into the Community Partnership Program, with the Downtown Sacramento Partnership for a 5-year term and a total contract consideration of approximately \$331,683.

THAT, the Board hereby authorizes and directs the General Manger/CEO to execute said agreement upon successful completion of negotiations.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Laura Ham, VP, Planning and Engineering

SUBJ: AWARD A CONTRACT FOR PURCHASE OF GRADE CROSSING GATE MECHANISMS TO WESTERN-CULLEN-HAYES, INC. AND DELEGATE AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE AMENDMENTS TO PURCHASE ADDITIONAL GRADE CROSSING GATE MECHANISMS AS FUNDING BECOMES AVAILABLE

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approving the contract award and delegation of authority will allow for replacement of aging grade crossing equipment.

FISCAL IMPACT

The total not-to-exceed amount for purchasing 60 Grade Crossing gate mechanisms, including shipping and sales tax will be \$308,305.60. Funding for this expenditure has been identified and is available in the current fiscal year. Funding sources are Federal 5337 State of Good Repair and STA monies.

DISCUSSION

After 32 years of service, some SacRT grade crossing gate mechanisms are in need of upgrade. 112 total gate mechanisms need to be replaced, including 53 that are beyond their service life. The mechanism is the main mechanical assembly that lowers and raises the gate arm that blocks access to the crossing during train movements. SacRT staff developed and issued an Invitation for Bid (IFB), including plans and specifications to procure and replace existing S20 and S40 gate mechanisms. SacRT staff will install the new mechanisms.

SacRT received 3 bids for the subject contracting opportunity on October 15, 2020 from: Hitachi Rail STS USA Inc. (Hitachi); Progress Rail Services Corporation (Progress Rail); and Western-Cullen-Hayes.

After a thorough review of the bids, two bids contained material irregularities that cannot be waived. The bids from Hitachi and Progress Rail contained exceptions to the contract terms and conditions, which is not permissible in a low-bid solicitation.

Based on the anticipated pricing and available funds, the IFB specified a Base quantity of 40 grade crossing gate mechanisms, with an option to order up to 92 additional grade crossing gate mechanisms within 4 years after Notice to Proceed for the initial order (for a total quantity of 132). Because the unit price was lower than anticipated, funding is available at this time to purchase a total of 60 units. To expedite future orders as funding is available, Staff is recommending that the Board delegate authority to the General Manager/CEO to order additional quantities, up to 72 total, as funding becomes available.

RESOLUTION NO. 20-12-0129

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

December 14, 2020

AWARD A CONTRACT FOR PURCHASE OF GRADE CROSSING GATE MECHANISMS TO WESTERN-CULLEN-HAYES, INC. AND DELEGATE AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE AMENDMENTS TO PURCHASE ADDITIONAL GRADE CROSSING GATE MECHANISMS AS FUNDING BECOMES AVAILABLE

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

THAT, the Purchase Order for Purchase of Grade Crossing Gate Mechanism between Sacramento Regional Transit District ("SacRT") and Western-Cullen-Hayes, Inc. ("Vendor"), whereby SacRT agrees to purchase, and Vendor agrees to supply, 60 grade crossing gate mechanisms for the amount of \$283,499.40 plus applicable state and local sales tax, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing Purchase Order.

THAT, authority is hereby delegated to the General Manager/CEO to execute amendments to the Purchase Order for additional grade crossing gate mechanisms as funding becomes available.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: AWARDING CONTRACT FOR REAL ESTATE BROKER SERVICES AND OWNER/TENANT REPRESENTATIVE SERVICES TO CBRE AND DELEGATING AUTHORITY TO AWARD A CONTRACT FOR REAL ESTATE BROKER SERVICES AND OWNER/TENANT REPRESENTATIVE SERVICES TO NEWMARK KNIGHT AND FRANK

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

Awarding a Work Order-based contract for Commercial Real Estate Broker Services and Owner/Tenant Representative Services to CBRE, Inc. for purchase or lease of commercial/industrial space and delegating authority to the General Manager/CEO to award a contract to Newmark Knight Frank.

FISCAL IMPACT

There is no fiscal impact associated with the execution of the broker contracts. After negotiation for a particular property lease or purchase, there may be additional costs associated with a property to build out tenant improvements or secure assistance for design, space consulting or other services. If these items are not covered by the fee paid to the broker by the seller or property owner, the General Manager/CEO or his designee will approve Work Orders up to a total amount of \$150,000. SacRT has structured the contracts so that the fees the brokerages receive for assisting a property acquisition are paid by the seller or property owner and only extra services would trigger a fiscal impact.

DISCUSSION

Sacramento Regional Transit District (SacRT) issued a Request for Proposals (RFP) on June 26, 2020 on PlanetBids and received four responsive proposals on August 17, 2020 from: CBRE, Inc., Colliers International, Cushman & Wakefield of California, Inc., and Newmark Knight Frank. After evaluation of the written proposals, three firms were invited to oral presentations that were held on Wednesday, October 14, 2020 and Thursday, October 15, 2020. Upon completion of oral presentations, the evaluation committee determined the two top ranking firms were CBRE, Inc., for industrial space acquisition and Newmark Knight Frank for office space acquisition.

The primary objective of the RFP was to secure the services of the most experienced and qualified firms in finding and evaluating locations for: (1) new administrative offices; and (2) maintenance and dispatch facilities for both bus and rail. The evaluation of the proposers focused on experience and staffing, approach to work, contract understanding, and price.

Both firms that were chosen have built teams of exceptional individuals who excel in critical areas where SacRT felt their knowledge would greatly enhance the prospects of finding the best locations, negotiating the best terms, and advising on market timing.

Pursuant to the Disadvantaged Business Enterprise (DBE) regulations in 49 C.F.R. Part 26 and SacRT's DBE Program, no DBE participation goal was set for this procurement.

The initial term for each contract will be two years, with a SacRT option to renew for three additional one-year periods. SacRT is still awaiting some required information for contract preparation for Newmark Knight Frank, so a delegation of authority is being requested for the General Manager/CEO to award the contract once the required information is received.

RESOLUTION NO. 20-12-0130

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

December 14, 2020

**DELEGATING AUTHORITY TO AWARD A CONTRACT FOR REAL ESTATE
BROKER SERVICES AND OWNER/TENANT REPRESENTATIVE SERVICES WITH
NEWMARK KNIGHT FRANK**

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

THAT, authority is hereby delegated to the General Manager/CEO to award and execute the Contract for Real Estate Broker Services and Owner/Tenant Representative Services between Sacramento Regional Transit District, therein referred to as "SacRT," and Newmark Knight Frank to represent SacRT as its commercial brokerage/tenant representative for office space procurement needs for a term of two years, with option to renew for three additional one-year periods, on a commission basis with Work Orders issued as needed for additional services, up to a maximum of \$150,000 in the aggregate.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-12-0131

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

December 14, 2020

AWARDING A CONTRACT FOR REAL ESTATE BROKER SERVICES AND OWNER/TENANT REPRESENTATIVE SERVICES WITH CBRE, INC.

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

THAT, the Contract for Real Estate Broker Services and Owner/Tenant Representative Services between Sacramento Regional Transit District, therein referred to as "SacRT," and CBRE, Inc., therein "Contractor," where by Contractor agrees to represent SacRT as its commercial/industrial brokerage/tenant representative for industrial space procurement needs for a term of two years, with a SacRT option to renew for three additional one-year periods, on a commission basis with Work Orders issued as needed for additional services on a commission basis with Work Orders issued as needed for additional services, up to a maximum of \$150,000 in the aggregate, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing Contract.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Cindy Brooks, Clerk to the Board
SUBJ: 2021 BOARD MEETING CALENDAR

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

This action will result in establishing the Sacramento Regional Transit District Board of Directors meeting calendar for 2021.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

The Board's Rules of Procedure require the Board to set forth its regular meeting schedule for the following year.

The attached schedule provides for two regular meetings on the second and fourth Monday of each month with the following exceptions:

-) January: No meeting on January 11 due to a very light agenda; will combine with the January 25 meeting
-) June: No meeting on June 28 due to City and County recesses
-) July: No Meeting on July 12 due to City and County recesses
-) October: No Meeting on October 11 due to the Columbus Day holiday
-) November: No Meeting on November 22 due to the Thanksgiving holiday
-) December: No meeting on December 27 due to the Holiday season

Staff recommends approval of the 2021 Board Meeting calendar attached to the Resolution as Exhibit A.

RESOLUTION NO. 20-12-0132

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

December 14, 2020

2021 BOARD MEETING CALENDAR

WHEREAS, the Sacramento Regional Transit Board of Directors desires to establish its regular meeting schedule for calendar year 2021; and

WHEREAS, Section 3.111 of Article 1 (Meetings) of Chapter 1 (Board Rules) of Title III of the Sacramento Regional Transit District Administrative Code Relating to Rules of Procedure provides in relevant part as follows:

Unless otherwise specified in the resolution establishing the Board's regular meeting schedule, the Board will conduct its regular meetings in the first floor Auditorium at Regional Transit's Administrative Headquarters located at 1400 29th Street, Sacramento, CA. Regular meetings of the Board will start at 5:30 p.m.

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

THAT, the regular meeting schedule set out in attached Exhibit A for the meetings of the Sacramento Regional Transit Board of Directors for calendar year 2021 is hereby adopted.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

EXHIBIT A

2021 BOARD MEETING CALENDAR

SACRAMENTO REGIONAL TRANSIT BOARD OF DIRECTORS
REGIONAL TRANSIT AUDITORIUM (ROOM 114) - 1400 29TH STREET
SACRAMENTO, CALIFORNIA

5:30 P.M.

Monday	NONE	January 11, 2021
Monday	Regular Meeting	January 25, 2021
Monday	Regular Meeting	February 8, 2021
Monday	Regular Meeting	February 22, 2021
Monday	Regular Meeting	March 8, 2021
Monday	Regular Meeting	March 22, 2021
Monday	Regular Meeting	April 12, 2021
Monday	Regular Meeting	April 26, 2021
Monday	Regular Meeting	May 10, 2021
Monday	Regular Meeting	May 24, 2021
Monday	Regular Meeting	June 14, 2021
Monday	NONE	June 28, 2021
Monday	NONE	July 12, 2021
Monday	Regular Meeting	July 26, 2021
Monday	Regular Meeting	August 9, 2021
Monday	Regular Meeting	August 23, 2021
Monday	Regular Meeting	September 13, 2021
Monday	Regular Meeting	September 27, 2021
Monday	NONE	October 11, 2021
Monday	Regular Meeting	October 25, 2021
Monday	Regular Meeting	November 8, 2021
Monday	NONE	November 22, 2021
Monday	Regular Meeting	December 13, 2021
Monday	NONE	December 27, 2021



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Carmen Alba, Acting, VP, Operations
SUBJ: AWARD CONTRACT TO PURCHASE ZERO EMISSION BUSES FROM GILLIG LLC

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Awarding a contract to purchase three zero emission buses (ZEBs) from Gillig, LLC.

FISCAL IMPACT

\$889,659.00 per bus for a total of \$2,668,977.00, plus applicable sales taxes and fees. Federal 5337, 5339, CMAQ and State LPP funds have been identified and are available for the purchase of three zero emission buses.

DISCUSSION

In February 2020, SacRT launched an airport shuttle service using compressed natural gas buses. These buses were used in service from Downtown Sacramento to the Sacramento International Airport seven days a week.

Due to the delayed launch of the Causeway Connection service, Staff proposed and received an agreement with Electrify America (EA) to temporarily test two of the Proterra Catalyst zero emission buses (ZEBs) funded by EA on the airport service. This test validated the ability to operate ZEBs for this service.

In 2019, a Zero Emission Bus Evaluation Team (Evaluation Team) was established in preparation for review of contracts executed by other government entities in response to Requests for Proposals (RFPs) that established purchasing schedules allowing participation by other governmental entities. The Evaluation Team reviewed contracts executed by the State of California and Commonwealth of Virginia. The Evaluation Team requested proposals based on these government contracts from Gillig, LLC, New Flyer Industries, and Proterra, Inc. All proposals were evaluated using criteria established prior to receipt of proposals. After receiving pricing proposals, the Evaluation Team scheduled vendor presentations and reviewed responses to references for all three firms. After a thorough evaluation, Staff determined Gillig was the most qualified proposer.

The ZEB Evaluation Team scored the firms on several factors, including price, warranty, training, build lead time, references and a short presentation. A Best and Final Offer (BAFO) was requested with updates to the delivery/build estimate. After consideration of all submitted information, Gillig was the top-ranked firm of all three proposers with a leading score of 92.8 out of 100 points possible.

Purchasing these three buses for this service will allow SacRT to continue to move toward the transition to a 100% ZEB fleet.

RESOLUTION NO. 20-12-0133

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

December 14, 2020

AWARD CONTRACT TO PURCHASE ZERO EMISSION BUSES FROM GILLIG LLC

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

THAT, the Contract to Purchase Zero Emission Buses by and between the Sacramento Regional Transit District (therein "SacRT") and Gillig, LLC (therein "Contractor") whereby Contractor agrees to furnish and SacRT agrees to purchase three zero emission buses for an amount not to exceed \$2,668,977.00, plus applicable sales taxes and fees, is hereby approved.

THAT, the Board Chair and General Manager/CEO are hereby authorized and directed to execute said Contract.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Carmen Alba, Acting, VP, Operations
SUBJ: AWARD CONTRACT FOR 2006 ORION BUS REFURBISHMENT AND CNG TANK REPLACEMENT SERVICES TO COMPLETE COACH WORKS

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Awarding a Contract for 2006 Orion Bus Refurbishment and CNG Tank Replacement Services to Complete Coach Works (CCW) will replace the Compressed Natural Gas (CNG) tanks on five buses.

FISCAL IMPACT

Description	Quantity	Unit	Unit Price	Total Price
Replacement of all CNG tanks. Reuse all CNG tank-related plumbing, valves and fittings. Replace only as needed due to leaks, damage, corrosion, etc. Replace driver's seat. Tow vehicles to and from SacRT's location.	5	EA	\$ 44,108.00	\$220,540.00

Grand Total: \$220,540 plus applicable sales tax for fiscal year 2021. Funding for this expenditure has been identified and is available in the current fiscal year.

DISCUSSION

On July 13, 2020, SacRT received one bid from Complete Coach Works in response to the solicitation to replace the expired CNG tanks on five 2006 model year Orion buses. These buses will be used for service and training.

Currently, the Operations Training Department uses buses that are needed for revenue service to train new operators. These five buses will be used for revenue service and to start training and prepare new hires in Pre-Trip inspections and Skills Test training for their commercial license.

RESOLUTION NO. 20-12-0134

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

December 14, 2020

AWARD CONTRACT FOR 2006 ORION BUS REFURBISHMENT AND CNG TANK REPLACEMENT SERVICES TO COMPLETE COACH WORKS

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

THAT, the Contract for 2006 Orion Bus Refurbishment and CNG Tank Replacement Services by and between Sacramento Regional Transit District, therein referred to as "SacRT," and Complete Coach Works therein referred to as "Contractor," whereby Contractor agrees to complete the replacement of CNG Tanks on Five 2006 Model Year Orion Buses, as further specified therein, for an amount not to exceed \$220,540, plus applicable state and local sales tax, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized to execute the foregoing Contract.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Steve Booth, AVP, Human Resources and Labor Relations
SUBJ: DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE THE RENEWAL OF ALL SACRT HEALTH AND WELFARE BENEFITS FOR 2021

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The effect of the Board approving the renewal of all of the Health and Welfare insurance coverages is that employees will continue to receive the health and welfare benefits described below in accordance with SacRT's collective bargaining agreements and employment contracts.

FISCAL IMPACT

There will be no increase to 2021 rates.

DISCUSSION

Each year, SacRT must determine whether to continue its current insurance benefit policies with its current benefit providers. The following is a summary of the results of the 2021 renewal process. Attachment 1 contains an Executive Summary prepared by SacRT's benefit broker, Keenan and Associates ("Keenan"), providing details on all the renewal information. The rates are renewed on a calendar year basis as opposed to how funds are budgeted on a fiscal year basis.

Dental:

The Delta Dental PPO and Delta HMO plans are going into the second year of a two-year rate guarantee. Current rates and benefits for all employees enrolled remain the same through the 2021 plan year. The next plan renewal will be January 1, 2022.

Vision:

Current rates and benefits for all employees enrolled in the VSP Basic or Enhanced Plans will remain the same for the 2021 plan year, with an additional two-year rate guarantee. The next plan renewal will be January 1, 2023.

Flexible Spending Account (FSA) and COBRA Administration:

Current rates will remain the same for the 2021 plan year. The contract with Navia Benefit Solutions is an evergreen contract meaning that it continues in force indefinitely but may be terminated with a 30-day notice of cancellation.

Life Insurance/Accidental Death & Dismemberment (AD&D/Long Term Disability (LTD) Insurance:

The rates for Basic Life, Voluntary Life and Long-Term Disability plans will remain the same for the 2021 plan year, with an additional three-year rate guarantee. The next plan renewal will be January 1, 2024.



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Sacramento Regional Transit District
 2021 Health & Welfare Renewal
 Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2021 renewal and marketing overview for the ancillary benefit plans.

Renewal and Marketing Objectives

Keenan's primary goal continues to negotiate and provide Sacramento Regional Transit District with ancillary benefit programs that bring value to the employees while being affordable with multi-year rate guarantees which provide stability in the rates.

Dental and Vision Care Trends

Keenan & Associates is forecasting the following Trend increases for Dental and Vision benefits:

<u>Dental</u>	<u>Vision</u>
PPO – 5.0%	3.0%
Prepaid – 4.0%	

Affordable Care Act (ACA)

Although components of the ACA are still being questioned the law remains in effect with no changes in the offering of employee benefits. Keenan & Associates will continue to provide any applicable updates to RT to assist with on-going compliance of the ACA.

Delta Dental

The Delta Dental PPO and DHMO plans are going into the second year or a two-year rate guarantee. Current rates and benefits for all employees enrolled remain the same through the 2021 plan year. Next renewal is January 1, 2022.

VSP

VSP offered a rate pass with an additional two-year rate guarantee starting January 1, 2021. All rates and benefits will remain the same until the next renewal on January 1, 2023.

The Hartford

The Hartford offered a rate pass along with an additional three-year rate guarantee. The rates for the District's Basic Life, Voluntary Life and Long-Term Disability plans will remain the same until the next renewal on January 1, 2024.

Flexible Spending Account

Navia Benefits administration will remain at \$4.40 per participant per month for the 2021 plan year.

Summary

We appreciate the long-term partnership we've had with Sacramento Regional Transit District and look forward to working with the District during the next plan year. We will continue to work with the current lines of coverage while keeping the District informed of new regulations and changes that affect the employee benefits offered to District employees.

Sincerely,



Stacey Comerchero
Assistant Vice President
Employee Benefits

RESOLUTION NO. 20-12-0135

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

December 14, 2020

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE THE RENEWAL OF ALL SACRT HEALTH AND WELFARE BENEFITS FOR 2021

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

THAT, the Board hereby approves the 2021 Health and Welfare Renewals for dental coverage with Delta Dental, vision coverage with Vision Services Plan, flexible spending account management with Navia Benefits, life insurance and long-term disability insurance with The Hartford Life Insurance Company; and

THAT, the Board hereby authorizes the General Manager/CEO to fill out, execute and submit any and all forms, applications, documents, and agreements necessary to effectuate the renewal of all insurance coverages herein approved.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Shelly Valenton, VP, Integrated Services and Strategic Initiatives
SUBJ: APPROVING THE SECOND AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH MARK LONERGAN

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The Resolution will approve a Second Amendment to the Personal Services Contract with Mark Lonergan extending the total consideration by \$50,000 from \$100,000 to \$150,000 and the term to December 31, 2021.

FISCAL IMPACT

The increase of \$50,000 will cover the period from January 2021-December 2021. The impact of this increase for FY 21 is included in the FY 21 Operating Budget.

DISCUSSION

At the December 10, 2018 Board Meeting, the Board of Directors approved a one-year Contract with Mark Lonergan ("Mr. Lonergan") as a retired annuitant to complete and assist with critical projects for SacRT. Mr. Lonergan worked for SacRT for over 40 years, including in the role of Deputy General Manager/Chief Operating Officer prior to his retirement from SacRT on January 1, 2019. On October 7, 2019, the Board approved the First Amendment to Mr. Lonergan's contract adding funding and extending his contract for an additional year to December 31, 2020. As a retired annuitant, Mr. Lonergan has provided executive level assistance to SacRT's Executive Management Team in planning and developing complex operational projects for SacRT. His expertise is critical as the District moves forward with the Light Rail Modernization Project to transition to a low floor fleet and light rail system. The addition of low floor vehicles will significantly improve the reliability of the region's light rail system. The age and high mileage of the existing light rail vehicle fleet has resulted in reliability issues which will be an increasing problem as these vehicles continue to age. The acquisition of these vehicles is a major capital project for SacRT requiring a very complex funding plan, drawing funding from a number of federal, state and local sources. Mr. Lonergan will continue to provide support to SacRT as this project moves forward. He will also continue to provide support and expert advice on other critical projects.

Under the California Public Employees' Pension Reform Act (PEPRA), Mr. Lonergan is

only permitted to work 960 hours per year because he is a retired annuitant.

Staff recommends that the Board approve the Second Amendment to the Contract with Mark Lonergan to increase the total consideration by \$50,000 from \$100,000 to \$150,000 and extend the Contract term to December 31, 2021.

RESOLUTION NO. 20-12-0136

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

December 14, 2020

**APPROVING THE SECOND AMENDMENT TO THE PERSONAL SERVICES
CONTRACT WITH MARK LONERGAN**

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

THAT, the Second Amendment to the Personal Services Contract between Sacramento Regional Transit District, therein referred to as "SacRT," and Mark Lonergan, therein referred to as "Temporary Employee," whereby the total consideration is increased by \$50,000 from \$100,000 to \$150,000 and the term is extended one year to December 31, 2021, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute said Second Amendment.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Laura Ham, VP, Planning and Engineering
SUBJ: APPROVING WORK ORDER NO. 8 TO THE CONTRACT FOR ON-CALL GENERAL PLANNING SUPPORT SERVICES WITH WSP USA, INC.

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approves Work Order No. 8 to the Contract for On-Call General Planning Support Services - 2017 with WSP USA, Inc. for Zero Emission Bus (ZEB) Planning.

FISCAL IMPACT

Work Order No. 8 would provide for WSP USA, Inc. to complete SacRT's fleet transition plan. The total cost of these services is estimated not to exceed \$174,246.28. SacRT was awarded \$220,000 for this work through a Caltrans Sustainable Communities Grant in 2019.

DISCUSSION

WSP provides On-Call Planning Support Services on a Work Order basis under a contract entered into in 2018 after a competitive solicitation. Under Work Order No. 4 to the Contract, WSP completed Phase I planning efforts for the ZEB transition, which included: a ZEB Pilot Analysis to evaluate a ZEB pilot on the Route 142 airport service; other route modeling to assess the feasibility of ZEB service on SacRT routes; and a site assessment and research for charging infrastructure. The site assessment report and research, in addition to the route modeling feasibility study, will serve as the foundation for subsequent analyses and future implementation. The purpose of the report was to identify initial fleet and facility's needs; develop rough order of magnitude (ROM) costs; and present next steps and considerations for future study. Through Work Order No. 7, WSP completed SacRT's ICT Rollout Plan as required by the California Air Resources Board. The Phase II work that would be included in Work Order No. 8 would be: the completion of a ZEB stakeholder workshop with internal SacRT staff; a rolling stock fleet replacement plan; facilities and charging infrastructure phasing plan; budget and funding plan; and green jobs research on a cost plus fixed fee basis for an amount not to exceed \$174,246.28.

RESOLUTION NO. 20-12-0137

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

December 14, 2020

APPROVING WORK ORDER NO. 8 TO THE CONTRACT FOR ON-CALL GENERAL PLANNING SUPPORT SERVICES WITH WSP USA, INC.

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

THAT, Work Order No. 8 to the Contract for On-Call General Planning Support Services by and between the Sacramento Regional Transit District (therein "SacRT") and WSP USA, Inc. (therein "Consultant"), whereby Consultant agrees to perform Phase II work for SacRT's zero emission bus conversion plan for an amount not to exceed \$174,246.28, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing Work Order.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Laura Ham, VP, Planning and Engineering

SUBJ: REPEALING RESOLUTION NO. 20-09-0099 AND RATIFYING EXECUTION OF THE CONTRACT FOR FINAL DESIGN SERVICES FOR RAIL MODERNIZATION 15-MINUTE SERVICE TO FOLSOM PROJECT WITH AECOM TECHNICAL SERVICES INC.

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The result of the recommended action will be to approve the General Manager/CEO’s execution of a Contract that would otherwise be in excess of his delegated authority.

FISCAL IMPACT

At the September 14th Board meeting, the Board delegated authority to the General Manager/CEO to execute the Contract for Final Design Services for a total not-to-exceed amount of \$4,783,750.00. Based on changes to indirect cost rates for some subconsultants, the final total not-to-exceed amount was \$4,796,952.62, an increase of \$13,202.62. The increase in contract cost will be covered by available funding from a combination of CMAQ and ECOS settlement monies.

DISCUSSION

At the September 14 Board Meeting, the Board conditionally delegated authority to award and execute a Contract for Final Design Services for Rail Modernization for 15 Minute Light Rail Service to Historic Folsom with AECOM Technical Services, Inc. (AECOM), including performance of Tasks 1 and 2 for the amount of \$4,783,750, upon completion of the federal environmental review for the project. SacRT received notice of approval of a categorical exclusion for the project from the Federal Transit Administration on October 1, 2020.

When SacRT staff was reviewing the final documentation to prepare the contract for execution, staff determined that AECOM had not incorporated updates to its subconsultants’ indirect cost rates into the final pricing submission (these were changes made after financial review of audited cost rates). Because of the adjustments in the Pricing Proposal Form 60s after final review, the not-to-exceed Total Consideration for the Contract will be \$13,202.62 higher than what the Board delegated authority to General Manger to award and approve at the September Board meeting,

which was 4,783,750.00.

Because of the minimal change in the Total Consideration and because the delay in federal environmental review and approval had already placed the project behind schedule, the General Manager/CEO executed the Contract with the higher amount so that the Consultant could commence performance of the final design services. Because this action was in excess of the delegated authority, it must be ratified by the Board for the contract to be valid.

SacRT staff recommends the Board to repeal Resolution No. 20-09-0099 and ratify execution of the Contract for Final Design Services for Rail Modernization 15-minute Service to Folsom Project with AECOM Technical Services, Inc.

RESOLUTION NO. 20-12-0138

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

December 14, 2020

REPEALING RESOLUTION NO. 20-09-0099 AND RATIFYING EXECUTION OF THE CONTRACT FOR FINAL DESIGN SERVICES FOR RAIL MODERNIZATION 15-MINUTE SERVICE TO FOLSOM PROJECT WITH AECOM TECHNICAL SERVICES INC.

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

THAT, Resolution No. 20-09-0099 is hereby repealed.

THAT, the action of the General Manager/CEO in executing the Contract for Final Design Services for Rail Modernization 15 Minute Light Rail Service to Historic Folsom by and between the Sacramento Regional Transit District (therein "SacRT") and AECOM Technical Services, Inc. (therein "Consultant") whereby Consultant agrees to perform Task 1 and Task 2 final design services for an amount not to exceed 4,796,952.62, is hereby ratified.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: APPROVE THE PROJECT LIST FOR FUNDING UNDER THE ROADWAY REPAIR AND ACCOUNTABILITY ACT (SB1) STATE OF GOOD REPAIR PROGRAM FOR FISCAL YEAR 2020

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approves the final project list for funding under the Roadway Repair and Accountability Act (SB1) State of Good Repair Funds for Fiscal Year 2020.

FISCAL IMPACT

Funding in the amount of \$2,577,561 was provided by the SB1 State of Good Repair program for Fiscal Year 2020, and was included in the FY 19-20 Capital Budget.

DISCUSSION

The Roadway Repair and Accountability Act of 2017 (SB1) was signed by Governor Brown on April 28, 2017. This bill included an estimated \$5.2 Billion per year for State-wide transportation improvements raised via a variety of transportation related taxes and fees. One of the revenue sources is named the Transportation Improvement Fee (TIF) which is assessed when vehicles are renewed as of January 1, 2018. The TIF is anticipated to raise an average of \$1.6 Billion per year. Of this amount, approximately \$105 Million per year is slated to bolster State Transit Assistance (STA) funding provided it is used for state of good repair projects.

In May 2019, SacRT was estimated to receive approximately \$2.6 Million. As of the latest revision SacRT was allocated approximately \$2.577 Million, requiring staff to revise the project list with new funding amounts.

-) BMF1 CNG Equipment Replacement (B144) - \$461,640
-) CNG Tank Replacement (B170) - \$285,921
-) 1225 R Street Server AC Upgrade (F029) - \$440,000
-) Watt I-80 Elevator (R347) - \$890,000
-) Bidwell Instrument House (R364) - \$500,000

RESOLUTION NO. 20-12-0139

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

December 14, 2020

APPROVE THE PROJECT LIST FOR FUNDING UNDER THE ROADWAY REPAIR AND ACCOUNTABILITY ACT (SB1) STATE OF GOOD REPAIR PROGRAM FOR FISCAL YEAR 2020

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

THAT, the Statutes related to state-funded projects require a local or regional implementing agency to abide by various regulations.

THAT, Senate Bill 1 (2017) named the Department of Transportation (Department) as the administrative agency for the State of Good Repair (SGR).

THAT, the Department has developed guidelines for the purpose of administering and distributing SGR funds to eligible project sponsors (local agencies).

THAT, the Board authorizes the list of SacRT projects, attached hereto as Exhibit A, for which SGR funding is hereby committed.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

FY 2020-21 State of Good Repair Projects

Exhibit A

#	Recipient	Sub-Recipient	Project Title	20-21 SGR Allocation
1	Sacramento Area Council of Governments	Sacramento Regional Transit District	Intelligent Vehicle Network Upgrade	\$652,630
2	Sacramento Area Council of Governments	Sacramento Regional Transit District	Trapeze Ops Update	\$251,000
3	Sacramento Area Council of Governments	Sacramento Regional Transit District	Fare Vending Maching Update	\$1,119,317
4	Sacramento Area Council of Governments	Sacramento Regional Transit District	Drive Cams	\$454,590
5	Sacramento Area Council of Governments	Sacramento Regional Transit District	Bus Maintenance Facilities Improvements	\$172,420
6	Sacramento Area Council of Governments	Sacramento Regional Transit District	Operations Control Center	\$195,702
				\$2,845,659



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: REPEALING RESOLUTION NO. 20-10-0119; DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE FY20-21 CALTRANS SUSTAINABLE COMMUNITIES PLANNING GRANT-SACRAMENTO REGIONAL TRANSIT DISTRICT BUS STOP IMPROVEMENT PLAN

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Repealing Resolution No. 20-10-0119, Approval of authority to receive funds will enable SacRT to access Caltrans Sustainable Communities Planning Grant funds in the amount of \$221,325.

FISCAL IMPACT

The total project cost is \$250,000 and is included in the FY 2021 Capital Budget. Approval of authority to receive funds will enable SacRT to access Caltrans Sustainable Communities Planning Grant funds in the amount of \$221,325. The fund will be matched with \$28,675 of State Transit Assistance (STA) funds.

DISCUSSION

This is an administrative action that is required to satisfy the requirements of the Caltrans Sustainable Communities Planning Grant program.

In October 2019, SacRT submitted a grant application to Caltrans for the FY 2020-21 Sustainable Communities Planning Grant Program for Bus Stops Improvement Plan. In July 2020, Caltrans announced that SacRT’s project had been selected for funding through the grant competition. One of Caltrans’ conditions for grant award is a Board Resolution identifying SacRT’s Authorized Representative. This representative is needed to accept the grant and execute the grant documents necessary to receive the grant funds, which are expected to become available in winter 2020.

The budget for this planning project in the amount noted above is include in SacRT FY 2021 Budget. This planning project will allow SacRT to assess all the bus stops system wide to determine possible improvements.

Staff recommends that the Board delegate authority to the General Manager/CEO to execute grant documents with the California Department of Transportation (Caltrans) to receive FY 2020-21 Caltrans Sustainable Transportation Planning Grant funds.

RESOLUTION NO. 20-12-0140

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

December 14, 2020

REPEALING RESOLUTION NO. 20-10-0119; DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE FY20-21 CALTRANS SUSTAINABLE COMMUNITIES PLANNING GRANT- SACRAMENTO REGIONAL TRANSIT DISTRICT BUS STOP IMPROVEMENT PLAN

WHEREAS, the Sacramento Regional Transit District (SacRT) is eligible to receive Federal and/or State funding for certain transportation planning related plans, through the California Department of Transportation (Caltrans).

WHEREAS, Caltrans approved FY 2020-21 Sustainable Communities Planning Grant funds to be granted to SacRT through Caltrans to fund the Bus Stop Improvement Plan.

WHEREAS, a Restricted Grant Agreement must be executed with Caltrans before such funds can be claimed through the Transportation Planning Grant Programs.

WHEREAS, the Board of Directors for Sacramento Regional Transit District wishes to delegate authority to execute these agreement, any related documents, forms, applications and any amendments thereto.

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

THAT, the Board of Directors of the Sacramento Regional Transit District does hereby delegate authority to the General Manager/CEO or his designee to execute all Restricted Grant Agreements, any amendments thereto and any related forms, applications and documents with the California Department of Transportation to obtain FY 2020-21 Sustainable Communities Planning Grant Program Funds.

STEVE HANSEN, Chair

A T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Brent Bernegger, VP, Finance/CFO
SUBJ: APPROVING CALTRANS MASTER AGREEMENT

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approving Caltrans Master Agreement will allow Sacramento Regional Transit District to continue to receive funding from the California Department of Transportation (Caltrans), California State Transportation Agency (CalSTA), and California Transportation Commission (CTC).

FISCAL IMPACT

Allows SacRT to invoice Caltrans, CalSTA and CTC for future funding. In Fiscal Year 2019-20, Sacramento Regional Transit District requested over \$149 million in funding from Caltrans, CalSTA and CTC.

DISCUSSION

A grantee must generally enter into a Master Agreement with the state agency granting either Federal-aid Highway Program funds or State-only Funded Project funds that will be used on local projects. In the Master Agreement, a local agency agrees to comply with all federal and state laws, regulations, policies and procedures related to the design, right of way acquisition, environmental compliance, construction and maintenance of the completed facility. SacRT entered into a Master Agreement with the State on September 28, 2000 that had a 20-year term. On December 13, 2010, the Board approved a revised Master Agreement that is set to expire at the end of this month. With the current Master Agreement expiring at the end of this month, it is necessary for SacRT to enter into a new Master Agreement, which the State has provided for approval. Staff recommends that the Board approve the new Master Agreement with Caltrans so that SacRT can continue to receive critical Federal Highway and State grant funding.

RESOLUTION NO. 20-12-0141

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

December 14, 2020

APPROVING CALTRANS MASTER AGREEMENT

WHEREAS, the Sacramento Regional Transit District may receive funding from the State of California now or sometime in the future for transit related projects; and

WHEREAS, state funded transit projects require a local or regional implementing agency to execute a cooperative agreement with Caltrans before it can be reimbursed for project expenditures; and

WHEREAS, the California Transportation Commission (CTC) guidelines encourages Caltrans and the implementing agency to maximize the use of existing agreements such as Master Agreements and Programs Supplements to expedite development and execution of cooperative agreements; and

WHEREAS, the Sacramento Regional Transit District Board of Directors wishes to delegate authorization to the General Manager/CEO or his/her designee to execute certain program supplement and amendments thereto.

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

THAT, the Board of Directors of the Sacramento Regional Transit District hereby approves Master Agreement No. 64A003801 with the California Department of Transportation in which SacRT agrees to comply with all conditions and requirements set forth in that agreement and applicable status, regulations and guidelines for all state funded transit projects and hereby authorizes the General Manager/CEO to execute the Master Agreement.

THAT, the General Manager/CEO or his/her designee is hereby authorized to sign each Program Supplement for a State Funded Transit Project that incorporates or adopts the terms and conditions of Master Agreement No. 64A003801 with the California Department of Transportation and any amendment thereto, and to submit additional materials as may be required in connection with said actions if:

-) The Sacramento Regional Transit District Board of Directors approved an application for that Program Supplement or amendment, and the Program Supplement or amendment is consistent in all materials respects with the application; and

) The Program Supplement or amendment thereto, as applicable, does not alter or add to the terms and/or conditions set out in the Master Agreement No 64A003801.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: AUTHORIZATION FOR GENERAL MANAGER/CEO TO EXECUTE DOS RIOS SMUD EASEMENTS AND DEED TRANSFER ON SACRT PROPERTIES

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

If the Board approves this action, it will result in the General Manager/CEO being given the authority to execute two Sacramento Municipal Utility District (SMUD) utility easement agreements for pole relocations on one currently owned SacRT property, a portion of APN 001-0130-027 (approx. 1,426 square feet), and upon SacRT ownership of the portion of parcel being purchased from Bruce Booher at APN 001-0141-001 (approx. 230 square feet). In addition, if the Board approves this action, after completion of SacRT’s Dos Rios Station Construction Project, the General Manager/CEO (GM) will have the authority to transfer these two parcels in fee to the City of Sacramento.

FISCAL IMPACT

None

DISCUSSION

SacRT has partnered with the City of Sacramento, Sacramento Housing and Redevelopment Agency and others, to build the Dos Rios Light Rail Station (DRLRS) alongside SacRT’s existing tracks just west of Ahern to Richards Boulevard. To facilitate the construction of the DRLRS SMUD will need to relocate two utility poles that are currently on two parcels that SacRT has already acquired or is in the process of acquiring: 1) a portion of APN 001-0130-027, which was recently acquired by SacRT from Loaves and Fishes; and 2) a portion of APN 001-0141-001 in the process of being acquired by SacRT from Bruce Booher. To facilitate the SMUD pole relocation, SMUD requires easements over the two parcels.

Upon the completion of SacRT’s Dos Rios Station Construction Project, the two parcels will be converted to public walkways and the Parties have agreed that the parcels should be transferred to the City. Therefore, staff recommends that the Board delegate authority to the General Manager/CEO to transfer the parcels to the City in fee upon completion of the DRLRS.

RESOLUTION NO. 20-12-0142

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

December 14, 2020

AUTHORIZING THE GENERAL MANAGER/CEO TO CONVEY TWO EASEMENTS TO THE SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD) FOR POLE RELOCATION RELATED TO THE DOS RIOS LIGHT RAIL STATION CONSTRUCTION PROJECT

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

THAT, completion of the purchase of the parcel known as Assessor Parcel Number 001-0141-001, the General Manager/CEO is hereby authorized to convey an easement to the Sacramento Municipal Utility District (SMUD) on a portion of APN 001-0141-001 for the relocation of one or more SMUD utility poles; and

THAT, the Board hereby authorizes the General Manager/CEO to convey an easement to the Sacramento Municipal Utility District (SMUD) on a portion of APN 001-0130-027 for the relocation of one or more SMUD utility poles within the easement area; and

THAT, the Board hereby authorizes the General Manager/CEO to execute said easements and any other documents necessary to effectuate the conveyance of such easements to SMUD.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-12-0143

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

December 14, 2020

AUTHORIZING THE GENERAL MANAGER/CEO TO CONVEY TWO PARCELS IN FEE TO THE CITY OF SACRAMENTO UPON COMPLETION OF THE CONSTRUCTION OF THE DOS RIOS LIGHT RAIL STATION

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 convey a fee interest in the parcel known as Assessor Parcel Number 001-0141-001 to the City of Sacramento, upon completion of the construction of SacRT's Dos Rios Light Rail Station; and

THAT, the Board hereby delegates authority to the General Manager/CEO to convey a fee interest in the parcel known as Assessor Parcel Number 001-0130-027 to the City of Sacramento, upon completion of the construction of SacRT's Dos Rios Light Rail Station; and

THAT, the Board hereby authorizes the General Manager/CEO to execute said grant deeds and any other documents necessary to effectuate the conveyance of a fee interest in each parcel to the City of Sacramento.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Devra Selenis, VP, Communications and Partnerships

SUBJ: AWARDING A CONTRACT FOR FEDERAL LOBBYING SERVICES TO CARPI & CLAY, INC.

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

If the Board approves this action, SacRT will continue to have experienced representation at the federal level to advance all surface transportation, transit funding, congestion management, clean air initiatives and other relevant policy and federal funding proposals.

FISCAL IMPACT

Carpi & Clay, Inc. proposed a monthly retainer fee of \$9,000 per month (\$108,000 per year for two years) for a total contract consideration of \$216,000 for the base contract term of two years, plus reimbursement for interstate travel, including up to two trips annually, estimated to cost up to \$4,000 per year. The \$54,000 cost for the remainder of FY 21 is included in the FY 20-21 Operating Budget. The breakdown per fiscal year is as follows:

*First Two Years		**Optional Two 1-Year Periods	
FY21 (Jan 1 – Jun 30):	\$ 56,000	FY23/24 (Jan 1 – Dec 31):	\$120,000
FY22 (Jul 1 – Jun 30):	\$112,000	FY24/25 (Jan 1 – Dec 31):	\$132,000
FY23 (Jul 1 – Dec 31):	\$ 56,000		

*The pricing for each fiscal year includes estimated travel costs of \$4000 per year, for a total of \$8000 in addition to the monthly retainer fee.

**The contract would also include an option to exercise two additional 1-year periods that would be subject to Board approval at a future date for an increase of \$252,000.

DISCUSSION

SacRT’s current federal lobbying service contract expires at the end of the 2020 calendar year. Federal funding and policies are critical to SacRT’s operations and SacRT benefits from a highly-qualified professional consulting firm based in the

Washington D.C. area to effectively represent SacRT's legislative policy, regulatory and appropriations interests at the federal level.

SacRT staff issued a Request for Proposals (RFP) on October 20, 2020 on PlanetBids with the following requirements: (1) identify, monitor, review and analyze pending federal legislation, policies, regulations, general activities and actions that may impact SacRT's interests; (2) provide SacRT with effective representation on all federal surface transportation, transit funding, congestion management, clean air initiatives and other relevant policy and federal funding proposals; and (3) assist SacRT in developing and carrying out strategies for advancing SacRT's interests at the federal level that are beneficial to SacRT and its programs.

Proposals were submitted electronically via PlanetBids on November 12, 2020 and evaluated using criteria established in the RFP, including contract understanding, staffing and experience, and pricing proposal. The evaluation committee reviewed responsive proposal from Carpi & Clay, Inc. and MMS Strategies. A third proposal was deemed non-responsive and was not included in the evaluation process. After a thorough evaluation, Carpi & Clay Inc. was the top-ranked firm with a leading score of 90.8 out of 100 points possible.

RESOLUTION NO. 20-12-0144

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

December 14, 2020

AWARDING A CONTRACT FOR FEDERAL LOBBYING SERVICES TO CARPI & CLAY, INC.

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

THAT, the Contract between Sacramento Regional Transit District, therein referred to as "SacRT," and Carpi & Clay, Inc., therein referred to as "Contractor," whereby Contractor agrees to provide federal lobbying services, as further specified, for an amount not to exceed \$224,000 for a 2-year term, with a SacRT option to extend for two additional 1-year periods, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute said Contract.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Brent Bernegger, VP, Finance/CFO
SUBJ: SECOND AMENDMENT TO THE FISCAL YEAR 2021 CAPITAL BUDGET

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approval of Amendment #2 would increase the FY 21 Capital Budget by \$872,153.59 for one capital project as outlined below and allows staff to request additional federal, state and/or local funding to complete the project.

FISCAL IMPACT

Approval of Amendment #2 would increase the FY 21 Capital Budget by \$872,153.59 for one capital project outlined below. This action does not imply funding is available for the project; however, without approval, requesting additional funding for the project is not authorized.

DISCUSSION

The original capital budget for FY 21 was \$195,819,125. The first amendment approved by the Board in October increased the capital budget by \$6,626,733 to \$202,445,858. The second amendment presented today will increase the capital budget by \$872,154 to \$203,318,012.

SacRT’s annual budgeting process includes Board adoption of a budget that reflects SacRT’s expected funding at the time of preparation. Periodically, changes to funding sources, funding amounts, or SacRT’s priorities require revision to the Budget. Staff has identified necessary revisions as described below.

) BMF 1 In-Ground Lift Replacement (B180) - \$872,153.59
Add \$872,153.59 in budget authority for a new project to replace In-Ground Bus Lift at BMF1. The project includes the purchase and installation of new lifts to improve bus maintenance efficiency. The Board action only provides budget authority. Staff will work to identify funding for the replacement of the lifts.

RESOLUTION NO. 20-12-0145

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

December 14, 2020

SECOND AMENDMENT TO THE FISCAL YEAR 2021 CAPITAL BUDGET

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

THAT, the Board hereby approves the Second Amendment to the Fiscal Year 2021 Capital Budget, as set out in Exhibit A.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

Exhibit A: Summary of Amendment 1 changes to FY21 Capital Budget

ID	Project Name	FY21 Budget	FY21 Budget - with Amend 1	FY21 Capital Budget Change				Fund Source	
				FY21 Capital Budget Change	Federal	State	Local		TBD
B180	BMF 1 In-Ground Lift Replacement	0	872,154	872,154	0	0	0	872,154	TBD.
		\$ -	\$ 872,154	\$ 872,154	\$ -	\$ -	\$ -	\$ 872,154	



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: APPROVING MCIMETRO ACCESS TRANSMISSION SERVICES CORP (DBA VERIZON) FIBER INSTALLATION IN MULTIPLE LOCATIONS WITHIN SACRT PROPERTIES.

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

Approval of the recommended action will result in SacRT granting Verizon three licenses to install transverse fiber crossings within SacRT owned property subject to Federal Transit Administration (FTA) approval at the following locations:

- Project 1: S Street and 59th Street to Q Street and 69th Street
- Project 2: Arden Way and Oxford Street
- Project 3: Beaumont Street and Arden Way

FISCAL IMPACT

In consideration of granting Verizon the three requested licenses, Verizon will pay SacRT the following one-year license fees, which also include compensation for staff time to oversee installation of the fiber as well as conduct inspections one time during the license term :

- Project 1 will result in one-year license for \$7,830
- Project 2 will result in one-year license for \$5,400
- Project 3 will result in one-year license for \$5,400

DISCUSSION

Historically, SacRT has granted licenses to various telecommunication companies to allow them to install fiber and conduit within SacRT owned parcels in exchange for a license fee based on the fair market value of the property interest conveyed. In 2009, the Board and FTA approved license rates that staff continues to use. Because the rates are now 11 years old, staff applies a cost of living escalator so that the fee is a more accurate representation of the current fair market value of the interest conveyed. Staff is currently in the process of procuring appraisal services to update these rates and expects to have completed the project by the end of 2021. Because an updated fee schedule will be established within a year's time, staff and Verizon negotiated a one-year license term and the license fees included in the License Agreements only cover a one-year term. Upon establishing new rates, SacRT and Verizon will negotiate a renewal of the license

agreements and agree to longer term license agreements based on the new rates. Thus, the licenses are for only a one-year term with the intent to renew them for a longer term once the new rates are established.

Verizon has been adding fiber throughout the Sacramento Metro Region to continue providing its clients better quality service. The proposed path of travel for their fiber crosses SacRT properties in a number of locations. Verizon has requested that SacRT grant it licenses at each identified location so that Verizon can install fiber below and perpendicular to SacRT tracks in multiple locations. Verizon would like SacRT to consider three locations individually, hoping all will be accepted, but not wanting any one location's non-acceptance to influence the approval of the remainder. SacRT's grant of each license is conditioned on the FTA concurring in the proposed use by Verizon. If the FTA does not concur, the License Agreement requires Verizon to remove the fiber and conduit from the license areas.

Following is a description of each proposed installation site and a description of each location SacRT will be granting Verizon a license over:

Project 1: S Street and 59th Street to Q Street and 69th Street - Installation of 45.97 feet of 4-inch conduit to include 432 strands of fiber in a transverse presentation along SacRT property with the APN 011-0010-003-0000 and located in Fee Schedule Zone 1.

Project 2: Arden Way and Oxford Street - Installation of 35 feet of 4-inch conduit to include 96 strands of fiber in a transverse presentation along SacRT property with the APN 275-0132-002-0000 and located in Fee Schedule Zone 2.

Project 3: Beaumont Street and Arden Way - Installation of 55.61 feet of 2-inch conduit to include 72 strands of fiber in a transverse presentation along SacRT property with the APN 275-0156-005-0000 and located in Fee Schedule Zone 2.

Staff recommends approval of the three licenses over the areas described above with MCIMetro Access Transmission Services Corp (DBA Verizon) for fiber installation at the above locations.

RESOLUTION NO. 20-12-0146

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

December 14, 2020

APPROVING MCIMETRO ACCESS TRANSMISSION SERVICES CORP (DBA VERIZON) FIBER INSTALLATION AT S STREET AND 59TH STREET TO Q STREET AND 69TH STREET

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

THAT, the Licenses Agreement for Installation of Conduit and Fiber within SacRT's Parcel known as Assessor Parcel Number 011-0010-003-000 by and between the Sacramento Regional Transit District (therein "SacRT") and MCIMetro Access Transmission Services Corp (DBA Verizon) (therein "Licensee"), whereby SacRT grants Verizon a License with a term of one year subject to SacRT's right to terminate pending Federal Transit Administration's concurrence, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing License Agreement.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-12-0151

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

December 14, 2020

APPROVING MCIMETRO ACCESS TRANSMISSION SERVICES CORP (DBA VERIZON) FIBER INSTALLATION AT ARDEN WAY AT OXFORD STREET

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

THAT, the Licenses Agreement for Installation of Conduit and Fiber within SacRT's Parcel known as Assessor Parcel Number 275-0132-002-0000 by and between the Sacramento Regional Transit District (therein "SacRT") and MCIMetro Access Transmission Services Corp (DBA Verizon) (therein "Licensee"), whereby SacRT grants Verizon a License with a term of one year subject to SacRT's right to terminate pending Federal Transit Administration's concurrence, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing License Agreement.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-12-0152

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

December 14, 2020

APPROVING MCIMETRO ACCESS TRANSMISSION SERVICES CORP (DBA VERIZON) FIBER INSTALLATION AT BEAUMONT STREET AND ARDEN WAY

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

THAT, the Licenses Agreement for Installation of Conduit and Fiber within SacRT's Parcel known as Assessor Parcel Number 275-0156-005-0000 by and between the Sacramento Regional Transit District (therein "SacRT") and MCIMetro Access Transmission Services Corp (DBA Verizon) (therein "Licensee"), whereby SacRT grants Verizon a License with a term of one year subject to SacRT's right to terminate pending Federal Transit Administration's concurrence, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing License Agreement.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Brent Bernegger, VP, Finance/CFO
SUBJ: FIRST AMENDMENT TO FY 20-21 OPERATING BUDGET

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The result of this action will increase the FY 2020-2021 Operating Budget by \$730,000.

FISCAL IMPACT

The FY 2020-2021 Operating Budget will be increased by \$730,000. Funding for this increase will be through the Federal CARES Act monies previously allocated to FY 2019-2020 that were not expended. Staff is also pursuing reimbursement of these expenditures through FEMA.

DISCUSSION

On June 8, 2020, the Board adopted the FY 2021 Operating Budget of \$200.3 million in revenues and \$200.3 million in expenses. The adopted budget incorporated all known revenues and estimates of expenditures at that time.

Since the adoption of the FY 2021 Operating Budget COVID-19 has continued to impact the Sacramento region. In response to this pandemic, SacRT continues to be proactive in the actions it takes to mitigate exposure for employees and the public. As part of this response, SacRT is required to make regular purchases of masks, cleaning and disinfecting supplies, and other consumables and non-consumables to fight against the spread of COVID-19. Funding for these expenditures was not originally budgeted for based upon a forecasted reduction in COVID-19 cases and a significantly lessened response requirement. Based upon updates regarding the continued impact of the pandemic, COVID-19 related expenditures are forecast to remain high throughout the fiscal year. Staff estimates that additional COVID-19 expenditures for FY 2021 will be approximately \$730,000 and recommends increasing the Operating Budget to support this forecast.

Staff is also recommending a restructuring of the budgeted operating revenues for FY 2021. This restructuring is based upon revenue updates provided by State and Local entities, and also fulfills a change in accounting practices as required by the

Governmental Accounting Standards Boards (GASB) statement 95. While there is no direct fiscal impact from this change in accounting practices, it will allow SacRT to significantly reduce its dependency on lines of credit to meet operating needs, which in turn will reduce the fees paid by SacRT. Table 1 below summarizes the budget amendment and the restructuring of the operating revenues.

Table 1
Sacramento Regional Transit District
FY 2021 Operating Revenues and Expense Summary

Categories	FY 2021 Adopted Budget	FY 2021 Budget Amendment #1	\$ Changes	% Changes
Operating Revenues				
Fare Revenue	\$ 12,176,775	\$ 12,176,775	\$ -	0.0%
Contracted Services	6,380,312	6,380,312	\$ -	0.0%
Other	4,876,400	4,876,400	\$ -	0.0%
State & Local	73,103,817	107,077,566	\$ 33,973,749	46.5%
Federal	103,790,314	70,546,565	\$ (33,243,749)	-32.0%
Total Operating Revenue	\$ 200,327,618	\$ 201,057,618	\$ 730,000	0.4%
Operating Expenses				
Salaries & Benefits	\$ 142,875,152	\$ 142,875,152	\$ -	0.0%
Professional Services	16,611,918	16,761,918	\$ 150,000	0.9%
Materials & Supplies	12,962,800	13,542,800	\$ 580,000	4.5%
Utilities	7,827,600	7,827,600	\$ -	0.0%
Casualty & Liability	14,916,501	14,916,501	\$ -	0.0%
Other	5,133,647	5,133,647	\$ -	0.0%
Total Operating Expenses	\$ 200,327,618	\$ 201,057,618	\$ 730,000	0.4%
Balance	\$ -	-	\$ -	

RESOLUTION NO. 20-12-0147

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

December 14, 2020

APPROVING THE FIRST AMENDMENT TO FY 20-21 OPERATING BUDGET

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

THAT, the First Amendment to the Fiscal Year 20-21 Operating Budget increasing the Operating Budget by \$730,000 in Federal CARES Act funds is hereby approved; and

THAT, the Board hereby authorizes the General Manager/CEO or his designee to restructure the budgeted operating revenues for Fiscal Year 2021 consistent with the requirements contained in Governmental Accounting Standards Board (GASB) Statement 95.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Shelly Valenton, VP, Integrated Services and Strategic Initiatives

SUBJ: EXTENDING EMERGENCY PAID SICK LEAVE, AUTHORIZING PAID ADMINISTRATIVE LEAVE, AND REPEALING RESOLUTION 20-03-0020 & REPLACING WITH A RESOLUTION INCREASING THE LIMIT FOR ADVANCED SICK LEAVE FOR EMPLOYEES EXPOSED TO COVID-19
EXTENDING EMERGENCY PAID SICK

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

Effective April 2, 2020, the Federal Government implemented the Families First Coronavirus Relief Act (FFCRA) and required certain employers to provide up to 80 hours of Emergency Paid Sick Leave (EPSL) to employees who met one or more of the 5 criteria related to COVID-19. Additionally, on March 23, 2020, the Board adopted a Resolution authorizing advancing sick leave credits to employees who do not have adequate accrued sick leave to cover time off related to those criteria.

The provisions of the FFCRA are scheduled to expire December 31, 2020. At this writing, it is uncertain whether the Federal Government will act prior to that date to extend EPSL or other provisions of the Act. The Board is being asked to authorize continued availability of EPSL through March 31, 2021. This extension will end if the Federal Government takes action to extend EPSL or create new leave provisions related to COVID-19 caused absences prior to March 31, 2021.

As SacRT, in following guidelines from the Centers for Disease Control (CDC) and the California Division of Occupational Safety and Health (Cal/OSHA), is requiring employees who are exposed to COVID-19 to quarantine for 14 days from the date of exposure, SacRT is required to pay employees for the time off work during their quarantine. The applicable Cal/OSHA regulations authorize employers to require employees to take any sick leave accruals in their accrual banks to cover those days off. Employers may also allow employees to use EPSL leave that may be available to them to cover those days off. The Board is being asked to authorize employer paid administrative leave for employees who have used all 80 hours of EPSL and have exhausted accrued sick leave and are required to remain off work at the direction of SacRT after those leaves are exhausted.

Additionally, the Board is being asked to increase the number of hours that an employee who has exhausted sick leave accruals may have advanced from the current 56 hours to 80 hours for any COVID-19 related leaves not related to a mandated 14-day quarantine.

FISCAL IMPACT

The fiscal impact of extending EPSL for an additional three months will depend on the number of employees who are exposed to COVID-19 and/or will be required to quarantine for 14 days pursuant to current CDC and Cal/OSHA guidelines. To date, nearly 200 employees have used 72 to 80 hours of EPSL. Only those employees who have not used the 80 hours EPSL will be eligible to take the extended EPSL leave during the extended period and only up to 80 hours.

Similarly, the fiscal impact of providing employer paid administrative leave under the specified conditions will depend on the number of employees required to quarantine who have used all 80 hours of EPSL and have exhausted accrued sick leave.

The fiscal impact of increasing the number of hours of sick leave that an employee may seek to have advanced is anticipated to be negligible as the employees will be required to reimburse SacRT for the advance by surrendering sick leave accruals as they are earned.

DISCUSSION

As the spread of COVID-19 continues at an increasing rate, a greater number of SacRT employees have been exposed to and/or contracted the virus. With the anticipated expiration of the FFCRA and EPSL on December 31, 2020 and given the uncertainty of Federal action to extend EPSL beyond that date, staff recommends that the Board authorize a continuation of EPSL through March 31, 2021. This extension will end if the Federal Government takes action to extend EPSL or create new leave provisions related to COVID-19 caused absences prior to March 31, 2021. This will provide employees who are required to quarantine or who are off sick due to COVID-19 on or after January 1, 2021 the same initial paid leave that employees who were exposed prior to that date have received, assuming the employee did not already use their 80 hours of EPSL.

The new Cal/OSHA guidelines requires that employees exposed at work be quarantined for 14 days from the date of exposure. Some employees are taking time off due to a second or subsequent exposure to COVID-19 and have previously used the 80 hours of EPSL. A very small number of exposed employees have either exhausted accrued sick leave or have minimal accrued sick leave hours. The Emergency Regulations implemented by Cal/OSHA require employees to be paid for periods of quarantine as a result of exposure at work. The regulations require the initial use of EPSL and then accrued sick leave for purposes of continuing pay but do not provide a payment mechanism when employees have exhausted those leaves. Employer paid administrative leave will fill that void.

Additionally, on March 23, 2020, the Board authorized SacRT to advance employees who are out of sick leave accruals up to 56 hours of sick leave that the employee is required to pay back as they earn sick leave accruals. If an employee becomes ill with COVID-19 or has to quarantine due to exposure outside of the workplace and has exhausted EPSL

leave and all other accruals, SacRT staff would like to authorize increasing the amount of hours that the employee can borrow to up to 80 hours. Based on patterns we have observed in employees who have been infected with COVID-19 thus far, they tend to be off of work for approximately 2 weeks. Therefore, staff asks the Board to repeal Resolution No. 20-03-0020 and replace it with a new Resolution authorizing SacRT to increase the total number of hours that an employee who has exhausted all EPSL and sick leave accruals to 80 hours.

As was described in March, the situation is dynamic and regulations are subject to change at any time, especially with a new administration assuming the White House in January 2021. The recommendations presented at this time reflect the needs associated with SacRT's experience to date and current guidelines.

RESOLUTION NO. 20-12-0148

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

December 14, 2020

AUTHORIZING THE GENERAL MANAGER/CEO TO EXTEND THE EMERGENCY PAID SICK LEAVE PROGRAM IMPLEMENTED PURSUANT TO THE FAMILIES FIRST CORONAVIRUS RELIEF ACT (FFCRA) THROUGH MARCH 31, 2021

WHEREAS, under the Families First Coronavirus Relief Act implemented by the Federal Government on April 2, 2020, employers like SacRT are required to provide up to 80 hours of Emergency Paid Sick Leave (EPSL) to employees who qualify for COVID related leave due to one or more of 5 enumerated criteria; and

WHEREAS, a number of SacRT employees have availed themselves of the EPSL program and have already taken at least a portion of their 80-hour entitlement; and

WHEREAS, the EPSL program is set to expire on December 31, 2020; and

WHEREAS, the COVID-19 Pandemic continues to significantly affect the Sacramento region, including a significant number of SacRT employees and their families; and

WHEREAS, Congress has not taken action to extend the EPSL program despite the need for the program and it is unclear that Congress will take action before the EPSL expires; and

WHEREAS, as the number of employees affected by COVID-19 continues to climb, SacRT wants to ensure that employees can continue to avail themselves of the leave provided under the FFCRA.

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

THAT, the Board hereby authorizes the General Manager/CEO to continue the benefits provided under the EPSL through March 31, 2021, on the terms and conditions set forth in the FFCRA.

THAT, SacRT employees who have exhausted all or a portion of their 80 hour leave entitlement will only be entitled to take any hours that remain untaken from their 80-hour entitlement.

THAT, if Congress and/or the State of California act to extend or replace the EPSL with another COVID-19 leave entitlement program before March 31, 2021, the extension of the EPSL program authorized hereunder will be repealed immediately and this Resolution will have no further effect or validity.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-12-0153

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

December 14, 2020

**REPEALING RESOLUTION NO. 20-03-0020 AND AUTHORIZING
ADVANCING SICK LEAVE FOR EMPLOYEES AFFLICTED WITH COVID-19**

WHEREAS, the State of California and the Sacramento Region continue to be significantly affected by the COVID-19 Pandemic; and

WHEREAS, the number of employees at SacRT that have been required to take leave due for COVID related reasons continues to grow; and

WHEREAS, quarantining oneself at home when diagnosed with COVID-19 is recommended by both the Centers for Disease Control and the Department of Health Services for Sacramento County to help mitigate the spread of the virus; and

WHEREAS, Sacramento Regional Transit District wants to ensure that its employees stay home if they are diagnosed with COVID-19 and understands that if employees are not being compensated during that time, they may be reluctant to stay home; and

WHEREAS, under the Families First Coronavirus Relief Act (FFCRA) adopted by the Federal Government and implemented on April 2, 2020, SacRT employees are eligible to receive up to 80 hours of Emergency Paid Sick Leave (EPSL) to employees who meet one or more of 5 enumerated criteria related to COVID-19; and

WHEREAS, many SacRT employees have already availed themselves of their 80-hour EPSL entitlement; and

WHEREAS, while SacRT provides a generous sick leave on an annual basis, it understands that some employees may not have sufficient accrued sick leave to cover an extended leave that may be needed to fully recover from COVID-19; and

WHEREAS, SacRT also has a group of contract employees who work in SacRT's Security Operations Center (SOC) who only accrue 24 hours of sick leave on an annual basis.; and

WHEREAS, in an effort to ensure that employees would be able to cover an extended leave from work related to COVID-19, on March 24, 2020, the Board adopted Resolution No. 20-03-0020 authorizing advancing 56 hours of sick leave to any employee out on COVID-19 related leave that had exhausted their sick leave and EPSL; and

WHEREAS, with the continued prevalence of COVID-19 in the Sacramento Region and the current requirements to quarantine if exposed to COVID-19 at work, the need to increase the amount of sick leave hours available to be advanced to employees who have exhausted their EPSL entitlement and their sick leave accruals has become more pronounced.

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

THAT, Resolution No. 20-03-0020 is hereby repealed.

THAT, the Board hereby authorizes and directs the General Manager/CEO to extend the policy established under Resolution No. 20-03-0020, that allows employees, including Security Operations Center contract employees, afflicted with or otherwise affected by COVID-19 to be provided an advance of up to 80 hours of sick leave, if the employee has insufficient Emergency Paid Sick Leave, or sick leave accruals to cover any time taken off due to being afflicted with COVID-19, conditioned upon the employee repaying the advance with future sick leave accruals, and if the employee leaves SacRT's employ before repaying the accruals they repay SacRT at termination.

THAT, notwithstanding the provisions of the Collective Bargaining Agreements between SacRT and the Amalgamated Transit Union, Local 256, the International Brotherhood of Electrical Workers, Local 1245, and the American Federation of State, County, and Municipal Employees, AFL-CIO, or the Personnel Policy Manual, that employees who need to take time off work because they are afflicted or otherwise affected by COVID-19, even if they or an eligible dependent are not ill, may use sick leave accruals to cover that time off.

THAT, subject to approval of the Families First Coronavirus Response Act (the Act) by the United States Senate and execution by the President of the United States, the Board hereby authorizes the General Manager/CEO to implement the provisions of the Act and require that employees take any available sick leave, vacation leave or floating holiday accruals during the 14 day waiting period before the provisions of the Act take effect.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-12-0154

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

December 14, 2020

AUTHORIZING THE USE OF PAID ADMINISTRATIVE LEAVE FOR EMPLOYEE REQUIRED TO QUARANTINE PURSUANT TO CALIFORNIA DIVISION OF OCCUPATIONAL SAFETY AND HEALTH (CALOSHA) REGULATIONS

WHEREAS, on November 1, 2020, the California Office of Administrative Law adopted Cal/OSHA Emergency Regulations to Protect Workers from COVID-19 (Cal/OSHA Regulations); and

WHEREAS, pursuant to the Cal/OSHA Regulations, employees exposed to COVID-19 must quarantine at home for 14-days; and

WHEREAS, pursuant to the Cal/OSHA Regulations, employers like SacRT are required to ensure that employees required to quarantine due to exposure to COVID-19 at work continue to receive pay; and

WHEREAS, pursuant to the Cal/OSHA Regulations, employers can require quarantined employees to use their Emergency Paid Sick Leave (EPSL) provided under the Families First Coronavirus Relief Act (FFCRA) as well as sick leave accruals to cover the 14-day absence from work; and

WHEREAS, if employees do not have any EPSL or sick leave accruals available to them, employers must ensure the quarantined employee continues to receive pay.

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

THAT, the Board hereby authorizes the General Manager/CEO to provide up to 80 hours of Paid Administrative Leave to cover any days of work missed by an employee who has exhausted their EPSL entitlement and their sick leave accruals, if the employee is required by SacRT to quarantine due to a verified exposure to COVID-19 in the workplace in compliance with the Cal/OSHA Regulations adopted on or about November 30, 2020 by the California Office of Administrative Law.

THAT, authority granted herein will expire upon the expiration or repeal of the Cal/OSHA Regulations.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Stephen Booth, AVP, Human Resources & Labor Relations

SUBJ: CONDITIONALLY REPEALING RESOLUTION IMPLEMENTING TERMS AND CONDITIONS AND CONDITIONALLY APPROVING A COLLECTIVE BARGAINING AGREEMENT FOR OPERATING ENGINEERS, LOCAL 3 (ADMINISTRATIVE EMPLOYEES ASSOCIATION) FOR THE TERM OF JULY 1, 2020 THROUGH JUNE 30, 2025

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

If the Resolution is approved and the Operating Engineers Local 3, Administrative Employees Association (OE3/AEA) bargaining unit votes in favor of adopting the Collective Bargaining Agreement, the Implemented Terms and Conditions of Employment for the Operating Engineers Local 3, Administrative Employees Association (OE3/AEA) bargaining unit that were approved by the Board at the February 10 Board Meeting would be rescinded and would be replaced by a Collective Bargaining Agreement (“CBA”) that would create a framework for administering wages, hours, and working conditions for the bargaining unit employees. It would also result in OE3 withdrawing, with prejudice, pending litigation in Sacramento Superior Court.

FISCAL IMPACT

The proposed collective bargaining agreement addresses compensation adjustments over six years, Fiscal Years 2020 through 2025, which includes court ordered adjustments for Fiscal Year 2020. By comparison, the implemented Terms and conditions it supersedes only provided compensation adjustments over three years, Fiscal Years 2020 through 2022. The additional average annual cost for the collective bargaining agreement over the six years is approximately \$100,000 including pension and benefits.

DISCUSSION

On February 10, 2020, by Board Resolution No. 20-02-0008, the Board authorized the General Manager/CEO to implement the terms of the “Last Best and Final Offer” to OE3/AEA dated October 17, 2019.

Representatives of the Sacramento Regional Transit District (SacRT) and OE3/AEA have now negotiated a Collective Bargaining Agreement (CBA) for employees in various classifications in the OE3/AEA bargaining unit. The negotiating team reached tentative agreement for a full and complete settlement of issues opened for negotiation, subject to ratification and approval by the bargaining unit employees and the SacRT Board of Directors and agreement to withdraw pending litigation.

The Contract Settlement Agreement (Attachment 1) includes the following key provisions:

- J Repeal of the Terms and Conditions of Employment approved by the Board effective February 10, 2020.
- J Withdrawal with prejudice by OE3 of Sacramento Superior Court Case No. 34-2020-80003322.
- J A five-year term effective July 1, 2020 through June 30, 2025.

The CBA provides an equitable total compensation package for employees while maintaining fiscal responsibility based upon important compromises on the part of each party, including:

- J Restoration of 5% anniversary pay increases based upon satisfactory performance for the period July 1, 2019 through June 30, 2020.
- J Establishment of 3% anniversary pay increases based upon satisfactory performance in each subsequent year of the contract, FY 2022 through FY 2025.
- J Range increases of 3% for each classification effective January 1, 2020 and on January 1 of each subsequent year of the contract.
- J Modification of overtime language to exclude unscheduled sick leave from the 40-hour work week threshold for entitlement to overtime compensation. Addition of an On-Call pay provision for hourly employees who are required to remain available outside of normal work hours to respond to calls to work.
- J Retention of health and welfare benefits and leave provisions as previously approved by the Board.
- J Retention of post-retirement health benefits provided to bargaining unit employees prior to Implemented Terms and Conditions.
- J Binding arbitration of grievances.


The terms for conditional settlement have been reduced to writing. The employee membership of the OE3/AEA will need to vote to ratify the terms for settlement. Staff recommends that the Board conditionally approve the terms for settlement as described in Attachment 1 tentatively agreed to by the parties on December 11, 2020 for the term of July 1, 2020, through June 30, 2025, pending confirmation of the affirmative vote of the represented employees, anticipated to be completed by December 14, 2020.

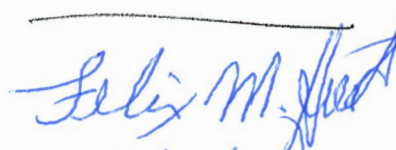
OE3 to Sac RT CONTRACT SETTLEMENT AGREEMENT

December 11, 2020

The following is a settlement agreement concerning current issues between the parties:

1. At the December 14, 2020 meeting, the SacRT Board of Directors will rescind the Implemented Terms and Conditions that were imposed effective February 10, 2020 and supersede them with a collective bargaining agreement the terms of which are described herein below.
2. OE3 will forthwith withdraw with prejudice its pending litigation in Sacramento County Superior Court Case No. 34-2020-80003322
3. The terms of the collective bargaining agreement will include:
 - A. Tentative Agreements obtained during bargaining in 2019 (list attached)
 - B. Art 10- Recruitment and Selection
 - C. Art 17- Wages/Salaries
 - D. Art 18- Overtime, CTO and On-Call provisions
 - E. Art 30- Layoff and Recall
 - F. Art 32- Retiree Health Benefits
 - G. Art 42- Grievance Procedure
 - H. Art 48- Term of Agreement
4. A Pandemic Telecommuting MOA allowing employees currently telecommuting any portion of the work week due to the COVID 19 pandemic will be permitted to continue to telecommute for the duration of federal, state and/or local restrictions relative to COVID 19.
5. A Modification of the Planner Series and Senior Governmental Affairs Officer MOA regarding classification title of the Senior Government Affairs Analyst to be retitled Senior Government Affairs Officer, and restoration of the Planner series pay ranges, and a commitment to bargain the Planner series reorganization.
6. An MOA to be compiled after final adoption mutually agreed upon by the parties to implement the pay provisions of this agreement quickly, clearly, and accurately.
7. This agreement is contingent upon approval by the SacRT Board of Directors and ratification of the OE3 membership.

FOR SAC RT:

12/11/2020

FOR OE3:

12/11/20

Articles with TA :

Agreement — TA 9/17/2019

Article 1 Preamble – TA 7/23/2019

Article 2 Recognition – TA 09/05/2019

Article 3 Non-Discrimination – WD 08/08/2019

Article 4 Management's Rights – 7/23/2019 TA 7/30/2019

Article 5 Union Security – TA 7/30/2019

Article 6 – No Strike/No Lockout – TA 08/28/2019

Article 7 Work Rules & Standards – TA 08/13/2019

Article 8 Labor-Management Meetings –TA 7/23/2019

Article 9 New & Existing Job Classifications – TA 09-11-2019

Article 11 Seniority — TA 09/05/2019

Article 12 Personnel Records — TA 7/30/2019

Article 13 Promotion & Transfer Outside of BU – TA 08/08/2019

Article 14 Accruals for Transferring Employees – TA 09/05/2019

Article 15 Workday/Workweek – TA 09/26/2019

Article 16 Holidays – TA 08/28/2019

Article 19 – Paychecks & Deductions – TA 09/11/2019

Article 20 Transit Pass — WD 09/11/2019

Article 21 Sick Leave –TA 08/28/2019

Article 22 Voluntary Supplemental Sick Leave Account – WD 08/08/2019

Article 23 Vacation –TA 08/28/2019

Article 24 Personal Leave of Absence – TA 08/20/2019

Article 25 Bereavement Leave — WD 09/11/2019

Article 26 Jury Duty Leave — WD 09/11/2019

Article 27 Union Leave – TA 09/11/2019

Article 28 Industrial Illness Injury — TA 08/28/2019

Article 29 Light Duty – TA 08/28/2019

Article 31 – Insurance Benefits – TA 09/05/2019

Article 33 – Retirement Plan – TA 9/17/2019

Article 34 Flexible Spending Accounts – TA 7/30/2019

Article 36 Employee Assistance Program – TA 7/23/2019

Article 35 Education Assistance & Reimbursement Program – WD 09/11/2019

Article 37 Fitness for Duty Medical Examination – TA 08/28/2019

Article 38 DAT – WD 09/11/2019

Article 39 Safety & Sanitation –TA 7/23/2019

Article 40 Union Business – TA 9/17/2019

Article 41 Disciplinary Action - TA 09/26/2019

Article 44 Printing New Contract Books – TA 08/08/2019

Article 45 Waiver of Bargaining – TA 09/26/2019

Article 46 Assignability –TA 09/11/2019

Article 47 Termination and Legality (Savings) –TA 08/28/2019

RESOLUTION NO. 20-12-0155

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

December 14, 2020

**CONDITIONALLY REPEALING RESOLUTION NO. 20-02-0008 AND
CONDITIONALLY APPROVING A COLLECTIVE BARGAINING AGREEMENT FOR
OPERATING ENGINEERS, LOCAL 3 (ADMINISTRATIVE EMPLOYEES
ASSOCIATION) FOR THE TERM OF JULY 1, 2020 THROUGH JUNE 30, 2025**

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

THAT, the labor contract settlement terms between Sacramento Regional Transit (SacRT) and Operating Engineers, Local 3, Administrative Employees Association (OE3/AEA), establishing compensation, benefits, retirement, and other terms and conditions of employment for members of the OE3/AEA bargaining unit, for the period of July 1, 2020 through June 30, 2025, are conditionally approved, pending confirmation of the affirmative vote of affected employees.

THAT, the General Manager/CEO is hereby authorized to bind SacRT to an initial Collective Bargaining Agreement (CBA) with OE3, establishing compensation, benefits, and other terms and conditions for employees.

THAT, the General Manager/CEO is hereby authorized to execute the CBA on behalf of SacRT to implement the terms upon ratification by the OE3 Membership.

THAT, Resolution No. 20-02-0008, which Implemented Terms and Conditions for Employment for the Operating Engineers Local 3/Administrative Employees Association (OE3/AEA) effective February 10, 2020 is conditionally repealed upon approval and execution of the CBA above and withdrawal with prejudice by OE3/AEA of Sacramento County Court Case No. 34-2020-80003322.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Steve Miller, Vice Chair, Board of Directors
SUBJ: COMMENDING STEVE HANSEN

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Recognizes Chair Hansen for his service as Chair on the Sacramento Regional Transit (SacRT) District Board of Directors.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

Steve Hansen has been a member of the SacRT Board of Directors since 2013. During 2020, Steve Hansen represented SacRT as the Chair of the Board of Directors. The Resolution presented acknowledges Steve Hansen's service on the Sacramento Regional Transit Board of Directors and his term as Chair.

Staff recommends that the Board adopt the attached Resolution commending Steve Hansen.

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

December 14, 2020

COMMENDING Steve Hansen

Whereas, Steve Hansen has faithfully represented the City of Sacramento on the Sacramento Regional Transit District Board of Directors since January 2013; and

Whereas, Steve Hansen served as Chair of the Sacramento Regional Transit District Board of Directors for 2020; and

Whereas, serving as Chair of the Board of Directors, Steve Hansen demonstrated dedication and commitment to service on behalf of the residents of Sacramento, encouraging full participation in the discussion of all aspects in an expeditious manner; and

Whereas, during his term on the Sacramento Regional Transit District Board of Directors, Steve Hansen generously shared his insights and expertise with the Board of Directors and the staff.

Whereas, under Steve Hansen's term as Chair of the Board of Directors, the Sacramento Regional Transit District successfully completed major initiatives, such as:

- The receipt of state grants through the Transit and Intercity Rail Capital Program to help make improvements to the region's light rail system, reduce greenhouse gas emissions, and support jobs.
- Began operating service between the Sacramento International Airport and downtown Sacramento for the first time in Sacramento Regional Transit's history.
- Began operating service for the Causeway Connection electric zero emission bus service between Davis and Sacramento.
- Launched the Wi-Fi Bus project in partnership with California State Transportation Agency and the City of Sacramento.
- The receipt of Low Carbon Transit Operations Program funding to assist in mobility improvement projects.
- Expanded the SmaRT Ride service areas to Arden, Carmichael, Downtown-Midtown-East Sacramento, Folsom, Gerber-Calvine, North Sacramento, Franklin – South Sacramento, North Sacramento and Rancho Cordova.
- Purchased new Low-Floor light rail vehicles.
- Received the American Public Transportation Association's First Place AdWheel Award for Comprehensive Outreach Campaign for SacRT Forward.
- Received the Asian Resources, Inc's 2020 Community Partner Award.
- Received the Gold Award from the American Public Transportation Association for 2020 Rail Safety and Security.
- Received two Awards from the California Association of Public Information Officials (CAPIO) EPIC Award for SacRT Forward Public Awareness Campaign and the Award of Distinction for RydeFreeRT Community Relations/Participation Campaign.
- Successfully launched in-house complementary Americans with Disabilities Act paratransit service, SacRT GO, transitioning after years of contracting out the service.
- Installed new Smart fare vending machines.
- Assisted in bringing \$95M of CARES Act funding to fund operations during the COVID-19 pandemic.
- Was instrumental in partnerships for Art Wraps on light rail trains.
- Generated a net Operating Surplus, which improved SacRT's financial condition and working capital needs.
- Awarded \$23M in Grant Transit and Intercity Rail Capital Program funds to replace aged light rail trains.
- Navigating adjustments in service and work safety protocols during the COVID-19 pandemic.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

That, the Board of Directors does hereby express its appreciation and the appreciation of the entire staff of the Sacramento Regional Transit District to Steve Hansen for his dedicated service as a Board Member, and his commitment to high quality public transportation through the District.

ATTEST:

HENRY LI, Secretary

STEVE MILLER, Vice Chair

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Devra Selenis, VP, Communications and Partnerships
SUBJ: RECOGNIZE AND THANK AMERICORPS NCCC VOLUNTEERS

INFORMATION

No Recommendation — For Information Only.

RESULT OF RECOMMENDED ACTION

Recognize and thank AmeriCorps NCCC volunteers for their service time with the Sacramento Regional Transit District (SacRT).

FISCAL IMPACT

None as a result of this action.

DISCUSSION

AmeriCorps NCCC (National Civilian Community Corps) strengthens communities and develops leaders through direct, team-based national and community service. SacRT, in partnership with Yolo Food Bank received a cohort of volunteers for a service period of October 28th – December 22nd of this year. The volunteer members assisted staff on a variety of projects including Personal Protective Equipment (PPE) distribution, marketing, professional development, customer assistance and more.



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Cindy Brooks, Clerk to the Board
SUBJ: INTENT MOTION TO SELECT THE CHAIR AND VICE CHAIR OF THE SACRAMENTO REGIONAL TRANSIT BOARD OF DIRECTORS FOR 2021

RECOMMENDATION

Motion to Approve.

RESULT OF RECOMMENDED ACTION

This intent motion will allow staff to provide a smooth transition into 2021 in setting up all of the administrative functions that need to occur before the Chair officially takes over in 2021.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

SacRT's Enabling Act provides that the Chair is to be selected at the first meeting in January of each year. Currently, Steve Hansen is serving as Chair, and Steve Miller is serving as Vice Chair.

In order to assist with the transition next year, the SacRT Board may adopt an intent motion now with respect to the election of a Chair and Vice Chair for calendar year 2021.



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Brent Bernegger, VP, Finance/CFO
SUBJ: RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND DESIGNATE THE RESERVE FOR FISCAL YEAR JUNE 30, 2020.

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Receive and File the Comprehensive Annual Financial Report (CAFR), Reports on Compliance and Internal Controls as Required by Uniform Guidance and the Transportation Development Act (TDA) Report to the Board of Directors for the Fiscal Year Ended June 30, 2020 and Designate \$3,692,795 and \$9,100,000 to SacRT's Operating Reserve and Working Capital reserve respectively.

These actions will result in a net increase of \$3,692,795 to the July 1, 2020 beginning operating reserve balance of \$13,814,545 and \$9,100,000 to the July 1, 2020 beginning working capital balance of \$4,000,000.

FISCAL IMPACT

As of June 30, 2020, Operating Revenues exceeded Operating Expenses, thereby creating an Operating surplus of \$12,792,795 (as shown on page 11 of the CAFR).

Upon approval of the Fiscal Year (FY) 2020 operating results and the recommended actions noted above, the final June 30, 2020 combined reserve balance of \$17,507,340 of Operating Reserve and \$13,100,000, of working capital, totals \$30,607,340.

DISCUSSION

Each fiscal year, SacRT prepares a CAFR and reports on compliance and internal control as required by the Federal Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly known as "Uniform Guidance") and the TDA. In addition, SacRT's auditors provide an annual Report to the Board of Directors, which summarizes any opportunities for strengthening internal controls and operating efficiencies.

SacRT received an unqualified (clean) opinion on the CAFR and Uniform Guidance from its auditors, Crowe LLP, for the fiscal year ended June 30, 2020. Moreover, no material

weaknesses involving SacRT's financial reporting, internal control processes or issues of non-compliance were identified.

Financial Results Summary

The CAFR presentation and classifications are intended to provide an overall picture of SacRT's year-end financial position, as well as the results of operations. Overall, and as reflected in the Financial Section to the CAFR (see Attachment 1 – Statement of Revenue and Expenses), SacRT's net position decreased by \$26.5 million as of June 30, 2020.

The decrease in net position is primarily the result of a net decrease in SacRT's Capital Program and an operating gain of approximately \$12.8 million. For additional analysis, please refer to the Management Discussion and Analysis (MD&A) section found within the CAFR document starting on page 4.

Summary of Actual Results

The CAFR presentation differs from SacRT's operating and capital budgets in that the CAFR combines both operating and capital activities. To evaluate the FY 2020 operating results, Attachment 1 and page 11 of the CAFR shows SacRT's operating and capital funds separately. As of June 30, 2020, SacRT's operating results were as follows: \$21.0 million in fare revenues, \$181.4 million in operating expenses, and \$173.2 million in non-operating revenues (expenses).

Summary of Budget to Actual Results

The amended Budget to actual highlights includes an unfavorable variance in fare revenues of \$5.2 million, net favorable variance in operating expenses of \$11.6 million and a net favorable variance in non-operating revenues of approximately \$6.4 million (see Attachment 2).

Operating Revenues

SacRT's FY2020 fare revenue totaled \$21.0 million. The net unfavorable operating revenues variance of \$5.2 million can be attributed to the reduction of ridership due to the COVID-19 pandemic.

Operating Expenses

Operating expenses totaled \$181.4 million, a net favorable variance of \$11.6 million from the budget of \$193.0 million. Salaries and fringe benefits were under budget by \$4.3 million as a result of lower than expected medical cost increases and the budgeted cost of fringe benefits on vacant positions, which were partially mitigated by the cost of temporary labor and overtime. Professional and Other Services were under budget by \$5.2 million as a result of savings in purchased transportation due to an allocation of CARES Act funding to Paratransit Inc., police services financial contingencies to fund proactive operations and a reduced need for media advertising due to changes in SacRT's communication plan. Budget savings were partially mitigated due to COVID-19 costs incurred by Facilities and Safety departments.

Non-Operating Revenues (Expenses)

Non-operating revenue (expense) totaled \$173.2 million, a net favorable variance of \$6.4 million from the budget of \$166.8 million. The favorable variance is primarily attributed to the following: a \$5.9 million increase in insurance and other income due to proceeds from accident damaged light rail vehicles, \$5.0 million in alternative fuel and carbon tax credits due to reinstatement of the Federal Excise Tax Refunds for Compressed Natural Gas and favorable carbon credit sales due to higher demand. The favorable variance was partially mitigated by \$3.5 million in lower state and local assistance due to lower than expected taxable sales.

Operating Results

SacRT concluded FY2020 with an operating surplus of \$12.8 million. Of which \$3,692,795 and \$9,100,000 will be assigned to SacRT's Operating Reserve and Working Capital, respectively.

Comprehensive Reserve Policy

The Comprehensive Reserve Policy adopted by the Board of Directors on November 9, 2015 has four categories of reserves: Operating, Self-Insurance, Capital and Grant/Project Specific. The table below illustrates the requirements of each, and the current balance held by SacRT.

Reserve Type	Policy Target	FY 2020 Policy Target Amount	Actual Reserve Balance	Reserve Shortfall
Operating Reserve	12.3% of annual operating budget	\$23.7 million*	\$17.5 million**	\$6.2
Working Capital		N/A	\$13.1 million**	-
Total			\$30.6 million	
Self-Insurance	Current year actuarially determined claim expense at a minimum	\$6.0 million	\$3.3 million	\$2.7 - million
Capital	Annual contribution for depreciating assets	N/A	-	-
Grant/Project Specific	10% of South Line Phase II project cost	\$27.0 million	-	\$27.0 million

*Based on FY20 operating budget

**Includes FY20 increase in net position

In the past five fiscal years, SacRT has made a significant financial turn-around by building the operating reserve and working capital balance to \$30.6 million, as of June 30, 2020 from a low of \$3.1 million as of June 30, 2015. The increase in operating reserves is vital for financial health, cash liquidity, and credit rating reviews of SacRT.

The invested operating reserve target presented above is the minimum requirement per the comprehensive reserve policy; however, SacRT currently has a \$27 million Line of Credit to supplement operating cash flows. SacRT management continues to budget with the goal of building operating and capital reserves to improve the efficiency and effectiveness of SacRT's operations and to meet the requirements of the Comprehensive Reserve Policy.

Attachments

The following documents (Attachments 1 - 6) are submitted to the Board for receipt and filing:

-) Fiscal Year 2020 Statement of Revenue and Expense per Funding Designations – Attachment 1
-) Fiscal Year 2020 Statement of Revenue and Expenses, Operating Budget to Actual Expenses – Attachment 2
-) The Comprehensive Annual Financial Report (CAFR) – Attachment 3
-) Reports Required by Uniform Guidance and Transportation Development Act (TDA) – Attachment 4
-) Report to the Board of Directors – Attachment 5
-) Management Letter – Attachment 6

Fiscal Year 2020
Statement of Revenues and Expenses
Per Funding Designation

Statement of Revenues and Expenses	FY 2020 Funding Designation			
	Operations	GASB	Capital Improvement Program	Total
OPERATING REVENUES (Fares)	\$ 20,998,877	\$ -	\$ -	\$ 20,998,877
OPERATING EXPENSES				
Labor and Fringe Benefits	127,687,727	5,456,708	-	133,144,435
Professional and Other Services	22,963,580	-	4,959,738	27,923,318
Spare Parts and Supplies	11,490,270	-	3,060,048	14,550,318
Utilities	6,820,547	-	-	6,820,547
Casualty and Liability Costs	9,930,823	-	-	9,930,823
Depreciation and Amortization	-	-	42,739,264	42,739,264
Indirect Costs Allocated to Capital Programs	(230,234)	-	-	(230,234)
Other	2,745,171	-	-	2,745,171
Impairment Loss	-	-	15,375,413	15,375,413
Total Operating Expenses	\$ 181,407,884	\$ 5,456,708	\$ 66,134,463	\$ 252,999,055
Loss from Operations	(160,409,007)	(5,456,708)	(66,134,463)	(232,000,178)
NON-OPERATING REVENUES (EXPENSES)				
Operating Assistance				
State and Local	114,879,837	-	-	114,879,837
Federal	35,080,314	1,271,446	367,074	36,718,834
Investment Income	3,010,464	-	94,907	3,105,371
Interest Expense	(2,610,901)	-	(2,399,392)	(5,010,293)
Pass Through to Subrecipients	-	-	(301,315)	(301,315)
Professional and Other Services Funded by Others	-	-	(74,255)	(74,255)
Contract Services	7,125,076	-	-	7,125,076
Alternative Fuel and Carbon Tax Credits	7,054,625	-	-	7,054,625
Insurance Proceeds and Other	8,662,387	-	938,605	9,600,992
Total Non-operating Revenues (Expense)	\$ 173,201,802	\$ 1,271,446	\$ (1,374,376)	\$ 173,098,872
Increase (Decrease) in Net Position Before Capital Contributions	12,792,795	(4,185,262)	(67,508,839)	(58,901,306)
Capital Contributions				
State and Local	-	-	27,812,124	27,812,124
Federal	-	-	4,558,370	4,558,370
Increase (Decrease) in Net Position	\$ 12,792,795	\$ (4,185,262)	\$ (35,138,345)	\$ (26,530,812)
Operating Reserve				
Invested Operating Reserve Balance July 1, 2019	\$ 13,814,545			
FY2020 Designation to Invested Operating Reserve	3,692,795			
Invested Operating Reserve Balance June 30, 2020	\$ 17,507,340			
Working Capital Reserve Balance July 1, 2019	\$ 4,000,000			
FY2020 Designation Working Capital	9,100,000			
Working Capital Reserve Balance June 30, 2020	\$ 13,100,000			

Fiscal Year 2020
Statement of Revenues and Expenses
Operating Budget to Actual Expenses

Statement of Revenues and Expenses	FY 2020 Budget to Actual Expenses			
	Approved Budget	Adjusted Operating Results	Variance (Unfavorable)/ Favorable	Percent Variance
OPERATING REVENUES				
Fares	\$ 26,198,738	\$ 20,998,877	\$ (5,199,861)	-19.8%
OPERATING EXPENSES				
Labor and Fringe Benefits	132,020,356	127,687,727	4,332,629	3.3%
Professional and Other Services	28,165,370	22,963,580	5,201,790	18.5%
Spare Parts and Supplies	11,721,462	11,490,270	231,192	2.0%
Utilities	6,935,000	6,820,547	114,453	1.7%
Casualty and Liability Costs	10,840,176	9,930,823	909,353	8.4%
Depreciation and Amortization	-	-	-	
Indirect Costs Allocated to Capital Programs	(230,120)	(230,234)	114	0.0%
Other	3,587,135	2,745,171	841,964	23.5%
Impairment Loss	-	-	-	
Total Operating Expenses	\$ 193,039,379	\$ 181,407,884	\$ 11,631,495	6.0%
(Loss) Income from Operations	(166,840,641)	(160,409,007)	6,431,634	-3.9%
NON-OPERATING REVENUES (EXPENSES)				
Operating Assistance				
State and Local	118,375,393	114,879,837	(3,495,556)	-3.0%
Federal	35,944,541	35,080,314	(864,227)	-2.4%
Investment Income	2,410,221	3,010,464	600,243	24.9%
Interest Expense	(2,310,221)	(2,610,901)	(300,680)	13.0%
Contracted Services	7,685,707	7,125,076	(560,631)	-7.3%
Alternative Fuel and Carbon Tax Credits	2,050,000	7,054,625	5,004,625	244.1%
Advertising	1,135,000	1,246,978	111,978	9.9%
Insurance Proceeds and Other	1,550,000	7,415,409	5,865,409	378.4%
Total Non-operating Revenues (Exp)	\$ 166,840,641	\$ 173,201,802	\$ 6,361,161	3.8%
Increase in Net Position	\$ -	\$ 12,792,795	\$ -	-



Sacramento Regional Transit District
**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2020



Regional Transit
1400 29th Street
P.O. Box 2110
Sacramento, CA 95812-2110
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Regional Transit

**Sacramento Regional
Transit District**
A Public Transit Agency
and Equal Opportunity Employer

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Public Transit Since 1973

www.sacrt.com

December 14, 2020

To the Board of Directors and Citizens Served by the Sacramento Regional Transit District:

The Sacramento Regional Transit District (SacRT) is required to undergo an annual audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Uniform Guidance as it pertains to audits of state and local governments. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller of the United States within 6 months of the close of each fiscal year. Pursuant to that requirement, SacRT hereby issues the Comprehensive Annual Financial Report (CAFR) of SacRT for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of SacRT. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of SacRT annually commissions an independent audit of its account records, consistent with the Sacramento Regional Transit District Board of Directors' (Board) fiduciary duty to preserve and protect SacRT assets and to compile sufficient reliable information for the preparation of SacRT's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, SacRT's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

SacRT's financial statements have been audited by Crowe LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that SacRT's financial statements for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there are no material weaknesses to report and that there was a reasonable basis for rendering an unmodified opinion that SacRT's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP.

The independent audit of the financial statements of SacRT was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in SacRT’s separately-issued Uniform Guidance Single Audit, Subpart F reports.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. SacRT’s MD&A can be found immediately following the independent auditor’s report of Crowe LLP.

Profile of SacRT

SacRT began operation on April 1, 1973, with the acquisition of the Sacramento Transit Authority. SacRT is the largest public transportation provider in the Sacramento region, the capital of the fifth largest economy in the world, serving a metropolitan population of over 1.4 million with a service area of approximately 400 square miles. In 1971, California legislation allocated sales tax money for local and statewide transit service, and created the organizational framework for SacRT pursuant to the Sacramento Regional Transit District Act.

An 11-member Board of Directors is responsible for governing the SacRT. The Board is comprised of four members of the Sacramento City Council, three members of the Sacramento County Board of Supervisors, one member of the Rancho Cordova City Council, one member of the Citrus Heights City Council, one member of the Folsom City Council and one member of the Elk Grove City Council. The Board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring SacRT’s General Manager/Chief Executive Officer (GM/CEO). SacRT’s GM/CEO is responsible for carrying out the policies and ordinances of the Board for overseeing the day-to-day operations of SacRT, and for appointing the executive management of the various divisions.

SacRT provides bus and light rail service 365 days a year covering a 400 square-mile service area. Annual bus and light rail ridership has grown from 14 million passengers in 1987, to approximately 18 million passengers in fiscal year ending June 30, 2020. In Fiscal Year 2020 SacRT ridership was on the rise through the month of February seeing a 10 percent increase in ridership system-wide. In response to the COVID-19 pandemic, the Sacramento region closed schools, businesses and enacted a Shelter-in-Place order in March 2020. Due to these measures, SacRT experienced sharp declines in ridership, not unlike transit agencies across the country. Daily ridership initially declined around 75 percent and then started to slowly increase with the fiscal year ending approximately 15 percent below Fiscal Year 2019’s system-wide ridership.

SacRT’s entire bus and light rail system is accessible in accordance with the American Disabilities Act (ADA). Additionally, SacRT provides origin-to-destination transportation service (in accordance with the Americans with Disabilities Act of 1990) for people that are unable to use fixed-route service.

SacRT’s annual budget serves as the foundation for financial planning and control. The budget is a financial plan for one fiscal year of operating revenue and expenses, and capital investments. The plan matches revenues with the service expenses and project cost expenses based on policies set by SacRT’s Board. The budget process follows three basic steps that help provide continuity in decision making: 1) assess current conditions and needs, and develop goals, objectives, policies

and plans; 2) prioritize projects and develop a work program, and 3) implement those plans and policies, and prepare to evaluate their effectiveness and shortcomings.

SacRT's General Manager/CEO presents a proposed budget to the Board for a 60-day public review period beginning in April. Following the review period, SacRT is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the fiscal year. The budget is prepared by fund (operating or capital), division and department (e.g., safety) or by capital project. The legal level of control is at the fund level, where budget amendments are authorized by the Board. The responsible division executive manager and the GM/CEO authorize interdivisional transfers. The respective division directors and department managers authorize intra-divisional transfers and the responsible manager authorizes departmental transfers.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which SacRT operates bus and light rail service.

COVID-19

During the first eight months of the Fiscal Year 2020, SacRT's trajectory was on a steadfast climb: ridership was growing; SacRT launched multiple initiatives, including RydeFreeRT, SacRT Forward (reimagining the entire bus network), Airport express bus service for the first time in SacRT's history, expanded SmaRT Ride on-demand microtransit service to 12 zones; and a recent county-wide poll showed SacRT's public satisfaction rating at an all-time high. However, SacRT, like many others, experienced how quickly things can change in just a matter of days, emphasizing the tremendous influence the COVID-19 pandemic has had on SacRT, the community, nation and world. No one can accurately predict what the coronavirus will do next, nor when it will be safe for all of us to resume "life as normal." For the time being, all of us at SacRT will continue to do all that we can to get our customers where they want to go – as safely and as efficiently as possible. Additional information on COVID-19 and its impact on SacRT can be found in Footnote 1 to the financial statements.

Local Economy

SacRT operates service in the capitol city of the fifth largest economy in the world. The Sacramento region, which includes six counties (El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba), has varied state governmental services and a light industrial base. The annual unemployment rate for the Sacramento area in 2020 was 9.6 percent with a low of 3.7 percent in February 2020. The Sacramento region continues to trend below the statewide annual averages on an annual basis, which demonstrates the need for transit in the Sacramento region.

A significant portion of SacRT's operating funds are derived from sales tax revenues. In Fiscal Year 2020, taxable sales in the Sacramento region rose resulting in an increase of 9.7 percent in the Local Transportation Fund and a 0.8 percent in Measure A Revenue for SacRT's allocated apportionments. Due to the uncertainty of COVID-19, SacRT adopted the Fiscal Year 2021 Operating Budget with a decline of approximately 38.0 percent in sales tax-based revenues. Despite the negative impact of the COVID-19 pandemic, it is estimated that taxable sales in Fiscal Year 2021 will increase by 4.0 percent resulting in a similar increase in the Local Transportation Fund and Measure A Revenue.

District-Wide Improvement Initiatives

As SacRT concluded Fiscal Year 2020, the Board, GM/CEO, executive management team and staff are proud of the numerous achievements that have elevated SacRT to new heights. Whether it was implementing innovative mobility solutions or navigating a pandemic, SacRT never skipped a beat in Fiscal Year 2020, setting industry best practices for other public transit systems to emulate.

As SacRT prepares for Fiscal Year 2021, some priorities have shifted due to the ongoing pandemic; however, SacRT will not be deterred from continuing to improve and implement innovative mobility solutions that will benefit the Sacramento region and push for additional funding at the federal, state and local levels. With the implementation of SacRT's newly adopted Strategic Plan for FY2021-25, it will serve as for the guiding vision for post-pandemic strategic success. Here are the guiding principles:

- **Customer Satisfaction:** Ensuring that SacRT customers have access to high quality mobility options that they actively and increasingly use is a priority for SacRT. SacRT wants to ensure that the system provides customers with mobility options that get them where they want to go, when they want to go there.
- **Operational Excellence:** SacRT is dedicated to providing innovative mobility solutions and developing and implementing programs that provide best in class service that puts customers first. As public transportation service continues to evolve, SacRT is committed to providing the highest standards in transportation by implementing industry best practices and ensuring clean, safe, reliable and convenient service for our customers.
- **Community Value:** SacRT is committed to expanding regional partnerships and providing excellent public transit service to promote SacRT as our region's premier public transit agency. SacRT will continue to promote programs and incentive options that will encourage more people to try transit, build our ridership, demonstrate our value and economic impact as a community partner, and educate the public about the benefits of transit and how local funding is important to create a world-class public transit system.
- **Employee Engagement:** SacRT is dedicated to providing a positive and collaborative workplace that enables us to build a strong workforce of highly satisfied and performing individuals. SacRT recognizes that the work employees do every day, in every single position, has a potentially significant impact on the quality of life in the Sacramento region. SacRT employees are foundational to the success and SacRT is committed to hiring the best people and supporting them throughout their careers at SacRT.

Major Initiatives Moving Forward in Fiscal Year 2021

SacRT's 2021-2025 Strategic Plan

The disruptive impact of the COVID-19 pandemic precisely demonstrated the need for a strategic plan – especially for organizations that are publicly funded like SacRT. The pandemic is a major hurdle; however, it's also an opportunity for the transit industry to show the vital role public transit plays in keeping the Sacramento region moving. One thing that has been clear and consistent from the start of the crisis is that public transit is a lifeline for many – providing critical mobility options for millions of front-line healthcare, public safety, grocery, and service industry workers fulfilling essential roles during the pandemic. SacRT's Strategic Plan for Fiscal Years 2021-25 will serve as the guiding vision for post-pandemic strategic success.

Light Rail Modernization Project

SacRT was awarded nearly \$200 million in funding from the Transit and Intercity Rail Capitol Program and the California State Transportation Agency (CalSTA) to modernize the light rail fleet, including the purchase of 20 new low-floor light rail trains, low-floor stations, supporting infrastructure and double-tracking in Folsom to provide 15-minute service that will provide better accessibility to passengers with disabilities, bicycles, and strollers, and help reduce traffic congestion on the busy Highway 50 corridor.

On April 15, 2020, SacRT signed the notice to proceed to purchase the first 20 new low-floor light rail vehicles from Siemens Mobility, Inc. SacRT is in the process to purchase an additional 15 low-floor vehicles. The new state-of-the-art vehicles, will also save SacRT money in high maintenance and repair costs that are associated with keeping light rail cars in service past their 30-year useful life. Service Implementation is expected in 2023 to 2024.

The grant funding will also be used to modify several light rail stations to accommodate the low-floor style of the new light rail vehicles, which are easier to navigate for people with disabilities as well as for those with bicycles, strollers and luggage.

SacRT's Folsom double tracking project will occur between Sunrise Station and the Historic Folsom Station. The single tracking that is currently in place restricts light rail trains to 30-minute service frequencies; however, double tracking will allow for 15-minute service as well as ease congestion around the Gold Line along the Highway 50 corridor. Construction is expected to take approximately two years with start of service by late 2023.

Electric Vehicles

In accordance with the California Air Resource Board's Innovative Clean Transit regulation (CARB ICT), SacRT adopted a Rollout Plan to transition its bus fleet to 100 percent zero-emission (ZE) by 2040. The CARB's ICT regulation requires all public transit agencies in the State of California to transition from conventional buses (compressed natural gas, diesel, etc.) to zero-emission buses (battery-electric or fuel cell electric) by 2040. The regulation requires a progressive increase of an agency's new bus purchases to be zero-emission buses (ZEBs) based on their fleet size.

SacRT GO

In June 2020, SacRT brought our ADA paratransit and non-ADA paratransit service in house to improve customer satisfaction, increase operational effectiveness and generate fiscal efficiencies. SacRT GO Paratransit Services is door-to-door, shared-ride transportation for individuals who are unable to use SacRT's bus and light rail system (also referred to as Fixed Route), either all of the time or some of the time, because of a disabling condition. Preliminary reports are already showing a higher than average rides-per-hour efficiency calculation.

It was a tremendous SacRT team effort to transition ADA and non-ADA paratransit services in house during a pandemic and not interrupt vital service for the disabled community, which included the modification of 120 paratransit vehicles and hiring of over 113 employees.

SmaRT Ride

SacRT is among the first few transit agencies in the nation to implement microtransit on-demand service. With a total of nine active SmaRT Ride service zones, SacRT is the largest microtransit provider in the country, operating with 45 shuttles, nine of which are zero emission electric vehicles. SacRT's SmaRT Ride service is provided through Measure A funding. SacRT was awarded a \$12

million grant by the Sacramento Transportation Authority (STA) two years ago and in October 2020, was awarded an additional \$2 million to help expand microtransit on-demand service with a focus on disadvantaged communities throughout the Sacramento region. SmaRT Ride microtransit initially experienced a 15 percent decline in ridership at the start of the pandemic; however, this summer SacRT experienced the highest ridership ever on the service.

According to data provided by public mobility company Via, whose technology powers SacRT's SmaRT Ride app, the service has grown by an average of almost 4 percent per week in fall of 2020. Over the same period, the next highest Via service grew by only an average of under 2 percent per week. During that time period SmaRT Ride completed 2,784 passenger trips, placing it among the strongest performing microtransit services in the United States in terms of both ridership and week-on-week growth.

Fare-Free for Youth

The RydeFreeRT program provides fare free transit for students/youth on bus, light rail, and SmaRT Ride on-demand microtransit services across SacRT's service area, which includes the cities of Sacramento, Folsom, Citrus Heights, and Rancho Cordova and parts of Sacramento County. Approximately 220,000 students in grades transitional Kindergarten through 12th, home-schooled students, and foster and homeless youth are all eligible.

The program began in October 2019, and SacRT experienced a 127 percent increase in student ridership pre-COVID-19. Even during the "Shelter-in-Place" order, young people continue to rely on SacRT to meet their essential transportation needs. RydeFreeRT is available all day, any day of the week during regular SacRT service hours. SacRT received funding from the City of Sacramento to extend the RydeFreeRT program for a second year until September 30, 2021.

Real Estate

SacRT continued to progress TOD investments, property dispositions, revenue licenses and easements despite the challenges that COVID-19 is having on the real estate market. The property located at University/65th Street Transit Center was sold, and generated \$1,790,068 for SacRT. In addition, the sale included transportation infrastructure improvements for bus and pedestrian accessibility. The property located at 2200 Cemo Circle is under contract and estimated to generate \$1.5 million in Fiscal Year 2021. A purchase and sale agreement for property located at Calvine Road/Auberry Drive is estimated to generate \$1.5 million. It is expected when all the underutilized properties are built out they will include over 1,000 housing units with retail establishments that are walkable mixed-use communities centered near public transit, which will attract new riders. SacRT is in the process of transferring an old rail corridor, and currently in negotiations to sell the property located at Riverside Boulevard for a City Rail to Trail project, which is expected to generate an additional \$0.6 million in Fiscal Year 2021.

Secure Additional Funding

In July 2020, SacRT was awarded a federal grant for approximately \$95 Million in federal CARES Act stimulus funds, which will offset revenue decline and additional expenses related to the Covid-19 pandemic. It was determined that SacRT did not require the use of CARES Act funding in fiscal year 2020 however, it will be using approximately \$67 million in fiscal year 2021 and the balance in future years.

Considering the atmosphere of uncertainty with COVID-19, the STA decided not to move forward with a transportation ballot measure in November 2020, referred to as Measure A. SacRT continues to work with the STA and other local agencies and community groups to work towards a future funding measure in 2022, possible sooner.

Balanced Funding Concepts

While SacRT has extensive plans for future expansion and improvement of light rail and bus services, it faces significant capital replacement and infrastructure maintenance needs for its existing bus and light rail systems. As a result, it is increasingly important to ensure the availability of financial resources to maintain existing levels of service and to fund capital and operating expenditures related to proposed expansion and service improvements. The 25-year vision balances high-priority needs with potential funding. There are three major sources of funding:

- Locally controlled federal and state funding sources (funding given to local governments and agencies to spend on their priority projects)
- Federal discretionary funding sources (designated by the federal government for a specific project)
- Locally raised money (from county sales tax and development fees)

Most of the federal and state revenues that SacRT receives are generated by the Section 5307/5309/5337 federal transit funds and the state transportation account.

SacRT has specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2012 Series Revenue Bonds. The required continuing disclosure items and their locations within the CAFR are presented on page 96.

SacRT maintains three Retirement Plans for the benefit of its employees. The three Plans are ATU, IBEW, and Salaried. The Salaried Plan is made up of members from AFSME, AEA/OE3, and MCEG. Each year, an independent actuary engaged by the respective Retirement Boards calculates the amount of the annual contribution that SacRT must make to the Trusts to ensure that each retirement plan will be able to fully meet its obligations to retired employees on a timely basis.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SacRT for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state or local government financial reports. This was the 20th consecutive year that SacRT has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of several departments and the tireless efforts of the finance department staff. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report, with special thanks to Paul Selenis, Accounting Manager; Jamie Adelman, AVP, Finance and Treasury; Nadia Mokhov, Senior Financial Analyst, and Maria Whitworth, Senior Administrative Assistant.



Henry Li
General Manager/CEO



Brent Bernegger
VP, Finance/CFO

**SACRAMENTO REGIONAL TRANSIT DISTRICT
CERTIFICATE OF ACHIEVEMENT
FISCAL YEAR ENDED JUNE 30, 2020**



**The Government Finance Officers Association of
the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
Sacramento Regional Transit District, California



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Christopher P. Morill

Date: 9/3/2020

**SACRAMENTO REGIONAL TRANSIT DISTRICT
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2020**

Board of Directors

Steve Hansen, City of Sacramento, **Chair**
Steve Miller, City of Citrus Heights, **Vice Chair**
Linda Budge, City of Rancho Cordova
Jeff Harris, City of Sacramento
Kerri Howell, City of Folsom
Pat Hume, City of Elk Grove
Rick Jennings, II, City of Sacramento
Patrick Kennedy, County of Sacramento
Don Nottoli, County of Sacramento
Jay Schenirer, City of Sacramento
Phil Serna, County of Sacramento

Board of Directors Alternates

Steven Detrick, City of Elk Grove
Mike Kozlowski, City of Folsom
Jeff Slowey, City of Citrus Heights
David Sander, City of Rancho Cordova

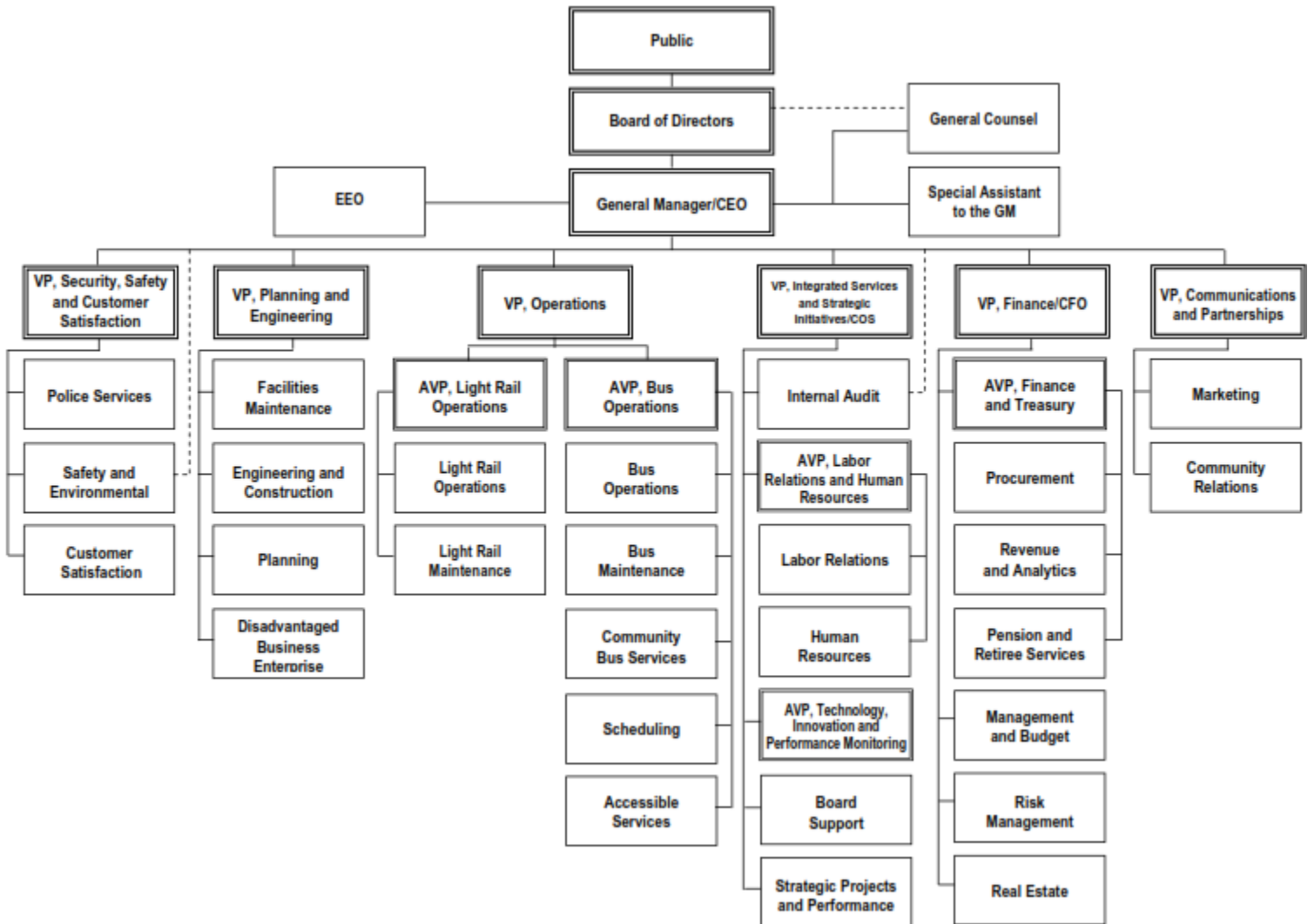
General Manager/CEO

Henry Li

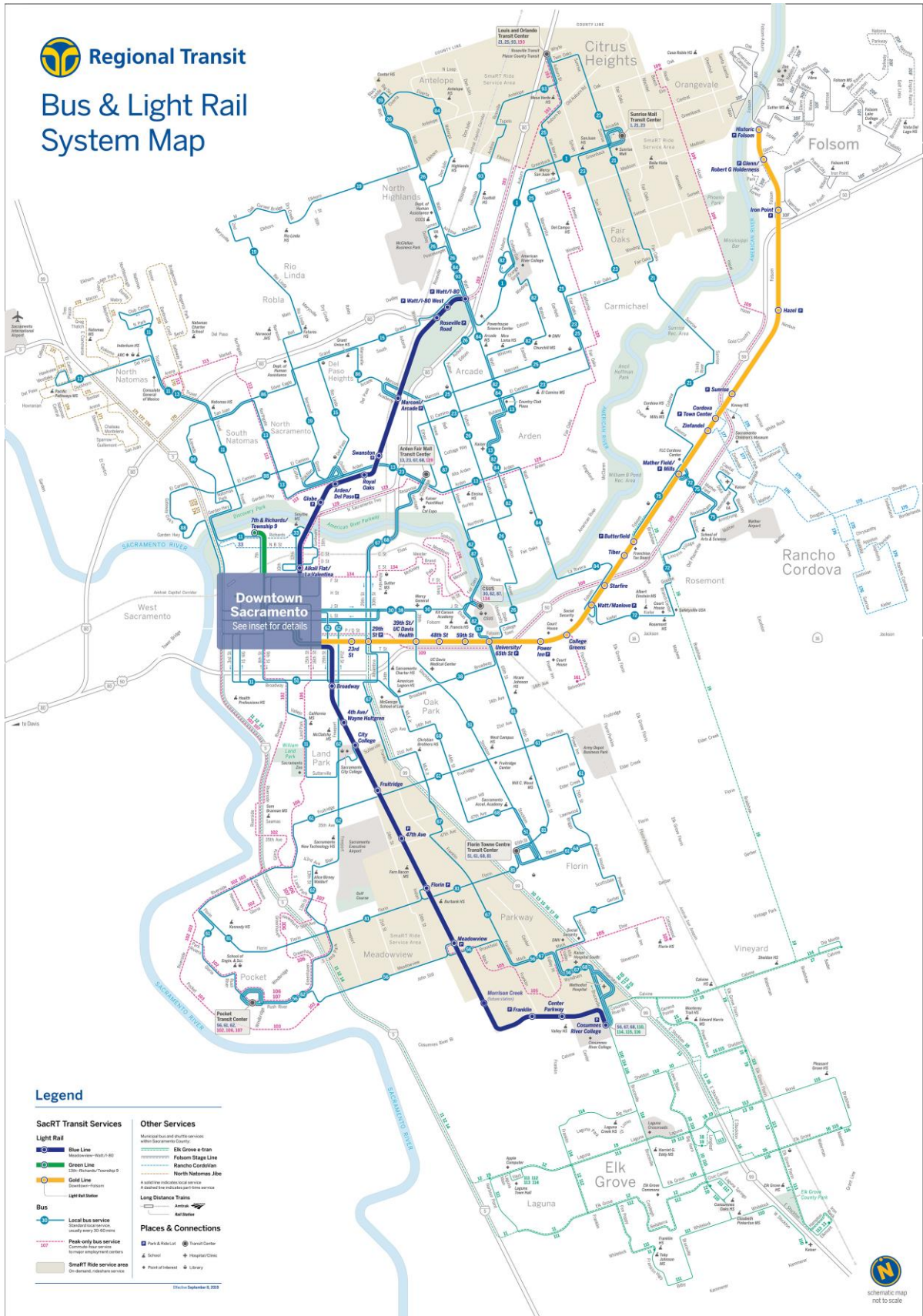
Executive Management Team

Carmen Alba, Vice President, Operations (Acting)
Brent Bernegger, Vice President, Finance/Chief Financial Officer
Laura Ham, Vice President, Planning and Engineering
Lisa Hinz, Vice President, Security, Safety and Customer Satisfaction
Devra Selenis, Vice President, Communications and Partnerships
Shelly Valenton, Vice President, Integrated Services and Strategic Initiatives

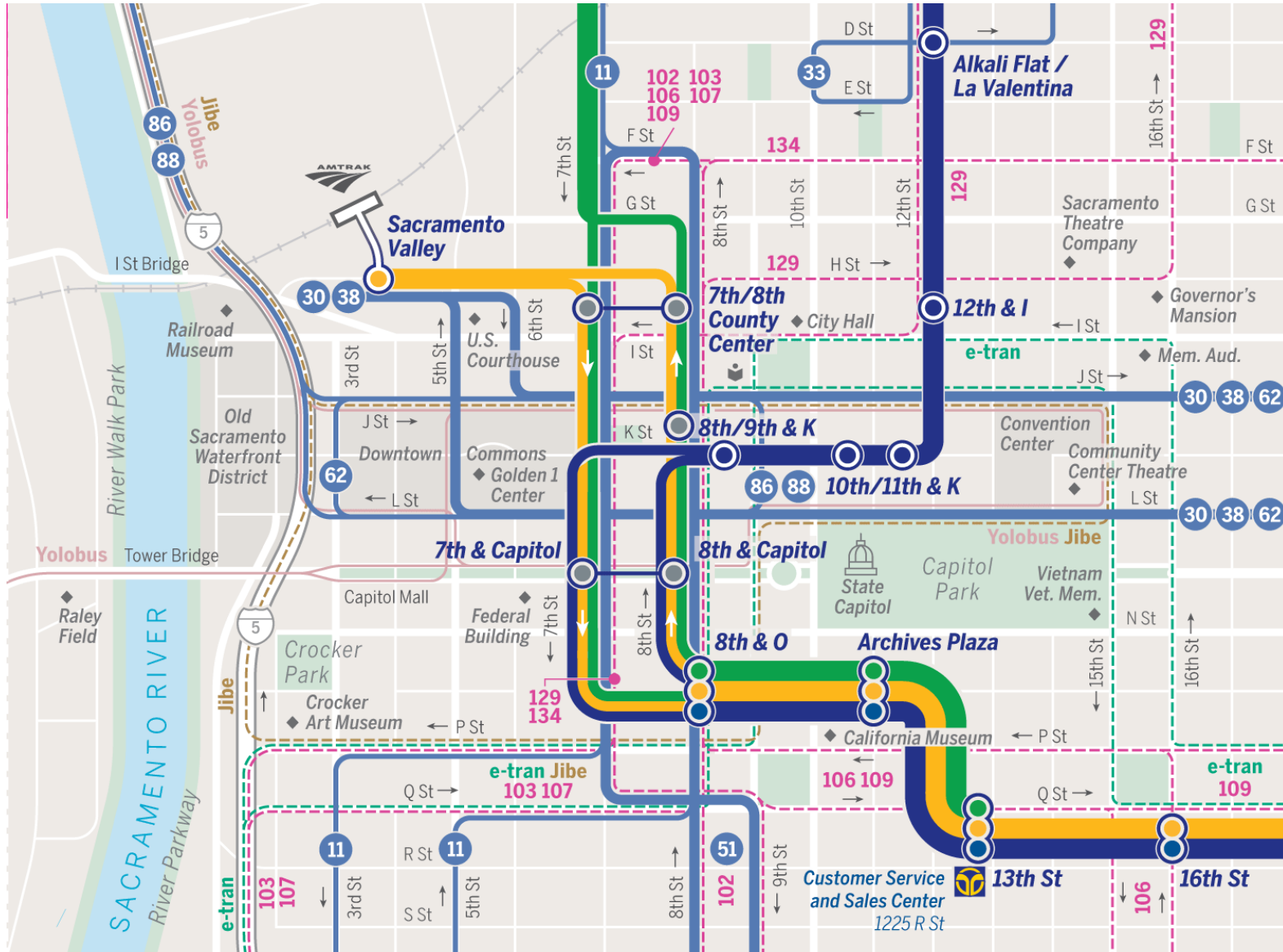
**SACRAMENTO REGIONAL TRANSIT DISTRICT
ORGANIZATIONAL CHART
FISCAL YEAR ENDED JUNE 30, 2020**



SACRAMENTO REGIONAL TRANSIT DISTRICT SERVICE AREA MAP



SACRAMENTO REGIONAL TRANSIT DISTRICT SERVICE AREA MAP



INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Sacramento Regional Transit District (SacRT), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SacRT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of SacRT, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, during the year ended June 30, 2020, SacRT adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*, which resulted in reporting a custodial fund the Connect Card program. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, during the year ended June 30, 2020, SacRT adopted new accounting guidance, GASB Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*, changing its method of accounting for recognition of nonexchange revenue, which resulted in a restatement of SacRT's July 1, 2019 business-type activities net position in the amount of \$35,245,195. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, the schedules of District pension contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of District OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SacRT's basic financial statements. The accompanying introductory section, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statement of fiduciary net position and combining statement of changes in fiduciary net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of fiduciary net position and combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020 on our consideration of SacRT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SacRT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SacRT's internal control over financial reporting and compliance.


Crowe LLP

Sacramento, California
November 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the Sacramento Regional Transit District (SacRT), we offer the readers of SacRT's financial statements this narrative overview and analysis of the financial activities for SacRT for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter and financial statements which are included in this report.

Financial Highlights

- The assets and deferred outflows of resources of SacRT exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$714,268,059 (net position). Of this amount \$779,273,180 is net investment in capital assets, \$3,472,133 is restricted for debt service, and \$(68,477,254) is unrestricted. SacRT's negative unrestricted net position is the result of recording its net pension and net Other Post-Employment Benefits (OPEB) liabilities per GASB Statements No. 68. and No. 75, respectively.
- SacRT's total net position decreased for the year ended June 30, 2020 by 3.6 percent or \$26,530,812 compared to the year ended June 30, 2019. This decrease is due primarily to capital activities which include net effect of depreciation, asset impairments and fiscal year 2020 capital contributions, which was partially mitigated by the surplus generated from operating activities. See Statement of Revenues and Expenses by Funding Designation for additional information.
- SacRT's total liabilities and deferred inflows of resources increased by \$9,857,064 for the fiscal year ended June 30, 2020. The net increase is primarily attributed to both an increase in accrued liabilities related to progress payments for SacRT's light rail vehicle fleet expansion and OPEB related liability and deferred inflows resulting from changes in actuarial assumptions. This increase is partially mitigated by the decrease in casualty and liability claims reserves due the payment of a large claim and decrease in long-term debt due to annual revenue bond payments.
- During the fiscal year ended June 30, 2020, fare revenue decreased by \$4,429,555 or 17.4 percent from the fiscal year ended June 30, 2019. This is attributed to a decline in ridership due to COVID-19. Non-operating revenue increased by \$21,275,411 or 13.5 percent in fiscal year 2020 due to insurance proceeds from accident damaged light rail vehicles, the retroactive reinstatement of the Federal Excise Tax Refunds for Compressed Natural Gas (CNG), and the effects of SacRT's Progressed Regionalism initiative which includes new contracted services with the City of Elk Grove, expanded SmarT Ride microtransit service and additional apportionments of Local Transportation Funds (LTF) generated from sales tax.
- Total operating costs increased by \$29,845,691 or 13.4 percent for the fiscal year ended June 30, 2020. This increase is due to labor and fringe benefits costs and recording of capital asset impairments. The increase in labor and fringe benefits is due to a rise in labor costs resulting from increased service levels, new contracted service, contractual pay rate escalation, and an increase in SacRT's actuarially determined pension contribution. SacRT recorded asset impairment losses for the following: obsolete environmental impact services for the downtown to the Sacramento International Airport light rail extension project, Light rail vehicle 310 damage in an accident, and fire damage at the Evergreen building which was offset by insurance proceeds. Additional information on asset impairment can be found in footnote 3 to

the financial statements. The increase in operating costs was partially mitigated by a decrease in Casualty and Liability costs due to payment of a large claim in fiscal year 2019.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to SacRT's basic financial statements, which are comprised of the financial statements and the notes to the financial statements.

Basic Financial Statements – The financial statements are designed to provide readers with a broad overview of the SacRT's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all SacRT's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these items being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether SacRT's financial position is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how SacRT's net position changed during the fiscal year ended June 30, 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (such as the receipt of goods and services or submittal of claims for capital and operating revenue), regardless of the timing of related cash flows. In other words, SacRT reports expenses and revenues on an accrual basis rather than a cash basis. Since SacRT's primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. SacRT serves in a fiduciary capacity for the pension trust funds and the Connect Card Custodial Fund. The fiduciary fund statements are presented on an accrual basis and are included in these financial statements. The resources of the fiduciary funds are not available to support SacRT programs.

The notes to the financial statements provide additional information that is essential to a full understanding of the financial data provided in the financial statements.

Statistical Section – In addition to the basic financial statements, this report also includes a statistical section of selected financial information over a 10-year period when available.

Analysis of the Financial Statements

The financial statements provide both short-term and long-term information about SacRT's overall financial condition. This analysis addresses the financial statements of SacRT as a whole.

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of SacRT, assets and deferred outflows exceeded liabilities and deferred inflows by \$714,268,059.

The vast majority of SacRT's total net position reflects investment in capital assets, less any related debt and unused bond proceeds used to acquire those assets still outstanding. These capital assets are used to provide bus and light rail services to the greater Sacramento area. Consequently, these assets are not available for future spending. Although SacRT's net investment in its capital assets is reported net of related debt, resources are needed to repay this debt and must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NET POSITION**

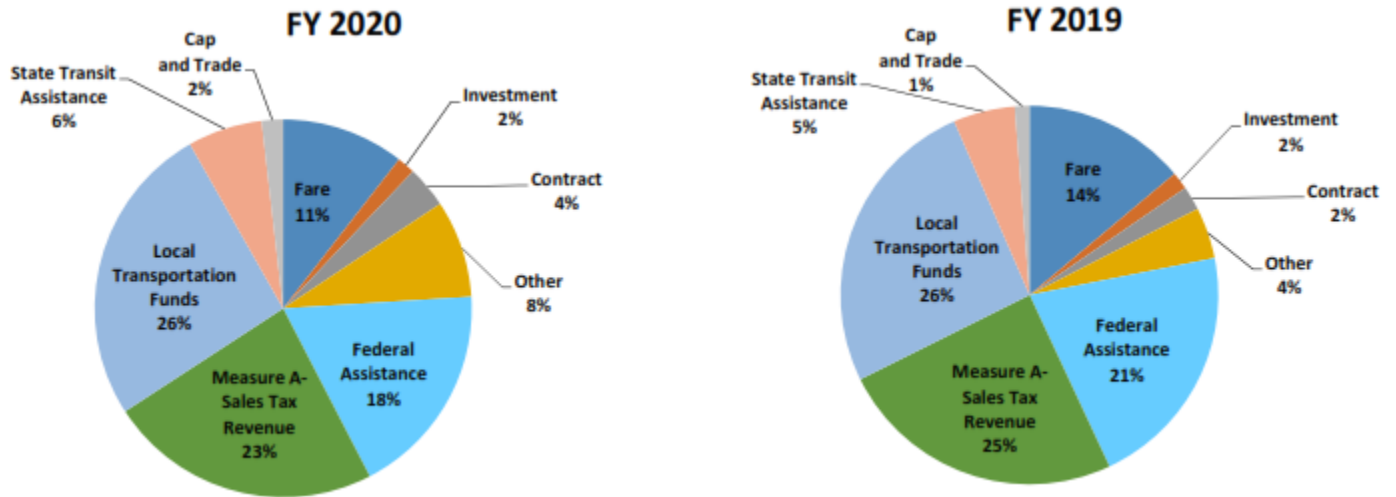
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	Increase or (Decrease)	
			<u>Dollar</u>	<u>Percent</u>
Current and Other Assets	\$ 165,083,923	\$ 179,080,814	\$ (13,996,891)	(7.8)%
Capital Assets	843,578,892	879,381,275	(35,802,383)	(4.1)%
Total Assets	<u>1,008,662,815</u>	<u>1,058,462,089</u>	<u>(49,799,274)</u>	<u>(4.7)%</u>
Deferred Outflows of Resources	47,954,375	50,074,044	(2,119,669)	(4.2)%
Current Liabilities	63,661,084	55,883,961	7,777,123	13.9%
Non-Current Liabilities	<u>264,005,806</u>	<u>263,928,264</u>	<u>77,542</u>	<u>0.0%</u>
Total Liabilities	<u>327,666,890</u>	<u>319,812,225</u>	<u>7,854,665</u>	<u>2.5%</u>
Deferred Inflows of Resources	14,682,241	12,679,842	2,002,399	15.8%
Net Position				
Net Investment in Capital Assets	779,273,180	821,609,938	(42,336,758)	(5.2)%
Restricted for:				
Debt Service	3,472,133	3,434,872	37,261	1.1%
Unrestricted	<u>(68,477,254)</u>	<u>(49,000,744)</u>	<u>(19,476,510)</u>	<u>39.7%</u>
Total Net Position	<u>\$ 714,268,059</u>	<u>\$ 776,044,066</u>	<u>\$ (61,776,007)</u>	<u>(8.0)%</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	June 30, 2020	June 30, 2019	Increase or (Decrease)	
			Dollar	Percent
Operating Revenue				
Fares	\$ 20,998,877	\$ 25,428,432	\$ (4,429,555)	(17.4)%
Non-Operating Revenues				
Operating Assistance	151,598,671	142,698,833	8,899,838	6.2%
Investment Income	3,105,371	2,752,748	352,623	12.8%
Other Revenue	23,780,693	11,757,743	12,022,950	102.3%
Total Operating and Non-Operating Revenue	<u>199,483,612</u>	<u>182,637,756</u>	<u>16,845,856</u>	<u>9.2%</u>
Operating and Non-Operating Expenses				
Labor & Fringe Benefits	133,144,435	116,996,809	16,147,626	13.8%
Professional & Other Services	27,923,318	27,347,762	575,556	2.1%
Spare Parts & Supplies	14,550,318	12,138,843	2,411,475	19.9%
Utilities	6,820,547	6,761,302	59,245	0.9%
Casualty & Liability Costs	9,930,823	14,011,317	(4,080,494)	(29.1)%
Depreciation	42,739,264	43,359,261	(619,997)	(1.4)%
Other	2,745,171	2,847,479	(102,308)	(3.6)%
Impairment Loss	15,375,413	-	15,375,413	100.0%
Indirect Costs Allocated to Capital Programs	(230,234)	(309,409)	79,175	(25.6)%
Interest Expense	5,010,293	2,745,310	2,264,983	82.5%
Pass through to Subrecipients	301,315	2,837,820	(2,536,505)	(89.4)%
Professional and Other Services				
Funded By Others	74,255	4,447,642	(4,373,387)	(98.3)%
Total Operating and Non-Operating Expenses	<u>258,384,918</u>	<u>233,184,136</u>	<u>25,200,782</u>	<u>10.8%</u>
Loss Before Capital Contributions	(58,901,306)	(50,546,380)	(8,354,926)	16.5%
Capital Contributions				
State and Local	27,812,124	24,306,783	3,505,341	14.4%
Federal	4,558,370	2,371,128	2,187,242	92.2%
Total Capital Contributions	<u>32,370,494</u>	<u>26,677,911</u>	<u>5,692,583</u>	<u>21.3%</u>
Decrease in Net Position				
Before Special Item	(26,530,812)	(23,868,469)	(2,662,343)	11.2%
Special Item: Transfer of Operations	-	5,390,442	(5,390,442)	(100.0)%
Decrease in Net Position	(26,530,812)	(18,478,027)	(8,052,785)	43.6%
Net Position, beginning of year	776,044,066	794,522,093	(18,478,027)	(2.3)%
Cumulative Effect of Change in Accounting Principle	(35,245,195)			
Net Position beginning of year - restated	740,798,871			
Net Position, end of year	<u>\$ 714,268,059</u>	<u>\$ 776,044,066</u>	<u>\$ (61,776,007)</u>	<u>(8.0)%</u>

SACRAMENTO REGIONAL TRANSIT DISTRICT REVENUES BY SOURCE

Operating and Non-Operating Revenue by Source



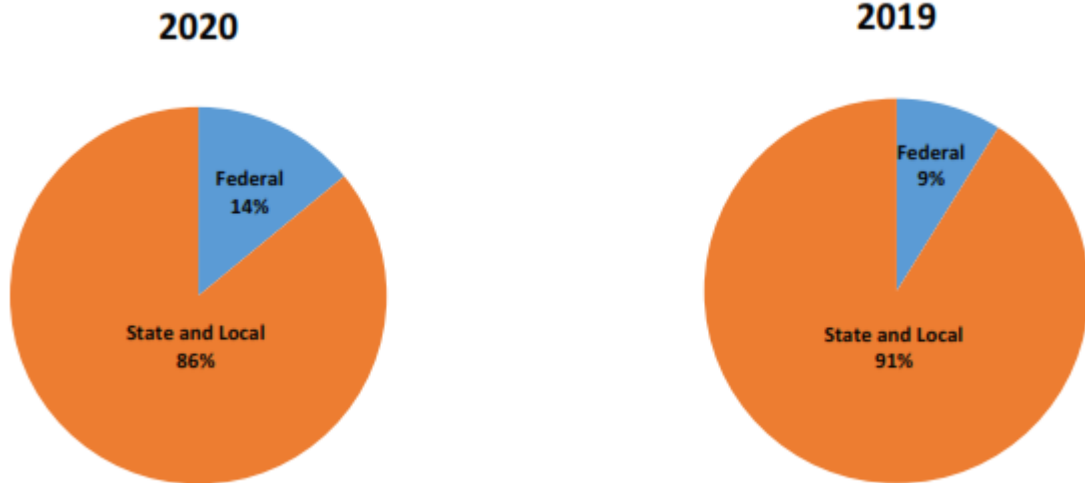
The significant changes in Operating and Non-operating Revenue by Source are described below:

Fares, investment income, contracted services, alternative fuel and carbon tax credits and other revenue increased by a combined \$7,946,018 for the fiscal year ended June 30, 2020 or 19.9 percent due to insurance proceeds on accident damaged light rail vehicles, the retroactive reinstatement of the Federal Excise Tax Refunds for Compressed Natural Gas (CNG) and new contracted services contract with the city of Elk Grove. The increase was partially mitigated by a decline in fares due to COVID-19.

Operating assistance increased by \$8,899,838 or 6.2 percent for the fiscal year ended June 30, 2020 due to the effects of SacRT's Progressed Regionalism initiative which included expanded Smart Ride microtransit service and apportionments of the LTF generated by sales tax.

SACRAMENTO REGIONAL TRANSIT DISTRICT REVENUES BY SOURCE

Capital Contributions by Source

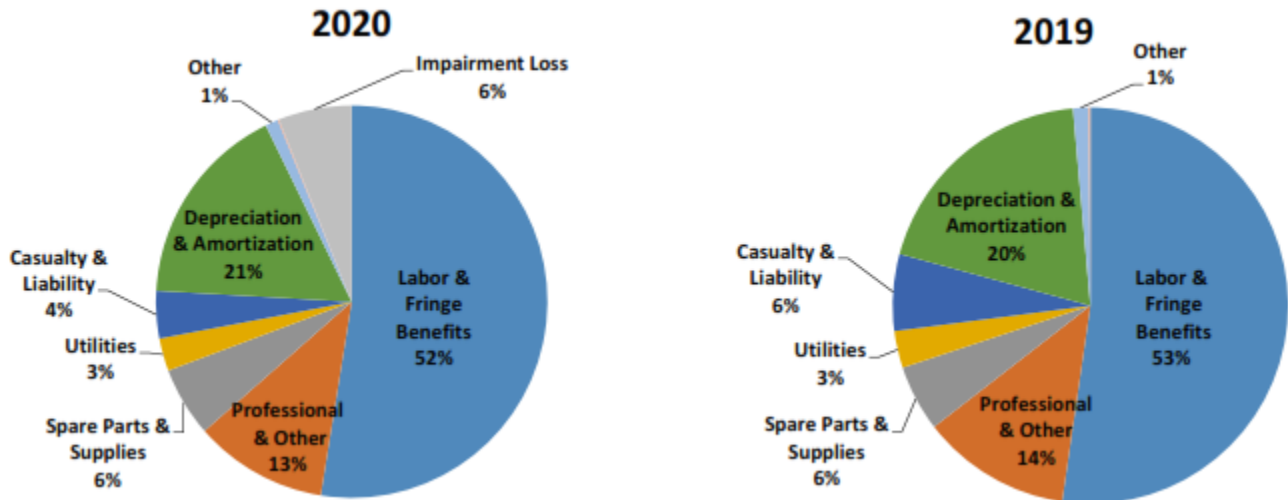


The significant changes in Capital Contributions by Source are described below:

The majority of construction and acquisition activities are funded with capital contributions from other governmental units such as federal, state, and local agencies. Capital contributions increased by \$5,692,583 million or 21.3 percent during the fiscal year ended June 30, 2020. The increase for the fiscal year ended June 30, 2020 is the result of the funding of new electric buses acquired through the Electrify America program and the progress payments to acquire new light rail vehicles funded by the Transit and Intercity Rail Program. The increase was partially mitigated by a decline in STA funds as SacRT earmarked more STA funding to operations from capital programs for the fiscal year ended June 30, 2020.

SACRAMENTO REGIONAL TRANSIT DISTRICT OPERATING EXPENSES

Operating Expenses



The significant changes in Operating Expenses by Source are described below:

Total operating costs increased by \$29,845,691 or 13.4 percent for the fiscal year ended June 30, 2020. This increase is due to labor and fringe benefits costs and recording of capital asset impairments. The increase in labor and fringe benefits is due to a rise in labor costs resulting from increased service levels, new contracted service, contractual pay rate escalation, and an increase in SacRT's actuarially determined pension contribution. SacRT recorded impairment losses based on a periodic review of assets. It was determined that impairments would be recognized for the following, Expired Environmental work for the downtown to the Sacramento International Airport project, \$15.3 million, Light rail vehicle 310 damaged in an accident, \$1.3 million, Evergreen building with a book value of \$0.6 million offset by \$1.8 million of realizable insurance proceeds. The increase in operating costs was partially mitigated by a decrease in Casualty and Liability costs due to payment of a large claim in fiscal year 2019.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
FISCAL YEAR 2020
STATEMENT OF REVENUES AND EXPENSES BY FUNDING DESIGNATION**

Statement of Revenues and Expenses	FY 2020 Funding Designation		
	Operations	Capital Improvement Program, GASB 68 & 75	Total
OPERATING REVENUES (Fares)	\$ 20,998,877	\$ -	\$ 20,998,877
OPERATING EXPENSES			
Labor and Fringe Benefits	127,687,727	5,456,708	133,144,435
Professional and Other Services	22,963,580	4,959,738	27,923,318
Spare Parts and Supplies	11,490,270	3,060,048	14,550,318
Utilities	6,820,547	-	6,820,547
Casualty and Liability Costs	9,930,823	-	9,930,823
Depreciation	-	42,739,264	42,739,264
Indirect Costs Allocated to Capital Programs	(230,234)	-	(230,234)
Other	2,745,171	-	2,745,171
Impairment Loss	-	15,375,413	15,375,413
Total Operating Expenses	181,407,884	71,591,171	252,999,055
Loss from Operations	(160,409,007)	(71,591,171)	(232,000,178)
NON-OPERATING REVENUES (EXPENSES)			
Operating Assistance			
State and Local	114,879,837	-	114,879,837
Federal	35,080,314	1,638,520	36,718,834
Investment Income	3,010,464	94,907	3,105,371
Interest Expense	(2,610,901)	(2,399,392)	(5,010,293)
Pass Through to Subrecipients	-	(301,315)	(301,315)
Professional and Other Services Funded by Others	-	(74,255)	(74,255)
Contract Services	7,125,076	-	7,125,076
Alternative Fuel and Carbon Tax Credits	7,054,625	-	7,054,625
Insurance Proceeds and Other	8,662,387	938,605	9,600,992
Total Non-operating Revenues (Expense)	173,201,802	(102,930)	173,098,872
Gain (Loss) Before Capital Contributions	12,792,795	(71,694,101)	(58,901,306)
Capital Contributions			
State and Local	-	27,812,124	27,812,124
Federal	-	4,558,370	4,558,370
Total Capital Contributions	-	32,370,494	32,370,494
Change in Net Position	\$ 12,792,795	\$ (39,323,607)	\$ (26,530,812)

The Comprehensive Annual Financial Report (CAFR) presentation differs from SacRT's operating and capital budgets in that the CAFR combines both operating and capital activities. To assist SacRT's Board and readers in their review, a Statement of Revenues and Expenses by Funding Designation is provided to show SacRT's operating and capital funds separately. As of June 30, 2020, SacRT's operating results were as follows: \$20,998,877 in fare revenues, \$181,407,884 in operating expenses, and \$173,201,802 in non-operating revenues, resulting in a \$12,792,795 operating surplus. Additional information regarding the Statement of Revenues by Funding Designation can be found in SacRT's 2020 CAFR Staff Report to the Board of Directors.

Analysis of SacRT's Financial Position

SacRT's net position provides information on near term inflows, outflows, and balances of spendable resources. SacRT is reporting net position as of June 30, 2020 of \$714,268,059, an operating and capital activity decrease of \$26,530,812 or 3.6 percent.

Net position at July 1, 2019 was restated by \$35,245,195 to reflect the cumulative effect of a change in accounting principle due to GASB Implementation Guide 2019-1. Additional information on the change in accounting principle and other GASB implemented pronouncements can be found in Footnote 1 to the financial statements.

Capital Asset and Long-Term Debt Activity

As of June 30, 2020, SacRT's investment in various capital assets, such as bus and light rail vehicles, facilities, land, buildings and equipment decreased to \$843,578,892 from \$879,381,275 representing a 4.1 percent decrease as depreciation and asset impairment loss exceeded capital acquisition. Additional information on capital assets can be found in Footnote 3 to the financial statements.

SacRT's Farebox Revenue Bonds decreased by \$1,038,032 due to annual bond payments for the fiscal year ended June 30, 2020 or 2.0 percent. As of June 30, 2020, the \$49,628,200 balance represents what remains of the \$86,865,000 of Farebox Revenue Bonds, Series 2012, issued in the fiscal year 2013 to primarily fund construction on the South Line Phase 2 light rail extension. SacRT recorded a liability and a corresponding asset of \$47,338,625 as of June 30, 2020, resulting from its participation in three Lease/Leaseback transactions. Additional information on debt activity can be found in Footnotes 4 and 6 to the financial statements.

SacRT's loan payable at June 30, 2020 includes \$13,988,074 originally received in November 2013 from the Public Transportation Account (PTA). The loan was extended by the State to temporarily replace a Federal Transit Administration grant that lapsed due to the application of the Federal Transit Act's "13(c)" provision to the California Public Employee Pension Reform Act of 2013 (PEPRA). Additional information on direct borrowings can be found in Footnote 5 to the financial statements.

Current Economic Factors and Conditions

In December 2019, a novel strain of coronavirus spread around the world resulting in business and social disruption. In March 2020, the State of California issued a statewide shelter-in-place order that continues to impact the operations and business results of SacRT. Additional information on the COVID-19 pandemic's impact on SacRT can be found in Footnote 1 to the financial statements

In July 2020, SacRT was awarded a federal grant for approximately \$95 million in CARES Act stimulus funds, which will offset revenue decline and additional expenses related to the COVID-19 pandemic. It was determined that SacRT did not require the use of CARES Act funding in fiscal year

2020 however, it will be using approximately \$67 million in fiscal year 2021, and the balance in future years.

SacRT has plans for future expansion and improvement of light rail and bus services. As of June 30, 2020, SacRT has construction contracts and property acquisition commitments of approximately \$21,804,884.

Request for Information

Please address all questions or requests for additional information to the Finance and Treasury Department, Attention: Chief Financial Officer, Sacramento Regional Transit District, 1400 29th Street, P.O. Box 2001, Sacramento CA 95812-2110.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
JUNE 30, 2020**

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 16,642,196
Restricted Cash and Cash Equivalents	6,744,669
Investments	343,561
Receivables:	
State and Local Government	22,374,514
Federal Government	15,539,622
Other	7,038,688
Spare Parts and Supplies Inventory	24,599,990
Other Current Assets	<u>415,714</u>
Total Current Assets	<u>93,698,954</u>
Non-Current Assets:	
Restricted Cash and Cash Equivalents	20,915,906
Investments	3,130,438
Deposits for Lease/Leaseback Payable	47,338,625
Non-Depreciated Capital Assets	117,618,826
Depreciated Capital Assets, Net	<u>725,960,066</u>
Total Non-Current Assets	<u>914,963,861</u>
Total Assets	<u>1,008,662,815</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows from Pension	35,251,811
Deferred Outflows from Other Post Employment Benefits	6,041,805
Deferred Outflows: Loss on Refunding	<u>6,660,759</u>
Total Deferred Outflows of Resources	<u>47,954,375</u>

**TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES**

\$ 1,056,617,190

See accompanying notes to the financial statements.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
JUNE 30, 2020**

LIABILITIES

Current Liabilities:

Line of Credit	\$ 9,100,000
Accounts Payable	15,919,493
Other Accrued Liabilities	4,960,647
Compensated Absences	8,234,292
Interest Payable	824,476
Unearned Revenue	1,214,644
Advances from Other Governments	2,820,922
Claims Payable	5,388,536
Loan Payable	13,988,074
Revenue Bonds	1,210,000
Total Current Liabilities	<u>63,661,084</u>

Long-Term Liabilities:

Compensated Absences	1,890,815
Advances from Other Governments	13,506,613
Claims Payable	15,737,726
Revenue Bonds	48,418,200
Lease/Leaseback Payable	47,338,625
Net Pension Liability	117,230,933
Net Other Post-Employment Benefits Liability	19,882,894
Total Long-Term Liabilities	<u>264,005,806</u>
Total Liabilities	<u>327,666,890</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows from Other Post Employment Benefits	4,377,574
Deferred Gain on Lease/Leaseback	6,086,561
Deferred Inflows from Pension	4,218,106
Total Deferred Inflows of Resources	<u>14,682,241</u>

NET POSITION

Net Investment in Capital Assets	779,273,180
Restricted for:	
Debt Service	3,472,133
Unrestricted	<u>(68,477,254)</u>
Total Net Position	<u>714,268,059</u>

**TOTAL LIABILITIES, DEFERRED
INFLOWS OF RESOURCES, AND
NET POSITION**

\$ 1,056,617,190

See accompanying notes to the financial statements.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

OPERATING REVENUES	
Fares	\$ 20,998,877
OPERATING EXPENSES	
Labor and Fringe Benefits	133,144,435
Professional and Other Services	27,923,318
Spare Parts and Supplies	14,550,318
Utilities	6,820,547
Casualty and Liability Costs	9,930,823
Depreciation	42,739,264
Indirect Costs Allocated to Capital Programs	(230,234)
Other	2,745,171
Impairment Loss	15,375,413
Total Operating Expenses	<u>252,999,055</u>
Operating Loss	(232,000,178)
NON-OPERATING REVENUES (EXPENSES)	
Operating Assistance:	
State and Local	114,879,837
Federal	36,718,834
Investment Income	3,105,371
Interest Expense	(5,010,293)
Pass-Through to Subrecipients	(301,315)
Professional and Other Services-Funded	(74,255)
Contract Services	7,125,076
Alternative Fuel and Carbon Tax Credits	7,054,625
Insurance Proceeds and Other	9,600,992
Total Non-Operating Revenues	<u>173,098,872</u>
Loss Before Capital Contributions	(58,901,306)
Capital Contributions:	
State and Local	27,812,124
Federal	4,558,370
Total Capital Contributions	<u>32,370,494</u>
Decrease in Net Position	(26,530,812)
Net Position, beginning of year	776,044,066
Cumulative Effect of Change in Accounting Principle	(35,245,195)
Net Position, beginning of year - restated	<u>740,798,871</u>
Net Position, end of year	<u>\$ 714,268,059</u>

See accompanying notes to the financial statements.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF CASH FLOWS – BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 19,787,556
Cash Received from Contract Sources	7,125,076
Cash Paid to Suppliers	(66,949,307)
Cash Paid to Employees and Employee Benefits	(127,551,216)
Cash Received from Other Sources	<u>16,655,617</u>
Net Cash Used in Operating Activities	<u>(150,932,274)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Local Receipts	113,163,210
Federal Receipts	36,718,834
Payments Pass-Through to Subrecipients	(301,315)
Advances on the Line of Credit	85,100,000
Payments on the Line of Credit	<u>(82,200,000)</u>
Net Cash Provided by Noncapital Financing Activities	<u>152,480,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(17,629,836)
Principal Payment on Revenue Bonds	(862,500)
Interest Paid	(2,644,963)
Proceeds from Sale of Capital Assets Receipts	2,007,312
State and Local Capital Grants Receipts	21,391,950
Federal Capital Grants	<u>3,341,498</u>
Net Cash Provided by Capital and Related Financing Activities	<u>5,603,461</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	974,801
Purchases of Investments	(1,043,181)
Investment Income	<u>1,093,914</u>
Net Cash Provided by Investing Activities	<u>1,025,534</u>
Net Increase in Cash and Cash Equivalents	8,177,450
Cash and Cash Equivalents, July 1	<u>36,125,321</u>
Cash and Cash Equivalents, June 30	<u>\$ 44,302,771</u>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and Cash Equivalents	\$ 16,642,196
Restricted Cash and Cash Equivalents, Current	6,744,669
Restricted Cash and Cash Equivalents, Non-Current	<u>20,915,906</u>
Total Cash and Cash Equivalents	<u>\$ 44,302,771</u>

See accompanying notes to the financial statements.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF CASH FLOWS – BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES:**

Operating Loss	\$ (232,000,178)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used in Operating Activities:	
Depreciation	42,739,264
Impairment Loss	15,375,413
Professional and Other Services- Nonoperating Expense	(74,255)
Contract Services- Nonoperating Income	7,125,076
Miscellaneous Nonoperating Income	16,655,617
Effect of Changes in:	
Other Receivables	(787,386)
Spare Parts and Supplies Inventory	(846,838)
Other Current Assets	(403,376)
Accounts Payable and Accrued Liabilities	332,436
Compensated Absences and Other	474,537
Unearned Revenue	(423,935)
Claims Payable	(3,987,097)
Deferred Outflows from Pension	4,561,540
Net Pension Liability	2,570,325
Deferred Inflows from Pension	(1,316,117)
Deferred Outflows from Other Post Employment Benefits	(2,749,070)
Net Other Post Employment Benefit	(1,916,509)
Deferred Inflows from Other Post Employment Benefits	3,738,279
Net Cash Used in Operating Activities	<u><u>\$ (150,932,274)</u></u>

NON-CASH INVESTING AND FINANCING ACTIVITIES

Interest Income from Investments Held to Pay Lease/Leaseback	\$ 2,310,221
Interest Expense on Capital Lease/Leaseback	(2,310,221)
Capital Assets Included in Accounts Payable	8,425,236
Capital Contributions Included in Receivables	25,889,212

See accompanying notes to the financial statements

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	<u>Pension Trust Funds</u>	<u>Connect Card Custodial Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 15,526,301	\$ 2,014,747
Receivables:		
Securities sold	12,754,213	-
Invoiced Receivables	-	205,175
Interest and dividends	433,060	-
Other receivables and prepaids	38,327	88,247
Total Receivables	<u>13,225,600</u>	<u>293,422</u>
Investments:		
Equity securities	200,803,588	-
Fixed income securities	92,473,375	-
Total Investments	<u>293,276,963</u>	<u>-</u>
Total Assets	<u>322,028,864</u>	<u>2,308,169</u>
LIABILITIES		
Securities purchased payable	22,052,088	-
Accounts payable	1,621,428	-
Customer prepaid balances	-	1,655,340
Due to Connect Card Consortium Members	-	652,829
Total Liabilities	<u>23,673,516</u>	<u>2,308,169</u>
NET POSITION		
Restricted for Pension Benefits	298,355,348	-
Restricted for Connect Card Consortium Members	-	-
Total Net Position	<u>\$ 298,355,348</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Pension Trust Funds	Connect Card Custodial Fund
ADDITIONS		
Contributions:		
Employer	\$ 21,173,818	\$ -
Member	1,431,505	-
Total Contributions	22,605,323	-
Investment Income:		
Net appreciation in fair value of investments	1,399,232	-
Interest, dividends, and other income	5,099,522	20,237
Investment expenses	(1,366,220)	-
Net Investment Income	5,132,534	20,237
Fares - SacRT	-	7,526,081
Fares - Others	-	3,415,935
Other	-	36
Total Additions	27,737,857	10,962,289
DEDUCTIONS		
Benefits paid to participants	26,079,127	-
Distribution to Consortium Members	-	10,081,276
Administrative expenses	688,292	881,013
Total Deductions	26,767,419	10,962,289
Increase in Net Position	970,438	-
Net Position - Beginning of Year	297,384,910	-
Net Position - End of Year	\$ 298,355,348	\$ -

See accompanying notes to the financial statements.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES

THE REPORTING ENTITY

The Sacramento Regional Transit District (SacRT) was established in 1973 pursuant to the Sacramento Regional Transit District Act. SacRT has the responsibility to develop, maintain, and operate a public mass transit transportation system for the benefit of the residents of the Sacramento area. SacRT is governed by a Board of Directors appointed by the Sacramento City Council, the Sacramento County Board of Supervisors, the Elk Grove City Council, the Citrus Heights City Council, the Rancho Cordova City Council, and the Folsom City Council.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and its amendment GASB No. 61, SacRT has reviewed the criteria to determine whether other entities with activities that benefit SacRT should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity has a significant operational and financial relationship with SacRT.

SacRT has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in SacRT's financial statements. In addition, SacRT is not aware of any entity that has such a relationship to SacRT that would result in SacRT being considered a component unit of that other entity.

BASIS OF PRESENTATION

The accounts of SacRT are organized and operated on the basis of funds, each of which is considered an independent fiscal and accounting entity. The activities of each fund are accounted for with a separate set of self-balancing statements that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses, as appropriate. These statements distinguish between the business-type and fiduciary activities of SacRT. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. SacRT's statements are organized into the following fund types:

Proprietary Fund Type

The **Enterprise Fund** distinguishes operating revenues and expenses from non-operating items. SacRT's operating revenues are generated directly from its transit operations and consist principally of passenger fares. Operating expenses for the transit operations include all costs related to providing transit services. These costs include labor, fringe benefits, materials, supplies, services, utilities, leases, rentals, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Unrestricted net position for the enterprise fund represents the net position available for future operations.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types

The **Pension Trust Funds** are used to account for assets held by SacRT in a trustee capacity. The SacRT maintains the following Pension Trust Funds:

The Amalgamated Transit Union (ATU) Local 256 Retirement Plan Fund (ATU Plan) accounts for the retirement funds of members of ATU Local 256.

The International Brotherhood of Electrical Workers (IBEW) Local 1245 Member Retirement Plan Fund (IBEW Plan) accounts for the retirement funds of members of IBEW Local 1245.

The Salaried Employees Retirement Plan Fund (Salaried Plan) accounts for the retirement funds of SacRT's salaried employees.

The **Connect Card Custodial Fund** is used to account for assets held by SacRT for the benefit of the transit agencies who are members of the Connect Card Consortium. Connect Card is the Sacramento region's electronic transit fare payment system and the Connect Card Consortium's participating agencies include Sacramento Regional Transit, El Dorado Transit, E-tran, Placer County Transit, Roseville Transit, SCT/Link, Yolobus and Yuba-Sutter Transit.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund and the fiduciary funds are accounted for on a flow of economic resources measurement focus. This measurement focus emphasizes the determination of increased/decreased net position. The accrual basis of accounting is used for the enterprise fund and the fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. SacRT contributions to the pension trust funds are recognized in the period in which contributions are due, while benefits and refunds are recognized when due and payable in accordance with the pension trust funds plan agreements.

BUDGETARY INFORMATION

State law requires the adoption of an annual budget for the enterprise fund, which must be approved by the Board of Directors. The budget is prepared on an accrual basis. Budgetary control is maintained at several levels. The legal level of control is at the fund level. The Board of Directors authorizes budget amendments to the fund level. Line item reclassification amendments to the budget must be authorized by the responsible manager. Operating expenses are monitored by department managers who are assigned responsibility for controlling their budgets. Emphasis is placed on the total budget for the division. Capital expenses operate under the control of a project-to-date budget.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, SacRT considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

INVESTMENTS

Investments consist of securities or other assets that SacRT holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. Investments are recorded at fair value.

RESTRICTED ASSETS

Restricted assets consist of monies and other resources, the use of which is legally restricted for capital projects and debt service.

RECEIVABLES

Receivables are reported at present value less the estimated portion that is estimated to be uncollectible. As of June 30, 2020, management has estimated that no allowance for uncollectible accounts is needed.

INVENTORIES

Inventories are stated at average cost and charged to expense at the time individual items are withdrawn from inventory (consumption method). Inventory consists primarily of parts and supplies relating to transportation vehicles and facilities.

CAPITAL ASSETS

Capital assets are stated at historical cost. Donated capital assets are recorded at acquisition value. The cost of normal maintenance and repairs is charged to operations as incurred. Infrastructure, which includes light rail vehicle tracks, has been capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Buildings and improvements	30 to 50 years
Buses and maintenance vehicles	4 to 12 years
Light-rail structures and light rail vehicles	25 to 45 years
Other operating equipment	5 to 15 years

No depreciation is provided on construction in progress until construction is completed and the asset is placed in service. It is SacRT's policy to capitalize all capital assets with an individual cost of more than \$5,000 and a useful life in excess of one year.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Capital Assets: In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, management evaluates events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations, other changes in environmental factors, technology changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will continue to be used are written down to reflect the decline in service utility of the capital asset. Impaired capital asset that will no longer be used are reported at the lower of carrying value or fair value.

COMPENSATED ABSENCES

SacRT's policy allows employees to accumulate earned unused vacation and sick leave which can be paid to employees upon separation from SacRT. These compensated absences are reported and accrued as a liability in the period incurred.

The current portion of the compensated absences is estimated by applying a percentage to the end of the year compensated absences liability. The percentage is calculated by dividing the vacation and sick leave that was liquidated (used/cashed out) during the year by the beginning vacation and sick leave balance.

FEDERAL, STATE, AND LOCAL GRANT FUNDS

Grants are accounted for in accordance with the purpose for which the funds are intended. Approved grants for the acquisition of land, buildings, and equipment are recorded as capital contributions as the related grant conditions are met. Approved grants for operating assistance are recorded as revenues in the year in which the related grant conditions are met.

Advances received on grants are recorded as a liability until related grant conditions are met. The Transportation Development Act (TDA) provides that any funds not earned and not used may be required to be returned to their source.

When both restricted and unrestricted resources are available for the same purpose, SacRT uses restricted resources first.

SELF-INSURANCE AND CLAIMS PAYABLE

SacRT is self-insured up to specified limits for workers' compensation claims, general liability claims, and major property damage. SacRT accrues the estimated costs of the self-insured portion of claims in the period in which the amount of the estimated loss is incurred.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the ATU Plan, IBEW Plan and Salaried Plan (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds to employee contributions) are recognized when due and payable in accordance with the benefit terms.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the California Employers' Retiree Benefit Trust Program (CERBT) and additions to/deductions from CERBT's fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, CERBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NEW PRONOUNCEMENTS

In 2020, SacRT implemented GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result of implementation, SacRT reports the Connect Card program as a custodial fund on the fiduciary fund statements. The adoption of this accounting standard did not impact the beginning net position of the business-type or fiduciary activities.

In 2020, SacRT implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. The implementation of this standard had no impact on the financial statements.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle: With the release of Implementation Guide 2019-01, *Implementation Guidance Update---2019*, management changed their method of accounting for recognition of nonexchange revenue. Expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the agreement has been executed. An adjustment to reduce business-type activities net position at July 1, 2019 by \$35,245,195 was made to reflect the cumulative effect related to the change in accounting principle. The adjustment represents nonexchange revenue and receivables that were recorded for eligible expenditures incurred in the year ended June 30, 2019, but the related grant award was not executed until the year ended June 30, 2020.

Recent Event: In December 2019, a novel strain of coronavirus spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the operations and business results of SacRT, including decrease in ridership and fare revenues, changes in amount and timing of sales tax receipts, improvement to technology to support a virtual work environment, and increased spending on frontline employee, personal protective equipment, vehicle modifications and increased cleaning and sanitizing of vehicles and work spaces. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

In July 2020, SacRT was awarded a federal grant for approximately \$95 million in CARES Act stimulus funds, which will offset revenue decline and additional expenses related to the COVID-19 pandemic. It was determined that SacRT did not require the use of CARES act funding in fiscal year 2020.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS

The total cash and investments as of June 30, 2020, are reported in the accompanying basic financial statements as follows:

	Enterprise Fund	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	\$ 16,495,805	\$ -	\$ 16,495,805
Cash on hand	146,391	-	146,391
Investments	<u>3,473,999</u>	-	<u>3,473,999</u>
Total unrestricted	<u>20,116,195</u>	<u>-</u>	<u>20,116,195</u>
Restricted:			
Cash and cash equivalents	27,660,575	17,541,048	45,201,623
Investments	-	<u>293,276,963</u>	<u>293,276,963</u>
Total restricted	<u>27,660,575</u>	<u>310,818,011</u>	<u>338,478,586</u>
Total cash and investments	<u>\$ 47,776,770</u>	<u>\$ 310,818,011</u>	<u>\$ 358,594,781</u>

INVESTMENTS

SacRT pursues a program of safety, liquidity, and yield in its cash management and investment program in order to achieve maximum return on the Enterprise Fund's available funds. The Enterprise Fund's investment policy (pertaining to investment of surplus funds) is governed by an annual Board adopted policy, which is in compliance with the provisions of Articles 1 and 2 of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

The following table identifies the investment types that are authorized by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Rating	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	N/A	None	None
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Agency Securities	5 years	N/A	None	None
Bankers' Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A1/P1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	None
Reverse Repurchase Agreements	92 days	N/A	20% of base value	None
Medium-Term Notes	5 years	A	30%	None
Mutual Funds Investing in Eligible Securities	N/A	AAA	20%	10%
Mortgage Pass-Through Securities	5 years	AA	20%	None
Local Agency Investment Fund	N/A	N/A	None	None
JPA Pools (other investment pools)	N/A	N/A	None	None

A Retirement Board-adopted policy, the "Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Pension Plans" governs the Pension Trust Funds' investments. This policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions.

The following table identifies the investment types that are authorized by the Retirement Board. The table also identifies certain provisions of the Investment Objectives and Policy that address interest risk, credit risk and concentration of credit risk.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity (1)	Minimum Rating (3)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Cash	None	N/A	None	None
U.S. Treasury Bills	None	N/A	None	None
Agency Discount Notes	None	N/A	None	None
Certificates of Deposit	None	N/A	None	None
Bankers Acceptances	None	N/A	None	None
Commercial Paper	None	A2/P2	None	None
Asset-Backed Commercial Paper	None	A2/P2	None	None
Money Market Funds and Bank Short-Term Investment Funds (STIF)	None	N/A	None	None
Repurchase Agreements	None	N/A	None	None
U.S. Government and Agency Securities	None	N/A	None	None
Credit Securities/Corporate Debt (4)	None	N/A	None	None
Securitized Investments (5)	None	N/A	None	None
Emerging Markets	None	N/A	None	None
International Fixed Income Securities	None	N/A	None	None
Other Fixed Income Securities (6)	None	N/A	None	None
Mutual Funds	N/A	N/A	25% (2)	5%
Real Estate Investment Trust	N/A	N/A	25% (2)	5%
Depository Receipt	N/A	N/A	25% (2)	5%
Stocks	N/A	N/A	25% (2)	5%
Other Equity Securities (7)	N/A	N/A	25% (2)	5%
Real Estate	None	N/A	None	None

- (1) The fixed income portion of the ATU Plan, IBEW Plan and Salaried Plan shall be limited in duration to between 75 % and 125% of the Bloomberg Aggregate Index benchmark.
- (2) No more than 25% of the fair value on the purchase cost basis of the total common stock portfolio (equity securities) shall be invested in a single industry at the time of purchase.
- (3) The investment managers shall maintain a minimum overall portfolio quality rating of "A" equivalent or better at all times (based on market-weighted portfolio average). Minimum quality (at purchase) must be at least 80% Baa or above.
- (4) Credit Securities and Corporate Debt include: debentures, medium-term notes, capital securities, trust preferred securities, Yankee bonds, Eurodollar securities, floating rate notes and perpetual floaters, structured notes, municipal bonds, preferred stock, private placements (bank loans and 144(a) securities), and EETCs.
- (5) Securitized investments includes: agency and non-agency mortgage-backed securities, asset-backed securities (144(a) securities), and commercial mortgage-backed securities.
- (6) Other Fixed Income Securities includes: fixed income commingled and mutual funds, futures and options, swap agreements, and reverse repurchase agreements.
- (7) Other Equity Securities include: rights and warrants.

INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments such as: interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. These types of risks may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

INTEREST RATE RISK

Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity, measured by duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with a shorter duration.

The following table provides information about the interest rate risks associated with applicable investments as of June 30, 2020:

<u>Enterprise Fund</u>	Maturities in Years				Total
	Less than 1	1 – 5	6 – 10	More than 10	
Collateralized Mortgage Obligations	\$ -	\$ 239,002	\$ -	\$ -	\$ 239,002
Corporate Bonds	172,213	553,709	-	-	725,922
Municipals	-	42,675	-	-	42,675
Asset-Backed Securities	-	204,573	-	-	204,573
U.S. Government Agency Obligations	171,348	1,331,606	-	-	1,502,954
U.S. Government Issued Obligations	-	758,873	-	-	758,873
Total Enterprise Fund	<u>\$ 343,561</u>	<u>\$ 3,130,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,473,999</u>

<u>Fiduciary Funds</u>	Maturities in Years				Total
	Less than 1	1 – 5	6 – 10	More than 10	
Collateralized Mortgage Obligations	\$ -	\$ -	\$ -	\$ 4,316,376	\$ 4,316,376
Corporate Bonds	1,150,675	10,940,795	6,334,523	12,421,814	30,847,807
Municipal Bonds	-	-	-	735,629	735,629
U.S. Government Agency Obligations	257,441	164,321	12,510	35,405,207	35,839,479
U.S. Government Issued Obligations	-	6,110,861	3,017,335	3,138,095	12,266,291
Asset-Backed Securities	-	562,765	1,440,777	6,464,251	8,467,793
Total Fiduciary Fund	<u>\$ 1,408,116</u>	<u>\$ 17,778,742</u>	<u>\$ 10,805,145</u>	<u>\$ 62,481,372</u>	<u>\$ 92,473,375</u>

MORTGAGE PASS-THROUGH SECURITIES

These securities, disclosed as U.S. Government Agency Obligations in the interest rate risk table above, are issued by Government Sponsored Enterprises (GSEs), which are a group of financial services corporations created by the United States Congress. The GSEs include: the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Association (Freddie Mac), and the Federal Home Loan Banks. Another institution that issues these securities is the Government National Mortgage Association (Ginnie Mae). These securities are highly sensitive to interest rate fluctuations because they are subject to early payment. In a period of declining interest rate, the resulting reduction in expected total cash flows affects the value of these securities.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

COLLATERALIZED MORTGAGE OBLIGATIONS

Collateralized mortgage obligations (CMOs) are bonds that represent claims to specific cash flow from large pools of home mortgages. The streams of principal and interest payments on the mortgages are distributed to the different classes of CMO interests.

CMOs are often highly sensitive to changes in interest rates and any resulting change in the rate at which homeowners sell their properties, refinance, or otherwise pre-pay their loans. Investors in these securities may not only be subjected to such prepayment risk, but also exposed to significant market and liquidity risks.

ASSET-BACKED SECURITIES

Asset-backed securities generate a return based upon either the payment of interest or principal on obligations in an underlying pool. The relationship between interest rates and prepayments make the fair value highly sensitive to changes in interest rates.

CALLABLE BONDS

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. SacRT or the Pension Trust Funds must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the value to be highly sensitive to changes in interest rates. As of June 30, 2020, SacRT held callable bonds in the amount of \$271,524. The Pension Trust Funds held callable bonds in the amount of \$24,570,092.

INVESTMENT IN STATE INVESTMENT POOL AND CALTRUST

SacRT is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Local Investment Advisory Board (LIAB). The LIAB consists of five members as designated by State statute. The value of SacRT's investment in this pool is reported in the accompanying financial statements at amounts based upon the SacRT's pro-rata share of the value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. SacRT's total investment in the LAIF at June 30, 2020, was \$7,836,797.

SacRT is also a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. SacRT's investments in CalTRUST are measured at net asset value (NAV), as described on page 35. As of June 30, 2020, SacRT's investments in CalTRUST were \$29,459,891, all of which is invested in the Short-Term fund.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

CREDIT RISK

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investors Services (Moody's). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. SacRT's investments in LAIF and CalTRUST external investment pools are not rated.

For the fiscal year ending June 30, 2020, management has reported that the Pension Trust Funds are in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines.

The following tables provide information on the credit ratings associated with investments as of June 30, 2020:

Moody's Ratings	Enterprise Fund		Moody's Ratings	Fiduciary Funds	
	Amount	Percentage of Portfolio		Amount	Percentage of Portfolio
Not rated	\$ 324,402	9.34%	Not Applicable	\$ 200,803,588	68.49%
Aaa/Aaa-mf/P1	2,426,472	69.85%	Not rated	41,082,100	14.01%
Aa1	77,229	2.22%	Aaa	16,369,284	5.58%
Aa2	42,675	1.23%	Aa1	904,268	0.31%
Aa3	43,558	1.25%	Aa2	852,322	0.29%
A1	168,607	4.85%	Aa3	1,244,081	0.42%
A2	224,431	6.46%	A1	1,163,597	0.40%
A3	166,625	4.80%	A2	3,687,332	1.26%
	<u>\$ 3,473,999</u>	<u>100.00%</u>	A3	2,822,106	0.96%
			Baa1	4,911,051	1.67%
			Baa2	6,575,718	2.24%
			Baa3	5,550,000	1.89%
			Ba1	1,827,811	0.62%
			Ba2	1,477,331	0.50%
			Ba3	899,991	0.31%
			B1	689,030	0.23%
			B2	480,133	0.16%
			B3	724,078	0.25%
			Caa1	148,235	0.05%
			Caa2	39,998	0.01%
			WR	1,024,909	0.35%
			Total	<u>\$ 293,276,963</u>	<u>100.00%</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

The investment policy of SacRT contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2020, SacRT had the following investments in one issuer that comprised more than 5% of total investments in a single issuer:

Federal National Mortgage Association	\$ 751,826
Federal Home Loan Mortgage Corporation	564,814
Federal Home Loan Bank	425,315

The investment policy of the Pension Trust Funds states that an investment in domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the company's total outstanding shares. As of June 30, 2020, the Plans had the following investments in one issuer that comprised more than 5% of Plan investments:

Federal National Mortgage Association	\$ 14,800,413
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CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

As of June 30, 2020, \$3,402,748 of SacRT's deposits and \$2,006,443 of the Custodial Fund's deposits were in excess of federal depository insurance (FDIC) limits and were held in collateralized accounts with securities collateralized in the financial institutions' name.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SacRT's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, SacRT had no investment securities exposed to custodial credit risk. The Pension Trust Funds' investment securities are not exposed to custodial credit risk because all securities are held by the Pension Trust Funds' custodian bank in SacRT's name.

FOREIGN CURRENCY RISK

The current SacRT investment policy does not address foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2020, SacRT does not have any deposits or investments in a foreign currency.

The Pension Trust Funds' investment policy states that international equity shall be comprised of American Depository Receipts (ADR) of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including debentures convertible to common stocks, and cash equivalents. As of June 30, 2020, the Pension Trust Funds do not have any deposits or investments in a foreign currency.

FAIR VALUE MEASUREMENTS

SacRT categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. SacRT had the following recurring fair value measurements as of June 30, 2020:

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

Investments measured at fair value

	<u>6/30/2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Enterprise fund				
Debt securities				
Collateralized mortgage obligations	\$ 239,002	\$ -	\$ 239,002	\$ -
Corporate bonds	725,922	-	725,922	-
Municipals	42,675	-	42,675	-
Asset backed securities	204,573	-	204,573	-
U.S. Government Agency obligations	1,502,954	-	1,502,954	-
U.S. Government issued obligations	758,873	-	758,873	-
Carbon credits (LCFS/RIN)*	527,000	527,000	-	-
Total enterprise fund	<u>4,000,999</u>	<u>527,000</u>	<u>3,473,999</u>	<u>-</u>
Fiduciary funds				
Debt securities				
Collateralized mortgage obligations	4,316,376	-	4,316,376	-
Corporate bonds	30,847,807	-	30,847,807	-
Municipals	735,629	-	735,629	-
U.S. Government Agency obligations	35,839,479	-	35,839,479	-
U.S. Government issued obligations	12,266,291	-	12,266,291	-
Asset backed obligations	8,467,793	-	8,467,793	-
Equity securities				
Common stock	70,418,580	70,418,580	-	-
Depository receipts	999,992	999,992	-	-
Real estate investment trust	266,848	266,848	-	-
Rights/Warrants	571	571	-	-
Total fiduciary fund	<u>164,159,366</u>	<u>71,685,991</u>	<u>92,473,375</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 168,160,365</u>	<u>\$ 72,212,991</u>	<u>\$ 95,947,374</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)

Fiduciary funds	
S&P 500 Index Fund	52,802,330
MSCI EAFE Index Fund	13,671,689
International Equity Fund	28,350,682
International Small Capital Equity Fund	15,246,762
International Emerging Markets Fund	19,046,134
Total Investments	<u>\$ 129,117,597</u>

*Balance included in Receivables Other on the Statement of Net Position

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Net asset value (NAV) securities are valued based on the net asset value of the pooled investments. The NAV is determined by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund.

	Amount	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>Enterprise fund</u>				
CalTRUST (1)	\$ 29,459,891	\$ -	Daily	1 day
<u>Fiduciary funds</u>				
S&P 500 Index Fund (2)	52,802,330	-	Daily	1 day
MSCI EAFE Index Fund (3)	13,671,689	-	Semi-monthly	6-8 days
International Equity Fund (4)	28,350,682	-	Monthly	7 days
International Small Capital Equity Fund (5)	15,246,762	-	Monthly	2 days
International Emerging Markets Fund (6)	19,046,134	-	Daily	1 day
Total fiduciary fund	<u>129,117,597</u>			
Total investments measured at NAV	<u>\$ 158,577,488</u>			

1. CalTRUST. This type includes an investment in an external investment pool that is governed by the California Government Investment Code. CalTRUST is benchmarked against LAIF and the Barclays Short-Term Government/Corporate Index. The fair value of the investment in this type has been determined using the NAV. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund.
2. S&P 500 Index Fund. This type includes an investment in an S&P 500 index fund that invests to match the S&P 500 Index. The S&P 500 is made up of primarily U.S. common stocks. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The NAV per unit of the investment are determined each business day. Issuances and redemptions of fund units may be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.
3. MSCI EAFE Index Fund. This type includes an investment in the Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE) Index fund that invest to approximate as closely as practicable, before expenses, the performance of the MSCI EAFE Index over the long term. The MSCI EAFE Index is made up of primarily International stocks. The per-unit NAV of the fund is determined as of the last business day of each month and at least one other business day during the month. Issuances and redemptions of fund units may be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS (Continued)

4. International Equity Fund. This type includes an investment in an International Equity Fund that seeks total return from long-term capital growth and income, while attempting to outperform the MSCI EAFE Index over a market cycle, gross of fees. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The Trust has one dealing day per month, which is the first business day, and units are issued based upon a valuation on the last business day of the preceding month.
5. International Small Capital Equity Fund. The fund intends to utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on security selection procedures geared to assist the fund in meeting its investment objectives. The fund generally will be managed by underweighting and overweighting securities relative to the benchmark. The investment objective is to outperform the MSCI EAFE Small Cap Index over a full market cycle. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The fund has one dealing day per month, which is the first business day, and notification is required at least two business days in advance of a subscription or withdrawal.
6. International Emerging Markets Fund. This type invests substantially all of its assets in the Emerging Market Series. The Emerging Market Series purchases a broad market coverage of larger companies associated with emerging markets, which may include frontier markets (emerging market countries in an earlier stage of development), authorized for investment by the Advisor's Investment Committee. As a non-fundamental policy, under normal circumstances, the Emerging Markets Series will invest at least 80% of its net assets in emerging markets investments that are defined in the Prospectus as Approved Market securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investors may purchase or redeem shares of the fund on any business day.

RESTRICTED CASH AND INVESTMENTS

Enterprise Fund

At June 30, 2020, cash and investments include restricted amounts of \$27,660,575. Amounts represent monies restricted for debt reserve requirements and capital projects of \$4,395,257 developer fee projects of \$12,310,258, and grantor-approved projects of \$10,955,060.

Fiduciary Funds

At June 30, 2020, restricted cash and investments of the Fiduciary Funds totaled \$310,818,011. Amounts represent funds restricted for employees' retirement of \$308,803,264 and Connect Card consortium members of \$2,014,747.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Transfers	Deletions	Balance June 30, 2020
Non-Depreciated Capital Assets					
Land*	\$ 89,420,314	\$ 172,652	\$ -	\$ (1,048,807)	\$ 88,544,159
Construction in Progress	34,278,739	12,121,949	(2,002,862)	(15,323,159)	29,074,667
Total Non-Depreciated Capital Assets	<u>123,699,053</u>	<u>12,294,601</u>	<u>(2,002,862)</u>	<u>(16,371,966)</u>	<u>117,618,826</u>
Depreciated Capital Assets					
Buildings and Improvements*	977,748,258	496,885	95,795	(889,091)	977,451,847
Buses and Other Equipment	348,530,868	12,811,628	1,907,067	(1,829,639)	361,419,924
Total Depreciated Capital Assets	<u>1,326,279,126</u>	<u>13,308,513</u>	<u>2,002,862</u>	<u>(2,718,730)</u>	<u>1,338,871,771</u>
Accumulated Depreciation:					
Buildings and Improvements	(368,862,360)	(24,726,221)	-	285,991	(393,302,590)
Buses and Other Equipment	(201,734,544)	(18,432,806)	-	558,235	(219,609,115)
Total Accumulated Depreciation	<u>(570,596,904)</u>	<u>(43,159,027)</u>	<u>-</u>	<u>844,226</u>	<u>(612,911,705)</u>
Capital Assets Being Depreciated, Net	<u>755,682,222</u>	<u>(29,850,514)</u>	<u>2,002,862</u>	<u>(1,874,504)</u>	<u>725,960,066</u>
Capital Assets, Net	<u>\$ 879,381,275</u>	<u>\$ (17,555,913)</u>	<u>\$ -</u>	<u>\$ (18,246,470)</u>	<u>\$ 843,578,892</u>

*Land and Building – the values of the land and buildings at McClellan Park, approximately \$3.7 million and \$6.7 million, respectively, are included in these figures in anticipation of SacRT receiving future Fee Simple title. On January 5, 2007, a net lease and purchase agreement was recorded, giving SacRT a 94-year land and building leasehold and providing for a future transfer of Fee Simple title upon completion of Hazardous Materials clean-up by the United States Air Force.

Pursuant to such transaction, SacRT acquired a leasehold interest in multiple buildings and some exterior parking and the right to use certain common areas at McClellan Park (formerly McClellan Air Force Base). Fee Simple title to the property is projected to be transferred to SacRT within the next two years to five years. Therefore, the current lease in furtherance of conveyance is being reported as a fee simple ownership of the property.

Building – the value of buildings and improvements includes \$30.8 million of progress payments made pursuant to a Lease and Joint Use Agreement with Los Rios Community College District (Los Rios) that provides for the construction of a parking structure at Cosumnes River College.

SacRT and Los Rios have agreed to make joint use of the parking structure and adjacent surface parking. SacRT's lease payments are the cost of construction, which have already been paid in full, and there are no future payments due. It is the responsibility of Los Rios to maintain, repair, and pay all taxes and utilities associated with the structures' operations. The term of the lease, which commenced in August 2015 with the opening of the South Sacramento Corridor Phase II light rail extension, is for a period of 51 years with the option to extend for two consecutive 5-year terms. The lease meets the conditions of a capital lease since the lease term exceeds the useful life of the asset. Los Rios commenced use of the parking garage in June 2013.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

3. CAPITAL ASSETS (Continued)

Asset Impairments – SacRT periodically reviews its capital assets for possible impairment, defined as a significant, unexpected decline in the service utility of a capital asset. SacRT recorded impairments of \$15,375,413, net of realizable insurance proceeds of \$1,802,350 in fiscal year 2020 as an operating expense.

As part of its capital program, SacRT incurs costs to perform environmental impact report, preliminary engineering and design services for its capital improvement projects. These costs are included in capital assets as Construction in Progress. On occasion, the actual construction of the projects may not occur due to a change in plans or the availability of funding. While SacRT continues to plan to move forward with its anticipated \$1 billion light rail extension from downtown Sacramento to the Sacramento International airport in full or part, SacRT expensed \$15,303,259 in environmental impact report services and other project costs due to the age and lack of continued usability of the environmental work performed.

Light rail vehicle 310 was involved in a collision in August 2019. Due to concerns about meeting safety requirements as well as ongoing reliability issues, SacRT elected to forego the repair and expensed the remaining net book value of the vehicle of \$1,271,404.

In June 2020, SacRT's Evergreen building was damaged by fire resulting in a total loss. SacRT expensed the building's remaining book value of \$603,100 and recognized realizable insurance proceeds of \$1,802,350.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

4. LEASES

OPERATING LEASES

SacRT leases buildings, parking lots, and office facilities under non-cancelable operating leases which expire through May 2029. Total cost for such leases was \$237,062 for the fiscal year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2021	\$ 231,531
2022	223,019
2023	159,600
2024	159,600
2025	159,600
Thereafter	625,100
Total	\$ 1,558,450

CAPITAL LEASES

FINANCE OBLIGATIONS UNDER CAPITAL LEASE/LEASEBACK

In December 2005, January 2006, and September 2007, SacRT entered into separate leveraged lease/leaseback transactions over a total of 50 light rail vehicles (the "Equipment"). Each transaction was structured as a head lease of the Equipment (the "Head Lease") to a special purpose trust created by an equity investor and a simultaneous sublease of the Equipment back to SacRT (the "Sublease"). Under the Sublease agreements, SacRT retains the right to use the light rail vehicles and is also responsible for their continued maintenance and insurance. Each Sublease Agreement provides SacRT with an option to purchase the Equipment at the end of the applicable Sublease term on specified dates between June 2030 and September 2035 for an aggregate purchase price of \$97,932,090.

At the closing of the lease/leaseback transactions, the light rail vehicles had a fair value of approximately \$223,880,000 and a net book value of \$94,822,528. SacRT received an aggregate of \$223,880,000 from the equity investor in full prepayment of the Head Leases. SacRT deposited a portion of the prepaid Head Lease payments with debt payment undertakers whose repayment obligations were guaranteed by American International Group Inc. ("AIG"). SacRT also deposited a portion of the prepaid Head Lease payments with an equity payment undertaker whose obligations, which were collateralized with U.S. agency securities and guaranteed by AIG, matured at such times and in such amounts that correspond to the purchase option payment dates and amounts for the Equipment under each Sublease. Although these escrows do not represent a legal defeasance of SacRT's obligations under the Subleases, management believes that these transactions were structured in such a way that it was not probable that SacRT would need to access other monies to make Sublease payments.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

4. LEASES (Continued)

In addition, SacRT purchased surety bonds from Ambac Assurance Corporation (“Ambac”), a bond insurance company, to guarantee certain termination payments that are in the nature of stipulated damages, in the event the lease/leaseback transactions were terminated, in whole or in part, prior to each Sublease expiration payment date.

The lease/leaseback transactions resulted in a net cash gain to SacRT of \$11,820,731, which was deferred and is being amortized over the lives of the Subleases. In the fiscal year ending June 30, 2020, SacRT amortized \$419,763 of such deferred gain. At June 30, 2020, SacRT had a balance of \$6,086,561 as deferred gain on the lease/leaseback transactions. SacRT's lease/leaseback transactions have been recorded similar to capital leases in that the present value of the future lease payments has been recognized on the Statement of Net Position as a Lease/Leaseback payable.

The original terms of the lease/leaseback transactions required SacRT replace (1) AIG as debt payment undertaker if its ratings were to fall below “A3” from Moody’s Investor Services (“Moody’s”) or “A-” from Standard & Poor’s Rating Group (“S&P”), (2) AIG as equity payment surety provider if its ratings were to fall below “Aa3” from Moody’s or “AA-” from S&P, in each case within a specified period of time following demand by the equity investor.

In July 2011, the lease/leaseback transactions were restructured to (1) eliminate any minimum rating requirements applicable to Ambac, (2) reduce the minimum rating requirement applicable to AIG as debt payment undertaker guarantor to “Baa3” from Moody’s and “BBB-” from S&P, (3) replace AIG as equity payment undertaker and guarantor with U.S. Treasury Obligations that matured by such dates and in such amounts that correspond to the purchase option dates and amounts for the Equipment under each Sublease and (4) extend the time periods for any of SacRT’s remaining replacement obligations to one year. No payments under the debt payment undertaking agreements remain.

Under the terms of the July 2011 restructuring, SacRT was required to replace the U.S. Treasury Obligations if the rating fell below “Aaa” from Moody’s or “AAA” from S&P. In August 2011, S&P downgraded the U.S. Treasury Obligation to “AA+”. On October 16, 2013, the equity investor, SacRT and Ambac agreed to amend the minimum rating requirements for the U.S. Treasury Obligations to “Aa2” from Moody’s and “AA” from S&P (the “October Amendment”).

As a result of the October Amendment, SacRT is in full compliance with the terms of the lease/leaseback transactions.

As U.S. Treasury Obligations, held in trust, will mature to satisfy the purchase option for the Equipment under each Sublease, SacRT has recorded the amounts held by the trustee, US Bank, as Deposits for Lease/Leaseback Payables on the Statements of Net Position. The obligation under the lease agreements and the investments held to pay the lease/leaseback obligation are adjusted annually to reflect the change in the net present value of the related sublease and buy-out options. At June 30, 2020, the balance of this deposit was \$47,338,625.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

4. LEASES (Continued)

The following table sets forth the aggregate amounts due under the sublease agreements:

Future minimum payments due in fiscal years ending June 30:	Amount
2021	\$ -
2022	-
2023	-
2024	-
2025	-
2026-2030	3,163,610
2031-2035	11,611,558
2036	83,156,922
Total future minimum payments	97,932,090
Less: imputed interest	(50,593,465)
Present value of minimum lease payments	\$ 47,338,625

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

5. DIRECT BORROWINGS

LINE OF CREDIT

For the purpose of short-term borrowing needs, SacRT has an unsecured line of credit (LOC) agreement with U.S. Bank National Association. The purpose of the line of credit is to meet SacRT's liquidity needs stemming from the timing of cash receipts from Federal and State awards. The line is subject to a \$27,000,000 limit and matures on September 30, 2021. The interest rate for the LOC with U.S. Bank for the used portion of the LOC was at LIBOR plus 1.25% and the unused portion was a fixed 0.45% for the fiscal year ending June 30, 2020.

As of June 30, 2020, SacRT reported compliance with the short-term borrowing requirements stated under the California Government Code and with the financial covenants required by U.S. Bank.

The LOC direct borrowing contains (1) a provision that in event insolvency the LOC is automatically terminated and (2) a provision that in an event of default, the LOC can be immediately terminated or the timing of repayment of outstanding amounts become immediately due if SacRT is unable to make payment; SacRT's farebox recovery ratio falls below the California Transportation Development Act requirements; SacRT does not maintain a net operating ratio for the most recently ended four consecutive fiscal quarters equal to at least 0.95:1; SacRT does not maintain a fixed charge coverage ratio for the most recently ended fiscal year equal to at least 1.15:1; SacRT does not maintain unrestricted liquidity in an amount at least equal to \$9,000,000, consisting of at least \$4,500,000 in cash on hand and the balance of the \$9,000,000 in cash and/or LOC availability; or any senior Farebox Obligation rating is withdrawn or suspended or fall below "BBB" by S&P, "Baa2" by Moody's or "BBB" by Finch.

SacRT's LOC contains a subjective acceleration clause that allows the lender to immediately terminate the LOC or accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

Short-term debt activity for the fiscal year ended June 30, 2020, was as follows:

	7/1/2019	Draws	Repayments	6/30/2020
Line of Credit \$	6,200,000	\$ 85,100,000	\$ (82,200,000)	\$ 9,100,000

The unused LOC balance at June 30, 2020 was \$17,900,000.

LOANS PAYABLE

Loans payable at June 30, 2020, include \$13,988,074 received in November 2013 from the Public Transportation account (PTA) in the State Transportation Fund pursuant to Section 2 of Chapter 527, Statutes of 2013 (AB 1222). The loan was extended by the State to temporarily replace a Federal Transit Administration (FTA) grant that lapsed due to the application of the Federal Transit Act's "13(c)" provision to the California Public Employee Pension Reform Act of 2013 (PEPRA). The litigation has been concluded and the FTA approved an amendment to the grant to enable SacRT to draw down the grant funds needed to repay the loan.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

5. DIRECT BORROWINGS (Continued)

Under the terms of the loan agreement, once SacRT receives the funds, it must repay the loan on or before 60 days after it receives the grant funds, but, in any case, no later than January 1, 2021.

The PTA loan accrues interest at the rate earned by the State Pooled Money Investment Account at the time of the loan which was 0.266%. As of June 30, 2020, the principal balance of the PTA loan was \$13,988,074 and accrued interest was \$251,053.

As of June 30, 2020, direct borrowings debt service requirements to maturity are as follows:

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$ 13,988,074</u>	<u>\$ 251,053</u>	<u>\$ 14,239,127</u>
Total	<u>\$ 13,988,074</u>	<u>\$ 251,053</u>	<u>\$ 14,239,127</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

6. LONG-TERM DEBT

FAREBOX REVENUE BONDS (Revenue Bonds), SERIES 2012

In November 2012, SacRT issued Revenue Bonds totaling \$86,865,000 with interest rates ranging from 3% to 5%. The Revenue Bonds were issued to (i) finance a portion of the costs of an extension to the SacRT's light rail system and related improvements and acquisition of certain buses and other vehicles and other capital projects, and to (ii) refund all of the outstanding Farebox Revenue Certificates of Participation (COP), 2003 Series-C. The Revenue Bonds are a special obligation of SacRT and are secured solely by a pledge of farebox revenues through 2042. Annual principal and interest payments on the bonds are expected to require less than 19% of farebox revenue. The total principal and interest remaining to be paid on the bonds is \$75,500,200. Principal and interest paid for the current year and total farebox revenues were \$2,574,075 and \$20,998,877, respectively.

The Series 2012 Bonds maturing on and after March 1, 2021, shall be subject to redemption prior to their respective stated maturities, at the option of SacRT, from any source of available funds. The Bonds maturing on March 1, 2036, will be subject to redemption in part, by lot, from mandatory sinking account payments required by the Indenture on each March 1 on or after March 1, 2033, at the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest, if any. The Series 2012 Bonds maturing on March 1, 2042, will be subject to redemption in part, by lot, from mandatory sinking account payments required by the indenture on each March 1 on or after March 1, 2037, at the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest, if any.

As of June 30, 2020, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2021	\$ 1,210,000	\$ 2,224,600	\$ 3,434,600
2022	1,270,000	2,164,100	3,434,100
2023	1,330,000	2,100,600	3,430,600
2024	1,400,000	2,034,100	3,434,100
2025	1,465,000	1,964,100	3,429,100
2026-2030	8,520,000	8,644,000	17,164,000
2031-2035	10,765,000	6,390,200	17,155,200
2036-2040	13,480,000	3,670,750	17,150,750
2041-2042	6,385,000	482,750	6,867,750
Total	<u>\$ 45,825,000</u>	<u>\$ 29,675,200</u>	<u>\$ 75,500,200</u>

As of June 30, 2020, the unamortized premium associated with the Revenue Bonds was \$3,803,200. The amortization of the premium for fiscal year ended June 30, 2020, was \$175,532 and was amortized to interest expense.

The debt indenture contains financial covenants including requirements for punctual payments to sinking funds, minimum amounts to be maintained in sinking funds, an annual balanced budget and submission of audited financial statements to the trustee within 210 days after the end of each fiscal year. As of June 30, 2020, SacRT was in compliance with all financial covenants of the Farebox Revenue Bonds.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

6. LONG-TERM DEBT (Continued)

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due within One Year
Other Debt					
2012 Revenue Bonds	\$ 46,687,500	\$ -	\$ (862,500)	\$ 45,825,000	\$ 1,210,000
Issuance Premium	3,978,732	-	(175,532)	3,803,200	
Total 2012 Revenue Bonds	<u>50,666,232</u>	<u>-</u>	<u>(1,038,032)</u>	<u>49,628,200</u>	<u>1,210,000</u>
Direct Borrowings					
Loans Payable	<u>13,988,074</u>	<u>-</u>	<u>-</u>	<u>13,988,074</u>	<u>13,988,074</u>
Other Long-Term Liabilities					
Compensated Absences	10,257,076	8,151,792	(8,283,761)	10,125,107	8,234,292
Advances from Other Governments	16,947,586	7,697,362	(8,317,413)	16,327,535	2,820,922
Claims Payable	25,113,359	6,003,245	(9,990,342)	21,126,262	5,388,536
Lease/Leaseback Payable	45,028,404	2,310,221	-	47,338,625	-
Long-Term Liabilities	<u>\$ 162,000,731</u>	<u>\$ 24,162,620</u>	<u>\$ (27,629,548)</u>	<u>\$ 158,533,803</u>	<u>\$ 31,641,824</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

7. FUNDING SOURCES

SacRT is dependent upon funds from several sources to meet its operating, maintenance, and capital requirements. The receipt of such funds is controlled by statutes, the provisions of various grant contracts, regulatory approvals, and, in some instances, is dependent on the availability of grantor and local matching funds.

FEDERAL GRANTS

Federal grant funding is obtained from the Federal Transit Administration (FTA) and Department of Homeland Security. Federal funding for the fiscal year ended June 30, 2020, is comprised of the following:

Operating assistance grants:	
FTA Section 5307	\$ 23,588,946
FTA Section 5337	13,064,129
Dept of Homeland Security	65,759
Total Federal operating assistance grants	<u>36,718,834</u>
Capital grants:	
FTA Section 5307	4,027,749
FTA Section 112	145,267
FTA Section 5304	88,294
FTA Section 5309	48,812
FTA Section 5337	34,273
FTA Section 5339	2,073
Federal Highway Administration	211,902
Total Federal capital grants	<u>4,558,370</u>
Total Federal operating and capital grants	<u>\$ 41,277,204</u>

The FTA retains its interest in assets acquired with Federal funds should they be disposed of before the end of their economic lives or not used for public transit.

Under provisions of Section 5307 of the Urban Mass Transportation Act of 1964, as amended, Federal resources are made available for planning, capital, and operating assistance, subject to certain limitations. Funds are apportioned annually based on a statutory formula and are available for a period of five years following the close of the fiscal year for which they were apportioned. Any unobligated funds at the end of such period revert to the federal government. In general, funds received for operations must, at a minimum, be matched 50% with local contributions and funds for capital projects, including operating activities defined as capital projects, must be matched 20% with local contributions.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

7. FUNDING SOURCES (Continued)

STATE AND LOCAL GRANTS

SacRT qualifies for and receives distributions from Local Transportation Funds, State Transit Assistance and Senate Bill 1 State of Good Repair under claims approved by the Sacramento Area Council of Governments (SACOG) in accordance with provisions of the Transportation Development Act (TDA).

State and local grant funding for the fiscal year ended June 30, 2020, is comprised of the following:

Operating assistance grants:	
Local Transportation Funds	\$ 51,729,305
Measure A Sales Tax Revenue	46,714,046
State Transit Assistance	12,778,564
Low Carbon Transit Operations Program	3,657,922
Total state and local operating assistance grants	<u>114,879,837</u>
Capital grants:	
Electrify America LLC	5,554,399
Proposition 1B	5,285,436
Traffic Congestion Relief Program	4,948,294
Transit and Intercity Rail Program	4,296,243
State Transit Assistance	3,902,695
Proposition 1A	1,152,997
Senate Bill 1 - Local Partnership Program	813,118
Developer Fees	648,053
California Department of Transportation	416,212
Senate Bill 1 - State of Good Repair	335,379
Sacramento Housing and Redevelopment	288,657
City of West Sacramento	148,556
Other	22,085
Total state and local capital grants	<u>27,812,124</u>
Total state and local grants	<u>\$ 142,691,961</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

7. FUNDING SOURCES (Continued)

ADVANCES FROM OTHER GOVERNMENTS

Advances from other governments at June 30, 2020, consisted of the following:

Developer Fees	\$ 12,181,894
Proposition 1B	1,554,129
Sacramento County	1,208,113
Insurance Proceeds	692,410
Environmental Council of Sacramento (ECOS)	337,942
Sacramento Municipal Utility District	271,875
Sacramento Emergency Clean Air & Transportation (SECAT)	51,273
Low Carbon Operations Transit Program	22,902
Other	6,997
Total advances from other governments	<u>\$ 16,327,535</u>

The advances from other governments is restricted cash from grants, fees from area developers designated specifically for transit improvements, and insurance and lawsuit settlement proceeds received, but not yet spent; utilized principally for capital projects. Management makes an estimate of the amount that will be recognized in the next fiscal year and classifies this amount as current.

PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4.000 billion was set aside by the State as instructed by statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement. PTMISEA revenues are included as part of Proposition 1B state and local capital contributions on the Statement of Revenues, Expenses, and Changes in Net Position. PTMISEA activity for the fiscal year ended June 30, 2020, was as follows:

Revenues	\$ 4,545,419
Expenditures:	
Paratransit Vehicles	(3,832,546)
Replace Non-Revenue Vehicles	(329,577)
UTDC Retrofit	(156,032)
Bus Maintenance Facility	(114,061)
CAD/AVL Equipment	(111,575)
LRT Crossing Enhancements	(1,628)
Net Activity	<u>\$ -</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

8. FARE RECOVERY RATIO

SacRT is required to maintain a fare revenue-to-operating expense ratio of 23% in accordance with the Transportation Development Act. To demonstrate compliance with this Fare Recovery Ratio, SacRT has supplemented, per California Public Utilities Code Section 99268.19, a portion of its Local Measure A funds in order to meet the required ratio. The fare revenue-to-operating expense ratio for SacRT is calculated as follows for the fiscal year ended June 30, 2020:

Fare Revenues	\$ 20,998,877
Local Fund Supplementation (Measure A)	<u>25,614,600</u>
Total Revenues	<u><u>\$ 46,613,477</u></u>
Operating Expenses	\$ 252,999,055
Less Allowable Exclusions:	
Depreciation	(42,739,264)
Paratransit Operations	<u>(7,592,501)</u>
Net Operating Expenses	<u><u>\$ 202,667,290</u></u>
Fare Revenue Ratio	<u><u>23.00%</u></u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS

DESCRIPTION OF PLANS

SacRT contributes to three single employer defined benefit pension plans:

- The Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 (ATU Plan),
- The Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 (IBEW Plan), and
- The Sacramento Regional Transit District Retirement Plan for Salaried Employees (Salaried Plan) who are members of the:
 - Operating Engineers Local 3 which remain under the Administrative Employees' Association (AEA),
 - Management and Confidential Employees Group (MCEG), and
 - American Federation of State, County and Municipal Employees (AFSCME), which is further broken down into the following groups for bargaining and contract purposes:
 - AFSCME-Technical
 - AFSCME-Supervisors

The plans are administered by SacRT under the direction of five separate Retirement Boards of Directors, each representing one of the aforementioned bargaining and employee groups of ATU, IBEW, AEA, AFSCME and MCEG. SacRT's administrative functions include: payments to retirees, accounting, financial management, Plan document management, correspondence with retirees, pension calculations, and other administrative tasks. The Retirement Boards of Directors are responsible for investment decisions, approving the annual actuarial valuation and annual contributions, approving the annual audited financial statements, approving retirements, and other tasks. All expenses incurred in the administration of the plans are paid by the plans.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Each Retirement Board is comprised of equal representation; SacRT Management by a member from SacRT's Board of Directors and General Manager, and two members from the represented group. Each Board member serves a four-year term, with no limit on the amount of terms that can be served. The ATU, IBEW and Salaried Plans issue a publicly available combined financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to Sacramento Regional Transit District, Attention: Chief Financial Officer, P.O. Box 2110, Sacramento, CA 95812, or online at www.sacrt.com.

Plan Tier Definition – As a result of labor negotiations and the court ruling on the Public Employees' Pension Reform Act (PEPRA), Tier 2 was created in the ATU, IBEW and Salaried Plans, as well as a Tier 3 for the ATU only. The Tier effective date was directly affected by labor negotiations and whether the union/employee group was under a current Memorandum of Understanding (MOU). As of December 30, 2014, the ATU, IBEW, and AFSCME-Technical unions were bound by a current MOU. Whereas, the AEA, MCEG, and AFSCME-Supervisors had not settled negotiations and were not bound by a current MOU; therefore, PEPRA was required to be implemented for these groups.

- IBEW and AFSCME-Technical – Tier 1 consists of all employees hired on or before December 30, 2014, Tier 2 consists of all employees hired on or after December 31, 2014.
- ATU – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2016, Tier 3 consists of all employees hired during the time period January 1, 2015 to December 31, 2015.
- AEA, MCEG, and AFSCME-Supervisors – Tier 1 consists of all employees hired on or before December 30, 2014, Tier 2 consists of all employees hired on or after December 31, 2014.

Tier 1 and Tier 3 are closed to new entrants as all newly hired employees will be placed into the respective Tier 2 plans.

Plan Termination– If the ATU, IBEW or Salaried Plans are terminated, the Plan's net position will first be applied to provide for retirement benefits to retired members. Any remaining net position will be allocated to other members, oldest first both active and inactive, on the basis of the actuarial present value of their benefits.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

BENEFITS PROVIDED

Contributions to the ATU, IBEW and Salaried Plans are authorized or amended by the Retirement Boards based on an actuarial basis. The authority under which benefit provisions are established and amended rests with SacRT's Board of Directors as a result of labor negotiations.

The ATU, IBEW and Salaried Plans provide defined pension, disability, and death benefits to employees who are members of the ATU, IBEW, AEA, MCEG, AFSCME-Technical, and AFSCME-Supervisors bargaining units.

The benefits for Tier 1, Tier 2, and Tier 3 members begin at retirement and continue for the participant's life with no cost of living adjustment. The participant can elect to receive reduced benefits with continuing benefits to a beneficiary after death.

Disability Benefits – A participant is eligible for a disability benefit if the participant is unable to perform the duties of his or her job with SacRT, cannot be transferred to another job with SacRT, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. Members are required to be vested in their respective union or employee group to qualify for disability retirement. The disability benefit is equal to the retirement allowance, as defined by the ATU, IBEW or Salaried Plan, multiplied by service accrued through the date of disability. The disability benefit cannot exceed the retirement benefit. The benefit begins at disability and continues until recovery or for the participant's life unless the participant elects to receive reduced benefits with continuing benefits to a beneficiary after death.

Pre-Retirement Death Benefit – A participant's surviving spouse is eligible for a pre-retirement death benefit if the participant is vested, based on the respective bargaining agreements. The pre-retirement death benefit is the actuarial equivalent of the normal retirement benefit, as if the participant retired on the date of death. The death benefit begins when the participant dies and continues for the life of the surviving spouse.

ATU, IBEW and Salaried Plan membership for Tier 1, Tier 2 and Tier 3 at June 30, 2020, consisted of:

Retirees and beneficiaries currently receiving benefits	954
Terminated members entitled to but not yet collecting benefits	95
Current active members	992
	<u>2,041</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Table 1 below presents a summary of the retirement benefits for Tier 1 and Tier 3 employees for each of the employee groups represented by the ATU, IBEW and Salaried Plans for fiscal year ending June 30, 2020.

Table 1

TIER 1 & TIER 3	ATU Plan	IBEW Plan	Salaries Plan			
Employee Union/ Groups	ATU	IBEW	AFSCME - Technical	AFSCME - Supervisors	AEA	MCEG
Plan Terms	MOU	MOU	MOU	MOU	MOU	MOU
Vesting Period: Years of Service - % Vested	10 - 100%	5 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	9 - 100%	5 - 100%	5 - 100%
Wages used in pension calculation	Ranges from 48 to 60 months depending on date of separation. See Plan documents for specific provisions.					
Vacation and sick leave sell back towards pension calculation	Allowable	Allowable	Allowable	Allowable	Allowable	Allowable
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Table 2 below presents a summary of the retirement benefits for Tier 2 employees for each of the employee groups represented by the ATU, IBEW and Salaried Plans effective for fiscal year ending June 30, 2020.

Table 2

TIER 2	ATU Plan	IBEW Plan	Salaried Plan			
Employee Unions/Groups	ATU	IBEW	AFSCME - Technical	AFSCME - Supervisors	AEA	MCEG
Plan Terms	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%
Wages used in pension calculation	Highest consecutive 48 months					
Vacation and sick leave sell back towards pension calculation	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable
Disability Retirement Multiplier	If allowable, equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required.					

The retirement ages, years of service and pension calculation multipliers vary by employee union/group. The multipliers and years of service range from 2% at age 55 or 25 years of service to 2.5% at age 60 or 30 or more years of service for Tier 1 and Tier 3. Tier 2 retirement ages and multipliers are mandated by PEPRA as follows, 2% at age 62 and 2.5% at age 67. There were no changes to benefits during the year ended June 30, 2020.

Contributions

The ATU, IBEW and Salaried Plans' funding policies provide for actuarially determined periodic contributions. Contribution rates for retirement benefits are determined using the entry age normal cost method and are approved by the Retirement Boards of Directors annually. During the fiscal year ended June 30, 2020, SacRT made contributions to the ATU, IBEW, and Salaried Plan of \$8,783,426, \$3,230,879, and \$9,159,513, respectively.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Table 3 presents the employer and employee contribution rates and for Tier 1 and Tier 3 employees as of June 30, 2020:

Table 3

<u>Employee Group</u>	<u>Tier 1</u>		<u>Tier 3</u>	
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>
ATU	27.78%	-	24.78%	3.00%
IBEW	24.73%	-	-	-
AEA, MCEG and AFSCME	35.41%	-	-	-

As of January 1, 2015, all new employees were required to contribute to their pension based upon the terms of the bargaining groups MOU or based on PEPRA. Table 4 presents the employer and employee contribution rates for Tier 2 employees as of June 30, 2020:

Table 4

<u>Employee Group</u>	<u>Tier 2</u>	
	<u>Employer</u>	<u>Employee</u>
ATU	20.53%	7.25%
IBEW	18.73%	6.00%
AEA, MCEG and AFSCME	29.66%	5.75%

The employee contributions to the ATU, IBEW, and Salaried Plan for the fiscal year ended June 30, 2020, were \$766,861, \$304,593, and \$360,051, respectively.

The employee contribution rates calculated in compliance with PEPRA, for June 30, 2020, were actuarially determined as part of the valuations dated July 1, 2018. Employer contribution rates are calculated and change annually for all tiers. The employee contribution rates for Tier 2 employees is also calculated annually but only changes if the total normal cost changes by more than 1 percent of payroll.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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9. PENSION PLANS (Continued)

NET PENSION LIABILITY

SacRT's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and projected to June 30, 2019 for the ATU, IBEW and Salaried Plans. Update procedures were used to roll forward the total pension liability to the measurement date.

Actuarial Assumptions – The total pension liability measured as of June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement for the ATU, IBEW, and Salaried Plans.

Inflation	3.00%
Amortization growth rate	3.00%
Salary Increases	3.00%, plus merit component
Investment Rate of Return	7.25%, net of investment expense
Discount Rate	7.25%

Mortality rates were based on the RP-2014 Combined Blue Collar Mortality, adjusted by 115% for males and 130% for females, with generational projection using Scale MP-2015 for the ATU and IBEW Plan, and the RP-2014 Retired Pensioners Mortality, adjusted by 130% for females, with generational projection using Scale MP-2015 for the Salaried Plan.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015, except for the economic assumptions, which were updated by the Retirement Boards for the July 1, 2017 valuation as a result of an analysis completed in 2017.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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9. PENSION PLANS (Continued)

For the ATU, IBEW, and Salaried Plans, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	32.00%	8.35%
Domestic Equity Small Cap	8.00%	9.25%
International Equity Developed	19.00%	8.70%
International Equity Emerging Markets	6.00%	10.25%
Domestic Fixed Income	25.00%	2.75%
Real Estate	10.00%	7.05%
Total	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that SacRT contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

CHANGES IN THE NET PENSION LIABILITY

Table 5 below presents the changes in the net pension liability for the ATU Plan as of June 30, 2020:

Table 5

	ATU Plan		
	Increase (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/2019	\$ 177,856,961	\$ 133,178,109	\$ 44,678,852
Changes for the year:			
Service cost	5,084,840	-	5,084,840
Interest	12,664,533	-	12,664,533
Differences between expected and actual experience	(519,304)	-	(519,304)
Changes of assumptions	(172,948)	-	(172,948)
Contributions - employer	-	8,533,307	(8,533,307)
Contributions - member	-	493,597	(493,597)
Change in bargaining group	(314,880)	(343,707)	28,827
Net investment income	-	8,012,792	(8,012,792)
Benefit payments, including refunds of employee contributions	(11,545,372)	(11,545,372)	-
Administrative expense	-	(279,016)	279,016
Net Changes	<u>5,196,869</u>	<u>4,871,601</u>	<u>325,268</u>
Balances at 6/30/2020	<u>\$ 183,053,830</u>	<u>\$ 138,049,710</u>	<u>\$ 45,004,120</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Table 6 below presents the changes in the net pension liability for the IBEW Plan as of June 30, 2020:

Table 6

	IBEW Plan		
	Increase (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/2019	\$ 76,138,493	\$ 57,166,577	\$ 18,971,916
Changes for the year:			
Service cost	1,792,845	-	1,792,845
Interest	5,449,300	-	5,449,300
Differences between expected and actual experience	499,642	-	499,642
Changes of assumptions	(98,047)	-	(98,047)
Contributions - employer	-	3,299,013	(3,299,013)
Contributions - member	-	209,531	(209,531)
Net investment income	-	3,482,632	(3,482,632)
Benefit payments, including refunds of employee contributions	(3,779,076)	(3,779,076)	-
Administrative expense	-	(229,569)	229,569
Net Changes	<u>3,864,664</u>	<u>2,982,531</u>	<u>882,133</u>
Balances at 6/30/2020	<u>\$ 80,003,157</u>	<u>\$ 60,149,108</u>	<u>\$ 19,854,049</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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9. PENSION PLANS (Continued)

Table 7 below presents the changes in net pension liability for the Salaried Plan as of June 30, 2020:

Table 7

	Salaried Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/2019	\$ 144,139,929	\$ 93,130,089	\$ 51,009,840
Changes for the year:			
Service Cost	3,831,831	-	3,831,831
Interest	10,288,390	-	10,288,390
Differences between expected and actual experience	1,215,057	-	1,215,057
Changes of assumptions	(17,295)	-	(17,295)
Contributions - employer	-	8,503,815	(8,503,815)
Contributions - member	-	193,293	(193,293)
Change in bargaining group	474,438	343,707	130,731
Net investment income	-	5,649,123	(5,649,123)
Benefit payments, including refunds of employee contributions	(8,373,494)	(8,373,494)	-
Administrative expense	-	(260,441)	260,441
Net Changes	<u>7,418,927</u>	<u>6,056,003</u>	<u>1,362,924</u>
Balances at 6/30/2020	<u>\$ 151,558,856</u>	<u>\$ 99,186,092</u>	<u>\$ 52,372,764</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Table 8 below presents the changes in net pension liability combined for the ATU, IBEW and Salaried Plans as of June 30, 2020:

Table 8

	ATU, IBEW and Salaried Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/2019	\$ 398,135,383	\$ 283,474,775	114,660,608
Changes for the year:			
Service Cost	10,709,516	-	10,709,516
Interest	28,402,223	-	28,402,223
Changes of benefits	-	-	-
Differences between expected and actual experience	1,195,395	-	1,195,395
Changes of assumptions	(288,290)	-	(288,290)
Contributions - employer	-	20,336,135	(20,336,135)
Contributions - member	-	896,421	(896,421)
Changes in Bargaining Group	159,558	-	159,558
Net investment income	-	17,144,547	(17,144,547)
Benefit payments, including refunds of employee contributions	(23,697,942)	(23,697,942)	-
Administrative expense	-	(769,026)	769,026
Net Changes	<u>16,480,460</u>	<u>13,910,135</u>	<u>2,570,325</u>
Balances at 6/30/2020	<u>\$ 414,615,843</u>	<u>\$ 297,384,910</u>	<u>\$ 117,230,933</u>

There are no special funding situations for the ATU, IBEW or Salaried Plans for the fiscal year ending June 30, 2020.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of SacRT, calculated using the discount rate of 7.25%, as well as what SacRT's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
SacRT's net pension liability:			
ATU Plan	\$ 63,485,360	\$ 45,004,120	\$ 29,176,669
IBEW Plan	28,530,933	19,854,049	12,469,318
Salaried Plan	69,844,636	52,372,764	37,371,579
Total	<u>\$ 161,860,929</u>	<u>\$ 117,230,933</u>	<u>\$ 79,017,566</u>

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Plans for the Sacramento Regional Transit District Employees financial report. The Plan assets, for investing purposes, have been comingled to reduce investment expenses.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The total pension expense recognized by SacRT for the ATU, IBEW and Salaried Plans for the fiscal year ended June 30, 2020, was \$11,153,784, \$5,135,319 and \$10,700,463 respectively, totaling \$26,989,566. At June 30, 2020, SacRT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
ATU Plan	\$ 1,775,337	\$ -
IBEW Plan	736,445	-
Salaried Plan	834,327	-
Differences between expected and actual experience:		
ATU Plan	-	3,016,739
IBEW Plan	1,609,864	665,159
Salaried Plan	2,664,568	170,408
Changes of assumptions:		
ATU Plan	3,394,787	138,358
IBEW Plan	1,416,699	78,438
Salaried Plan	1,645,966	149,004
Total of deferred outflows and inflows of resources before employer contributions	14,077,993	4,218,106
Employer contributions subsequent to the measurement date of the net pension liability:		
ATU Plan	8,783,426	-
IBEW Plan	3,230,879	-
Salaried Plan	9,159,513	-
Total employer contributions	21,173,818	-
Total deferred outflows and inflows of resources	\$ 35,251,811	\$ 4,218,106

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. PENSION PLANS (Continued)

Deferred outflows of resources resulting from contributions made subsequent to the measurement date in the amount of \$21,173,818 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>ATU Plan</u>	<u>IBEW Plan</u>	<u>Salaried Plan</u>	<u>Total</u>
2020	\$ 1,928,149	\$ 1,553,522	\$ 2,467,040	\$ 5,948,711
2021	(1,130,051)	432,537	1,544,304	846,790
2022	1,046,780	824,208	593,094	2,464,082
2023	170,149	209,144	221,010	600,303
Total	<u>\$ 2,015,027</u>	<u>\$ 3,019,411</u>	<u>\$ 4,825,448</u>	<u>\$ 9,859,886</u>

PAYABLE TO THE PENSION PLAN

At June 30, 2020, there is no payable to the Plans as SacRT paid all contributions required for the fiscal year ended June 30, 2020.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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10. OTHER POST-EMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description - SacRT's defined benefit OPEB plan provides OPEB under provisions of District Personnel Rules and Procedures, Collective Bargaining Agreements and certain California Public Employees' Retirement System (CalPERS) requirements for active and retired members of OE3, AFSCME, MCEG, ATU, and IBEW. SacRT established an IRC Section 115 irrevocable trust under the California Employers' Retiree Benefit Trust Program (CERBT) for the purpose of (i) receiving employer contributions to prefund OPEB for retirees and their beneficiaries, (ii) investing contributed amounts and income therein, and (iii) disbursing contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for OPEB in accordance with the terms of SacRT's plan. The funds in the CERBT are administered by CalPERS as an agent multiple-employer plan. Benefit provisions are established and may be amended by SacRT labor agreements which are approved by the Board of Directors.

Benefits Provided - SacRT provides medical care benefits for active and retired members of OE3, AFSCME, MCEG, ATU, and IBEW. SacRT also provides dental care and life insurance benefits to active and retired members of the OE3, AFSCME, and MCEG. The benefits are mandated by contracted agreements between SacRT and the respective employee groups and may be amended at any time. Employees and their dependents may become eligible for such benefits if the employees reach normal retirement age while working for SacRT. Medical, dental, and life insurance benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year.

SacRT contributes 90% or 92% of the cost for retired members of OE3, AFSCME, and MCEG hired after 1993, and 100% for plan members hired prior to 1994. SacRT is required to contribute the unequal minimum required contribution set under the Public Employees' Medical & Hospital Care Act (PEMHCA) for retired members of the ATU and IBEW.

Employees Covered by Benefit Terms - At June 30, 2020 the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	648
Terminated members entitles to bu not yet collecting benefits	88
Current active members	1,228
	1,964
	1,964

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions - The obligation of SacRT to contribute to the plan is established by the Board of Directors. SacRT currently prefunds the OPEB plan at 100% of the actuarially determined contribution. For the year ended June 30, 2020, SacRT's contribution was \$3,134,146. Employees are not required to contribute to the plan.

NET OPEB LIABILITY

SacRT's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods in the measurement. The following changes to actuarial assumptions were made between the fiscal year ending June 30, 2019 and June 30, 2020 for the OPEB plan: the inflation rate decreased from 2.75% to 2.50%, salary increases declined from 3.25% to 3.00%, investment rate of return decreased from 7.00% to 6.75%, usage of the Getzen model for medical cost trend, and a decrease in PEMHCA minimum and dental premium trend from 4.50% to 4.00%.

General Inflation Rate	2.5 percent
Salary increases	3.0 percent
Investment rate of return	6.75 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Medical: Getzen model Dental and required PEMHCA minimum employer contribution: 4.0% per year

Mortality rates were based on the MacLeod Watts Scale 2018 which was developed by SacRT's actuary from a blending of data and methodologies found in two published sources: (i) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (ii) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published July 2017.

Demographic actuarial assumptions used in the June 30, 2019 valuation were based on the July 1, 2015 valuations of the retirement plans covering SacRT employees and are based on the 2016 actuarial experience study of SacRT's retirement plans using data from 2011 to 2015, except for a different basis (MacLeod Watts Scale 2018) used to project future mortality improvements.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Global Equity	59%	5.98%
Fixed Income	25%	2.62%
REITs	8%	5.00%
Treasury Inflation Protected Securities	5%	1.46%
Commodities	3%	2.87%
	100%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75 percent. The discount rate decreased from 7.00 percent from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that SacRT contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHANGES IN THE NET OPEB LIABILITY

	Increase (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/2018	\$ 49,924,076	\$ 28,670,623	\$ 21,253,453
Changes for the year:			
Service cost	1,556,281	-	1,556,281
Interest	3,514,022	-	3,514,022
Differences between expected and actual experience	(3,752,353)	-	(3,752,353)
Changes of assumptions	2,376,944	-	2,376,944
Contributions - employer	-	3,292,735	(3,292,735)
Net investment income	-	1,778,876	(1,778,876)
Benefit payments	(2,560,076)	(2,560,076)	-
Administrative expense	-	(6,158)	6,158
Net Changes	1,134,818	2,505,377	(1,370,559)
Balances at 6/30/2019	\$ 51,058,894	\$ 31,176,000	\$ 19,882,894

* Based on 2018 Capital Market Assumptions per CalPERS CERBT Program

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of SacRT, as well as what SacRT's net OPEB liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net OPEB liability	\$ 26,237,248	\$ 19,882,894	\$ 14,563,595

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of SacRT, as well as what SacRT's net OPEB liability would be if it were calculated used a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Current Trend	Current Trend Getzen Model Medical / 4.0% Dental	Current Trend
	-1.0%		+1.0%
Net OPEB liability	\$ 14,221,258	\$ 19,982,894	\$ 26,770,612

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB financial statements that will be included in the CalPERS CAFR. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2020, SacRT recognized OPEB expense of \$2,752,796. At June 30, 2020, SacRT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,907,659	\$ 940,425
Differences between expected and actual experience	-	3,198,276
Net difference between projected and actual earnings on OPEB Plan Investments	-	238,873
Contributions Made Subsequent to the measurement date	3,134,146	-
	\$ 6,041,805	\$ 4,377,574

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The \$3,134,146 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending on June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the future years as follows:

Year Ending June 30	Deferred Inflows of Resources
2021	\$ (291,295)
2022	(291,299)
2023	(140,078)
2024	(93,669)
2025	(144,367)
Thereafter	(509,207)
Total	\$ (1,469,915)

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

11. SELF-INSURANCE

SacRT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage provided by self-insured and excess coverage is generally as follows as of June 30, 2020:

Type of Coverage	Self-insurance (per occurrence)	Excess Commercial Insurance Coverage (per occurrence)
Workers' Compensation	Up to \$2,000,000	\$2,000,000 to \$25,000,000
Commercial General Liability		
Bus	Up to \$2,000,000	\$2,000,000 to \$100,000,000
Light Rail	Up to \$2,000,000	\$2,000,000 to \$292,000,000
*Property:		
Perils	Up to \$100,000	\$100,000 to \$250,000,000
Collision	Up to \$500,000	\$500,000 to \$250,000,000
Flood	Up to \$250,000	\$250,000 to \$10,000,000

* includes revenue and non-revenue vehicles

SacRT purchases commercial insurance for claims in excess of self-insured amounts and for all other risks of loss to a stated maximum amount. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year.

The claims liability of \$21,126,262 reported at June 30, 2020, is based on estimates of the amounts needed to pay prior and current year claims and to allow accrual of estimated incurred but not reported claims. Non-incremental claims adjustment expenses have been included as part of the liability. As of June 30, 2020, the Public Liability and Property Damage (PLPD) liability is discounted using a discount factor of 1.0% as SacRT holds in a reserve fund of \$3,387,643 at June 30, 2020. The Workers' Compensation liability is not discounted.

These claim estimates are actuarially determined and based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in SacRT's claims liability amount during the fiscal years ended June 30, 2020 and 2019, were as follows:

Fiscal Year Ended	Beginning of the Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	End of the Year Liability
June 30, 2020	\$ 25,113,359	\$ 6,003,245	\$ (9,990,342)	\$ 21,126,262
June 30, 2019	\$ 17,992,627	\$ 11,357,784	\$ (4,237,052)	\$ 25,113,359

**SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

12. CONTINGENT LIABILITIES AND COMMITMENTS

SacRT is involved in various claims and litigation arising from its operations. SacRT management, after consultation with SacRT's general counsel, believes that the resolution of such matters will not have a material adverse effect on SacRT's financial position or results of operations.

SacRT receives funding for specific purposes that is subject to review and audit by the granting agencies or funding source. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

SacRT has construction contracts and property acquisition commitments of \$21,804,884 at June 30, 2020. Federal, state, and local grant funds have been approved for such construction.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

ATU Plan			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability			
Service cost	\$ 5,084,840	\$ 4,765,696	\$ 4,835,944
Interest	12,664,533	12,761,359	12,885,195
Changes of benefit terms	-	-	(11,268)
Difference between expected and actual returns	(519,304)	(261,689)	(5,577,742)
Change of assumptions	(172,948)	3,663,543	-
Change in bargaining group	(314,880)	(5,129,398)	(2,713,007)
Benefit payments, including refunds of member contributions	(11,545,372)	(11,304,112)	(10,776,986)
Net change in total pension liability	<u>5,196,869</u>	<u>4,495,399</u>	<u>(1,357,864)</u>
Total pension liability - beginning	<u>177,856,961</u>	<u>173,361,562</u>	<u>174,719,426</u>
Total pension liability - ending	<u>\$ 183,053,830</u>	<u>\$ 177,856,961</u>	<u>\$ 173,361,562</u>
Plan fiduciary net position			
Contributions - employer	\$ 8,533,307	\$ 7,863,420	\$ 7,987,367
Contributions - member	493,597	337,009	168,463
Change in bargaining group	(343,707)	(2,638,467)	(3,851,827)
Net investment income	8,012,792	8,591,810	14,419,708
Benefit payments, including refunds of member contributions	(11,545,372)	(11,304,112)	(10,776,986)
Administrative expense	(279,016)	(260,006)	(306,539)
Net change in plan fiduciary net position	<u>4,871,601</u>	<u>2,589,654</u>	<u>7,640,186</u>
Plan fiduciary net position - beginning	<u>133,178,109</u>	<u>130,588,455</u>	<u>122,948,269</u>
Plan fiduciary net position - ending	<u>\$ 138,049,710</u>	<u>\$ 133,178,109</u>	<u>\$ 130,588,455</u>
Net pension liability - beginning	<u>\$ 44,678,852</u>	<u>\$ 42,773,107</u>	<u>\$ 51,771,157</u>
Net pension liability - ending	<u>\$ 45,004,120</u>	<u>\$ 44,678,852</u>	<u>\$ 42,773,107</u>
Plan fiduciary net position as a percentage of the total pension liability	75.41%	74.88%	75.33%
Covered payroll	\$ 30,125,788	\$ 31,575,118	\$ 30,212,311
Net pension liability as a percentage of covered payroll	149.39%	141.50%	141.58%

Notes to Schedule:

Payroll amounts are based on actual pensionable compensation from the employer.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

2018: the ATU and IBEW Plans were separated as of 7/1/16; previous years not available.

2019: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

2020: amounts reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPRA members to account for missed pay periods.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

IBEW Plan

	2020	2019	2018
Total pension liability			
Service cost	\$ 1,792,845	\$ 1,596,227	\$ 1,640,651
Interest	5,449,300	5,338,451	4,742,855
Changes of benefit terms	-	-	(105,378)
Difference between expected and actual returns	499,642	(978,363)	2,420,299
Change of assumptions	(98,047)	1,630,101	-
Change in bargaining group	-	-	2,713,007
Benefit payments, including refunds of member contributions	(3,779,076)	(3,621,685)	(3,281,167)
Net change in total pension liability	3,864,664	3,964,731	8,130,267
Total pension liability - beginning	76,138,493	72,173,762	64,043,495
Total pension liability - ending	\$ 80,003,157	\$ 76,138,493	\$ 72,173,762
Plan fiduciary net position			
Contributions - employer	\$ 3,299,013	\$ 3,195,912	\$ 3,315,379
Contributions - member	209,531	103,415	39,287
Change in bargaining group	-	-	3,851,827
Net investment income	3,482,632	3,629,569	5,332,230
Benefit payments, including refunds of member contributions	(3,779,076)	(3,621,685)	(3,281,167)
Administrative expense	(229,569)	(225,752)	(239,189)
Net change in plan fiduciary net position	2,982,531	3,081,459	9,018,367
Plan fiduciary net position - beginning	57,166,577	54,085,118	45,066,751
Plan fiduciary net position - ending	\$ 60,149,108	\$ 57,166,577	\$ 54,085,118
Net pension liability - beginning	\$ 18,971,916	\$ 18,088,644	\$ 18,976,744
Net pension liability - ending	\$ 19,854,049	\$ 18,971,916	\$ 18,088,644
Plan fiduciary net position as a percentage of the total pension liability	75.18%	75.08%	74.94%
Covered payroll	\$ 13,300,633	\$ 13,137,945	\$ 12,473,480
Net pension liability as a percentage of covered payroll	149.27%	144.41%	145.02%

Notes to Schedule:

Payroll amounts are based on actual pensionable compensation from the employer.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

2018: the ATU and IBEW Plans were separated as of 7/1/16; previous years not available.

2019: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

2020: amounts reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPRA members to account for missed pay periods.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

ATU/IBEW PLAN

	2017	2016	2015
Total pension liability			
Service cost	\$ 5,760,060	\$ 5,753,143	\$ 5,599,479
Interest	16,758,356	16,384,487	15,740,342
Difference between expected and actual returns	(1,456,639)	(2,941,777)	-
Changes of assumptions	8,176,501	1,621,574	-
Transfers out - Salaried Plan	-	-	(174,166)
Benefit payments, including refunds of member contributions	(13,180,874)	(13,157,985)	(12,877,177)
Net change in total pension liability	16,057,404	7,659,442	8,288,478
Total pension liability - beginning	222,705,517	215,046,075	206,757,597
Total pension liability - ending	\$ 238,762,921	\$ 222,705,517	\$ 215,046,075
Plan fiduciary net position			
Contributions - employer	\$ 10,447,190	\$ 10,343,620	\$ 9,711,107
Contributions - member	54,714	3,682	22,425
Net investment income	(1,121,417)	4,609,506	22,631,819
Transfers out - salaried plan	-	-	(174,166)
Benefit payments, including refunds of member contributions	(13,180,874)	(13,157,985)	(12,877,177)
Administrative expense	(290,647)	(190,442)	(230,365)
Net change in plan fiduciary net position	(4,091,034)	1,608,381	19,083,643
Plan fiduciary net position - beginning	172,106,054	170,497,673	151,414,030
Plan fiduciary net position - ending	\$ 168,015,020	\$ 172,106,054	\$ 170,497,673
Net pension liability - beginning	\$ 50,599,463	\$ 44,548,402	\$ 55,343,567
Net pension liability - ending	\$ 70,747,901	\$ 50,599,463	\$ 44,548,402
Plan fiduciary net position as a percentage of the total pension liability	70.37%	77.28%	79.28%
Covered payroll	\$ 39,996,326	\$ 37,950,269	\$ 38,857,668
Net pension liability as a percentage of covered payroll	176.89%	133.33%	114.65%

Notes to Schedule:

Benefit changes – There were no substantial changes to the benefits in 2017.

Changes of assumptions – the investment rate of return and discount rate was reduced from 7.65% to 7.50%, during the fiscal year ended June 30, 2016, which is the measurement year for reporting. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. ATU and IBEW are reported as stand-alone plans beginning 7/1/16.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

	SALARIED PLAN					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability						
Service cost	\$ 3,831,831	\$ 3,647,115	\$ 3,873,148	\$ 3,594,919	\$ 3,476,103	\$ 3,321,337
Interest (includes interest on service cost)	10,288,390	9,485,966	8,960,042	8,807,953	8,434,365	7,978,675
Changes in benefit terms	-	-	(298,430)	-	-	-
Difference between expected and actual returns	1,215,057	1,856,563	2,062,482	(852,040)	(753,076)	-
Changes of assumptions	(17,295)	3,291,931	-	(680,161)	930,863	-
Change in bargaining group	474,438	5,129,398	-	-	-	174,166
Benefit payments, including refunds of member contributions	<u>(8,373,494)</u>	<u>(7,779,366)</u>	<u>(7,179,362)</u>	<u>(6,190,981)</u>	<u>(5,502,144)</u>	<u>(5,664,400)</u>
Net change in total pension liability	7,418,927	15,631,607	7,417,880	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	<u>144,139,929</u>	<u>128,508,322</u>	<u>121,090,442</u>	<u>116,410,752</u>	<u>109,824,641</u>	<u>104,014,863</u>
Total pension liability - ending	<u>\$ 151,558,856</u>	<u>\$ 144,139,929</u>	<u>\$ 128,508,322</u>	<u>\$ 121,090,442</u>	<u>\$ 116,410,752</u>	<u>\$ 109,824,641</u>
Plan fiduciary net position						
Contributions - employer	\$ 8,503,815	\$ 7,669,178	\$ 7,321,138	\$ 7,576,866	\$ 7,335,308	\$ 6,609,083
Contributions - member	193,293	143,094	53,706	21,014	261	1,678
Change in bargaining group	343,707	2,638,467	-	-	-	174,166
Net investment income	5,649,123	6,073,483	9,388,876	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(8,373,494)	(7,779,366)	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Administrative expense	(260,441)	(247,077)	(289,067)	(269,624)	(194,209)	(176,367)
Net change in plan fiduciary net position	6,056,003	8,497,779	9,295,291	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	<u>93,130,089</u>	<u>84,632,310</u>	<u>75,337,019</u>	<u>74,596,300</u>	<u>70,824,948</u>	<u>60,583,144</u>
Plan fiduciary net position - ending	<u>\$ 99,186,092</u>	<u>\$ 93,130,089</u>	<u>\$ 84,632,310</u>	<u>\$ 75,337,019</u>	<u>\$ 74,596,300</u>	<u>\$ 70,824,948</u>
Net pension liability - beginning	<u>\$ 51,009,840</u>	<u>\$ 43,876,012</u>	<u>\$ 45,753,423</u>	<u>\$ 41,814,452</u>	<u>\$ 38,999,693</u>	<u>\$ 43,431,719</u>
Net pension liability - ending	<u>\$ 52,372,764</u>	<u>\$ 51,009,840</u>	<u>\$ 43,876,012</u>	<u>\$ 45,753,423</u>	<u>\$ 41,814,452</u>	<u>\$ 38,999,693</u>
Plan fiduciary net position as a percentage of the total pension liability	65.44%	64.61%	65.86%	62.22%	64.08%	64.49%
Covered payroll	\$ 22,220,418	\$ 24,283,580	\$ 23,435,642	\$ 24,341,878	\$ 23,022,281	\$ 22,008,809
Net pension liability as a percentage of covered payroll	235.70%	210.06%	187.22%	187.96%	181.63%	177.20%

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

Notes to Schedule:

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

Beginning in FYE 2015, payroll amounts are based on actual pensionable compensation from the employer. In prior years, payroll amounts are projected payroll from the actuarial valuation reports, which can be updated with actual amounts by Plan for the final disclosure.

2017: The investment rate of return and discount rate was reduced from 7.75% to 7.65%.

2018: The investment rate of return and discount rate was reduced from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study.

2019: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

2020: amounts reported as changes of assumptions resulted from a normal cost load of 0.57% for PEPRA members to account for missed pay periods.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS**

**EMPLOYEES WHO ARE MEMBERS OF
ATU Plan
(Dollar amounts in thousands)**

	2020	2019	2018	2017
Actuarially determined contribution	\$ 8,783	\$ 8,533	\$ 7,863	\$ 7,987
Contributions in relation to the actuarially determined contribution	8,783	8,533	7,863	7,987
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 34,174	\$ 30,126	\$ 31,575	\$ 30,212
Contributions as a percentage of covered payroll	25.70%	28.33%	24.90%	26.44%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date 7/1/2018 (to determine FY19-20 contribution)
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 14-year period as of 7/1/2018
Asset valuation method	5-year smoothed market
Discount Rate	7.25%
Amortization growth rate	3.00%
Price inflation	3.00%
Salary Increases	3.00%, plus merit component on employee classification and years of service
Mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 115% for males and 130% for females

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020, can be found in the July 1, 2018 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information for the ATU Plan is not available.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS**

**EMPLOYEES WHO ARE MEMBERS OF
IBEW Plan
(Dollar amounts in thousands)**

	2020	2019	2018	2017
Actuarially determined contribution	\$ 3,231	\$ 3,299	\$ 3,196	\$ 3,315
Contributions in relation to the actuarially determined contribution	3,231	3,299	3,196	3,315
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,167	\$ 13,301	\$ 13,138	\$ 12,474
Contributions as a percentage of covered payroll	22.81%	24.80%	24.33%	26.58%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date 7/1/2018 (to determine FY19-20 contribution)
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 14-year period as of 7/1/2018
Asset valuation method	5-year smoothed market
Discount Rate	7.25%
Amortization growth rate	3.00%
Price inflation	3.00%
Salary Increases	3.00%, plus merit component on employee classification and years of service
Mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 115% for males and 130% for females

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020, can be found in the July 1, 2018 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information for the IBEW Plan is not available.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS**

**EMPLOYEES WHO ARE MEMBERS OF
ATU/IBEW Plan
(Dollar amounts in thousands)**

	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 10,447	\$ 10,343	\$ 9,711	\$ 8,694	\$ 7,885	\$ 6,809
Contributions in relation to the actuarially determined contribution	10,447	10,343	9,711	8,694	7,885	6,809
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,996	\$ 37,950	\$ 38,858	\$ 37,110	\$ 38,558	\$ 38,343
Contributions as a percentage of covered payroll	26.12%	27.25%	24.99%	23.43%	20.45%	17.76%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date 7/1/2014 (to determine FY15-16 contribution)
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 17-year period as of 7/1/2015
Asset valuation method	5-year smoothed market
Discount Rate	7.65%
Amortization growth rate	3.15%
Price inflation	3.15%
Salary Increases	3.15%, plus merit component on employee classification and years of service
Mortality	Sex distinct RP-2000 Combined White-Collar Mortality, 3-year setback for females

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2016, can be found in the July 1, 2014 actuarial valuation report. ATU and IBEW are reported as standalone plans beginning 7/1/16.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS**

**EMPLOYEES WHO ARE MEMBERS OF
SALARIED PLAN
(Dollar amounts in thousands)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 9,160	\$ 8,504	\$ 7,669	\$ 7,321	\$ 7,577	\$ 7,335	\$ 6,609	\$ 5,800	\$ 4,580	\$ 3,718
Contributions in relation to the actuarially determined contribution	9,160	8,504	7,669	7,321	7,577	7,335	6,609	5,800	4,580	3,718
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 26,295	\$ 22,220	\$ 24,284	\$ 23,436	\$ 24,342	\$ 23,022	\$ 22,009	\$ 19,627	\$ 19,105	\$ 19,466
Contributions as a percentage of covered payroll	34.84%	38.27%	31.58%	31.24%	31.13%	31.86%	30.03%	29.55%	23.97%	19.10%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date 7/1/2018 (to determine FY19-20 contribution)
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 14-year period as of 7/1/2018
Asset valuation method	5-year smoothed market
Discount Rate	7.25%
Amortization growth rate	3.00%
Price inflation	3.00%
Salary Increases	3.00%, plus merit component on employee classification and years of service
Mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 130% for females

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020, can be found in the July 1, 2018 actuarial valuation report.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 1,556,281	\$ 1,507,294	\$ 1,459,848
Interest	3,514,022	3,345,560	3,196,439
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(3,752,353)	-	-
Changes in assumptions	2,376,944	-	-
Benefit payments	(2,560,076)	(2,430,417)	(2,716,420)
Net change in total OPEB liability	<u>1,134,818</u>	<u>2,422,437</u>	<u>1,939,867</u>
Total OPEB liability - beginning	<u>49,924,076</u>	<u>47,501,639</u>	<u>45,561,772</u>
Total OPEB liability - ending	<u>\$ 51,058,894</u>	<u>\$ 49,924,076</u>	<u>\$ 47,501,639</u>
Plan fiduciary net position			
Contributions - employer	\$ 3,292,735	\$ 3,182,371	\$ 5,817,444
Net investment income	1,778,876	2,069,510	2,299,759
Benefit payments	(2,560,076)	(2,430,417)	(2,716,420)
Other expense	-	(34,264)	-
Administrative expense	(6,158)	(13,849)	(11,457)
Net change in plan fiduciary net position	<u>2,505,377</u>	<u>2,773,351</u>	<u>5,389,326</u>
Plan fiduciary net position - beginning	<u>28,670,623</u>	<u>25,897,272</u>	<u>20,507,946</u>
Plan fiduciary net position - ending	<u>\$ 31,176,000</u>	<u>\$ 28,670,623</u>	<u>\$ 25,897,272</u>
Net OPEB liability - beginning	<u>\$ 21,253,453</u>	<u>\$ 21,604,367</u>	<u>\$ 25,053,826</u>
Net OPEB liability - ending	<u>\$ 19,882,894</u>	<u>\$ 21,253,453</u>	<u>\$ 21,604,367</u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.06%	57.43%	54.52%
Covered employee payroll	\$ 73,751,153	\$ 68,996,643	\$ 67,347,993
Net OPEB liability as a percentage of covered employee payroll	26.96%	30.80%	32.08%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

FY2020: Amounts reported as changes in assumptions resulted from the lowering of the discount rate from 7.00% to 6.75%, the inflation rate from 2.75% to 2.50%, salary increases from 3.25% to 3.00%, PEMHCA minimum and dental premium from 4.50% to 4.00% as well as the change to the Getzen model for medical cost trend rates.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
LAST 10 FISCAL YEARS**

(Dollar amounts in thousands)

	2020	2019	2018
Actuarially determined contribution	\$ 3,112	\$ 3,278	\$ 3,179
Contributions in relation to the actuarially determined contribution	3,134	3,293	3,182
Contribution deficiency (excess)	\$ (22)	\$ (15)	\$ (3)
Covered employee payroll	\$ 81,051	\$ 73,751	\$ 68,997
Contributions as a percentage of covered employee payroll	3.86%	4.46%	4.61%

Note: This schedule uses covered employee payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date 6/30/2019 (to determine FY19-20 contribution)
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation no more than 30 months plus 1 day prior to the close of the fiscal year end per GASB 75

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value of assets
Discount Rate	6.75%
Amortization growth rate	2.50%
General inflation	2.50%
Salary Increases	3.00%
Mortality	2016 SacRT Experience Study; Improvement using MacLeod Watts Scale 2018

Valuation Date 7/1/2017 (to determine FY17-18 and FY18-19 contribution)
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation no more than 30 months plus 1 day prior to the close of the fiscal year end per GASB 75

**SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
LAST 10 FISCAL YEARS**

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value of assets
Discount Rate	7.00%
Amortization growth rate	3.00%
General inflation	2.75%
Salary Increases	3.25%
Mortality	2016 SacRT Experience Study; Improvement using MacLeod Watts Scale 2017

**SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2020**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,371,763	\$ 3,194,679	\$ 4,959,859	\$ 15,526,301
Receivables:				
Securities sold	6,104,714	2,632,707	4,016,792	12,754,213
Interest and dividends	205,797	89,210	138,053	433,060
Other receivables and prepaids	13,218	12,197	12,912	38,327
Total receivables	<u>6,323,729</u>	<u>2,734,114</u>	<u>4,167,757</u>	<u>13,225,600</u>
Investments:				
Equity securities	90,963,499	40,270,748	69,569,341	200,803,588
Fixed income securities	44,291,921	19,091,086	29,090,368	92,473,375
Total investments	<u>135,255,420</u>	<u>59,361,834</u>	<u>98,659,709</u>	<u>293,276,963</u>
Total assets	<u>148,950,912</u>	<u>65,290,627</u>	<u>107,787,325</u>	<u>322,028,864</u>
LIABILITIES				
Securities purchased payable	10,559,230	4,552,204	6,940,654	22,052,088
Accounts payable	967,630	359,298	294,500	1,621,428
Total liabilities	<u>11,526,860</u>	<u>4,911,502</u>	<u>7,235,154</u>	<u>23,673,516</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 137,424,052</u>	<u>\$ 60,379,125</u>	<u>\$ 100,552,171</u>	<u>\$ 298,355,348</u>

**SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 8,783,426	\$ 3,230,879	\$ 9,159,513	\$ 21,173,818
Member	766,861	304,593	360,051	1,431,505
Total contributions	<u>9,550,287</u>	<u>3,535,472</u>	<u>9,519,564</u>	<u>22,605,323</u>
Investment income/(expense)				
Net appreciation in fair value of investments	772,543	334,330	292,359	1,399,232
Interest, dividends, and other income	2,376,298	1,032,631	1,690,593	5,099,522
Investment expenses	(625,117)	(284,302)	(456,801)	(1,366,220)
Net investment income	<u>2,523,724</u>	<u>1,082,659</u>	<u>1,526,151</u>	<u>5,132,534</u>
Total additions	<u>12,074,011</u>	<u>4,618,131</u>	<u>11,045,715</u>	<u>27,737,857</u>
DEDUCTIONS				
Benefits paid to participants	12,455,822	4,169,979	9,453,326	26,079,127
Administrative expenses	243,847	218,135	226,310	688,292
Total deductions	<u>12,699,669</u>	<u>4,388,114</u>	<u>9,679,636</u>	<u>26,767,419</u>
Net increase/(decrease) in plan net position	(625,658)	230,017	1,366,079	970,438
Net position restricted for pension benefits - Beginning of fiscal year	<u>138,049,710</u>	<u>60,149,108</u>	<u>99,186,092</u>	<u>297,384,910</u>
Net position restricted for pension benefits - End of fiscal year	\$ 137,424,052	\$ 60,379,125	\$ 100,552,171	\$ 298,355,348

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

This part of the Sacramento Regional Transit District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SacRT's overall financial health.

CONTENTS	<u>Page</u>
Financial Trends	88
These schedules contain information to help the reader understand how SacRT's financial performance and well-being have changed over time.	
Revenue Capacity	90
These schedules contain information to help the reader assess the factors affecting SacRT's ability to generate its fares.	
Debt Capacity	92
These schedules present information to help the reader assess the affordability of SacRT's current levels of outstanding debt and SacRT's ability to issue additional debt in the future.	
Demographic and Economic Information	94
These schedules offer demographic and economic indicators to help the reader understand the environment within which SacRT's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	97
These schedules contain information about SacRT's operations and resources to help the reader understand how SacRT's financial information relates to the services SacRT provides and the activities it performs.	

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. SacRT implemented GASB Statements No. 63 and 65 in the fiscal year ended June 30, 2013, GASB Statement No. 68 in the fiscal year ended June 30, 2015 and GASB Statement No. 75 in the fiscal year ended June 30, 2018. Schedules comparative results are retroactively presented.*

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Position										
Net Investment in Capital Assets	\$ 778,152	\$ 787,711	\$ 799,650	\$ 798,019	\$ 864,160	\$ 878,849	\$ 889,347	\$ 852,174	\$ 821,610	\$ 779,273
Restricted for:										
Capital Projects	1,840	4,474	2,845	1,211	1,751	-	-	-	-	-
Debt Service	-	-	2,278	2,279	1,829	1,831	-	3,484	3,435	3,472
Unrestricted	(4,287)	(526)	1,689	31,723	(48,259) ¹	(50,474)	(48,012)	(61,136)	(49,001)	(68,477)
Total Net Position	<u>\$ 775,705</u>	<u>\$ 791,659</u>	<u>\$ 806,462</u>	<u>\$ 833,232</u>	<u>\$ 819,481</u>	<u>\$ 830,206</u>	<u>\$ 841,335</u>	<u>\$ 794,522</u>	<u>\$ 776,044</u>	<u>\$ 714,268</u>

¹ The fiscal year 2015 decrease is due to the implementation of GASB Statement No. 68 which reduced net position by \$82,455,095 offset by an increase in net position of \$68,704,438 that is primarily the result of capital contributions that funded the District South Line Phase 2 extension project and the delivery of 30 new Gillig 40' buses

²The fiscal year 2020 decrease is due the change in federal grant revenue recognition per GASB Implementation Guide 2019-1

Source: Comprehensive Annual Financial Report

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(expressed in thousands)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues										
Fares	\$ 28,967	\$ 28,964	\$ 29,759	\$ 29,157	\$ 28,396	\$ 28,056	\$ 30,487	\$ 27,276	\$ 25,428	\$ 20,999
Operating Expenses										
Labor and Fringe Benefits	79,366	82,209	88,064	94,755	93,182	99,692	108,886	110,545	116,997	133,144
Professional and Other Services	20,720	21,417	24,996	26,130	27,533	29,332	30,342	27,119	27,348	27,923
Spare Parts and Supplies	8,524	9,785	10,517	11,996	10,549	8,526	11,996	10,841	12,139	14,550
Utilities	5,741	5,587	5,639	5,646	5,816	6,288	6,619	6,995	6,761	6,821
Casualty and Liability Costs	6,540	6,353	7,910	8,343	7,906	7,160	9,317	9,300	14,011	9,931
Depreciation	31,238	31,392	31,380	33,982	34,128	39,925	43,959	43,126	43,359	42,739
Indirect Costs Allocated to Capital Programs	(881)	(824)	(763)	(887)	(1,204)	(1,038)	(538)	(459)	(309)	(230)
Other	1,547	1,492	1,396	1,460	1,541	1,434	1,702	2,355	2,847	2,745
Impairment Loss	-	-	-	-	-	-	-	-	15,375	15,375
Total Operating Expenses	152,795	157,411	169,139	181,425	179,451	191,319	212,283	209,822	223,153	252,999
Operating Loss	(123,828)	(128,447)	(139,380)	(152,268)	(151,055)	(163,263)	(181,796)	(182,546)	(197,725)	(232,000)
Non-Operating Revenues (Expenses)										
Operating Assistance:										
State and Local	58,109	69,132	72,723	78,318	80,350	81,518	86,911	93,339	104,031	114,880
Federal	27,374	28,670	31,007	32,620	32,764	36,156	35,611	41,746	38,668	36,719
Investment Income	4,113	2,456	1,755	1,941	1,996	2,129	2,124	2,223	2,753	3,105
Interest Expense	(4,401)	(2,722)	(2,522)	(3,223)	(2,982)	(3,675)	(2,353)	(2,707)	(2,745)	(5,010)
Pass Through to Subrecipients	(4,043)	(4,216)	(1,672)	(3,401)	(2,933)	(2,030)	(1,075)	(4,645)	(2,838)	(301)
Professional and Other Services-Funded	-	-	-	-	-	-	(6,162)	(7,325)	(4,448)	(74)
Contract Services	4,362	5,245	5,607	5,530	5,810	6,110	6,260	6,420	3,731	7,125
Other	3,946	2,485	3,414	2,863	4,193	5,325	4,353	4,981	8,027	9,601
Total Non-Operating Revenues	89,460	101,050	110,312	114,648	119,198	125,533	125,669	134,032	147,179	173,099
Loss Before Capital Contributions	(34,368)	(27,397)	(29,068)	(37,620)	(31,857)	(37,730)	(56,127)	(48,514)	(50,546)	(58,901)
Capital Contributions										
State and Local	36,482	33,474	34,389	15,878	25,635	18,376	18,376	16,804	24,307	27,812
Federal	3,538	10,016	9,331	48,512	74,926	30,078	30,078	4,133	2,371	4,558
Increase (Decrease) in Net Position before Special Item	5,653	16,092	14,650	26,769	68,704	10,724	10,724	(27,577)	(23,868)	(26,531)
Extraordinary (Loss) Gain on Early Extinguishment of Debt	-	-	155	-	-	-	-	-	-	-
Special Items	-	-	-	-	-	-	-	-	5,390	-
Increase (Decrease) in Net Position after Special and Extraordinary Items	\$ 5,653	\$ 16,092	\$ 14,805	\$ 26,769	\$ 68,704	\$ 10,724	\$ 10,724	\$(27,577)	\$(18,478)	\$(26,531)

Source: Comprehensive Annual Financial Report

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Farebox</u>	<u>Fare Prepayment/ Outlet Sales</u>	<u>Special/ Contracted</u>	<u>Other</u>	<u>Total</u>
2011	7,572,658	19,550,718	1,823,577	20,275	\$ 28,967,228
2012	7,846,435	19,385,804	1,713,635	18,274	28,964,148
2013	7,971,366	19,311,009	2,462,865	13,439	29,758,679
2014	8,069,001	19,305,312	1,771,265	11,342	29,156,920
2015	8,047,861	18,514,485	1,822,565	11,191	28,396,102
2016	7,423,668	18,304,088	2,320,645	7,403	28,055,804
2017	8,028,861	18,729,711	3,719,407	9,119	30,487,098
2018	9,826,478	14,243,595	3,193,550	12,608	27,276,231
2019	11,948,401	10,102,175	3,367,622	10,234	25,428,432
2020	10,773,484	5,998,126	4,225,036	2,231	20,998,877

Source: Comprehensive Annual Financial Report

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**PRINCIPAL FARE REVENUE PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Customers	Fiscal Year 2020 Sales		Fiscal Year 2011 Sales	
	Amount	%	Amount	%
Los Rios Community College District	\$ 2,214,154	10.54%	\$ 1,017,703	3.51%
Department of Human Assistance	2,069,648	9.86%	2,121,051	7.32%
California State University Sacramento	854,017	4.07%	738,230	2.55%
City of Sacramento	749,997			
Department of Child, Family and Adult Services	695,100	3.31%	582,750	2.01%
Francis House Center	167,605	0.80%	-	0.00%
California Assembly Rules Committee	144,250	0.69%	-	0.00%
Wage Works	87,850	0.42%	-	0.00%
Highlands Community Charter	86,750	0.41%	-	0.00%
California Department of Finance	83,725	0.40%	-	0.00%
Raley's Family of Fine Stores	-	0.00%	1,353,520	4.67%
Department of Transportation	-	0.00%	1,046,008	3.61%
Employment Development Department	-	0.00%	973,790	3.36%
California Environmental Protection Agency	-	0.00%	834,068	2.88%
Alta California Regional Center	-	0.00%	758,500	2.62%
California Franchise Tax Board	-	0.00%	751,620	2.59%
Subtotal (10 Largest)	7,153,096	34.06%	10,177,240	35.13%
Balance from other customers	13,845,781	65.94%	18,789,988	64.87%
Grand Total	\$ 20,998,877	100.00%	\$ 28,967,228	100.00%

Grand Total Source: Comprehensive Annual Financial Report

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Farebox Revenue Bonds Series 2012	Lease/Leaseback Payable	Certificates of Participation 2003	Loan Payable	Total Debt	Six-County Region Percentage of Personal Income	Six-County Region Per Capita
2011	\$ -	\$ 57,411,268	\$ 7,788,606	\$ -	\$ 65,199,874	0.01%	3.33
2012	-	35,482,912	5,942,622	8,230,039	49,655,573	0.01%	2.52
2013	95,000,484	33,351,437	-	8,642,509	136,994,430	0.09%	39.89
2014	92,006,633	35,062,503	-	13,988,074	141,057,210	0.08%	38.21
2015	88,927,782	36,861,364	-	13,988,074	139,777,220	0.07%	36.50
2016	87,113,931	38,752,526	-	13,988,074	139,854,531	0.07%	35.32
2017	51,017,296	40,740,724	-	13,988,074	105,746,094	0.04%	20.42
2018	50,841,764	42,830,939	-	13,988,074	107,660,777	0.04%	20.30
2019	50,666,232	45,028,404	-	13,988,074	109,682,710	Not available	20.00
2020	49,628,200	47,338,625	-	13,988,074	110,954,899	Not available	19.59

Lease/Leaseback is not included in Percentage of Personal Income or Per Capital as there is an equal and offsetting deposit on SacRT's Statement of Net Position

Loan Payable is not included in Percentage of Personal Income or Per Capital as the there is an equal and offsetting receivable accrual on SacRT's Statement of Net Position

Source: Comprehensive Annual Financial Report

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Fare Revenue	Non-Fare Revenues	Total Revenue	Less Operating Expense	Net Available Revenue	Debt Service		Coverage
						Principal	Interest	
2009	\$ 32,571,459	\$ 108,754,008	\$ 141,325,467	\$ 139,829,027	\$ 1,496,440	\$ 1,530,000	\$ 549,033	0.72
2010	30,863,701	96,360,868	127,224,569	131,552,128	(4,327,559)	1,605,000	472,533	(2.08)
2011	28,967,228	89,726,163	118,693,391	120,627,827	(1,934,436)	1,690,000	392,282	(0.93)
2012	28,964,148	101,258,250	130,222,398	124,598,383	5,624,015	1,770,000	307,783	2.71
2013	29,758,679	109,004,025	138,762,704	136,103,794	2,658,910	5,740,000	2,347,098	0.33
2014	29,156,920	115,299,629	144,456,549	144,777,141	(320,592)	2,710,000	4,123,100	(0.05)
2015	28,396,102	119,886,619	148,282,721	146,515,212	1,767,509	2,795,000	4,041,800	0.26
2016	28,055,804	126,809,242	154,865,046	152,830,940	2,034,106	1,530,000	3,957,950	0.37
2017	30,487,098	131,596,154	162,083,252	157,379,743	4,703,509	33,142,500	-	0.14
2018	27,276,231	141,379,634	168,655,865	159,444,596	9,211,269	175,532	-	52.48
2019	25,428,432	151,586,987	177,015,419	173,778,795	3,236,624	175,532	-	18.44
2020	20,998,877	174,140,407	195,139,284	181,407,884	13,731,400	862,500	1,711,575	5.33

Notes: Details regarding SacRT's debt can be found in the notes to the financial statements. Operating expenses do not include depreciation and capital funded expenses.

A portion of the 2012 Revenue Bond interest is funded with Federal Capital Revenue

Capital revenue has been excluded from this schedule.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN FISCAL YEARS**

	Population 1,2		Personal Income 1,2 (In Thousands)		Per Capital Personal ¹ Income		Unemployment Rate ³	
	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region
2011	1,433,739	2,339,905	57,937,285	99,307,175	40,410	42,441	12.1%	12.2%
2012	1,445,078	2,357,558	60,247,321	103,552,756	41,691	43,924	10.5%	10.7%
2013	1,457,750	2,378,719	62,604,470	107,492,021	42,946	45,189	8.9%	9.0%
2014	1,475,618	2,405,015	66,679,473	114,408,427	45,187	47,571	7.3%	7.4%
2015	1,494,294	2,433,536	71,505,804	122,381,099	47,853	50,289	6.0%	6.1%
2016	1,511,510	2,463,310	74,011,474	127,165,166	48,965	51,624	5.4%	5.5%
2017	1,527,718	2,493,594	77,065,668	132,473,158	50,445	53,125	4.7%	4.8%
2018	1,540,975	2,520,058	80,969,087	139,489,401	52,544	55,352	3.9%	4.0%
2019	1,541,301	2,528,449	Not available	Not available	Not available	Not available	3.7%	3.8%
2020	1,555,365	2,553,645	Not available	Not available	Not available	Not available	9.6%	9.4%

Source: Six-county region includes Sacramento, Placer, Yolo, El Dorado, Yuba and Sutter counties.

1. 2010-2018 U.S. Department of Commerce, Bureau of Economic Analysis, *CAINC1 Personal income population, per capital personal income.*
2. 2019 State of California, Department of Finance, E-1 City, County and State Population Estimates, 2019–2020.
3. State of California, Employment Development Department, Labor Force & Employment Data

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Apple Inc.						
State of California	77,172	1	12.08%	70,937	1	12.06%
Kaiser Permanente	15,585	2	2.44%	6,367	7	1.08%
UC Davis Health	14,510	3	2.27%	8,580	3	1.46%
Sacramento County	12,360	4	1.93%	11,300	2	1.92%
Sutter Health	10,764	5	1.68%	6,948	4	1.18%
U.S. Government	10,559	6	1.65%			
Dignity Health	7,871	7	1.23%	6,942	5	1.18%
Intel Corporation	6,200	8	0.97%	6,515	6	1.11%
Elk Grove Unified School District	6,164	9	0.96%	5,619	8	0.96%
San Juan Unified School District	5,350	10	0.84%	4,600	9	0.78%
Sacramento City Unified School District				4,500	10	0.77%
Total	<u>166,535</u>		<u>26.07%</u>	<u>132,308</u>		<u>22.50%</u>

Source: Sacramento Business Journal

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

CONTINUING DISCLOSURE REQUIREMENTS

SEC Rule 15c2-12

The following summary provides SacRT's specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2012 Series Revenue Bonds. All Disclosure requirements can be found in SacRT's Comprehensive Annual Financial Report (CAFR) and SacRT's Adopted Budget.

	FY 2020 CAFR Page No.	FY 2020 Adopted Budget Page No.
Management Discussion and Analysis, Audited Financial Statements and Statistical Information	4-16	
Tabular or numerical information of the types contained in the Official Statement relating to the 2012 Series Revenue Bonds under the following subscriptions:		
Ridership and Farebox Revenues (i)	100-103	
Historical Operating Results	6,89,90	
Farebox Recovery Ratios (ii)	50,100	
Historical Nonoperating Revenues – 10 year funds (iii)	98,99	
Measure A Sales Tax Funding Trends (iv)	48,99	
LTF Revenues claimed and expended by SacRT (v)	48,99	
STA Funds Claimed and Utilized by SacRT (vi)	48,99	
Federal Grant Funds Utilized by SacRT (v)	47,98	
Adopted Operating Budget (vi)		56
Capital Project Expenditure Plan		164

Covenants of the Issuer

The following summary provides SacRT's specific and continuing covenants of the issuer in connection with the 2012 Series Revenue Bonds. All Disclosure requirements can be found in the Official Statement, SacRT's CAFR.

	2012 Official Statement	FY 2020 CAFR Page No.
Punctual Payments	43	45
Application of Farebox Revenues	44	15

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**SacRT PROFILE
As of June 30, 2020**

Date the Authority began Operations	April 1, 1973
Form of Governance	Board of Directors, with General Manager
Metropolitan Population	1.4 million
Total Employees	1,228
Service Area	All of Sacramento County, with services to Citrus Heights, Carmichael, Fair Oaks, Elk Grove, Folsom and Rancho Cordova
Population of Service Area	Approximately 1.7 million
Local Financial Support	Local Transportation Funds Measure A Sales Tax Revenue
Number of Bus Routes	65
Number of Rail Lines	3
Miles of Rail	42.9
Weekday Bus Revenue Service Miles	20,856
Weekday Rail Revenue Service Miles	11,451
Average Weekday Bus and Rail Riders	59,456
Number of Vehicles in Service	217 CNG Buses 95 Rail Vehicles 61 Shuttle Vans 6 Electric Buses 9 Electric Shuttles
Paratransit	120 Paratransit Vehicles
Park and Ride Lots	22
Bus and Light Rail Transfer Stations	32
Bus Stops	3,100+
Rail Stations	52

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

TEN YEAR FUNDING HISTORY

The following table shows available funding that SacRT has been awarded over the last ten years from our major federal funding sources, followed by a brief description of each source.

FEDERAL FUNDS											
Federal Transit Funds											
	Section 5307			Section 5309		Section 5316/5317		Federal Highway Discretionary Funds		Other	
	Section 5307	Section 5309 Fixed Guideway	Section 5309 Bus	Section 5316/5317 JARC/NF	Section 5316/5317 JARC/NF	Federal Highway Discretionary Funds	Section 5339	Section 5337	ARRA	Other	
2011	\$ 18,893,200	\$ 5,582,436	\$ -	\$ 38,000,000	\$ -	\$ 1,450,783	\$ -	\$ -	\$ 1,616,250	\$ -	
2012	19,787,623	6,003,331	5,000,000	-	-	2,875,497	-	-	808,590	-	
2013	20,687,210	-	-	40,000,000	-	164,891	-	8,872,128	2,814,815	364,001	
2014	20,420,103	-	-	45,660,000	-	663,603	-	9,764,225	3,034,209	241,696	
2015	21,159,005	-	-	-	-	10,345,160	1,792,567	10,239,772	-	171,557	
2016	34,542,554	-	-	-	-	3,060,284	1,858,949	11,499,470	-	35,193	
2017	25,131,975	-	-	-	-	3,154,867	745,539	11,580,302	-	68,161	
2018	24,458,274	-	-	-	-	1,479,789	2,544,715	13,804,359	-	101,912	
2019	24,616,326	-	-	-	-	505,056	2,117,403	13,064,129	-	79,976	
2020	27,616,695	-	-	-	-	211,902	2,073	13,098,402	-	348,132	

Federal Funds

Section 5307 Funds: Funds distributed by formula to large and small urban areas for a variety of transit planning, capital and preventive maintenance needs.

Section 5309 Fixed Guideway Funds: Funds distributed by formula to urban rail transit operators for repair and rehabilitation of commuter and light rail systems.

Section 5309 Bus Funds: Funds for bus purchases and bus support facility projects. These funds are specifically earmarked by Congress each year.

Section 5309 New Starts Funds: Funds for fixed guideway (i.e. light rail, commuter rail, etc.) projects. New Start projects are recommended by the Federal Transit Administration and based on rigorous criteria and selected for funding by Congress.

Section 5316 Jobs Access & Reverse Commute (JARC): Funds for operating new service that provides increased access to job opportunities, either through new service routes or expansions of existing routes into non-traditional service hours.

Section 5317 New Freedom (NF): Funds to reduce barriers to transportation services and expand the transportation mobility options available to people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) of 1990.

Federal Highway Discretionary Funds: Funds distributed for a variety of transportation planning, construction, and equipment acquisition needs. Projects are approved for funding by local agencies and forwarded to appropriate state and federal agencies for funding authorization.

Section 5339 Bus and Facilities Funds: A portion of the funds distributed by formula and a portion of the funds are distributed through a competitive process. Funds are used for bus renovations, purchases and bus support facility projects.

Section 5337 State of Good Repair Funds: Funds distributed for formula to repair and upgrade rail transit systems along with high-density motor bus systems that use high occupancy vehicle (HOV) lanes including bus rapid transit (BRT).

ARRA Funds: On February 17, 2009 the President signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). The Act provides direct funding from the federal government for infrastructure, fiscal stabilization and other programs over the next several years. ARRA is designed to create or save jobs, and invest in science, health care, transportation, education, and energy efficiency.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

TEN YEAR FUNDING HISTORY (Continued)

The following table shows available funding that SacRT has been awarded over the last ten years from our major state and local funding sources, followed by a brief description of each source.

STATE FUNDS		LOCAL FUNDS				
State Transportation Improvement Program		Other	Measure A	Local Transportation Fund	State Transit Assistance	Other
2011	\$ 10,128,000	\$ 9,647,270	\$ 50,898,736	\$ 27,382,646	\$ 5,304,891	\$ 1,357,192
2012	-	14,304,061	43,336,777	33,554,746	9,596,963	1,813,196
2013	-	29,026,829	36,316,894	30,043,310	9,752,972	1,971,931
2014	-	15,649,388	34,063,375	34,608,256	9,787,039	87,174
2015	-	22,299,682	36,889,447	36,098,557	8,869,049	1,828,749
2016	-	16,609,064	37,244,297	36,950,479	7,049,646	2,040,730
2017	-	63,558,519	39,263,496	38,731,878	7,156,739	(3,556,168)
2018	-	5,001,678	41,460,448	40,966,707	12,603,839	10,110,006
2019	-	21,293,864	44,949,578	47,175,047	9,606,729	5,312,351
2020	-	30,362,695	46,714,046	51,729,305	12,778,564	1,107,351

State Funds

State Transportation Improvement Program: Funds distributed by the State for projects, including transit construction projects that relieve traffic congestion on state and local roads and highways.

Other: These funds include Transit Capital Improvement funds for projects approved for funding in FY 1997 and earlier (the last year that TCI funds were made available by the State), Traffic Congestion Relief Program funds approved in the FY2000 State Budget for specific District capital projects, Proposition 1B funds approved for funding in FY2007, and Cap-and-Trade Program funds.

Local Funds

Measure A is a ½ cent sales tax ordinance that supports road and public transportation improvements in Sacramento County. Passed by voters in 1998, it expired in April 2009. SacRT received approximately 1/3 of the tax (1/6 cent). In November 2004, voters approved an extension of the Measure A ordinance until 2039 with transit receiving 38.25% of the ½-cent tax.

Local Transportation Fund: Funds generated by the state sales tax, and used for transit operating support purposes. The Transportation Development Act (TDA) allocates a portion of the state sales tax for transportation purposes.

State Transit Assistance Funds: Funds generated by the sales tax on gasoline and diesel fuel sales. These funds are disbursed to transit agencies for a variety of transit capital and operating support needs. SB1 funds, the Road Repair and Accountability Act of 2017, are included in STA funds beginning FY2018.

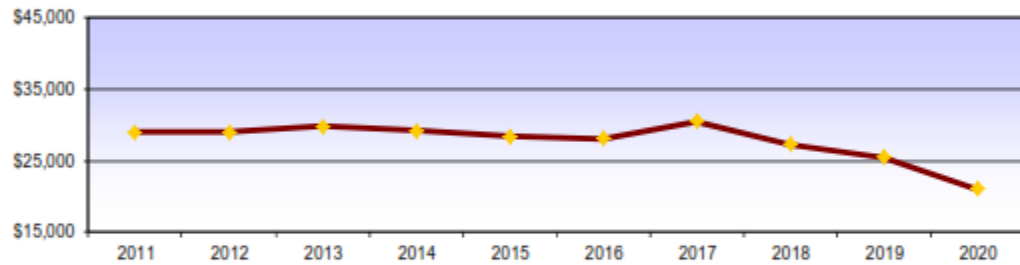
Other: This funding is from City of Sacramento, City of Rancho Cordova, County of Sacramento, City of Roseville, Sacramento Area Council of Governments (SACOG) and Sacramento Housing, Redevelopment Agency (SHRA), Bus Fire Insurance Proceeds, and cost reimbursement agreements with local agencies.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

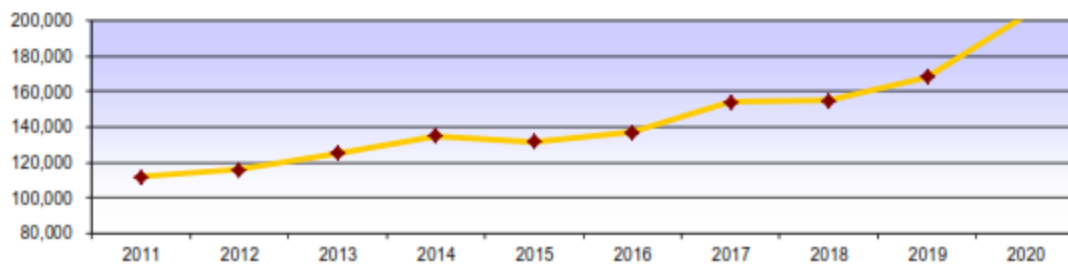
**FARE RECOVERY
LAST TEN FISCAL YEARS**
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fare Revenue	\$28,967	\$28,964	\$29,759	\$29,156	\$28,396	\$28,056	\$30,487	\$27,276	\$25,428	\$20,999
Local Fund Supplementation	-	535	2,201	5,322	5,208	3,436	4,948	8,321	13,256	25,615
Total Operating Expenses	111,946	115,684	125,332	135,094	131,779	136,920	154,067	154,770	168,194	202,667
Fare Recovery Ratio	25.9%	25.5%	25.5%	25.5%	25.5%	23.0%	23.0%	23.0%	23.0%	23.0%

FARE REVENUE



TOTAL OPERATING EXPENSES



Notes: Operating expenses do not include depreciation and Paratransit operations.

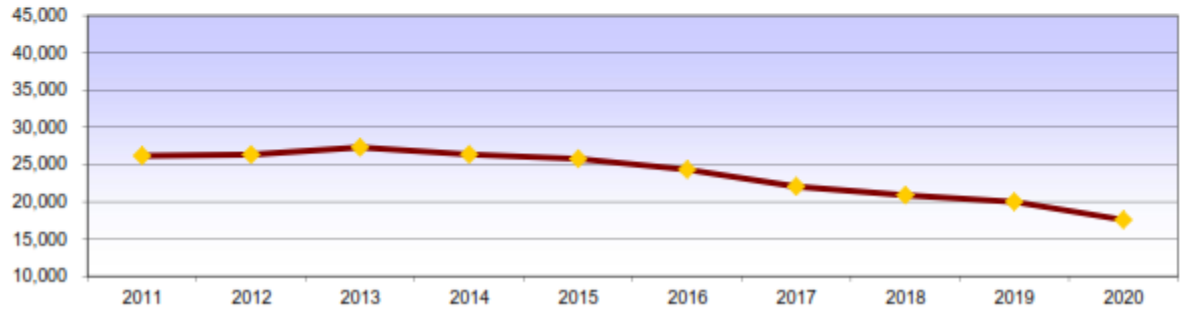
Source: Comprehensive Annual Financial Report

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**RIDERSHIP
LAST TEN FISCAL YEARS**
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ridership	26,161	26,338	27,298	26,368	25,768	24,330	22,050	20,890	19,989	17,564
% change	(20.87%)	0.68%	3.64%	(3.41%)	(2.28%)	(5.58%)	(9.37%)	(5.26%)	(4.31%)	(12.13%)

RIDERSHIP



Source: SacRT Planning Department
NTD Statistics

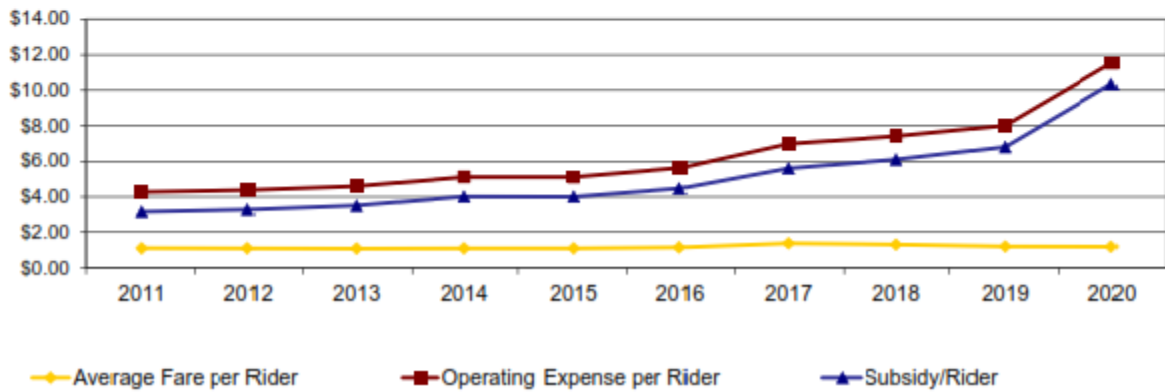
**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**OPERATING SUBSIDY
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average Fare per Rider	\$1.11	\$1.10	\$1.09	\$1.11	\$1.10	\$1.15	\$1.38	\$1.31	\$1.21	\$1.20
Operating Expense per Rider ¹	\$4.28	\$4.39	\$4.60	\$5.12	\$5.11	\$5.63	\$6.99	\$7.41	\$8.01	\$11.54
Subsidy/Rider	\$3.17	\$3.29	\$3.51	\$4.02	\$4.01	\$4.47	\$5.60	\$6.10	\$6.80	\$10.34

¹ Operating expense per rider excludes Paratransit and depreciation costs.

OPERATING EXPENSE & SUBSIDY PER RIDER



Source: Comprehensive Annual Financial Report
SacRT Planning Department
NTD Statistics

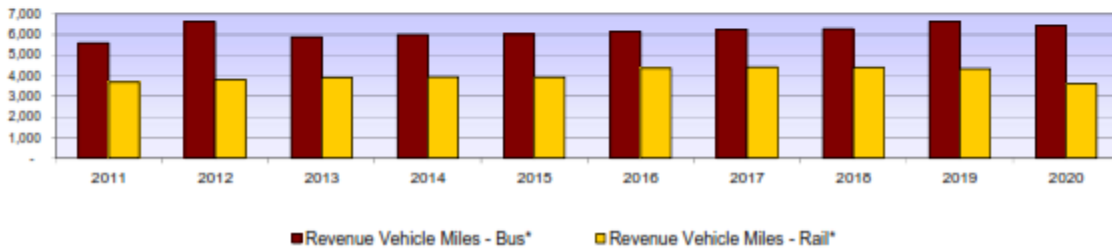
SACRAMENTO REGIONAL TRANSIT DISTRICT STATISTICAL INFORMATION (UNAUDITED)

SERVICE PERFORMANCE DATA LAST TEN FISCAL YEARS (* amounts expressed in thousands)

SERVICE PROVIDED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
BUS										
Revenue Vehicle Miles - Bus*	5,590	6,632	5,893	6,002	6,023	6,152	6,269	6,288	6,646	6,439
Revenue Vehicle Hours*	501.2	506.0	532.0	548.0	549.8	558.0	558.5	559.2	580.9	564.1
# Vehicles	229	229	232	232	232	223	223	225	237	237
RAIL										
Revenue Vehicle Miles - Rail*	3,697	3,823	3,921	3,947	3,936	4,370	4,422	4,418	4,344	3,610
Revenue Vehicle Hours*	191.1	203.3	217.2	218.6	218.1	245.2	248.9	248.7	243.2	207.0
Train Revenue Hours*	69.3	70.0	82.0	83.2	83.2	93.0	94.9	94.7	99.9	98.1
# of Vehicles	76	76	76	76	76	87	96	97	97	95

SERVICE PROVIDED



SERVICE CONSUMED

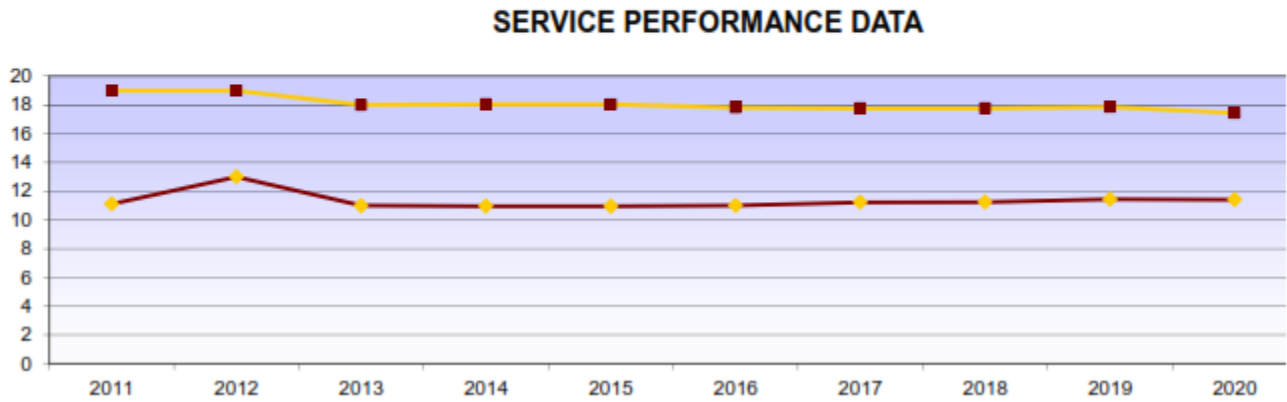
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
BUS										
Passengers*	13,617	13,146	13,784	13,658	13,706	12,114	10,608	10,517	10,008	8,575
Passenger Miles*	47,525	46,521	49,440	53,133	52,346	43,911	39,468	37,925	35,382	31,008
RAIL										
Passengers*	12,544	13,192	13,513	12,710	12,062	12,216	11,442	10,373	9,981	8,989
Passenger Miles*	72,860	74,706	75,797	74,580	68,717	69,171	68,760	65,531	63,074	53,131
TOTAL										
Passengers*	26,161	26,338	27,298	26,368	25,768	24,330	22,050	20,890	19,989	17,564
Passenger Miles*	120,385	121,227	125,237	127,713	121,063	113,082	108,228	103,456	98,456	84,139
FLEET										
Bus	229	229	232	232	232	223	223	225	237	237
Rail	76	76	76	76	76	87	96	97	97	95
TOTAL EMPLOYEES	901	901	940	933	937	982	974	997	1036	1228

Source: SacRT Planning Department
NTD Statistics

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**SERVICE PERFORMANCE DATA (Continued)
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue Miles/Revenue Hour-Bus	11	13	11	11	11	11	11	11	11	11
Revenue Miles/Revenue Hour-Rail	19	19	18	18	18	18	18	18	18	17



Source: SacRT Planning Department
NTD Statistics

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

**FARES
As of June 30, 2020**

Single and Daily Pass Fares

<u>Rider Type</u>	<u>Fare Type</u>	<u>Single Ride</u>	<u>Daily Pass</u>
Age 19-61	Basic	\$ 2.50	\$ 7.00
Senior (62 & older)	Discount	\$ 1.25	\$ 3.50
Individuals with Disabilities	Discount	\$ 1.25	\$ 3.50
Medicare Cardholder	Discount	\$ 1.25	\$ 3.50
Student (grades K-12)*	Discount	\$ 1.25	\$ 3.50

Pre-Paid Ticket Books

<u>Fare Book Type</u>	<u>Fare Type</u>	<u># of Tickets</u>	<u>Book Price</u>
Single Fare	Basic	10	\$ 25.00
Single Fare	Discount	10	\$ 12.50
Daily Fare	Basic	10	\$ 70.00
Daily Fare	Discount	10	\$ 35.00

Monthly Passes and Stickers

<u>Fare/Rider Type</u>	<u>Price</u>
Basic Monthly Pass	\$ 100.00
Basic Semi-Monthly Pass	\$ 50.00
Senior/Disabled Monthly Sticker	\$ 50.00
Senior/Disabled Semi-Monthly Sticker	\$ 25.00
Super Senior Monthly Sticker (age 75+)	\$ 40.00
Student Monthly Sticker*	\$ 20.00
Student Semi-Monthly Sticker*	\$ 10.00

*Many students, in grades K through 12, are eligible for free transit passes. Students need to check with their school district for details or visit www.RydrFreeRT.com

Bus: Passengers are required to pay a basic or discount single fare for each trip or may purchase a daily pass valid for unlimited rides on that day.

Light Rail: Single ride tickets are valid for 90 minutes from time of validation on light rail only or pay the 25 cents transfer fee when boarding a bus.

**SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)**

PERFORMANCE MEASURES

Performance Measures in Sacramento's Peer Transit Agencies							
City State	2010 Urban Area Population	2018 Statistics					
		Cost per passenger	Cost per Revenue Mile	Cost per Revenue Hour	Subsidy per Passenger	Farebox Recovery Ratio	
	(UZA Rank)	(Peer Rank)	(Peer Rank)	(Peer Rank)	(Peer Rank)	(Peer Rank)	
BUS PEERS							
Sacramento, CA	1,723,634 (28)	\$ 7.72 (3)	\$ 13.05 (6)	\$ 146.72 (6)	\$ 6.37 (3)	17.5% (4)	
Los Angeles, CA	12,150,996 (2)	4.31 (5)	16.55 (4)	17,361.00 (5)	3.53 (4)	18.1% (3)	
Oakland, CA	3,281,212 (13)	7.58 (4)	19.51 (2)	193.64 (1)	6.37 (3)	15.9% (5)	
San Carlos, CA	3,281,212 (13)	10.51 (1)	17.75 (3)	184.47 (3)	9.22 (1)	12.3% (6)	
San Diego, CA	2,956,746 (15)	3.61 (6)	8.73 (7)	94.91 (7)	2.62 (5)	27.4% (1)	
San Francisco, CA	3,281,212 (13)	3.05 (7)	23.35 (1)	182.78 (4)	2.25 (6)	26.3% (2)	
San Jose, CA	1,664,496 (29)	9.14 (2)	16.19 (5)	188.71 (2)	8.21 (2)	10.2% (7)	
Average for Bus Peers	4,048,501	6.56	16.45	161.83	5.11	19.7%	
RAIL PEERS							
Sacramento, CA	1,723,634 (28)	6.83 (2)	16.04 (4)	285.00 (4)	5.58 (2)	18.4% (2)	
Los Angeles, CA	12,150,996 (2)	5.69 (3)	20.97 (3)	435.68 (2)	4.95 (3)	13.0% (4)	
San Diego, CA	2,956,746 (15)	2.44 (5)	10.43 (5)	188.87 (5)	1.38 (5)	43.6% (1)	
San Francisco, CA	3,281,212 (13)	4.44 (4)	41.52 (1)	397.20 (3)	3.63 (4)	18.1% (3)	
San Jose, CA	1,664,496 (29)	15.12 (1)	38.80 (2)	583.09 (1)	14.18 (1)	6.2% (5)	
Average for Rail Peers	4,355,417	6.90	25.55	377.97	5.94	19.9%	

Source: National Transit Database, 2018 Transit Profiles - All Agencies

In 2010, the Sacramento urban area ranked 28th in the US based on population. Table 1 compares SacRT's 2018 performance to 6 other bus peer transit properties and 4 other rail peer transit properties. This table indicates the following:

Bus

SacRT ranks 3rd in Cost per Passenger and Subsidy per Passenger and ranks 4th in Farebox Recovery Ratio among its bus peer transit agencies.

SacRT ranks 6th in Cost per Revenue Mile and Cost per Revenue Hour among its bus peer transit agencies.

Rail

SacRT ranks 2nd in Cost per Passenger, Subsidy per Passenger and Farebox Recovery Ratio among its rail peer transit agencies.

SacRT ranks 4th in Cost per Revenue Mile and Cost per Revenue Hour among its rail peer transit agencies.

SACRAMENTO REGIONAL TRANSIT DISTRICT
Sacramento, California

**REPORTS REQUIRED BY UNIFORM GUIDANCE
AND TRANSPORTATION DEVELOPMENT ACT**
Year ended June 30, 2020

SACRAMENTO REGIONAL TRANSIT DISTRICT
Sacramento, California

Year ended June 30, 2020

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of Sacramento Regional Transit District (SacRT) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SacRT's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SacRT's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SacRT's internal control. Accordingly, we do not express an opinion on the effectiveness of SacRT's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SacRT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Sacramento, California
November 25, 2020

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Sacramento Regional Transit District’s (SacRT) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SacRT’s major federal programs for the year ended June 30, 2020. SacRT’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of SacRT’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SacRT’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SacRT’s compliance.

Opinion on Each Major Federal Program

In our opinion, SacRT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

(Continued)

Report on Internal Control over Compliance

Management of SacRT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SacRT's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SacRT's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the fiduciary activities of SacRT as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SacRT's basic financial statements. We issued our report thereon dated November 25, 2020 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.


Crowe LLP

Sacramento, California
November 25, 2020

SACRAMENTO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through / Grant Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Transportation				
Highway Planning and Construction Cluster:				
Direct Programs:				
Highway Planning and Construction	20.205	N/A	\$ 145,267	\$ -
Passed through Sacramento Area Council of Governments:				
Highway Planning and Construction	20.205	1819076	92,482	-
Highway Planning and Construction	20.205	SA1819115	44,420	-
Highway Planning and Construction	20.205	SA1819171	75,000	-
Total Highway Planning and Construction Cluster			<u>357,169</u>	<u>-</u>
Federal Transit Cluster:				
Direct Programs:				
Federal Transit - Capital Investment Grants	20.500	N/A	48,812	-
Federal Transit - Formula Grants	20.507	N/A	27,616,694	301,315
State of Good Repair Grants Program	20.525	N/A	13,098,402	-
Bus and Bus Facilities Formula & Discretionary Programs	20.526	N/A	2,073	-
Total Federal Transit Cluster			<u>40,765,981</u>	<u>301,315</u>
Passed through State of California Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	74A1060	87,987	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	74A1127	308	-
			<u>88,295</u>	<u>-</u>
Total Department of Transportation			41,211,445	301,315
Department of Homeland Security				
Direct Programs:				
Rail and Transit Security Grant Program	97.075	N/A	65,759	-
Total Expenditures of Federal Awards			<u>\$ 41,277,204</u>	<u>\$ 301,315</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SACRAMENTO REGIONAL TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of SacRT, for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. SacRT has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 – MATCHING COSTS

Matching costs, i.e., the nonfederal share of program costs, are not included in the accompanying Schedule.

NOTE 3 – PRIOR YEAR EXPENDITURES

With the release of Government Accounting Standards Board (GASB) Implementation Guide No. 2019-1, *Implementation Guidance Update – 2019*, management changed their method of accounting for recognition of non-exchange revenue. Expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the agreement has been executed. As a result, \$35,245,165 of federal grants that were previously reported on the schedule of expenditure of federal awards for the year ending June 30, 2019 are included again on the schedule of expenditure of federal awards for the year ending June 30, 2020 since the corresponding grant revenue is now being recognized as federal revenue in fiscal year 2020 under the newly adopted accounting principle. The \$35,245,165 of expenditures were incurred in fiscal year 2019.

SACRAMENTO REGIONAL TRANSIT DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA Numbers

20.500 / 20.507 / 20.525 / 20.526

Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,238,316

Auditee qualified as low-risk auditee?

 X Yes _____ No

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on Compliance with Transportation Development Act

We have audited Sacramento Regional Transit District's (SacRT) compliance with the types of compliance requirements described in the Transportation Development Act (TDA) Guidebook, the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Guidelines, and the Low Carbon Transit Operations Program (LCTOP) Final Guidelines published by the State of California Department of Transportation (collectively "Transportation Development Act") that could have a direct and material effect on SacRT's compliance with the Transportation Development Act for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for SacRT's Transportation Development Act program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Transportation Development Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Development Act program occurred. An audit includes examining, on a test basis, evidence about SacRT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Transportation Development Act program. However, our audit does not provide a legal determination of SacRT's compliance.

(Continued)

Opinion on the Transportation Development Act Program

In our opinion, SacRT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Development Act program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of SacRT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SacRT's internal control over compliance with the types of requirements that could have a direct and material effect on the Transportation Development Act program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Transportation Development Act program and to test and report on internal control over compliance in accordance with the Transportation Development Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SacRT's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Transportation Development Act program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Transportation Development Act program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Transportation Development Act program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Transportation Development Act. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Sacramento, California
November 25, 2020

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, CA

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, CA

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with SacRT for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether SacRT's financial statements are free of material misstatement, we performed tests of SacRT's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.

- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
 - The allocation of responsibilities between you and management.
 - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
 - Significant communications with regulators.
 - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
<p>GASB Statement No. 84, “Fiduciary Activities” This Statement was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.</p>	<p>As a result of implementation, SacRT reports the Connect Card program as a custodial fund in the fiduciary fund statements.</p>
<p>GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance” This Statement was issued to provide relief to governments in light of COVID-19 pandemic by postponing the effective dates of provisions in almost all standards and implementation guides due to be implemented for fiscal years 2019 and later.</p>	<p>Adoption of this Statement did not have a material impact on SacRT’s financial position or results of operations</p>
<p>Change in Accounting Principle</p>	<p>Management changed the method of accounting for nonexchange revenue in accordance with the clarified guidance provided in GASB Implementation Guide No. 2019-01, <i>Implementation Guidance Update---2019</i>. As a result, an adjustment to reduce business-type activities net position at July 1, 2019 of \$35,245,195 was made to reflect the cumulative effect of the change in accounting principle.</p>
<p>Significant Unusual Transactions</p>	<p>No such matters noted.</p>
<p>Significant Accounting Policies in Controversial or Emerging Areas</p>	<p>No such matters noted.</p>

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in SacRT's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to SacRT's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets.

- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information in Documents Containing Audited Financial Statements Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared such information to accompany the audited financial statements.</p>
<p>Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements with Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to SacRT's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Consultations with Other Accountants Management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>

Communication Item	Results
<p>Representations the Auditor Is Requesting from Management We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed or subject to correspondence with management.</p>
<p>Significant Related Party Findings and Issues We are to communicate to you significant findings and issues arising during the audit in connection with SacRT's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p>Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

We are pleased to serve SacRT as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP
Crowe LLP

Sacramento, California
November 25, 2020

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California


Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

In planning and performing our audit of the financial statements of Sacramento Regional Transit District ("SacRT") as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered SacRT's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SacRT's internal control. Accordingly, we do not express an opinion on the effectiveness of SacRT's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of SacRT's internal control over financial reporting or on compliance. This letter is an integral part of an audit performed in accordance with Government Auditing Standards in considering SacRT's internal control over financial reporting and compliance. Accordingly, this letter is not suitable for any other purpose.


Crowe LLP

Sacramento, California
November 25, 2020

RESOLUTION NO. 20-12-0149

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

December 14, 2020

RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND DESIGNATE THE RESERVE FOR FISCAL YEAR JUNE 30, 2020.

NOW THEREFORE RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby receives and files the Comprehensive Financial Report (CAFR), Reports on Compliance and Internal Controls for the Fiscal Year Ended June 30, 2020, as required by the Uniform Guidance and the Transportation Development Act; and

THAT, the Board hereby directs the General Manager/CEO to designate \$3,692,795 to SacRT's Operating Reserve, which funds may only be used as governed by the Board adopted Comprehensive Reserve Policy of 2019.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Laura Ham, VP, Planning and Engineering

SUBJ: STREETCAR UPDATE AND APPROVING THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SACRT AND THE CITY OF WEST SACRAMENTO AS THE FRAMEWORK FOR DEVELOPING THE OPERATING AND MAINTENANCE (O&M) AGREEMENT FOR THE DOWNTOWN RIVERFRONT STREETCAR PROJECT

RECOMMENDATION

Adopt the Attached Resolution.

BACKGROUND

On September 14, 2020, the Board of Directors conditionally approved the following: 1) the reimbursement agreement for the redesign of Downtown Riverfront Streetcar Project and Small Starts grant update with the Riverfront Joint Powers Authority; 2) the third amendment to the Contract for Downtown Riverfront Street Design with HDR, Inc.; 3) the first amendment to the Contract for Downtown Riverfront Streetcar Environmental Support Services with AECOM and; 4) termination of the Subrecipient and Interagency Agreement, authorizing project sponsorship and ownership to transfer to SacRT, and directing the General Manager/CEO to negotiate replacement agreements with the Cities prior to the dissolution of the Authority. These Resolutions are contingent upon SacRT and the City of West Sacramento entering into an Operations and Maintenance (O&M) Agreement or agreeing on the terms of the future O&M agreement prior to December 31, 2020 that would be a precursor to the City of West Sacramento annexing into the District. In addition, the Cities are required to commit to funding the budget shortfall necessary to progress the Downtown Riverfront Streetcar Project up to the award of the Small Starts Grant and hold SacRT harmless for pre-development cost and cost-overruns from the construction and operations of the future project.

The City of West Sacramento and SacRT determined that a Memorandum of Understanding (MOU) describing the terms of the future O&M is the most expeditious mechanism to commit both parties to further developing the O&M prior to the award of the Federal Small Starts Grant.

On November 18, 2020, the City of West Sacramento approved the Memorandum of Understanding (MOU) between the City of West Sacramento and SacRT as the framework for developing an O&M Agreement for the Downtown Riverfront Streetcar Project. Concurrent with the City's recent action, staff is requesting that the Board of Directors approve the MOU (Attachment 1) between the City of West Sacramento and SacRT as one of the conditions of the September 14, 2020 Resolutions. The second

condition is still outstanding as SacRT and both Cities continue to work on identifying how the shortfall approximately \$711,000 to advance the project up to the award of the Federal Small Starts Grant will be funded by the Cities. Staff intends to present an update to the Board at an upcoming future Board meeting regarding the second condition and any progress towards achieving the condition imposed by the Board through the September 14, 2020 Resolutions.

Project Update: The Downtown Riverfront Streetcar Project (Project) received approval from Federal Transit Administration (FTA) to enter Project Development as a Small Starts Project in 2014. The original scope of the Project was environmentally cleared, designed, and issued for bid in November 2018, with Construction Bids received in January of 2019. Unfortunately, the bids received for the Project came in significantly higher than expected. In March 2019, the Mayors of both Cities subsequently directed the formation of a Mobility Technical Working Group (MTWG). The goal of the MTWG was to present technical alternatives to the currently proposed Streetcar Project (independent of funding and regulatory obstacles) that achieve the best mobility for and between both Cities. The alternatives were to be “forward looking,” allow for future innovation, be achievable in phases, and implemented within five years. The project team was expanded to include representatives from Sacramento Municipal Utility District (SMUD), the Sacramento Metropolitan Air Quality Management District (SMAQMD), the Sacramento Mayor’s Office and Congresswoman Matsui’s Office. Over the next several months, over a half-dozen MTWG meetings were held to establish clear objectives and explore various project alternatives to reduce costs and to deliver a project consistent with the original intent, purpose, and need.

Two of the principal objectives driving the analysis included: 1) Preservation of the Congressionally appropriated \$50 million to complete the Streetcar Project; and 2) Connect the two Cities and the region with frequent, high-quality mass-transit service over the Sacramento River. The decision was made by the MTWG to move forward with a reduced-scope rail project that preserved the portion of the original Downtown Riverfront Streetcar connecting West Sacramento from Sutter Health Park (formerly Raley Field) with Sacramento Valley Station (SVS). This alternative offered some of the benefits of the original Streetcar Project, in that the West Sacramento to SVS connection:

-) is within the original environmentally-cleared alignment, requiring minimal environmental document updates;
-) was substantially designed by the consulting engineering team, requiring minimal design revisions;
-) maintained three of the planned Streetcar stations along the existing route;
-) provided an opportunity to preserve the \$50 million federal appropriation to the project; and
-) would establish the much-needed regional mass-transit connection between the two Cities.

The Streetcar Project stakeholders, with leadership and direction from Congresswoman Matsui, agreed to proceed with the reduced-scope project. After several discussions with the FTA, SACOG and SacRT (with support from the Cities) sent a letter to the FTA on February 13, 2020, outlining the revised project, expressing commitment to the

Streetcar Project as revised, and committing to deliver a full Streetcar Project update (including updated environmental documentation, engineering design, revised project management plan, operating plan, and associated studies by January 2021), and notified the FTA of their intent to submit an updated Small Starts Grant application. During this time period, SacRT remained in a technical advisory role to the project stakeholders; however, SacRT developed many of the options and costs for the group's consideration and once a decision was made that the project would be reduced in scope, it was prudent to consider transitioning ownership of the Project to SacRT.

Between January of 2018 and October of 2019, staff requested project related actions or provided project updates to the SacRT Board of Directors at eight separate meetings. The recent conditional actions were presented at the September 2020 meeting. The revised Project is a 1.51-mile segment from the Sacramento Valley Station (SVS) (Sacramento's intermodal transportation facility) to Sutter Health Park (formerly known as Raley Field) in West Sacramento. The Streetcar would depart the SVS at 3rd Street, turn west on Capitol Mall, cross the Sacramento River on the Tower Bridge and continue on Tower Bridge Gateway to Sutter Health Park. The Streetcar project would add new Streetcar Stations at Sutter Health Park, Capitol Avenue and the SVS.

The revised Project will improve transit service and local circulation by connecting West Sacramento and downtown Sacramento with an alternative (non-auto) mode and support existing and future development in the City of West Sacramento and downtown Sacramento.

As mentioned previously, SacRT and the Cities, and SACOG are working on the Small Start Submittal Update, as requested by the FTA. The Small Starts Update consists of a revised Travel Forecast, an Updated Land Use/Economic Development plan specific to the reduced scope (alignment/stations) and an updated Financial Plan which is expected to maintain an acceptable project rating. SacRT, the Cities, and SACOG intended to submit the update by August 28, 2020, which was the deadline by the FTA for project submittals for requesting additional appropriations. However, SacRT was recently informed by FTA that because this is not a new project, and we are not requesting an additional budget appropriation, we are able to submit an update for project re-rating at any time. Based on initial evaluations, staff believes the Project will receive at least a medium rating.

In addition to the updated application, the environmental documentation and the design are required to be updated in order for the FTA to perform a project readiness review. A successful review will ensure that the \$50 million Small Starts Grant Agreement will be executed prior the expiration of the 2017 appropriation in September 2021. These updates will be performed by the environmental and design consultants that previously performed work on the Project through new amendments. Funding this work requires the execution of the reimbursement agreement between the Riverfront Joint Powers Authority (Authority) and SacRT as presented in this report, which allows the Authority to reimburse SacRT for these contract services.

RESULT OF RECOMMENDED ACTION

The approval of the MOU between SacRT and the City of West Sacramento will be the framework for developing an O&M Agreement for the Downtown Riverfront Street

Project, which is anticipated to be approved prior to the award of the Federal Small Starts Grant.

FISCAL IMPACT

No fiscal impact with this action. The fiscal impact will be addressed through an O&M agreement which will be submitted to the SacRT Board of Directors for approval once completed.

DISCUSSION

Operating & Maintenance:

Staff has estimated that the O&M cost of the Project will be \$2.3 million annually. The proposed MOU is the framework for developing the O&M agreement between SacRT and the City of West Sacramento. The prior O&M Agreement approved as part of the governance documents expired at the same time as the Design, Procurement and Construction (DPC) Agreement. Staff expects that the Cities will be parties to the agreement and that operating costs will be shared between West Sacramento, SacRT, and potentially other partners, and funded by sources such as LCTOP, Cap and Trade, SACOG's innovative project programs, a future sales tax measure, and other sources. West Sacramento is not a member or participating entity of SacRT; therefore, a separate O&M agreement is being developed with the approval of MOU as the initial step. This agreement could be similar to the light rail O&M agreement between SacRT and the City of Folsom, which was in place for almost 15 years, prior to Folsom joining SacRT in late 2018. In order to avoid having SacRT be responsible for the operating cost deficits, the stakeholders must enter into an O&M agreement prior to award of the SSGA.

O&M costs were estimated based upon the current travel time of 20 minutes round trip using one vehicle and 10 minutes during peak hours utilizing two vehicles. Maintenance of the vehicles will be done at SacRT's existing Light Rail Maintenance Facility at Academy Way.

Ownership:

The last remaining governance document approved by the Board is the Subrecipient and Interagency Agreement between SacRT, the Authority, and both Cities. That document designates the Authority to be the owner of the Project and for SacRT to manage the state and federal grant funds. Through several discussions with both Cities and SACOG, the parties are now proposing that SacRT become the owner and operator of the completed Project upon dissolution of the Authority and approval of the SacRT Board of Directors. This will require termination of the Subrecipient and Interagency Agreement and a petition from SACOG to the FTA to transfer the Project sponsorship from SACOG to SacRT.

Due to the Project delay, the parties will likely be required to request an extension of the 2017 \$50 million federal appropriation.

Recommended Actions:

STREETCAR UPDATE AND APPROVING THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SACRT AND THE CITY OF WEST SACRAMENTO AS THE FRAMEWORK FOR DEVELOPING THE OPERATING AND MAINTENANCE (O&M) AGREEMENT FOR THE DOWNTOWN RIVERFRONT STREETCAR PROJECT (December 14, 2020)

Staff recommends that the Board approve the Memorandum of Understanding (MOU) between SacRT and the City of West Sacramento, which sets out the framework for developing an Operating and Maintenance Agreement prior to the award of the Federal Small Starts Grant.

**Streetcar Service Memorandum of Understanding for Development of an
Operating and Maintenance Agreement Between the
City of West Sacramento and Sacramento Regional Transit District**

THIS MEMORANDUM OF UNDERSTANDING FOR THE STREETCAR PROJECT (“MOU”) is entered into effective this _____ day of _____, 2020 (“Effective Date”), by and between **SACRAMENTO REGIONAL TRANSIT DISTRICT (“SacRT”)** and the **CITY OF WEST SACRAMENTO (“CITY”)**. SacRT and CITY will each be referred to herein as a “Party” or collectively as “Parties”.

1.0 RECITALS

1.1 The City of Sacramento and the City of West Sacramento entered into a Joint Exercise of Powers Agreement for the Riverfront Joint Powers Authority (“JPA Agreement”) for the purpose of, in part, acquiring, planning, designing, financing, constructing, operating, holding and maintaining a fixed-rails streetcar system that will operate within and between the two Cities (“Project”);

1.2 SacRT has extensive experience in the operations and maintenance of regional transit projects similar to the Project;

1.3 Throughout the Project development phase the Cities have desired that SacRT provide certain operation and maintenance services for the Project as required by the Federal Transit Administration (FTA) under the future Grant Agreement. SacRT as the grantee is required to provide the appropriate level of operations for the useful life of the Project;

1.4 SacRT put out an Invitation to Bid for the construction of the Project on October 18, 2018;

1.5 The lowest responsive and responsible bid was significantly greater than the Project budget and the Engineer’s estimated cost for the Project;

1.6 The Parties are prepared to redesign the Project to reduce the scope and reduce the cost of the Project as presented and approved to proceed by the Sacramento City Council on August 18, 2020; by the West Sacramento City Council on August 19, 2020; and conditionally approved to proceed by the SacRT Board of Directors on September 14, 2020, as described in the Board approved Resolution attached hereto as Exhibit A;

1.7 On September 14, 2020, the SacRT Board of Directors conditioned the progression of the Project on the occurrence of a number of events, including the immediate commencement of negotiations with the CITY and completion of an agreement between the Parties by December 31, 2020 having the CITY join SacRT either through annexation or through an Operations & Maintenance Agreement (“O&M Agreement”) and to fully implement the terms of the annexation agreement or O&M Agreement upon

acceptance of award of a Small Starts Grant Agreement (“SSGA”) with the US Federal Transit Administration (“FTA”);

1.8 The Parties have commenced negotiations for an O&M Agreement but due to the complexity of issues that must be addressed, an O&M Agreement cannot be executed by December 31, 2020; therefore the Parties have agreed to enter into this Memorandum of Understanding (“MOU”) as an interim step, setting forth all of the issues that will be addressed in the O&M Agreement and have committed to fully executing an O&M Agreement before the acceptance of award of an SSGA for the Project.

NOW, THEREFORE, in consideration of the mutual promises hereafter set forth, the Parties agree as follows:

Terms and Conditions

2.1 General

The Parties hereto have agreed to enter into this MOU setting forth each of the terms and conditions that will be negotiated between the Parties in an O&M Agreement governing the operation and maintenance of the Streetcar Service between and within the cities of Sacramento and West Sacramento. The Parties intend to have the CITY join SacRT through the O&M Agreement and include CITY on SacRT’s governing Board as a voting member. This MOU identifies the areas that will be addressed in the O&M Agreement and provides a roadmap guiding the Parties in negotiations of the issues that will be addressed and included in the O&M Agreement. The goal of the Parties is to have a fully executed and effective O&M Agreement no later than upon acceptance of an SSGA, which is expected to happen in September 2021.

2.2 Streetcar Service Route

The O&M Agreement into which the Parties will enter, will govern the operation and maintenance of the Streetcar Service between the City of Sacramento and the City of West Sacramento. The O&M Agreement will describe who will operate and maintain the Streetcar Service and will provide a description of the route(s). As a starting point for negotiations, the Parties agree that SacRT will operate the 1.5 Track Mile Route (“Streetcar Service”) and that the route will travel between a station/platform on Tower Bridge Gateway at Sutter Health Park between 3rd and 5th Streets in West Sacramento, heading east over Tower Bridge on Capitol Mall to a median station/platform between Front Street and 2nd Street, then proceed north on 3rd Street into the Sacramento Valley Station to a new station/platform near or at the existing light rail platform in Sacramento. The O&M Agreement will include any other necessary provisions describing the route and how it will be operated.

2.3 Operation and Service Costs

The Parties agree to negotiate and develop an equitable, proportional cost-sharing methodology that will fairly allocate costs between the CITY and SacRT and the

methodology will be included in the O&M Agreement. The O&M Agreement will also contain an agreed upon schedule for the Streetcar Service. As a starting point for negotiation of the O&M Agreement, the Parties generally agree that the Streetcar Service will operate at approximately 15- and 30-minute intervals depending on the number of rail cars in operation. Streetcar Service headways operating a single vehicle are anticipated to be no greater than 30 minutes, with Peak Hours operating with two vehicles are anticipated to have headways that are no greater than 15 minutes. Hours of Operations are anticipated to be between 6:00 a.m. to 8:00 p.m., Monday through Friday and 8:00 a.m. to 8:00 p.m. on the weekends. The Parties will use the proposed schedule and route description contained in this MOU and use it as a starting point that will guide negotiations for the O&M Agreement. The Parties agree that Streetcar Service hours and headways will be timed and coordinated to the extent practicable to coincide with existing SacRT light rail services, to improve access to transit services, to minimize passenger wait/transfer time and to respond to ridership demand.

2.4 Changes in Service

The Parties will negotiate and include a methodology for making service changes to the Streetcar Service and will include that in the O&M Agreement. As a starting point for those discussions, the Parties agree that SacRT will be authorized to make any changes to the Streetcar Service that SacRT determines is necessary or desirable, including but not limited to changes for operational efficiency or safety, while ensuring the minimum agreed level of service is provided to the CITY. The CITY will not be obligated to pay for a change to Streetcar Service resulting in an increase in service miles or hours above the level described Article 2.3 above, unless both CITY and SacRT agree to the change. The CITY and SacRT will negotiate changes in service, but if SacRT makes a change to Streetcar Service resulting in a decrease in service hours below the minimum amount agreed to in the O&M Agreement, SacRT will charge the CITY only for the Streetcar Service hours that SacRT actually provides.

2.5 Notices

The O&M Agreement will set forth the notice requirements each Party must follow when notifying the other Party of any changes in service. As a starting point, the Parties agree that the O&M Agreement will set forth that SacRT will provide the CITY with at least 90 days advanced written notice of any proposed permanent change to Streetcar Service. The O&M Agreement will also contain a provision that will authorize SacRT to prepare a revised O&M Agreement if SacRT makes a permanent change to Streetcar Service resulting in an increase or decrease in hours of Streetcar Service. If the CITY agrees to increase the level of Streetcar Service or SacRT makes a permanent decrease to the level of Streetcar Service, the O&M Agreement must be revised to reflect the change and the change must be approved in writing by SacRT and CITY. Any changes to the O&M Agreement described herein will be effectuated either by the adoption of a new restated O&M Agreement or a formal written amendment to the then existing O&M Agreement. Acceptance of the new O&M Agreement or an amendment to the O&M Agreement will

be evidenced by the signatures of the West Sacramento City Manager as designated by the West Sacramento City Council, and the SacRT General Manager/CEO.

2.6 Street Maintenance

The Parties agree that the O&M Agreement will address each Party's distinct responsibility to maintain CITY infrastructure including the streets on which the Streetcar rail right of way will operate. The Parties hereby agree that the O&M Agreement will expressly require that SacRT will maintain paving between points along a distance two feet from each outside operating rail on CITY right of way in a condition satisfactory to the CITY as determined by the City Manager or City Manager's Designee. The O&M Agreement will address the intervals at which maintenance will occur, whether and to what extent street maintenance costs will be apportioned and any other terms necessary to ensure the proper maintenance of CITY streets immediately adjacent to the rail right of way.

2.7 SacRT Facilities

The O&M Agreement will also address maintenance of SacRT owned and/or controlled facilities. The Parties agree that SacRT will repair and maintain SacRT right of way, buildings, landscaping, vehicles, and equipment within the CITY using the same standards and criteria that SacRT applies to all SacRT right of way, buildings, landscaping, vehicles and equipment that SacRT operates and maintains. SacRT will endeavor to remove graffiti on SacRT buildings and equipment along the Streetcar right of way within 24 hours after receipt of CITY's request to SacRT's Facilities Department in writing or by phone. The O&M Agreement will contain pertinent details regarding notification protocols, as well as identify the parties who will be responsible for receiving such notices.

If SacRT reconstructs its facilities and equipment within CITY boundaries, it will comply with CITY standards for protection of the designated West Sacramento District to the extent such requirements do not conflict with applicable state or federal safety requirements or standards. For clarification, if a State or Federal design or safety standard or requirement differs from the CITY's design standard, SacRT will apply the State or Federal design standard if the State or Federal design standard is more restrictive. SacRT will be required to seek prior approval from the CITY for any new structures or elimination of existing natural features which are necessitated by operation or maintenance of the rail system, unless an immediate safety hazard exists which requires immediate removal of existing natural resources. SacRT will be required pursuant to the O&M Agreement to inform the CITY when such action has been taken.

The O&M Agreement will require SacRT to repair and maintain rail stations located in the CITY using the same standards and criteria that SacRT applies to all Stations that SacRT operates, including but not limited to, daily trash removal, station cleaning and graffiti removal. SacRT will endeavor to repair station damage posing a threat to public safety

within 24 hours after SacRT is notified or otherwise becomes aware of the damage. Other station repairs will be completed as quickly as practicable depending on availability of replacement parts and personnel.

2.8 Police/Security Services

The Parties will negotiate and develop a methodology to ensure that the Streetcar Service in the CITY will receive an appropriate level of security and police protection. While the Parties believe that it would be preferable to have SacRT provide police/security services for Streetcar Service operations within CITY, the Parties understand that law enforcement jurisdictional issues may require a different model for security. The Parties agree that specific security services will be identified and addressed as part of the Streetcar O&M Agreement between SacRT and CITY.

2.9 Transit Services Coordination

The Parties agree that the O&M Agreement will address how transit services between transit systems operated in both CITY and the City of Sacramento will be coordinated. As a starting point for negotiations, SacRT and CITY will coordinate any future transit connection as planned or deemed necessary at each of the termini stations. The Parties agree that Streetcar Service hours and headways will be timed and coordinated to the extent practicable to coincide with existing light rail transit services operating at Sacramento Valley Station to improve access to services and reduce passenger wait/transfer time, and to respond to ridership demand.

2.10 Public Information

The Parties agree that SacRT will provide Streetcar Service route and schedule information to the public through SacRT's Customer Call Center and refer request for local transit service routes and schedules made by the public, to the CITY, which will be responsible for providing such information to the riding public. The O&M Agreement will reflect this division of responsibility.

2.11 Special Events

The O&M Agreement will address the issue of how special events may be served by SacRT through the Streetcar Service. As a starting point for negotiations, SacRT agrees that it will consider requests from the CITY for additional service for special events and will endeavor to accommodate such requests conditioned upon CITY following the methodology that will be agreed upon by the Parties and included in the O&M Agreement for such requests.

The Parties agree that if CITY desires to increase Streetcar Service, the methodology that will be employed for making such requests will be set forth in the O&M Agreement and will require CITY to give SacRT at least 180 days' notice of its desire to expand Streetcar Service within the City (i.e. increased service span on weekdays, weekends,

holidays or increased frequency). Such timeframe is necessary to allow SacRT the necessary time to complete the process for implementing service changes, which may require negotiating with SacRT's labor unions and approval by the SacRT Board of Directors. SacRT's preference is to make Streetcar Service changes effective as close to the beginning of a fiscal year as possible and the O&M Agreement will reflect that preference. Approval of such changes will be evidenced in an approved writing executed by the City Manager of West Sacramento and the SacRT General Manager/CEO. The O&M Agreement will include a description of how agreement will be manifested between the Parties and could be as simple as both Parties executing a revised Exhibit to the O&M Agreement depicting the change in service.

2.12 Terms of Agreement

The Parties will include a term in the O&M Agreement and have preliminarily agreed that the initial term will be 5-years consistent with FTA requirements as specified by the Small Starts Grant Agreement. The Parties may include a provision in the O&M Agreement that allows for the extension of the term of the Agreement by mutual agreement through an amendment to the O&M Agreement. The O&M Agreement will include a provision allowing for an annual adjustment to the number of hours of Streetcar Service and the estimated cost per revenue train hour to be made based upon SacRT's total Streetcar Service for the applicable fiscal year.

2.13 Net Operating Costs and Estimated Operating Costs

When negotiating the O&M Agreement, the Parties will determine each Party's proportional share of the Net Operating Costs. The Parties agree that CITY will pay its proportional share of the "Net Operating Costs" for the Streetcar Service. The "Net Operating Cost" will be calculated each fiscal year by determining SacRT's "Estimated Operating Cost" for Streetcar Service, and providing a credit for : (i) fare revenue and (ii) in-kind services, which will be defined in the O&M Agreement.

The "Estimated Operating Costs" will include all maintenance, security, and operations costs for the Streetcar Service. The Parties have agreed that the Estimated Operating Costs will be defined in the O&M Agreement as an amount equal to the estimated cost of Streetcar Service between Sutter Health Park in West Sacramento and the Sacramento Valley Station in the City of Sacramento. When determining the factors that will go into determining the Estimated Operating Cost, the Hours of Rail Service will be included in the calculation. The Hours of Rail Service will include a proportional share of layover hours calculated by taking the Layover Time and multiplying that by the Running Time from Sutter Health Park to Sacramento Valley Station. Layover Time, as will be defined in the O&M Agreement, will mean the time during which a train is waiting at the terminus station prior to start of any trip. Running Time as will be defined in the O&M Agreement will mean the time during which the train is operating between the two termini stations.

The O&M Agreement will include the methodology for how the Net Operating Cost and the Estimated Operating Cost are to be determined during the term of the Agreement and

any other details necessary, including allocation of overhead, labor costs, etc., to determine such costs and the appropriate share each Party will be required to fund, subject to the definitions included herein.

2.14 Payment

The Parties will negotiate how invoices are to be delivered and processed by the receiving Party and the agreed upon payment methodology and include those in the O&M Agreement. The O&M Agreement will also include the methodology for calculating interest and the maximum interest that may be imposed on late payments.

2.15 Fare Structure

The fare structure for the Streetcar Service will be negotiated between the Parties but will not be addressed in the O&M Agreement. Instead the Parties will negotiate a separate Transfer Agreement between the Parties that will set forth the fare structure and the mutual acceptance of fare media between the CITY's transit system and the SacRT system. The Parties agree that the Transfer Agreement will be approved by SacRT and CITY no later than the start of Streetcar Revenue Service. In addition, the inclusion of Yolobus routes and schedules in the "SacRT Bus and Light Rail Timetable Book" will be addressed under the separate Transfer Agreement and not in the O&M Agreement.

2.16 Board Membership

The Parties will negotiate and include the process by which CITY will join SacRT and be provided with a seat on SacRT's governing Board. The process for gaining membership on the SacRT Board of Directors will be included in the O&M Agreement.

General Provisions

3.1 Authority to Bind

Each of the signatories to this MOU represent that they are authorized to sign the MOU on behalf of such party and that all approvals, resolutions and consents which must be obtained to bind such party have been obtained that no further approvals, acts or consents are required to bind such party to this Contract.

3.2 Severability

In the event any provision of this MOU is held to be unenforceable for any reason, such provision will be severable from this MOU if it is capable of being identified with the apportioned to reciprocal consideration or to the extent that it is a provision that is not essential and the absence of which would not have prevented the parties from entering into this Agreement. The unenforceability of a provision that has been performed will not

be grounds for invalidation of this MOU under circumstances in which the true controversy between the Parties does not involve such provision.

3.3 Integration & Modifications

This MOU supersedes all previous agreements between the parties and constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement. No oral statement or prior written material not specifically incorporated herein will be of any force or effect. This MOU may not be amended except by a writing duly executed by all of the Parties to this MOU.

3.4 Counterparts

This MOU may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute but one and the same agreement.

3.5 Communications

Any notice, demand, or communication required, permitted, or desired to be given hereunder will be deemed effectively given when emailed to the individual listed below:

If to SacRT:

Name	Sacramento Regional Transit District
Address	2811 O Street, Sacramento, 95816
Attn:	Darryl Abansado, Director, Engineering and Construction
Phone:	916-321-3876
Email:	dabansado@sacrt.com

If to CITY, to:

Name:	City of West Sacramento
Address:	1110 West Capitol Avenue, West Sacramento, 95691
Attn:	Capital Projects and Transportation Dept. Jason McCoy, Supervising Transportation Planner
Phone:	916-617-4832
Email:	mccoyj@cityofwestsacramento.org

3.6 Ambiguities

The parties have each carefully reviewed this Contract and have agreed to each term of this Contract. No ambiguity is presumed to be construed against either party.

3.7 Time is of the Essence

Time is of the essence for performance of each of the obligations under this MOU.

3.8 Termination

Either Party to this MOU may terminate this MOU for its convenience (without cause) at any time, in whole or part, by giving at least 30 days' advance written notice to the other Party of such termination and specifying the effective date thereof.

3.9 Governing Law

The laws of the State of California will govern this MOU.

3.10 Nonwaiver

Failure of a Party to insist on strict compliance with any of the terms, covenants, or conditions of this MOU by the other Party will not be deemed a waiver of that term, covenant or condition, nor will any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

IN WITNESS WHEREOF, the Parties have caused this MOU to be executed by their respective duly authorized representative as of the Effective Date.

**SACRAMENTO REGIONAL TRANSIT
DISTRICT**

CITY OF WEST SACRAMENTO

By: _____
Henry Li, General Manager/CEO

By: _____
Aaron Laurel, City Manager

RESOLUTION NO. 20-12-0150

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

December 14, 2020

STREETCAR UPDATE AND APPROVING THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SACRT AND THE CITY OF WEST SACRAMENTO AS THE FRAMEWORK FOR DEVELOPING THE OPERATING AND MAINTENANCE (O&M) AGREEMENT FOR THE DOWNTOWN RIVERFRONT STREETCAR PROJECT

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

THAT, the Memorandum of Understanding (MOU) between Sacramento Regional Transit District, therein referred to as "SacRT," and the City of West Sacramento therein referred to as "CITY," as the framework for developing an Operating and Maintenance Agreement, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing Memorandum of Understanding (MOU) for the Downtown Riverfront Streetcar Project between the Sacramento Regional Transit District (therein "RT") and the City of West Sacramento (therein "CITY").

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Brent Bernegger, VP, Finance/CFO
SUBJ: TRANSIT ORIENTED DEVELOPMENT/SURPLUS PROPERTY UPDATE

RECOMMENDATION

No Recommendation — For Information Only.

FISCAL IMPACT

None

DISCUSSION:

Transit Oriented Development (TOD) Action Plan: Sacramento Area Council of Governments (SACOG) and SacRT released this report earlier this year to provide guidance to the region on how local and regional agencies can incentivize TOD. Staff is providing the attached presentation to the Board as an informational item to assist with promoting TOD in their jurisdictions. The full report can be downloaded from SACOG's web site: <https://www.sacog.org/transit-oriented-development-resources>.

SacRT Property Updates

Over the past few years, SacRT has made significant efforts to market its existing surplus land resources to generate demand by seeking buyers that would be interested in purchasing or leasing property with the goal of both generating funds to be used for other needed transit assets and finding buyers that will invest in the community by creating student, affordable, or market rate high density housing adjacent to SacRT's transit facilities. In this report, we have provided updates on these ongoing efforts. While the dispositions described below have or will result in projects that dovetail nicely with transit and that will likely result in increased transit ridership, these projects are all traditional surplus dispositions under the Surplus Land Act and are not joint developments as set out in statute. To date, SacRT has been fortunate to have found buyers who view transit as an important amenity and who are progressing projects that are transit supportive.

65th St Property: Development of the parcel sold to Symphony Development and Martin CV last year, which used to house the University/65th Street Bus Transfer Center, is progressing. The first phase of street, bus stop and utility work along 67th and Q streets is complete and SacRT has moved into its new bus stops along the station platform. The student housing development has broken ground and SacRT continues to monitor the project for impacts on service and passengers during construction.

Cemo Circle Property: As previously reported to the Board, the pandemic has slowed new development investments and SacRT had to postpone close of escrow on sale of Cemo Circle until March of 2021. USA Properties are approved to build approximately 165 market rate apartments and continue to progress their project. They have found new investors and are confident they will be able to close on schedule.

Calvine/Auberry Property: SacRT signed a purchase sale agreement with Catalyst Development Partners in May 2019 for \$1.6 million. The buyer submitted an entitlement application to the County for a commercial/retail project. Closing of escrow is estimated to take place around summer of 2021.

Future Dispositions: SacRT will need to hold off on accepting any offers on any future surplus property dispositions pending review and adherence to the revised Surplus Land Act under AB 1486, which requires that parcels on SacRT's surplus property list be once again designated as surplus property. It is important that we evaluate this Act to make sure we are in compliance with it before acting on any offers.

TRANSIT-ORIENTED DEVELOPMENT

TOD is a type of urban or suburban development that is **located close to frequent, high-capacity transit** such as light rail, bus rapid transit, or bus transit centers



TOD SUCCESS IN THE REGION

Several Station Areas have seen **TOD projects** developed over the past **decade**, including affordable housing projects in Alkali Flats



TOD Action Plan

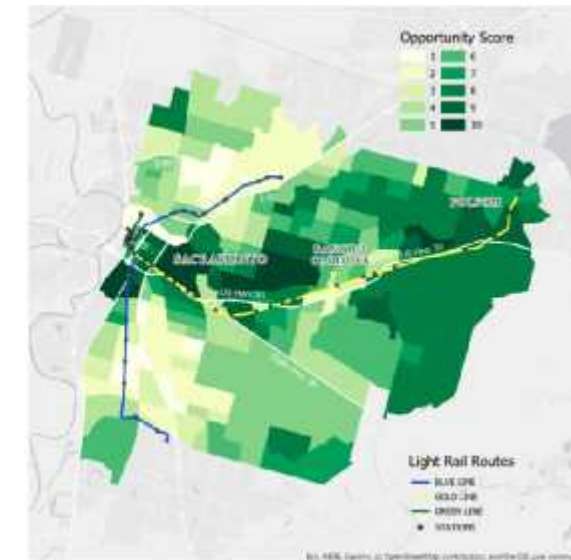
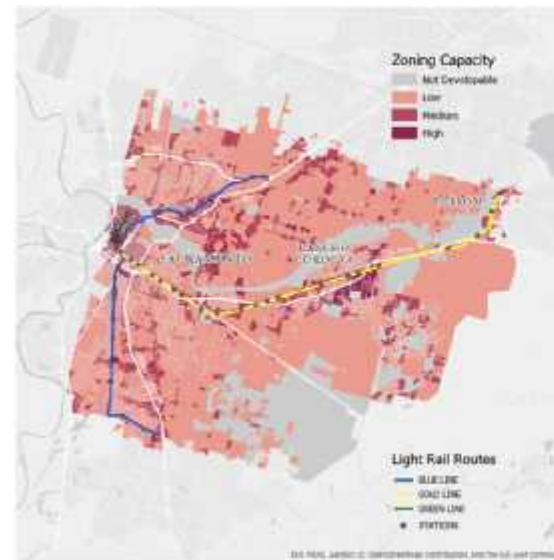
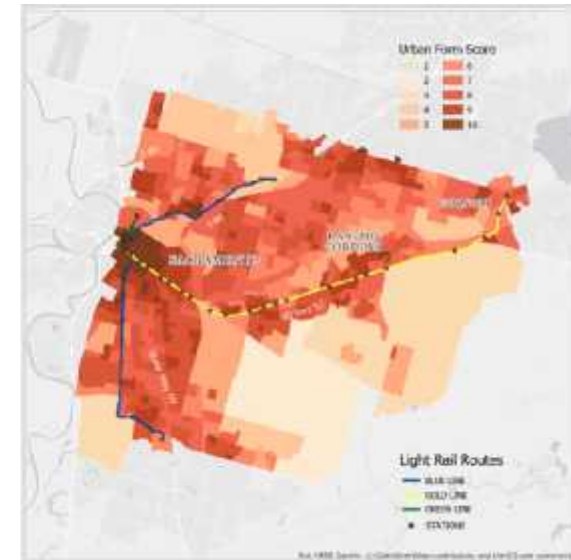
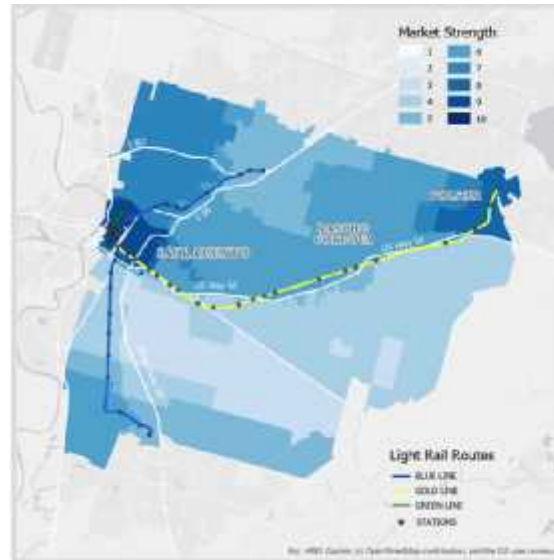
In early 2019, SACOG and SacRT started a process to strategically look at how jurisdictions could incentivize TOD projects

As part of this effort, we met with a series of **Focus Groups** and formed an **Advisory Committee**, comprised of staff from the cities of Folsom, Rancho Cordova, Sacramento, Elk Grove and County of Sacramento



STEP 1 URBAN FORM AND MARKET ANALYSIS

Evaluated each Station Area's
positioning for new TOD projects
based on four key factors



STEP 2 STATION AREA TYPOLOGIES

Categorized each of the Station Areas into one of six prototypical “Typologies,” based on their current urban form and what potential future land use mix and development intensity would be the best fit

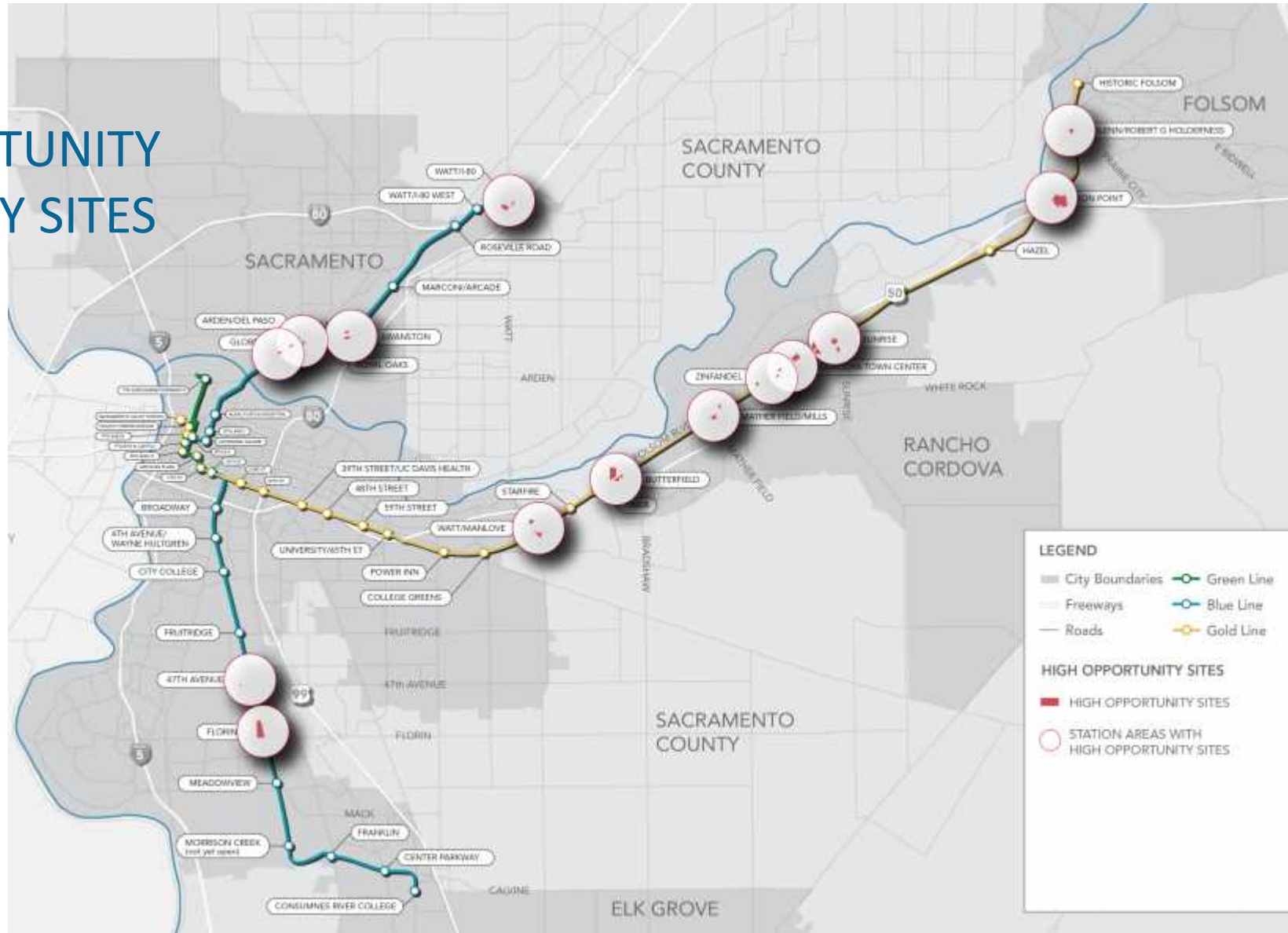


EXISTING CHARACTERISTICS <i>existing urban form assets to build upon</i>		OPPORTUNITIES FOR SUPPORTING TOD
Land Use Mix	Office / Mixed-Use / Higher Density Residential / Entertainment / Civic	<ol style="list-style-type: none"> 1 Incorporate a variety of uses that can be further expanded and built upon by TOD projects. 2 Ensure sidewalks are activated with retail, dining, and service commercial uses. 3 Ensure the area is highly walkability with good multi-modal connectivity through a variety of options (sidewalks, pedestrian pathways, bicycle lanes, sharesables, etc.) 4 Locate major regional entertainment, cultural, and civic destinations within the Station Area. 5 Support the Station Area with an extensive array of public amenities and adequate infrastructure.
Street and Block Pattern	Smaller rectangular blocks / gridded street network / some vehicle-restricted streets / consistent alleys	
Building Heights	Generally, between eight and 20+ stories	
Building Placement	Minimal or no building setback / continuous street wall / active street frontages / pedestrian-oriented	
Multi-Modal Connectivity	Strong pedestrian facilities / bicycle infrastructure / bus connections / "shared" automobiles, bicycles, scooters, etc.	
Parking	Moderate amount of on-street public parking / mostly structured public and private parking / residential parking garages / many uses do not have on-site parking / on-site parking either enclosed or in the rear	
Equity	Large amounts of affordable housing / mixed-income neighborhoods / employment opportunities at all levels	

STEP 3 HIGH OPPORTUNITY AND PRIORITY SITES

Includes a range of sizes and jurisdictions

Many of these sites are within State-designated Disadvantaged Communities (“DACs”) to promote development and investment equity in the region



REGIONAL STRATEGIES COORDINATION

- Increase inter-agency partnerships and coordination on TOD projects
- Identify regional TOD-Champions who will advocate for new projects
(elected officials, staff, developers, community leaders, residents)
- Develop a regional public land inventory
- Market TOD sites and projects
- Create developer “toolkits”
- Establish gap financing
- Identify ways to create Public Private Partnerships



REGIONAL STRATEGIES

EQUITY

- FUND STATION AREA IMPROVEMENTS THAT BENEFIT DISADVANTAGED COMMUNITIES
- ESTABLISH COMMUNITY BENEFIT AGREEMENTS
- CREATE MORE MULTI-MODAL CONNECTIONS





STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Henry Li, General Manager/CEO
SUBJ: GENERAL MANAGER'S REPORT

RECOMMENDATION

No Recommendation — For Information Only.

SacRT/California Transit Association 2021 Annual Conference

Video

Quarterly Financial Report

Staff Presentation

Capital Facility Needs Report

Presentation Attached

Sacramento Placerville Transportation Corridor JPA (November 2) Report - (Budge)

Written report has been provided.

Capitol Corridor JPA Meeting (November 18) Report – (Miller)

Written report has been provided.

San Joaquin JPA Meeting (November 20) Report – (Hume)

Written report has been provided.

SacRT Meeting Calendar

Regional Transit Board Meeting

January 25, 2021
SacRT Auditorium / Webconference
5:30 P.M

Quarterly Retirement Board Meeting

February 26, 2021
SacRT Auditorium / Webconference
9:00 A.M.

Mobility Advisory Council Meeting

January 7, 2021
SacRT Auditorium / Webconference
2:30 P.M.

1st Quarter FY 2021
Finance Update and
Key Performance Report

Brent Bernegger

VP of Finance/Chief Financial Officer

FY 2021 - Budget to Actual Comparison

1st Qtr Ended September 30, 2020

Categories (\$ in thousands)	Actual	Budget	\$ Variance	% Variance
Income				
Fare Revenue	\$3,150	\$3,312	(\$162)	-4.9%
Contracted Services	1,770	1,595	175	11.0%
Other Income	1,489	1,219	270	22.1%
State & Local Revenue	27,093	18,276	8,817	48.2%
Federal Revenue	17,454	25,947	(8,493)	-32.7%
Total	50,956	50,349	607	1.2%
Expenses				
Salaries/Fringes	34,137	34,922	785	2.2%
Services	3,339	4,156	817	19.7%
Supplies	3,056	3,241	185	5.7%
Utilities	2,333	2,396	63	2.6%
Insurance/Liability	3,804	3,729	(75)	-2.0%
Other Expenses	425	1,192	767	64.3%
Total	\$47,094	\$49,636	\$2,542	5.1%
Net Operating Surplus	\$3,862			

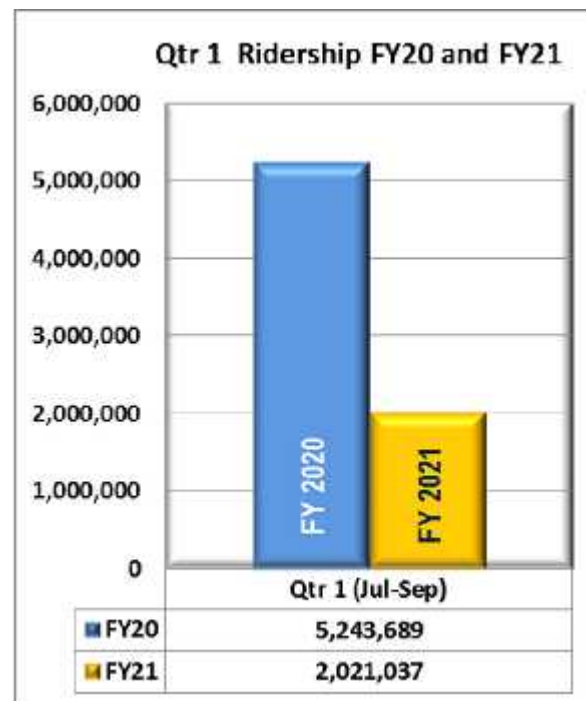
FY 2021 YTD

Actual	Budget	\$ Variance	% Variance
\$3,150	\$3,312	(\$162)	-4.9%
1,770	1,596	174	10.9%
1,489	1,219	270	22.1%
27,093	18,277	8,816	48.2%
17,454	25,948	(8,494)	-32.7%
50,956	50,352	604	1.2%
34,137	34,922	785	2.2%
3,339	4,156	817	19.7%
3,056	3,241	185	5.7%
2,333	2,396	63	2.6%
3,804	3,729	(75)	-2.0%
425	1,192	767	64.3%
\$47,094	\$49,636	\$2,542	5.1%
\$3,862			

* Budget is seasonally adjusted (not straight-line budget)

Key Performance Indicators

Quarterly Ridership Comparisons

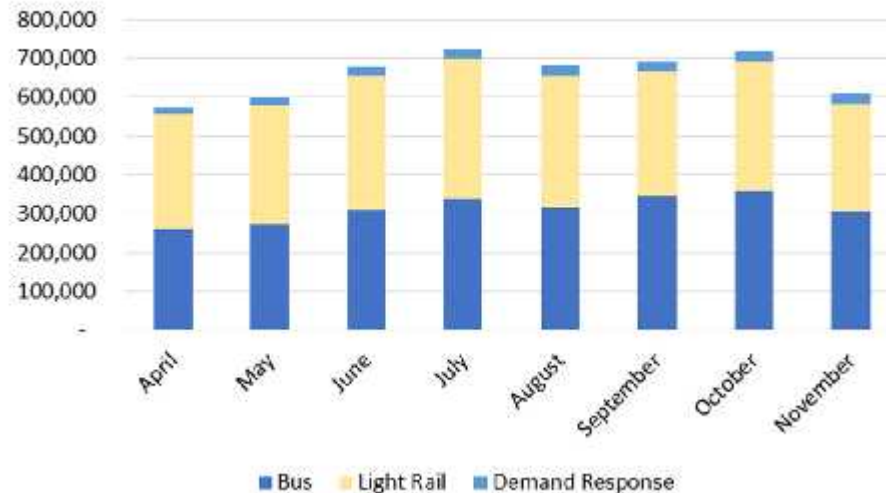


↓ 61.5%

Ridership Update



Monthly Ridership (Post-COVID)



FY 2021 Year to Date Summary (Jul-Nov)

Category	FY21 YTD	FY20 YTD	Difference	% Change
Fixed Route Bus	1,568,677	4,363,639	(2,794,962)	-64.1%
Light Rail	1,628,698	4,748,491	(3,119,793)	-65.7%
Demand Response*	124,556	52,716	71,840	136.3%
System Total	3,321,931	9,164,846	(5,842,915)	-63.8%

*Demand Response is the sum of SmaRT Ride, Folsom DAR (began in Jan 2019) & SacRT GO (beginning 6/28/2020)

FY 2021 Budget Revision



	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Revised to Adopted</u>
<u>Operating Revenues</u>			
Fare Revenue	\$ 12,176,775	\$ 12,176,775	\$ -
Contracted Services	6,380,312	6,380,312	-
Other	4,876,400	4,876,400	-
State & Local	73,103,817	107,077,566	33,973,749
Federal	35,790,314	1,816,565	(33,973,749)
CARES Act	68,000,000	68,730,000	730,000
Total Operating Revenue	\$ 200,327,618	\$ 201,057,618	\$ 730,000
<u>Operating Expenses</u>			
Salaries & Benefits	\$ 142,875,152	\$ 142,875,152	\$ -
Professional Services	16,611,918	16,761,918	150,000
Materials & Supplies	12,962,800	13,542,800	580,000
Utilities	7,827,600	7,827,600	-
Casualty & Liability	14,916,501	14,916,501	-
Other	5,133,647	5,133,647	-
Total Operating Expenses	\$ 200,327,618	\$ 201,057,618	\$ 730,000

SacRT Board of Directors Real Estate Ad Hoc Committee

GM Update

December 14, 2020

Real Estate & Facilities Overall Strategy Plan

- Administrative Building Upgrade
- Bus Operation & Maintenance Facility Expansion
- Zero Emission Vehicle/Multi-fuel Infrastructure Plan
- Light Rail Operation & Maintenance Facility Expansion
- Other Safety and Operational Needs

Recent Admin Campus and Maintenance Facilities Planning and Search Steps Taken

- Hired on-call Legal Consultant to assist contract review and FTA regulations
- Board formed Adhoc Committee to review agency needs and options
- Adhoc Committee toured potential opportunities and SacRT facilities
- In process of hiring two Real Estate Brokers that specialize in assist with options for Administrative and Commercial property searches, negotiations and tenant improvements

Next Steps

1. Staff to work with Real Estate Brokers to identify options for new office and maintenance sites and provide cost analysis
2. Legal advisors to develop detailed acquisition process memo
3. Staff to develop strategic plan for office and maintenance spaces (with schedule and costs)
4. Staff to bring the strategic plan to the Board for approval



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: Linda Budge, Member, SacRT Board of Directors
SUBJ: SACRAMENTO PLACERVILLE TRANSPORTATION CORRIDOR
MEETING SUMMARY OF NOVEMBER 2, 2020

RECOMMENDATION

No Recommendation — For Information Only.

See attached summary.

2 November 2020

MEMO TO: RT Board of Directors

Cc: Interested Parties

RE: Sacramento – Placerville Transportation Corridor Joint Powers Authority (JPA) Regular Meeting of November 2, 2020.

The JPA Board, consisting of Shiva Frentzen, Don Nottoli, David Sander, and Linda Budge, met virtually this morning. In the absence of Chair Kerri Howell, Supervisor Shiva Frentzen chaired the meeting. She was asked to take the gavel today because it was her last meeting. Under El Dorado County rules, the Supervisor is in the last few months of her term.

Minutes were approved on the consent calendar.

The only item of business was the appointment of a new Secretary. Jennifer Wallace is a Folsom employee and joined the City from the East Coast with long time experience and a love of trains.

During the information sharing portion of the meeting, Dan Shoeman, from Sacramento County, announced that it was also his last meeting. He is retiring after many decades of County service.

The next meeting of the SPTC JPA will be February 1, 2021.

Linda Budge, AICP
11/2/2020



STAFF REPORT

DATE: December 14, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Michael Cormiae, Director, Light Rail Operations

SUBJ: CAPITOL CORRIDOR JOINT POWERS AUTHORITY MEETING
SUMMARY OF NOVEMBER 18, 2020

RECOMMENDATION

No Recommendation — For Information Only.

SacRT Board member Steve Miller was present.

- I. Call to Order – 10:31
- II. Roll Call and Pledge of Allegiance
- III. Report of the Chair
 1. Election of Chair and Vice-Chair (2-Year Term: 2021-2022)
Don Saylor, Raul Peralez – Election Passed
- IV. Consent Calendar - Passed
 1. Approval of Minutes of the September 16, 2020 Meeting
 2. California Integrated Travel Program (CallTP) – Demonstration Project for Payment Acceptance Services.
 3. Budget Update: Capitalized Maintenance FY 2020-21.
 4. Budget Allocation Update: State Rail Assistance 2017-18 through 2019-20
- V. Action and Discussion Items
 1. COVID-19 Update/Revised Annual Business Plan (FY 2020-21 – FY 2021-22) *Action - Passed*
Service modification – service between Sacramento-Auburn reinstated. Health and safety precautions, October, occupancy tracker, Thanksgiving Ride Reserve (multi-ride ticket user). Ridership, down to 13%. Running with 4-car consist (50% capacity. Revenues – Slowly climbing revenue. Service performance slides.
 2. CCJPA FY 2020-2021 Budget Update: Amtrak Operations - Oct 2020 through January 2021 *Action – Passed*
Revised business plan for Amtrak approval. Temporarily reduced service, reduce connecting bus service, discontinued food service, contactless payments.
Action 2 - FY21 CalSTA Allocation report.
Action 3 – revised FY20 operating agreement
**Public comment – Mike Barnbaum*
**Director comments, Dir Li (bus service reductions), Raburn*

3. Revised Amendment 2 of the CCJPA/Amtrak FY 2020 Operating Agreement *Action Passed.*
 4. Capitol Corridor Annual Performance Report (FY 2020)
Reviewed all digital performance report. - *Action - Passed*
 5. Legislative Matters/Federal Funding
Update on Legislative Matters/Federal Funding - *No Action*
*Public comment – None
*Directors – Li, (Outcome of incoming administration)
 6. Capital Projects Update: Sacramento-Roseville 3rd Track Project – Phase 1
Information
Rob Padgette - Sac-Roseville 3rd track update funding gap. Looking for other funding opportunities.
*Public comment – Mike Barnbaum address the board
*Director comments – Holmes, Miller, addressed the board.
 7. Managing Director's Report - *Information*
Rob Padgette – FFY21 Perf update, ROW project, Trespasser Fatalities, Customer Comments.
*Public comments – Mike Barnbaum – address the board.
*Director comments – None
 8. Work Completed - *Information*
 - a. *Occupancy Checking Tool*
 - b. *Davis Crossovers and Signal Replacement – 25% Track Design*
 - c. *Santa Clara Siding – 25% Design*
 - d. *Sacramento-Roseville Third Main Track Phase I – 25% Design*
 - e. *Marketing and Communications Activities (September 2020 – October 2020) Board Director Reports – None*
 9. Work in Progress - *Information*
 - a. *Onboard Wi-Fi Upgrade*
 - b. *California Passenger Information Display System (CalPIDS) Modernization*
 - c. *Renewable Diesel Pilot Program, Phase II*
 - d. *South Bay Connect*
 - e. *Link21 Program (formerly New Transbay Rail Crossing)*
 - f. *Upcoming Marketing and Communications Activities*
*Public comments 8 and 9 – Mike Barnbaum, Derek Stakehorn, Mark Molino, Carter Labin, Joshua Hon, Dan Allison, Ansel Umberg, Joe Boltey, addressed the board.
*Director comments – Raburn.
- VI. Board Director Reports – No reports
- VII. Public Comment – None
- VIII. Adjournment @ 12:07p.m. - Next Meeting Date: February 17, 2021.



STAFF REPORT

DATE: December 14, 2020
TO: Sacramento Regional Transit Board of Directors
FROM: James Drake, Principal Planner
SUBJ: SAN JOAQUIN JOINT POWERS AUTHORITY MEETING SUMMARY OF NOVEMBER 20, 2020

RECOMMENDATION

No Recommendation — For Information Only.

The Board of the San Joaquin Joint Powers Authority (SJJPA) met on Friday 11/20/20 and was called to order by Chair Vito Chiesa at 9:00 am. SacRT Board member and City of Elk Grove councilmember Pat Hume was present.

The Board approved an initial Memorandum of Understanding (MOU) with California High Speed Rail Authority and CalSTA whereby the San Joaquin JPA would be the operator of the initial HSR segment from Merced to Bakersfield. SJJPA will pay CHSRA for use of the track sufficient to cover CHSRA's maintenance costs. The SJJPA will seek to have one single firm operate the HSR, ACE, and San Joaquin service. Once HSR is operational from Merced to Bakersfield, San Joaquin and ACE service will be truncated to terminate in Merced.

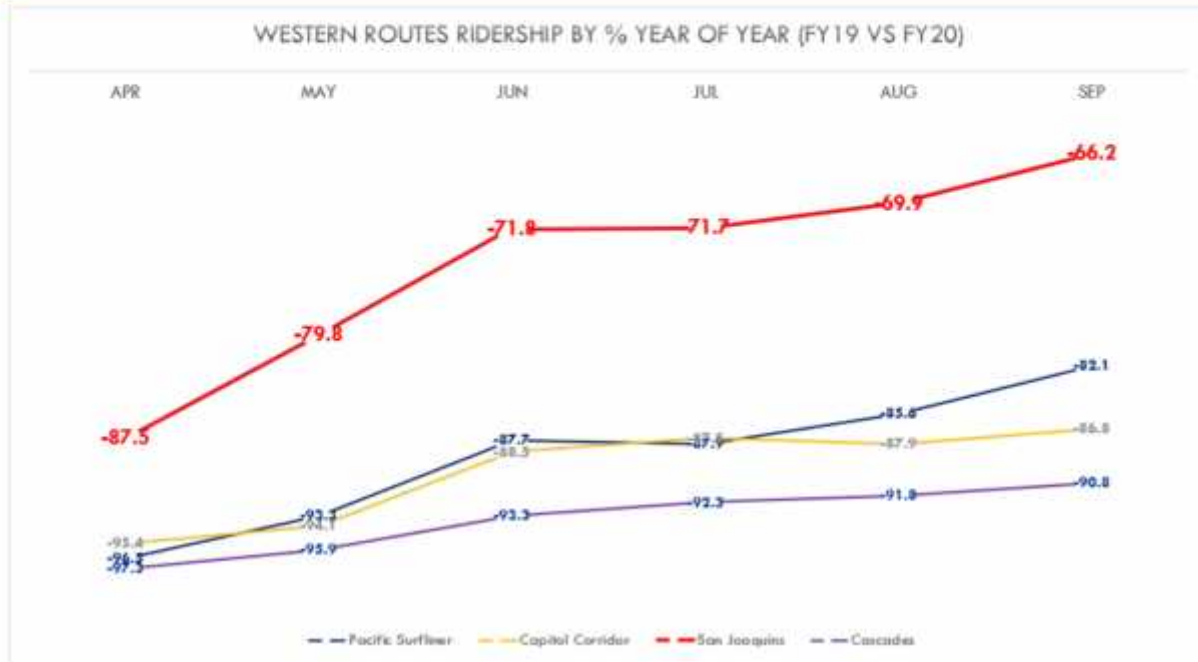


Public comment: David Schonbrunn of Train Riders Association of California commented that the MOU is a violation of Proposition (Prop) 1A's provision that HSR must ultimately operate at over 200 mph and turn a profit. Executive Director Stacey Mortensen responded that Prop 1A compliance was a matter for CalSTA and the legislature, separate from the SJJA.

Ridership for September 2020 was down 66% year over year, which is an improvement over prior months since COVID. Compared to Surfliner and Capitol Corridor, the San Joaquin did not see as steep a decline and has recovered more, which is believed to be because of greater transit-dependent ridership on the San Joaquins compared to the Surfliner and Capitol Corridor, which are more commuter-oriented.

San Joaquins Operations and Ridership/Revenue Update

San Joaquins Ridership Comparison



Ridership on Amtrak Thruway bus service to Arcata has been at capacity, and the SJJPA executive director has approved one additional round trip to Arcata and one to Santa Rosa. Staff provided an update on SJJPA’s Hispanic outreach program. Forty percent of riders are Hispanic. Translation of desktop and mobile web page to Spanish and Chinese is now available.

Item 10, an informational update on the San Joaquin Valley Rail Committee grassroots/citizen involvement group was pulled. Staff provided a brief update on the Valley Rail program and on the Stockton diamond crossing project. The meeting adjourned at 10:15 am.