

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	11/08/10	Open	Action	10/29/10

Subject: Approval of a Memorandum of Understanding Regarding Governance of the Regional Universal Transit Fare System

ISSUE

Whether or not to approve a Memorandum of Understanding (MOU) regarding the governance of the Regional Universal Transit Fare System.

RECOMMENDED ACTION

Adopt Resolution No. 10-11-____, Approving a Memorandum of Understanding between the Sacramento Area Council of Governments (SACOG), Regional Transit and Five Other Local Transit Providers Governing the Regional Universal Transit Fare System

FISCAL IMPACT

Purchase and implementation budget are being provided by SACOG as shown in Exhibit A of the memorandum. The replacement of most of RT's other fare media by the "Smart Card" will shift RT's costs from the existing media to the new "Smart Card". Staff expects a neutral or modest budget savings when RT shifts to the new system.

The larger fiscal impacts will come from the secondary impacts of the "Smart Card". Fare evasion is expected to be easier to detect, settlements with other transit providers will be based on actuals, customers can easily add funds to their cards, distance and time based fares can be offered for short distance rides, and ridership counts of card users will be based upon actual rides. These changes should increase RT's flexibility to provide a wider range of fare options as well as improving the accuracy of our ridership data and reducing violations of our fare policy.

DISCUSSION

For the past five years, staff has been working with SACOG and seven other transit providers in the region to develop and install a "Smart Card" system for the region. On September 15, 2010, SACOG released the request for proposals with bids due on October 28, 2010 for installation of a "Smart Card" system hardware and software. The approval of a Memorandum of Understanding governing the Regional Universal Transit Fare System was developed to provide structure and controls over the installation and operation of the "Smart Card" system. SACOG expects this memorandum will be replaced at some future date with an operations governance document. Attached is SACOG's Exhibit A, Connect Card Finance Plan, showing details of the funding plan.

This agreement provides for the establishment of a governance structure that will develop controls and structure for implementing, installing and operating the "Smart Card" system. The "Smart Card" solicitation bid documents include provisions for RT operating the computers (back

Approved:

Presented:

FINAL 11/1/10

General Manager/CEO

Chief of Facilities and Business Support Services

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end) and system equipment as well as providing depot level support for the on-vehicle equipment. The expectation is that approximately 85% of the system use will be by RT's riders.

SUMMARY OF THE MOU KEY ELIMENTS

- The MOU is intended to provide structure for governance during the implementation phase of the project. The MOU references an expectation that a second MOU will be created to govern operating the Smart Card System prior to the completion of the system.
- Capital allocations are apportioned relative to fleet size
- SACOG has funded the installation and procurement of the system
- Transit agencies are the only voting members of the consortium
- RT's General Manager or his designee represents RT at consortium meetings (other agency chief executives are similarly represented).
- All members have one vote.
 - Unanimous votes in favor of the following are required:
 - Adding new members
 - Modifying bylaws
 - Revising the finance plan and/or project budget
 - An affirmative vote by RT is required to:
 - Adopt or ammend the marketing plan
 - To approve the system procurement contracts or ammendments
 - A majority of representatives voting and present will be sufficient for all other matters
- SACOG staff will act as Project Manager (PM) and Program Administrator (PA) for the implementation phase. The PM and PA report to the committee (the consortium members) and act on their behalf for all issues related to the Smart Card.
- The committee members provide oversight for each agency and act as the selection panel in reviewing bids and determining vendor selection.
- The MOU provides for conditions for additional agencies to join which allows for future additions to the consortium.
- The General Provision Section of the MOU provides for Indemnity, withdrawal, termination, ammendments and other terms guiding the operation of the committee members.

EXHIBIT A

Connect Card Finance Plan

Introduction

This Finance Plan is intended to allocate existing funding for the establishment of the Connect Card regional transit fare system (“Connect Card System”), and to set policies and procedures to govern the financing of future operations and capital replacement. As set forth in the Memorandum of Understanding Regarding Governance of the Sacramento Universal Transit Fare System, Phase II and Phase III (“MOU”), the Coordinating Committee may amend the Finance Plan as the needs of the Connect Card System evolve.

Funding

A. Phase II – Engineering and Design and Phase III – Implementation

All costs associated with Engineering, Design, and Implementation (Phases II and III), including planning, designing, procuring equipment, deploying equipment, testing, and administrative overhead for the Connect Card System, shall be paid with the funding obtained by SACOG and its partner planning agencies (“Base Funding”), as set forth in the table below. These estimated costs are set forth in detail in the Connect Card Project Budget herein (see Section C below).

The following tables summarize the Obligated Project Base Funding that has been obligated and is currently available for System Implementation, as well as Programmed Project Base Funding that has been programmed for the Connect Card System, and should become available in the future:

Connect Card			
Obligated Project Base Funding			
Funding Amount	Source	Date Available	Comment
\$3,451,000	CMAQ – Sac RTPA	8/6/2008	Obligated
\$835,000	PTMISEA – Sac RTPA	7/1/2008	Obligated
\$3,300,000	CMAQ – Sac RTPA	5/27/2009	Obligated
\$7,586,000	Total Obligated Funding		
Programmed Project Base Funding			
Funding Amount	Source	Date Available	Comment
\$537,000	STIP - PTA	Unknown	Application approved - awaiting CTC decision

In the event that the estimated cost of Engineering, Design, and Implementation exceed the available Base Funding, cost overruns shall be apportioned between the Members, as defined in the MOU, according to a formula to be determined by the Coordinating Committee at that time. Alternatively, other regional funding sources may be available for programming, subject to SACOG policies and procedures.

B. Phase IV - System Operations and Maintenance

System Operations

The Members contemplate that an additional Memorandum of Understanding (“Additional MOU”) will be necessary to (1) establish the roles and responsibilities of each Member for on-going operations and maintenance, (2) establish the funds to be contributed by each Member for operations and maintenance, and (3) provide for the expenditure of funds for the necessary operations and maintenance of the Connect Card System. This Additional MOU will be informed by ongoing studies during Phase II.

Capital Replacement

Additional funds may be required for the replacement and upgrading of hardware and software components during Phase IV. Future capital costs shall be apportioned according to the formula set forth in the *Capital Cost Allocation Table*, below. The percentages set forth in the *Table* are based on each Member’s proportionate share of the field deployed system hardware, including bus fleets and light rail stations.

Connect Card - Capital Cost Allocation Table	
Agency	Percent Costs
Sacramento RT	69.0%
e-Tran	8.9%
Yolobus	8.9%
Yuba-Sutter Transit	7.5%
El Dorado Transit	2.8%
Folsom Stage Lines	2.9%

The *Capital Cost Allocation Table* is based on the size of each Members’ fleet, as set forth in the *Fleet Size Table*, below. Therefore, the formula for capital cost allocation is subject to change based on changes in the fleet size of each Member. These data were updated in October 2010, and are included in the system Request for Proposal. The Finance Plan recommends that fleet size numbers are updated at least annually once the Connect transit card is fully operational. This and any future adopted methodology for cost allocation does not preclude the possibility of seeking regional funding for capital replacement needs.

Connect Card - Fleet Size Table		
Agency	Bus Fleet	LRT Fare Vending
Sacramento RT	260	90
e-Tran	59	-
Yolobus	58	-
Yuba-Sutter Transit	49	-
El Dorado Transit	17	-
Folsom Stage Lines	18	-

C. Project Budget

The Project Budget, set forth below, details the anticipated project costs through Phase III. As a dynamic management and planning tool, the Project Budget will be updated as necessary through the life of the project. Changes to the Project Budget, including the accommodation of possible project cost increases and the commitment of contingency funds, will be subject to approval by the Coordinating Committee.

Connect Card System

Itemized Budget - October 2010

Field Equipment	\$\$ Dollars
Vehicle Read/Write Modules	1,159,760
Vehicle Control Units	869,820
Garage Wireless IT	599,500
Train Station Modifications	1,226,250
Retail POS/Customer Service Infrastructure	299,750
Misc Field Equipment	66,490
Spare Parts	261,600
Subtotal	4,483,200
Central Network	
Central Computer System	381,500
Database Server	54,500
Credit/Debit Card Processor	54,500
Other Network Equipment	21,800
Subtotal	512,300
Fixed Project Costs	
Engineering	625,000
Testing	125,000
Training/Documentation	125,000
Marketing	100,000
Fare Media	250,000
Performance Bond	125,000
Subtotal	1,350,000
Other Fixed Costs	
Project Management & Coordination	593,600
Grant Management	84,800
System Design & Implementation Planning	200,000
Subtotal	878,400
Contingency Fund	1,256,100
Grand Total	8,480,000

Note: All costs are in estimated 2010 dollars

RESOLUTION NO. 10-11-_____

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

November 8, 2010

**APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE
SACRAMENTO AREA COUNCIL OF GOVERNMENTS, REGIONAL TRANSIT AND
FIVE OTHER LOCAL TRANSIT PROVIDERS GOVERNING THE REGIONAL
UNIVERSAL TRANSIT FARE SYSTEM**

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

THAT, the Memorandum of Understanding by and between Sacramento Regional Transit District, the Sacramento Area Council of Governments, the City of Elk Grove, the City of Folsom, Yolo County Transportation District, Yuba-Sutter Transit and El Dorado County Transit Authority, wherein, the parties set out the terms for providing controls and structure for the installation and operation of a regional "Smart Card" system, is hereby approved.

THAT, the General Manager is hereby authorized and directed to execute said Memorandum of Understanding.

STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary