

STAFF REPORT

DATE: August 28, 2023
TO: Sacramento Regional Transit Board of Directors
FROM: Jason Johnson, VP, Finance/CFO
SUBJ: APPROVING AN ASSIGNMENT AND RELEASE AGREEMENT WITH SIEMENS MOBILITY, INC. FOR THE CONTRACT FOR ONLINE AND MOBILE FARE APPLICATIONS SERVICES WITH BYTEMARK, INC.

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approval of the attached Resolution will approve an assignment of the Contract for online and mobile fare application from Bytemark, Inc. (Bytemark) to Siemens Mobility, Inc. (SMI).

FISCAL IMPACT

The Assignment to SMI will not impact the financial terms of the Contract. As detailed in the June 2023 Staff Report for approval of the Eighth Amendment, the Contract total consideration is composed of a fixed price component and two separate transaction fee amounts (voucher code redemptions and card processing fees), which will remain constant for the remaining Contract term.

If the Board does not approve the contract assignment, it may result in the mobile fare application, ZipPass, being deactivated due to the inability to pay vendor invoices, which would reduce SacRT's fare revenue.

DISCUSSION

In June 2016, SacRT released a Request for Proposals (RFP) for a mobile and online ticketing application. Six firms, including Bytemark submitted proposals. On March 9, 2017, SacRT executed a Contract with Bytemark for a three-year term with two optional years. In June 2023, the Board approved the Eighth Amendment to the Contract, which included a sole source extension that will expire June 30, 2024, with an optional year through June 30, 2025.

On August 15, 2023, a Notice of Merger was delivered informing SacRT that Bytemark had merged with SMI effective August 1, 2023. SacRT was instructed that all payments owed to Bytemark should be made to SMI, effective immediately.

Under the terms of the Contract, SacRT has the right to terminate or cancel the Contract upon any assignment that is not expressly approved by SacRT. The assignment would be approved through an Assignment and Release Agreement, through which SMI agrees to assume Bytemark's obligations under the Contract. If the assignment is not approved, SacRT's customers could lose the ability to purchase fare through the mobile application, which is an important source of revenue for SacRT as well as providing convenience for customers.

As detailed in the June Staff Report, SacRT is currently pursuing options for consolidation of electronic fare payment and communication systems; in the interim, the ZipPass application serves an important function. SMI is a financially strong company and SMI communicated to SacRT that the Contract will continue to be administered on a day-to-day basis by the same staff. SacRT expects that the user experience will remain the same.

RESOLUTION NO. 2023-08-083

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

August 28, 2023

APPROVING AN ASSIGNMENT AND RELEASE AGREEMENT WITH SIEMENS MOBILITY, INC. FOR THE CONTRACT FOR ONLINE AND MOBILE FARE APPLICATIONS SERVICES WITH BYTEMARK, INC.

WHEREAS, in March 2017, SacRT and Bytemark, Inc. entered into the Contract for Mobile and Online Fare Application (“Contract”) for an initial term of three years; and

WHEREAS, in May 2021, the parties entered into the Sixth Amendment to the Contract to extend the Contract term through June 30, 2023; and

WHEREAS, in June 2023, the parties entered into the Eighth Amendment to the Contract to the term to extend the Contract term through June 30, 2024, with an option for a second year through June 30, 2025; and

WHEREAS, on August 1, 2023, Bytemark, Inc. merged with Siemens Mobility, Inc. and by operation of law is now the assignee of Bytemark, Inc. agreements.

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

THAT, the Board delegates authority to the General Manager/CEO to execute an assignment agreement for online and mobile fare application services with Siemens Mobility, Inc.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary