

Downtown Development Group

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APPROVED
AUG 22 2000
OFFICE OF THE
CITY CLERK

August 9, 2000

City Council
Sacramento, CA

Honorable Members in Session

AG 2000 - 118
AG 2000 - 119

SUBJECT: Downtown Area Shuttle (DASH) Program – Report Back on Three-year Funding Agreements and Budget Allocation Recommendations

LOCATION/COUNCIL DISTRICT: Council District 1

RECOMMENDATION:

This report recommends that the City Council approve the attached resolution which:

- Authorizes the City Manager to execute an agreement for Regional Transit (RT) to operate a new trolley service in the Downtown area.
- Authorizes the City Manger to execute agreements with Downtown Stakeholders to fund DASH program enhancements, including the new trolley route, route signage and marketing.
- Appropriates funding for the City's share of the DASH program in the amount of \$105,000 (includes \$10,000 for one-time signage) for FY 2000/01, which includes support of \$52,000 from the Convention Center Fund and \$53,000 from Stakeholders.
- Increases the General Fund, Economic Development/Downtown Redevelopment revenue and expenditure budgets by \$53,000 in year 1 for FY 2000/01 to receive and make payment on behalf of Stakeholders to RT.
- Directs staff to submit future operating budgets which include changes for this contract in FY 2001/02 and FY 2002/03.
- Directs staff to report back after one year with a status report on the trolley operations, including ridership and revenue.

CONTACT PERSON: Michelle Nelson, Senior Management Analyst, 264-7064
Wendy Saunders, Development Manager, 264-8196

FOR COUNCIL MEETING OF: August 22, 2000

Building on Our History – Creating the Place to Be.

SUMMARY:

This report is a report back from City Council's conceptual approval of the DASH Program Enhancements in May 2000. This report recommends approval of final agreements with RT to operate the new trolley service and with Downtown Stakeholders that will fund a portion of the DASH program enhancements, including the new trolley service, marketing and signage. If this report is approved, the DASH trolley will begin operation on Sunday, September 3rd. Staff will report back at the end of one year on the status of the DASH enhancement program

BACKGROUND:

- On May 23, City Council approved in concept a funding proposal for DASH program enhancements, including a new trolley service and an enhanced marketing and signage program.
- On June 12, the RT board authorized RT staff to negotiate a funding agreement (**Exhibit A**) with the City for operation of two (2) new replica trolley vehicles.
- Downtown Stakeholders that have agreed to fund the DASH enhancements program include Downtown Plaza, Esquire Plaza, Hyatt Regency, Old Sacramento Management, Downtown Sacramento Partnership, Convention and Visitors Bureau and Holiday Inn Capitol Plaza.
- The two trolleys will operate weekdays 11:00 a.m. to 3:00 p.m. every 10 minutes on a route from Old Sacramento to the Convention Center along J and L Streets. On weekends, one trolley will operate along the same route approximately every 15 – 18 minutes.
- Approximately fifteen (15) new DASH stops signs will be installed along the trolley and bus routes in Downtown, Midtown, and Old Sacramento, using existing poles where appropriate.
- Color brochures, flyers and posters are currently being developed to promote the new trolley service. The replica trolley vehicles will be on display at several upcoming events to generate interest and anticipation.
- Promotional opportunities with retailers and restaurants along the route are also being explored to create ongoing incentives for ridership.
- The DASH trolley service is scheduled to begin on Sunday, September 3rd.

FINANCIAL CONSIDERATIONS:

The total 3-year budget for DASH enhancements is shown in **Exhibit B**. The City's share of funding for FY 2000/2001 is \$52,000, which includes \$10,000 for one-time signage available in the existing budget of the Convention Center Fund. The City's share of funding for the next two years is \$50,000 annually and would be allocated from the Convention Center Fund.

Downtown Stakeholders will make quarterly payments to the City for their share of program costs. The City will make quarterly payments to RT for the City's and Stakeholders' share of funding for the trolley service.

RT will generate quarterly reports on ridership revenue. RT and City staff will monitor actual ridership revenue against projected revenue and recommend any adjustments at midyear, if necessary.

ENVIRONMENTAL CONSIDERATIONS:

There are no environmental requirements for funding the proposed DASH enhancements. RT, as lead agency, held a public hearing and is responsible for compliance with CEQA for the new trolley service.

ESBD CONSIDERATIONS:

There are no ESBD considerations associated with the approval of funding for the proposed DASH enhancements.

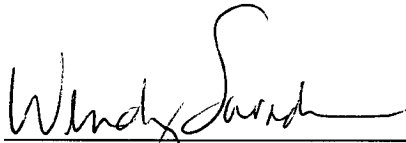
POLICY CONSIDERATIONS

- The proposed DASH enhancements will complement the existing DASH bus, which is a 15-minute service through Downtown and Midtown along J and L Streets, serving Old Sacramento, Amtrak, California State University (CSUS) and points in between.
- Funding of enhancements to the DASH program is consistent with Downtown transit strategies to decrease the number of single-occupant vehicles at peak times and to reduce the demand on short-term parking capacity.
- Funding of DASH enhancements is consistent with Downtown policies to encourage patronage of downtown retailers and visitor destinations.
- Funding from the Convention Center Fund is consistent with previous policy to fund the DASH program as a means for encouraging tourism and ease of transport to destination attractions.

ESBD CONSIDERATIONS: None

Respectfully submitted,

APPROVED:



WENDY S. SAUNDERS
Development Manager



for ANDREW J. PLESCIA
Economic Development Dept. Director

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Exhibit A

AGREEMENT FOR OPERATION OF ROUTE 139 CBD SHUTTLE

THIS AGREEMENT FOR OPERATION between the **SACRAMENTO REGIONAL TRANSIT DISTRICT**, a public corporation, hereinafter referred to as "RT," and the **CITY OF SACRAMENTO**, a municipal corporation, hereinafter referred to as "CITY," is made and entered into on this _____ day of _____, 2000.

RECITALS

WHEREAS, RT currently serves the downtown area with both bus and light rail service; and

WHEREAS, RT, CITY and the businesses within the Central Business District (CBD) ("Downtown Stakeholders") desire to establish fixed route public transit service within the CBD to connect the Convention Center, Downtown Plaza and Old Sacramento with a convenient shuttle to serve visitors to the Sacramento area; and

WHEREAS, RT, CITY and the Downtown Stakeholders have agreed to share the costs of this new service for a three year term; and

WHEREAS, CITY will collect the Downtown Stakeholder's share of the costs and pay RT for CITY's and the Downtown Stakeholder's share of RT's operating costs, and RT agrees to credit CITY for RT's share of CITY's marketing cost and contingency.

WITNESS

NOW, THEREFORE, THE PARTIES DO MUTUALLY AGREE AS FOLLOWS:

1. PURPOSE

The purpose of this Agreement is to set forth the obligations of each party regarding the provision of Route 139 Shuttle service. This service is intended to provide accessible and frequent transit service within the CBD.

2. TERM OF AGREEMENT/SERVICE

This Agreement shall become effective as of the date set forth above. The Route 139 Shuttle service shall commence on September 3, 2000. This Agreement and the service shall expire on June 30, 2003, unless extended or sooner terminated or cancelled in the manner provided in Sections 8 and 9.

3. **SHUTTLE ROUTE/FREQUENCY/FARE**

The route and schedule for the Route 139 Shuttle is set out in Exhibit A, which is attached hereto and incorporated herein by this reference. The Shuttle will operate during the mid-day on a 10 minutes frequency during the weekdays and between 15 and 18 minutes on the weekends and holidays. RT intends to operate the Route 139 Shuttle using RT's replica trolley vehicles. RT's Central City Fare shall be applicable to the Route 139 Shuttle service.

At the request of either party, the parties shall meet to evaluate the Route 139 Shuttle service. If either party desires to change the route or schedule of the Route 139 Shuttle as depicted and described in Exhibit A, that party shall provide the other party with thirty (30) days advance written notice. Any changes in the route or schedule shall be set forth in writing, subject to the prior approval of the CITY Manager and the RT General Manager and/or the RT Board, as applicable, and attached hereto and labeled as Revised Exhibit A. If the changes increase the total estimated costs of the Route 139 Shuttle, an amendment to this Agreement shall be approved and executed by the parties prior to implementation of such changes.

RT may unilaterally and without notice to CITY adjust the route, schedule or type of vehicle used for the Route 139 Shuttle due to equipment problems, personnel shortages, high passenger loads, or circumstances beyond the control of RT. In the event that the service disruption is scheduled to occur for a period longer than one day due to equipment problems or personnel shortages, RT shall give CITY verbal or written notice of the circumstances causing the disruption within one business day from the date RT commences alteration of the route and/or schedule.

4. **SIGNAGE**

RT will design special bus stop signs for the Route 139 Shuttle. Subject to approval by the CITY of the sign design, RT will manufacture and install the signs at each Route 139 bus stop prior to September 3, 2000. The budget for the costs of manufacture and installation of the signs is \$10,000. CITY's share of RT's costs for signage is part of City's First Year payment obligation as set forth in Section 7.

5. **SERVICE PROMOTION**

RT will market the new Route 139 Shuttle in accordance with RT's standard marketing practices for new service. In addition, CITY may undertake special promotional marketing of the Route 139 Shuttle as part of CITY's Convention and Visitors Bureau promotions. The estimated costs for marketing is \$10,000 per year. RT will share the costs for such marketing as part of RT's contribution as set forth in Section 7.

6. **ESTIMATED SHUTTLE COSTS**

Operation of the Route 139 Shuttle service as described in Exhibit A is estimated to cost approximately \$135,000 in the First Year, \$166,800 in the Second Year and \$171,866 in the Third Year. The estimated fare revenues are \$18,000 the first year and \$22,000 the next two years. Therefore, the estimated net operating costs is \$117,000 in year one, \$145,000 in year two, and \$150,000 in year three. This estimated cost of service is the product of the estimated vehicle hours of service (2,600 hours), RT's direct operating cost of \$62.32 per vehicle hour for the first year, and an hourly service rate escalation of 3% per year thereafter.

Service hours for the Route 139 Shuttle includes all RT operator pay time, including "deadhead" time traveling from RT's garage to the Shuttle route and from the Shuttle route to RT's garage as required to meet the Shuttle service schedule. CITY is not obligated to pay for, nor is RT obligated to provide, more than 2,600 hours of Route 139 Shuttle service unless the parties enter into an amendment to this Agreement.

The parties have agreed to include a \$10,000 contingency per year to cover unexpected costs. The parties shall mutually agree in advance on allocation of the contingency for service, signage and/or marketing costs as set out in Section 7, below.

7. **COMPENSATION AND METHOD OF PAYMENT**

- A. For service performed by RT for the Route 139 Shuttle as described in Exhibit A, CITY agrees to pay RT \$85,000 for the First Year (September 2000-June 2001), \$104,860 in Year Two (September 2001 – June 2002) and \$109,866 in Year Three (September 2002-August 2003). These amounts are based on RT's estimated service costs as set out in Section 6 above, minus \$18,000 in year 1 and \$22,000 in years 2 and 3 in estimated annual fare revenues, plus CITY's annual marketing costs, minus RT's annual contribution (excluding contingency), and plus \$10,000 in the First Year for RT signage.
- B. RT agrees to either: (1) credit CITY against the amount of its annual payment as set out in paragraph A, above, in the amount of \$3,125 in the First Year, \$3,169 in the Second Year, and \$3,294 in the Third Year; or (2) charge CITY \$6,875 in Year One, \$6,831 in Year Two, or \$6,706 in Year Three if the CITY Manager and the RT General Manager agree to incur contingency expenses in the total amount of \$10,000 annually. RT's share of the contingency is 31.25% and the CITY's share of the contingency is 68.75%. The amounts set forth above shall be reduced accordingly if the total contingency expenses are less than \$10,000 each year. The amount of contingency credit or payment owed each year shall be based on the amount

of actual expenses each entity incurs. RT's costs for additional service is set out in paragraph E, below. In the event that the amount of RT's fare revenues exceeds \$22,000 each service year by more than 10%, RT agrees to credit the CITY the amount of such excess fare revenues as part of the subsequent service year payments.

- C. CITY shall pay RT the amount owed each year in four quarterly payments of \$21,250 in Year One, \$26,215 in Year Two, and \$27,467 in Year Three as set out in paragraph A, above; plus or minus the pro-rated amount of any contingency contribution as set out in paragraph B, above. CITY shall have thirty (30) days from the date of the invoice to submit each quarterly payment. The invoice and Service Period schedule is set out below:

<u>Invoice Date</u>	<u>Service Period</u>
August 1, 2000	September - December, 2000
December 1, 2000	January-March 2001
March 1, 2001	April - June 2001
June 1, 2001	July - September 2001
September 1, 2001	October -December 2001
December 1, 2001	January - March 2002
March 1, 2002	April - June 2002
June 1, 2002	July - September 2002
September 1, 2002	October - December 2002
December 1, 2002	January - March 2003
March 1, 2003	April - June 2003

- D. With each invoice RT shall provide CITY with an accounting of the prior Service Period for the Route 139 Shuttle which includes the following data: hours of service, fare revenues based on farebox data, and total number of passengers. These reports shall be provided in the form generated by RT's computerized scheduling and farebox reporting systems.
- E. In the event that the parties agree to provide additional Route 139 Shuttle service in excess of the service described in Exhibit A by extending the hours of service or increasing the frequency of service, CITY shall pay RT its Direct Operating Costs per hour for each hour of additional service per day in accordance with the formula set out below:

$$\text{Additional Hours of Service per Service Period} \times \text{Direct Operating Cost per Hour} = \text{Total Costs}$$

8. TERMINATION FOR CONVENIENCE

RT reserves the right to terminate this Agreement at its convenience by giving at least sixty (60) calendar days' advance written notice thereof to CITY and specifying

the termination date. CITY may terminate this Agreement at its convenience by giving at least sixty (60) calendar days' advance written notice thereof to RT prior to the specified date of termination.

9. CANCELLATION FOR BREACH

Should either party fail to substantially perform its obligations in accordance with the terms of this Agreement, the other party shall have the right to cancel this Agreement by giving thirty (30) calendar days' advance written notice and specifying the basis of the breach and the cancellation date. Neither party waives the right to recover damages against the other for breach of this Agreement.

10. INSURANCE REQUIREMENTS

RT, at RT's sole cost and expense and for the full term of this Agreement or any extension thereof, shall obtain and maintain at least all of the following minimum insurance requirements prior to commencing any work or receiving payments therefor under this Agreement:

A. Comprehensive General Liability

A policy with a minimum limit of not less than \$5,000,000 combined single limit for bodily injury and property damage, of which all or a part may be self-insured, which provides at least all of the following minimum coverages:

- 1) Premises Operations
- 2) Blanket Contractual

B. Workers' Compensation and Employers' Liability

A policy written in accordance with the laws of the State of California and providing coverage for any and all employees of RT.

- 1) This policy shall provide coverage for Workers' Compensation (Coverage A).
- 2) This policy shall also provide coverage of \$100,000 Employers' Liability (Coverage B).

RT may self-insure for these coverages and agrees to provide CITY with an affidavit of self-insurance within ten (10) days from the date of receipt of CITY's written request.

11. INDEMNIFICATION

RT and CITY, respectively as indemnitor, will indemnify and defend the other, as indemnitee, and save it harmless from any and all obligations, losses, penalties, fines, claims, demands, damages, costs, expenses or liability costs, including attorneys' fees, (hereafter collectively referred to as "Claim(s)") resulting from injuries to or death of persons, including but not limited to employees of either party hereto, and damage to or destruction of property, including but not limited to the property of either party hereto, arising out of or resulting from the performance of this Agreement by indemnitor, its officers agents or employees. Indemnitor shall, upon indemnitee's request, defend at its sole cost any suit asserting a Claim covered by this indemnity. In addition, indemnitor shall reimburse indemnitee for all costs, including reasonable attorney's fees, associated with efforts to enforce this indemnification provision. The foregoing right to indemnity shall be in addition to, and not exclusive of, any other legal, equitable or statutory right(s) of indemnification or insurance to which a party may be entitled.

It is the intent of the parties hereto that, when negligence or fault is determined to have been contributory, principles of comparative negligence or fault will be followed and each party shall bear the proportionate cost of any obligations, losses, penalties, fines, claims, demands, damages, costs, expenses or liability costs, including attorneys' fees, attributable to that party's negligence or fault.

The parties shall establish procedures to notify the other party where appropriate of any Claims, administrative actions or legal actions with respect to any of the matters described in this indemnification provision. The parties shall cooperate in the defense of such actions brought by others with respect to the matters covered in this indemnity. Nothing set forth in this Agreement shall establish a standard of care for, or create any legal rights in, any person not a party to this Agreement.

12. RELATIONSHIP BETWEEN THE PARTIES

Nothing in this Agreement is intended to create, and nothing herein shall be considered as creating, any partnership, joint venture, or agency relationship between RT and CITY.

13. INDEPENDENT CONTRACTOR

In the performance of services under this Agreement, RT shall act as independent contractor and its employees shall not be considered as employees of CITY. Nothing herein shall be construed as or deemed to create the relationship of employer/employee or principal/agent between CITY and RT employees assigned to provide services under this Agreement. RT shall assume all responsibility for payment of wages to RT employees and for federal and state income tax withholding. RT hereby agrees to indemnify and hold CITY, its officers and

employees, harmless from any and all claims that may be made against CITY based upon any contention by any RT employee or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any obligation under this Agreement.

14. NONDISCRIMINATION

In the performance of the services set out in this Agreement, RT shall not discriminate against any employee or passengers on the ground of race, color, religion, sex, national origin, age, marital status, mental or physical disability, or sexual orientation.

15. NOTICES

All notices and other communications under this Contract shall be in writing and shall be deemed to have been duly given (i) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by telecopy directed to the party to whom notice is to be given at the telecopy number listed below, or (ii) at the earlier of actual receipt or the second business day following deposit in the United States mail, postage prepaid. Notices and other communications shall be directed to the parties at the addresses shown below. A party may change its person designated to receive notice, its telecopy number, or its address from time to time by giving notice to the other party in accordance with the procedures set forth in this Section.

TO RT: Sacramento Regional Transit District
Attn: Michael Wiley, Director of Customer Services
PO Box 2110
Sacramento CA 95812-2110
Phone: 321-2811
Fax: 444-2156

TO CITY: Michelle Nelson
City of Sacramento
1030 Fifteenth Street Suite 250
Sacramento CA 95814-4009
Phone: 264-7064
Fax: 264-8161

16. **NONWAIVER**

No waiver of any breach of any term or condition of this Agreement shall be construed to be a waiver of any successive breach of the same or any other term or condition of this Agreement.

17. **GOVERNING LAW**

The interpretation and enforcement of the Agreement shall be governed by the laws of the State of California, the state in which the Agreement is signed. The parties agree to submit any disputes arising under the Agreement to binding arbitration in accordance with the procedures of the American Arbitration Association.

18. **ATTORNEYS FEES**

If any legal proceeding should be instituted by either of the parties hereto to enforce the terms of this Agreement or to determine the rights of the parties hereunder, the prevailing party in said proceeding shall recover, in addition to all court costs, reasonable attorneys fees.

19. **MODIFICATION**

No waiver, alteration, modification, or termination of this Agreement shall be valid unless made in writing and signed by the authorized parties hereof.

20. **COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

21. **CAPTIONS**

The headings or captions to the Sections of this Agreement are not a part of the Agreement and shall have no effect upon the construction or interpretation of any part thereof.

22. **SEVERABILITY**

If any term, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall remain in effect.

23. AMBIGUITIES

The parties have each carefully reviewed this Agreement and have agreed to each term of this Agreement. No ambiguity shall be presumed to be construed against either party.

24. INTEGRATION

This Agreement embodies the entire Agreement of the parties in relation to the scope of services herein described, and no other agreement or understanding, verbal or otherwise, exists between the parties.

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IN WITNESS WHEREOF, the parties entered into this Agreement on the day and year first hereinabove appearing.

CITY OF SACRAMENTO

**SACRAMENTO REGIONAL
TRANSIT DISTRICT**

By: _____
ROBERT P. THOMAS, City Manager

By: STEVE COHN, Chair

Approved as to Content:

By: _____

By: PILKA ROBINSON, General Manager

Approved as to Legal Form:

Approved as to Content:

By: _____
City Attorney

By: MICHAEL WILEY
Director of Customer Services

Approved as to Legal Form:

By: RT Attorney

C:\Files\Contracts\K00Q2\City Shuttle

**Exhibit B
DASH PROGRAM ENHANCEMENTS**

<u>Proposed Operating Budget</u>	FY 00/01 (Sept 3 - June 30)	FY 01/02 (July 1 - June 30)	FY 02/03 (July 1 - June 30)
Total Annual Operational Cost (assumes 3% cost increase)	\$135,000	\$166,860	\$171,866
Marketing	\$10,000	\$10,000	\$10,000
One Time Signage	\$10,000		
Contingency	\$10,000	\$10,140	\$10,134
TOTAL DASH ENHANCEMENT OPERATING BUDGET	\$165,000	\$187,000	\$192,000
<u>Proposed Funding Partnership</u>			
<u>Public</u>			
City	\$42,000	\$50,000	\$50,000
RT	<u>\$42,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
Total Public Funding	\$84,000	\$100,000	\$100,000
<u>Proposed TMP Partners *</u>			
Downtown Plaza/Westfield Esquire	\$13,300	\$16,000	\$16,000
	<u>\$11,700</u>	<u>\$14,000</u>	<u>\$14,000</u>
Total TMP Funding	\$25,000	\$30,000	\$30,000
<u>Other Proposed Stakeholders</u>			
Convention & Visitor's Bureau	\$5,600	\$7,000	\$8,000
Downtown Sacramento Partnership	\$5,600	\$7,000	\$8,000
Old Sacramento Management District	\$5,600	\$7,000	\$8,000
Holiday Inn Capitol Plaza	\$5,600	\$7,000	\$8,000
Hyatt	<u>\$5,600</u>	<u>\$7,000</u>	<u>\$8,000</u>
Total Stakeholder Funding	\$28,000	\$35,000	\$40,000
<u>Additional Revenue Sources</u>			
CITY DASH FUND BALANCE (Point West Shuttle)	\$10,000		
Projected Annual Ridership Revenue	<u>\$18,000</u>	<u>22,000</u>	<u>22,000</u>
Total Additional Revenue Sources	\$28,000	22,000	22,000
TOTAL PARTNERSHIP FUNDING	\$165,000	\$187,000	\$192,000

EXHIBIT B

* As additional downtown development projects are approved they will be asked to approve funding of the shuttle program as part of their TMP requirement.

APPROVED
AUG 22 2000
OFFICE OF THE
CITY CLERK

RESOLUTION NO. 2000-494

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AUTHORIZING THE CITY MANAGER
TO EXECUTE THREE-YEAR FUNDING AGREEMENTS
WITH REGIONAL TRANSIT (RT) AND DOWNTOWN STAKEHOLDERS
FOR THE DOWNTOWN AREA SHUTTLE (DASH) ENHANCEMENT PROGRAM**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

- The City Manager is authorized to execute an agreement for Regional Transit (RT) to operate a new trolley service in the Downtown area
- The City Manger is authorized to execute agreements with Downtown Stakeholders to fund DASH program enhancements, including the new trolley route, route signage and marketing.
- The FY 2000/01 operating budget is amended to reflect these agreements as follows:

Revenues

101-440-4451-37xx General Fund, Econ Dev Dept \$ 53,000

Expenditures

101-440-4451-4278 General Fund, Econ Dev Dept, DASH \$105,000
 101-440-4451-4374 General Fund, Reimbursement from
 Convention Center Fund < 52,000>

Enterprise Fund Expenditures

419-430-4326-4287 Convention Center operating expense <52,000>
 419-440-4451-4384 Convention Center reimburse DASH
 program in the General Fund 52,000

- Staff is directed to include the effect of this contract in future operating budgets in FY 2001/02 and FY 2002/03.
- Staff is directed to report back after one year with a status report on the trolley operations, including ridership and revenue.

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____