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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, June 1, 2007, from the General Manager, Transit:

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 February 2007 Transit Committee meeting.

3. BACKGROUND

The proposed GTA fare system (GTAFS) 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 (YRT), 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 agencies, and will reconcile transit system revenues on a daily basis to ensure each service provider agency receives the appropriate revenues. The existing network of third party agents selling YRT tickets on behalf of the Region will be transferred to the vendor who will then be responsible for the management of agents.

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 (MTO) 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, YRT signed an Administrative Framework Accord between MTO and GTA transit agencies. The accord constitutes the administrative framework needed to co-ordinate 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.

In October 2006, Accenture Inc. was awarded the contract for the supply, installation and operation of the smart card system after thorough technical, management and oral evaluations of all the proposals by an expert panel of representatives from the participating municipalities, the smart card system project office and the Ministry.

The Province is accountable for the GTA Fare System project.

4. ANALYSIS AND OPTIONS

The following sections provide a brief summary of the activities completed since the last update (February 15, 2007).

4.1 Funding Agreement

The Region will be entering into a Funding Agreement with MTO to receive the province's share of one-third of the capital cost of the GTAFS. The funding agreement will describe the terms and conditions of the sharing of capital costs of the GTAFS. 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 Legal Services branch has reviewed and approved the final draft of the Funding Agreement. The document will now be used for developing the Region-specific Funding Agreement with MTO. This will also be supported by a document providing details of estimated transition costs. It is likely that the Funding Agreement will be signed in June 2007.

4.2 Brand Development

The purpose of brand development is to create a compelling brand for the new GTA smart card. The GTAFS project office has engaged Gee Jeffery & Partners to assist in the design of a brand for GTA smart card. Gee Jeffery & Partners have been working with the representatives from the participating municipalities, GTAFS project office and MTO to finalize and select a brand for the GTA smart card.

The GTA smart card Executive Committee has approved the brand name for the fare card. 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.

Work continues on the creative elements related to the brand such as logo and graphics. The final recommendation will be made to the Executive Committee in late May 2007 for approval leading to a public announcement by MTO and municipal partners in July 2007.

4.3 Contract Assignment

MTO assigned the vendor contract to GO Transit at the end of March 2007 for accounting purposes. GO Transit's accounting guidelines will permit the capitalization of information technology assets which was not possible through MTO. Transfer of the vendor contract necessitated moving portions of the Procurement Governance Agreement and the Operating Agreement to GO Transit as well. These agreements have been already signed by all participating agencies.

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 (Milton line – Union, Meadowvale and Cooksville stations), Mississauga Transit (four Mississauga feeder bus routes to GO Transit Milton line stations) and the TTC (Union Station) to demonstrate the use of the smart card for fare payment with a small selected group of commuters.

The vendor and smart card project office have been working towards this system launch which will likely be ready 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 (MSPS) functions.
- GO/ Municipal Service Provider (MSP) fare integration.
- TTC faregate.

- Central System.

Launch 2 is the first full-scale Revenue Service test of the GTA Fare System. The purpose of this test is to validate the full functionality of the GTA Fare System (Burlington/Oakville together) before full-scale rollout. Accenture Inc. and the GTAFS project office have started working on Launch 2. Certification and deployment will likely start in York Region mid to late 2008.

4.6 York Region Transit Preparedness

In preparation for certification and deployment in York Region, YRT has been working on many associated aspects so that the system integrates well with the existing fare policy and infrastructure.

4.6.1 Transition Plan

The smart card project will introduce a great amount of change into existing YRT fare systems/policies. There will be a significant impact on YRT staff and customers as change will be introduced into fare policy, fare media, fare distribution, collection, financial systems and data systems. Transit customers will be introduced to entirely new ways of obtaining and using fare media.

YRT is working on a transition plan which will identify the various steps to move from the existing to the final state. This will include the various fare payment options for customers during the transition period when TTC and Brampton buses will not have the smart card equipment installed on their buses.

4.6.2 Integration with Viva Stations

As part of the system, a Fare Transaction Processor will be installed at existing Viva stations for off-board fare payment. YRT has been working with the vendor and project office on the detailed design and installation so that it integrates well with the existing look and feel of the Viva stations.

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.

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 the 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 staff are 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 timelines as the project matures and where Transit Committee and Regional Council direction may 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 System (ext. 5682), in the Transit Branch of the Transportation and Works Department.

The Senior Management Group has reviewed this report.