

**THIS PRINT COVERS CALENDAR ITEM NO. : 10.7**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Authorizing the Director of Transportation to execute Contract Amendment No. 3 to San Francisco Municipal Transportation Agency (SFMTA) Contract No. 2015-26, with moovel North America, LLC (moovel), for software development services for the MuniMobile smartphone ticketing application, to increase the total contract amount by \$312,500 to \$455,000 to cover the SFMTA's payment obligations to moovel for remaining deliverables and commissions on Muni ticket sales through the remainder of the contract's term.



**SUMMARY:**

- The SFMTA's MuniMobile application allows Muni customers to purchase tickets for single-ride fares and passports using their smartphones.
- MuniMobile has become a well-utilized product and usage of the application to purchase tickets continues to grow steadily on a month-over-month basis.
- Contract Amendment No. 2 extended the moovel contract's original term by approximately one year to October 15, 2018, but did not increase the contract amount.
- Additional funding in the amount of \$312,500 is required to pay moovel's per-ticket commission fees for expected increases in ticket sales through the end of the extended contract term.
- Expenses for remaining deliverables owing from moovel to the SFMTA are not increasing.
- The total contract amount will not exceed \$455,000.
- Staff have developed a Request for Proposals to procure competitively under a new contract the services that moovel provides under the existing contract.

**ENCLOSURES:**

1. SFMTAB Resolution
2. Amendment No. 3 to Contract 2015-26.

**APPROVALS:**

	<b>DATE</b>
DIRECTOR 	<u>1/25/2018</u>
SECRETARY 	<u>1/25/2018</u>

**ASSIGNED SFMTAB CALENDAR DATE:** February 6, 2018

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## **PURPOSE**

Authorize the Director of Transportation to execute Contract Amendment No. 3 to SFMTA Contract No. 2015-26, with moovel North America, LLC, for software development services for the MuniMobile smartphone ticketing application, to increase the total contract amount by \$312,500 to \$455,000 to cover the SFMTA's payment obligations to moovel for remaining deliverables and commission fees on Muni ticket sales through the remainder for the contract's term.

## **STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES**

The item will support the following goals and objectives of the SFMTA Strategic Plan:

Goal 2: Make transit, walking, bicycling, taxi, ridesharing, and carsharing the preferred means of travel

Objective 2.1 Improve customer service and communications

Objective 2.2 Improve transit performance

Objective 2.3 Increase use of all private non-auto modes

Goal 3: Improve the environment and quality of life in San Francisco

Objective 3.2 Increase the transportation system's positive impact to the economy

Objective 3.4 Deliver services efficiently

This item will support the following Transit First Policy Principle:

2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.

## **DESCRIPTION**

The SFMTA's MuniMobile smartphone application provides customers a convenient way to purchase single-ride bus, rail, and cable car fares along with one, three, and seven-day passports. In addition to the ability to purchase fares, customers also access trip planning tools, and can use the Rate My Ride feature to provide quick feedback about their travel experiences on Muni.

The original contract was executed on October 31, 2014 for a two year term. The total contract amount was not to exceed \$95,000. Contract Amendment No. 1 was authorized by the Director of Transportation on October 15, 2016. It extended the contract by six months to April 30, 2017. Contract Amendment No. 2, extended the agreement to October 15, 2018 at no additional cost. The contract was extended to provide additional time to evaluate the effectiveness of the mobile ticketing program in advance of drafting a request for proposals.

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Under Contract Amendment No. 3, the contract value will be increased to \$380,000 to provide funding for increases in per-ticket commission fees owing to higher-than-anticipated MuniMobile ticket sales and the extended contract term. Under Amendment No. 3, the Contractor will continue to support the MuniMobile smartphone ticketing platform, including general ongoing project management maintenance, training for SFMTA staff, and provisioning of data and analytics. Additional funding is required to cover forecasted payments for commissions. Mobile ticketing sales exceeded the amount anticipated in the original contract.

Over 215,000 individuals have registered for MuniMobile accounts, and in December 2017, nearly 43,000 customers purchased fares with the application. Overall sales in 2017 were \$3,762,000. Staff are continuing to explore avenues to increase usage of the MuniMobile application with a focus on marketing at boarding locations with significant cash usage and high dwell times as well as increasing visitor passports and cable car single ride purchases.

As MuniMobile has become an important fare payment alternative for customers, staff have prepared a request for proposals to competitively procure under a new contract the services provided under this contract. This process will ensure that customers will be continue to be able to purchase Muni fares on their smartphones after the term of this current agreement comes to a close.

## **STAKEHOLDER ENGAGEMENT**

No stakeholder outreach was conducted in conjunction with this Amendment. However, feedback was solicited from external stakeholders as part of the MuniMobile application development process, and comments are received from customers on an ongoing basis. Comments have driven decisions to improve the in-app ticket purchasing process and more effectively communicate ticket usage instructions to customers.

## **ALTERNATIVES CONSIDERED**

In the immediate term there is no practical alternative to extending the software development agreement that does not risk an interruption in mobile ticketing services and payment of commission fees to the vendor. However, staff in the process of developing a request for proposals to procure competitively under a new contract the services provided under this Agreement along with a provision that the successful proposal ensure seamless ticketing for MuniMobile customers.

## **FUNDING IMPACT**

The total contract value increases by \$312,500 to fund increases in per-ticket commission fees owing to the Contractor. These increased fees were not anticipated under the original contract and previous amendments, and are due to increased sales of MuniMobile tickets. The total contract value is not to exceed \$455,000. Funds are available in the operating budget to cover the increase.

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**ENVIRONMENTAL REVIEW**

On November 3, 2015 the Planning Department concurred with the Municipal Transportation Agency that the MuniMobile application is not a “project” for purposes of environmental review under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Section 15060(c).

The Planning Department’s concurrence is on file with the Secretary to the SFMTA Board of Directors.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney has reviewed this report.

**RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors authorize the Director of Transportation to execute Contract Amendment No. 3 to SFMTA Contract No. 2015-26, with moovel North America, LLC, for software development services for the MuniMobile smartphone ticketing application, to increase the total contract amount by \$312,500 to \$455,000 to cover the SFMTA’s payment obligations to moovel for remaining deliverables and commission fees on Muni ticket sales through the remainder of the contract’s term.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) initiated the MuniMobile mobile fare payment pilot to provide customers with a convenient means of paying single-ride bus and rail, cable car, and passport fares using smartphones; and,

WHEREAS, The SFMTA entered into contract with moovel North America, LLC for mobile fare payment services on October 31, 2014 for a two year period and a contract amount not to exceed \$95,000; and,

WHEREAS, On October 15, 2016, the Director of Transportation authorized Contract Amendment No. 1 to extend the term of the contract by six months to April 30, 2017 and increase the value by \$47,500 for a contract amount not to exceed \$142,500; and,

WHEREAS, On October 15, 2016, the Director of Transportation authorized Contract Amendment No. 2 to extend the term of the contract until October 15, 2018; and,

WHEREAS, Customer use of the MuniMobile smartphone ticketing application continues to grow steadily on a month-over-month basis; and,

WHEREAS, Increasing usage of the MuniMobile application is an indicator of customer appreciation for alternative means of paying for Muni fares; and,

WHEREAS, The SFMTA is committed to providing services such as MuniMobile that make the transit riding and fare payment experience efficient; and,

WHEREAS, The SFMTA is preparing to competitively solicit under a new contract the services under this Agreement to ensure seamless ticketing for MuniMobile customers; and,

WHEREAS, The MuniMobile application does not constitute a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations 15060(c); now therefore be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute Contract Amendment No. 3 to SFMTA Contract No. 2015-26, with moovel North America, LLC, for software development services for the MuniMobile smartphone ticketing application, to increase the total contract amount by \$312,500 to \$455,000 to cover the SFMTA’s payment obligations to moovel for remaining deliverables and commission fees on Muni ticket sales through the remainder of the contract’s term.

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I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of February 6, 2018.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency

**City and County of San Francisco  
Municipal Transportation Agency  
One South Van Ness Ave. 7<sup>th</sup> floor  
San Francisco, California 94103**

**Third Amendment**

**Contract No. SFMTA 2015-26**

THIS AMENDMENT (this “Amendment”) is made as of **February 6, 2018**, in San Francisco, California, by and between **moovel North America, LLC** (“Contractor”), and the City and County of San Francisco, a municipal corporation (“City”), acting by and through its Municipal Transportation Agency (“SFMTA”).

**RECITALS**

- A. City and Contractor have entered into the Agreement (as defined below).
- B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to increase the contract amount.
- C. The City’s authority to enter into the Agreement and this Amendment is provided under San Francisco Administrative Code section 21.30.

NOW, THEREFORE, Contractor and the City agree as follows:

**1. Definitions.** The following definitions shall apply to this Amendment:

1.1 **Agreement.** The term “Agreement” shall mean the Agreement dated October 31, 2014 between Contractor and City, as amended by the:

Assignment and Assumption Agreement, dated September 19, 2016,  
First Amendment, dated October 15, 2016, and  
Second Amendment, dated April 3, 2017.

**1b. Contract Monitoring Division. Contract Monitoring Division.** Effective July 28, 2012, with the exception of Sections 14B.9(D) and 14B.17(F), all of the duties and functions of the Human Rights Commission under Chapter 14B of the Administrative Code (LBE Ordinance) were transferred to the City Administrator, Contract Monitoring Division (“CMD”). Wherever “Human Rights Commission” or “HRC” appears in the Agreement in reference to

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Chapter 14B of the Administrative Code or its implementing Rules and Regulations, it shall be construed to mean “Contract Monitoring Division” or “CMD” respectively.

**1c. Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

**2. Modifications to the Agreement.**

**2b. Section 10 (Payments)** of the Agreement is replaced in its entirety to read as follows:

**10. Payments**

**a. Fixed Price.** In consideration for the services rendered under this Agreement and for the rights in the Programs granted hereunder, the City shall pay to Contractor the amount of Four Hundred Fifty Five Thousand (\$455,000) in accordance with the Payment Schedule attached as Appendix D. Compensation shall be due and payable within thirty days of the date of invoice.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, and products, required under this Agreement are received from Contractor and approved by SFMTA as being in accordance with this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

**b. Payment Does Not Imply Acceptance of Work.** The granting of any payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay.

**c. Taxes.** Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor. Contractor recognizes and understands that this Agreement may create a “possessory interest” for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

**(1)** Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;



(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a “change in ownership” for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (See, e.g., Rev. & Tax. Code section 64, as amended from time to time.) Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

2c. **Appendix D “Payment Schedule”** is replaced in its entirety to read as follows:

**Appendix D**

**Payment Schedule**

Progress	Payment Amount	Deliverables Included/Notes
Build “Rate my Ride” feature for Rider app and associated reporting in TOMS (Transaction Operations and Management System) for MUNI staff	\$35,000	Ability for riders to rate vehicle on-time arrivals, vehicle cleanliness, operator friendliness, and more. Ability for SFMTA to view aggregated feedback in TOMS
Project Management and Training Support through Phase I (Alpha) and Phase II (Beta) as defined in Statement of Work (Exhibit A)	\$30,000	On-site project manager during initial rollout, weekly calls, regularly scheduled on-site meetings and trainings; delivery of training videos and manuals for SFMTA operators, staff, and riders; marketing support plan.
Sales commission fees on mobile ticket sales at 4% of original sale amount per transaction	\$390,000	Payment amount reflects past and projected sales commission fees through term of contract.

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- 3. Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after **February 6, 2018**.
- 4. Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

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IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

<p>CITY</p> <p>San Francisco Municipal Transportation Agency</p> <hr/> <p>Edward D. Reiskin Director of Transportation</p> <p>Authorized By:</p> <p>Municipal Transportation Agency Board of Directors</p> <p>Resolution No: _____</p> <p>Adopted: _____</p> <p>Attest: _____ Roberta Boomer, Secretary</p> <p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p> <p>By:</p> <hr/> <p>Isidro A. Jiménez Deputy City Attorney</p>	<p>CONTRACTOR</p> <p>moovel North America, LLC</p> <hr/> <p>Sam Marshall Chief Financial Officer moovel North America, LLC 1000 SW Broadway Suite 1800 Portland, OR 97205</p> <p>Supplier ID:</p>
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