

STAFF REPORT

DATE: April 28, 2025
TO: Sacramento Regional Transit Board of Directors
FROM: Jason Johnson, VP, Finance/CFO
SUBJ: CONDITIONALLY APPROVING THE CONTRACT FOR
ACCOUNT-BASED TRANSIT PAYMENT PLATFORM WITH
MASABI, LLC

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The proposed Resolution will conditionally approve a Contract for Account-Based Transit Payment Platform (Platform) with Masabi, LLC (Masabi) that will allow SacRT and other regional transit agencies, to move forward with a long-term contactless fare payment system.

FISCAL IMPACT

The proposed implementation fees of \$336,118.80 will be funded by a Transit and Intercity Rail Capital Program (TIRCP) grant and will not impact the Operations budget.

The first annual fixed fee will be \$153,972.96. plus an applicable Consumer Price Index (CPI) increase calculated at the time the payment is due, which will be at full system acceptance. These fees will further escalate annually in line with CPI adjustments. The fixed fees will be due in full annually in advance.

The intent is that the other regional transit agencies will pay a portion of these fees; however, if other Transit Partners choose not to participate (either initially or at a later point in time), SacRT will be fully financially liable for all costs associated with this Contract.

In addition to the fixed annual fees, SacRT (and the Transit Partners) will pay transaction fees for each ticket or pass processed through the Platform as shown in Table 3 below. Based on the invoicing and payment timeline for these fees, SacRT will likely be responsible for paying the fees on behalf of the Transit Partners and then seeking reimbursement.

It is important to note that the proposed FY2026 budget includes mobile application (currently ZipPass) fees sufficient to cover any transactional fees that may be incurred in FY 2026 as well.

The initial term of the Contract will be for 5 years, with a SacRT option to extend for up to 2 additional 1-year terms. While SacRT typically has the right to terminate contracts for convenience without penalty, the negotiated terms of this Contract will require SacRT to pay a penalty of up to \$450,000.00 for an early termination for convenience.

DISCUSSION

SacRT, El Dorado Transit, Placer County Transit, Roseville Transit, South County Transit/Link (SCT), Yolo County Transportation, and Yuba-Sutter Transit (collectively, "Transit Partners") previously issued a request for a Best and Final Offer ("BAFO") under the California Master Service Agreements for Contactless Payment Provision: Categories A (Payment Acceptance Devices) and B (Transit Processor Services) and have proceeded with award of contracts for those goods and services to Kuba, Inc. and Littlepay, Inc., respectively. SacRT launched these contactless services on April 1, 2025.

The "Platform" will provide electronic ticketing options to the customers of the Transit Partners with a specific focus on market segments, fare products, and payment methods that are not sufficiently covered by the contactless card (pre-paid, debit, and credit) payment option. The Platform will ultimately integrate with the contactless payment validators.

A Request for Proposals was issued on April 15, 2024, and SacRT received six proposals in July 2024. Staff reviewed and evaluated each proposal individually and invited the three top-ranked proposers to provide demonstrations of their product to further assess their ability to meet SacRT's needs. Based on the provided proposals and subsequent demonstrations, Masabi was deemed the most qualified proposer to provide the Platform. Staff has engaged in negotiations with Masabi over the last six months to finalize the Contract terms and conditions and fees.

The negotiations have concluded, and Staff has determined that the pricing offered by Masabi, including for the optional items, is fair and reasonable by comparison to other proposals.

Masabi's "Just Ride" fare payment platform provides passengers with a world class experience. Combining fare payment, trip planning, rider alerts, and enhanced messaging, among other features, passengers will no longer have to carry smart cards in their wallet or manage multiple online accounts to enjoy SacRT's and its regional partners' services. SacRT envisions the new Platform from Masabi to be a one-stop fare payment and trip planning shop for nearly all SacRT riders.

The Platform will be rolled out in multiple phases to provide a smooth transition for customers. The first phase of the project will introduce the new consolidated mobile fare payment application for SacRT and YoloBus passengers (YoloBus also currently uses ZipPass application). During this phase, SacRT and YoloBus passengers will download the new mobile application (yet to be named) and be able to enjoy the features provided within the base mobile ticketing application, including but not limited to, fare payment and trip planning. Tickets and passes will be validated visually during this implementation phase, similar to SacRT's current mobile app, ZipPass. However, additional features

included in the new mobile application will greatly increase the reach of the application to include riders receiving third-party subsidies that were unable to easily integrate into ZipPass.

State employees, college students and recipients of benefits from some social service agencies, among others, will all have access to SacRT fares on their mobile device for the first time without having to go through cumbersome processes to receive reimbursement. SacRT anticipates that Phase 1 of the project for SacRT and YoloBus will be completed by October 30, 2025. As the new mobile application is released to the public, SacRT will ensure that existing passengers using the current mobile application are notified to facilitate a smooth transition.

Passengers will also be able to add fare to the mobile application through a third-party retail network to be established by Masabi, creating additional options for passengers to convert cash to mobile fares.

Phase 2 of the project will integrate the new mobile application with the Kuba hardware (Tap2Ride system) installed on SacRT's bus and SacRT GO fleet. Mobile application users will electronically validate their tickets and passes directly on the Kuba hardware. Electronic validation will provide both SacRT and its passengers with even more benefits, including faster boarding times with little-to-no operator interaction, improved data location, and reduction in potential fraud. Phase 2 of the project (for SacRT) is scheduled to conclude April 30, 2026.

The other Transit Partners will be implemented in phases, beginning after SacRT, starting in summer 2026. Assuming all Transit Partners choose to participate, full system acceptance for all Transit Partners is anticipated by October 30, 2026.

Additional Contract options include: (1) integration of closed loop cards, which would provide a more direct replacement for the Connect Card system, (2) more in-depth integrations with the back office of the open loop fare system supported by Cal-ITP, (3) distance-based fares, and (4) customer rewards programs. Staff would return to the Board to exercise desired options if funding is available and a clear need and/or benefit to the region's passengers is presented.

Acting on behalf of the Transit Partners, SacRT will enter into the Contract with Masabi and subsequently enter into cost-sharing agreements with each of the other Transit Partners. Masabi's proposal includes one-time implementation fees (funded by a TIRCP grant), fixed annual fees, and transaction fees. The fixed annual fees and transaction fees will be shared with participating Transit Partners, with the allocation model still to be negotiated. If agreement is not reached, SacRT will remain responsible for these costs. Tables 1-3 below display the fee structure included in the Contract:

Table 1 (Base Implementation Fees)

Base Scope Implementation Fees	
1A-1. Standard Implementation [Section 3.4, 3.5 and 3.6 SOW]	\$ 261,474.00
1A-2. Implementation Associated with Fare Inspection Application, if any [Section 3.8.5 SOW]	Not Applicable
1A-2bis. Support During Implementation	\$ 74,644.80
Subtotal	\$ 336,118.80

Table 2 (Fixed Annual Fees)

1B. Fixed Annual Fee(s)*		Annual Fee
Level 2 and Level 3 Customer Support - [Section 3.8.1 SOW]	Entire System	\$ 18,661.20
Licensing and Maintaining Fare Inspection Application - [Section 3.8.5 SOW]	Fare Inspection	\$ 18,661.20
Back Office, Risk and Debt Management - [Section 3.8.6 and 3.8.7 SOW]	Entire System	\$ 18,661.20
Retail Application - [Section 3.8.8 SOW]	Entire System	\$ 18,661.20
Centralized Data Portal - [Section 3.8.9 SOW]	Entire System	\$ 60,666.96
Customer Service Application - [Section 3.8.10 SOW]	Entire System	\$ 18,661.20
Subtotal	Entire System*	\$ 153,972.96

**Fees will be increase based on annual CPI index increases throughout the term of the Contract.*

Table 3 (Transaction Fees)

Transaction Revenue Share Fees	Percentage
Mobile App and Website Fee as a % of Total Monthly Revenue Processed through Mobile App and Website	1.75%
Gateway/Payment Processor/Acquirer Fee as % of Total Monthly Revenue Processed through Mobile App and Website	0.35%
% of Total Monthly Revenue Processed through Institutional Partners*	1.75%
Third Party Retail Network Fee as a % of Total Revenue Processed through Third Party Retail Network**	5.00%

**Transactional Revenue Share Fees for College Pass Programs (Los Rios and Sac State) will be fixed at \$60,000 for the first Contract, approximately 1.75% of total fare revenue. This cost will be increased*

annually based on the CPI index increase, and is also subject to increase if the revenues received from colleges vary by more than 10%

***Masabi will act as the Merchant of Record (MoR) for the retail network and will charge a fixed monthly fee of \$750 above the 5.00% transaction fee listed above.*

The fees listed above have been determined to be fair and reasonable based on proposals provided by other vendors during the RFP process. By purchasing an off-the-shelf ABT system, SacRT is able to save time and money on implementation services.

RESOLUTION NO. 2025-04-032

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

April 28, 2025

CONDITIONALLY APPROVING THE CONTRACT FOR ACCOUNT-BASED TRANSIT PAYMENT PLATFORM WITH MASABI, LLC

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

THAT, the Contract for Account-Based Transit Payment Platform by and between the Sacramento Regional Transit District, therein referred to as “SacRT,” and Masabi, LLC, therein referred to as “Contractor,” whereby Contractor agrees to provide an account-based transit payment platform for SacRT and six Transit Partners for an initial 5-year term, subject to SacRT’s payment of implementation fees, fixed annual fees, and transaction fees, as further described therein, is approved, on the condition that no protests are received during the protest period.

THAT, the General Manager/CEO or his designee is hereby authorized and directed to execute the contract upon satisfaction of the foregoing contingency.

RICK JENNINGS, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary