

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: September 30, 2010

SUBJECT: Automatic Fare Collection – Open Payments – Delegation of Authority

ACTION ITEM

RECOMMENDATION

Attached is a presentation that will be provided by staff on the current status of the open standards-based fare payment system procurement with the following recommendations:

- 1) at the completion of the structured multi-phase bid process of the open standards-based fare payment system procurement to bring forward a report to a special Commission meeting that will;
 - (i) identify successful proponent; and
 - (ii) direct staff to seek agreement with the Province on an implementation plan

(RECOMMENDED)

or

- 2)
 - (i) that the process be supplemented with the incorporation of a fairness monitor to be retained from the current City of Toronto roster;
 - (ii) that authority be delegated to the Chair and 4 Commissioners, and subject to the procurement process identifying a successful respondent and that no further approvals are necessary, to approve the award of a contract for the provision of an open standards-based payments system to the successful respondent; and
 - (iii) that the Chair and Vice-Chair be authorized to execute any and all agreements, in a form acceptable to the General Counsel, necessary to give effect to the above.

September 30, 2010

Open Standards Fare Payments RFP: Process Status and Next Steps

September 30, 2010



Overview of Presentation

- Background
- Status of procurement process for open payments
- Approach to proceed

Commission Directives

May/10

- Engage a consultant to assist TTC to develop a business case for open payments, and to work with TTC to solicit/evaluate proposals from prospective partners, as well as to implement proposed solution

June/10

- Hire the KMA Group to provide consulting services for the development of a public-private agreement for an open standard-based fare payment system

Open Standards-Based Fare Payment System

Activity	Schedule	Status
Issue Request for Pre-Qualification Statements	Aug 9, 2010	Complete
Issue draft Commercial Terms	Aug 23, 2010	To be issued to pre-qualified bidders
Close Request for Pre-Qualification Statements	Sept 10, 2010	Complete
Evaluate Pre-Qualification Statement Submissions	Sept 17, 2010	Complete
Kick-off Meeting with Proponents (review SMPBP process)	Sept 24, 2010	Complete (Sept 27, 2010)
Issue draft Request for Proposal Documents to Proponents	Sept 24, 2010	Complete (Sept 27, 2010)
Conduct confidential meetings with Proponents	Oct 4 - 8, 2010	
Conduct meetings/negotiate commercial terms	Oct 11 - 22, 2010	
Issue Request for Proposal (final technical and commercial terms)	Oct 25, 2010	w/o Oct. 25
Proposal responses due	Oct 29, 2010	w/o Nov. 1
Complete Proposal Evaluation obtain authorization, Contract Award	Nov 30, 2010	

Request for Pre-Qualification

- 13 responses received:
 1. Inside Contactless
 2. Scheidt & Bachmann
 3. World Debit Services Ltd.
 4. Thales Rail Signalling Solutions Inc.
 5. LG CNS
 6. Cubic
 7. ACS
 8. Ingenico
 9. Visa
 10. PreCash Inc.
 11. mPayy Inc.
- Submitted letter of no bid: Global Payments; CIBC

Request for Pre-Qualification

- Pre-qualified Proponents:
 - LG CNS
 - Cubic
 - ACS
- Submissions indicate that lead Proponent will be supported by other major financial institutions (i.e. banks; credit card companies; acquirers)

Commercial Terms and Conditions

- Critical component of contract
 - Minimize risks to TTC
 - Establish terms for business partnership
 - Enable pre-qualified proponents to submit bid
- Significant legal effort needed to develop agreements
 - Limited time frame
- Torys LLP retained on sole source basis
 - Demonstrated skills in strategic long-term technology transactions
 - Extensive experience with financial services industry
 - Recognized expert in this field
- Upset limit = \$700k

Considerations

- Aggressive schedule
 - Negotiations
 - Proponent responses
 - Completion of Commercial Terms
- Current MTO position:
 - Implement PRESTO throughout GTA
 - TTC should join PRESTO
 - Provincial funding to City/TTC could be at risk if TTC proceeds with open payments

Looking Ahead

- Assuming RFP process completed on schedule (November), TTC staff will be in position to recommend open payments Proponent
- However, TTC staff continue to be concerned with risk to moving forward without Provincial involvement

Recommended Approach

At completion of Structured Multi-Phase Bid Process for open payments, Staff to bring report to Special Commission Meeting that will:

- Identify successful Proponent
- Direct staff to seek agreement with Province on implementation plan

Alternative – Not Recommended

1. That the process be supplemented with the incorporation of a Fairness Monitor to be retained from the current City of Toronto roster; and
2. That authority be delegated to the Chair and 4 Commissioners, and subject to the procurement process identifying a successful respondent and that no further approvals are necessary, to approve the award of a contract for the provision of an open payments system to the successful respondent; and
3. That the Chair and Vice-Chair be authorized to execute any and all agreements, in a form acceptable to the General Counsel, necessary to give effect to the above.