



## SACOG Board of Directors

Item #12-9-4  
Consent

September 13, 2012

### **Authorize Connect Card Contract with Elavon**

**Issue:** SACOG is implementing the Connect Card, a regional electronic transit fare system, and requires a contract with a merchant services provider. A merchant services provider will allow the Connect Card Consortium members to accept and process credit and debit card transactions.

**Recommendation:** The Transportation Committee recommends that the Board authorize the Chief Executive Officer to enter into a contract with Elavon through the State of California Master Services Agreement (MSA) for merchant processing services.

**Committee Action/Discussion:** As the Connect Card transitions from the system design phase to procurement and manufacturing, a key component of the business model that will be managed at the Regional Service Center (RSC) is the merchant services for electronic transactions. The merchant services provider performs electronic transactions (credit and debit cards) between the transit patrons and the credit issuers. The medium for the electronic transactions will be the Connect Card website, point-of-sale locations at the transit agencies and retail outlets, and kiosks mostly located at light rail stations. Elavon is proposed to act as the go between for the customer and credit card issuer, verifying the validity of the transaction. Transit agencies (through a pooled bank account) will be charged transaction fees based upon the volume of business activity. SACOG expects no out-of-pocket expenses.

MSAs are contracts that are competitively bid by the Department of General Services and are available to any agency that expends public funds. These types of agreements establish a pre-qualified list of vendors and simplify the purchasing process for the end user, by utilizing fair and reasonable pricing for the function to be provided.

In this instance, the Consortium will be able to obtain very favorable financial terms by utilizing the MSA. Elavon is a Georgia corporation that provides global merchant services. Staff is aware of no locally owned or controlled businesses that provide such services and, in fact, Elavon is the only firm that has demonstrated interest in the unique business opportunity provided by Connect Card.

SACOG would be contractually obligated to keep Elavon whole should there be widespread credit card fraud or other malfeasance. In the very unlikely instance of such events, the Consortium members will hold SACOG harmless as its contracting agent.

#### *Project Background:*

The Connect Card is a regional electronic transit fare system that will allow patrons to conveniently purchase fares in advance, seamlessly pay onboard bus fare and light rail fare at stations, and easily transfer between transit systems using one smart card. The Connect Card is anticipated to increase transit ridership across the region. The implementation of the Connect Card is being completed through a Consortium that includes SACOG and six different transit operators (Sacramento Regional Transit District, Yolo County Transportation District, Yuba-Sutter Transit, Elk Grove Transit, El Dorado Transit, and Folsom Stage Lines).

A Memorandum of Understanding (MOU) between the Consortium partners was executed in May 2011. In June 2011, the Board of Directors approved INIT as the primary vendor for Connect Card implementation.

Approved by:

Mike McKeever  
Chief Executive Officer

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