



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
Transit Division

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	November 18, 2019
<b>SUBJECT/REPORT NO:</b>	PRESTO Equipment Supplier Renewal Extension (PW17033(c)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Nancy Purser (905) 546-2424 Ext. 1876
<b>SUBMITTED BY:</b>	Debbie Dalle Vedove Director, Transit Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the single source procurement for the continued support, maintenance and repair of PRESTO equipment through Metrolinx and its agent Thales Transportation Systems S.A., pursuant to Procurement Policy #11 – Non-competitive Procurement, be approved until October 5, 2020, at the upset limit of \$528,000 plus HST;
- (b) That the General Manager, Public Works Department be authorized and directed to negotiate and execute all necessary documentation, including any agreements required, in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

At its January 24, 2018 meeting, Council approved entering into a new operating agreement with Metrolinx for the provision of the PRESTO fare collection system, PW17033(a). As part of this new operating agreement, at the City's expense, the existing PRESTO equipment was to be replaced and installations of the new equipment completed by second quarter of 2019.

Replacement of the equipment has been delayed resulting in a new projected replacement completion date of August 2020. As the current PRESTO equipment has reached its life expectancy and we currently rely on this equipment to collect 53% of our

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fares (revenue), it is imperative that the equipment continues to be maintained and repaired until the new equipment is installed and functional.

Metrolinx has negotiated an extension with Thales Transportation Systems S.A. (Thales) for the support, maintenance and repair of all existing PRESTO equipment for the 905 Transit agencies to October 6, 2020. Under this contract the City will only be charged for support, maintenance and repair costs based on the Thales equipment in the field. As the PRESTO equipment is proprietary to Metrolinx and Thales, a single source policy #11- Non-competitive procurement is required.

**Alternatives for Consideration – N/A**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: There is sufficient operating budget to cover the \$528,000 cost of the support, maintenance and repair contract as follows: equipment support and maintenance cost payable to Metrolinx, to a maximum of \$318,000 plus H.S.T. from account 530210-55748 and cost of non-warranty repairs from account 580135-54720, not to exceed \$210,000 plus HST, payable to Metrolinx for parts and Thales Transportation Systems S.A. for labour.

Staffing: N/A

Legal: Staff will be working with Metrolinx to determine whether, in addition to the terms and conditions contained in the Greater Toronto Area (GTA) Fare System Operational Agreement, any additional documents or agreements must be executed to ensure continued support and maintenance of the PRESTO equipment currently on all HSR buses, for the period commencing October 6, 2019 to October 5, 2020.

**HISTORICAL BACKGROUND**

PRESTO is the electronic fare payment system that is used by transit agencies in the Greater Toronto and Hamilton (GTHA) and Ottawa area. PRESTO has been operational on Hamilton Street Railway (HSR) vehicles since 2011.

On June 19, 2006, Council approved report PW4117(b) entering into a ten-year Operating Agreement with the Ministry of Transportation (Metrolinx) for the operation of the PRESTO electronic fare payment system. To support, maintain and repair the proprietary PRESTO equipment, Metrolinx entered into a contract with its agent Thales Transportation Systems S.A. (Thales) for the length of said operating agreement.

In November of 2016, Council approved PW04117(j) to extend the agreement through Metrolinx to Thales from November 10, 2016 through to October 9, 2019 for the continued support, maintenance and repair of the existing PRESTO equipment as

negotiations to renew the PRESTO operating agreement were still on going. It was anticipated as part of the new operating agreement that the PRESTO equipment would be procured by Metrolinx and replaced by 2019. The new equipment was required to allow for additional functionalities as well the existing equipment had reached its life expectancy.

On January 24, 2018 Council approved report PW17033(a) executing a new ten-year PRESTO Operating Agreement with the Ministry of Transportation (Metrolinx). The new agreement required Metrolinx to procure and replace the PRESTO equipment currently in use in by the 905 Transit Agencies by October 2019.

Also, in January 2018, Metrolinx advised that the RFP for the new equipment had failed and that they would have to go back out to market. Metrolinx has now awarded the contract and the installation schedule for Hamilton's new equipment is to begin in June 2020 with a projected completion of August 2020.

As the existing equipment is proprietary to Metrolinx and Thales, and the cost of the maintenance, support and repair of the equipment is charged through Metrolinx, Metrolinx have negotiated an extension with Thales to October 2020 which is the anticipated completion date to replace the PRESTO equipment for all 905 Transit agencies in the GTHA.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The recommendations of this report comply with Procurement Policy #11 – Non-competitive Procurements.

## **RELEVANT CONSULTATION**

Legal and Finance have been consulted and are supportive of the recommendations contained in this report.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**

PRESTO services and current PRESTO equipment are proprietary to Metrolinx and Thales. As of September 2019, 53% (PRESTO adoption rate) of HSR fares/revenues are collected through PRESTO from customers using a PRESTO card and this adoption rate will continue to increase. It is necessary to safeguard that the current equipment remains in good working order until the new equipment is installed and operational which is scheduled to be completed by August 2020. The services provided by Metrolinx and Thales for the period commencing October 6, 2019 to October 5, 2020 will continue to include:

- Program management
- Software maintenance
- On-site maintenance support

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- Device repair / replacement
  - Spares for repair
  - Factory repair
  - Out of warranty repair
- Technical support

**ALTERNATIVES FOR CONSIDERATION**

N/A

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Built Environment and Infrastructure**

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

**APPENDICES AND SCHEDULES ATTACHED**

None.