



STAFF REPORT ACTION REQUIRED

Procurement Authorization Amendment – Supply, Installation and Maintenance of Fare gates for PRESTO

Date:	May 31, 2016
To:	TTC Board
From:	Chief Executive Officer

Summary

The purpose of this report is to obtain authorization for the expenditures of funds for purchasing the balance of the fare gates, and the associated implementation work including maintenance for the PRESTO implementation project. Purchasing of up to 1,100 fare gates to replace existing TTC fareline equipment supports the modernization of the TTC and timelines associated with the PRESTO implementation.

Recommendations

It is recommended that the Board:

1. Approve the issuance of a contract amendment up to a maximum value of \$20.6 million for the purchase of up to an additional 600 fare gates from Scheidt & Bachmann GmbH (S&B), including associated implementation work and maintenance, in accordance with Metrolinx's Master Agreement with Scheidt & Bachmann for "The Supply and Delivery of Hardware Only Solution for Validator Devices".

Financial Summary

The overall cost for the supply, installation and maintenance of approximately 1,100 new fare gates was estimated to be \$49.9 million. In July 2015, the Board approved \$17.1 million for the initial supply, installation and maintenance of up to 450 fare gates. The Board was advised that the remainder of the total cost would be submitted as part of the 2016-2025 Capital Budget and Plan to purchase the balance of up to 600 fare gates under

the same terms of the Metrolinx Master Agreement. Sufficient funds were included in the TTC's 2016-2025 Capital Budget, which was approved by the Board on November 23, 2015 and approved by City of Toronto Council on February 17, 2016.

The total cost of the contract with S&B is \$37.7 million (\$17.1 million for approvals in July 2015 for the initial 450 fare gates, and \$20.6 million for approvals in this report for the balance of the 600 fare gates). There are also TTC costs for civil works at subway stations necessary for the implementation of the fare gates; these will bring the total cost of the project to approximately \$49 million.

The costs for vendor support for the ongoing operation and maintenance of the fare gates is approximately \$4 million per year at full implementation. These costs will be phased in as the transition to fare gates is completed. The impact on the Operating budget is expected to be \$2.5M for 2017 and approximately \$4 million for each year 2018 and beyond. Sufficient funds will be included in future year's Operating budgets as appropriate.

Decision History

May 2012 – Framework for Agreement between TTC and Metrolinx/PRESTO. TTC Board (Commission):

- Reaffirmed the framework and general principles for implementing Metrolinx/PRESTO fare collection system on TTC premises (including vehicles, as applicable), that were approved by the Commission on November 23, 2011;
- Delegated authority to the Chief Executive Officer to continue to negotiate with Metrolinx and execute any and all necessary agreements with Metrolinx related to the design, implementation and operation of the PRESTO Services.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2012/May_1/Supplementary_Agenda_Other/Supplementary_Agenda.jsp

December 2012 – TTC/Metrolinx Agreement. The TTC entered into the Master E-Fare Collection Outsourcing Agreement (the Agreement), dated Nov. 28, 2012 with Metrolinx to implement the PRESTO farecard system at the TTC. The Agreement includes provisions for Metrolinx to design, procure, build, install, operate, service and maintain the PRESTO farecard system consistent with agreed upon TTC business and performance requirements. Metrolinx will retain 5.25% of revenue collected by the PRESTO system. The TTC's scope of work within the Agreement includes supporting Metrolinx activities and the overall project management and oversight to ensure the PRESTO farecard system fully meets TTC's business requirements

http://www.metrolinx.com/en/projectsandprograms/presto/presto_reports.aspx

August 2014 – The Board received a status update on the implementation of PRESTO at the TTC. The presentation included a new plan for farelines that would include both fare gates and integrated turnstiles. The presentation identified that 60 fare gates were to be acquired from Metrolinx through a special arrangement between TTC and Metrolinx.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/August_19/Agenda/index.jsp

January 2015 - Metrolinx Contract Award. Metrolinx awards contracts to S&B for the design, development, installation and maintenance of three categories of Electronic Fare Management devices.

January 2015 - Confirmation of PRESTO Program Implementation Targets on TTC. TTC and Metrolinx jointly developed a PRESTO implementation program that includes: all legacy streetcars by end of 2015; all TTC stations and transit modes to be PRESTO-enabled by the end of 2016.

<http://www.ttc.ca/News/2015/January/index.jsp>

June 2015 - Board Report provided PRESTO implementation update and discussed changes to station operations that would be supported by installation of fare gates.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/June_22/Agenda/index.jsp

July 2015 – Board Report approved a contract up to a maximum value of \$17.1 million for the purchase of up to 450 fare gates from Scheidt & Bachmann GmbH, including associated implementation work and maintenance. Report also authorized staff to negotiate and execute an acceptable agreement with Scheidt & Bachmann (based on the terms of the Metrolinx Master Agreement) and conditions acceptable to TTC's General Counsel.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/July_29/index.jsp

Issue Background

In June 2015, TTC staff informed the Board of plans to replace all existing turnstiles and fareline equipment with new fare gates (approximately 1,100 new fare gates in total including TYSSE). This initiative was identified as key to the TTC's plan to modernize the system and improve the overall customer experience. The fare gates include integrated PRESTO readers and are important to the TTC's overall efforts to implement PRESTO system-wide.

The July 2015 Board Report identified a number of benefits from implementing fare gates system-wide, including:

- Harmonizing fareline equipment by replacing a variety of existing fareline equipment with a single, access control solution that provides a consistent customer experience;
- Improving accessibility by providing an accessible aisle at all subway entrances, and a second accessible gate at most stations; and
- Improved fareline performance through increases in aisle width and the number of aisles, and the ability to configure the gates for entry/exit, entry only, or exit only operation to meet local customer demands.

As part of the approval at the July 2015 Board meeting, staff identified the next steps as:

- Negotiating an agreement and contract with S&B for the supply of fare gates, and associated implementation work, licence fees, TTC legacy fare media add-ons, maintenance, software and hosting, using the Metrolinx contract award to S&B as the basis; and
- Confirming the detailed schedule for the PRESTO implementation.

Accessibility/Equity Matters

Current fareline configurations for subway station entrances include a single accessible gate per fareline. The new fareline configurations incorporating fare gates will include two fully accessible aisles at most station entrances. This will provide redundancy and ease customer flows by providing dedicated entry and exit walkways.

The new fare gates are wider than TTC's current turnstiles and this will improve the customer experience across the entire subway network and increase accessibility for all customers requiring more space (e.g. customers with small children, walking aids, strollers, bikes etc.).

Comments

Staff have negotiated an agreement with S&B for a term of five years, with options to extend the contract for two additional five-year periods, at the sole discretion of the TTC. Under the agreement, S&B will be responsible for the supply and installation of the fare gates, including:

- Retrofitting up to 15% of the fare gates to accept TTC Metropasses to facilitate customer flow through subway stations during the transition period from legacy fare media to a PRESTO-only system;
- Training and support for TTC staff on the maintenance and operation of the fare gates and associated equipment; and

- Installation of monitoring and reporting systems to track the status and performance of the fare gates;

For the ongoing operation and maintenance of the fare gates, S&B will be responsible for:

- Provision of spare parts and repairs of defective parts;
- Operation of a service desk to handle TTC calls, assess problems, and dispatch technicians;
- On-site maintenance visits to address issues that TTC personnel are unable to resolve (i.e. second line maintenance activities); and
- Life-cycle maintenance of the fare gates and its components to enhance reliability of the fare gates.

The costs for vendor support for the ongoing operation and maintenance of the fare gates is approximately \$4 million per year at full implementation. These costs of up to \$4 million represent an increase to the Operating Budget and sufficient funds will be included in future year's Operating budgets as appropriate.

A schedule for the implementation of fare gates has been developed in discussions with TTC, PRESTO and S&B. The focus will be to complete the replacement of turnstiles with fare gates at the subway stations that currently do not have PRESTO devices. The target is to complete these stations by the end of 2016, so that all subway stations will be PRESTO enabled by early 2017. Subsequent to this and by the middle of 2017, the 26 stations that currently have PRESTO devices on existing TTC turnstiles will be revisited to replace the current PRESTO devices and TTC turnstiles with new fare gates.

The first step in this implementation has been completed with the introduction of the new fare gates at Main Station. In March 2016, a total of eight fare gates were installed at Main Station (six for PRESTO users and two for Metropass users). Fare gates are also currently installed at Wellesley and Bay Stations. The results of these early implementations will be used to identify improvements for installations at subsequent stations.

Upon completion of the installation of the PRESTO equipment, the Station Division within Service Delivery will begin removing collectors from booths and introducing Customer Service Representatives (CSRs) to TTC customers at subway station fare collection areas.

This next phase of modernization provides roaming CSRs to directly serve customers by being visible, informative and providing a presence for safety and security. To assist with this initiative, seven (7) hubs will be placed throughout the system monitoring closed circuit televisions, elevator and escalator indicators, emergency phones and information call boxes (currently monitored within collector booth). These centralized hubs will also have the ability to monitor cameras throughout the station network and

relay immediate information about service to customers utilizing a public announcement system.

A report and presentation on the “Station Transformation Program” will be provided to the Board in September 2016.

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