



STAFF REPORT

DATE: June 8, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: APPROVING A SOLE SOURCE PROCUREMENT WITH PAYPAL, INC FOR BRAINTREE PAYMENT SERVICES; REPEALING AND RESTATING THE FARE STRUCTURE FOR COMPLEMENTARY PARATRANSIT SERVICES; AND APPROVING THREE FREE RIDE DAYS FOR SACRT GO PARATRANSIT SERVICES

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

The recommended actions will allow for use of electronic fare media for SacRT GO Paratransit Services (SacRT GO) prior to service beginning on June 28, 2020, correct an oversight in the March action taken by the Board regarding the complementary paratransit service fare structure, and provide for 3 promotional “free fare” days on the new SacRT GO service from June 28 to June 30, 2020.

FISCAL IMPACT

The proposed Payment Services Agreement with Paypal, Inc. currently specifies transaction fees of 2.9% of the transaction total +.30 per transaction. These fees are subject to change at any time with 30 days’ advance written notice. Staff anticipates that these costs will be offset by a decrease in administrative cost for managing cash and paper media and, in addition, will provide a more convenient payment option for customers.

Staff estimates a potential loss in fare revenue of approximately \$10,000 if the Board approves 3 free ride days on SacRT GO.

DISCUSSION OF SACRTGO FREE RIDE DAYS

SacRT GO is set to launch on Sunday, June 28, 2020. Staff would like to offer 3 free ride days for ADA eligible passengers and their accompanying companions from June 28 through June 30. This will help to smooth the transition of services for both the passengers and SacRT. Free ride days will also be beneficial for operators by allowing them to focus on the passengers and provide the best customer service without the worry of collecting fare. Staff estimates that offering 3 free ride days could cause a reduction in fare revenues of up to \$10,000. At the current reduced level of ridership, the fare revenue loss would be less than \$4,000 for the 3 free days.

DISCUSSION OF SACRT GO 60-RIDE PASS

In March 2020, the Board adopted a Resolution to amend the paratransit fare structure. Staff's intent was to eliminate the 44-ride Paratransit Monthly pass that came with a free fixed-route monthly pass and offer the same benefit to 60-ride complementary paratransit monthly pass holders. Upon further review of paratransit fare resolutions, Staff has determined that the March 2020 vote was ineffectual in delivering upon its intent. To correct this error, and incorporate the electronic fare media options discussed below, Staff is recommending that the prior paratransit fare Resolutions be repealed and a new paratransit fare structure Resolution adopted that incorporates all of the changes.

DISCUSSION OF SOLE SOURCE PROCUREMENT FOR MERCHANT PROCESSING WITH PAYPAL, INC. (BRAINTREE)

In December 2019, the Board approved a Software License and Services Agreement with Ecolane USA, Inc. through a cooperative purchasing agreement to provide the dispatching software for SacRT GO. SacRT chose to include in the agreement the software option offered by Ecolane for a "self service trip booking" mobile application that allows passengers to book their own trips and to purchase fares electronically. This will allow passengers to conveniently pay for their trip at the same time that they book the trip. Given that the booking and payment all happen within the same system, this system has operational advantages as well, because the operator can clearly see that the trip has been paid for ahead of time.

To enable the payment feature of the mobile application, SacRT must enter into a sole source procurement and various agreements with Paypal, Inc for its Braintree Payment services, which is the payment service that Ecolane has integrated into its mobile application. The service will accept credit cards and other forms of electronic payment. As with many "software as a service" agreements, the agreements required to access the service are "click to accept" and are not subject to modification or negotiation. The required agreements include a Payment Services Agreement, Bank Agreement, Privacy Policy, Acceptable Use Policy, and Electronic Signature Terms. These agreements include language that typically would not be found in SacRT contracts, including:

-) The right for Paypal to unilaterally increase the transaction fees with 30 days' notice.
-) The right for Paypal to debit SacRT's bank account for payments, including interest and penalties.
-) A limited 90-day period for SacRT to identify and request correction of discrepancies.
-) Services are provided without warranty and SacRT is required to indemnify Paypal, Wells Fargo and Chase, regardless of any fault or negligence in taking payments, including for any data breaches resulting from use of the services.
-) Paypal is granted a security interest in all rights and funds under the Payment Services Agreement, including any reserve funds held back by Paypal.
-) Disputes must be settled through binding arbitration.

-) The agreements can be amended without SacRT's consent so long as notice is provided of substantial changes.

Understanding the risks above, Staff feels that this is still a low risk arrangement for SacRT in light of the benefits conferred. SacRT will retain the option to decline to offer online payment through the application if problems develop with the payment service. In Staff's opinion, the benefits provided by this service justify entering into a sole source procurement and required agreements with Paypal, Inc. for Braintree Payments.

DISCUSSION OF SACRTGO ELECTRONIC FARES

SacRT would like to offer electronic fare payment options for ADA eligible passengers on SacRT GO. The current fare structure will not allow for passengers using SacRT GO to purchase or store their fare media electronically. This is not convenient for passengers. The Ecolane mobile application discussed above will allow passengers to purchase both the monthly 60-ride paratransit pass and single ride paratransit ticket and store them within the Ecolane system; the fixed-route monthly pass that accompanies the 60-ride pass will be provided through a monthly sticker or loaded onto a Connect Card. The software will track the use of the 60-ride pass and help avoid fraud that may have occurred with paper fare media. Purchase of electronic fare media through Ecolane will be available in a mobile application (pending approval of the Braintree item referenced earlier) and in person at the SacRT customer service center. Use of electronic media will also simplify the purchasing process for sponsor agencies that will purchase SacRT GO fares for clients. The new paratransit fare structure resolution will authorize electronic equivalent fare media for both the SacRT GO single ride ticket and the SacRT GO 60-ride monthly pass.

RESOLUTION NO. 20-06-0047

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

June 8, 2020

SUSPENDING FARES ON SACRT GO COMPLEMENTARY PARATRANSIT SERVICE FOR JUNE 28, 29, AND 30, 2020

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

THAT, to promote ridership on the new SacRT GO Paratransit Services, and facilitate a transition from the prior provider, no person otherwise eligible to use the SacRT GO service will be charged a fare to ride on SacRT GO from June 28 to June 30, 2020.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-06-0048

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

June 8, 2020

REPEALING RESOLUTION NOS. 19-03-0039 AND 20-03-0015 AND ADOPTING A NEW FARE STRUCTURE FOR COMPLEMENTARY PARATRANSIT SERVICE

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

Section 1: Resolution Nos. 19-03-0039 and 20-03-0015 are hereby repealed.

Section 2: "Complementary Paratransit Service" means origin-to-destination transportation services arranged on a scheduled basis in accordance with the Sacramento Regional Transit District's obligation to provide ADA service to destinations within three-quarters of a mile of Sacramento Regional Transit's fixed-route service as required by 49 C.F.R. Section 37.131.

Section 3: Exhibit A sets out the fare structure for Complementary Paratransit Service and is attached hereto and incorporated by this reference.

Section 4: The basic fare for one ride (a single trip between one origin and destination) on Complementary Paratransit Service is the price set forth under item A. of Exhibit A. A person certified by SacRT as an ADA-eligible rider who pays the basic complementary paratransit fare is entitled to one origin-to-destination trip on Complementary Paratransit Service. The basic fare may be prepaid or paid in cash upon boarding. A prepaid basic fare for Complementary Paratransit Service will be valid if: (a) presented in a valid paper scrip issued by SacRT and surrendered upon boarding; or (b) purchased through a SacRT-authorized mobile fare application, at SacRT's customer service center or by an authorized 3rd party on behalf of the passenger, stored in association with the rider's name (or, in the case of a companion, in the name of the ADA-eligible passenger they are accompanying), and redeemed upon commencement of a trip through SacRT's dispatching software.

Section 5: The price charged for a Complementary Paratransit Service Monthly Pass is the price set forth under Item B. of Exhibit A. A person certified by SacRT as an ADA-eligible rider who purchases a valid Complementary Paratransit Service Monthly Pass is entitled to ride such service for up to 60 one-way trips per month, without further charge during the calendar month of the year that the pass is valid, as set out in the Ecolane software. An ADA-eligible rider who purchases a Complementary Paratransit Service Monthly Pass will also receive a Discount Monthly Pass in the form of either a Discount Monthly Pass sticker or Discount Monthly Pass stored electronically on a Connect Card, as set out in the fare structure for fixed-route and demand-response service, for unlimited rides on SacRT's fixed-route and SmarT Ride services during the month the pass is valid. Additional trips on Paratransit Service beyond 60 per month must be paid for at the per-trip basic fare set out in Exhibit A. The Complementary Paratransit Service Monthly Pass will take the form of an electronic Complementary Paratransit Service Monthly Pass purchased through a SacRT-authorized mobile fare application, SacRT's

customer service center or by an authorized 3rd party on behalf of the passenger that is stored in SacRT's dispatching software and associated with the ADA-eligible rider's name.

Section 6: A person accompanying an ADA-eligible rider on Complementary Paratransit Service who is not a personal care attendant must pay the basic fare set out in Item A. of Exhibit A, if the person accompanying the ADA-eligible rider is entitled to ride in accordance with the provisions of 49 C.F.R. §37.123(f).

Section 7: Notwithstanding anything to the contrary in Section 3, a personal care attendant accompanying a person certified by SacRT as an ADA-eligible rider is eligible to ride without charge if the ADA-eligible rider is authorized by SacRT as eligible to travel with a personal care attendant and if the ADA-eligible rider is provided a ride in accordance with any limitations or conditions set forth in their eligibility determination.

Section 8: Notwithstanding anything to the contrary in Section 3, a person certified by SacRT as an ADA-eligible rider is not required to pay the basic fare upon boarding a bus for Complementary Paratransit Service if the basic fare for that ride is paid directly to SacRT or the operator providing such service under the terms of an agreement approved or authorized by SacRT.

Section 9: This Resolution takes effect June 9, 2020.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

Exhibit A

Complementary Paratransit Service Fares and Pass Pricing

	Price Effective 06/09/20
A. Basic Fare	\$5.00
B. Monthly Pass	\$137.50

RESOLUTION NO. 20-06-0049

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

June 8, 2020

APPROVING A SOLE SOURCE PROCUREMENT AND RELATED AGREEMENTS WITH PAYPAL, INC. FOR BRAINTREE PAYMENT SERVICES

WHEREAS, , in accordance with Section 1.405.B.2. of SacRT's Procurement Ordinance, a sole source procurement for services is permitted upon determination by the Board that it is in SacRT's best interest to enter into a service contract without compliance with the competitive solicitation procedures set forth in the Article III of the Procurement Ordinance.

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

THAT, due to the integration of the Braintree Payment services into the Ecolane mobile scheduling and payment application used by SacRT for complementary paratransit scheduling and dispatch, the Board hereby determines and finds that it is in SacRT's best interest to enter into contracts directly with Paypal, Inc. to provide payment processing services to enable complementary paratransit users to conveniently make electronic payments for scheduled services; and

THAT, General Manager/CEO or his designee are hereby authorized and directed to execute any contracts and agreements required to obtain the Braintree Payment Services from Paypal, Inc. through the Ecolane mobile application for complementary paratransit scheduling and payment for the duration of the Software License and Services Agreement.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary