

STAFF REPORT

DATE: June 12, 2023
TO: Sacramento Regional Transit Board of Directors
FROM: Jason Johnson, VP, Finance/CFO
SUBJ: APPROVING (1) A SOLE SOURCE PROCUREMENT AND (2) THE EIGHTH AMENDMENT TO CONTRACT FOR MOBILE AND ONLINE FARE APPLICATION WITH BYTEMARK, INC.

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approval of the attached resolution will allow SacRT to continue the existing mobile ticketing platform through June 30, 2024, with a SacRT option to extend for an additional year through June 30, 2025, while SacRT conducts a solicitation for a new mobile fare application.

FISCAL IMPACT

The Eighth Amendment will increase the Total Consideration under the Contract by \$63,000 to cover the firm-fixed monthly fees for the next year. In addition, SacRT will continue to be responsible for the payment of transaction fees and credit card processing fees. The total of all costs for the extended Contract term is expected to be approximately \$95,000. The proposed fees have been accounted for in the proposed FY24 Operating Budget being considered by to the Board for approval tonight.

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 April 2021, the Board approved the Sixth Amendment to the Contract, which included a sole source extension that will expire June 30, 2023. The proposed Eighth Amendment would extend the term of the Contract through June 30, 2024, with a SacRT option to extend through June 30, 2025.

A Request for Information for Mobile Application Consolidation was issued in October 2021, with responses due in December 2021. Responses were received from ten proposers. At the same time, Staff was also considering a further consolidation of SacRT's electronic fare payment options.

However, during this time, SACOG was in negotiations to close out the original Connect Card contract with INIT for design, manufacture, installation, testing, and implementation of the multi-agency contactless smart card fare system and enter into an operations and maintenance phase. It was anticipated that the Connect Card System and the associated operation and maintenance agreements would be assigned to SacRT. Because INIT is a potential vendor for a replacement consolidated system, Staff was concerned about a potential conflict of interest in commencing a solicitation while SACOG was concluding the Connect Card negotiations with INIT. The negotiations with INIT and assignment of the Connect Card system to SacRT were completed in December 2022.

In January 2023, Staff released a Request for Information (RFI) for Electronic Fare Payment System on PlanetBids Procurement System to obtain information about potential solutions or products, either off-the-shelf or custom-built, that could simplify and improve SacRT's customer experience as well as meet its business needs. SacRT received 13 responses to the RFI and demonstrations were provided by a number of potential vendors that give Staff the confidence that a suitable solution is available. A common theme throughout the demonstrations was that the industry is capable of more advanced and beneficial mobile applications consolidations that include fare systems integrations with other SacRT mobile applications like Elerts and trip planning services.

From the two RFIs, Staff concluded that it would be in the best interest of SacRT and its patrons to combine the efforts of the mobile application consolidation project with the procurement of a new electronic fare system, given the information gathered during the vendor demonstrations. SacRT is in the process of developing an RFP to competitively procure a new electronic fare collection system that will consolidate the existing electronic fare systems (Connect Card, ZipPass, and Tap to Ride). Staff anticipates that a new fare system will also provide additional services to passengers such as alert services, real-time arrival information, and trip planning, among others, in a single, easy-to-use platform.

While Staff is preparing the RFP to procure a new fare system, it is important to provide passengers with a seamless transition and the best possible customer service experience, which is best achieved by continuing the existing contract with Bytemark.

As part of the Eighth Amendment, Bytemark has also agreed to provide "partnership pass activation" services. This service, if used by SacRT, would allow for group passes to be distributed in bulk through the Mobile Fare Application (as opposed to using stickers or the Connect Card), potentially resulting in efficiencies for SacRT and its group pass partners. A new fee of \$.15 per activated pass would be included for this service.

Bytemark has proposed cost increases of approximately 10% to the fixed monthly fees. The per-transaction costs would not increase. The fixed monthly fees will increase by a total of \$5,700 (6.9%) in FY24 as compared to the current contract. Based on the current sales volumes and the fact that the transaction fees are not increasing, the overall yearly contract costs are expected to increase by 6.9%, which is considered fair and reasonable. Table 1 below compares the existing fees versus the proposed amendment.

Table 1

Item	Current Fees Commission and Other Costs	Proposed Fees, Commission and Other Costs
Support, Maintenance and Hosting of the Mobile Ticketing System (per month)	\$2,875 per month	\$3,175 per month
Transaction Commission	2%	2%
Transaction Fee (per Transaction)	\$0.076	\$0.076
API Maintenance, Support & Licensing (per month) / Partnerships	\$1,900	\$2,075
Voucher Code API Program Onboarding (per partner)	\$5,200	\$5,200
Partnerships Pass Activation (per pass claimed)	N/A	\$0.15

RESOLUTION NO. 2023-06-062

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

June 12, 2023

APPROVING (1) A SOLE SOURCE PROCUREMENT AND (2) THE EIGHTH AMENDMENT TO CONTRACT FOR MOBILE AND ONLINE FARE APPLICATION 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, the parties desire to extend the term to June 30, 2024, with an option for a second year through June 30, 2025, to provide sufficient time for SacRT to competitively procure a new electronic fare system that will consolidate existing fare systems.

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

THAT, pursuant to Section 1.405.B.2 of the Procurement Ordinance, it is in the best interest of SacRT to extend the Contract on a sole source basis for an additional year through June 30, 2024, with an optional second year through June 30, 2025, to allow time for a transition to a consolidated electronic fare system; and

THAT, the Eighth Amendment to the Contract between Sacramento Regional Transit District, therein referred to as “RT,” and Bytemark, Inc., therein referred to as “CONTRACTOR or CONSULTANT,” wherein the term is extended to June 30, 2024, the scope of work is amended to include a new partnership pass portal, the monthly fees for back-office hosting and support fee and voucher code software licensing and support are increased for the extended contract term, a fixed fee is added for activation of a pass through the new partnership portal, and the total consideration is increased by \$95,000, from \$412,460 to \$507,460 for fixed costs, plus additional costs for transaction fees, is hereby approved.

THAT, the Board Chair and General Manager/CEO are hereby authorized and directed to execute the foregoing amendment.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary