THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 3
OF THE REGIONAL COMMISSIONER OF FINANCE

For Consideration by
The Council of The Regional Municipality of York
on April 21, 2005

1
FARE PAYMENT PROCESSOR AGREEMENT – MONERIS SOLUTIONS

(Regional Councillor Van Bynen declared an interest in this report, as he is still technically employed by the Royal Bank. He did not take part in the consideration or discussion of or vote on this item.)

1. RECOMMENDATIONS

It is recommended that:

1. The Region enter into a three year contract with Moneris Solutions as the non-cash transaction payment processor and settlement clearing house for the York Rapid Transit System (VIVA) at an estimated cost of $490,000 pursuant to the sole source provisions of the Purchasing By-law No. A-0353-2004-089.

2. The Regional Chair and Regional Clerk be authorized to enter into the above contract, subject to the prior review of Legal Services.

2. PURPOSE

The purpose of this report is to seek approval from Regional Council for the selection of the fare payment processor for the York Rapid Transit System (VIVA).

3. BACKGROUND

At its meeting of September 18, 2003, Regional Council approved the award of the design/build contract for the “Quick Start” phase of the York Rapid Transit System to Kiewit-Ellis Don (KED). Included in the KED proposal was the authority for KED to sub-contract work for components. KED has selected TRAF-PARK as the sub-contractor for the provision and maintenance of fare processing equipment. TRAF-PARK in turn has an existing certified interface with Moneris Solutions, for the processing and settlement of non-cash fare transactions of fare revenues. Moneris Solutions is a joint investment between RBC Royal Bank and BMO Bank of Montreal.

The Quick Start fare payment is based on Proof of Payment (POP), which requires that the traveller retain a ticket, pass, or other form of proof that a fare has been paid. This would involve either purchasing a validated single-ride ticket or validating a pre-purchased ticket at the stop or terminal where the transit trip begins. All fare payment is made before boarding the transit vehicle.

4. ANALYSIS AND OPTIONS

The following are major components of the Quick Start fare system:

- Terminal Ticket Vending Machines (TTVM) – Installed at terminals, dispenses unvalidated tickets in multiples of ten, validated single journey tickets, zone upgrade supplements, GO transit supplements and period passes. It accepts coins (with coin return), bills, debit cards and credit cards as mode of payment. The debit and credit card transactions are validated on a real time basis from the .
- Ticket Vending Machines (TVM) – Installed at all bus stops and some of the terminals, and dispenses validated single journey tickets, zone upgrade supplements and GO transit supplements. It accepts coins (exact change) and credit cards as mode of payment. The credit card transactions are allowed after comparing the card number from a local bad card list (updated periodically) and validated on a batch basis once a day.
- Ticket Validators (TV) – Installed at terminals and all bus stops, validates tickets pre-purchased from TTVM or third party ticket agents with a date and time stamp on both sides of the ticket and clipping one of the corners .
- Revenue Management System (RMS) – Central computer/software system to monitor, maintain and control all fare collection hardware and revenue transactions.
- Customer Service Centres (CSC) – At the York Region Transit office where customer and other inquiries will be processed. The CSC will support sales, refunds and voids for both sales and refunds.
- Communications Network – Leased digital or Data pac lines and equipment for communications between RMS/Banks and TTVM/TVM/TV/CSC.

Customers have the choice of paying using cash, credit or debit cards and therefore a payment processor is required to handle the credit and debit card usage.

Moneris Solutions is the only interface that TRAF-PARK has as a fully tested option for new client use. The Region's banking services provider, TD Canada Trust, was approached to bid on the project but they were unable to certify use with TRAF-PARK software in a timely manner. Fare transactions processed by Moneris Solutions will be deposited directly into the Region's bank account. For this reason, it is necessary for the Region to enter into an agreement directly with Moneris Solutions.

5. FINANCIAL IMPLICATIONS

It is estimated that there will be approximately 1.5 million VIVA riders during the last 4 months of 2005 and 7.4 million for calendar 2006. The estimated revenue associated with this activity is just over $3 million in 2005 and about $15 million for 2006. Based on current payment patterns, it is projected that the split in payment methods will be approximately 30% cash and 70% non-cash.

The agreement with Moneris Solutions is for a three year term commencing April 1, 2005. VIVA commences service in September 2005 with a gradual ramp up during the first four months of operation (September – December 2005). The full system will not be in place until January 2006. The anticipated rider ship during the first full year (2006) is estimated at 7.4 million riders. This will result in annual fees for the projected debit and credit card transaction volumes to be handled by Moneris Solutions of approximately $190,000 and a total contract amount of approximately $490,000.

6. LOCAL MUNICIPAL IMPACT

Providing non-cash payment options to the traveller will facilitate the purchase of their tickets and enhance their overall enjoyment of the new transit system.

7. CONCLUSION

Since Moneris Solutions is the only interface that TRAF-PARK has as a fully tested option for new client use, it is recommended that Moneris Solutions be approved as the fare payment processor.

Respectfully submitted,

April 19, 2005
Newmarket, Ontario

S. Cartwright
Commissioner of Finance

(Report No. 2 of the Commissioner of Finance was adopted, without amendment, by Regional Council at its meeting held on April 21, 2005.)