

RESOLUTION NO. 2015-75

AUTHORIZING THE GENERAL MANAGER/SECRETARY-TREASURER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE CLEVELAND METROPOLITAN SCHOOL DISTRICT FOR STUDENT FARES

WHEREAS, the Greater Cleveland Regional Transit Authority ("GCRTA" or "the Authority") provides public transportation that facilitates travel by students to and from school; and

WHEREAS, pursuant to Resolution No. 2006-131, the General Manager was authorized to enter into an intergovernmental agreement with School Districts establishing an alternate fare structure for student fares; and

WHEREAS, pursuant to Resolution No. 2010-019 the rates of fares to be charged by the GCRTA were amended; and

WHEREAS, pursuant to Resolution No. 2010-43, to avoid an undue hardship on the school districts and to improve the cash flow for the Authority, the GCRTA established an alternate fare structure for school districts which meet certain criteria, specifically the purchase of \$1,000,000 or more of student farecards per year; and

WHEREAS, pursuant to Resolution 2012-76, the Cleveland Metropolitan School District ("District") purchased \$2,430,000 in tickets in advance and instituted the use of farebox compatible picture identification cards ("Passes") to students thus improving transportation efficiency and control of student passengers; and

WHEREAS, pursuant to Resolution 2013-109, the Cleveland Metropolitan School District purchased \$3,542,500 in passes and tickets; and

WHEREAS, pursuant to Resolution 2014-061, the Cleveland Metropolitan School District purchased \$ 4,207,500 in passes and tickets; and

WHEREAS, it is in the best interest of the Authority to enter into an intergovernmental agreement with the District for the 2015-2016 school year; and

WHEREAS, the District, the Authority's largest volume buyer of student farecards, has agreed to purchase passes and tickets and make the initial payment of four million two hundred twenty thousand four hundred dollars (\$4,220,400) to the Authority prior to August 31, 2015; and to make payments for any additional passes or tickets purchased within 30 working days of invoice of those passes or tickets.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That effective July 28, 2015, the General Manager/Secretary Treasurer is authorized to enter into an intergovernmental agreement with the District.

Section 2. The District will make an initial purchase of up to 7,905 passes at \$2.00/day, up to 5,095 passes at \$1.00/day, at a cost of \$3,762,900; and 300,000 two ride tickets at \$.75

per ride and 10,000 one ride tickets at \$.75 per ride, at a cost of \$457,500, for a total initial purchase cost of \$4,220,400. The District may purchase up to 700,000 additional tickets at \$.75 per ride for a total cost of up to \$1,050,000. The District may purchase tickets for up to 1,500 students at \$.80 per ride for 20 days of summer school for a total cost of up to \$48,000. The total for all services may be up to \$5,318,400.

Section 3. The District will pay \$4,220,400 for the initial purchase, with this entire amount due by August 31, 2015.

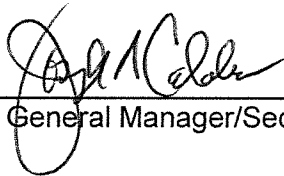
Section 4. That this resolution shall become effective immediately upon its adoption.

Adopted: July 28, 2015



President

Attest:



CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: AUTHORIZING INTERGOVERNMENTAL AGREEMENT WITH CLEVELAND METROPOLITAN SCHOOL DISTRICT FOR THE SALE OF STUDENT FARECARDS FOR SCHOOL YEAR 2015-2016	Resolution No.: 2015-75
	Date: July 23, 2015
	Initiator: Revenue and Office of Management and Budget
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This Intergovernmental Agreement will allow a volume discount to the Cleveland Metropolitan School District for purchase and payment of student fare cards for the 2015 – 2016 school year. The purchase and payment will relieve some of the budgetary impact on the schools, as well as improve cash flow and accounts receivables activity for the GCRTA. Controls are being implemented to ensure more timely payment.

- 2.0 **DESCRIPTION/JUSTIFICATION:** The proposed Intergovernmental Agreement with the Cleveland Metropolitan School District will allow for discounted rates provided the school district meets certain criteria. This proposal is a result of discussions with the Cleveland Metropolitan School District (CMSD), the Authority’s largest volume buyer of student fare cards, generating over \$4.2 million in annual revenue for the GCRTA. Being sensitive to the financial concerns of the CMSD, GCRTA staff developed some options that would be a win-win for both parties.

- 3.0 **PROCUREMENT BACKGROUND:** Does not apply.

- 4.0 **DBE/AFFIRMATIVE ACTION BACKGROUND:** Does not apply.

- 5.0 **POLICY IMPACT:** Authorization of the Intergovernmental Agreement will allow GCRTA to continue to provide economical public transportation to students as well as promote ridership of public transportation. Issuance of farebox compatible photo ID cards to students will assist GCRTA in providing transportation in a controlled and efficient manner.

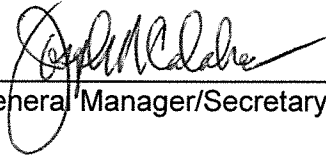
 The historic partnership between CMSD and GCRTA has benefited both parties for many years, and this partnership has offered great value to students traveling to and from school.

- 6.0 **ECONOMIC IMPACT:** The discounts should result in nearly the same revenue for the Authority, but will provide advance payment and improved cash flow, as well as encourage volume purchases. Ridership by CMSD students will likely decrease slightly as CMSD is expecting a 7% reduction in students.

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- 7.0 ALTERNATIVES: Rejection of this action would result in hardship for the school district and could lead to the possible discontinuation of using public transportation for student transport.
- 8.0 RECOMMENDATION: It is recommended that this resolution be approved.
- 9.0 ATTACHMENTS: A. Intergovernmental Student Transportation Agreement.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer

INTERGOVERNMENTAL STUDENT TRANSPORTATION AGREEMENT

THIS AGREEMENT, entered into this _____ day of July, 2015, by and between the Greater Cleveland Regional Transit Authority (hereinafter referred to as "GCRTA"), 1240 West 6th Street, Cleveland, Ohio 44113-1331, acting pursuant to Resolution No. _____, adopted by its Board of Trustees on July 28, 2015, and the Cleveland Metropolitan School District (hereinafter referred to as the "District"), whose principle offices are located at 1111 Superior Ave E, Suite 1800, Cleveland, OH 44114.

WITNESSETH: That

WHEREAS, the District is certified by the Ohio Department of Education to provide education services; and

WHEREAS, the District wishes to make transportation available to its enrolled students or its students on whose behalf it is obligated to provide transportation service; and

WHEREAS, the GCRTA is amenable to providing said service to the District's students; and

WHEREAS, the District and GCRTA wish to provide transportation in a controlled, efficient and cost effective manner.

NOW, THEREFORE, GCRTA and the District, for good and valuable consideration including the mutual promises contained below, agree as follows:

1. TERM OF AGREEMENT

This Agreement shall commence on July 28, 2015, and shall continue through July 14, 2016.

2. PRICE AND TERMS OF SALE

a) Passes.

To improve controls and ensure valid use and costs, GCRTA and the District agree to issue magnetic stripe farebox compatible picture card ID passes ("Passes") to up to 7,905 District students at \$1.00/ride (2 rides/day) and up to 5,095 students at \$.50/ride (2 rides/day) for daily use on GCRTA vehicles as proof of payment, for a total cost of \$3,762,900. These Passes shall be valid for fares from 5:30 AM to 8:00 PM Monday through Friday for 180 days of the school year.

GCRTA will supply the Passes by July 17, 2015. Students whose schools start on July 27, 2015 will receive a free ride to school on GCRTA vehicles that day and students whose schools start on August 10, 2015, August 17, 2015 and August 18, 2015 will receive a free ride to school on GCRTA

vehicles their first day of school. The last day for use of the Passes is May 25, 2016.

GCRTA and the District also agree that tickets for up to 1,500 students may be purchased at \$.80 per ride for 20 days of summer school, for a total cost of up to \$48,000. These tickets must be ordered on a separate written purchase order.

b) Tickets.

GCRTA will supply the District with 300,000 two ride tickets and 10,000 one ride tickets at a rate of \$.75/ride, for a total cost of \$457,500. (One ride and two ride tickets will collectively be referred to herein as "Tickets.")

The District may purchase up to 700,000 additional Tickets for distribution to District students other than those with Passes for \$.75 per ride, for a total cost of up to \$1,050,000. The District shall not assess a charge in excess of this price for each Ticket. Payment for these subsequent Ticket orders will be due within 30 working days after receipt of invoice. GCRTA shall retain possession of any additional Tickets until the District requests delivery of same. The District shall issue a written purchase order from its Transportation Department to GCRTA for Tickets on an as-needed basis. GCRTA shall deliver the number of Tickets specified in each order to the District's Transportation Department within three days of receipt of the District's order, so long as GCRTA has received timely payment in full for previously ordered tickets. GCRTA will not honor verbal requests or requests from any individual, school or department other than the District's Transportation Department. The risk of loss for said Tickets shall pass to the District immediately upon delivery of the Tickets to the District. The District shall sign the accompanying invoice and immediately return the signed invoice to GCRTA's Accounts Receivable Department.

Passes and Tickets may be used by District students in Grades 6 through 12, residing within the borders of Cuyahoga County and attending private or public schools certified by Ohio Department of Education during the term of this Agreement. Passes and Tickets may be used on regular routes operated by the GCRTA for the purpose of transporting fare paying passengers. Any student using a student Pass or Ticket is responsible for maintaining in his/her possession proof of enrollment in a school system certified by the Ohio Department of Education. Upon request, any student must produce such evidence to any of the GCRTA's personnel.

- c) The cost of any additional services beyond those specified in sections 2a and 2b above will be \$1.50 per ride. These tickets must be ordered on a separate written purchase order.

d) Payment

The District shall pay \$3,762,900 for the Passes and \$457,500 for the Tickets, for a total initial purchase of \$4,220,400.

GCRTA shall invoice the District for the initial purchase of \$4,220,400 by July 31, 2015 and the District shall pay it by August 31, 2015.

Failure to make timely payment may lead to the termination of this agreement.

e) Invoices

Invoices will be directed to the District's Office of Accounting, Attention: Michael Bowen, Director of Accounting.

f) Lost or Voided Passes

Reports of any Passes that were cancelled shall be reported to GCRTA on a weekly basis.

3. RIGHT TO TERMINATE AGREEMENT

If either Party becomes insolvent or fails to perform any undertaking essential to the purpose of this Agreement, or fails to conduct its business to the satisfaction of the other Party, then the other Party may cancel and terminate this Agreement by thirty (30) days notice in writing to the defaulting Party, provided, however, that the defaulting Party may cure any failure of performance within thirty days of receipt of notice.

The expiration or termination, for any reason, of this Agreement shall be without prejudice to the rights of either Party.

4. FORCE MAJEURE

If because of Force Majeure, either Party shall be unable to carry out any of its obligations under this Agreement, then those obligations shall be suspended to the extent made necessary by Force Majeure. The Party affected by Force Majeure shall give notice to the other Party as promptly as practical of the nature and probable duration of such Force Majeure. "Force Majeure" shall mean acts of God, riots, strikes, labor disputes, labor or material shortages, fires, explosions, floods, breakdowns of or damage to plants, equipment or facilities, or other causes of similar nature which are beyond the reasonable control of the Party and which wholly or partially prevent the timely performance of the Party's

obligations under this Agreement, provided that the effect of such Force Majeure shall be eliminated insofar as possible with all reasonable dispatch; provided further, that performance of service obligations by the Party shall be excused only to the extent made necessary by the Force Majeure condition; provided further, that neither Party shall be required to settle a labor dispute on terms unacceptable to the Party affected; and provided further, that neither Party shall be required to rebuild all or a major portion of its facilities which are destroyed or substantially impaired by a Force Majeure condition. The Parties agree that, during the duration of the Force Majeure condition, neither will seek to declare the other in default for failure to timely perform its obligations under this Agreement.

5. RECORDS AND AUDITS

The Parties shall maintain all records pertaining to this Agreement on file for three (3) years after final payment under this Agreement and until any audit issues are resolved. Each Party reserves the right to conduct an audit of the other Party's records related to this Agreement, and each Party agrees that, upon request by the other Party, it will provide any and all original documentation concerning the transactions conducted under this Agreement. Each Party agrees that it will cooperate fully with any audit requested or undertaken by the other Party.

6. ASSIGNMENT

Neither Party shall assign any of its rights or obligations under this Agreement without the prior written consent of the other Party.

7. CHANGES; ALTERATIONS

No change, alteration, modification, or addition to this Agreement shall be effective unless in writing and properly executed by both Parties.

8. APPLICABLE LAW; SEVERABILITY

This Agreement and any disputes relating to it shall be construed under the laws of the State of Ohio. If any provisions of this Agreement are determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect any of the Agreement's remaining provisions.

9. ENTIRE AGREEMENT

This instrument constitutes the entire Agreement of the Parties with respect to its subject matter, superseding all prior understandings, agreements, or communications (whether oral or written), and shall be binding upon and inure to the benefit of the Parties, their successors, and permitted assigns.

10. ACKNOWLEDGEMENT

The Parties acknowledge and agree that the District is a governmental entity and due to statutory provisions cannot commit to the payment of funds beyond its fiscal year (July 1 through June 30). By signing this Agreement, the District represents that it has appropriated the funds necessary to fulfill its obligations under this agreement for the 2015 – 2016 school year.

IN WITNESS WHEREOF, the Parties have executed this Agreement at Cleveland, Ohio, on the date set forth in the first paragraph of this instrument.

**GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY**

**CLEVELAND METROPOLITAN
SCHOOL DISTRICT**

By: _____
Joseph A. Calabrese
General Manager/Secretary-Treasurer

By: _____
Patrick Zohn
Chief Operating Officer

The legal form and correctness of the within
Instrument is hereby approved.

Sheryl King Benford
Deputy General Manager-Legal

CERTIFICATE OF FUNDS

(Section 5705.41, O.R.C.)

In the matter of: Greater Cleveland Regional Transit Authority

IT IS HEREBY CERTIFIED that moneys required to meet the obligations of the Board of Education of the Cleveland Metropolitan School District under the above referenced Agreement have been lawfully appropriated for such purposes and are in the treasury of the School District or are in the process of collection to an appropriate fund, free from any previous encumbrance.

CLEVELAND METROPOLITAN SCHOOL DISTRICT

By: _____

Dated: _____