1
YORK REGION TRANSIT
GREATER TORONTO AREA FARE COLLECTION SYSTEM

The Transit Committee recommends:

1. **The presentation by Wally Beck, iTRANS Consulting Inc. be received; and**

2. **The recommendations contained in the following report, November 23, 2004, from the Commissioner of Transportation and Works be adopted:**

1. RECOMMENDATIONS

It is recommended that:

1. Staff continue to negotiate the terms and provisions of an agency agreement with the Province of Ontario, as represented by the Ministry of Transportation of Ontario (the "Agency Agreement"), under which the Ministry, as agent for the Region and other participating municipalities and GO Transit, will procure the equipment for the GTAFS.

2. Staff continue to negotiate the terms and provisions of an operating agreement for the GTAFS with the Province of Ontario that will complement the terms and provisions of the Agency Agreement.

3. Regional Council confirm its commitment to approve an allocation of up to $2.8 million in the 2006 through 2008 capital budgets for the Region’s share of the capital costs of the GTAFS, excluding the cost of farebox replacements.

4. Staff report back to Transit Committee and Regional Council with the results of the procurement to enable Council to determine whether the Region will proceed with its participation in the GTAFS, should its share of the estimated costs exceed the amount in recommendation three above by 15% or more.

2. PURPOSE

The purpose of this report is to provide Transit Committee and Regional Council with information to make a decision on committing staff resources and funds to enable York Region Transit’s full participation in the integrated Greater Toronto Area Fare System project. There are a number of complex issues that are inherent in the formulation of a business model needed for securing and operating a fully integrated GTA Fare System, which would impact York Region Transit and other departments within the Region.

3. BACKGROUND

3.1 Integrated GTA Fare System Requirement

GO Transit identified a need for a new fare collection system in 2002, which coincided with the needs of several GTA municipal transit systems. Given the desirability of integrating transit services, a collaborative effort between operating authorities to purchase and operate a single integrated fare collection system made sense. A GTA Fare System would provide a common and transparent fare payment system to allow customers to ride on any participating GTA transit system without pre-purchasing tickets or passes and without knowing in advance the fare policies or having the exact cash fare for each transit system.

To assist in the decision to proceed, this report has been broken down into seven components:

- Project Overview
- GTA Fare System Workplan
- Impact on Transit Passengers
- Impact on Transit Operations
- Business Case Analysis
- Funding
- Governance

4. ANALYSIS AND OPTIONS

4. 1 Project Overview

In 2003, York Region Transit signed an Administrative Framework Accord between the Ontario Ministry of Transportation and other GTA transit agencies. The accord provided the administrative framework that was needed to coordinate the design-related activities for the GTA Fare System project.

Given the lessons learned internationally, it was strongly recommended that the GTA Fare System design efforts only focus on integrated transit fare collection applications in order to maximize success, particularly in the development of a central clearing house. Other applications could follow once the fare card has been fully tested and GTA system-wide rollout is complete.

There are six phases that are required to achieve full GTA fare integration by 2010.

4.1.1 Phase 1 – Planning Process (Completed)

This process has been completed and is comprised of project planning, financial analysis and the development of business models, which revealed that there was a strong business case at York Region Transit (YRT) to participate in an integrated GTA-wide fare collection system.

4.1.2 Phase 2 - Design (Completion Imminent)

Over the last year, the municipal service providers, GO Transit and the Province developed the 50% design phase specifications, which is adequate to develop relatively accurate order-of-magnitude costing and provide sufficient information for the vendor community. This phase ends with the signed-off Vendor RFP comprising the 90% design specification level, contract conditions and procurement rules and processes. The interests of the municipal service providers are reflected in the system design through active participation on the design team and representation on the various project teams and committees. This process is detailed in *Section 4.2 – GTA Fare System Work Plan*.

4.1.3 Phase 3 - Procurement (December 2004 to October 2005)

The procurement approach is structured to support the stated requirements and will be facilitated by the Province of Ontario in consultation with all participants.

4.1.4 Phase 4 - Development (November 2005 to Q4 2007)

This phase ends with a system that is developed, tested and accepted for initial revenue service demonstrations.

4.1.5 Phase 5 - Initial Service Demonstration (Q1 2007 to Q4 2008)

By the 1st quarter 2007, there will be an initial service demonstrated on one municipal transit system with inter-connection to GO Transit. By the 4th quarter 2007, there will be commencement of full system rollout of the early adopter systems (York Region Transit is an early adopter). By the 4th quarter 2008, the full system will have been demonstrated on an early service adopter, which will include a TTC subway interface. This phase will end when acceptance testing of the final modifications is completed.

4.1.6 Phase 6 - Full Rollout (Begins End of 2008)

The full rollout will include all municipal systems, the full GO Transit rail and bus network, the interfaces with TTC at three subway terminals, and the central system. The date the GTA Fare System is fully rolled out will depend on the number of transit systems participating and their individual implementation schedules.

4.2 GTA Fare System Workplan

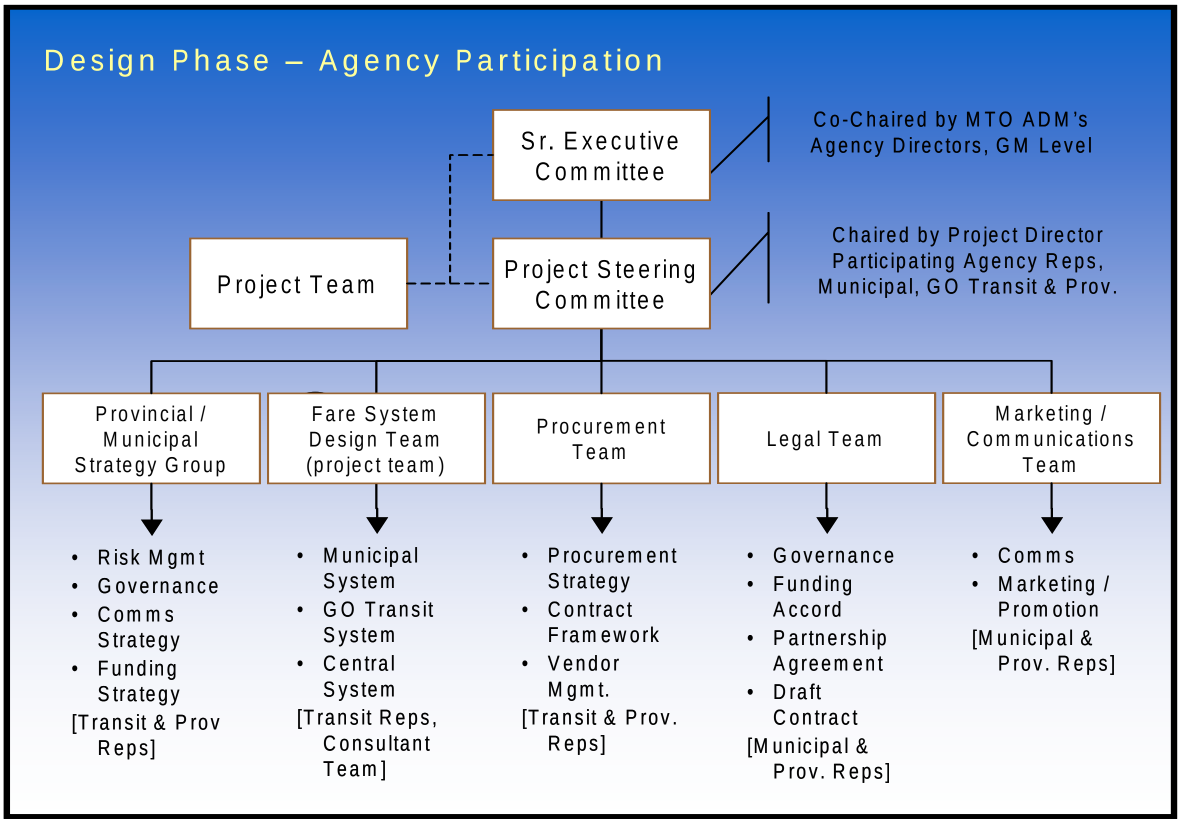
It is clear that the business model required to accommodate a fully integrated GTA Fare System will change the way York Region Transit does business, first as the rollout takes place and on a day-to-day basis thereafter. The Phase 2 Design period required a comprehensive work plan that involved active participation by York Region. York Region's Transit, Legal Services, Supplies and Services, and Financial Planning staff were involved, as required, during the Phase 2 Design period by serving on various committees to deal with issues that required resolution.

4.2.1 Committee Structure

Within the policy and fiscal framework of the sponsoring organizations, a GTA Fare System Steering Committee acted as the primary forum for system design decisions and recommendations. The Steering Committee dealt with a wide range of matters that were provided either directly to the committee or through a series of project teams. Given the nature of the project, there were a number of issues that overlapped. A Strategy Group was then formed to deal with these issues and provide direction to the various project teams before the resolution of issues was brought forward to the Steering Committee.

The Strategy Group consisted of members from York Region Transit, Mississauga Transit, Hamilton Street Railway, GO Transit, and the Province. On issues requiring direction and higher level decision-making, an Executive Committee, chaired by the Assistant Deputy Minister, Ministry of Transportation of Ontario was formed and has met on a monthly basis. The General Manager of YRT sits on the Executive Committee. The Design Phase Committee structure is illustrated in *Figure 1 – Design Phase Committee Structure*.

Figure 1 - Design Phase Committee Structure



Given the sensitive nature and need for an open and transparent procurement process, all participating agencies and their representatives made, and will continue to make, every effort to abide by a Vendor Contact Policy. In this regard, the Region should not engage in any *formal* contact with the GTAFS vendor community. Formal contact would involve any type of exclusive, organized meeting between a vendor and Regional representative but does not apply to informal meetings that involve discussions that do not go beyond the information contained on the GTAFS vendor website. In many cases, it may be difficult to discern between *formal* and *informal* contact. It is, therefore, suggested that all GTAFS inquiries be directed to the designated Purchasing Agent for the GTAFS.

4.2.2 GTA Fare System Issues

The Phase 2 Design period addressed numerous topics, which were dealt with at the technical level as described in the Workplan. To facilitate the process, detailed issue papers were developed for Steering Committee members and debated in a consensus building environment.

4.2.3 Business Rules

A significant amount of effort was devoted to the development and refinement of a comprehensive Business Rules document that addressed 19 key business rules, which states the boundaries within which the functions and services of the GTA Fare System will operate. The business rules will have a direct impact on the way business is conducted from both transit user and transit operations perspectives from the time the farecard is purchased by the user to when revenues are reconciled among transit systems at the end of the day.

The consensus building approach proved to be effective in formulating an eventual GTA fare system design that reflects, as much as possible, the requirements of municipal service providers such as York Region Transit. The design phase (Phase 2) culminated with several reference documents that dealt with complex business processes and technical issues. Rather than bring forward the detailed documents into this report, it was considered to be more appropriate to identify how the GTA Fare System would change the way we do business by answering a number of basic but important questions.

- *What will the impact be on the York Region Transit user?*
- *What will the impact be on transit operations?*
- *How will York Region Transit's interests and investment be protected?*
- *Does the GTA Fare System make financial sense?*
- *How are responsibilities allocated between the central system and York Region Transit?*

4.3 Impact on Transit User

The integrated GTA fare collection system design ensured the customer focus was prominent throughout the issue resolution process. The first order of business was to develop a GTA-wide fare policy model, which would identify common fare categories and definitions of each fare category. The uniform fare strategy was approved by York Region Council in June of 2004. In terms of the day-to-day impact on the transit customer, there will be a number of changes in fare payment that will require the customer to adapt when all existing forms of tickets and passes are phased out. The key drivers to meeting transit user requirements and to attract new transit users were:

- Ease of use.
- Ease of access to obtaining and adding e-purse value to the fare card.
- One fare card design for all participating transit systems.
- Reduce the need for paper transfers.
- Eliminate all passes and tickets (except for BRT station tickets).

- Security (i.e. replace lost or stolen fare cards).
- A loyalty discount program that continues to reward the frequent transit rider.

4.3.1 Customer Perspective

When the GTA Fare System is fully operational, the impact on YRT customers that use the fare card is summarized as follows:

- Purchase of a GTA Fare Card via internet, retail location, agency locations, replacing current fare media.
- Customers pay a $5.00 administration fee for the fare card.
- Load and reload value via Internet, retail location or agency location terminals
- Customers enter bus and places fare card in front of on-board card reader (fare transaction processor – FTP).
- Customers can have their fare card automatically loaded when they board a YRT bus or use their fare card at a BRT station (i.e. Autoload feature)
- Card reader electronically debits fare from fare card and signals to the driver and customer that transaction is complete (visual and sound)
- Riders without fare card would be required to deposit the appropriate cash fare amount
- Fare card holder may use the fare card to pay for accompanying passengers
- Transfers are automatically built into the fare card; however, the transfer can be printed if requested by rider (e.g. transferring to TTC bus within York Region)
- Customers having card related enquires would call the 1-800 number located at the back of fare card for service
- Calls made to YRT regarding central system issues are transferred seamlessly to central system.
- Calls made to the central system regarding YRT issues are transferred seamlessly to YRT.
- Customers requiring information regarding local transit routes, schedules, etc., would continue to contact YRT.

4.3.2 Transfer Policies

Transfer policies were developed to address each of the transfer trips that could be made, including multi-zone travel, transfers within the YRT service area and transfers to other transit systems such as Brampton Transit, TTC, and GO Transit.

4.3.3 Weekly GTA Pass

Sales of the weekly GTA pass will continue, allowing travel on all GTA transit systems, regardless of GTA Fare System participation. The GTA weekly pass accounts for approximately 10% of YRT's revenue and is sold at selected vendor locations.

4.3.4 Lost or Stolen Fare Card

Currently, YRT is not obligated to replace lost or stolen tickets and passes. Fortunately, registered fare cards will have security features similar to that of credit cards in terms of confidentiality and security. If a fare card is lost or stolen, the customer will be able to contact and notify the call centre operated by the central system or visit the YRT office.

4.4 Impact on Transit Operation

The fare card is expected to handle 70% of the fare payments made on YRT buses, while 30% of the payments would be by cash. Currently, approximately 50% of YRT revenues are in cash. The fare card technology will cause a major change in the way business is conducted and in the way that money is handled from the bus operator/system perspective and from an administrative perspective.

4.4.1 Bus Operator and System Perspective

- Driver ensures fares have been correctly debited from rider's fare card (visual or sound).
- Fare card verification eliminates the need to verify fare payment and the validity of transfers.
- Passenger boarding times are reduced.
- Prints transfer from onboard printer for cash fares and to accommodate additional zone fares.
- Buses enter bus depot for service and upon arrival fare data is downloaded via wireless system.
- Fare data is aggregated on an on-site PC and electronically sent to the Central System Operator for processing via a secured network connection.
- New data is electronically downloaded to each bus prior to exiting the depot.
- Transit operator data is electronically sent to Central System Operator.
- Data is uploaded to the central system and reconciled against fares, fees and revenue.
- Central system settles accounts and transfers revenue to Level 1 preventative maintenance completed by transit staff.
- Malfunctioning components "swapped" out with new components.
- Services provided by third party vendor.
- Point of Sale locations selected by agency and managed by third party vendor.

4.4.2 Administrative Perspective

- Fare processing managed and operated by the Central System Operator.
- Central system operations funded and managed by Province.
- Partnership arrangement with other GTA public transit agencies & Province.
- Revenue reports are electronically sent to YRT for verification.
- Audit trails incorporated into process and data for review by YRT Audit team.
- Fare policy model developed and adopted by GTA public transit operators – common fare categories.
- Flexibility exists for local municipalities to establish their own fare structure..
- Major fare system changes discussed and managed by broader governance group.
- Integration into the BRT service will see fare card readers placed at all bus stops, replacing the single function ticket validators.
- A comprehensive Business Rules document was developed to form the basis of the day-to-day operations manual to be followed by all GTA Fare System participants.

4.4.3 Farebox Replacement Strategy

Approximately 205 of York Region Transit's 235 buses are equipped with electronic registering fareboxes, which verify cash fares and accept tickets and paper currency. The remaining 30 buses are equipped with mechanical fareboxes and are operated out of the Newmarket garage. The BRT vehicles will have no fareboxes since there is no on-board revenue collection. YRT is currently in the middle of a two-year farebox replacement and refurbishing program that, when completed in late 2005, will extend the life of YRT's fareboxes for at least five to seven years.

4.5 Risk Mitigation

Although every effort was made to apply lessons learned from other international fare card systems, the investment in a GTA Fare System is significant and as such, the Design Team, Strategy Group and Steering Committee members had undertaken a comprehensive risk assessment exercise. This involved the identification of risk from a passenger, operations and financial perspective. Each risk factor was rated according to its potential impact *if things went wrong* and to identify what measures should be in place to mitigate the risk.

It was clearly evident that the higher degree of risk would be borne by the early adopters – York Region Transit, Hamilton Street Railway and GO Transit. York Region Transit has the most complex operation and fare structure of all participants given its significant service area, its highly integrated demand with the rest of the GTA (i.e. TTC buses and subway stations, Brampton Transit, GO Transit), the BRT service that will be in place in 2005, and YRT's unique multi-zone fare policy.

Early adopter risk, however, will be mitigated by a number of measures:

- Aggressive and thorough testing procedures before general public release.
- The use of solid state hardware and proven microchip technology.
- Additional funds for marketing and initial distribution efforts.
- Staff participation on the GTA Fare System design and procurement teams.
- Intensive staff and public education process.
- Change management training through reallocation of tasks when some tasks will become redundant (e.g. fare media distribution efforts will become minimal).
- Establishing a discount loyalty pricing strategy through proper research (e.g. stated preference survey), or placing money in a revenue reserve fund.
- Establishment of a fare system implementation contingency, which will be a 100% Provincial responsibility to cover unexpected or unplanned events; the need for the fund will diminish with every subsequent transit system implementation.

Although additional costs will be borne by the early adopters such as YRT, the financial and customer benefits as identified in the Business Case Analysis would be realized earlier. These are reflected in the Funding Strategy that has been negotiated and incorporated into the business case analysis.

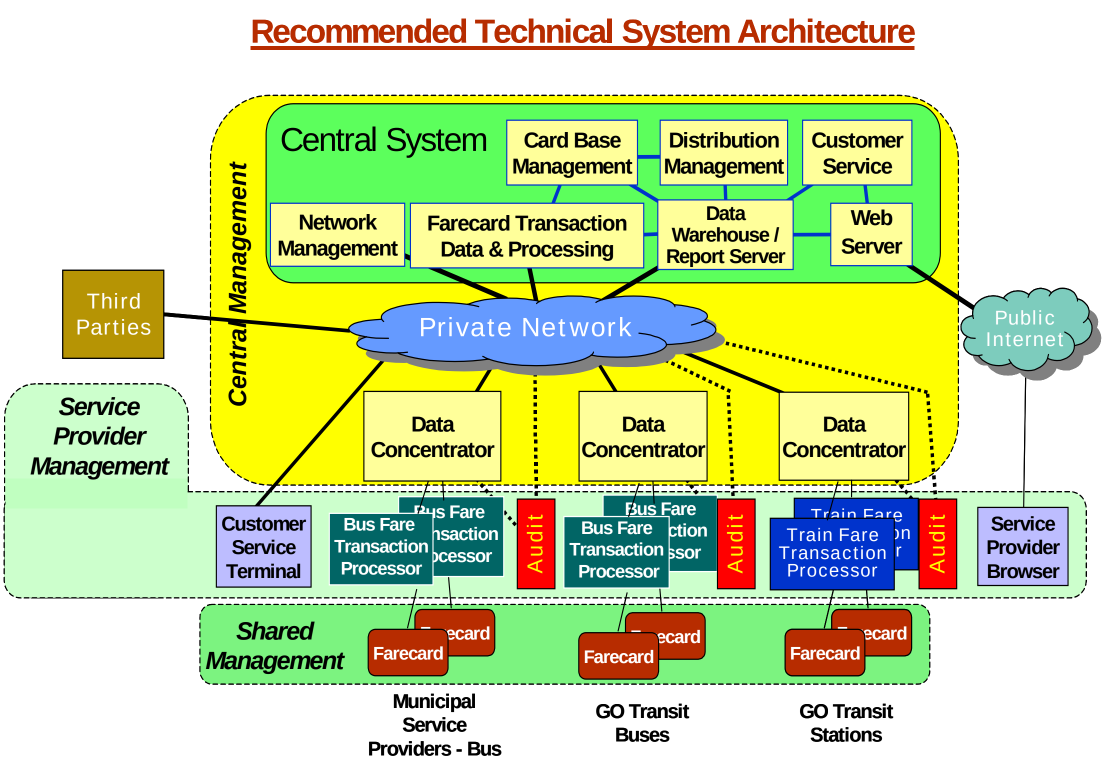
4.6 Business Case Analysis

The municipal participants in the GTA Fare System collaborated on the development of a Municipal Business Case Analysis to refine and broaden previous analysis to take into account a wide range of implementation and operational costs. The next step was to design the functional specifications and to refine the business process costs related to fare collection efforts today and compare them to the processes and costs that would be experienced in an integrated GTA Fare System.

The funding framework was then illustrated by identifying the system infrastructure components in *Figure 2 - GTA Fare System Architecture*, which graphically illustrates the division of responsibilities between the central system and the service providers. The Strategy Group then negotiated a funding framework to allocate the capital costs between the Province and each service provider through the logical division of responsibilities.

Fare collection at YRT currently accounts for approximately 2.6% of the total transit budget. It was a goal of the GTA Fare System Steering Committee to quantify the business case to support participation in an integrated GTA Fare System by each member transit system.

Figure 2 - GTA Fare System Architecture



4.6.1 Capital Costs

The business case for a GTA-wide fare system correctly assumes there are inherent economies of scale that will be obtained if all 9 municipal transit systems and GO Transit participate in the GTAFS. There was concern expressed when developing the funding strategy framework that additional costs would be incurred if one or more municipalities did not proceed to the next step. Although the Province has provided some assurance they would likely make up the difference, the recommendation to proceed will be subject to an upset limit, regardless. Coupled with the business case analysis, this would provide a degree of protection for York Region.

Generally speaking, the province will be responsible for all central system capital costs. YRT, and the other municipal systems, will be responsible for local hardware and software costs, and fare collection and reader equipment.

4.6.2 Operating Costs

The York Region Transit business case for participation in the GTA fare System is built on two principles. The first principle is that simplified and seamless travel between transit systems that rewards fare card users will encourage existing customers to ride transit more frequently, and will attract new customers to the system. The second principle is that the existing fare collection processes are time consuming and expensive and can be improved by streamlining processes and by centralizing and sharing costs between participating transit systems. In the business case analysis, there was a negotiated division of responsibilities and costs between the Central System and the municipal service providers. YRT would be responsible for local costs only (not central system costs) such as staffing, supplies, telecom, audit and service fees.

4.6.3 Funding

The funding allocations between service providers such as York Region Transit and the Province are summarized in *Figure 3 – Funding Allocation* and in additional detail in *Attachments 2-6.*

Figure 3 - Funding Allocation

100% Provincial Funding

Central System – Capital
- Customer Services & System (Call Centre)
- Clearing, Settlement & Financial System
- Vendor Program Management
- Client Program Management
- Disaster Recovery
- Project Contingency Fund

Central System – Operating Functions
- Card Management
- Customer Services
- Distribution Management
- Financial Management
- Security Management
- Information Systems
- Brand Management

1/3rd Province, 2/3rd York Region

Municipal System – Capital
- Vendor Project Management & Installation
- Fare System Equipment (located on bus and in bus depot)
- Municipal Ramp-Up / Transition
- Farebox (depends on option?)

100% York Region

Municipal System – Operations
- Maintenance Staff
- Maintenance Expenses
- Farebox Dumping & Cash Processing
- System Administration
- 3rd Party Network
- Customer Services
- Fees & Commissions
- Fare Evasion & Cash Premium
- Potential Float Investment

Attachment 2, Funding - Central System Capital Costs details the central system components, which are 100% Provincial responsibility while *Attachment 3 – Funding - YRT Capital Costs* sets out the cost sharing arrangement between the Province and York Region Transit on capital costs specific to York Region Transit. *Attachment 4 – Funding - Transition/Ramp Up Costs* identifies the capital-related cost components that will be incurred during the implementation stage.

4.6.4 York Region Transit Business Case

Based on the Phase 2 Design activities, two cost components were estimated to form the business case analysis specific to YRT– capital costs and ongoing operating costs over a 10-year design period. The annual operating costs have been compared to existing fare collection costs in order to quantify the business case.

Based on current estimates and fleet size, the GTA fare system costs for YRT, are summarized in Table 1 and provided in detail in *Attachment 5 – York Region Transit Business Case*.

Table 1
Summary of York Region Transit Business Case

Cost Components	* No Change in Fare Collection System	GTAFS with New Registering Fareboxes	GTAFS with Secure Mechanical Fareboxes
Farecard System Capital & Ramp-up Costs	N/A	$6,929,827	$4,772,035
10-Year Operating Costs	$10,698,100	$5,610,569	$5,823,931
Total 10-Year Costs	$10,698,100	$12,540,396	$10,595,966

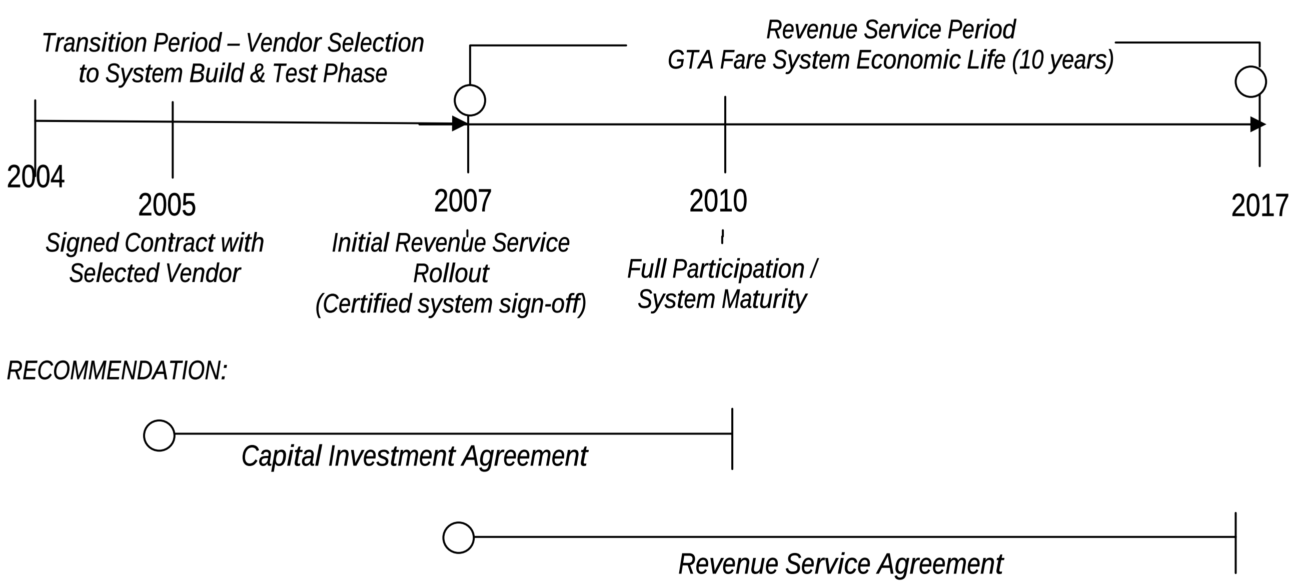
***** Note: GTAFS costs with existing equipment provided for comparison purposes only since fare collection equipment will have to be replaced.

There is a significant savings in ongoing maintenance costs utilizing the farecard system when compared to current fare collection costs. Regardless of the farebox technology, the ongoing operations savings will be significant, approximating over $500,000 per year. No decision is needed by YRT to replace its fareboxes for another five years when its farebox equipment is due for replacement. Since the costs and business case can change significantly in the future, the technology selection should be determined after the farecard technology has been in operation.

Every effort was made to design the GTA Fare System from the bottom up to mitigate risk, which was a key lesson learned from other international fare card systems. In order to ensure that financial commitments by York Region do not exceed budgeted amounts, the Province has agreed to fund 100% of a fare system implementation contingency to cover unexpected or unplanned events, which are identified in *Attachment 6 – Implementation Contingency Costs.*

Since the business case analysis will incorporate operating cost savings over a 10-year period, it is important that the agency agreement be in place during this period to ensure the central system continues to be the responsibility of the Province or any successor such as the proposed Greater Toronto Transportation Authority (GTTA). The timelines are illustrated in *Figure 4* below.

Figure 4 - GTA Fare System Implementation Schedule



4.7 Governance and Agency Agreement

All participating agencies recognized the need to formalize a governance structure as a framework within which decisions on procurement could be made. Accordingly, representatives from each of the participants' legal departments formed a subcommittee to develop an agreement that sets out the respective roles and responsibilities of the participating agencies.

A draft agreement has now been prepared and will be submitted for approval to each participant's respective Councils or boards.

4.7.1 Governance Model

The Agreement will be a multi-party agreement between the Province of Ontario, GO Transit and each of the participating municipalities. The Agreement contemplates that decisions will be made through a committee structure with an appointee to each committee from each of the participants. The roles of the respective committees are as follows:

- **Procurement committee:** The essential role of the procurement committee is to make recommendations on all aspects of procurement, including specifications, preparing the RFP documents, and development of budgets for review by the steering committee. The role of the procurement committee is supported by procurement guidelines which are attached as a schedule to the agreement and which outline the procedures to be followed at each stage of the process. A quorum of the procurement committee is 50% of members and decisions require a two-thirds vote of those members. There is also a provision for appointing alternates. The procurement committee is not tasked with making final decisions on any matter but prepares recommendations for submissions to the steering committee.

- **Steering committee:** The role of the steering committee is to provide day-to-day decision making. Each participant is represented by one member on the steering committee, with provision for appointment of alternates. A quorum consists of two-thirds of the total number of members and decisions require a two-thirds vote of the members present. The role of the steering committee includes approval of the implementation schedule, approval of the budget and assessment payment process, financial report for submission to the executive committee, approval of the communication plan and making recommendations to the executive committee on contract execution and any amendments.

- **Executive committee:** The executive committee is the highest level committee and provides overall leadership and final decision making. A quorum for executive committee meetings is a least 85% of members and key decisions require a three-quarters vote. The executive committee is responsible for the following decisions:

  - Approval of the budget.
  - Resolution of issues forwarded by the steering committee.
  - Approval of the procurement documents.
  - Approval of the contract and any amendments.
  - Approval of termination of the agreement in the event the agent defaults.

4.7.2 Appointment of Agent

Each party to the agreement appoints the MTO to procure the GTA Fare System on its behalf including issuing the RFP and entering into the ultimate contract. This is subject to the input provided by the various committees constituted by the participating agencies.

4.7.3 Funding
The agreement commits the MTO to fund 100% of the capital cost for the central system and one-third of the capital costs for the acquisitions of the municipal systems. It further provides for municipalities to fund two-thirds of the capital costs for their own systems and 100% of their operating costs. A schedule to the agreement sets out the process for assessing individual payments.

4.7.4 Outstanding Issues
There are substantive issues concerning the Agency Agreement that remain to be resolved, namely:

1) The indemnification clause in which the Province seeks an indemnity from the partners but refuses to provide a reciprocal indemnity.
2) The municipality's inability to withdraw without penalty from the GTAFS after the RFP has been issued.
3) The ability of the Province to assign the Agreement.
4) The provisions of the Operating Agreement, which would complement the Agency Agreement, remain to be developed, due to time constraints. The municipalities were not prepared to commit in the Agency Agreement to entering into of an Operating Agreement that had yet to be developed.

Staff will continue to negotiate these issues and report back to Council.

4.8 Relationship to Vision 2026
The development of a GTA fare system using smart card technology is supportive of the Vision 2026 goal to "… have effective, efficient and environmentally sensitive transportation, waste management and water systems", and the action areas around that goal, including "developing an integrated transportation network " and "making transit accessible".

5. FINANCIAL IMPLICATIONS

The total capital cost to the Region to purchase, install, test and rollout the new system is estimated at $2.8 million. These costs are subject to one-third provincial funding and will be incurred in the 2006 to 2008 period. In 2010 YRT will be in a better position to determine the best farebox solution to utilize with the GTAFS (i.e. registering versus mechanical fareboxes).

Since YRT is designated as an early adopter, YRT has committed a fulltime staff member to the design team and procurement team throughout 2005. The staff member's cost has been, and will continue to be, recovered from the Province. Other departmental staff will continue to participate on the various sub-committees.

York Region Transit's financial commitment to date has been limited to utilizing the services of iTRANS Consulting Inc. as YRT's representation on the GTAFS Steering

Committee and Strategy Group, and as a co-ordinator of the GTAFS activities. Given the staff and management workload associated with Quick Start, the staff commitment to the GTA Fare System, and the desired continuity of representation on the GTAFS Steering Committee, it is recommended that the 2005 budget provide for continued consultant participation on the GTAFS Steering Committee. The meeting schedule and tasks are not anticipated to be as aggressive in 2005 as they were in 2004. It should be noted that the General Manager of York Region Transit would continue participation at GTA Fare System Executive Committee meetings held at Queens Park.

Upon approval to go to the next step – participation in the procurement, detailed design, and implementation - York Region Transit will incur capital costs beginning in 2006.

5.1 Gas Tax Revenue Implications

The Provincial government recently announced the allocation of gas tax revenues to transit operating authorities to be used for the initiatives that qualify under the program. This includes the GTA Fare System. Further, a condition of the gas tax funding for GTA transit systems is that they participate in the GTA Fare System project.

6. LOCAL MUNICIPAL IMPACT

The development of a fully integrated GTA fare system using the e-purse fare card technology will further enhance public transit as a transportation option. This, in turn, will support the modal split objectives of the Region and all local municipalities.

7. CONCLUSION

York Region Transit is committed to providing a convenient fare payment system that enables York Region residents and residents throughout the GTA to transfer seamlessly between transit systems. The long-term time frame for full GTA implementation in 2009 is far more aggressive than other international smart card installations that involve several jurisdictions and a central clearing house. During the interim, YRT has a number of local issues to overcome that will be addressed in a timely fashion to ensure that needs are met and costs are minimized.

YRT staff support the provincially led initiative through the Ministry of Transportation of Ontario, and will continue to be an active participant of the GTA Fare Executive Committee, System Steering Committee, Design Team and other sub-committees. Staff will continue to keep Transit Committee and Regional Council apprised of the progress and timelines as the project matures and where direction is required.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are attached to this report.)