



MEETING NOTICE & AGENDA

DATE: Thursday, March 16, 2017

TIME: 4:00 P.M.

PLACE: Yuba County Board of Supervisors Chambers
Yuba County Government Center
915 8th Street
Marysville, California

I. Call to Order & Roll Call

Cardoza, Didball (Chair), Fletcher, Leahy, Pedigo, Sullenger, Whiteaker and Whitmore (Vice-Chair)

II. Public Business from the Floor

Members of the public may address the Authority on items of interest that are within the Authority's jurisdiction and are not on the agenda for this meeting. Public comment regarding agenda items will be permitted as each agenda item is considered by the Board.

III. Consent Calendar

All matters listed under Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time the Board votes on the motion unless members of the Board, staff or public request specific items to be discussed or removed from the Consent Calendar for specific action.

- A. Minutes from the Meeting of February 16, 2017. (Attachment)
- B. Disbursement List for February 2017. (Attachment)
- C. Monthly Performance Report for February 2017. (Attachment)

IV. Reports

- A. **Preliminary Draft Yuba-Sutter Transit Operating and Capital Budget for FY 2018.** Review and direction regarding budget parameters for future consideration. (Attachment)

RECOMMENDATION: Direct staff as desired.

- B. **Connect Transit Card Memorandum of Understanding (MOU).** (Attachment)

RECOMMENDATION: Authorize execution of the Connect Transit Card MOU as proposed.

- C. **Low Carbon Transit Operations Program (LCTOP) Funding Request.** Consideration of an LCTOP funding request under the State Greenhouse Gas Reduction Fund to off-set the first year expenses for the Connect Card system. (Attachment)

RECOMMENDATIONS: Adopt Resolution No. 2-17 authorizing execution of the related Certifications and Assurances including the designation of the Transit Manager as the Authorized Agent; and,

Adopt Resolution No. 3-17 authorizing the submission of the LCTOP funding request as proposed or amended.

E. Project & Program Updates.

1. Bus Shelter, Bench & Exterior Advertising Contract & Ad Content Policy Revisions
2. Connect Card Implementation
3. Administrative Staff Recruitment (Planning Program Manager)
4. Allyn Scott Youth & Community Center (ASYCC) Parking Lot Lighting Project
5. Feather River Air Quality Management District (FRAQMD) Mini-Grant BikeLid Project

V. Correspondence/Information

VI. Other Business

VII. Adjournment

**THE NEXT REGULAR MEETING IS SCHEDULED FOR THURSDAY, APRIL 20, 2017
AT 4:00 P.M. IN THE YUBA COUNTY BOARD OF SUPERVISORS CHAMBERS**

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If you need assistance to attend the Yuba-Sutter Transit Board Meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the Board, please contact the Yuba-Sutter Transit office at (530) 634-6880 or (TTY) 634-6889 at least 72 hours in advance so such aids or services can be arranged.

AGENDA ITEM III – A

YUBA-SUTTER TRANSIT AUTHORITY MEETING MINUTES FEBRUARY 16, 2017

I. Call to Order & Roll Call

Director Didbal called the meeting to order at 4:00 p.m.

Present: Cardoza, Didbal, Fletcher, Leahy, Pedigo, Sullenger, Whiteaker and McKenzie (for Whitmore)

Absent: Whitmore

II. Public Business from the Floor

None

III. Consent Calendar

Director Whiteaker made a motion to approve the consent calendar. Director Fletcher seconded the motion and it carried unanimously.

IV. Reports

At the request of staff, Director Whiteaker made a motion to include an off-agenda item regarding the need to fill a Program Manager I/II position was not known until after the agenda had been posted. Director Leahy seconded the motion and it carried unanimously.

Off-Agenda Item: Authorization to Fill a Pending Vacant Position of Program Manager I/II.

Martin stated that Matt Mauk, Yuba-Sutter Transit's Planning & Marketing Program Manager II since July 2013 has accepted a conditional offer to become the Transit Chief for the City of Folsom. Martin continued that Matt must still complete Folsom's employment process (background check, physical, etc.), but his anticipated departure date could be around the middle of March and that staff is now seeking authorization to immediately begin the process to replace this position pursuant to the personnel rules. Martin added that Matt has been a tremendous asset to Yuba-Sutter Transit and even though we wish him well he will still be sorely missed. Director Whiteaker thanked Matt Mauk for his service and wished him all the best.

Director Whiteaker made a motion to authorize the Transit Manager to fill the pending vacant position of Program Manager I/II as proposed. Director Fletcher seconded the motion and it carried unanimously.

A. FY 2018 Budget Preview.

Martin gave an overall of the projected year-end revenues and expenses for FY 2017 and then highlighted the budget outlook for FY 2018. He mentioned that while Federal funding appears to be stable, that State Transit Assistance (STA) funds which are derived from the sales tax on diesel

fuel has been down in recent years and that the Proposition 1B bond fund program will expire this year. Martin noted that the combined appropriation for Local Transportation Fund (LTF) revenues for the four member jurisdictions, which is a major source of income, will see a reduction of 16 percent from FY 2017 to FY 2018.

Martin then highlighted some of the key issues going forward such as the Connect Card which is now operational though the impact will be a factor in the next year. He also noted that staff will be recommending that implementation of the 2015 Yuba-Sutter Short Range Transit Plan be on hold due to ongoing funding and ridership concerns. On the revenue side, Martin added that the SRTP did suggest that a future fare increase may be necessary and that the need for an increase will be evaluated in the FY 2018 budget. Martin invited Board comments or questions for staff going forward and there were none.

B. Yuba-Sutter Transit Corridor Enhancement Plan Consultant Selection.

Martin stated that a grant was received from Caltrans to develop a Corridor Enhancement Plan for Route 1 which is Yuba-Sutter Transit's busiest route between western Yuba City and Yuba College in Linda. Martin noted that this project came out of the 2015 SRTP and is fully funded in the FY 2017 budget. Two proposals were received in response to the Request for Proposals (RFP) that was approved by the Board in December. These proposals have been reviewed and staff is now recommending that the project be awarded to AECOM/LSC Transportation Consultants, Inc.

Director Whiteaker made a motion to authorize execution of a contract with AECOM/LSC Transportation Consultants, Inc. for the preparation of the Corridor Enhancement Plan as proposed. Director Leahy seconded the motion and it carried unanimously.

C. Bus, Shelter, Bench and Exterior Advertising Program Contract.

Martin stated that the current contract with Stott Outdoor Advertising will expire at the end of this month adding that Stott has expressed an interest to continue under the current terms until another contract is in place. This issue was discussed briefly at the February meeting and staff has since asked Stott for a proposal to continue the program. Stott is looking to expand the availability of advertising on bus exteriors as shown in the proposal that was included in the agenda packet. Martin noted that staff is now seeking Board direction as the decision on how to proceed comes down to a local policy choice balancing community values with the realistic revenue potential. Director Fletcher asked where the additional revenue would go and Martin responded that they would go in the general fund as advertising revenue has never been earmarked for a specific purpose.

In response to the staff recommendation, Director Didbal asked for Board volunteers to sit on an Ad Hoc Committee for this purpose. Directors Whiteaker, Pedigo and Leahy volunteered and were so appointed.

D. Wheatland Rural Route Revenue Short-Fall.

Martin stated that Mercy Housing has agreed to increase their support for the expanded Wheatland service from two to three days a week beginning in July 2017. Martin continued to state that Wheatland is still looking at a short-fall of \$3,500.00 dollars for FY 2018, but that he is recommending that we continue this service at least through FY 2018.

Director Whiteaker made a motion to authorize the continued operation of the Wheatland Rural Route through June 2018 under the proposed terms and conditions. Director Leahy seconded the motion and it carried unanimously.

E. **Transit System Safety, Security & Disaster Response Funding Request from the California Transit Assistance Fund (CTAF).**

Martin stated that this will be the final year of this funding source which has been used for a variety of safety and security projects over the previous nine cycles. After looking at possible projects for this last year of funding, staff is recommending the purchase and installation of an emergency generator as Yuba-Sutter Transit has experienced prolonged loss of power on several occasions in the last few years that have made it difficult to continue operations. Martin added that the approximately \$107,000 available would cover the cost for an emergency generator.

Director Leahy made a motion to authorize the submittal of an Investment Justification for the design, purchase and installation of an emergency generator as proposed. Director Fletcher seconded the motion and it carried unanimously.

F. **Authorizing Resolution for Federal Transit Administration (FTA) Grant documents.**

Martin stated that this is a routine annual resolution authorizing the Transit Manager to execute all federal grants and contract documents under Sections 5307, 5309, 5310 5311, 5317 and 5339.

Director Whiteaker made a motion to adopt Resolution No. 1-17 authorizing the Transit Manager, or designee, to execute all federal grant and contract documents under Sections 5307, 5309, 5310 5311, 5317 and 5339. Director Sullenger seconded the motion and it carried unanimously

G. **Discount Monthly Pass Program Grant Close-Out Report.**

Martin stated that this is the required annual report for Feather River Air Quality Management District (FRAQMD) funded discount monthly pass program for 2016 under which the regular \$15 monthly passes for youth, seniors and persons with disabilities were sold for \$6 each with FRAQMD funding used for the \$9 difference. Martin noted that the program ended with an \$11,000 surplus which was returned to FRAQMD. Martin continued that the program was funded again for 2017 at a cost of \$5 per pass after two years at \$6 each.

H. **Live Oak Route Expansion Demonstration Project Grant Close-Our Report.**

Martin noted that this is a similar grant closeout report for the FRAQMD funded portion of the Live Oak Expansion Project. Martin added that ridership has grown significantly as a result of the July 2015 expansion, but that this level of service will not be sustainable over time without an increase in STA revenue. Martin stated that Live Oak's STA balance will be exhausted by the end of FY 2018 if nothing else changes and that staff will be monitoring this issue closely.

I. **FY 2016-17 Mid-Year Performance Report.**

Martin stated that ridership continues to be down in part due to the September 2015 policy changes, bit that the downward trend should begin to slow going forward.

J. Project & Program Updates.

1. Connect Card Electronic Fare System Implementation (Local Soft-Launch January 24, 2017)

Martin stated that the soft-launch of the Connect Card program began for Yuba-Sutter Transit on January 24th and that the full public roll out of the system is now expected in June 2017.

2. FY 2016-17 Low Carbon Transit Operations Program (LCTOP) Funding

Martin stated that staff currently has a grant for bus stop enhancements for about \$180,000.00 from the previous cycle. Martin added the next cycle is for about \$82,500 for which staff was just informed that a project needed to be submitted to SACOG by today. An allocation request is due to Caltrans by the end of March and staff had planned on bringing this item to the March meeting, but the SACOG Board apparently must approve the project at their March meeting. Staff is planning to use these funds to off-set the first year operating cost for the Connect Card Program. Martin noted that the operating cost through June 30, 2017 is expected to be funded by regional funding through SACOG and other sources. Martin continued that Yuba-Sutter Transit will be responsible for a share of the operating costs which is now projected at between \$65,000 and \$75,000 and that staff will at the March meeting recommend using all of the LCTOP funding for this purpose.

3. Feather River Air Quality Management District (FRAQMD) Mini-Grant Award

Martin stated that the FRAQMD mini-grant for \$2,000 was awarded for the “BikeLid” project and it has already been ordered for installation at the Yuba County Government Center Transfer Center. If they are well received, more “BikeLids” may be considered in the future for installation at this and other locations.

4. Commuter Bus Replacement Project

Noting that the Board had previously approved participation in a joint procurement with Fairfield and Eldorado Transit for the purchase of new commuter buses which Yuba-Sutter Transit will use to replace our the oldest commuter buses, Martin stated that it looks like the RFP will be released on March 6, 2017 and that those buses are now expected to be delivered by the end of 2018.

5. Disaster Response Update

Martin informed the Board that Yuba-Sutter Transit was involved in the response to the Oroville Dam Spillway Event evacuation orders at the direction of the local Offices of Emergency Services. Compared to the 1997 flood event, he noted that it went a lot smoother in terms of evacuating people especially those with special needs. Martin thanked the Transdev team as well as Matt Mauk who was involved through the whole process. Martin added that staff will be looking at Federal funding to recover a portion of the cost which has yet to be determined.

Martin noted that service was suspended Monday and Tuesday and a Saturday level of service was operated on Wednesday. All scheduled service was up and running on Thursday. Director Fletcher asked if there is a policy in place to move buses out of Marysville to higher ground. Martin noted that the general policy in a slow rise flood situation is to split the fleet between Yuba City and Marysville, but they are first used to assist the community during the evacuation.

V. Correspondence/Information

None

VI. Other Business

None

VII. Adjournment

The meeting was adjourned at 4:50 p.m.

**THE NEXT REGULAR MEETING IS SCHEDULED FOR THURSDAY, MARCH 16, 2017
AT 4:00 P.M. IN THE YUBA COUNTY BOARD OF SUPERVISORS CHAMBERS**

**AGENDA ITEM III-B
YUBA-SUTTER TRANSIT
DISBURSEMENT LIST
MONTH OF FEBRUARY 2017**

CHECK NO.	AMOUNT	VENDOR	PURPOSE
EFT	\$ 7,319.34	PERS HEALTH	HEALTH INSURANCE
EFT	\$ 1,500.84	PRINCIPAL MUTUAL LIFE INSURANCE	L/D/LTD INSURANCE
EFT	\$ 235.73	CALIFORNIA WATER SERVICE	WATER
EFT	\$ 38.04	CALIFORNIA WATER SERVICE	FIRE SUPPRESSION
EFT	\$ 649.55	PG&E	ELECTRIC
EFT	\$ 2,832.48	PG&E	ELECTRIC BILL #2
EFT	\$ 500.90	PG&E	GAS
EFT	\$ 187.76	ATT - SECURITY LINE	SECURITY LINE - FEBRUARY
EFT	\$ 70.00	AT&T - UVERSE	INTERNET FEBRUARY
EFT	\$ 800.00	TELEPACIFIC COMMUNICATIONS	TELEPHONE
EFT	\$ 108.81	UTILITY MANAGEMENT SERVICES	SEWER
EFT	\$ 250.00	CALPERS 457 PLAN	EMPLOYER CONTRIBUTION
EFT	\$ 560.47	CARDMEMBER SERVICES	RABOBANK CREDIT CARD
EFT	\$ 135.16	ELAVON	MERCHANT SERVICE FEE - FEB
EFT	\$ 400.00	FRANCOTYP-POSTALIA, INC.	POSTAGE RESET
EFT	\$ 211.60	PRIMEPAY	PAYROLL FEE
EFT	\$ 30,826.55	PAYROLL	PAYROLL
15426	\$ 275.51	ADVANCED DOCUMENT CONCEPTS	COPY MACHINE - DECEMBER
15427	\$ 175.00	ALL SEASONS TREE & TURF CARE	LANDSCAPING MAINTENANCE JAN
15428	\$ 15,170.55	BOYETT PETROLEUM	BUS FUEL
15429	\$ 878.73	DILLINGHAM TICKET CO.	PRINTING - BUS PASSES
15430	\$ 40.00	MARYSVILLE POLICE DEPT	ALARM PERMIT RENEWAL
15431	\$ 1,100.00	R.C. JANITORIAL SERVICE	JANITORIAL SERVICES
15432	\$ 571.05	RALEY'S	JANUARY COMMISSION
15433	\$ 715.00	SACRAMENTO REGIONAL TRANSIT	JANUARY BUS PASSES
15434	\$ 150.00	SIGNWORX	REMOVE LETTERING FROM VAN
15435	\$ 49.00	STAPLES CREDIT PLAN	OFFICE SUPPLIES
15436	\$ 424,724.35	TRANSDEV SERVICES, INC.	CONTRACT SERVICES - DECEMBER
15437	\$ 33.74	AT&T	FIRE LINE
15438	\$ 170.00	ANDERSON'S AUTOMATIC GATE SERVICE	GATE REPAIR
15439	\$ 510.00	APPEAL DEMOCRAT	ADVERTISING
15440	\$ 15,268.32	BOYETT PETROLEUM	BUS FUEL
15441	\$ 50.00	CHRISTOPHER PEDIGO	BOARD MEETING 2/16
15442	\$ 500.00	DICKSON MECHANICAL	SHOP HEATER REPAIR
15443	\$ 450.00	DIGITAL DEPLOYMENT	WEB SERVICES - FEBRUARY
15444	\$ 2,117.94	DILLINGHAM TICKET CO.	TICKET BOOKS - PRINTING
15445	\$ 132.01	HANCOCK PETROLEUM ENGINEERING	FUEL HOSE REPAIR
15446	\$ 50.00	JIM WHITEAKER	BOARD MEETING 2/16
15447	\$ 15,815.44	LAKEVIEW PETROLEUM CO.	BUS FUEL
15448	\$ 539.19	MACK'S AUTO BODY & PAINT	BUS #1676 RE-PAINT
15449	\$ 50.00	MANNY CARDOZA	BOARD MEETING 2/16
15450	\$ 50.00	MICHAEL LEAHY	BOARD MEETING 2/16
15451	\$ 50.00	PREET DIBBAL	BOARD MEETING 2/16
15452	\$ 1,059.77	QU. EST	MAINTENANCE OF BUS STOPS/SHELTERS
15453	\$ 247.01	QUILL CORP.	JANITORIAL SUPPLIES
15454	\$ 50.00	RANDY FLETCHER	BOARD MEETING 2/16
15455	\$ 50.00	RON SULLENGER	BOARD MEETING 2/16
15456	\$ 40.00	SHELBY'S PEST CONTROL	PEST CONTROL
15457	\$ 1,590.88	SMART MARKETING & PRINTING	RIDE GUIDES - PRINTING
15458	\$ 428.27	STANLEY SECURITY SOLUTIONS, INC.	SECURITY SERVICES - MARCH
15459	\$ 50.00	STEPHANIE MCKENZIE	BOARD MEETING 2/16
15460	\$ 384.29	U.S. BANK EQUIPMENT FINANCE	COPIER LEASE
15461	\$ 399.50	CONNECT CARD CONSORTIUM	CONNECT CARD
	\$ 530,562.78		

**LAIF
TRANSFERS**

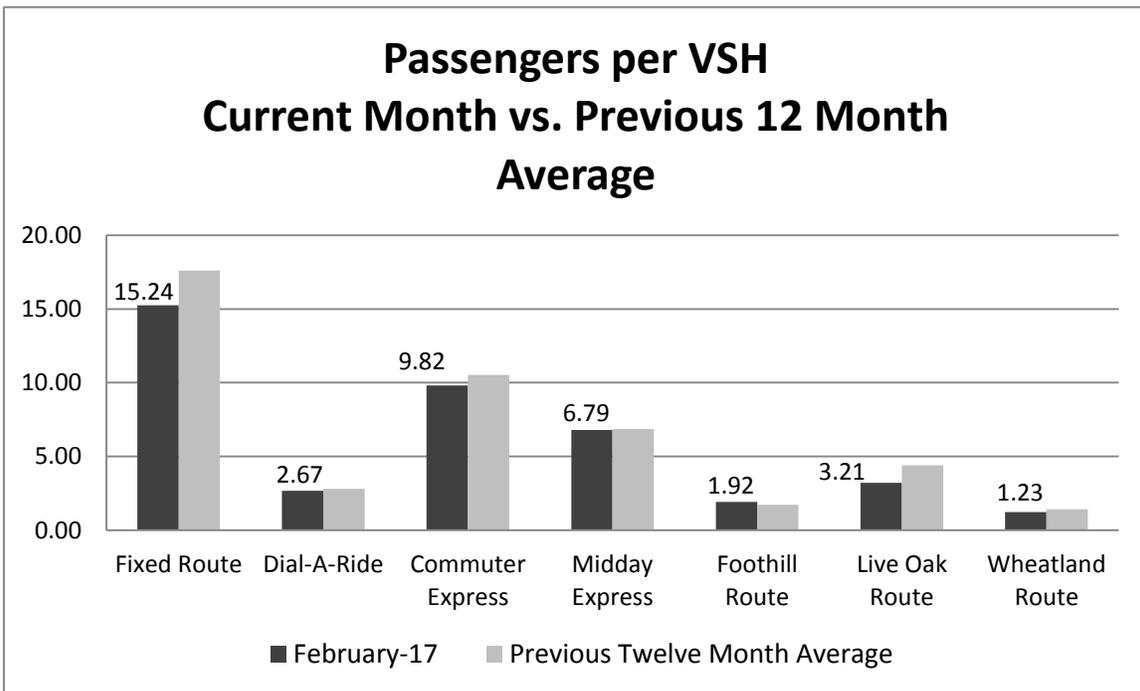
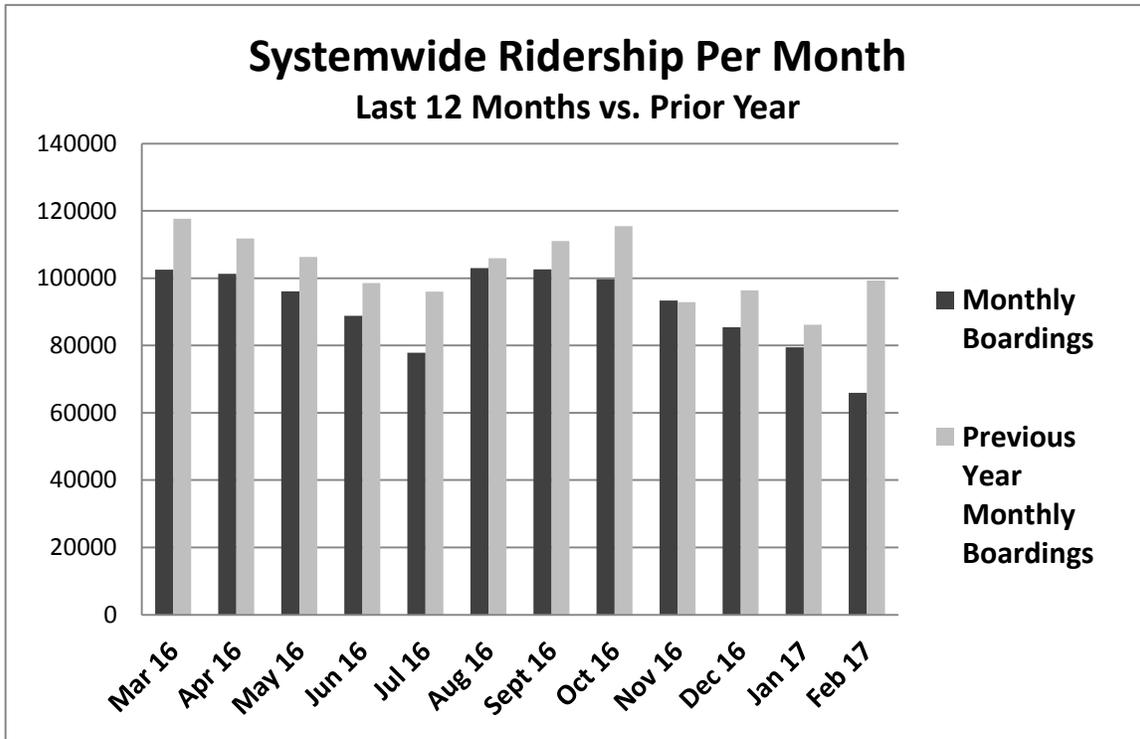
NO LAIF TRANSFERS

AGENDA ITEM III - C

FEBRUARY 2017 PERFORMANCE REPORT

Ridership:	February-17	Previous Twelve Month Average	Fiscal YTD	Previous Fiscal YTD
Fixed Route	53,113	76,575	574,953	655,904
Dial-A-Ride	4,177	5,729	43,837	46,623
Commuter Express	7,506	10,253	76,487	87,599
Midday Express	806	1,054	8,121	9,225
Foothill Route	127	146	1,164	1,530
Live Oak Route	174	325	2,426	2,108
Wheatland Route	38	59	419	406
Total Ridership:	65,941	94,141	707,407	803,395
Vehicle Service Hours:				
Fixed Route	3,484.31	4,351.71	33,536.02	34,415.42
Dial-A-Ride	1,567.09	2,049.98	15,890.92	16,460.18
Commuter Express	764.68	974.57	7,584.60	7,679.18
Midday Express	118.67	153.68	1,185.07	1,265.14
Foothill Route	66.03	84.47	646.95	672.01
Live Oak Route	54.26	74.11	567.47	585.88
Wheatland Route	30.92	41.54	308.00	273.65
Total VSH's:	6,085.96	7,730.05	59,719.03	61,351.46
Passengers Per Hour:				
Fixed Route	15.24	17.60	17.14	19.06
Dial-A-Ride	2.67	2.79	2.76	2.83
Commuter Express	9.82	10.52	10.08	11.41
Midday Express	6.79	6.86	6.85	7.29
Foothill Route	1.92	1.73	1.80	2.28
Live Oak Route	3.21	4.39	4.28	3.60
Wheatland Route	1.23	1.41	1.36	1.48
Total Passengers Per VSH:	10.83	12.18	11.85	13.09

FEBRUARY 2017 PERFORMANCE REPORT



AGENDA ITEM IV – A
STAFF REPORT

**PRELIMINARY DRAFT YUBA-SUTTER TRANSIT
OPERATING AND CAPITAL BUDGET FOR FY 2018**

Background

Attached for Board review and discussion is the preliminary draft Yuba-Sutter Transit operating and capital budget for FY 2018. The Yuba Sutter Transit Authority Joint Powers Agreement (JPA) stipulates that a proposed budget be submitted to the Board by the end of March prior to the start of each fiscal year and that a final budget be adopted by the end of May. This adoption schedule is designed to provide early notice to the member jurisdictions of the annual apportionment of Local Transportation Fund (LTF) contributions for inclusion in their own budget process.

Current Year Budget Estimates

For the current year, projected year-end operating expenses for FY 2017 are now expected to be \$25,500 (0.4 percent) above the budgeted amount of \$6,857,900 largely due to how special grant funded project expenditures are being expensed rather than capitalized, but these expenses will be fully off-set by matching grant revenues. The major positive expense factor continues to be much lower than expected fuel prices. Representing nearly 10 percent of the operating budget, fuel is by far the most volatile line item over the years, but the year-to-date average price for diesel fuel is now \$1.96 per gallon compared to a budgeted average of \$2.30 per gallon. This situation can change quickly, however, as fuel prices have been above the year-to-date average for the last three months and the current projection of a year-end savings of \$76,000 in fuel costs could erode quickly if fuel prices suddenly spike upward.

On the revenue side, fare receipts are projected lower than budgeted for FY 2017 (down \$30,000) due to decreased ridership. Another negative factor is the drop in State Transit Assistance (STA) revenue collections. The major positive impacts are the recognition of matching grant revenues for special grant funded project expenditures and an increase in advertising revenue derived from bus exterior, bus shelter and bus bench advertising program.

Preliminary FY 2018 Budget Projections

The preliminary draft FY 2018 budget is a status quo document that should be viewed at this early date as a starting point for further analysis and discussion. It does not currently include any service, fare or organizational changes for FY 2018 due to the uncertainty of several factors most notably the negative two year ridership trend, the uncertain STA funding outlook, and the impact of full implementation of the Connect Card. Despite this conservative approach, the preliminary draft operating budget of \$7,090,100 represents

an increase of 3.4 percent (\$232,200) over the adopted FY 2017 budget and an increase of 3.0 percent (\$206,700) over the projected year end figure.

The largest piece of the operating budget is the service contract with Transdev Services, Inc. The current three year contract will expire on September 30, 2017, but two indexed one year extension options will be available at the sole discretion of Yuba-Sutter Transit. For some perspective, all of the expenses related to the service contract combine to represent 73 percent of the proposed FY 2018 operating budget. The next largest expense (9 percent) is for diesel fuel which has been a major budget variable in recent years with wide swings both up and down. Two additional noteworthy increases in expenditures are those related to the administration of the Connect Card (\$77,000) and the Corridor Enhancement planning project (\$120,000). However, all but \$13,800 of these expenditures are expected to be offset by matching state grant revenues.

The most significant revenue assumptions in the preliminary draft operating budget include an expected stabilization of ridership and the resulting impact on fare revenue; and, the relative distribution between operating and capital uses for an increase in the amount of available STA funding. Based on these and other preliminary draft assumptions, the amount of the Local Transportation Fund (LTF) contributions from the member jurisdictions is expected to increase by 7.5 percent (\$186,300) over the budgeted amount for FY 2017. Staff is planning for a similar level of Federal funding for operations compared to FY 2017.

The preliminary draft capital budget of nearly \$5.2 million for FY 2018 is largely a carry-over of many of the FY 2017 projects including the much needed replacement of seven commuter buses and a number of smaller capital projects. These smaller projects include long delayed accessibility improvements on North Beale Road that are being funded by three Federal grants in coordination with Yuba County; bus stop enhancements being funded with State Low Carbon Transit Operations Program; and, facility security improvements and system technology upgrades being funded through the State Transit Safety and Security Grant program.

Other Considerations

In addition to the above, the preliminary draft FY 2018 budget includes several other significant expense and revenue assumptions for consideration:

- No major SRTP related service, program or policy recommendations are expected to be implemented before FY 2019 other than the fare age eligibility increase for seniors to age 65 effective September 2017. Due to reduced ridership since FY 2015, major SRTP recommendations have been delayed indefinitely. Recommendations for technology improvements and bus stop enhancements; key planning studies; and replacement of seven commuter buses are planned for 2018.
- Continuation of Regional Waste Management Authority consulting agreement.

- No fare increases or service reductions are included in the preliminary draft budget, but with a budgeted farebox recovery ratio of just under 19 percent (compared to a 20 percent goal and a minimum requirement of 14.6 percent) may require at least some consideration.
- The continued use of Federal transit funding at the near maximum amount of up to 50 percent of eligible operating expenses.
- While implementation of the Connect Card regional fare card system should ultimately result in some operating cost savings for fare collection and speed passenger boarding for improved on-time performance, there will also be a cost impact for administration of the program. The combined impact, whether positive or negative, will not be known until the transition to the new system is complete. Because this transition process is expected to take six months or more, staff is budgeting for both Connect Card revenues and expenses rather conservatively with the understanding that this will be a major and unavoidable budget risk.
- Continued funding in 2018 from the Feather River Air Quality Management District (FRAQMD) for the Live Oak service expansion and the deeply discounted monthly youth, senior and disabled discount pass program at a level similar to what is being provided for 2017. These programs will expire on December 31, 2017 without additional funding. Higher passenger out of pocket costs would likely have a significant impact on both ridership and fare revenue.

Recommendation

The annual Yuba-Sutter Transit budget is always a work in progress at this point in the process and that is certainly the case again this year. For this reason, staff is recommending that any significant discussion on this issue be delayed until the next regular meeting on April 20th at which time staff will submit a revised draft budget with detailed descriptions of each revenue and expense account for more discussion and further direction. If further discussion is still necessary, a special meeting could be scheduled for early May in advance of the final budget being presented for adoption consideration at the regular monthly meeting on May 18th.

Staff will be prepared at the meeting to discuss the above issues as well as the preliminary draft budget in as much detail as desired.

RECOMMENDATION: Direct staff as desired.

Attachment: Preliminary Draft Operating and Capital Budget for FY 2018

**YUBA-SUTTER TRANSIT AUTHORITY
PRELIMINARY DRAFT FY 2017/2018 OPERATING BUDGET**

PREPARED MARCH 10, 2017

	FY 2014/2015 Budget	FY 2014/2015 Audited	FY 2015/2016 Budget	FY 2015/2016 Audited	FY 2016/2017 Budget	FY 2016/2017 Projected	FY 2017/2018 Preliminary Draft
Operations Expenditures							
010.50300	Services - Other Maintenance	100,000	96,857	100,000	127,934	120,000	217,000
010.50401	Fuel and Lubricants	937,300	715,212	828,000	513,681	651,000	644,000
010.50402	Tires and Tubes	54,600	58,431	64,400	71,218	70,000	70,000
010.50499	Other Materials and Supplies Consumed	60,000	149,188	70,000	121,744	120,000	120,000
010.50500	Utilities - Electric and Gas	48,000	42,568	48,000	43,929	48,000	48,000
010.50501	Utilities - Water and Sewer	5,200	5,211	5,500	4,752	5,500	5,500
010.50600	Casualty and Liability Costs - Operations	262,000	258,882	268,600	269,037	277,300	283,000
010.50800	Services - Contract Operations	4,490,000	4,448,164	4,647,000	4,697,981	4,856,000	4,875,000
010.50801	Services - Out of Contract	12,500	9,200	12,500	9,782	12,000	12,000
	Subtotal - Operations	\$5,969,600	\$5,783,713	\$6,044,000	\$5,860,058	\$6,159,800	\$6,274,500
Administration Expenditures							
160.50102	Salaries and Wages - Admin. Staff	255,000	266,865	278,000	312,600	355,000	345,000
160.50200	Fringe Benefits - Admin. Staff	120,000	118,942	150,000	123,423	165,000	167,000
160.50301	Services - Accounting	2,000	1,407	2,000	2,067	2,300	2,300
160.50302	Services - Legal	12,000	10,582	12,000	9,266	12,000	12,000
160.50303	Services - Printing and Copying	35,000	31,944	35,000	36,119	40,000	40,000
160.50309	Services - Miscellaneous Professional	106,000	104,373	20,000	1,301	20,000	140,000
160.50499	Materials and Supplies - Office & Postage	11,000	14,262	15,000	9,123	15,000	15,000
160.50502	Utilities - Telephone & Internet	7,500	7,126	9,000	11,169	13,000	13,500
160.50900	Miscellaneous Expense - Insurance and Bond	30,000	25,260	33,000	22,552	33,000	33,000
160.50901	Miscellaneous Expense - Dues & Subscriptions	3,500	4,815	4,800	3,507	6,000	6,000
160.50902	Miscellaneous Expense - Travel and Meetings	6,000	5,585	6,000	4,675	7,000	7,000
160.50903	Miscellaneous Expense - Board of Directors	5,000	3,550	4,800	3,650	4,800	4,800
160.50904	Miscellaneous Expense - Media Adv. and Promo.	15,000	18,580	20,000	5,481	20,000	20,000
160.50909	Miscellaneous Expense - Other	1,000	1,653	3,500	2,840	5,000	10,000
	Subtotal - Administration	\$609,000	\$614,944	\$593,100	\$547,773	\$698,100	\$815,600
	Total Expenditures	\$6,578,600	\$6,398,657	\$6,637,100	\$6,407,831	\$6,857,900	\$7,090,100

		FY 2014/2015 Budget	FY 2014/2015 Audited	FY 2015/2016 Budget	FY 2015/2016 Audited	FY 2016/2017 Budget	FY 2016/2017 Projected	FY 2017/2018 Preliminary Draft
Operating Revenue								
40100	Passenger Fares	1,375,000	1,424,757	1,430,000	1,310,781	1,375,000	1,345,000	1,300,000
40200	Special Transit Fares	35,500	21,922	20,000	24,027	21,500	24,000	24,000
40600	Auxiliary Revenue (Bus, Shelter & Bench Advertising)	25,000	28,398	25,000	27,414	28,000	37,000	37,000
40700	Non-Transportation Revenue (Interest)	2,000	1,060	1,000	1,152	1,000	2,500	2,000
40709	Non-Transportation Revenue (RWMA, Misc.)	10,000	9,571	17,000	68,018	65,000	67,000	68,000
40900	Local Transportation Funds (LTF)	1,837,100	1,716,203	2,336,100	2,125,725	2,491,500	2,408,272	2,677,800
40901	Local Cash Grants/Reimbursements	0	0	0	20,333	23,400	26,400	34,500
41100	State Transit Assistance Funds (STA)	809,000	810,746	480,000	487,720	488,900	476,373	400,000
41109	State Cash Grants/Reimbursements	0	0	0	14,405	13,600	142,200	196,800
41300	General Operating Assistance - FTA Sect. 5307 (Urban)	2,000,000	2,000,000	2,000,000	2,000,000	2,100,000	2,100,000	2,100,000
41301	General Operating Assistance - FTA Sect. 5311 (Rural)	200,000	200,000	228,000	229,256	250,000	250,000	250,000
41309	Job Access Grant - FTA Sect. 5316 (JARC)	200,000	101,000	100,000	99,000	0	0	0
41310	Rural/Small Urban Planning Grant - FTA Sect. 5304 (SRTP)	85,000	85,000	0	0	0	4655	0
	Total Operating Revenue	\$6,578,600	\$6,398,657	\$6,637,100	\$6,407,831	\$6,857,900	\$6,883,400	\$7,090,100

		FY 2014/2015 Budget	FY 2014/2015 Audited	FY 2015/2016 Budget	FY 2015/2016 Audited	FY 2016/2017 Budget	FY 2016/2017 Projected	FY 2017/2018 Preliminary Draft
	Deferred TDA Revenues, July 1	\$1,024,836	\$1,011,353	\$1,383,042	\$1,358,293	\$1,761,843	\$2,013,110	\$2,066,038
	LTF Revenues Received	1,837,100	1,823,274	2,336,100	2,336,100	2,491,500	2,491,500	2,677,800
	STA Revenues Received	909,000	1,050,615	932,162	932,162	760,000	476,373	801,273
	LTF Revenues Allocated - Operating	(1,837,100)	(1,716,203)	(2,336,100)	(2,125,725)	(2,491,500)	(2,408,272)	(2,677,800)
	STA Revenues Allocated - Operating	(809,000)	(810,746)	(480,000)	(487,720)	(488,900)	(476,373)	(400,000)
	LTF Revenues Allocated For Local Capital Outlays	0	0	0	0	0	0	0
	STA Revenues Allocated For Local Capital Outlays	(100,000)	0	(100,000)	0	(100,000)	(30,300)	(100,000)
	Prior Period Audit Adjustments (As Necessary)	0	0	0	0	0	0	0
	Deferred TDA Revenues, June 30*	\$1,024,836	\$1,358,293	\$1,735,204	\$2,013,110	\$1,932,943	\$2,066,038	\$2,367,311
	Local Transportation Funds (LTF)	1,024,626	1,115,628	1,164,777	1,326,003	1,319,778	1,409,231	1,409,231
	State Transit Assistance Funds (STA)	210	242,665	570,427	687,107	613,165	656,807	958,080

Deferred STA Detail								
	Yuba-Sutter Transit Portion		\$113,137		\$584,730	\$459,730	\$608,807	\$956,080
	City of Live Oak Portion		107,276		89,353	90,686	50,000	7,000
	City of Wheatland Portion		22,252		13,024	20,011	(2,000)	(5,000)
	Total Deferred STA Revenue		\$242,665		\$687,107	\$570,427	\$656,807	\$958,080

**YUBA-SUTTER TRANSIT AUTHORITY
PRELIMINARY DRAFT CAPITAL BUDGET
FY 2017/2018**

PREPARED MARCH 10, 2017

	FY 2015/2016 BUDGET	FY 2015/2016 AUDITED	FY 2016/2017 BUDGET	FY 2016/2017 PROJECTED	FY 2017/2018 PRELIMINARY DRAFT BUDGET
<u>EXPENDITURES</u>					
Maintenance and Operations Facility (1)	\$ -	\$ -	\$ -	\$ 35,000	\$ 55,000
Vehicle Purchase/Replacement (2)	\$ 4,375,000	\$ -	\$ 4,425,000	\$ -	\$ 4,425,000
Miscellaneous Capital (3)	\$ 580,600	\$ 40,826	\$ 785,000	\$ 230,353	\$ 695,000
	<u>\$ 4,955,600</u>	<u>\$ 40,826</u>	<u>\$ 5,210,000</u>	<u>\$ 265,353</u>	<u>\$ 5,175,000</u>
<u>REVENUES</u>					
Federal (5307,5310,5311,5317,5339)	\$ 1,271,513	\$ -	\$ 1,271,513	\$ -	\$ 1,271,513
Transportation Development Act (Local)	\$ 100,000	\$ -	\$ 100,000	\$ 30,300	\$ 100,000
Low Carbon Transit Operation Program	\$ 60,300	\$ 10,247	\$ 180,400	\$ 50,053	\$ 180,400
Vehicle Emission Fees (FRAQMD)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local	\$ -	\$ -	\$ -	\$ -	\$ -
Proposition 1B (PTMISEA/Safety)	\$ 3,523,787	\$ 30,579	\$ 3,658,087	\$ 185,000	\$ 3,623,087
	<u>\$ 4,955,600</u>	<u>\$ 40,826</u>	<u>\$ 5,210,000</u>	<u>\$ 265,353</u>	<u>\$ 5,175,000</u>

Notes:

1. Facility security projects have begun in FY 2017 and will be completed in FY 2018. This \$90,000 combined project is funded by a State Proposition 1B Transit Safety and Security Grant. The last major facility project was the remodel and expansion of the facility that was completed in FY 2012.
2. The listed vehicle projects for FY 2018 include the replacement of the seven 2006/2007 model Blue Bird commuter buses (PTMISEA - \$3,389,487 / Section 5311 - \$526,573 / Section 5339 - \$458,940) along with the replacement of a 1996 model accessible minivan that has been used for road supervision (STA - \$50,000). These projects are being carried over from the FY 2017 budget. The last major vehicle projects were the purchases of six demand response/rural route buses and eleven heavy duty local fixed route buses that were both completed in FY 2014.
3. Planned miscellaneous capital expenditures for FY 2018 include an allowance for facility and office equipment & furnishings (STA - \$50,000); North Beale Road accessibility improvements (Section 5317 - \$86,000 / Section 5307 - \$200,000); bus stop enhancements (LCTOP - \$180,400); and the following State Proposition 1B Transit Safety and Security Grant funded projects: system technology upgrade projects Phase I (\$44,300) and Phase II (\$134,300) and the completion of mobile video surveillance and mobile video retrofit projects (combined \$63,700). Projected FY 2017 expenses include the completion of North Beale Road Transit Center (LCTOP - \$50,053); an allowance for office equipment & furnishings (STA - \$10,000); and the following State Proposition 1B Transit Safety and Security Grant funded projects (\$150,000): completion of the Park & Ride Lot Video Surveillance (\$17,000, STA \$20,300), and continuation of the mobile video surveillance (\$37,650) and the mobile video retrofit (\$95,350) projects. Note: A total of \$162,500 of the FY 2017 expenditures and related revenue will be below the capitalization threshold and transferred to the operating budget.

AGENDA ITEM IV – B
STAFF REPORT

CONNECT TRANSIT CARD MEMORANDUM OF UNDERSTANDING (MOU)

SUMMARY

Staff is now requesting authorization to execute the attached Memorandum of Understanding (MOU) for the ongoing operations of the regional Connect Transit Card electronic fare card system. This proposed governance document is intended to replace the MOU that was finalized in 2011 for the design and development of the Connect Card system which is now being rolled out region wide.

BACKGROUND

Yuba-Sutter Transit has long participated in a working group of local transit service providers lead by the Sacramento Area Council of Governments (SACOG) to evaluate and implement a universal transit fare card system in the Sacramento region. A universal or smart card system allows passengers to travel seamlessly between multiple transit operators with just one card while purchasing the appropriate fare or pass on all systems with each system receiving the appropriate amount of revenue in return for each trip.

In 2010, the Board authorized execution of a Memorandum of Understanding (MOU) to fully participate in the Connect Card program. A second agreement which is the subject of this discussion is necessary to establish the roles, responsibilities and financial obligations for the on-going operation and maintenance of the program. While it was envisioned that Yuba-Sutter Transit would now be fully informed of the financial and operational impacts of the decision to either continue or withdraw as a program partner, these costs can only be estimated as the system is just now operational. The initial program through implementation is now being funded from federal and state sources that are largely unavailable to Yuba-Sutter Transit. The responsibility for program costs following the implementation period is addressed in this second agreement.

While the new Connect Card is often viewed primarily as a system for making seamless transfers between different transit operators, the greatest benefits for Yuba-Sutter Transit will occur locally. Such benefits include faster boarding; reduced cash handling; elimination of most paper fare products; reduced potential for fare evasion; and, the potential for new fare products in the future such as daily, weekly or thirty day passes. In addition to Yuba-Sutter Transit, the program includes the Sacramento Regional Transit District (RT), El Dorado County Transit, Elk Grove Transit, Folsom Transit, Placer County Transit, Roseville Transit, South Sacramento County Transit and Yolo County Transit.

Following years of extensive system design, development and testing; actual implementation began with a limited pilot project on the RT and Elk Grove systems in May 2014 which resulted in another round of system development and testing. Full implementation finally began in November 2016 with a two-phase “soft launch” with a relatively small number of passengers

using Connect Cards in live service with real fare products and actual cash beginning with RT in November 2016 followed by all of the other participating operators in late January. Through February, Yuba-Sutter Transit is the most active soft launch participant after RT in terms of total Connect Card transactions. Assuming a successful soft launch, the full public roll out of the system is now expected to begin in June 2017.

DISCUSSION

In 2011, Yuba-Sutter Transit joined eight other transit operators in the six county Sacramento region and SACOG by becoming a party to, and participating actively in, an MOU for the design and development of the Connect Card System. The attached MOU for the ongoing operations of the Connect Card system, which would replace the 2011 MOU, details the roles and responsibilities of the participating transit agencies, the regional customer service center (to be operated by RT with cost sharing among all participants), and SACOG. It also protects the interests of the parties by limiting the purview of the MOU to fare collection, while preserving fare policy and pricing authority of the individual transit operator policy boards. Voting rights and requirements are defined, which require support of both the large (RT) and multiple small transit operators to ratify a decision. Initial cost responsibility formulas are defined (the costs of the Regional Customer Service Center are to be shared based on each agency's pro rata share of passengers and fare revenue). The MOU requires all participants to comply with requirements and procedures detailed in the Connect Card Regional Operating Rules (e.g., financial settlement process, standard operating procedures, privacy policy, and brand preservation).

Implementing the Connect Card fare payment system has multiple benefits to riders, participating agencies and the region. Today, riders must pay fares using either paper media (e.g., passes, tickets, transfers) purchased at limited distribution sites or with cash, using exact change. The Connect Card affords riders new flexibility and protections – fares can be paid from anywhere with internet or telephone access, and all fare media types can be auto loaded to the Connect Card from any train station or distribution site. Fare purchases and cash balances are protected. Reporting a lost, damaged or stolen card gains the user another card with balances and media restored. Exact change is no longer needed, and cash balances can be replenished from home, work or on the run. Transit operators pay a high cost to secure and process paper media (e.g., order, print, ship, distribute, collect unused media, destroy) and cash (e.g., collect, count, secure, deposit coins and currency). Moving to electronic fare collection offers the opportunity to reduce operating costs, improve controls, reduce fraud, and streamline business processes. The region benefits from a single smart card accepted on all transit operators, improving ease of use and transit integration. The Connect Card is flexible and can accommodate additional uses like bike share, parking and public/private benefits with the intent of capturing these benefits for our transit riders, transit agencies and region.

Significant elements of the Connect Card program will last far beyond the current technology. These include shifting from cash and paper to an electronic payment system, using a single technology platform to integrate all transit operators in the region; sharing an electronic fare media distribution and customer support system; and, building a regional customer service center and fiscal clearing house capability. These are the building blocks of the future and will survive even with a potential future change in the technology platform.

Participating in the regional Connect Card system offers Yuba-Sutter Transit the opportunity to leverage outside revenue sources for new operating benefits though these benefits will only become obvious over time as the system matures and passengers convert to the new system which is likely to take a year or more. The cost impacts of the regional components of the Connect Card system (i.e., customer service call desk, on-line self-service portal, third party vendor network, financial reporting and auditing, and regional systems maintenance and operations) are shared among the participants and will also become more fully known over time for the same reasons. Yuba-Sutter Transit's FY 2017-18 share of the total regional customer service center budget is now estimated at \$78,000, but this figure will be further refined as part of the normal budget development and review process. Later on this agenda, staff is recommending that these costs be funded over the next few years with Low Carbon Transit Operating Program (LCTOP) revenues that are expected to be available to Yuba-Sutter Transit through the State Cap & Trade Program. Future agency contributions to the Connect Card operating budget will be determined during the annual budget process during which Yuba-Sutter Transit staff will fully participate.

Staff will be prepared at the meeting to discuss the specifics of the Connect Card MOU and the overall program as desired.

RECOMMENDATION: Authorize execution of the Connect Transit Card MOU as proposed.

**MEMORANDUM OF UNDERSTANDING REGARDING
GOVERNANCE OF THE
REGIONAL CONNECT TRANSIT CARD SYSTEM
ON-GOING OPERATIONS**

THIS MEMORANDUM OF UNDERSTANDING REGARDING THE GOVERNANCE OF THE REGIONAL CONNECT TRANSIT CARD SYSTEM (“MOU”) is effective as of the ___th day of **January 2017**, by and among the **SACRAMENTO AREA COUNCIL OF GOVERNMENTS**, a California joint powers agency (“SACOG”), the **SACRAMENTO REGIONAL TRANSIT DISTRICT**, a regional transit district duly organized and existing under the laws of the State of California (“RT”), the **CITY OF ELK GROVE**, a municipal corporation duly organized and existing under the laws of the State of California (“Elk Grove”), the **CITY OF FOLSOM**, a charter city duly organized and existing under the laws of the State of California (“Folsom”), the **CITY OF ROSEVILLE** a charter city duly organized and existing under the laws of the State of California (“Roseville”), **COUNTY OF PLACER**, a political subdivision of the State of California (“Placer County”), **COUNTY OF SACRAMENTO**, a political subdivision of the State of California (“Sacramento County”), the **EL DORADO COUNTY TRANSIT AUTHORITY**, a California joint powers agency (“ED Transit”), the **YOLO COUNTY TRANSPORTATION DISTRICT**, a transportation district duly organized and existing under the laws of the State of California (“YCTD”), and **YUBA-SUTTER TRANSIT AUTHORITY**, a California joint powers agency (“YST”), with each party individually referred to as a “Member,” and collectively known as “the Members” in this MOU.

RECITALS

- A. The Regional Connect Transit Card System (“Connect Card”) is a smart card program in the greater Sacramento region developed as a cooperative effort amongst the Members providing for the electronic payment of fares by passengers on Member buses and/or railcars.
- B. The administrative functions of the Connect Card, as well as a customer call center, third party vendor network and on-line support portal, are managed by the Regional Service Center (“RSC”) on behalf of all Members.
- C. RT is the agency responsible for the daily operations of the RSC (“RSC Provider”), and is also a Member of Connect Card.
- D. The rules for participation in the Connect Card are outlined in the Connect Card Regional Operating Rules (“Regional Operating Rules”), which, among other things sets forth the standard operating procedures for the RSC services, the Connect Card privacy policy, the Connect Transit Card Brand Style Guide, and the financial positions and settlement process. Should conflicts occur between the Regional Operating Rules and this MOU, the MOU takes precedence and all other components of the Regional Operating Rules remain in effect.

Building on the success of cooperative work to develop and launch the Connect Card, Members wish to (1) provide for governance and policy decisions necessary for on-going operations of the Connect Card, (2) establish the roles and responsibilities of each Member for on-going operations and maintenance of the Connect Card; and (3) establish the cost responsibility for each Member for operations and maintenance.

AGREEMENT

NOW THEREFORE, the Members intending to be legally bound hereto agree as follows:

A. GOVERNING ON-GOING OPERATIONS OF THE CONNECT CARD

The Connect Card System will be governed by the Governance Committee (“Committee”). All Members except SACOG (the “Voting Members”) will appoint representatives (“Voting Representatives”) pursuant to Section A.1. SACOG will appoint a representative (the “Nonvoting Representative”) pursuant to Section A.2.

- 1) **Voting Representatives**. The following individuals, or their respective designees and alternates, will be appointed by the Voting Members to serve on the Committee: RT’s General Manager; Elk Grove’s City Manager; Folsom’s City Manager; Roseville’s City Manager; Placer County Transit’s General Manager; Sacramento County’s Director of Transportation; ED Transit’s Executive Director; YCTD’s Executive Director; and YST’s Transit Manager. The appointed individual from each Voting Member must provide the name, title and contact information of the designee and alternate to the Committee and the RSC before the designee or alternate may represent his or her agency in any Connect Card business.
 - a) New Members: Any new Voting Member added pursuant to execution of this MOU, will appoint its chief executive officer, or equivalent, or his/her designee and alternate, to serve as the Voting Representative on the Committee.
 - b) Each Voting Representative will receive notice of all meetings, will have the right to participate in Committee discussions, will have the right to place matters on the agenda, and will have the right to vote in accordance with Section A.1, below.
 - c) Alternates have the right to exercise his or her agency’s vote when the Voting Representative or designee is otherwise unavailable to participate.
- 2) **Non-Voting Representatives**. In addition to the Voting Representatives described above, the Chief Executive Officer of SACOG (or his designee) will serve as a Non-Voting Representative on the Committee.
 - a) Non-Voting Representatives will receive notice of all meetings, and will have the right to participate in Committee discussions, and have the right to place matters on the agenda, but will have no vote.

3) **Voting.** The Committee will strive to reach consensus on all decisions. However, if consensus cannot be reached, approval by a combination of RT, plus additional smaller Members is required to approve the action under consideration. The intent of this voting construct is to safeguard both large and small interests in Connect Card by requiring collaboration among large and small interests to ratify an action or proposal. RT is the single largest interest in Connect Card, responsible for approximately 70% to 80% of the riders, fare revenue, regional capital costs and regional operating costs. While RT does comprise both a majority and a supermajority on its own under an interest-based or proportional voting system, additional smaller Member votes have been added for ratification to ensure collaboration among large and small interests. The number of affirmative votes to ratify an action or proposal varies by the size of the Voting Member pool, as set forth below:

a) A quorum is required to call for a vote on the decision items reserved for the Committee (Section A.3), as defined below.

Total Number of Voting Members Party to MOU	Quorum
8-10 Voting Members	5 or more
11-12 Voting Members	6 or more
13-14 Voting Members	7 or more

b) All Voting Representatives will have one vote per Member agency.

c) Actions requiring a vote of the Committee (except actions for which a supermajority vote is required) must be ratified by the affirmative vote of RT, as the largest interest, plus additional smaller interests, as set forth below.

Total Number of Voting Members Party to MOU	Ratifying Vote Requirement
8-10 Voting Members	RT plus at least 3 other members
11-12 Voting Members	RT plus at least 4 other members
13-14 Voting Members	RT plus at least 5 other members

d) Decisions reserved for the Committee and requiring a ratifying vote for authorization are:

- i) The addition or subtraction of a Member (excepting a Member may opt out with a 90-day notice period) to this MOU and the Committee, as set forth in Section D of this MOU.
- ii) The annual RSC operating budget, scope of services and cost responsibility (cost shares) as well as amendments and changes in excess of five (5) percent (cumulative across the fiscal year) of the annual approved RSC budget. Note that while budgetary variances of five (5) percent or less do not require a vote for approval, they must be reported to the Committee in a timely manner.

- iii) The multi-year RSC regional capital plan (including cost, schedule and items to be purchased) for system upgrades, investment requirements and participant shares of upgrade/replacement costs, after accounting for any regional funding that may be available. Investments outside the approved plan likewise require approval by the Committee.
 - iv) Changes to the Regional Service Center (RSC) Provider, excepting that the current Provider can opt out with 180 days of notice pursuant to section B.2 of this MOU.
 - v) Legal actions and suits involving the Connect Card, including both the design and development project, and the Regional Service Center operations.
 - vi) Amendments proposed to this MOU and Committee recommendations on a proposed amendment to each Member's governing body.
 - vii) Adoption of the Connect Card Regional Operating Rules, along with significant updates and/or changes thereto when such update or change has a reasonable expectation of adverse impact to one or more Members. Minor updates and procedural changes that do not have a reasonable expectation of adverse impact to any Member do not require approval, but must be communicated to Members.
- e) Notwithstanding the provisions of Section A.3, the following actions by the Committee will require a supermajority defined as the affirmative vote of at least 75% (and must include RT) of the Voting Representatives present at the meeting in which a vote is taken:
- i) Termination of the MOU pursuant to Section E.5; or
 - ii) Removal of a noncompliant Member pursuant to Section E.8.
- 4) **Vote Notification and Procedures.** Committee Members will receive notification of an item for consideration reserved for Committee approval in section A.3 above at least (10) ten calendar days in advance of the meeting. Meetings, and voting, will be conducted in accordance with Roberts Rules of Orders, provided that in the event of a conflict, such rules will be superseded by this MOU.
- 5) **Committee Costs.** The Members will be responsible for the ordinary and usual costs incurred as a result of Committee participation, including but not limited to, mileage expenses and personnel time associated with attending and staffing the Committee meetings.
- 6) **Mediation.** If ratification requirements cannot be met by the Committee, the Members may choose voluntary mediation to resolve the impasse. The mediator and the process of mediation may be any that is acceptable to all affected parties.

B. ROLES AND RESPONSIBILITIES

- 1) **Member Roles and Responsibilities**. Each Member acknowledges and agrees to the following terms and conditions at all times during its participation in the regional Connect Card.
 - a. Member will abide by the latest approved Connect Card Regional Operating Rules (“Regional Operating Rules”), which will be posted on a web site accessible to all Members.
 - b. Member must purchase or lease, and maintain in good working order, all local equipment and systems required to participate in the Connect Card, including on board equipment, curbside sales machines (as appropriate), equipment to communicate Connect Card and account transactions to the RSC, and computers to review reports.
 - c. Member must comply with the financial positions and settlement process by timely making and accepting payments as required and set forth in the Regional Operating Rules, to include paying its share of operating costs and capital reserves.
 - d. Member acknowledges and agrees that RT, as set forth in the Regional Operating Rules, is (i) the entity responsible for the daily operations of the RSC; (ii) the owner and distributor of any application that resides on the Connect Card; and (iii) the owner of the software and data stored on the Connect Card and devices that are used for transit fare collection purposes within the system.
 - e. Member has the authority to adopt and change its own fare policy, structure and pricing, to include entering into joint fare agreements with other transit operators, and agrees to notify other Members and the RSC of any planned or proposed fare change at least 60 days in advance of the effective date.
 - f. Member will follow the latest version of the Connect Transit Card Brand Style Guide in all local marketing materials related to the Connect Card System.
 - g. Member will protect and secure the Connect Card hardware, software and proprietary security key. Member will maintain an accurate inventory of all locally owned Connect Card devices. If a Member disposes of equipment including a Connect Card read/write device, said Member will work with the RSC to remove any proprietary software and applications before disposal or sale and update the inventory.

- h. One or more of the Members may, at their own expense, audit the performance of the RSC under this Agreement. Upon reasonable notice, during normal working hours, the RSC Provider will provide access to, and facilities for, copying or electronic transfer of the financial records of the Connect Card.
- i. Member will cooperate with RSC auditors in the conduct of annual Connect Card audits, to include providing access to data and records of Connect Card transactions.
- j. Member will not hold the RSC Provider responsible for any funds deemed uncollectible, after reasonable attempts to collect said funds, by third party vendors, on-line transactions or telephone transactions with the customer service center.

2) **Regional Service Center (RSC) Roles and Responsibilities.** The RSC Provider acknowledges and agrees to the following terms and conditions at all times during its participation in the regional Connect Card.

- a. RSC shall abide by the latest approved Regional Operating Rules. The RSC is also responsible for the regular updating of the rules, to include sharing updates with the Committee and seeking approval consistent with Section A.3 of this MOU.
- b. RSC will manage and perform all of the functions set forth in the Regional Operating Rules to include the customer service call center, on-line customer self-service portal, account management, materials management, system accounting and auditing, positions reporting and settlement process, administrative functions and regulatory compliance.
- c. The RSC Provider will own or lease equipment necessary to support the customer service call center, on-line portal and third party vendor network, as well as all software, applications and data stored on Connect Card and devices system wide.
- d. RSC will make Member fare instruments available for sale/load through the on-line portal, customer service call center and the third-party vendor network.
- e. RSC will develop and report the annual operating budget, multi-year capital reserve plan and budget, and respective Member shares, as well as changes thereto, consistent with the Regional Operating Rules. The RSC will seek budgetary approvals consistent with Section A.3 of this MOU.
- f. RSC will provide Members regular reports, data and annual audit results on regional Connect Card fare revenues and expenses, to include Member shares. Progress against the approved capital investment plan will likewise be reported.

- g. The RSC Provider has the authority to contract for RSC services in part or whole, following its own procurement and personnel policies and consistent with the Regional Operating Rules. That said, the RSC shall share information with the Committee on significant contracting efforts not included in the annual budget and afford the opportunity for comment and input by the Committee.
- h. Should the RSC Provider decide to terminate its responsibility for RSC operations, it shall provide a minimum of 180 days of notice to the Committee and assist in the transition.

3) **SACOG Roles and Responsibilities**. SACOG served as the lead agency in the development, design and implementation of the Connect Card system, providing significant value to Members and the region. Several ongoing roles, in addition to non-voting member, are expected of SACOG.

- a. SACOG holds the contract with INIT, the hardware, software and Connect Card system vendor, and is expected to continue in the role of active contract management to ensure full and complete delivery of an operational and performing smart card system.
- b. As the contracting entity for the Connect Card system, SACOG will help Members submit and resolve warranty claims to the vendor.
- c. SACOG funded the vast majority of the development of the Connect Card costs through state and federal grants, and is expected to continue the role of pursuing funding for the ongoing operations and capital investment needs of Connect Card.
- d. SACOG will endeavor to transfer title of local and regional Connect Card hardware, software and applications consistent with the Regional Operating Rules and this MOU.
- e. SACOG will be reimbursed for reasonable expenses incurred in support of Connect Card operations. Costs eligible for reimbursement must be detailed in terms of scope and cost in the annual RSC budget, reviewed and approved by the Committee, and costs within the approved budget invoiced to the RSC in a timely manner.

C. COST RESPONSIBILITY

- 1) **Connect Card Regional Operating Rules**. The Regional Operating Rules shall specify the high-level process and responsibilities for developing and approving annual regional Connect Card budgets, cost sharing methodology, multi-year capital

investment plan, unclaimed revenues and the monthly financial clearing transactions. The RSC is responsible for updating the Regional Operating Rules. Changes with a reasonable expectation for adverse impact to one or more Members require Committee approval pursuant to Section A.3 prior to implementation. Changes to any cost responsibility element (e.g., operating cost, unclaimed revenue, capital cost share methodologies) may be approved by ratifying vote of the Committee through a change in the Regional Operating Rules without amending this MOU.

- 2) **Cost Share Method.** Each Member will be responsible for all of their local costs to participate in the Connect Card System, as well as their share of regional costs from RSC managed services. Initially, regional cost shares will be determined based on each Member's verified share of regional annual unlinked passenger trips and fare revenue collected (weighted equally) for those services participating in Connect Card. After Members build experience and reliable data on actual card use, it is anticipated that the cost sharing methodology may be changed. Such a change requires a ratifying vote by the Committee and an update to the Regional Operating Rules, and does not require amendment to this MOU.
- 3) **Capital Costs.** Members will create a capital reserve for the local cost share (assuming state and federal grants cover part of the cost) of regional hardware and software replacement, upgrades and enhancement. A capital reserve is intended to smooth out costs charged to Members over time, increase predictability of costs, and allow planned and approved investment to occur in a timely manner. The Regional Operating Rules will provide specifics guiding regional capital plan development and cost sharing requirements. The multi-year capital investment plan, and associated cost shares, must be approved by the Committee.
- 4) **Unclaimed Revenues.** As with any stored value transit card system, some cards with a cash balance will become and remain inactive. The Regional Operating Rules will provide details on how and when inactive cards will have balances swept, how said balances are to be shared among Members, and the rules for adding swept funds back on customer request, if applicable. Unclaimed revenues will be reported as fare revenue in RSC reports along with specific shares for each Member.
- 5) **Single Monthly Clearing Transaction.** In the interest of efficiency and effectiveness, a single monthly clearing transaction is required of every Member (i.e., either receiving or sending funds) encompassing fare loads on cards, revenue collected from customer travel, operating cost responsibility, capital reserve cost share, unclaimed revenues, uncollectible payments (if any), and adjustments as may be needed. While the RSC will report all revenue collected and earned by each operator monthly, payments will be constrained by cash flow. Some revenues will be paid to the RSC in arrears (e.g., third party network sales, corporate accounts), and said revenues will be distributed once received. Monthly reports will detail each category of cost and revenue allocated to each Member, to include any balances carried forward.

D. NEW MEMBERS

- 1) **Committee Review.** The Committee will review any application for membership and will determine terms and conditions of membership, as well as any funding contribution required for membership, as set forth below in section D.2. The applying agency or entity will submit to the Committee a resolution adopted by its governing body, accepting the recommended term, cost responsibility and conditions of membership. If the application is approved by the Committee, the agency or entity will become a Member upon its execution of this MOU.
- 2) **Funding Contribution.** Upon the acceptance of a new Member to this MOU, the new Member will be assessed a funding contribution consisting of a prorated cost share of operations, prorated share of capital reserves, and a one-time entry cost. The one-time entry cost includes the resources required to add a member to all marketing materials, web portal, customer call center, fare tables, clearing reports and a share of prior member investment to develop the system.
- 3) **Potential for Non-Transit Participants.** It is possible that new Connect Card applicants may include non-transit entities (e.g., parking, bike share, retail) with a different financial transaction profile than transit. The Committee will have the right to create a licensing agreement for non-transit participants that allows use of and participation in the Connect Card without representation on the Committee. Said participants will be referred to as Licensees and not as Members, and have responsibility for complying with the Regional Operating Rules.

E. GENERAL PROVISIONS

- 1) **Indemnity.** To the maximum extent permitted by law, each Member (the “Indemnitor”) agrees to hold harmless, defend and indemnify the other Members, their officers, agents and employees, from and against any and all liabilities, claims, or damages of any nature, including, without limitation, personal injury, including death, or property damage, resulting from the negligent or willful actions or inaction of the Indemnitor, its officers, agents, or employees, under the terms of this MOU. *This Section shall survive the transfer, assignment, or termination of this MOU.*
- 2) **No Third Party Beneficiary.** It is expressly understood and agreed that the enforcement of these terms and conditions will be reserved to the Members of this MOU. Nothing contained in this MOU will give or allow any claim or right of action whatsoever by any third party. It is the express intent of the Members to this MOU that any such person or entity, other than the Members, receiving benefits or services under this MOU will be deemed as an incidental beneficiary.
- 3) **Limitation of Authority.** Notwithstanding any provision in this MOU to the contrary, nothing herein is intended to require any action or inaction by any Member that is in conflict with the Member's local ordinances, regulations, and/or other governing documents. Furthermore, this MOU will not require or permit any Voting Representative

or Non-Voting Representative to take any action or exercise any authority that has not been properly delegated to him or her by the Member's governing body; any such action taken by a Voting Representative or Non-Voting Representative will not be binding on the Member.

- 4) **Withdrawal.** Upon ninety (90) days advance written notice to the Committee, RSC and SACOG's CEO, any Member may withdraw from the Connect Card and this MOU. The withdrawing Member will relinquish any and all rights to utilize the Connect Card brand and trademarks to the RSC. The withdrawing Member must pay all costs reasonably related to the removal of the withdrawing Member from the Connect Card System, including the customer call center, on line self-service portal, third party vendor network, marketing materials, fare tables, and financial reports. These costs will be documented by the RSC and provided to the withdrawing Member in the form of an invoice. The withdrawing Member must also complete all final financial settlement transactions as required by the Regional Operating Rules. If reimbursement is required as a result of grants used to purchase equipment, software and services, the withdrawing Member will be responsible for those costs. The withdrawing Member's contributions to the capital reserve remain with the Connect Card system, reflecting the cost of capital consumed during their participation in Connect Card. The withdrawing Member must also allow the RSC access (electronic and/or physical as may be required) to remove the security key and proprietary software from all Connect Card devices. If the withdrawing Member's Connect Card equipment has remaining useful life, the Member will explore options for transferring, selling or leasing the equipment to another Member to support the regional fare collection system. Following the date of withdrawal and satisfaction of responsibilities listed herein, the withdrawing Member will incur no additional financial liability for the Connect Card, except for any liabilities accruing under Section E.1 prior to the date of withdrawal.
- 5) **Term and Termination.** This MOU will be effective as of the date first above written and will remain in effect until terminated by a supermajority vote of the Committee pursuant to Section A.3; provided, however, that this MOU may not be terminated until all outstanding obligations and liabilities of the Connect Card System have been paid in full or provision has been made for payment in full.
- 6) **Amendments.** Any Member may propose amendments to this MOU by taking the proposal to the Committee for consideration. Except for amendments that are specifically authorized herein to be approved by the Committee, this MOU may only be amended by a written amendment approved by the governing bodies of all of the then-current Members. Members shall have one hundred eighty (180) days after recommendation by the Committee to approve or disapprove a proposed amendment. If a Member fails to approve or disapprove an amendment within this period, the Member shall be deemed to have disapproved the amendment.
- 7) **Notices.** Communications under this MOU may be provided in writing by regular mail, e-mail, or fax, except that any notices or demand on other parties including, but not limited to, a Member's notice of its intent to withdraw from this MOU, will be in writing

and will be deemed to have been given if delivered in person or deposited in any United States Postal Service mail box, sent by registered or certified mail, return receipt requested, and first class postage prepaid, addressed to the Member for whom it is intended as follows:

RSC Manager Connect Card System	Copy to: General Counsel
Chief Executive Officer Sacramento Area Council of Governments 1415 L Street, Suite 300 Sacramento, CA 95814	Copy to: General Counsel Sacramento Area Council of Governments 1415 L Street, Suite 300 Sacramento, CA 95814
General Manager/CEO Sacramento Regional Transit P.O. Box 2110 Sacramento, CA 9512-2110	Copy to: Chief Legal Counsel Sacramento Regional Transit P.O. Box 2110 Sacramento, CA 9512-2110
City Manager City of Elk Grove 8401 Laguna Palms Way Elk Grove, CA 95758	Copy to: City Attorney City of Elk Grove 8380 Laguna Palms Way Elk Grove, CA 95758
City Manager City of Folsom 50 Natoma Street Folsom, CA 95630	Copy to: City Attorney City of Folsom 50 Natoma Street Folsom, CA 95630
City Manager City of Roseville 311 Vernon St Roseville, CA 95678	Copy to: City Attorney City of Roseville 311 Vernon St Roseville, CA 95678
Transit General Manager County of Placer 175 Fulweiler Avenue Auburn CA 95603	Copy to: County Counsel County of Placer 175 Fulweiler Avenue Auburn CA 95603
Director of Transportation Sacramento County 827 7 th Street, Suite 304 Sacramento, CA 95814	Copy to County Counsel County of Sacramento 700 H Street, Suite 2650 Sacramento, CA 95814
Executive Director	Copy to: County Attorney

El Dorado County Transit Authority
6565 Commerce Way
Diamond Springs, CA 95619

County of El Dorado
515 Main Street
Placerville, CA 95667

Executive Director
Yolo County Transportation District
350 Industrial Way
Woodland, CA 95776

Copy to: District Counsel
Yolo County Counsel
625 Court Street, Room 201
Woodland, CA 95692

Transit Manager
Yuba-Sutter Transit Authority
2100 B Street
Marysville, CA 95901

Copy to: General Counsel
Yuba-Sutter Transit Authority
2100 B Street
Marysville, CA 95901

- 8) **Cures and Remedies**. If a Member repeatedly fails to perform an obligation under this MOU, the RSC will issue a cure notice to said Member, and share the notice with the Committee. The notice will require a plan and schedule for correction from the non-compliant party, and the plan will be submitted to the RSC and the Committee within ten business days of the cure notice. Members will have the right to bring an action for specific performance, damages, and any other remedies available under this MOU, at law or in equity. The Committee also has the power to terminate the non-compliant Member's participation from the Connect Card system with a supermajority vote pursuant to Section A.3.
- 9) **Non-Discrimination**. The Members will comply with the non-discrimination requirements under federal and state laws, regulations, and grants applicable to the Connect Card system. Nondiscrimination requirements will apply to, but are not limited to, contractors, consultants and employers engaged on the Connect Card.
- 10) **Compliance with Law**. The Members will comply with applicable federal, state and local law, as well as with applicable rules, regulations and grant requirements in the ongoing operations of Connect Card.
- 11) **Governing Law**. This MOU will be interpreted and constructed according to and enforced under the laws of the State of California. The Members agree that the Superior Court of the County of Sacramento, California will have exclusive jurisdiction and venue over any legal action arising under this MOU.
- 12) **Waiver**. No term or provision of this MOU will be deemed waived and no breach excused unless such waiver or consent is in writing and signed by the Member or Members claimed to have waived or consented. Waiver of any breach or default of this MOU will not be deemed a waiver of any subsequent breach or default. Waiver of any such breach or default will not be construed to be a modification of the terms of this MOU, unless stated to be such through written approval of all Members.

- 13) **Transfer or Assignment.** No Member will transfer or assign a portion or all of its responsibilities under this MOU, except with the prior authorization of the Committee.
- 14) **Entire Agreement.** The Members agree that this MOU is a complete expression of the terms herein and any oral or written representations or understandings not incorporated herein are excluded.
- 15) **Severability.** If any term or provision of this MOU or the application thereof to any person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this MOU, or the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable, will not be affected thereby, and each term and provision of this MOU will be valid and will be enforced to the fullest extent permitted by law, unless the exclusion of such term or provision, or the application of such term or provision, would result in such a material change so as to cause completion of the obligations contemplated herein to be unreasonable.
- 16) **Headings.** The headings used in this MOU are for convenience only and have no effect on the content, construction, or interpretation of the MOU.
- 17) **Counterparts.** This MOU may be executed in any number of counterparts, and by different parties in separate counterparts, each of which, when executed and delivered, will be deemed to be an original and all of which counterparts taken together will constitute but one and the same instrument.

IN WITNESS WHEREOF, SACOG, Sacramento Regional Transit District, City of Elk Grove, City of Folsom, City of Roseville, Yolo County Transportation District, Yuba-Sutter Transit Authority, County of Placer, County of Sacramento and El Dorado County Transit Authority have each caused their duly authorized officers to execute this MOU effective as of the date first written above.

VERSION 1.0

**CONNECT CARD REGIONAL
OPERATING RULES**



December 21, 2016

| December 21, 2016

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Glossary of Terms

Term	Definition
Autoload	A program where stored value, a transit pass and/or a stored-ride ticket is automatically reloaded to a customer's fare card. Registered Connect Card customers nominate the value of stored value, and/or type or transit pass and stored-ride ticket to be loaded to their fare card either on a periodic or as-needed basis. Subscribers preauthorize an electronic fund transfer from their bank account or credit card charge to fund the Autoload. Autoloads can be pushed out to a particular fare card ("Directed") or set-up to occur automatically based on upon pre-set parameters ("Threshold").
Balance Protection	A program of registering fare cards that provides for transfer of value from a fare card that has been reported lost, stolen or damaged to a replacement fare card, at the same value as of the time the original fare card was reported lost, stolen or damaged.
Business Days	Are defined as Monday through Friday, excluding holidays.
Card Initialization	The process of taking a generic card and enabling its use in the Connect Card system.
Chargeback	A chargeback occurs when a credit card company disputes a credit card charge accepted by the Connect Card Regional Service Center and seeks to retrieve the value of the charge.
College/Vocational (C/V) Program	A reduced fare program in the region, allowing for reduced fare passes on fare cards.
Committee	The group authorized by the Connect Card MOU consisting of at least one representative of each Member agency, having Connect Card equipment (or software) operational within their fare collection system. This group is responsible for operational and governance decisions as defined in the MOU and Regional Operating Rules.
Commuter Benefits	Transit fare benefits provided to employees or clients of an organization, to include commercial enterprises and social services providers. A

Term	Definition
	significant component of commuter benefits is the Federal Government-supported, employer-sponsored tax benefit program through which employers can give employees tax-free benefits to be used for public transportation.
Concession Fare Category	Any fare category in a Participant system that receives a discount off of the Regular fare for a given rider group.
Connect Card Application Issuer	The entity that owns and distributes any specific application that resides solely or jointly with other applications, on the Connect Card fare card. Currently this is RT.
Connect Transit Card Issuer	Any entity, approved by the RSC to issue fare cards with the Transit Application allowing use in Connect Card.
Connect Card Participant (Participant)	Transit Agencies or other organizations that have agreed to adopt and abide by the Connect Card Regional Operating Rules and who have either purchased and installed Connect Card equipment (and/or software), or are in process of purchasing Connect Card compatible equipment.
Days	Are defined as calendar days.
Fare Card	A smart card, which is a credit card sized card that has a microprocessor, memory, and an input/output interface (antenna and/or contact plate) and works within the Connect Card system.
Fare Card Value	Fare card value includes stored value, transit passes and stored-ride tickets in accordance with Participant fare policy.
Financial Date	The Financial Date is the recording date of record for Connect Card transactions and data. It is not updated over time, and is used to produce the monthly Positions Summary and Settlement Report. Changes reported on transactions (e.g., lost or stolen cards, delayed reporting, credit card challenges) become part of the Financial Date record on the date reported, and do not adjust prior entries.

Term	Definition
Government/Organization (GO) Programs	Current or planned programs to provide transit benefits and/or transit privileges to employees, students, clients of social service organizations, government agencies, not-for-profit organizations, schools, and Participants' employees.
Hard Lock	The process for blocking the entire fare card from use in the Connect Card system, including the Transit Application and any other applications on a multi-application fare card.
Hotlist	The list of cards that are blocked from further use in Connect Card, typically as a result of a registered card being reported lost or stolen.
Interactive Voice Response (IVR)	Telecommunications infrastructure provided by the Regional Service Center Provider to automatically answer with a pre-selected menu of information request options or transaction processes and to automatically route calls to customer service representatives at any point in the call.
Member	Refers to entities that are party to the MOU regarding oversight of Connect Card on-going operations.
Multi-function Point of Sale (MPOS)	This device is located at the Regional Service Center and Member agencies as these devices have the capability to create and initialize fare cards, set the rider-class, and load regional products on to fare cards.
Participant Customer Service Outlet	Any existing Customer Service Locations run by Connect Card Participant that provide Participant system-specific and Connect Card program information.
Personalization	The process of incorporating a photograph or other physical identifier on the fare card.
Positions Summary and Settlement Report	The monthly financial report detailing revenues collected, revenues earned, operating cost, capital reserve contribution, and financial adjustments by operator and for Connect Card regionally. The summary shall also report the amount to be transferred to or from each Participant and the RSC.
Ratifying Vote	Voting requirements to approve or ratify a decision reserved for the Committee are detailed in the MOU (e.g., RT plus three additional voting Members for a

Term	Definition
	simple majority, 75% of Members present including RT for a supermajority).
Reconciliation	The process of verifying daily transactions against corresponding dollar amounts from all Connect Card systems and devices.
Regional CDCS (Central Data Collection System)	The central computer system which provides Participant “Headquarter” systems and the regional Connect Card database and systems.
Regional Operating Rules	The rules by which the Participants will manage and operate the Connect Card program.
Regional Service Center Provider	The entity that operates the Regional Service Center including the web portal, customer service center, financial reporting and settlement, and the third-party vendor network. Sacramento Regional Transit District (RT) is the RSC provider.
Registration	The back-end process of linking a fare card to cardholder specific data (e.g. name, address, phone number).
Retail Sales Device	These are counter-top sales devices with an attached smart-card read/write component that loads regional products on to fare cards. Each device has a configuration file which allows it to sell any set of regional fare products available on Connect Card.
Rider Category	The type of rider – Regular, Senior (by age classification), Disabled, Student, or College/Vocational.
Rider Class	The fare card will be initialized with one rider class. The rider class can determine what (if any) discounted fares a cardholder is eligible to receive on each Participant’s services (including different discounts by age of the cardholder).
Settlement	The system calculation of what money is owed to/from the Participants and the RSC based on Connect Card transactions or Connect Card related services provided.
Settlement Bank	Designated financial institution that processes the settlement financial transactions submitted by the Regional Service Center and posts the transactions to the Participants’ bank accounts as a result of Connect Card Settlement.

Term	Definition
Stored value	Electronic dollars stored on a fare card used to pay for transit rides and potentially other services.
Transaction Date	Reports run on the Transaction Date are subject to update over time as additional data is received by the Connect Card system (e.g., lost or stolen card, credit card challenges, delayed reporting).
Transit Application	The software and data stored on the fare cards or devices that will be used for all transit fare collection purposes (including the loading of stored value or passes, the collection of fares, and the validation of the fare products issued on behalf of the Participants).
TBD – To Be Determined	The sections of the document with this classification are awaiting either policy or operational direction on the contents for this section. As these sections are developed they will be incorporated and the revision of this document updated, after approval as provided for in the MOU.
Third-Party Vendor	A party (e.g., third-party vendor, Participant, government agency) who sells or otherwise provides fare cards and value loading (e.g., stored value, transit passes, stored-ride tickets) for Connect Card.

PURPOSE OF THIS DOCUMENT

These Regional Operating Rules establish parameters and procedures for the ongoing operation and maintenance of the Connect Transit Card System (Connect Card). This document identifies transit operators' responsibilities related to implementation, operation, and maintenance of the system, the Regional Service Center's (RSC's) responsibilities related to implementation, operation and maintenance of the system, and system policies and standard operating procedures (SOPs). The rules and policies contained in this document are not intended to describe procedures for every scenario that will arise related to the implementation, operation and maintenance of the Connect Card system. If any element of this document, to include the appendices and attachments, conflicts with the MOU, the MOU supersedes and all other elements of the Regional Operating Rules remain in effect.

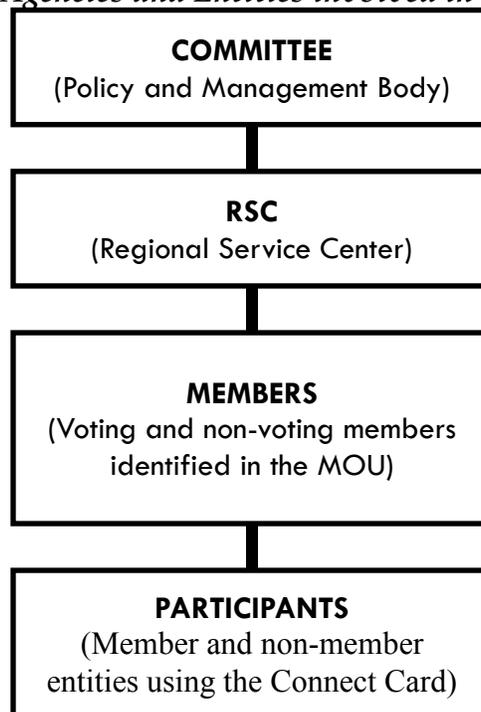
This document is comprised of a number of smaller files representing individual SOPs and associated policies, a marketing brand style guide, a settlement diagram and privacy policy to facilitate easy update. It is a living document, and all participants are expected to maintain compliance with current rules and policies. The latest version of the Regional Operating Rules and all associated files can be found at <ftp://ftp.sacrt.com/connectcard>.

1. INTRODUCTION

The Connect Transit Card System (Connect Card) is a regional smart card program providing for electronic payment of inter- and intra-participant fares across the participating transit agencies in the six-county Sacramento area. The administrative and centralized customer service operations of the Connect Card will be managed by the Regional Service Center (RSC). This document defines the operating rules governing the Connect Card Participants and the RSC, and is intended to implement the terms and intent of the Connect Card Memorandum of Understanding for Operations (MOU) on behalf of the Connect Card Members (all of whom are party to the MOU). In the event of any conflicts between the MOU and these Regional Operating Rules (to include appendices and attachments), the MOU supersedes, and all other elements of the Regional Operating Rules remain in effect.

The roles for agencies and entities involved in Connect Card are identified in the MOU and include: the policy and management Committee, the RSC, Members (as defined in the MOU), and non-transit participants (if any). Where the Committee acts as the policy and management body for Connect Card, RSC serves as the program administrator providing regional customer and business services, Members are the transit operators and the Sacramento Area Council of Governments who signed the MOU, and Participants refer to all parties that use Connect Card including Members and non-members.

Figure 1.1 - Agencies and Entities involved in Connect Card



A list of roles and responsibilities for each group mentioned above can be found in the MOU as well as this document. The Committee is a non-fiduciary governing body, with specific rights and responsibilities described in the MOU. All decisions and authorities not explicitly reserved for the Committee remain with the Member agencies and their governing boards.

These Regional Operating Rules are comprised of multiple smaller documents to facilitate ease of use and update. The document includes: text providing context and specifics of the Regional Operating Rules, standard operating procedures (SOPs) providing details of specific Connect Card business processes, the regional Connect Card Brand Style Guide for all marketing materials referencing Connect Card, a flow of revenues document, a sample monthly Positions Summary and Settlement Report, and the Connect Card Privacy Policy. The Regional Operating Rules comprise a living document, and as such the current, authoritative version is maintained on a website available to all Participants at <ftp://ftp.sacrt.com/connectcard> and will be updated regularly by the RSC. It is every Participant's responsibility to maintain compliance with the latest version of the Regional Operating Rules located at that site.

2. PARTICIPANT CERTIFICATION PROCESS

Any transit agency or other entity seeking to join the Connect Card system must be approved by the Connect Card policy and management body (Committee), or its selected agents. The certification steps are:

- a) Applicant must submit a request to participate to the RSC or any Committee Member.
- b) The RSC will prepare and provide the applicant with a cost estimate for participation to include their share of regional operating costs, regional capital reserve, and cost to add a participant (e.g., to self-service website, customer service center, third party vendor network, fare tables, positions and settlement reporting). RSC will also provide the applicant appropriate documents which may include the MOU or licensing agreement, the Regional Operating Rules, and other information.
- c) Applicant's Board must approve the application, MOU or licensing agreement, and cost responsibility prior to becoming a participant.
- d) The RSC will forward the materials to the Committee for consideration. Approval will be provided through a ratifying vote (as defined in the MOU) either at a scheduled meeting, conference call, or electronic poll.
- e) Applicant must sign the MOU or licensing agreement, obtain locally required Connect Card equipment, and adopt and comply with these Regional Operating Rules to finalize participation. The RSC will inspect the applicant's Connect

Card equipment and system to verify the ability to participate in the regional fare collection system.

- f) When all requirements for participation have been met, the RSC will activate the new participant account(s) and add them to fare tables, the third-party network sales, customer service call center, on-line web portal and marketing materials.

3. REGIONAL SERVICE CENTER

Management of regional customer service and card operations are the responsibility of the Regional Service Center (RSC), and include the following functions:

- a) Card Base Management - issue and fulfil smart card requests, maintain and manage customer accounts, including updates to autoload preferences and the Hotlist.
- b) Fare Instruments Management - make Participant fare instruments available for sale/reload through the on-line portal, customer service call center and the third-party vendor network.
- c) Customer Service - provide support to the participating agencies, cardholders, the third-party vendors and corporate account holders.
- d) Distribution Management - procure and manage inventory of smart cards and the subsequent distribution of new and replacement cards to customers, the Participants and third-party vendors.
- e) Third-Party Vendor Management - enroll and manage accounts of existing and new third-party vendors for Connect Card.
- f) Regional Connect Card systems operation and monitoring - manage and maintain the central computer systems including but not limited to system back-up and recovery, fare table updates, and system alarm response.
- g) Financial Management - provide general accounting, budgeting (regional operating and capital costs), financial reporting services, annual financial audit, monthly positions and settlement reporting, and funds movement/clearing services for Connect Card.
- h) Regional Operating Rules - update, maintain, and make available these Regional Operating Rules and associated documents on a web portal available to all Participants.
- i) RSC Provider - The Sacramento Regional Transit District (RT) will serve as the RSC provider, accounting for costs of the RSC in an auditable manner (e.g., similar to grant accounting).

4. FUNDING OF THE REGIONAL SERVICE CENTER

The RSC will provide Participants with an estimated annual operating and capital reserve budget, as well as cost shares for each Participant, not later than the 25th of January for the coming fiscal year. If the 25th falls on a weekend or holiday, the budgets are due no later than the first business day following the 25th. Activities in support of Connect Card operations where SACOG is requesting reimbursement from transit operators must be detailed with corresponding costs and submitted to the RSC not later than the (10th) tenth day of January to be included in the RSC operating budget. All Participants must submit their verified cost share data (e.g., passenger boardings and fare revenue for modes participating in Connect Card for the most recent completed fiscal year) to the RSC no later than the (10th) tenth day of January. It is the intent that participating transit agencies would use the RSC budget information in their annual budgeting process. The Members will be provided sufficient detail and information to support discussion and consideration of the RSC budgets, to include capital investment planned in the current fiscal year, through a ratifying vote of Members. The RSC budget and shares approved by the Committee will be reported and recommended to their respective governing bodies as part of each Participant's annual operating and capital budgeting process. RT will include the entire Committee-approved RSC budget, as well as RT's operating and capital cost shares, to its Board of Directors as part of the annual budget consideration process. The RSC will provide Participants the final budgets, including Participant shares, within (5) five business days of adoption by its governing Board (i.e., Sacramento Regional Transit District Board of Directors). The RSC will manage costs to the approved budget, and report and charge cumulative budget variances up to (5) five percent of the annual budget total to the Members. If an annual budget variance of more than (5) five percent is anticipated, the RSC must seek approval of a budget amendment via a ratifying vote of the Members before invoicing Participants for the excess budget variance.

Participants will pay a share of the Regional Service Center operating costs and capital reserve monthly (e.g., 1/12 or other monthly allocation as determined by the RSC), as part of the settlement process. Regional cost shares will be determined based on each Participant's share of regional annual unlinked passenger boardings and fare revenue collected (weighted equally) for those services (e.g., modes) participating in Connect Card applied to the total annual operating cost and capital reserve of the RSC. The National Transit Database (NTD), or other audited database (e.g., Triennial Performance Audits), will be the source for annual passenger boardings and fare revenue by transit agency and mode, using the most recent verified numbers available to determine current year cost share by Participant.

The capital reserve will be established for regional capital replacement, upgrade and enhancement of RSC managed hardware and software supporting the Connect Card

system. The capital reserve is intended to smooth out costs charged to Participants over time, increase the predictability of costs, reflect the cost of capital consumed, and allow planned and approved investment to occur in a timely manner. As part of the capital reserve budget, the RSC will provide an inventory of regional capital assets by type, their purchase price, useful life, estimated annual escalation rate for these capital items, and local funding share (assuming some proportion of capital costs would be paid from state and federal funding). Participant capital reserve cost shares will mirror the operating cost shares in terms of percentage allocation by Participant.

Revisions to this cost model will be considered as necessary in future years when Members have fully deployed Connect Card capabilities and achieved sufficient market penetration (e.g., 18 to 24 months after launch). Potential changes to the formulae may include using Connect Card activity data directly instead of the NTD, and/or changing the factors for determining cost share. Further, the Committee may decide to establish a minimum threshold for annual payment reflecting the nature and magnitude of fixed costs to maintain or add a participant (e.g., reporting, fare tables, web site, call center, third party vendor network, marketing materials). Any such change requires a ratifying vote of the Committee as defined in the Memorandum of Understanding (MOU), and an update to these Regional Operating Rules.

5. POSITIONS AND SETTLEMENT APPROACH

The monthly Positions Summary and Settlement Report must recognize:

- The revenue earned by each Connect Card Participant
- The Connect Card revenue collected by each Participant
- Each Connect Card participant's share of operating costs and capital reserves
- Adjustments as required (e.g., delayed data reported from prior month, claim resolution, uncollectible values, refunds, chargebacks, testing, sweeps of abandoned fare card revenue)
- The net amount due to or from the RSC for Connect Card by Participant.

All payments will be between the Connect Card Participants and the RSC; not between the Connect Card Participants themselves. Any revenue collected by a Connect Card Participant for the sale of another Participant's fare product(s) will be payable to the RSC and the RSC will recognize that revenue as part of the total revenue owed to each Connect Card Participant. Payments to/from the RSC each month will be net of all revenues earned, cash received, Participant's share of operating costs and capital reserves, and adjustments, such that a single amount due will be determined by the RSC to each Connect Card Participant or from each Connect Card Participant to the

RSC. The Participants all agree that, to the extent feasible, the amount due will be made in a single payment. However, the Participants further recognize that due to delays in billing and receipts, a subsequent second payment may be required when cash becomes available.

- a) Positions Reporting Period: The *Financial Date* record as recorded in the Connect Card system is used for calculating the regional Positions Summary and Settlement Report. Reports run based on Transaction Date are subject to update over time as additional data is received into the Connect Card database (e.g., lost cards with balance protection, reporting delay). However, reports run based on the Financial Date are not subject to update over time. As such, the regional Positions Summary and Settlement Report uses the Financial Date of record so that prior month's reports are not subject to continual update. Any transactions not captured in prior months due to reporting delays will automatically be included in the month the data is received by the Connect Card system. It is intended that the Positions Summary and Settlement Report will be provided the participants by the 5th day of each month covering the period ending the final day of the preceding month. In the event the 5th day falls upon a weekend or holiday, the report will be provided not later than the next business day.

Data elements provided by the RSC including web sales, corporate sales, and adjustments will be based on the financial date. Connect Card systems and data will be the official record for the Positions Summary and Settlement Report.

- b) Electronic Funds Transfer Date: Settlement payments between the RSC and the Connect Card Participants will occur on the 15th day of each month. If the 15th falls on a weekend or holiday, settlement shall occur on the next business day. Additionally, all payments must be made by an electronic fund transfer (EFT). EFT is the standard method of payment; any other payment arrangements require the approval of the Committee and the RSC.

Each Connect Card Participant is responsible to establish an EFT-capable account with the regional Connect Card bank account owned by RT, and must ensure that if funds are owed "to regional Connect Card," that there will be sufficient funds to cover the EFT on (or about) the 15th day of each month. Authorization of an electronic fund transfer can only be made by the owner of any bank account.

Corporate accounts and third-party vendor payments are made in arrears to the RSC. That is, fare instruments and/or cash are loaded onto customer

fare cards throughout the month, with payments due after the close of the month. As a result, Participants may earn revenue that is not yet available as cash to the RSC at the time of the Electronic Funds Transfer Date. In this case, the RSC will make Participant payments within available cash resources (less the stored value liability, cash flow funds needed to pay banking fees, operating costs for the current month, and capital reserves) on the EFT Date, and follow up with a second payment when funds are available.

The second payment, if necessary, is not accompanied by a new Positions Summary and Settlement Report; it is simply a second, timely payment in the amount due to a Participant from the monthly Positions Summary and Settlement Report. The RSC must report regional Connect Card account cash balance, funds distributed and funds owed to provide transparency into cash flow. When any owed balances remain at month's end, they will be added to the next month's Position Summary and Settlement Report as an adjustment, and paid accordingly.

- c) Positions Summary and Settlement Report: The data to be included in the regional Positions Summary and Settlement Report is to be organized by Revenue Earned, Cash Received, Adjustments, Operating Cost Share, Capital Reserve Share and balance due to or by each Connect Card Participant. An example of the monthly report is provided as Appendix C. Each reporting category must be thoroughly documented and supported.

Revenues Earned must include all revenues earned regionally and by Participant, to include fare instruments sold by type and by which entity, as well as cash transactions.

Cash Received must include all sales of fare instruments and cash loads through all elements of the Connect System (e.g., Participant, Third-Party Vendor, web portal, autoload, Corporate Accounts and other).

The regional *Operating Costs* of the RSC will be documented using the Financial Date and compared to the approved budget for the current month and fiscal year to date, along with Participant shares. Budget variance, positive and negative will be noted, and cost increases of greater than 5 percent of the annual operating budget must be approved by the Committee prior to passing those costs on to Participants.

The *Capital Reserve Share* by Participant will be shown, along with a detailed report of regional capital reserves balance, obligated capital expenditures,

and approved capital expenditures within the Capital Plan for the current fiscal year. *Capital Reserve Share* may include restricted funds and must not be used to cover monthly operating costs or settlement transactions.

Adjustments are to be detailed as to type, date and amount. Adjustments may include test transactions, balance protection transactions, card balance reinstatement, uncollectible funds, sweep of abandoned fare card balance, credit card charge challenges, delayed data reporting, unpaid amounts owed, and other adjustments to monthly Connect Card revenue or expense.

- d) Regional Stored Value Liability – The Stored Value accumulated over time will be maintained in the regional Connect Card bank account with net increases or decreases to the account balance determined by the Stored Value position from the monthly positions and settlement process. This is a liability to Connect Card until such time as the value is consumed by a cardholder or is otherwise classified. The accounting of the change to this regional fund and the total regional liability will be shown on the monthly Regional Positions Summary and Settlement Report.
- e) Connect Card Fees – Fare card fees collected from the RSC, third-party vendor locations and Connect Card Participants will be considered as regional Connect Card receipts and tracked as a separate line item within cash received. Fare card fees may be used to offset monthly operating costs, provide regional cash flow for settlement purposes, or other uses where approved by the Committee. Fare card fees are not to be included in revenues earned by any Participant.
- f) Zero Cost Value Products – Revenues, if any, associated with zero value products are to be collected by the Connect Card Participant. The RSC will facilitate product loading to fare cards, when requested by the Participant, but will not collect sales revenues. Sales/loads of these products will not be included in the monthly Positions Summary and Settlement Report and process. Note that cost responsibility calculations use all boardings, including free fares, to determine Participant shares.

6. CLAIMS

Any Connect Card Participant may file a claim with the RSC. RSC shall be responsible for all investigation and assessment though the Participant may provide their own supporting documentation and may be asked to support the investigative process. Valid claims shall be reported as part of the next month's Position Summary and

Settlement Report (under adjustments) and paid through the monthly financial settlement process.

Claims may be submitted for missing transactions due to:

1. A total loss of transaction data due to failure or damage to front-end devices (e.g., non-recoverable bus Connect Card reader failure), or
2. Other system failure resulting in data loss and/or error.

Grievances must be filed with the RSC no later than the quarter following the event in question. Grievances filed in an untimely manner will not be considered. Manual adjustments to correct the settlement position of the Connect Card Participant, if necessary, will take place within thirty (30) days of resolution. Affected Participants will be notified in advance of any adjustment.

Claims should not be submitted for transactions that have taken place on Connect Card Participant devices but have not yet been received into the regional RSC database (due to delays in probing fareboxes, for example). Such data will be recognized in the settlement calculations during the next Positions cycle, when it is entered into the regional RSC database.

Should the Participant wish to escalate a rejected claim, they may do so by petitioning the Committee for further review. The petition shall explicitly state the case for overturning the RSC claims review decision and provide such supporting documentation as may be needed. A ratifying vote (as defined in the MOU) by the Committee is required to overturn the rejected claim.

7. ADDITIONAL KEY PROGRAM POLICIES

The following additional program policies apply to all Participants of the Connect Card:

- a) All Participants will be responsible for setting and managing their own local fare policies, structures and tariffs. Participants may also collaborate to develop joint fare instruments and rules. Fare structure and pricing flexibility is designed into the Connect Card system, but there are limitations to that flexibility. It is prudent that Participants consider system capabilities when evaluating fare policy options if such fare instruments are to be offered on Connect Card fare media. Participants must notify the RSC and Committee of planned or proposed fare changes at least 60 days before implementation to allow for system update.
- b) The RSC provider will administer the back-office operations of Connect Card and direct the Regional Service Center in executing the rules contained in this document and the MOU. The Sacramento Regional Transit District (RT) is the

- RSC provider, reporting to the Committee, and responsible for the daily operation of the RSC.
- c) As with any stored value transit card system, some cards with a cash balance will become and remain inactive. The Standard Operating Procedures (contained in Appendix A) provide details on how and when inactive cards will have balances swept, how said balances are to be shared among Members, and the rules for adding swept funds back on customer request, if applicable. Unclaimed revenues will be reported as fare revenue in RSC reports along with specific shares for each Member.
 - d) The Regional Service Center is required to participate in an annual GAAP (Generally Accepted Accounting Principles) compliant financial audit, which can be part of the single audit of the RSC provider. In addition, the Participants will have the right to audit the performance of the Regional Service Center and any equipment, systems, databases and operations at any time, using either Participants' internal audit staff or a third-party auditor or consultant retained and paid for by the Participant. Upon reasonable notice, during normal working hours, the RSC service provider must provide access to, and facilities for, copying or electronic transfer of the financial records of the Connect Card.
 - e) Every Participant will follow the latest version of the Connect Transit Card Brand Style Guide in all local marketing materials and references related to Connect Card. Said Guide is incorporated into these Regional Operating Rules and included as Appendix D to this document.
 - f) The Committee and the RSC have collaborated on a series of Standard Operating Procedures (SOPs), which are incorporated into these rules and attached as Appendix A. The SOPs are not intended to cover every process and decision required in Connect Card operations. SOPs are intended to provide consistency of operations and decisions across Participants and the RSC.
 - g) The RSC and all Participants must maintain confidentiality and privacy of all cardholder personal information consistent with the current Cardholder Confidentiality Policy attached and incorporated into the Regional Operating Rules as Appendix E.

8. DEVELOPMENT OF REGIONAL OPERATING RULES

This document was developed and reviewed under the direction of representatives of the Participant agencies through the Committee established by MOU to oversee ongoing operations of Connect Card.

9. UPDATE OF REGIONAL OPERATING RULES

It is the responsibility of the RSC to maintain and update these Regional Operating Rules, and make them available to all Participants on the shared web portal

(ftp://ftp.sacrt.com/connectcard). Any Member may propose an update or modification to the Regional Operating Rules. Adoption of the Connect Card Regional Operating Rules is by ratifying vote of the Committee, as defined in the MOU. Significant updates and/or changes thereto with a reasonable expectation of adverse impact to one or more Members also require Committee approval prior to implementation. Minor updates and procedural changes that do not have a reasonable expectation of adverse impact to any Member do not require approval, but must be communicated to all Participants. All changes, large and small, must be posted on the shared web portal for 30 days prior to implementation.

APPENDIX A:
STANDARD OPERATING PROCEDURES

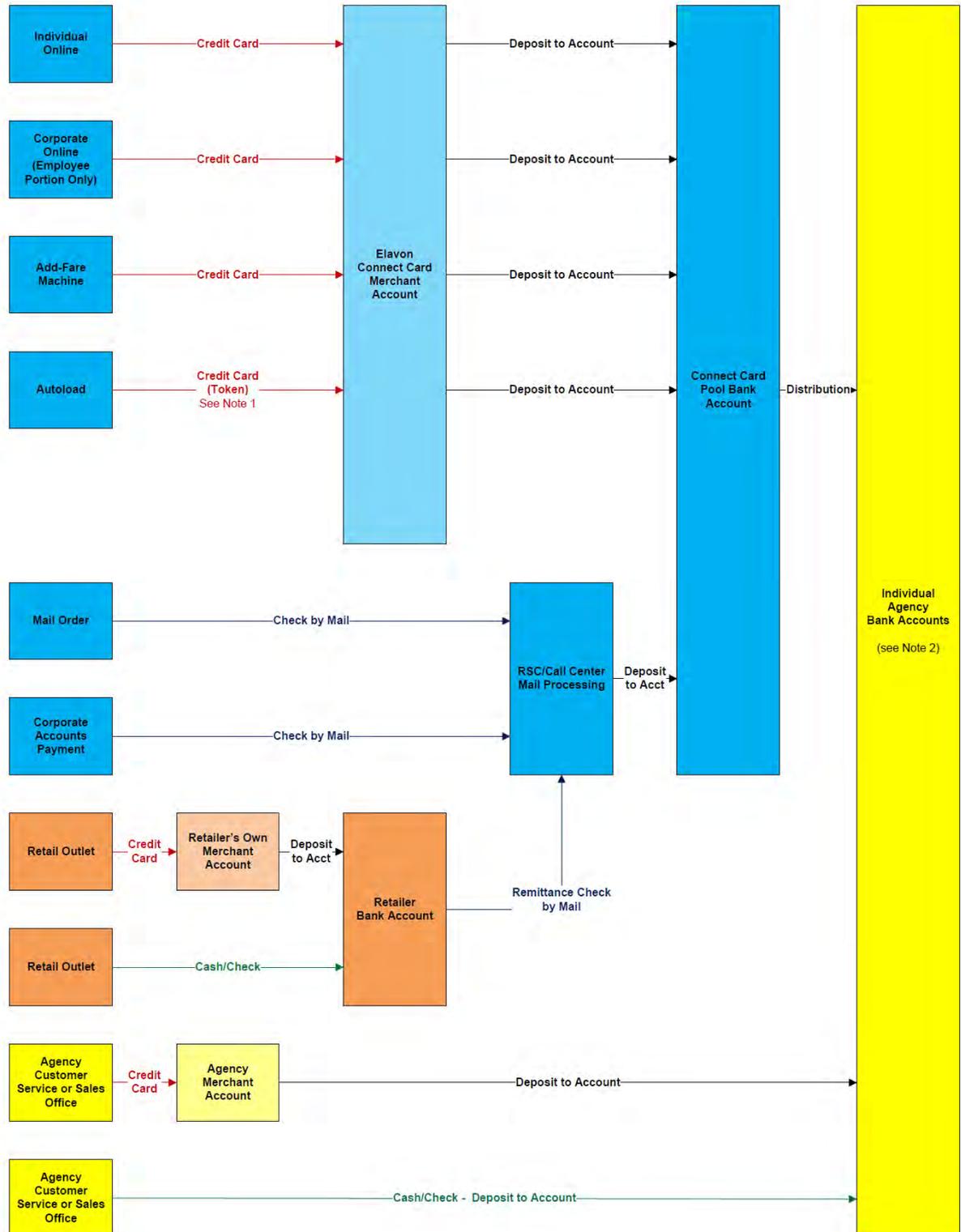
December 21, 2016

VERSION 1.0

Up to date Standard Operating Procedures (SOPs) are available on the shared website: <ftp://ftp.sacrt.com/connectcard/SOPs/>

APPENDIX B:
FLOW OF REVENUE DIAGRAM

Connect Transit Card System Financial Settlement Flow of Revenue Receipts



NOTES:

- **General:** All transactions are recorded by the central system at the Regional Service Center
- **Note 1:** Autoloads: Credit Card personal information is securely held by Elavon; RSC instructs Elavon to process a credit card transaction for autoload using a token ID in place of the actual credit card information.
- **Note 2:** Funds in Pool are distributed to the Agency accounts based on Consortium Agreement, with adjustment to account for receipts held by each Agency from Customer Service and Sales Office transactions.

APPENDIX C:
**SAMPLE MONTHLY POSITIONS SUMMARY AND SETTLEMENT
REPORT**

December 21, 2016

VERSION 1.0

The current form and format of the Monthly Positions and Settlement Report is available on the shared website: <ftp://ftp.sacrt.com/connectcard/SOPs/>

APPENDIX D:
CONNECT TRANSIT CARD BRAND STYLE GUIDE

December 21, 2016

VERSION 1.0

The latest marketing and brand style guide is available on the shared website:
<ftp://ftp.sacrt.com/connectcard/SOPs/>

APPENDIX E:
CONNECT TRANSIT CARD PRIVACY POLICY

The Connect Card Privacy Policy is available on the shared website:
<ftp://ftp.sacrt.com/connectcard/SOPs/>

AGENDA ITEM IV – C
STAFF REPORT

LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDING REQUEST

Background

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving State identified disadvantaged communities (DAC's). LCTOP projects are to support new or expanded bus or rail services; expand intermodal transit facilities; and, may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities with each project required to reduce greenhouse gas emissions. Agencies such as Yuba-Sutter Transit whose service area includes one or more disadvantaged communities must expend at least 50 percent of the money received on projects that will benefit those communities.

In the first year of the program (FY 2014-15), a total of \$25 million was available and this figure was then expected to grow to \$100 million by the FY 2016-17 cycle. The program did increase in the second year (FY 2015-16) with \$75 million in LCTOP funds available statewide from a continuous appropriation of five percent of the annual auction proceeds in the Greenhouse Gas (GHG) Reduction Fund (Fund). In the third year of the program when \$100 million was expected to be available, funding levels have dropped significantly due to poor results from the recent quarterly auctions of GHG reduction credits. As a result, just \$34.6 million is now being made available for the FY 2016-17 LCTOP cycle.

LCTOP funding is distributed under the same formula that is used for the State Transit Assistance (STA) program (50 percent by population and 50 percent by fare revenue) and is available only to STA eligible recipients. As a result, Yuba-Sutter Transit is the only claimant for LCTOP funding in the bi-county area. Caltrans is responsible for ensuring that the statutory requirements of the program are met in terms of project eligibility, greenhouse gas reductions, disadvantaged community benefits and other requirements of law. Recipients are encouraged to select those projects that maximize public benefits for transit ridership, greenhouse gas reductions, disadvantaged community benefits and other co-benefits.

The guidelines for this funding cycle were released on December 23rd and the allocations were released on February 1st just two months before the March 30th deadline for submission of project proposals. Caltrans in coordination with the California Air Resources Board (ARB) will determine whether those proposals are eligible for funding before authorizing the release of funds to the project leads. Eligible recipients are encouraged to request allocations in a timely manner to realize public benefit, but may also retain the continuous appropriation allocation across three fiscal years to accumulate funding for a larger capital expenditure. If an agency chooses to accrue their funds over several years for a capital project, they must still submit the project's Allocation Request in the first year, and re-apply each year that funds are included in the project. This same multi-year provision also applies to operating

projects for now up to five years of a new or expanded service. All funds must be programmed each year in an Allocation Request even for a multi-year project or those funds are lost to the applicant.

After receiving \$60,305 in the first cycle to enhance the North Beale Transit Center and \$180,417 from the second cycle for bus stop enhancements throughout the system, a total of \$82,455 is now available for eligible projects. This figure is about one third of what was originally projected for this third cycle of funding (\$240,000) and the annual allocation is likely to be even lower in the FY 2018 cycle based on recent auction results. As a result, the future of this program beyond the current funding cycle is very much in question.

Eligible Projects

The LCTOP was created to provide operating and capital assistance for transit agencies to reduce GHG emissions and improve mobility, with a priority on serving DACs. Per ***Public Resource Code 75230 (f) (1-3)*** Moneys from the program shall be expended to provide transit operating or capital assistance that meets ***any*** of the following:

1. Expenditures that directly enhance or expand transit service by supporting new or expanded bus or rail services, new or expanded water-borne transit, or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance, and other costs to operate those services or facilities.
2. Operational expenditures that increase transit mode share.
3. Expenditures related to the purchase of zero-emission buses, including electric buses, and the installation of the necessary equipment and infrastructure to operate and support zero-emission buses.

Caltrans in coordination with the ARB will review Allocation Request to determine if the project supports at least one of the above listed criteria, decreases GHG emissions, and if applicable provides a benefit to a DAC. Recipients have the ability to fund “new or expanded services” with a single or multiple years of LCTOP funding as long as the agency is not **supplanting** funds. New or expanded bus services or expanded intermodal transit facilities are considered new if it is within five years from the date of its implementation. LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility especially for disadvantaged communities, LCTOP requires transit agencies with a disadvantaged community to use 50 percent of their allocation on projects that benefit the disadvantaged community. **Attached as Exhibit A is a two page list of eligible project types from the new LCTOP guidelines.**

The California Environmental Protection Agency (CalEPA) has identified disadvantaged communities based on a census tract level assessment of geographic, socioeconomic, public health, and environmental hazard criteria to identify areas that are disproportionately affected by multiple types of pollution and areas with vulnerable populations. Based solely on this assessment, the only designated disadvantaged community in the area is located wholly within Yuba County as shown on Exhibit B. This area is bounded by the Feather River levee on the west, Laurellen Road on the north and Ella Avenue on the south with an eastern boundary (south to north) of Arboga Road, Erle Road, the railroad, Hammonton-Smartville

Road, the Yuba River levee, East 12th Street (Highway 20) and B Street (Highway 70) in Marysville. Due to the State designation, at least 50 percent of the annual allocation of LCTOP funding must benefit this area.

Discussion

This process begins with the identification of alternative eligible projects (operating or capital) to use the money that is now available or as part of a multi-year project of up to five fiscal years either alone or in combination with other funding sources for a larger project. It is important to note that these projects must also satisfy the 50 percent requirement to be either within, or of benefit to, the identified disadvantaged community. Of the eligible project types shown in Exhibit A, staff has in prior years identified a number of alternatives for Board review and discussion based on the narrow program requirements, the relatively small amount of funding available and the recommendations from the 2015 Yuba-Sutter Short Range Transit Plan (SRTP).

These alternatives included a one hour extension of the local fixed route service (Monday through Saturday) at an SRTP estimated cost of \$125,500 annually; additional bus stop enhancements similar to what was done with the first two rounds of LCTOP funding; and, the provision of free or reduced fare transit passes or vouchers to an as yet undefined population or passenger category that could be tied to household income, place of residence, disability, student status, age, military service or any other targeted population. While this third concept was not specifically recommended in the SRTP, it is an approach that was commonly taken by a number of other similarly sized operators with the earlier rounds of funding.

During the last cycle of LCTOP funding, the Board provided several comments and suggestions regarding these and other concepts for further research and evaluation such as service to the Yuba County Airport Industrial Park; expanded service near the Rideout Regional Medical Center; or, a targeted fare voucher program for hospital employees since there is already a lot of service near the hospital even though that service might not be suitable for shift work common to hospitals. It was also suggested that a one hour extension of the local fixed route service may not have much benefit to bus riders who need even later evening service hours. Also discussed was the possibility of some combination of smaller projects such as expansion of the Foothill Route from three to five days a week; a new Yuba County Airport service; expanded service hours both mornings and afternoons; a fare voucher program for hospital employees; and, continued bus stop enhancements.

Staff attempted to further evaluate the potential cost and benefit of the various concepts being considered while also reviewing the metrics for the new or expanded service (operating) project alternatives in relation to the California Air Resources Board (ARB) Greenhouse Gas (GHG) Reduction Calculator Tool. Only projects that are calculated to reduce greenhouse gas emissions are eligible for funding under this program. Unfortunately, this exercise resulted in a finding that local service operated with a diesel powered bus is ineligible for funding because the GHG emissions from the bus itself would more than off-set any GHG reductions from reduced single-occupant vehicle miles traveled (VMT) unless that service operated at ridership levels far beyond what could be reasonably projected. Realistically, new or expanded local services could only be eligible for LCTOP funding if they are to be operated with zero emission buses. Diesel buses could only be used for new or expanded long distance commuter service because of the high number of VMT's being reduced.

Ultimately, the first two rounds of LCTOP funding have been used or designated for enhancements to existing bus stops and transit centers to provide lasting impact beyond a multi-year though still short-term operating project. These projects include the installation of new and larger bus stop shelters and other bus stop improvements including the systemwide replacement of all bus stop signs along with enhanced passenger information systems. Such a project can be configured in such a way as to pass the GHG reduction requirement while insuring that 50 percent of the available funding would benefit the identified disadvantaged community.

Recommendation

As discussed at the February meeting, staff is now recommending that the FY 2017 cycle of LCTOP funding be used to off-set Yuba-Sutter Transit's first year operating expenses for the Connect Card. As shown in Exhibit A, network/fare integration projects such as the Connect Card are eligible projects under this funding source. These expenses, which are now expected to begin accruing to Yuba-Sutter Transit on July 1, 2017, have been roughly projected at between \$65,000 and \$75,000 which is a good fit for the \$82,455 in LCTOP funding that is now available. Any surplus can be rolled over to a future funding cycle and this funding could be applied to this project for up to five years. Without this new funding source, Connect Card expenses would just be another unfunded line item in Yuba-Sutter Transit's operating budget.

Should this funding source become more certain and approach the initially projected funding level, these funds could be used in the future to support one or more major transit center projects; the short term (five year) demonstration of new or expanded commuter services; any variety of free or reduced fare programs; and, the purchase of zero emission buses for future service expansions. Of course, all of these projects would still be subject to the same eligibility requirements that are now in effect under this funding source.

Staff will be prepared to discuss this funding source and the proposed project concept (or alternative projects) in detail at the meeting.

RECOMMENDATION: Adopt Resolution No. 2-17 authorizing execution of the related Certifications and Assurances including the designation of the Transit Manager as the Authorized Agent; and,

 Adopt Resolution No. 3-17 authorizing the submission of the LCTOP funding request as proposed or amended.

Attachments

/Common/Yuba-Sutter Transit Agenda Items/LCTOP Request Item IV-C 3-17/

Eligible Project Categories

The projects listed below are expected to meet the statutory requirements of SB 824 for meeting greenhouse gas reduction requirements and the following amended Public Resources Code 75230 (f) (1-3) Moneys for the program shall be expended to provide transit operating or capital assistance that meets any of the following:

1. Expenditures that directly enhance or expand bus or rail service, new or expanded water-borne transit, or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance, and other costs to operate those services or facilities.
2. Operational expenditures that increase transit mode share
3. Expenditures related to the purchase of zero-emission buses, including electric buses, and the installation of the necessary equipment and infrastructure to operate and support these zero-emission buses.

A. Operational Projects

- 1 Implement new transit service including bus, rail and water-borne transit (new routes/lines)
- 2 Expand/Enhance transit service (extend transit routes, extend service hours, increase frequency of service, increase capacity [e.g., add more buses or rail cars to existing routes])
- 3 Provide alternative transit options that use zero-emission or hybrid vehicles to improve mobility (e.g., vanpooling, shuttles, bike sharing)
- 4 Network/fare integration (e.g., universal fare card that can be used for multiple transit systems)
- 5 Free or reduced-fare transit vouchers (this is a good opportunity to partner with educational institutions, low-income housing developers near transit, or other groups with your jurisdiction to enhance access to transit)

The following projects are only fundable as a component of an Operations Projects (1-5).

- i Purchase, operate and maintain low carbon alternative vehicles or hybrid vehicles and equipment (e.g., buses, railcars, auxiliary electric power units)
- ii Install infrastructure to support plug-in hybrid vehicles and equipment (e.g., electric charging stations, hydrogen fueling)
- iii Install infrastructure to support natural gas or other low carbon alternative fuels
- iv Install renewable energy at transit facilities (e.g., solar panels at transit facilities)

B. Capital Projects

- 1 Install new stops/stations for local bus, intercity rail, commuter bus or rail service
- 2 Install new transit stop/station that connect to bike paths/pedestrian path
- 3 Upgrade transit stops/stations to support active transportation and encourages ridership (e.g., bike sharing facilities; bike racks/lockers; covered benches; energy efficient lighting)
- 4 Upgrade transit vehicles to support active transportation and encourage ridership (e.g., bicycle racks on buses; bicycle storage on rail cars)
- 5 Purchase of zero-emission buses, include electric buses and the installation of the necessary equipment and infrastructure to operate and support these zero-emission buses

The following projects are only fundable as a component of a Capital Projects (1-5).

- i Install renewable energy at transit facilities (e.g., solar panels)

- ii Maintenance or operations to support expanded transit facilities and enhancements.

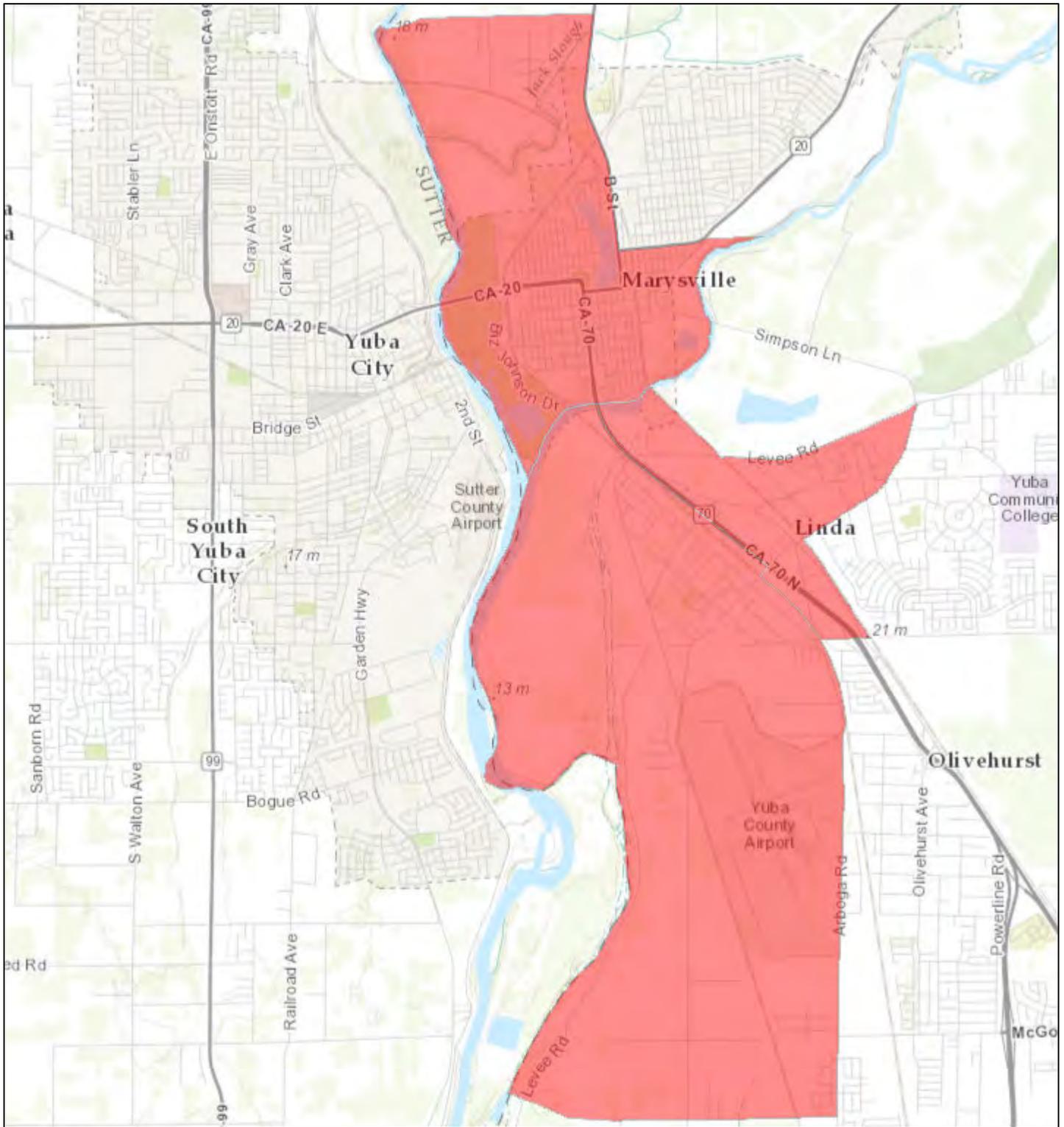
Notes:

Transit operations and maintenance investments made in one year may be included in the subsequent year's project plans. For example, if a transit operator uses LCTOP funds to expand transit service in one year, projects may include the continuation of that same service for additional years, through the funding of related operations or maintenance costs.

Transit capital investments that include the purchase of new zero-emission vehicles may be presumed to meet the service enhancement requirements of Public Resource Code 75230 (d).

For eligible recipients who operate ferry services, funds may be spent in support of new or expanded ferry services, consistent with the requirements of statute and these guidelines.

SB 535 Disadvantaged Communities



April 13, 2015

1:72,224



Exhibit B

Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

*YUBA-SUTTER TRANSIT AUTHORITY
RESOLUTION NO. 2-17*

***AUTHORIZATION FOR THE EXECUTION OF THE
CERTIFICATIONS AND ASSURANCES AND AUTHORIZED AGENT FORMS
FOR THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)***

WHEREAS, the Yuba-Sutter Transit Authority is an eligible project sponsor and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and

WHEREAS, the Yuba-Sutter Transit Authority wishes to delegate authorization to execute these documents and any amendments thereto to Keith Martin, Transit Manager;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Yuba-Sutter Transit Authority that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances and the Authorized Agent documents and applicable statutes, regulations and guidelines for all LCTOP funded transit projects; and,

NOW THEREFORE, BE IT FURTHER RESOLVED that Keith Martin, Transit Manager is authorized to execute all required documents of the LCTOP program and any Amendments thereto with the California Department of Transportation, by the following vote:

Ayes:

Nos:

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY INTRODUCED, PASSED AND ADOPTED BY THE YUBA-SUTTER TRANSIT AUTHORITY AT A REGULAR MEETING HELD ON MARCH 16, 2017.

Chair, Board of Directors

ATTEST:

*Sandra Anderson
Secretary to the Board*

*YUBA-SUTTER TRANSIT AUTHORITY
RESOLUTION NO. 3-17*

***AUTHORIZATION FOR THE EXECUTION OF THE
THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP) PROJECT:
CONNECT TRANSIT CARD OPERATING EXPENSES IN THE AMOUNT OF \$82,455***

WHEREAS, the Yuba-Sutter Transit Authority is an eligible project sponsor and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and

WHEREAS, the Yuba-Sutter Transit Authority wishes to implement the LCTOP project listed above;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Yuba-Sutter Transit Authority that the fund recipient agrees to comply with all conditions and requirements set forth in the applicable statutes, regulations and guidelines for all LCTOP funded transit projects; and,

NOW THEREFORE, BE IT FURTHER RESOLVED by the Board of Directors of the Yuba-Sutter Transit Authority that it hereby authorizes the submittal of the following project nomination and allocation request to the Department in FY 2015-16 for LCTOP funds:

Project Name: CONNECT TRANSIT CARD OPERATING EXPENSES

Amount of LCTOP funds requested: \$82,455 (Regional - \$75,609 / Local - \$6,846)

Project description: Provide funding to off-set the first year operating cost of the new Connect Transit Card universal electronic fare card system that is now being implemented in the six-county greater Sacramento area among nine participating public transportation service providers.

Contributing Sponsors: Sacramento Area Council of Governments (SACOG)

Ayes:

Nos:

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY INTRODUCED, PASSED AND ADOPTED BY THE YUBA-SUTTER TRANSIT AUTHORITY AT A REGULAR MEETING HELD ON MARCH 16, 2017.

Chair, Board of Directors

ATTEST:

Sandra Anderson, Secretary to the Board