



**For Action
with Confidential Attachment**

PRESTO Update – TTC/Metrolinx Settlement

Date: May 12, 2021
To: TTC Board
From: Chief Strategy and Customer Officer

Reason for Confidential Information

This reports contains information that is subject to solicitor-client privilege.

This report is about litigation or potential litigation, including matters before administrative tribunals.

This report contains information relating to a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by the TTC.

Summary

The purpose of this report is to provide an update on the progress made since the last TTC/Metrolinx PRESTO Settlement update in February 2021. This includes:

- an update on the results of the Settlement and Arbitration for the current PRESTO contract with Metrolinx.

Recommendations

It is recommended that:

1. The TTC Board receive this report for information; and
2. The information in the Confidential Attachment remain confidential as it is subject to solicitor-client privilege.

Financial Summary

There are no financial implications arising from this report.

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

Equity/Accessibility Matters

As progress is being made through negotiations with PRESTO on closing out contract items and planning for the future, equity and accessibility continues to be imperative. The TTC is committed to meeting the Accessibility for Ontarians with Disabilities Act (AODA) requirements through continuing consultations with the Advisory Committee on Accessible Transit (ACAT), and introducing policies that promote equity and accessibility.

Decision History

At its meeting of June 12, 2019, the TTC Board received a comprehensive implementation update on PRESTO. The report identified the remaining gaps from the 2012 Master E-Fare Agreement that prevented the TTC from fully migrating to PRESTO. Moreover, it outlined the critical and medium impact dependencies to the stop selling and stop accepting of legacy fares.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/June 12/Reports/15 PRESTO Implementation Update June 2019 updated.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/June%2012/Reports/15%20PRESTO%20Implementation%20Update%20June%202019%20updated.pdf)

At its meeting of October 24, 2019, the TTC Board had before it a report from the Auditor General entitled, Review of Toronto Transit Commission's Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue, which focused on a review of the functionality of fare equipment, the TTC's contract with Metrolinx and capturing all PRESTO revenue transactions on the TTC through PRESTO's back-end systems.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/October 24/Reports/5 Review of TTC's Revenue Operations Phase Two PRESTO TTC Fa.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/October%2024/Reports/5%20Review%20of%20TTC%27s%20Revenue%20Operations%20Phase%20Two%20PRESTO%20TTC%20Fa.pdf)

In response to this report, the TTC Board adopted that the TTC CEO prepare a comprehensive plan to address the PRESTO findings contained in the report, specifying the responsibilities of the TTC and Metrolinx, identifying timelines for execution and report back to the TTC Board. In addition, the Board adopted a motion to complete a Fare Collection Request for Information (RFI). The RFI will help the TTC learn more about new service providers and technologies, including open payment, being used by transit properties worldwide.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/October 24/Reports/Decisions/5 TTC Revenue Operations Phase Two PRESTO TTC Fare Equipment.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/October%2024/Reports/Decisions/5%20TTC%20Revenue%20Operations%20Phase%20Two%20PRESTO%20TTC%20Fare%20Equipment.pdf)

At its meeting of May 13, 2020, the TTC Board considered a report detailing the proposed scope of work for two TTC policy documents: the 5-Year Fare policy and the 10-Year Collection Outlook.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2020/May 13/Reports/11 Development of the 5 Year Fare Policy and 10 Year Fare Co.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2020/May%2013/Reports/11%20Development%20of%20the%205%20Year%20Fare%20Policy%20and%2010%20Year%20Fare%20Co.pdf)

At its meeting of September 24, 2020, the TTC Board received an update on the PRESTO implementation achievements, the progress on the negotiations with Metrolinx on further improvements to the PRESTO system, how to achieve the remaining key milestones, and resetting the TTC's ongoing relationship with PRESTO.

[http://ttcstaging.affsys.com/About the TTC/Commission reports and information/Commission meetings/2020/September 24/Reports/4 PRESTO Annual Update.pdf](http://ttcstaging.affsys.com/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2020/September%2024/Reports/4%20PRESTO%20Annual%20Update.pdf)

At its meeting of February 10, 2021, the Board received an update on the timing of the Settlement Agreement, Metrolinx's re-procurement of their major vendor, procurement of modernized devices for the TTC, critical path steps to the TTC procuring a new vendor to replace the current fare collection system by the end of the TTC-Metrolinx agreement in 2027, and an update on the TTC's Fare Policy and Collection Strategy.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2021/February 10/Reports/5 PRESTO Fare Policy and Collection Strategy Update.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2021/February%2010/Reports/5%20PRESTO%20Fare%20Policy%20and%20Collection%20Strategy%20Update.pdf)

Issue Background

In February 2021, staff provided the Board with an update on the Fare Policy and Collection Strategy, including developing and issuing the RFI on fare collection. The Fare Policy and Collection Strategy and the requirements the TTC has for PRESTO's refresh of our devices and their re-procurement requirements are being developed with PRESTO, at the same time as the Settlement was being finalized. A more in-depth overview of the Fare Policy and Collection Strategy is provided to the Board in a separate report on this Board Agenda on May 12, 2021.

Comments

Negotiations and Settlement

The Settlement negotiations between the TTC and Metrolinx for PRESTO matters commenced in late 2019. Unresolved issues related to additional operating TTC expenses resulting from construction of Eglinton Crosstown and Finch West rapid transit projects, are also included in the Settlement negotiations.

The joint TTC and Metrolinx working groups finalized a financial and Settlement proposal, which was reported to the Board in September 2020 with a further update provided in February 2021. The Joint TTC and Metrolinx working groups continue to finalize Definitive Agreements and Settlement Minutes to resolve the outstanding PRESTO matters including:

- Metrolinx commitment to deliver all outstanding contractual Business Requirements;
- Metrolinx to compensate the TTC for lost fare revenue to date related to PRESTO equipment failure;

- The commencement of a Service Level Agreement for the PRESTO system, consistent with the Business Requirements included in the TTC/Metrolinx Agreement; and
- Metrolinx commitment to upgrade TTC PRESTO card readers to allow them to process Open Payments and to address current system performance issues.

Upon the successful completion of the Settlement, the arbitration process between the TTC and Metrolinx will be terminated.

Contact

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Signature



Kathleen Llewellyn-Thomas, P.Eng.
Chief Strategy and Customer Officer

Attachments

Attachment 1 – Critical Path: PRESTO – TTC Program
Attachment 2 – Confidential – TTC-MX PRESTO Settlement Update

Attachment 1 - Critical Path: PRESTO – TTC Program

