

STAFF REPORT

DATE: July 25, 2022
TO: Sacramento Regional Transit Board of Directors
FROM: Laura Ham, VP, Planning and Engineering
SUBJ: APPROVING A COST-SHARING AGREEMENT FOR
OPERATION OF ROUTE E37 COMMUTER BUS SERVICE WITH
THE UNIVERSITY OF CALIFORNIA DAVIS

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approval of the proposed cost-sharing agreement will fund capital and operating costs for a new bus Route E37 commuter bus service from Elk Grove to Sacramento for a four-year term with service beginning on or around September 2023.

FISCAL IMPACT

Staff anticipates no net fiscal impact from this Agreement. The University of California Davis Health (UC Davis Health) would provide an operating contribution of \$1,822,622 over the four years of service, covering 100 percent of the estimated increase in operating and maintenance cost arising from the new service, with the first year of service amounting to \$432,422.

Costs were estimated using Fiscal Year 2022 cost data, escalated two years at 3.5 percent per year, to reflect a planned opening in Fiscal Year 2023. Years 2 to 4 include additional 3.5 percent annual escalators, which staff believes is reasonable. There is no ADA paratransit requirement for peak-only routes. SacRT has not budgeted for any additional indirect costs (e.g., general administration) but any arising would be borne by SacRT.

Because the contribution from UC Davis Health is fixed, there is some cost risk if SacRT's actual costs exceed the estimate; the fixed costs are based on SacRT's current budget forecasts.

UC Davis Health would also provide an upfront capital contribution not exceeding \$817,011 to purchase one new full-size CNG bus under SacRT's existing contract with Gillig. Payment from UC Davis Health would be due to SacRT upon delivery and acceptance of the new bus, which would be expected around July 2023.

DISCUSSION

Purpose and Need – UC Davis Health owns and operates the UC Davis Medical Center (UCDMC), a 625-bed hospital and Northern California’s only level I trauma center, on a 142-acre campus, located in Sacramento, on Stockton Boulevard, in the Elmhurst/Oak Park area. As part of campus trip reduction efforts and in response to planned closures of several parking structures, UC Davis Health approached SacRT in 2021 about partnering to create a new express commuter bus service serving UCDMC from Elk Grove, where many employees reside.

Route E37 – Using anonymized employee home address data, SacRT and UC Davis Health staff developed a route focused on the Bruceville Road corridor in Elk Grove, from Whitelock Road to Laguna Blvd, with additional stops east of Highway 99 at Laguna Blvd and at the Sheldon Road Park-and-Ride lot. Riders would be able to catch the bus at any of the existing bus stops in this corridor; however, the southern terminal at Whitelock Road and Bruceville Road was chosen in part because it is accessible for parking or drop-off, for residential areas west of Bruceville Road. From the Sheldon PNR lot, the bus would travel non-stop to Sacramento via Highway 99. UCDMC would be the Sacramento destination, although there would be stops at the intersection of Stockton Boulevard and Broadway as well, serving several government employers in addition to UCDMC (such as the DMV and Sacramento County Public Health).

Schedule – The bus will typically spend about 13 minutes on its pick-up route, traversing Elk Grove and providing convenient access to residents before the approximate 20-minute journey to Sacramento and UCDMC, which will provide a time-competitive option, compared to driving an automobile. Arrivals at UCDMC are scheduled for every 30 minutes, from 6:15 am to 8:45 am. Afternoon departures will likewise be every 30 minutes, from 4:15 pm to 6:45 pm. Service would run Monday to Friday, with the exception of SacRT’s standard seven holidays per year.

Branding - The four buses that are designated for the service will have standard SacRT livery, but would feature large, side-mounted, removable advertising-style signage promoting UC Davis Health as the primary destination for this service. The number E37 is a tentative route number, with the “E” prefix denoting the fact that it is expected to operate out of SacRT’s Elk Grove division and the number 37 being a number that is currently unused, but which has some historical precedent, as the number for a former route serving primarily the Elmhurst and Tahoe Park neighborhoods, near UCDMC, and being similar to Route 38, which is the only existing bus route directly serving UCDMC.

Fleet – The new service will increment SacRT’s peak vehicle requirement by three buses in the morning and four in the afternoon. Originally, the parties intended to purchase four new 27-foot cutaway buses for the service, at a total cost of around \$800,000. With the automotive industry’s ongoing supply chain problems, however, cutaway buses are currently unavailable for order. Maintenance staff reviewed existing fleet and identified three full-size CNG buses in the existing fleet with mileage low enough to reliably be used for the four-year term of the agreement. By mid-2023, with the arrival of new replacement buses for SacRT’s full-size fleet, Maintenance expects that the scheduled disposition for these buses could be delayed, and they could be retained for service on the new route.

Given a typical 12-year useful life for a full-size bus and given that Route E37 would have much lower-than-normal mileage per year, staff believes it would be financially sustainable and fair to both parties to include a capital contribution sufficient to purchase and equip one new standard full-size transit bus under SacRT's existing contract with Gillig. If the agreement with UC Davis Health is later extended for additional terms, SacRT would expect subsequent capital contributions, in amounts sufficient to purchase and equip an additional full-size bus at the beginning of each four-year period. In this way, over a period of a hypothetical 12-year relationship, SacRT would acquire three new full-size buses, each with an official useful life of 12 years, to be used on a low-mileage service where it could be reasonably expected that they might live on beyond their typical useful lives.

Start Date – The start date is expected to be in late August or early September 2023, when SacRT ordinarily adjusts schedules and operators re-bid their shifts. The critical path item is delivery of the new bus, which Gillig can reportedly accomplish within 12 months if an order is placed before the end of August 2022.

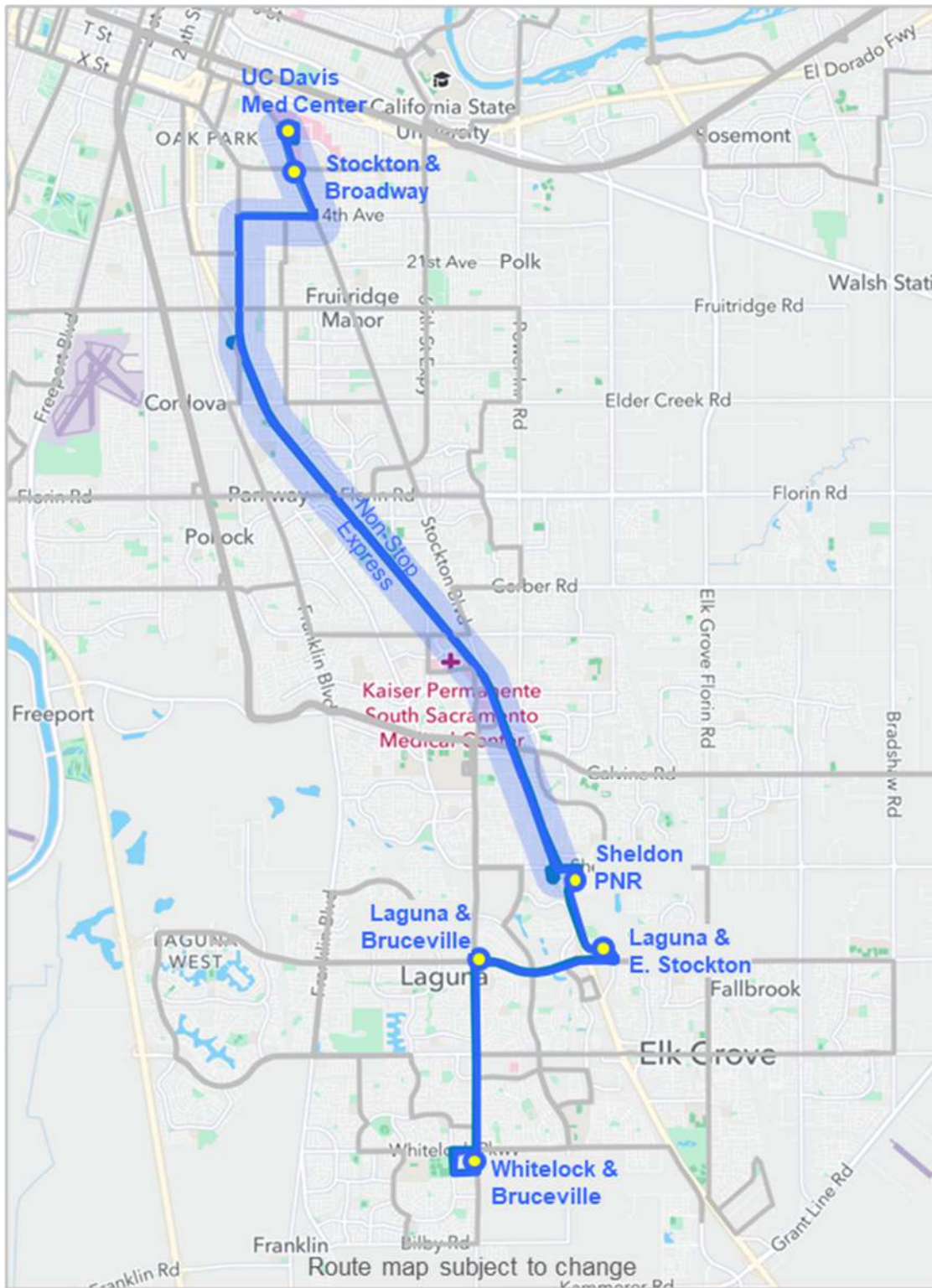
Public Review – As a new route, under SacRT's major service change policy, a Title VI service equity analysis and 30-day public review is required before approving creation of the new service. The proposed new route was reviewed as part of a Title VI service change equity analysis presented to and approved by the SacRT Board on May 9, 2022, following a standard 30-day public review period.

Equity Analysis – Users of Route E37 are expected to be 71.8 percent minority and only 5.3 percent low-income, based on best estimates of the demographics of riders on existing Elk Grove commuter bus routes. This is above-average for minority composition but well-below average for low-income benefits; however, in its Title VI service equity analysis of May 9, 2022, staff recommended and the SacRT Board officially found that there is a substantial legitimate justification to implement the new route, based on the fact that the costs of the new service would be covered by others and not borne by SacRT.

Next Steps – Staff recommends the Board adopt the resolution, approving the agreement with UC Davis Health which will direct the General Manager/CEO to implement the new route as specified in the exhibit and provide for the full funding of the new service from UC Davis Health.

#E37 Elk Grove UCDCM Commuter Bus

Effective September 2023
(subject to change)



#E37 Elk Grove UCDCM Commuter Bus

Cost-Sharing Agreement

Operating Assistance

Contract Year	Begin Date	End Date	Contract Amount
1	9/1/23	8/31/24	\$432,422
2	9/1/24	8/31/25	\$447,554
3	9/1/25	8/31/26	\$463,221
4	9/1/26	8/31/27	\$479,424
Operating Subtotal			\$1,822,622
Capital Contribution			\$817,011
Contract Total			\$2,639,633

RESOLUTION NO. 2022-07-084

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

July 25, 2022

**APPROVING A COST-SHARING AGREEMENT FOR OPERATION OF ROUTE E37
COMMUTER BUS SERVICE WITH THE UNIVERSITY OF CALIFORNIA DAVIS**

WHEREAS, SacRT and UC Davis Health intend to enter into an agreement whereby UC Davis Health would compensate SacRT for the operating and capital cost required to create a new Bus Route E37; and

WHEREAS, on May 9, 2022, in accordance with SacRT's Service Change Policy, the SacRT Board of Directors approved a Title VI service equity analysis of the proposed new Route E37 that would be created pursuant to the proposed agreement;

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

THAT, the Cost-Sharing Agreement for Operation of Route E37 Commuter Bus Service by and between the Sacramento Regional Transit District (therein "SacRT") and the University of California, acting for and on behalf of University of California Davis Health (therein "UC Davis Health") whereby UC Davis Health agrees to provide operating and capital support for Route E37 Commuter Bus Service from Elk Grove to the UC Davis Medical Center, is hereby approved; and

THAT, the Board Chair and General Manager/CEO are hereby authorized and directed to execute the foregoing Agreement; and.

THAT, the General Manager/CEO is hereby directed to implement the creation of the proposed new Route E37 as described in the Cost-Sharing Agreement and consistent with the Title VI service equity analysis approved on May 9, 2022.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary