

Chicago Transit Authority Open Standards Fare System Overview

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KEY OBJECTIVES

- Greater customer convenience
- Private financing of equipment with no additional debt incurred by the CTA
- Upgrade to emerging and future technology options including payment by mobile phone
- CTA Board maintains control of fare pricing and policy and retains ownership of equipment
- Reduce operating and capital costs while shifting risks to vendor including credit card transaction fees
- Provide foundation for universal transit payment system for region



PROCUREMENT CHRONOLOGY

- **August 2009:** RFP (Step 1) Issued
- **November 2009:** RFP (Step 1) Responses Received

Purpose:	Results:
• Determine the project feasibility	• Multiple responses validated project feasibility
• Identify technical opportunities	• Interest ranged from start-ups to Fortune 500 firms
• Determine market willingness to participate in private financing of new fare collection equipment and services	

- **April 2010:** RFC Issued
- **May 2010:** RFC Responses Received

Purpose:	Result:
• Publicize possible business decisions and solicit feedback from possible vendors as to viability	• Market response indicated that many potential functionalities could be achieved
	• Interest from a broad range of firms remained strong

- **November 2010:** RFP (Step 2) Issued
- **January 2011:** RFP (Step 2) Responses Received

Purpose:	Result:
• Award a multi-year service agreement to update CTA's fare collection system and processes	• Proposals were received from most of the firms that previously expressed interest in project.

- **November 2011:** BAFO Due
- **December 2011:** Contract Executed



AWARDEE: CUBIC TRANSPORTATION SYSTEMS – CHICAGO

- **Cubic Transportation Systems, Inc.** – System integrator and operator, call center operator
- **First Data Corporation** – OSFS Retail Network establishment, management and servicing; Prepaid card program manager and processor; Prepaid card call center
- **AmericanEagle.com** – Website design and hosting
- **Carolyn Grisko & Associates** – Marketing & Communications
- **ESP Services** – Bus and station equipment installation
- **Equinix** – Data center operator (UTM, Data warehouse, maintenance management system)
- **Bank of America / Merrill Lynch** – Bankcard payment processing/Card Processor (Bank of America Merchant Services), ACH processor (Bank of America)
- **Metabank** – Prepaid card issuer
- **Visa USA** – Network standards and security protocols



FINANCIAL OVERVIEW

Transaction Fee Detail

Base Fee	<ul style="list-style-type: none">• Monthly fixed payments begin upon “Full System Transition”• Covers capital expense to acquire all equipment over life of program• Covers cost of migrating to and implementing OSFS system
Variable Fee	<ul style="list-style-type: none">• Monthly “per tap” payments begin at “Go Live”/ Start of Transition• Covers cost of administrating OSFS system over life of program• Covers cost of OSFS system O&M over life of program• Covers cost of OSFS system marketing over life of program• Covers cost of OSFS system financing over life of program• Estimate based on CTA-provided ridership projections for contract period

- Financial structure allows CTA to implement the system with no upfront costs
- Any bank fees are the responsibility of the contractor
- CTA will receive 50% of all Non-Transit Revenues



FUTURE FORMS OF ACCEPTED FARE MEDIA

Fare Media Type	Eligible for Customer Loading of Fare Product to Linked Transit Account	Customer Purchase Points
Transit Only / Closed Loop Reloadable Card (Special Fare Programs Only)	Yes	All OSFS Sales Channels (Once Registered)
General Purpose Reloadable (GPR)	Yes	All OSFS Sales Channels
Contactless Debit	Yes	Still Finalizing Details
Contactless Credit	Yes	Still Finalizing Details
EMV-Contactless (European Security Standard)	Yes	Still Finalizing Details
Cell Phone / Near Field Communication (NFC) Device	Yes	Customer Mobile Payments System Provider
Single Use Rail Card	No	Fare Media Vending Device



MARKETING & CUSTOMER OUTREACH

- Communication to customers is critical to successful transition
- Customer outreach will include digital and static advertising, social media, print, television and radio
- Initial outreach will include key stakeholders, retailers, financial institutions, elected officials, and community groups
- Non-transit retail locations will increase from 700+ to over 2,000 by time of full transition
- Contract requires a retail location available within 1/3 of a mile of all CTA bus stops



IMPLEMENTATION / TRANSITION MILESTONES

- Notice To Proceed – January 16, 2012
- Final Design Review – July 2012
- Equipment Installation Begins – 4Q2012
- Completion of System Acceptance Testing / Begin Friendly User Testing – 2Q2013
- “Go Live” / Start of Transition – 3Q2013
- End of Legacy Media Sales / Reloads – 3Q2013
- End of Legacy Acceptance – 3Q2013
- Full System Transition – 1Q2014



REGIONAL PARTICIPATION

- The Regional Transportation Authority (RTA) provides oversight to CTA, Pace Suburban Bus, and Metra Commuter Rail
- Regional challenges include differing fare policies and equipment, as well as contract vehicle

Individual Business Decisions:

- Capital Pricing Baseline (Equipment, Implementation)
- Fee Structure (Fixed, Variable)
- Risk Tolerance
- Retail / Customer Outreach
- Operational Impacts (Employment Issues, Outsourcing)

