



## STAFF REPORT

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**DATE:** April 8, 2024  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** CONDITIONALLY DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AWARD AND EXECUTE CONTRACTS FOR PAYMENT ACCEPTANCE DEVICE HARDWARE AND TRANSIT PROCESSOR SERVICES WITH KUBA, INC. (MASTER AGREEMENT 5-21-70-28-02) AND LITTLEPAY, INC. (MASTER AGREEMENT 5-21-70-28-06) THROUGH STATE OF CALIFORNIA LEVERAGED PROCUREMENT AGREEMENTS

### RECOMMENDATION

Adopt the Attached Resolutions.

### RESULT OF RECOMMENDED ACTION

Approval of the attached Resolutions will allow SacRT to move forward with purchasing hardware and services through state cooperative agreements for a long-term contactless fare payment system as a successor to the pilot program previously put in place for light rail vehicles upon execution of a subrecipient agreement with the Sacramento Area Council of Governments (SACOG).

### FISCAL IMPACT

The hardware purchasing and system implementation fees associated with this project have been included in the Capital Budget, will be paid for with TIRCP funds that were awarded to SacRT in 2022 and will be provided to SacRT through a subrecipient agreement with SACOG. Because the subrecipient agreement has not yet been signed, the delegation to the General Manager/CEO is proposed to be contingent on execution of the subrecipient agreement.

There will be no fiscal impact to the FY24 Operating Budget as SacRT will not incur any operating costs in FY24. Operating costs beginning in FY25 have been included in the preliminary FY25 Operating Budget. The costs for the Littlepay, Inc. services will be based on actual transaction volume at a rate of 2.25% per transaction for fare sales and \$.02 per transaction for free fares. Based on expected transaction volume, the annual costs are estimated at approximately \$6,000 per year.

### DISCUSSION

CONDITIONALLY DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AWARD AND EXECUTE CONTRACTS FOR PAYMENT ACCEPTANCE DEVICE HARDWARE AND TRANSIT PROCESSOR SERVICES WITH KUBA, INC. (MASTER AGREEMENT 5-21-70-28-02) AND LITTLEPAY, INC. (MASTER AGREEMENT 5-21-70-28-06) THROUGH STATE OF CALIFORNIA LEVERAGED PROCUREMENT AGREEMENTS

April 8, 2024

In September 2021, SacRT launched a demonstration program in partnership with the California Integrated Travel Program (Cal-ITP) enabling contactless payments onboard SacRT's light rail vehicles. The purpose of the demonstration was to test the feasibility of real-time fare collection using contactless payments.

In February 2022, SacRT applied for TIRCP funds in a partnership with SACOG, other local transit providers and Capitol Corridor Joint Powers Authority (CCJPA). The region was successful in its application and was awarded nearly \$2.2 million to purchase, install, and implement Cal-ITP supported contactless payment equipment and services on bus fleets throughout the region. The full funding amount was allocated to the region at the California Transportation Commission meeting held on December 7, 2023. The allocation requires SacRT and its partner transit agencies to enter into contracts for payment acceptance device hardware and transit processor services (fare calculation) by June 7, 2024.

A subrecipient agreement with SACOG directing the flow of funds for SacRT has been drafted and is in the final stages of review. SacRT's share of the \$2.2 million is approximately \$1.3 million and is expected to provide sufficient funding to purchase and install the equipment necessary to outfit SacRT's entire bus fleet. SacRT will incur ongoing service charges for the transit processor services to be provided by Littlepay, Inc. that will be paid for through the Operating Budget.

In June 2021, the State Department of General Services (DGS) issued Requests for Proposals for hardware payment acceptance devices (Category A) and transit processor services to do fare calculation (Category B). The solicitations closed in September 2021. After completion of evaluation, DGS proceeded to award Master Agreements to three contractors (INIT, Kuba, and SC Soft) for Category A and four contractors (INIT, Bytemark, Enghouse, and Littlepay) for Category B.

The Master Agreements provided by the State of CA through the Cal-ITP program offer transit agencies a solid framework by which procurements are streamlined and transit agencies can be confident in the products and services they select. Under Section 1.407 of the Procurement Ordinance, SacRT can use a state cooperative agreement if the bidding procedures followed by a public entity for any such contract satisfy the bidding requirements set out in the Procurement Ordinance and if the Contract does not violate any federal or state requirements applicable to SacRT. The DGS Master Agreements satisfy these Procurement Ordinance requirements.

While SacRT could have selected any of these DGS-approved vendors, SacRT in consultation with SACOG and the Cal-ITP consultant chose to solicit proposals from all available state contractors for the hardware and processing services. After solicitation of both initial and Best and Final Offers and evaluation, SacRT has selected Kuba, Inc. as the preferred vendor for Category A (Payment Acceptance Device) and LittlePay, Inc. for Category B (Transit Processor).

In addition to allowing contactless credit/debit card payment, a key benefit of using the state Master Agreements is that the state specified that the payment acceptance

hardware must use open application programming interfaces (APIs) in its design. The use of open APIs allows agencies to more easily and affordably integrate the hardware with third-party services. SacRT is seeking to take advantage by releasing a Request for Proposal (RFP) that will leverage this technology and allow passengers to activate mobile tickets and tap closed loop smart cards like Connect Card on the same payment acceptance device so that all customers choosing to pay with electronic fares will participate in a unified payment platform on both the front and backend (in contrast to the multiple systems currently maintained for ZipPass and ConnectCard). A portion of the costs of the unified fare payment platform will be covered by the SACOG subrecipient agreement using the funds remaining from the \$2.2 million award after all other transit providers have also entered into agreements for the Category A and Category B equipment and services.

This project will continue the expansion of SacRT's fare payment options for customers, allowing them to purchase fare at the time of boarding the bus using contactless payment technologies. The convenience of paying a fare with an existing (contactless enabled) credit/debit card or mobile wallet (Apple Pay/Google Pay) will simplify the fare payment process, speed up boardings and therefore improve SacRT's on-time performance.

RESOLUTION NO. 2024-04-032

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

April 8, 2024

**CONDITIONALLY DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO  
TO EXECUTE A CONTRACT FOR PAYMENT ACCEPTANCE DEVICES WITH  
KUBA, INC. UNDER STATE OF CALIFORNIA MASTER AGREEMENT 5-21-70-28-02**

WHEREAS, under Public Utilities Code Section 102222, SacRT may award contracts for the purchase of supplies over \$125,000 only after full and open competition and on the basis of either the lowest price or the best value provided to SacRT; and

WHEREAS, under Section 1.407 of the Procurement Ordinance (Ordinance 2022-12-01), SacRT may use a state cooperative purchasing agreement if the bidding procedures followed by a public entity for any such contract satisfy the bidding requirements set out in the Procurement Ordinance and if the Contract does not violate any federal or state requirements applicable to SacRT; and

WHEREAS, in June 2021, the State of California Department of General Services issued a Request for Proposals for Payment Acceptance Devices and awarded a contract to Kuba, Inc. and three other contractors pursuant to the solicitation using an evaluated solicitation; and

WHEREAS, SacRT solicited and received proposals from all awarded state contractors for Payment Acceptance Devices and determined that the proposal offered by Kuba, Inc. provides the best value to SacRT; and

WHEREAS, the Sacramento Area Council of Governments is preparing a subrecipient agreement for SacRT to receive funds for the purchase of Payment Acceptance Devices.

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

THAT, authority is hereby delegated to the General Manager/CEO to award and execute a contract for payment acceptance devices with Kuba, Inc. under State of California Master Agreement 5-21-70-28-02 for an amount not to exceed the grant funding provided by SACOG, conditioned upon full execution of the subrecipient agreement with SACOG providing reimbursement of all capital costs for the acquisition.

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary

RESOLUTION NO. 2024-04-033

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

April 8, 2024

**CONDITIONALLY DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO  
TO EXECUTE A CONTRACT FOR TRANSIT PROCESSOR SERVICES WITH  
LITTLEPAY, INC. UNDER STATE OF CALIFORNIA MASTER  
AGREEMENT 5-21-70-28-06**

WHEREAS, under Procurement Ordinance (Ordinance 2022-12-01), SacRT may award contracts for services over \$150,000 only after full and open competition and on the basis of either the lowest price or the best value provided to SacRT; and

WHEREAS, under Section 1.407 of the Procurement Ordinance (Ordinance 2022-12-01), SacRT may use a state cooperative purchasing agreement if the bidding procedures followed by a public entity for any such contract satisfy the bidding requirements set out in the Procurement Ordinance and if the Contract does not violate any federal or state requirements applicable to SacRT; and

WHEREAS, in June 2021, the State of California Department of General Services issued a Request for Proposals (RFP) for Transit Processor services to be used by transit agencies for contactless fare payment implementation and awarded a contract to Littlepay, Inc. and three other contractors pursuant to the RFP using an evaluated solicitation; and

WHEREAS, SacRT solicited and received proposals from all awarded state contractors for Transit Processor services and determined that the proposal offered by Littlepay, Inc. provides the best value to SacRT; and

WHEREAS, the Sacramento Area Council of Governments is preparing a subrecipient agreement for SacRT to receive funds for the purchase of Payment Acceptance Devices to be used in conjunction with the Transit Processor services.

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

THAT, authority is hereby delegated to the General Manager/CEO to award and execute a contract for transit processor services with Littlepay, Inc. under the State of California Master Agreement 5-21-70-28-06 for a 60-month term conditioned upon: (1) full execution of the subrecipient agreement with SACOG providing reimbursement of all capital costs for the Payment Acceptance Device acquisition; and (2) execution of a contract for Payment Acceptance Devices with Kuba, Inc.

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary