



STAFF REPORT

DATE: June 10, 2024

TO: Sacramento Regional Transit Board of Directors

FROM: Devra Selenis, VP, Communications and Partnerships

SUBJ: RATIFYING THE GENERAL MANAGER/CEO'S EXECUTION OF THE THIRD AMENDMENT TO THE CONTRACT FOR THE TRANSIT WATCH MOBILE APPLICATION WITH ELERTS CORPORATION; APPROVING A SOLE SOURCE PROCUREMENT; AND APPROVING THE FOURTH AMENDMENT TO THE CONTRACT

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

Approving the recommended actions will retroactively authorize payment previously made to ELERTS Corporation ("ELERTS") for Transit Watch Mobile Application based on the inadvertent execution of the Third Amendment to the Contract, which was in excess of the General Manager/CEO's amendment authority under the Procurement Ordinance and allow SacRT to continue use of the existing Alert SacRT application on a sole source basis for one additional year while SacRT evaluates options for the mobile application consolidation project.

FISCAL IMPACT

In 2016, the original 38-month Contract was awarded to ELERTS in the amount of \$75,000. The First Amendment extended the contract for three additional years and increased the total consideration to \$138,000 (+\$63,000). The Second Amendment was approved by the Board under Resolution 2022-04-040 to extend the contract for one year and increase the total consideration from \$138,000 to \$161,975 (+\$23,975).

The Third Amendment to the Contract was for a one-year extension and included an option to extend the Contract for an additional year and increased the total consideration from \$161,975 to \$187,868 (+\$25,893). The payment for the Third Amendment was budgeted and made; however, it was not authorized under the Procurement Ordinance (see discussion below).

The Fourth Amendment would exercise the option year and increase the total consideration from \$187,868 to \$215,056 (+\$27,188).

Operating funds will be used to pay for hosting and maintenance fees. This amount is considered fair and reasonable, as it is consistent with what SacRT has been paying for the service each of the four previous contracted years. The cost of the Fourth Amendment is included in the FY25 Operating Budget.

DISCUSSION

In July 2015, SacRT issued a Request for Quote (RFQ) for Transit Watch Mobile Application. ELERTS was determined to be the most qualified proposer, and in May 2016 SacRT entered into a 38-month Contract with ELERTS to customize and host “Alert SacRT,” the free interactive mobile security and reporting application, which is a SacRT-specific application used by employees and riders for transit security and facilities notification services, including an incident description, report type, photo, video, and a location map. It also includes a Text-A-Tip option that allows non-smartphone users to report concerns directly to SacRT. Alert SacRT has been recognized by the Federal Transit Administration (FTA) for its improvement to SacRT’s safety and security measures.

The ELERTS software is proprietary and is only available directly through ELERTS. For that reason, the contract has been continued multiple times on a sole-source basis since 2019.

Under the Procurement Ordinance, the General Manager/CEO’s authority to execute amendments to Contracts originally approved by the General Manager/CEO is limited to an aggregate amount of \$150,000, considering both the original contract value and all previously-executed amendments. Staff inadvertently neglected to consider whether the Third Amendment was within the General Manager/CEO’s authority before it was provided to him for execution. Based on the value (combined with the original contract and First Amendment), the Third Amendment should have been approved by the Board and is, therefore, considered an unauthorized procurement as defined by the Procurement Ordinance that requires Board ratification. Staff believes the criteria for ratification under the Procurement Ordinance have been met, since the only defect with respect to the Third Amendment is that it was executed by the General Manager/CEO rather than the Board.

Because the Alert SacRT application is widely in active use, it is in SacRT’s best interest to continue using the app for one additional year, or until a new solution is implemented. On April 15, 2024, SacRT released a Request for Proposal (RFP) for a new Account-Based Transit Payment Platform. Staff anticipates that the new transit payment platform will consolidate many services currently offered by SacRT (including fare payment, trip planning, and incident reporting) and will introduce new features and enhancements that will improve the overall customer experience.

Exercising the option year (Fourth Amendment to the Contract) with ELERTS will ensure a seamless transition for SacRT customers through the Account-Based Transit Payment Platform RFP process, which is expected to be completed later in FY25.

RESOLUTION NO. 2024-06-063

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

June 10, 2024

**RATIFYING THE GENERAL MANAGER/CEO'S
EXECUTION OF THE THIRD AMENDMENT TO THE CONTRACT FOR
TRANSIT WATCH MOBILE APPLICATION WITH ELERTS CORPORATION**

WHEREAS, under Section 1.505 of the Procurement Ordinance (2022-12-01), the General Manager/CEO's authority to approve amendments to contracts originally approved by the General Manager/CEO is limited to \$150,000 in the aggregate (combining the value of both the original contract and all amendments); and

WHEREAS, the value of the original contract, First Amendment, Second Amendment, and Third Amendment to the Contract for Transit Watch Mobile Application with ELERTS Corporation, collectively exceeds \$150,000; and

WHEREAS, consequently, execution of the Third Amendment was an Unauthorized Procurement under the Procurement Ordinance that is void and invalid unless ratified by the Board of Directors; and

WHEREAS, Section 1.105 of the Procurement Ordinance permits ratification of unauthorized procurements under specified circumstances.

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

THAT, the Board finds that the criteria for ratification under the Procurement Ordinance are satisfied with respect to the General Manager/CEO's execution of the Third Amendment to Contract for Transit Watch Mobile Application by and between Sacramento Regional Transit District (therein "SacRT") and ELERTS Corporation (therein "Contractor"), because the services have been provided to and accepted by SacRT, or SacRT otherwise has obtained or will obtain a benefit resulting from performance; the resulting contract would otherwise have been proper if made by an appropriate contracting officer; the price has been determined to be fair and reasonable, as it was consistent with the amounts paid in prior years; and sufficient funds are available.

THAT, the General Manager/CEO's determination that it was in the best interest of SacRT to continue the Contract on a sole source basis was justified under Section 1.405.B.2 of the Procurement Ordinance.

THAT, the Third Amendment to the Contract for Transit Watch Mobile Application by and between Sacramento Regional Transit District (therein "SacRT") and ELERTS Corporation (therein "Contractor"), whereby the term of the Contract was extended by one year from July 1, 2023 to June 30, 2024, with an option to extend for one additional year, and the Total Consideration was increased by \$25,893 from \$161,975 to \$187,868, is hereby ratified.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary

RESOLUTION NO. 2024-06-064

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

June 10, 2024

APPROVING A SOLE SOURCE PROCUREMENT AND THE FOURTH AMENDMENT TO CONTRACT FOR TRANSIT WATCH MOBILE APPLICATION WITH ELERTS CORPORATION

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

THAT, under Section 1.405.B.2 of the Sacramento Regional Transit District (therein "SacRT") Procurement Ordinance (21-10-01) a sole source procurement for services is permitted upon a finding that it is in the best interest of SacRT to proceed without a competitive solicitation.

THAT, ELERTS Corporation has successfully supported the "Alert SacRT" mobile application since a Contract was awarded in 2016 and it is in the best interest of SacRT to maintain continuity of the application for an additional year while consolidation of SacRT's Account-Based Transit Payment Platform RFP is evaluated.

THAT, the Fourth Amendment to the Contract for Transit Watch Mobile Application by and between Sacramento Regional Transit District (therein "SacRT") and ELERTS Corporation (therein "Contractor"), whereby SacRT exercises the option year extending the term of the Contract by one year, from June 30, 2024 to June 30, 2025, and the Total Consideration is increased by \$27,188 from \$187,868 to \$215,056 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