

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	04/10/17	Open	Action	04/03/17

Subject: Approving Connect Card Sales Agreements

## ISSUE

Whether to authorize Regional Transit's General Manager/CEO to execute Connect Card Corporate Account Sales Agreements and Connect Card Commercial Outlet Sales Agreements.

## RECOMMENDED ACTION

Adopt Resolution No. 17-04-\_\_\_\_, Authorizing the General Manager/CEO to Execute Connect Card Corporate Account Sales Agreements and Connect Card Commercial Outlet Sales Agreements.

## FISCAL IMPACT

RT offers a commission rate of 5% to Commercial Sales Outlets (CSOs) to encourage participation and allow for them to recover costs associated with selling RT's fare media. In FY17, RT anticipates paying approximately \$60,000 in total commission expenses. These commission expenses represent more than \$1,200,000 in total sales at CSOs during this fiscal year. Adoption of this resolution calls for RT to pay at most, the same 5% rate of commission to CSOs for Connect Card related sales as RT pays for traditional fare media sales at these outlets. RT will transition CSOs from the sale of traditional fare media to the Connect Card when the Connect Card program is made available for use at CSOs. Therefore, staff does not anticipate that the adoption of this resolution will impact total commission payments in the current fiscal year or in future years.

## DISCUSSION

As RT continues to move forward with the implementation of the Connect Card program, Staff envisions the inclusion of Corporate Accounts, such as state agencies and other large employers, and Commercial Outlet partners to be a key component in ensuring the success of the program. The Connect Card program will simplify and enhance the customer experience for RT's sales outlets by eliminating returns, allowing for online access to subsidized fares for those who are eligible and reducing the workload on outlet sales staff.

Corporate Accounts are defined as any governmental or business establishment that offers subsidized fares to a group of eligible participants. CSOs are defined as any non-governmental or business establishment that is open to the public, routinely sells other merchandise to the public and does not receive a discount on fare media. Both the Connect Card Corporate Accounts and the Connect Card CSOs must adhere to the following key components of their respective agreements:

1. Offer for sale all available Connect Card fare media.
2. Sell an average of \$500 per month of Connect Card fare media.

Approved:

Presented:

Final 04/05/17

General Manager/CEO

Electronic Fare Collection Systems Administrator

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3. Pay RT directly with one payment option, via check, money order, ACH or other.
4. Pay RT on time each month.
5. Comply with all other terms of the Connect Card Corporate Account or Connect Card Commercial Sales outlet agreements.

Connect Card CSOs that adhere to the key components above and all other terms of their agreement may be offered a commission on sales of Connect Card fare media. Commission payments are made to CSOs in order to encourage participation in selling RT's fare media and allow for CSOs to recover costs associated with selling RT's fare media. Actual terms of the contract may vary and are subject to negotiation, but the maximum amount of commission allowed may never exceed 5%. In FY2017, RT anticipates paying approximately \$60,000 in commissions to sales outlets across our district. This amount represents more than \$1,200,000 in total fare revenue. Failing to authorize the sale of Connect Card fare media at CSOs could have a devastating impact on the programs ability to succeed.

Therefore, staff recommends that the Board authorize the General Manager/CEO to execute Connect Card Corporate Account Sales Agreements and Connect Card Commercial Sales Outlet Agreements.

RESOLUTION NO. 17-04-\_\_\_\_\_

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

April 10, 2017

**AUTHORIZING THE GENERAL MANAGER/CEO TO EXECUTE CONNECT CARD  
CORPORATE ACCOUNT SALES AGREEMENTS AND CONNECT CARD  
COMMERCIAL OUTLET SALES AGREEMENTS**

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

THAT, the General Manager/CEO is hereby authorized to approve and execute Connect Card Account Sales Agreements and grant a commission of up to 5% of total sales to any Connect Card Corporate Account holder defined as any governmental or business establishment that offers subsidized fares to a group of eligible participants, and to any Connect Card Commercial Sales Outlet, defined as any non-governmental or business establishment that is open to the public, that routinely sells other merchandise to the public and does not receive a discount on fare media, if the sales outlet meets all of the following conditions:

1. The entity agrees to offer for sale all fare types available on the Connect Card.
2. The entity sells an average of \$500 per month of Connect Card fare media.
3. The entity agrees to pay RT directly with one payment option, via check, money order, ACH or other mutually acceptable payment methodology.
4. The entity pays RT on time each month.
5. The entity agrees to comply with all the terms and conditions set forth in RT's form Connect Card Corporate Account or Connect Card Commercial Sales Outlet Agreement.

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ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

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