



STAFF REPORT ACTION REQUIRED

Advancing Fare Integration

Date:	October 16, 2017
To:	TTC Board
From:	Chief Executive Officer

Summary

In September, 2017, Metrolinx provided its board an update to its GTHA (Greater Toronto Hamilton Area) Fare Integration strategy. Their report, summarizing the significant collaborative work undertaken with municipal transit agencies, including TTC and Metrolinx's consultant, outlined that GTHA fare integration could be achieved; however, some options would require significant change for both customers and transit agencies. The recommended approach was a step by step strategy whereby modifications to the current GTHA fare structure would advance the province towards the goal of region-wide fare integration. Four elements of this step-by-step strategy were identified as:

- a) Discounts on double fares (GO-TTC)
- b) Discounts on double fares (905-TTC)
- c) Adjustments to GO's fare structure
- d) Fare Policy Harmonization.

This report provides an update on GTHA fare integration and puts forward a proposed agreement from the province and Metrolinx to advance bullet a) of the strategy and seeks the Board's approval for a new fare to be added to the TTC PRESTO system on the basis of the associated Term Sheet (Attachment 1) that supports the proposed initiative.

Recommendations

It is recommended that the TTC Board:

1. Approve the addition of a new TTC fare that allows for a discounted fare between GO/UP and TTC, on the basis of the GO/UP –TTC Discounted Fare Initiative Term Sheet (Attachment 1), which will be valid for the term of the Agreement; and
2. Authorize the TTC CEO to enter into any agreement(s) necessary to implement the discounted fare as set out in recommendation No. 1 which agreement(s) shall be consistent with the GO/UP –TTC Discounted Fare Initiative Term Sheet (Attachment 1).

Financial Impact

No financial impact is expected to the TTC as the discounted fare initiative will be supported by the Province of Ontario. The annual (i.e. Provincial fiscal year) provincial support will be based on actual GO/UP-TTC ridership using PRESTO, up to the agreed to support level, which is based on trips in both directions: GO/UP to TTC and TTC to GO/UP. The provincial support level has been identified as \$7.15M in Year 1 (2017-2018) and \$18.4M for Year 2 (2018-2019) and Year 3 (2019-2020).

The PRESTO technical solution for discounts applies the discount (or credit) to the second fare paid by the customer. The revenue impact to the TTC is only applicable on trips in which customers begin their combined journey on GO/UP and then are tapping onto the TTC. In the reverse, regular TTC prices are charged at the beginning of a customer journey and the discount is applied to the GO/UP fare (via a credit to a customer's PRESTO card) when the GO/UP trip is completed. TTC analysis shows that trips from GO/UP to TTC accounts for 53% of the total trips between the two agencies, approximately 2M trips in the first part-year and 8M trips for the subsequent two full years. This equates to \$3.2M in Year 1 (2017-2018), \$11.52M in Year 2 (2018-2019) and \$11.88M in Year 3 (2019-2020).

The ridership and revenue forecast are based on the following assumptions:

- Go annual ridership from Metrolinx transaction data (2016 GO Ridership =\$66.8M)
- Assumes 22% of GO rides will take advantage of discount, based on 23% of GO passengers who also use TTC (from PRESTO records and 2011 Transportation Tomorrow Survey)x 95% switching to PRESTO
- PRESTO adoption rates will increase from 85% to 95% due to new discount, increasing support required by \$2.3M including consideration of fare concessions (senior and student fares)
- New ridership based on fare elasticity of -0.3 and existing average fare of \$10
- Includes GO and TTC background ridership growth rate of 1.5%

Quarterly reviews will be conducted throughout the provincial fiscal year to project the year end GO/UP-TTC ridership, based on actual PRESTO usage to-date. If it is found that the projection exceeds the provincial support, this will trigger a review of the agreement. Based on mutual agreement of all parties, a review could result in either a revised discount, a continuation of the existing discount, or termination of the agreement. The TTC will continue to be reimbursed by the province for the discount until the agreement is terminated.

If a TTC fare increase occurs during the term of the agreement, the discount amount will be reviewed. If an agreement is not reached, the province will continue to pay the agreed to discount amount set out in the term sheet. Customers tapping onto TTC from GO/UP will pay the new TTC fare less the discount.

TTC, the City of Toronto or Metrolinx can terminate the agreement for any reason with at least 90 days of written notice. The TTC, or other parties, will not be under any obligation to pay any expenses or costs associated to another party's decision to terminate

the agreement. However, any potential costs associated with reversing the PRESTO technology requirements will be cost-shared between Metrolinx and TTC. Estimated cost to be shared is currently \$500,000 and the parties will discuss the details of the cost-share at a future date.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Decision History

The proposed discount responds in part to July 2016 the City report “Developing Toronto's Transit Network Plan to 2031” in which it proposed Metrolinx (the Province) consider extending the GO fare discount (also referred to as a “co-fare”) to TTC services <http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94597.pdf>

The motion adopted by Toronto City Council “direct(ing) the City Manager to negotiate a co-fare system with Metrolinx, similar to that current in place for other GTA municipalities, for exiting transit routes currently operating in Toronto” <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.1>

At the joint TTC-Metrolinx board meeting in June 2016, a Fare Integration Update was presented in which they discussed the impacts of a fare discount with TTC. https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2016/July_11/Minutes/minutes_joint.jsp

Issue Background

Over the past two years, Metrolinx and the GTHA transit agencies have been working towards broader fare integration. These discussions have focused on technical analysis and the development of a preliminary business case, led by Metrolinx consultants. The draft business case found that concepts incorporating of fare by distance performed better at achieving the strategic fare integration vision compared to modifying the existing fare structure. However, introducing fare by distance requires significant change for customers and transit providers to implement, requiring long-term planning. Metrolinx is currently planning to conduct public consultations on the draft business case and their findings.

To ensure progress towards fare integration continues to be made alongside longer-term option planning, at its September board meeting, Metrolinx endorsed a step-by-step strategy, including limited modifications to the status-quo over the next few years.

Discounts on double fares (GO-TTC)

There are currently no discounted fares available to customers transferring between GO/UP and the TTC, resulting in two full fares. There are approximately 50,000 trips per weekday between GO transit/ UP and the TTC. Discounts already exist with other GTHA transit agencies and GO. The combined cost of travel using both GO/UP and TTC is a barrier to GTHA fare integration and discourages use of GO services within the city of Toronto.

GO - GTHA transit agency fare discount

GTHA Transit Agency	PRESTO Adult fare	Fare Charged incl. Discount	Discount
Brampton	\$2.95	\$0.80	(\$2.15)
Burlington	\$3.50	\$0.70	(\$2.80)
Durham	\$3.10	\$0.80	(\$2.30)
Hamilton	\$2.30	\$0.60	(\$1.70)
Milton	\$3.50 (cash)	\$0.70	(\$2.80)
Mississauga	\$3.00	\$0.80	(\$2.20)
Oakville	\$2.95	\$0.75	(\$2.20)
York Region	\$3.63	\$1.00	(\$2.63)

Discounts on double fares (905-TTC)

There are also no discounted fares for customers travelling between 905 transit agencies and the TTC, also resulting in two full fares. Brampton, Durham, Mississauga, Oakville, Burlington and Hamilton honour each others' two-hour time transfer, which allows for seamless, one fare travel between municipalities. Customers using PRESTO can tap onto one transit agency and can transfer onto another transit agency without being charged again.

Providing discounts for GO-TTC and 905-TTC customers would encourage more cross-boundary ridership using multiple transit systems.

Adjust GO's Fare Structure

GO Transit currently uses a modified fare by distance fare structure, where the customer is charged a base price plus a variable price based on distance travelled, with the distance approximated using zones. Currently, GO pricing is such that GO trips within the city of Toronto are priced significantly higher than comparable trips on the TTC. Amending the GO fare structure to address this issue will encourage better use of all transit services within Toronto.

Fare Policy Harmonization

GO and GTHA agencies independently make decisions related to their fare policies and has the potential to widen the gap towards GTHA fare integration. Harmonization of concession, transfers and fare products should be harmonized to simplify the rules for customers when travelling between GTHA transit systems.

The TTC has been a part of the identification and development of the aforementioned steps and supports the new approach. It is part of the greater GTHA fare integration strategy of which, the TTC, City and Metrolinx have been working on for the past two years.

Accessibility/Equity Matters

There are 22 GO train stations and bus terminals within the city of Toronto, some of which serve areas that are not serviced by rapid transit. Currently GO's fare structure makes trips within Toronto substantially more expensive, creating significant barriers to use the system within the city. Adjusting GO Transit fares and introducing a discount for

trips combining Go/UP and TTC, increases transit access to underserved areas and makes rapid transit more affordable for low-income residents.

Comments

Metrolinx will start focusing on the aforementioned changes to the current fare structures, in coordination with the GTHA transit agencies. A proposed agreement between the TTC, the City of Toronto and Metrolinx has been established to address the discount between GO and TTC. The term of the proposed agreement is for three years, until March 30, 2020, with implementation targeted for early January 2018. The TTC, City and Metrolinx have jointly developed the attached Term Sheet (attachment 1) that provides the principles for an agreement and requires approval from both TTC Board and City Council.

The fare discount will be available to eligible PRESTO customers, using ePurse, transferring between GO/UP and TTC, within TTC/GO transfer windows. TTC Monthly and Metropass Discount Plan (MDP) passes on PRESTO are currently ineligible for the discount. The current PRESTO system does not support fare discounts on passes, which is the same for all GTHA transit agencies. The TTC has asked Metrolinx to consider this change in the future.

Fare Payment Scenarios

GO/UP to TTC

A customer will be charged the full GO fare and pay a discounted \$1.50 fare when tapping on to the TTC. TTC concession customers, students and seniors, will also pay a discounted \$1.50 fare.

Discounted TTC Fare paid when tapping on to TTC

PRESTO ePurse	GO/UP Fare* paid First Trip	TTC Fare paid minus Discount Second Trip	Discount	Combined Fare
Adult	\$10.00	\$1.50	(\$1.50)	\$11.50
Post-Secondary	\$9.00	\$1.50	(\$1.50)	\$10.50
Student/Youth	\$9.00	\$1.50	(\$0.55)	\$10.50
Senior	\$5.00	\$1.50	(\$0.55)	\$6.50
Child	\$5.00	\$0	N/A	\$5.00
TTC Monthly Pass on PRESTO (includes MDP)				
Adult	\$10.00	N/A – TTC Monthly Pass	\$0	\$10.00
Senior	\$5.00	N/A – TTC Monthly Pass	\$0	\$5.00

* GO/ UP fare for illustration purposes only

TTC to GO/UP

A customer will be charged the full TTC fare and receive a discount on their GO fare, equivalent to the TTC discount: Adults \$1.50, Concession \$0.55. The discount will be received when tapping-off at their GO destination

Credit applied when tapping off GO/UP

PRESTO ePurse	TTC Fare First Trip	GO/UP Fare Paid incl. credit* Second Trip	Credit	Combined Fare
Adult	\$3.00	\$10.00	(\$1.50)	\$11.50
Post-Secondary	\$3.00	\$9.00	(\$1.50)	\$10.50
Student/Youth	\$2.05	\$9.00	(\$0.55)	\$10.50
Senior	\$2.05	\$5.00	(\$0.55)	\$6.50
Child	\$0	\$5.00	N/A	\$5.00
TTC Monthly Pass on PRESTO (includes MDP)				
Adult	N/A – TTC Monthly Pass	\$10.00	\$0	\$10.00
Senior	N/A – TTC Monthly Pass	\$5.00	\$0	\$5.00

* GO/ UP fare for illustration purposes only

In the event the customer takes a continuous journey that combines the TTC, GO and a second municipal transit agency that has a discount arrangement with GO, fare discounts will be cumulative.

The GO/UP-TTC discounted fare initiative will replace the pilot GO/TTC fare integration programs at Rouge Hill and the Exhibition/ Danforth sticker pilot.

In advance of staff bringing forward a ridership growth strategy, the proposed initiative supports our efforts to increase ridership and will encourage a modest increase of ridership, approximately 350,000 in additional rides per year.

Upon the adoption of a fare discount, TTC and GO will continue to work together to adjust the York University GO bus/rail service to feed into the Line 1 Subway Extension to Vaughan. Concurrently, the TTC, City of Toronto and Metrolinx will continue to work towards greater GTHA fare integration.

Contact

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Attachments

Attachment 1: GO&UP –TTC Discounted Fare Initiative Term Sheet

Attachment 2: Metrolinx Board Report- GTHA Fare Integration

http://www.metrolinx.com/en/docs/pdf/board_agenda/20170914/20170914_BoardMtg_GTHAFare_Report_EN.pdf

Attachment 1 – GO/UP – TTC Discounted Fare Initiative: Term Sheet

GO/UP-TTC DISCOUNTED FARE INITIATIVE: TERM SHEET

For Discussion Purposes Only.

No binding obligation shall exist until a subsequent written agreement has been executed by the parties.

Item	Issue	Term
1.	Term	<ul style="list-style-type: none"> From effective date to March 31, 2020 Optional renewal beyond this period with both parties agreeing
2.	Base Fare Discount	<ul style="list-style-type: none"> Only PRESTO cardholders using epurse are eligible Customers tapping on to TTC from GO/UP within the PRESTO system GO/UP transfer window will pay TTC the Discounted Fare as set out in Schedule A and TTC will be reimbursed by Metrolinx (per customer) the Discount for these rides as set out in Schedule A. Customers tapping on to GO/UP from TTC within the PRESTO system TTC transfer window will receive a Credit off of their GO/UP fare based on their concession as set out in Schedule B. All customer payment scenarios will be outlined in a “TTC-Metrolinx Co-fare PRESTO Business Requirements Document” (BRD).
3.	PRESTO Commission	<ul style="list-style-type: none"> The TTC will continue to be responsible for payment of PRESTO commissions based on the Current TTC Fare, as specified in Schedule A
4.	Other Fare Integration Policies	<ul style="list-style-type: none"> This initiative will replace the City/TTC fare integration pilot program at Rouge Hill, and the Exhibition/Danforth TTC Metropass/GO sticker pilot.
5.	Reimbursement of Discount	<ul style="list-style-type: none"> The total value of Discounts (in accordance with Schedule A) payable to TTC each month shall be paid to TTC within 30 days of that month’s end.
6.	Initiative Annual Provincial Support	<ul style="list-style-type: none"> The total amount of provincial support for the initiative (both the Discount payable to the TTC, and the credits set out in Schedule B) will be based upon actual GO/UP-TTC ridership using PRESTO and will be up to \$7.15M in 2017-18, and \$18.4M in each of 2018-19 and 2019-20. During each provincial fiscal year there will be quarterly reviews at which time a projection of the year end will be made based on actual PRESTO usage to-date for the initiative. Should the forecast exceed the year end provincial support for that fiscal year it will trigger a review of the agreement as set out under item 12 by the Steering Committee identified in item #11. If a mutually satisfactory revised agreement is not reached, it would require termination of the agreement in accordance with item #13. Until the agreement is terminated the TTC will continue to be reimbursed the Discounts under item #5.
7.	Operating and Maintenance Costs	<ul style="list-style-type: none"> Subject to item 8 below, Metrolinx and TTC will not be responsible for any of each other’s operating and maintenance costs that may be required to support this initiative
8.	PRESTO	<ul style="list-style-type: none"> Metrolinx will assume responsibility for the costs associated with

Attachment 1 – GO/UP – TTC Discounted Fare Initiative: Term Sheet

Item	Issue	Term
	Implementation Costs	<p>the PRESTO implementation of the TTC-Metrolinx Co-fare BRD requirements</p> <ul style="list-style-type: none"> • PRESTO costs required to reverse the implementation should the initiative end or be terminated will be cost-shared between Metrolinx and the TTC. The Steering Committee will further discuss the appropriate cost share formula between the parties should the program be terminated. As of October, 2017, the estimated cost associated with reversing the implementation on PRESTO is \$500,000.
9.	Branding and Marketing Strategy and Costs	<ul style="list-style-type: none"> • Metrolinx and the TTC will develop a joint branding and communications strategy to support the initiative • Metrolinx and the TTC will be independently responsible for their respective costs associated with communicating/marketing of the initiative
10	Annual Monitoring and Reporting	<ul style="list-style-type: none"> • Annual performance metrics and other measures related to the tracking/monitoring and other outcomes of the initiative will be developed jointly by Metrolinx and the TTC.
11	Metrolinx, TTC, City of Toronto, MTO Steering Committee	<ul style="list-style-type: none"> • The parties agree to establish a committee comprised of the Senior Management Representatives of Metrolinx, MTO, City of Toronto and the TTC for the purposes of maintaining close and ongoing ties regarding the matters set out in this Agreement, and communicating with each other, within a reasonable amount of time, regarding significant matters affecting the initiative
12	Triggers for Review of Agreement	<ul style="list-style-type: none"> • During the term of the agreement, the following items will be considered triggers for a review of the agreement: • Broader GTHA fare integration strategy: If, before March 31, 2020 a GTHA regional fare integration strategy is implemented then the agreement would be re-opened. • TTC fare increase: If the TTC introduces a fare increase during the term of the agreement then the Discount (as set out in Schedule A) amount under the initiative will be revisited and if an agreement is not reached, Metrolinx will continue to pay the Discount amount in Schedule A and customers tapping on to TTC from GO/UP within the GO/UP transfer window will be required to pay the adjusted “Discounted Fare” which shall be calculated as the then new TTC fare amount less the Discount amount as outlined in Schedule A. • The Discount payable to the TTC and credits given to GO/UP riders under this initiative is forecast, based on ridership and revenue analysis, to exceed the provincial funding support specified in item #6 above in any provincial fiscal year
13	Termination	<ul style="list-style-type: none"> • Either party may terminate the agreement for any reason whatsoever upon at least ninety (90) days formal written notice to the other party following discussions by the Steering Committee. • Either party may terminate the Agreement for the other party’s default on 60 days’ notice • Upon termination of the Agreement and subject to item No. 9 above, neither party shall be under any obligation to share in any

Attachment 1 – GO/UP – TTC Discounted Fare Initiative: Term Sheet

Item	Issue	Term
		expense or cost incurred by the other party caused by termination.
14	Integrity and Fraud	<ul style="list-style-type: none"> The Agreement will contain covenants relating to the prevention of fraud and maintenance of the integrity of the initiative
15	Signatories	<ul style="list-style-type: none"> Agreement to be signed by the City of Toronto, TTC and Metrolinx

Schedule A – Fare Payment Scenarios per customer*

#	Direction	Concession	Current TTC Fare	Discounted Fare	Discount
1	GO/UP to TTC	Adult	\$3.00	\$1.50	\$1.50
2	GO/UP to TTC	Senior/Student/Youth	\$2.05	\$1.50	\$0.55

*This table identifies three scenarios. For a comprehensive overview of all scenarios, consult the “TTC-Metrolinx Co-fare” PRESTO BRD.

Schedule B –Fare Payment Scenarios per customer*

#	Direction	Concession	Credit
1	TTC to GO/UP	Adult	\$1.50
2	TTC to GO/UP	Senior/Student/Youth	\$0.55

* This table identifies two scenarios. For a comprehensive overview of all scenarios, consult the “TTC-Metrolinx Co-fare” PRESTO BRD.



GTHA Fare Integration

Leslie Woo

Chief Planning Officer

EXECUTIVE SUMMARY

- Over the past two years, Fare Integration work has primarily focused on technical analysis and development of a GTHA Fare Structure Preliminary Business Case led by consultants
- The consultant's findings in the Draft Preliminary Business Case include:
 - All fare structure concepts examined perform better than the current state, offering significant economic value to the region
 - Making use of fare by distance on additional types of transit service better achieves the transformational strategic vision than just adding modifications to the existing structure, but implementation requires more change for customers and transit agencies
 - More limited modifications to the status quo have good potential over the short term
- Further analysis has been conducted on other aspects of the fare system such as concessions, products, and loyalty programs
- Metrolinx and GTHA transit agencies continue to independently make decisions regarding fares that widen the gap that fare integration needs to bridge
- A step-by-step process to address barriers is proposed
- Engaging GTHA transit partners/municipalities could:
 - Lead to more formal and inclusive decision-making to shape the longer-term vision for Fare Integration;
 - Speed the transition towards integrated fares, supporting step-by-step changes to address existing and emerging fare barriers
- Metrolinx plans to conduct additional public and stakeholder engagement

RECOMMENDATIONS

RESOLVED:

Whereas any transformational change for fare integration requires significant change for customers and transit service providers to implement; and

Whereas the consultant's Draft GTHA Fare Structure Preliminary Business Case shows making use of fare by distance on additional transit services offers stronger performance; and

Whereas the current state is contributing to less "seamlessness" and increased costs for operators and users alike; and

Whereas a review of decision making and/or funding will likely be required to deliver full regional fare integration in the long term.

NOW therefore it is recommended that, as described in the Chief Planning Officer, September 14th 2017 report to the Board (the "Report"):

1. The Metrolinx Board endorse the step-by-step strategy outlined in the Report and that staff report back on December 14th 2017 on means to advance the strategy which includes:
 - Discounts on double fares (GO-TTC)
 - Discounts on double fares (905-TTC)
 - Adjustments to GO's fare structure
 - Fare Policy Harmonization
2. Staff undertake to engage the public and key stakeholders (including municipal elected officials) on advancing the step-by-step strategy
3. Staff post the consultant's Draft GTHA Fare Structure Preliminary Business Case

A REGIONAL PROBLEM

A Fragmented Fare Structure:

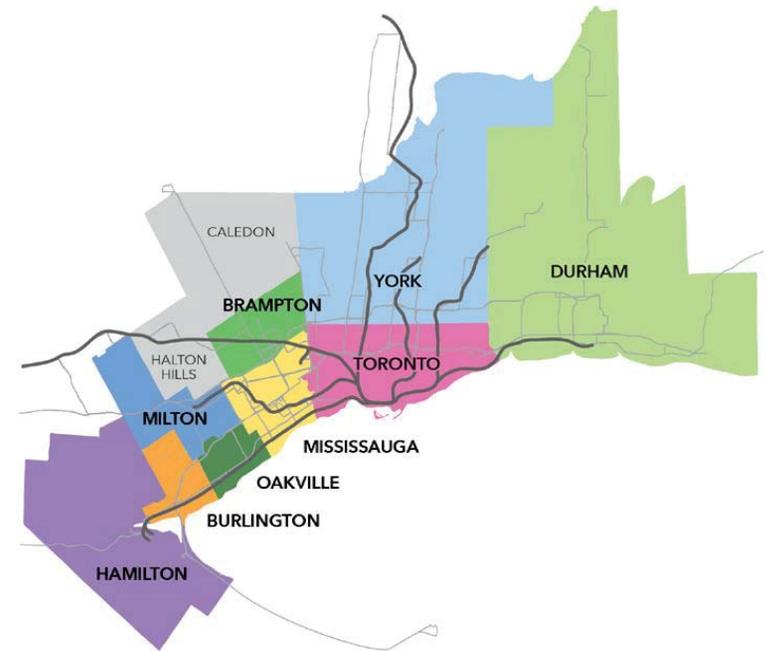
- Fares for transit service do not reflect the value of a trip (ie. Toronto boundary double fare)
- The complexity of understanding multiple fare rules may discourage travellers from making trips using multiple transit services

A Pressing Issue:

- Current regional rapid transit expansion in the GTHA makes addressing fare integration a pressing issue e.g. Regional Express Rail, Toronto York Spadina Subway Extension
- Transit systems fares need to be integrated in order to optimize use

Alignment to Regional Transportation Plan

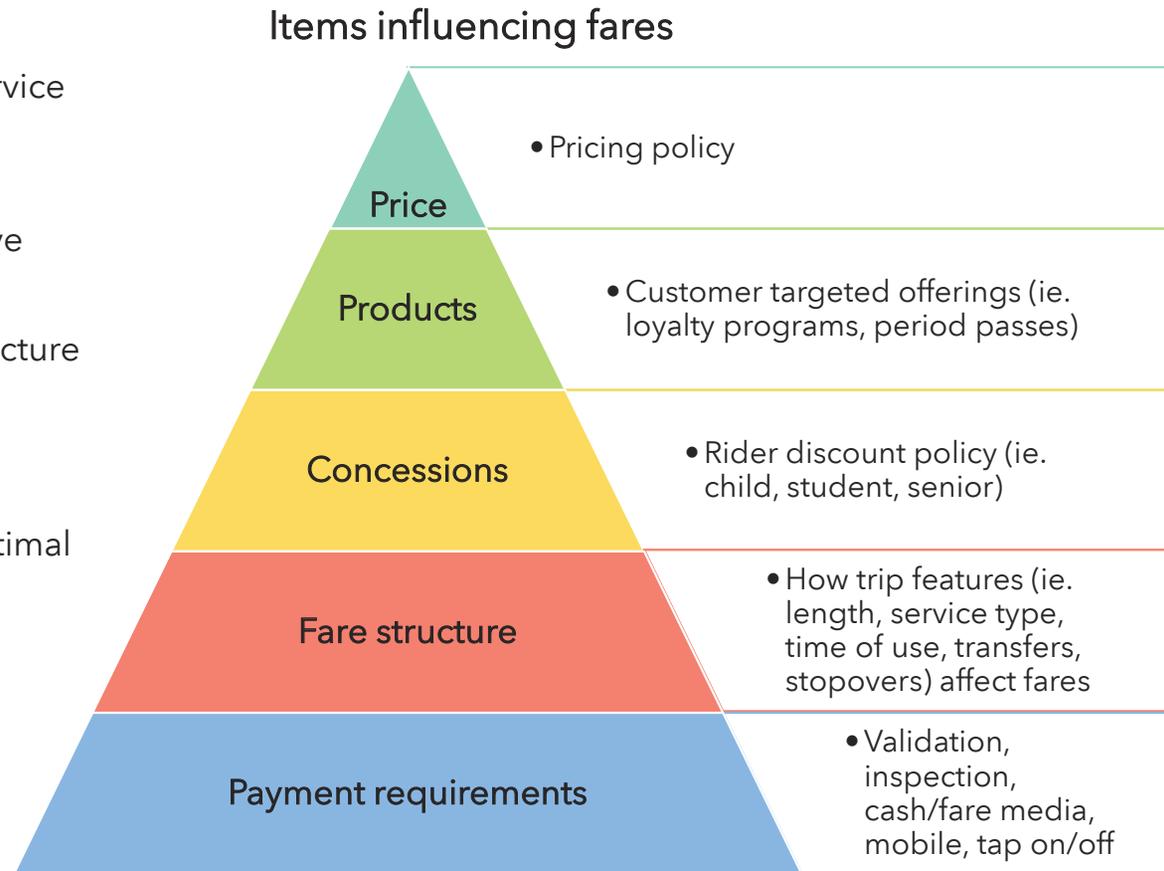
- The Regional Transportation Plan calls for fare integration to create a seamless mobility experience focused on the needs of GTHA residents
- Fare Integration is needed to grow ridership and optimize use of the regional transit network which supports the objectives of the Growth Plan



There are currently 11 different ways fares are determined in the GTHA, with each transit service provider setting its own rules and prices

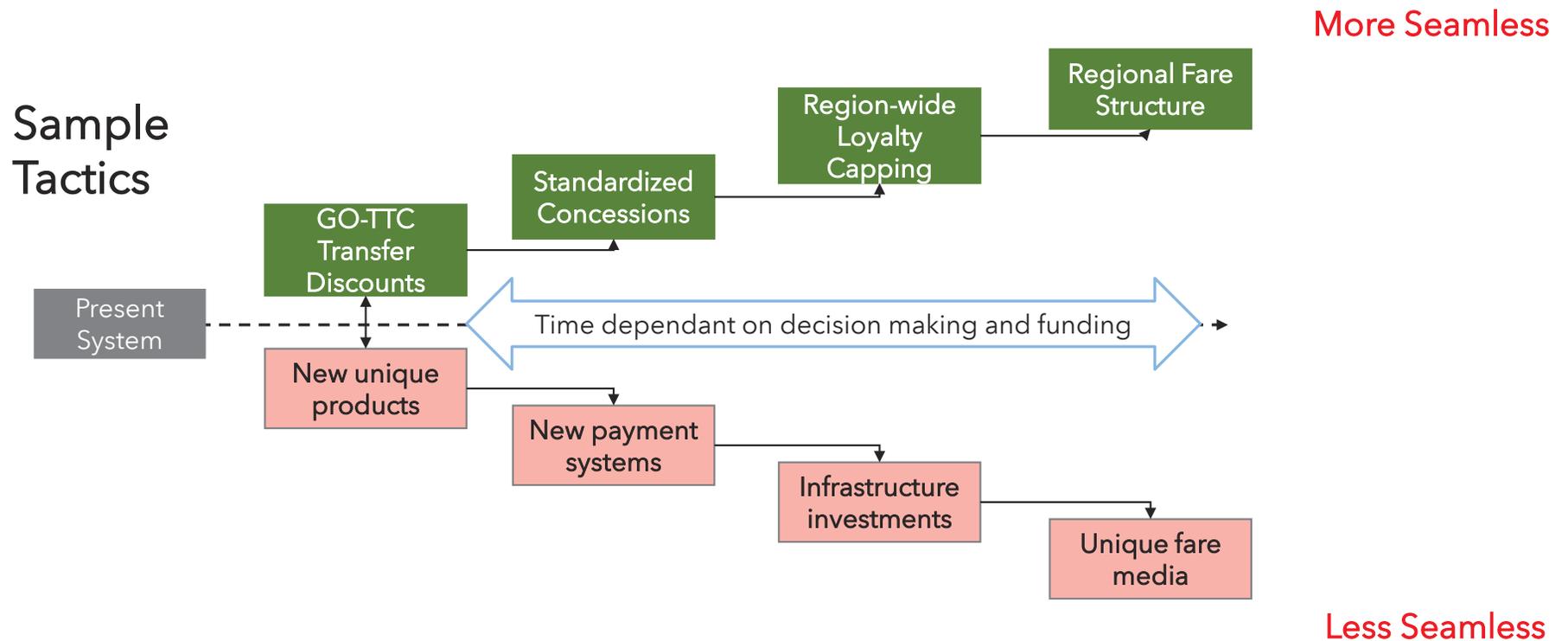
HOW FARES ARE SET TODAY

- GTHA fares are currently influenced by which service provider is being used
- Fares are currently developed by each individual service provider and approved by their respective council
- Work to date has focused on examining fare structure and not how prices, products, concessions and payment requirements are developed
- Further analysis has been conducted on how inconsistencies in all aspects of fares prevent optimal use of the transit network (see also Appendix 1)

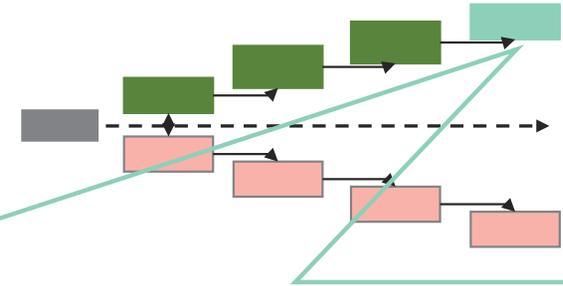


ONGOING RISK OF DIVERGENCE

- Without more co-ordinated inclusive decision making, agencies' fare systems are continuing to evolve independently of one another leading to greater inconsistency and divergence
- Doing nothing is contributing to less "seamlessness" and increased costs for operators and users alike

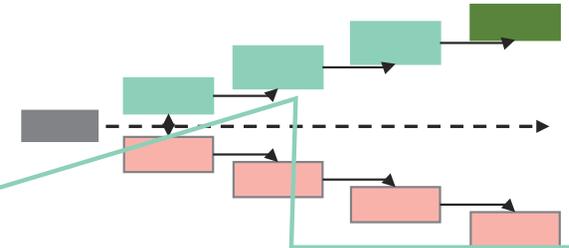


TECHNICAL ANALYSIS



- The Preliminary Business Case is one technical input in determining a long-term fare structure
 - The Strategic, Economic, Financial and Deliverability/Operations Case for four different concepts has been examined, based on technical analysis and feedback from transit service provider staff
 - All concepts examined by the Consultant perform better than the current state, offering significant economic value to the region
 - Making use of fare by distance on additional transit services better achieves the transformational strategic vision than adding mitigations to the existing structure, but implementation requires significant change for customers and transit agencies
 - Modifications to the status quo perform well over the short term, validating a step-by-step approach
 - Fare by distance should be a consideration in defining the long-term fare structure for the GTHA

IMPLICATIONS FOR FARE INTEGRATION



- A formal and inclusive decision making process needs to be put in place to establish the longer-term GTHA fare structure vision
- Some steps could be taken now to address seamlessness regardless of what final fare structure is implemented:
 - **Discounts to Double Fares**
 - Provide some discount when transferring between GO and TTC and/or between 905 transit agencies and the TTC to encourage more ridership and the use of multiple transit systems
 - **Adjust GO's Fare Structure**
 - Amend to address short/medium trips and create a more logical fare by distance structure based on actual distance travelled instead of current system to encourage more ridership
 - **Fare Policy Harmonization**
 - Concessions, transfers/stopovers and products should be harmonized to simplify the rules for customers when travelling across multiple GTHA transit systems and create a more seamless travel experience
- Changes like these can be addressed over the next few years
- However, some steps should **not** be pursued until there is decision on a final fare structure

RECOMMENDED APPROACH MOVING FORWARD

- Immediately begin to focus on removing barriers to fare integration one step at a time while working with transit operators to mitigate divergence within the GTHA fare system
- This approach begins by adopting elements of the Modified Existing concept in the short term having regard for the potential implementation of other fare-by- distance structures in the longer term
- A formal and inclusive decision making process needs to be put in place to establish the long-term GTHA fare structure vision
- This approach would allow for the transition period needed while making positive progress

PROPOSED PUBLIC AND STAKEHOLDER ENGAGEMENT

OBJECTIVES

- Advance Fare Integration conversation in the context of improving customer experience, supporting transit expansion and aligning with the Regional Transportation Plan
- Collect input from the public and stakeholders on key considerations for fare integration
- Publicly share consultant's findings from Draft Preliminary Business Case

- Public Engagement:
 - Tactics under consideration include both digital and in-person engagement
 - Focused outreach to customers of municipal transit service providers and Metrolinx
- GTHA municipalities with transit operations:
 - Renewed engagement including mayors/regional chairs and other members of relevant decision-making bodies
 - Continue ongoing engagement with staff
- Outreach to other key stakeholders (eg. MPPs, academics and advocacy groups)

RECOMMENDATIONS

RESOLVED:

Whereas any transformational change for fare integration requires significant change for customers and transit service providers to implement; and

Whereas the consultant's Draft GTHA Fare Structure Preliminary Business Case shows making use of fare by distance on additional transit services offers stronger performance; and

Whereas the current state is contributing to less "seamlessness" and increased costs for operators and users alike; and

Whereas a review of decision making and/or funding will likely be required to deliver full regional fare integration in the long term.

NOW therefore it is recommended that, as described in the Chief Planning Officer, September 14th 2017 report to the Board (the "Report"):

1. The Metrolinx Board endorse the step-by-step strategy outlined in the Report and that staff report back on December 14th 2017 on means to advance the strategy which includes:
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Appendix 1 - Key Fare Integration Challenges

FARE INTEGRATION CHALLENGES: PAYMENT REQUIREMENTS

- PRESTO now provides a common foundation that can be adapted to support an integrated regional fare structure
- GO/UP uses tap on/off, other agencies are tap on only
 - Emerging technological solutions may allow tap on-only customer experience while maintaining compatibility with fare-by-distance or -zone structures
- On-the-spot purchase of transit rides with cash is still offered by all service providers; other global systems have begun to phase out accepting cash in some contexts
- YRT, TTC (limited) and UP have mobile ticketing, but these mobile services are operator-specific and do not support integrated travel



IMPLICATIONS

- Phase-out of legacy media provides opportunity for more sophisticated fares
- As GO fares require origin/destination information, any regional fare structure requires either:
 - acceptance that different customer behaviours will be required depending on service type,
 - moving all transit to tap on/off, or
 - new technological solutions
- Mobile ticketing a key risk area for future divergence

FARE INTEGRATION CHALLENGES: FARE STRUCTURE-BASED FACTORS

Reflection of Distance Travelled

- GO/UP has distance based fare structure while all other service providers are flat within their respective service areas
- Cross-Boundary rules create de facto “two-zone” system for local transit that provides a crude reflection of distance

Reflection of Service Type

- Significant difference in fares between subway and GO when serving comparable trips
- Premium fares for some TTC and YRT bus routes; TTC has proposed phase-out

Cross-Boundary and Multi-Service-Provider Trips

- Free cross-boundary travel and inter-operator transfers in 905
- Co-fares between 905 and GO
- Double fares between TTC and all others



IMPLICATIONS

- Status quo structure reduces ridership in four key markets:
 1. Local transit across 416-905 boundary
 2. Local transit over short distances
 3. GO over short/medium distances
 4. Combined GO-TTC trips
- As GO fares cannot feasibly be flat, any regional fare structure requires either:
 - acceptance of different approaches to distance based on service type, or
 - moving all services to fare by distance/zones

FARE INTEGRATION CHALLENGES: FARE STRUCTURE-BASED FACTORS (CONT'D)

Transfers & Stopovers

- 905 uses time based transfers allowing stopovers
- TTC transfers are directional; stopovers end one trip and begin another with second fare

Time of Use

- Agencies are relatively aligned in that there is currently limited use of peak/off-peak pricing
 - MiWay has \$1 off-peak senior fares
 - Burlington offers reduced Youth period passes in July and Aug



IMPLICATIONS

- Different transfer/stopover rules drives PRESTO complexity and public confusion
- Time of Use is a key risk area for future divergence as different service providers might make different choices about whether to offer and what time periods

FARE INTEGRATION CHALLENGES: CONCESSIONS

- Agencies have relatively similar concession categories
- Concessions are available on a few service providers with cash fare; most require purchase of a product to obtain concession pricing
- Notable variation in age definition for child (ie. TTC <12 free)
- Some agencies offer significantly-discounted senior fares:
 - Brampton offers \$1 senior fares
 - MiWay has \$1 off-peak senior fares
 - Hamilton offers free travel to seniors over 80
- Low-income programs vary in terms of availability and discount level
- Post-secondary concessions vary in terms of availability and discount level



IMPLICATIONS

- Inconsistencies for travellers moving across multiple service providers, who are eligible for discounts on some systems but not others
- Inconsistencies creates complexity for PRESTO



FARE INTEGRATION CHALLENGES: **PRODUCTS AND LOYALTY PROGRAMS**

- Some service providers offer only period passes, some offer PRESTO caps/ loyalty discounts, and some offer both
 - All municipal service providers offer monthly passes, some offer weekly and some offer day passes
 - Some service providers apply PRESTO capping on a monthly basis, some weekly; daily capping planned
- Monthly pass breakeven trips averages 40 trips/month, and ranges from a low of 22 (Milton) to high of 49 (TTC)
- Group passes inconsistent
- “U-Pass” products tied to enrollment in specific post-secondary institutions valid on some agencies
- Some products target select markets (ie. MiWay Freedom pass for 12-14yrs with free pool usage) or GO’s Niagara promotional product

IMPLICATIONS

- Inconsistent product offerings can create customer confusion
- No combined loyalty incentives for travellers using multiple service providers over time, leading to customers “captive” to one service provider for their travel
- Disorganized growth in bespoke fare products drives up fare system’s cost and complexity

FARE INTEGRATION CHALLENGES: PRICING

- Most non-GO PRESTO fares are close to TTC at \$3.00 (notable exceptions are HSR at \$2.30 and YRT at \$3.63)
 - Although each municipal service provider sets its fares independently, prices have remained in relatively close proximity over time
- TTC has a notably smaller premium for using cash over PRESTO/tickets/tokens compared to 905 service providers (\$0.25 more vs \$0.37-\$0.80 more), resulting in wider discrepancies in cash fares
- GO base fares (\$4.71 Adult on PRESTO) are higher than other agencies
 - Recent freeze policy has seen gap close slightly



IMPLICATIONS

- Most alternative fare structures can accommodate different pricing by service provider if desired, with the tradeoff of reduced seamlessness and simplicity

IMPLEMENTING FARE INTEGRATION REQUIRES:

Committed Leadership

- Agreement on the vision
- Stakeholder support
- Alignment amongst transit partners

Decision-Making Framework

- Spectrum of feasible options: from negotiated agreements between service providers, to new regulatory frameworks, to broader structural changes

Funding

- Mitigate fare change impacts to customers
- Address revenue shortfalls
- Fare payment infrastructure changes

Transitional Period

- Step by step removal of barriers
- Establish long-term fare structure vision
- Pilot or test fare changes

Customer Outreach

- Customer change management
- Build support and explain rationale for change

Customer Feedback

- During transitional period, some changes likely to need refinement based on customer response
- More co-ordinated and regular customer analytics

Appendix 2 - Fare Structure Concepts Assessed in Preliminary Business Case

FARE STRUCTURE CONCEPTS



- 4 fare structure concepts were examined in the Draft Preliminary Fare Structure Business Case across a wide range of attributes including: customer, operational, and ridership impacts

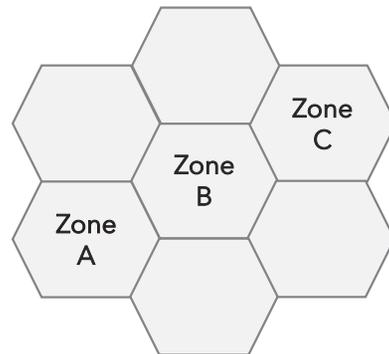
1. Modified Existing

Modify current fare environment to address the most significant issues with the status quo

- ✓ Discounts for trips currently with double fares
- ✓ Regional base fare and Rapid Transit fares more closely aligned

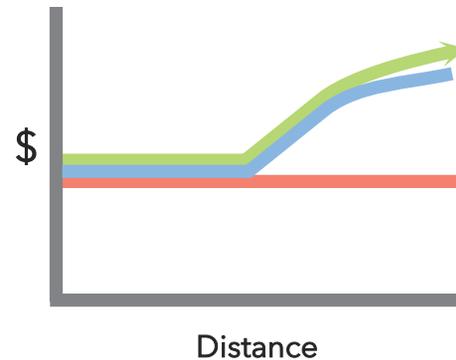
2. Zones

Develop a new fare structure with fare by zone for "Local" and "Rapid Transit," adding flexibility to pricing



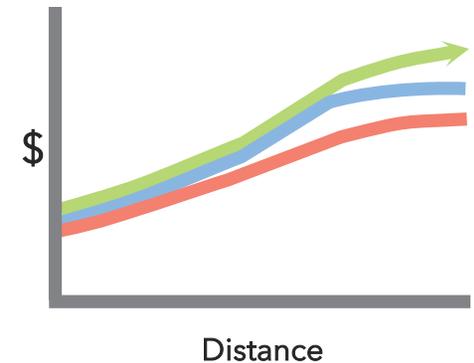
3. Hybrid

Develop a new fare structure with region-wide flat fare for "Local," with "Rapid Transit" and "Regional" using fare by distance



4. Fare by Distance

Develop a new fare structure with fare by distance on all transit service types and potentially different per km rates by service provider or mode



ANALYSIS OF DRAFT PRELIMINARY BUSINESS CASE FARE STRUCTURE CONCEPTS

Concept	Appealing Characteristics	Limitations
1. Modified Existing System	<ul style="list-style-type: none"> • Most easily implemented • No change for customers to existing PRESTO fare payment processes 	<ul style="list-style-type: none"> • Transfer discounts cannot fairly price the variety of trips across the boundary • Municipal boundaries still have arbitrary impacts on trip price, depending on the position of the trip with respect to the boundary
2. Zones	<ul style="list-style-type: none"> • Allows short trips on local transit to be priced lower 	<ul style="list-style-type: none"> • Zone boundaries have arbitrary impacts on trip price, depending on the position of the trip with respect to the boundary
3. Hybrid	<ul style="list-style-type: none"> • Fares better reflect the value of the trip, independent of location or any municipal boundaries • Minimal change to existing PRESTO fare payment behaviour 	<ul style="list-style-type: none"> • Introduces price discrepancy on local versus rapid transit for long trips, and has limited ability to lower pricing for short trips • Limited range of practical pricing options to address revenue loss associated with region-wide flat fares on local transit
4. Fare by Distance	<ul style="list-style-type: none"> • Greatest consistency in approach to fares across all services • High ridership potential due to lower-cost fares for short trips 	<ul style="list-style-type: none"> • Significant change for customers and transit agencies