



STAFF REPORT

DATE: August 22, 2022
TO: Sacramento Regional Transit Board of Directors
FROM: Jamie Adelman, Acting VP, Finance/CFO
SUBJ: DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO
 TO ENTER INTO A CONNECT CARD ASSIGNMENT
 AGREEMENT

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

If approved, the Connect Card Assignment Agreement will transfer contractual responsibilities for the Connect Card system from the Sacramento Area Council of Governments (SACOG) to SacRT.

FISCAL IMPACT

If approved, SacRT will be required to make various payments to the Connect Card vendor, Innovations in Transportation (INIT). Funding for these payments will be provided by SACOG. Therefore, there will be no fiscal impacted related to the Connect Card Assignment Agreement in FY23. Annual support payments will be required in future years those amounts are subject to final negotiations, will be included in future years budgets and have a cost sharing component with the Connect Card Consortium partner agencies. Current expectations have been listed in table 1 below.

DISCUSSION

Connect Card is an electronic fare payment system that was introduced to the public in 2016. Connect Card allows passengers to hold transit fares electronically and is accepted on the following seven Connect Card Consortium partner transit agencies throughout the Sacramento region:

- Sacramento Regional Transit District (SacRT)
- Yolo County Transportation District (Yolobus)
- Yuba-Sutter Transit
- El Dorado Transit
- Roseville Transit
- Placer County Transit
- South County Transit

Because Connect Card is a regional fare system, the participating transit agencies decided that it would be most appropriate for SACOG to manage the project on behalf of the participating transit agencies. SACOG served in the role of project manager and is in direct privity of contract with INIT through Final System Acceptance. SACOG is in the final phases of negotiating a closeout agreement that will allow the parties to reach Final System Acceptance and move into an operations and maintenance phase.

SACOG and staff at SacRT both determined that it is in the best interest of all regional partners for SacRT to take over management of the contract with INIT for SACOG after a closeout agreement between SACOG and INIT is reached. Since its inception, SacRT has served as the Connect Card Regional Service Center. In this role, SacRT not only communicates directly with INIT in support of SacRT and its partners, but actively serves passengers for all partner agencies as well. Day to day operations of the Connect Card system has been in the hands of SacRT since the beginning and therefore, SacRT should continue to be the lead agency and take over management of the operations and maintenance agreements with INIT after a closeout deal is reached.

Currently, there are 4 documents that are actively being negotiated by SACOG and INIT, that would later be assigned to SacRT from SACOG via the Assignment Agreement. SacRT has been actively involved in the negotiation of the agreements between SACOG and INIT, to ensure that the terms meet the needs of SacRT's ongoing operation of the fare collection system. Each document is described below:

Closeout Agreement

The closeout agreement describes the terms and conditions governing the closeout of the initial agreement for the project signed by SACOG and INIT. This document includes the anticipated financial obligations, described in more detail later in this document, that the consortium will have in the future, among other terms.

Exhibit A of the Closeout Agreement

Exhibit A of the closeout agreement calls out specific items from the original contract that were not delivered by INIT and that SACOG and SacRT still expect INIT to deliver. Some of these items must be delivered prior to signing the closeout agreement, based on mutual agreement others will be delivered after agreement execution. Additionally, there are other items included that are less common requests and may never be needed or requested by SacRT or the Consortium partners, but have been included in Exhibit A in the unlikely event that the need does arise.

End-User Maintenance Agreement

The End-User Maintenance Agreement (EUMA) describes the terms and conditions related to the ongoing maintenance and support of the system following the closeout agreement. The responsibilities of SacRT, other partner agencies and INIT are also included. There are 3 attachments to the EUMA (attachments A, B and C). Attachment A is a list of products/services/software that INIT will be supporting. Attachment B is a

pricing sheet for various proprietary pieces of equipment. Attachment C is the service level agreement and will be described in further detail below.

Service Level Agreement – Attachment C to the EUMA

The Service Level Agreement (SLA) describes the scope of services that INIT will provide following the closeout agreement. The distinctions between warranty and non-warranty repairs/items are identified in this document. Response times and hours of operation for the INIT service team is also included. Charts lay out the various classifications of urgency and the corresponding response times expected for INIT to maintain in the event their services are needed to keep the Connect Card system operational. Dispute resolution clauses have also been included in the event that tickets and/or other items have not been resolved by INIT in a manner consistent with the terms of the SLA document.

The final agreement that will be executed by SacRT is the Connect Card Assignment Agreement between SacRT and SACOG. If approved, the attached Resolution, will provide the General Manager/CEO the authority to sign a Connect Card Assignment Agreement transferring the roles and responsibilities described above to SacRT. The current closeout agreement calls for financial payments to be made to INIT as laid below in Table 1.

Time Frame	Payment Amount to INIT
Signing of Contract Closeout	\$350,000 one-time payment
Annual Support Payments (years 1-3) – required	\$70,000 per year
Annual Support Payments (years 4-5) – optional	\$145,000 per year
Annual Support Payments (years 6-10) – optional	\$400,000 per year

The Connect Card system is proprietary to INIT and the technology is beginning to reach the end of its useful life, therefore support of the system becomes more expensive over time. Staff has already began investigating options to upgrade or replace the Connect Card system within the next few years in order to provide transit passengers throughout the region with best experience possible and avoid overextending the life of the system.

Final terms of the Closeout Agreement and Assignment Agreement are still being negotiated , but SACOG will likely be responsible for making the one-time payment of \$350,000 to INIT. SACOG has additional grant funds that will cover some of the annual support and maintenance costs in future years as well as other upgrades that staff wishes to deploy in the future, including the recent Board approved Firewall and Wireless Access Point system upgrades project.

Connect Card transactions account for a significant proportion of the boardings at SacRT when contract programs like RydeFreeRT and the college passes from the population are removed from the ridership calculations. It is important to ensure that patrons continue to receive the best possible customer experience from the Connect Card system. Therefore, staff is recommending the Board delegate authority to the General Manager/CEO, the enter a Connect Card Assignment Agreement with SACOG.

RESOLUTION NO. 2022-08-094

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

August 22, 2022

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO ENTER INTO A CONNECT CARD ASSIGNMENT AGREEMENT

WHEREAS, the Sacramento Area Council of Governments (SACOG), Sacramento Regional Transit District, (SACRT), and Innovations in Transportation (INIT) are in the process of negotiating the final acceptance of the Connect Card regional fare payment system that includes the negotiation of four agreements that will govern the final acceptance of the system and the maintenance and operation of the Connect Card going forward;

WHEREAS, the primary agreement under negotiations between SACOG and INIT is the Closeout Agreement, which includes Exhibit A of the Closeout Agreement and which collectively include the terms and conditions under which the Connect Card project will be accepted by SACOG and the final payments that will be made to INIT;

WHEREAS, the parties are also negotiating the End User Maintenance Agreement (EUMA) which includes the Service Level Agreement as an exhibit and which include the terms and conditions under which INIT will assist SacRT in managing, operating and maintaining the Connect Card system after primary responsibility for the system is transferred from SACOG to SacRT; and

WHEREAS, SacRT and SACOG are negotiating the terms of an assignment agreement transferring the obligations of the Closeout Agreement and Exhibit A of the Closeout Agreement from SACOG to SacRT, including imposing the obligation on SacRT to pay INIT on-going annual support payments for maintenance of the system.

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

THAT, the Board hereby delegates authority to the General Manager/CEO to enter into an Assignment Agreement with SACOG wherein SACOG assigns its rights and obligations, including making on-going annual support payments as described in this Staff Report to INIT under the Closeout Agreement and Exhibit A to the Closeout Agreement with INIT to SacRT, which will assume primary responsibility for the operation and maintenance of the regional Connect Card system; and

THAT, the Board hereby delegates authority to the General Manager/CEO to finalize negotiations and enter into an End User Maintenance Agreement and Service

Level Agreement with INIT on substantially the same terms as described herein this Staff Report, for the maintenance, repair and operations of the Connect Card system; and

THAT, the General Manager/CEO is hereby authorized and directed to execute the Assignment Agreement with SACOG, the End User Agreement with INIT and the Service Level Agreement with INIT, upon successful completion of negotiations with SACOG and INIT on substantially the same terms as those described in this Staff Report.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary