

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
16	09/26/16	Open	Action	09/20/16

Subject: Amending the Fare Structure to Permit the Use of Electronic Fare Payment Methods as a Valid Form of Fare Media and Establishing a Fee for the Issuance of a Connect Card

## ISSUE

1. Whether to amend the Fare Structure to permit the use of electronic Prepaid Fare and electronic fare payment methods as valid Fare; and
2. Whether to allow RT to charge up to \$5 for the issuance or replacement of a Connect Card.

## RECOMMENDED ACTION

- A. Adopt Resolution 16-09-\_\_\_\_, Amending the Fare Structure (Resolution 09-10-0174) to Permit the Use of Electronic Prepaid Fare; and
- B. Adopt Resolution 16-09-\_\_\_\_, Establishing a Fee of up to \$5 for the Issuance of a New or Replacement Connect Card.

## FISCAL IMPACT

### **Recommendation A**

There is no fiscal impact related to permitting the use of electronic Prepaid Fare and electronic fare payment methods as valid fare media.

### **Recommendation B**

Standard business practices allow for transit agencies to charge customers for smart cards. The price ranges between \$3-\$5 per card issued or replaced. RT has charged its customers \$3 per photo ID card to cover the cost of issuing the card. Therefore, to remain consistent with existing business practices and to prevent the loss of revenue generated from existing photo ID card sales, it would be in RT's best interest to allow Staff to charge up to \$5 for the issuance or replacement of Connect Cards.

Failure to charge a fee for the issuance of Connect Cards could result in a net loss of approximately \$100,000 in year one and \$40,000 annually going forward.

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Approved:

Presented:

Final 09/21/16

General Manager/CEO

Acting VP, Business Support Services/Chief Financial Officer  
J:\FIN\Issue Papers - ALL\2016 Issue Papers\09-26-16 Amend Fare Structure to Include Electronic Fare Media Charge \$5 for Connect Card (post edits)\_final.docx

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## DISCUSSION

### **Connect Card Information and Update**

The Connect Card is an Electronic Fare Payment (EFP) system that will provide riders with easy and fast fare payment options. With the Connect Card, RT riders will enjoy a host of new benefits, including but not limited to flexible ticketing options, online purchasing, and auto-loads. Card registration will allow customers the added benefit of replacing lost and/or stolen fare media. The Connect Card will be honored as a valid fare payment solution for RT and eight neighboring transit agencies. Connect Card holders will be able to purchase fare media for all agencies on a single card, ensuring seamless transitions as riders travel throughout Sacramento and the surrounding areas.

Recently, the Connect Card vendor, Innovations in Transportation, Inc. (INIT), brought the project into “Test Flight” status, which means that the project has moved from development to beta testing status. With the implementation of “Test Flight”, a code freeze was mandated to prevent any changes to the system so that the product could be operationally tested. Currently, the Connect Card program is undergoing the final phases of testing, and staff is working closely with the Sacramento Area Council of Governments (SACOG) and INIT team members to implement a soft launch in the near future. SACOG is targeting up to 1,000 riders for the soft launch phase of the program. Full implementation of the Connect Card fare payment system could take place as soon as 3-4 months following a successful soft launch.

In an effort to continue working toward RT’s goal of providing clean, safe and convenient service, RT would like to amend its fare structure to provide riders the opportunity to purchase previously Board-approved fare media using EFP methods such as the Connect Card. EFP solutions enhance the riding experience by providing convenient online purchasing options, eliminating or reducing the need for purchasing through bus fare boxes and/or light rail station fare vending equipment and providing flexible ticketing options. Patrons will be able purchase and store prepaid fare media as well as cash value onto their Connect Cards. Stored cash value will be redeemed at the time of use for either single ride fares or daily passes at the rider’s discretion. The reduction in the use of fare boxes should have a positive impact on boarding times and assist in bettering RT’s on-time performance.

### **Connect Card Issuance/Replacement Fees**

All riders participating in Connect Card will be issued a physical card. Because the Connect Card has an embedded chip that allows for two-way communication, the cost of issuing a Connect Card is higher than the cost of issuing traditional paper media or ID badges. This added expense is the reason for staff’s recommendation to charge up to \$5 upfront for the issuance and/or replacement of a Connect Card. Staff estimates that as many as 50,000 cards could be issued in the first year with up to 20,000 cards per year thereafter. Project funds have

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been used to purchase an initial stock of Connect Cards, and the revenue generated from card issuance fees can be used to procure additional card stock in the future.

As part of a promotional effort and a means of reducing barriers to entry, staff envisions issuing Connect Cards to riders free for a limited period of time following full system implementation. RT staff members, as well as those from other participating transit agencies, have a clear objective to ensure that riders are given an adequate amount of time to transition from paper fare media to the Connect Card without having to pay an associated card fee. SACOG staff, with assistance from project consultants, have recommended to participating Connect Card agencies that this promotional period be in place for six months following full system implementation. Since there is not a set date for implementation, staff would like to have the ability to charge up to \$5 per Connect Card when this promotional period has expired and it is determined that riders have been given a sufficient opportunity to adopt the Connect Card.

To implement Connect Card and the mobile fare application, the Fare Structure must be amended to address two different types of transactions:

- (1) The use of value stored on the Connect Card or mobile fare application to purchase a single ride fare or daily pass upon boarding a vehicle. This will be accomplished through approval of the modified definition of "Fare Equivalent" set out in the Issue Paper for the agreement with the City to recognize employee badges as fare equivalent and thus is not part of the recommended actions for this Issue Paper.
- (2) The use of prepaid fare media that has been previously purchased and is stored in electronic form on either a Connect Card or in the mobile fare application.

In addition, the Board must authorize imposition of a charge for the Connect Card.

Therefore, staff recommends that the Board authorize an amendment to the fare structure to permit the use of electronic prepaid fare and allow RT to charge up to \$5 for the issuance of a new or replacement Connect Card.

RESOLUTION NO. 16-09-\_\_\_\_\_

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

September 26, 2016

**AMENDING THE FARE STRUCTURE TO PERMIT THE USE OF ELECTRONIC FARE PAYMENT METHODS TO BE A VALID FORM OF FARE MEDIA**

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

THAT, the fare structure set out in Resolution 09-10-0174, as previously amended, is further amended as follows; and

THAT, the definition of "Prepaid Fare" in the Fare Structure is hereby amended to read in its entirety as follows:

**"Prepaid Fare** means any one of the following:

1. Monthly Pass
2. Semi-Monthly Pass
3. Daily Pass
4. Fare Ticket
5. Transit Pass
6. Group Pass
7. Temporary Pass
8. Lifetime Pass
9. School Class Pass
10. Peace Officer Identification Badge
11. Paratransit Pass
12. Token

Notwithstanding anything in the definitions of the foregoing Prepaid Fare types that requires an RT-issued ID or a paper scrip for valid fare, these fare types will also be valid if purchased and stored on either an RT Connect Card or an RT-approved mobile fare application, provided that they are validated prior to or at the time of boarding."; and

THAT, the definition of "Validated" in the Fare Structure is amended to read in its entirety as follows:

"Validated means fixing both the date on which and local time by which a Fare Ticket or Daily Pass may be used, if at all, to Pay a Fare, which date and time is either: (1) printed on the Fare Ticket or Daily Pass by an RT fare vending machine; (2) encoded when a Connect Card is tapped; or (3) established by a validation protocol in RT's mobile fare application."

THAT, the definition of "Validation Date/Time" in the Fare Structure is amended to read in its entirety as follows:

"Validation Date/Time means the date and local time that is either: (1) printed on a Fare Ticket or Daily Pass when it is Validated; (2) encoded when a Connect Card is tapped; or (3) established by a validation protocol in the mobile fare application."

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JAY SCHENIRER, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 16-09-\_\_\_\_\_

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

September 26, 2016

**ESTABLISHING A FEE OF UP TO \$5 FOR THE ISSUANCE OF A NEW OR REPLACEMENT CONNECT CARD**

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 establish and impose a fee of up to \$5 for the issuance of a new or replacement Connect Card.

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JAY SCHENIRER, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary