

3

YORK REGION TRANSIT GREATER TORONTO AREA FARE SYSTEM (SMART CARD) PROGRESS REPORT

The Transit Committee recommends the adoption of the recommendation contained in the following report, January 31, 2007, from the Commissioner of Transportation and Works:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to provide an update to Transit Committee and Regional Council on the Greater Toronto Area (GTA) fare system or “Smart Card” project. A previous update was provided at the June 2006 Transit Committee meeting.

3. BACKGROUND

The proposed GTA fare system is intended to provide a common fare card (smart card) that will 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. This GTA fare card will provide fare payment on all systems and accommodate the fare policies of all service providers, including intersystem transfers, discounts and customer loyalty schemes, in a way that will be essentially transparent to the customer. Customers will still be able to pay in cash if they choose. A GTA fare system will also act as an important enabler of transit integration in the GTA.

There are two major components to an integrated smart card system. York Region Transit, as well as all other participating Municipal Transit Service Provider System transit agencies, will require a computer system, and all conventional buses and Viva stations in York Region will be equipped with card readers known as Fare Transaction Processors. A central system will enable fare integration between transit systems, and will reconcile transit system revenues on a daily basis to ensure each service provider agency receives the appropriate revenues.

GO Transit defined a need for a new fare collection system, which coincided with the needs of surrounding GTA transit systems. Given the desirability of integrating transit services, a collaborative effort between operating authorities made sense. The Ministry of

Transportation of Ontario recognized this need and committed up to \$40 million to cover a portion of the two major components needed for successful fare integration. The Province will cover 33% of capital costs attributed to each local transit authority smart card system needs, and 100% of the capital and ongoing operating expense of the common central system.

In 2003, York Region Transit signed an Administrative Framework Accord between the Ontario Ministry of Transportation and GTA transit agencies. The accord constitutes the administrative framework needed to coordinate the design-related activities between the signatories. The accord is not a legally binding document, rather it was designed to enable the project Steering Committee to make timely decisions and recommendations to successfully complete procurement documents and address transit authority concerns during the design process.

The Province is accountable for the GTA Fare System project and intends to move forward and provide the necessary resources to meet established timelines.

4. ANALYSIS AND OPTIONS

The following sections provide brief summary of the activities completed since the last update (June 15, 2006).

4.1 Procurement Contract Award

In June 2005, the Region signed the procurement agreement with all other participating agencies. The procurement agreement authorizes the Ministry of Transportation to act as an agent of the Region and all participating agencies (*see Attachment 1*) for the procurement of the equipment and services required for the smart card system.

The Ministry, with participation from all other GTA transit agencies, went through a request for qualification process for short-listing the potential vendors capable of successfully delivering the smart card system. The process involved a written response to 50% ready specifications at that time, general specifications and oral interviews. The process was completed in March 2005. The final RFP documents were released to four short-listed vendors in October 2005 and three responses were received in January 2006. Computer Sciences Canada Inc. advised the Ministry that they will not be submitting a response. The following three short-listed vendors submitted their proposal in response to the RFP:

- IBM Canada Ltd.
- Accenture Inc.
- CGI Inc.

The submitted proposals were evaluated by an expert panel of representatives from the participating municipalities, the smart card system project office and the Ministry. Based on technical and management and oral evaluations, Accenture Inc. has been selected as the successful vendor for the supply, installation and operations of the smart card system.

4.2 Operating Agreement

In December 2004, Regional Council authorized York Region staff to negotiate the terms and provisions of an operating agreement for the smart card system with the Ministry that will define both:

- A framework for detailed decision-making regarding the operation of the smart card system involving the Ministry, GO Transit and GTA municipalities.
- The roles and responsibilities of participating agencies.

It includes the terms and conditions necessary in the operation of the smart card system and legally binds all the participating agencies.

In June 2006, Regional Council authorized the Regional Chair and the Regional Clerk to sign the operating agreement subject to review by Legal Services. The operating agreement was signed by all participating agencies in September 2006.

4.3 Funding Agreement

The Region is required to enter into a Funding Agreement with the Ministry to obtain the province's share of one-third of the capital cost of the smart card system. The funding agreement will describe the terms and conditions of the sharing of capital costs of the smart card system. The funding agreement is based on the procurement agreement signed in June 2005 by all participating agencies.

In June 2006, Regional Council authorized the Regional Chair and the Regional Clerk to sign the funding agreement subject to review by Legal Services. The Region's Legal and Transit staff are actively involved in the finalization of funding agreement terms and conditions.

4.4 Launch 1 – Pilot Testing on GO, TTC and Mississauga Transit

Launch 1 of the project includes limited deployment of representative devices at GO Transit, Mississauga Transit and the TTC to demonstrate the use of the smart card for fare payment with a small selected group of commuters.

Accenture Inc. and the smart card project office have already started working on Launch 1 work and it is likely that the system will be ready for launch in early June 2007. The public launch is planned for early July 2007.

4.5 Launch 2 – Full Deployment

Launch 2 of the project includes full scale certification and deployment on the following properties:

- GO Transit Lakeshore West Corridor trains, train buses and Hamilton QEW bus.
- Burlington/Oakville together for certification of the common Municipal Service Provider System functions.
- GO/ Municipal Service Provider fare integration.
- TTC faregate (turnstile).
- Central System.

Accenture Inc. and the smart card project office have started working on Launch 2. Towards the end of Launch 2, certification and deployment will start in York Region and it is likely that the system will be implemented in York Region in mid to late 2008.

4.6 Brand Development

The purpose of brand development is to create a compelling brand for the new smart card which will:

- not replace, supersede, conflict or detract from existing transit brands
- provide a payment brand that will enable customers to more easily use transit
- identify the smart card system as an innovative, beneficial and customer-focused initiative for public transit
- build understanding and credibility for an unknown payment option
- build the foundation for use and loyalty through education and trial

The smart card project office has engaged Gee Jeffery & Partners to assist in the design of a brand for smart card. Gee Jeffery & Partners have been working with the representatives from the participating municipalities, the smart card project office and the Ministry to finalize and select a brand for smart card.

It is likely that a final recommendation will be made to the smart card system Executive Committee in late May 2007 for approval. In June 2006, Regional Council authorized the General Manager of York Region Transit, as its Executive Committee Member, to perform any action, and provide any required recommendations, instructions and approvals on the Region's behalf.

4.7 Relationship to Vision 2026

The development of a smart card 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

In June 2006, Regional Council authorized an expenditure of up to \$7.39 million as the capital cost for the implementation of the Greater Toronto Area fare system exclusive of applicable taxes.

One of the criteria to qualify for provincial gas tax funds is to demonstrate participation in the smart card project. York Region was one of the first municipalities to join the smart card project. For 2007, provincial gas tax funds will be available for offsetting operating and capital costs on a 50:50 basis.

It is expected that approximately \$20.8M gas tax funding, \$11.3M from the Province and \$9.5M from the Federal Government, will be received by the Region in 2007. The Region will be responsible for ongoing operating costs associated with the Municipal Service Provider System beginning in 2008. It is estimated that there will be a net saving in operating costs of approximately \$3.23 million over a ten year period, or \$323,000 per year resulting from a reduction in maintenance costs for Viva ticket validators and printing costs for fare media.

It should be noted that the provincial gas tax funding is available for projects such as smart card, ridership growth plans, etc.

6. LOCAL MUNICIPAL IMPACT

The development of a smart card system using smart 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 of the opinion that satisfactory progress has been achieved on the smart card project. YRT staff will continue to keep Transit Committee apprised of the progress and time lines as the project matures and where Transit Committee and Council direction will be required.

In the interim, it is recommended that this report be received for information.

For more information on this report, contact Rajeev Roy, Manager, Transit Management Systems (Ext. 5682), of Transit Branch in the Transportation and Works Department.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)