



GTHA Fare Integration

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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:

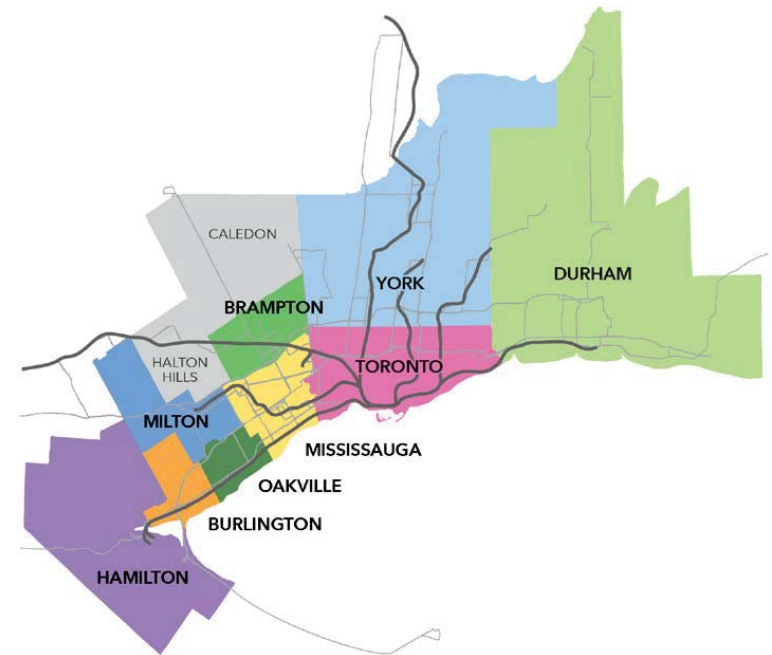
- Fares for transit service do not reflect the value of a trip (ie. Toronto boundary double fare)
- The complexity of understanding multiple fare rules may discourage travellers from making trips using multiple transit services

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

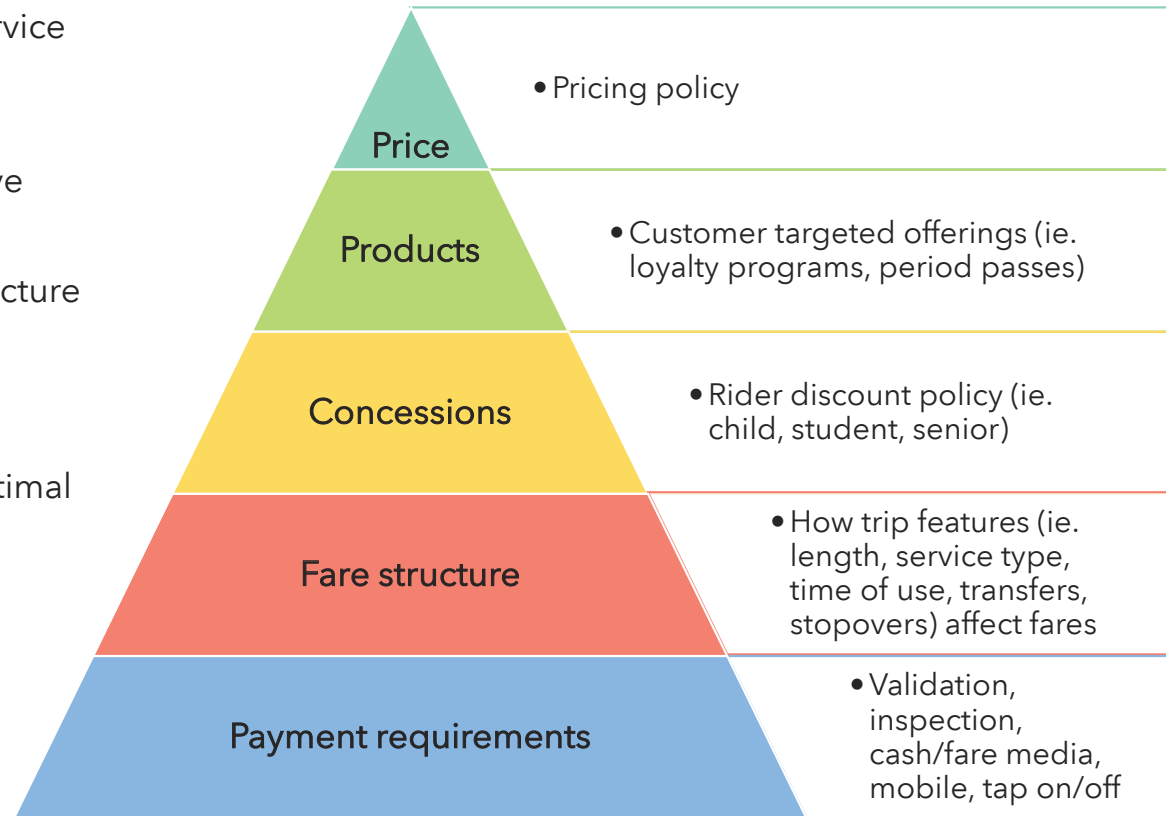


There are currently 11 different ways fares are determined in the GTHA, with each transit service provider setting its own rules and prices

HOW FARES ARE SET TODAY

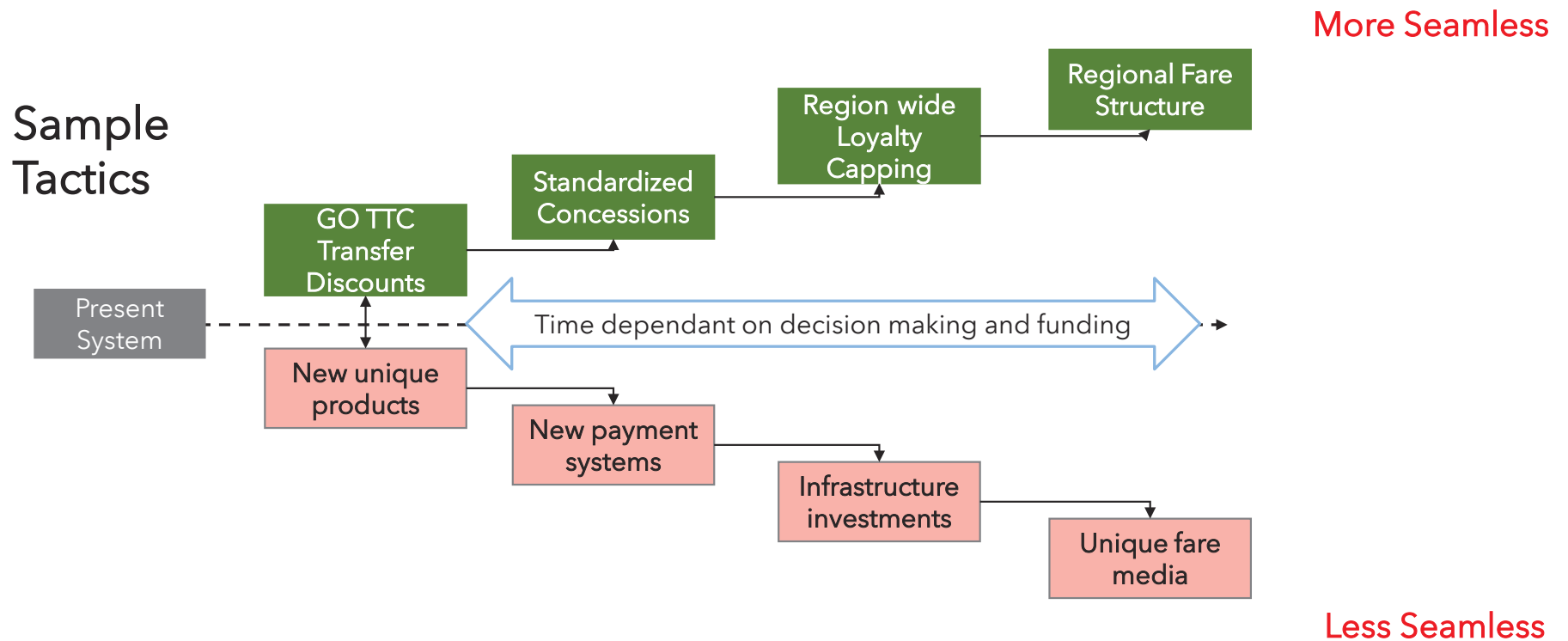
- GTHA fares are currently influenced by which service provider is being used
- Fares are currently developed by each individual service provider and approved by their respective council
- Work to date has focused on examining fare structure and not how prices, products, concessions and payment requirements 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)

Items influencing fares

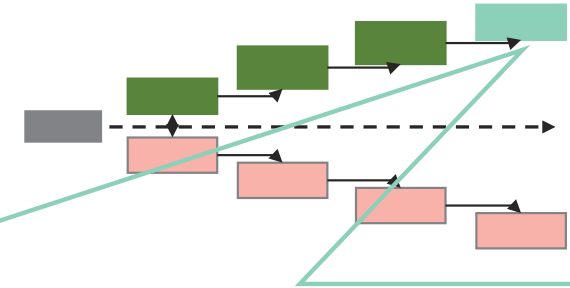


ONGOING RISK OF DIVERGENCE

- 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

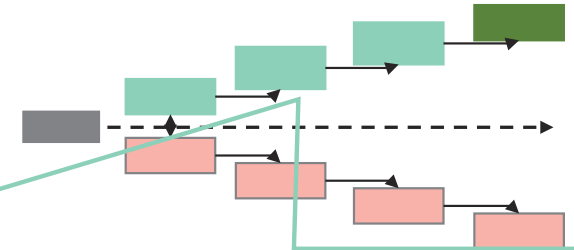


TECHNICAL ANALYSIS



- 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

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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

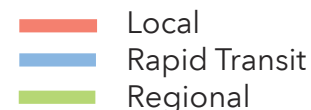
- Customer change management
- Build support and explain rationale for change

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

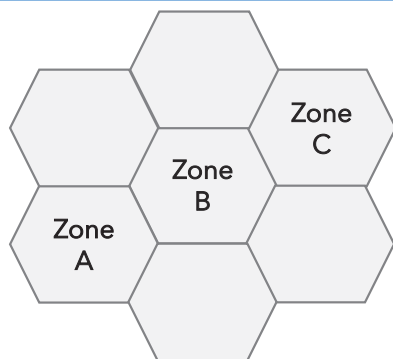
1. Modified Existing

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

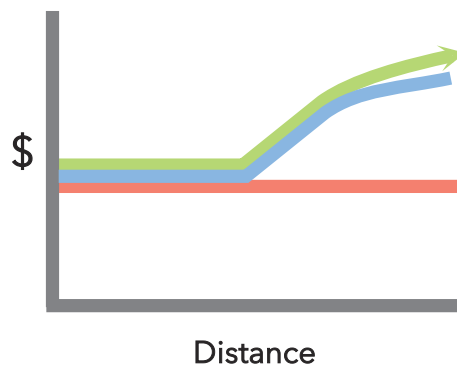
2. Zones

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



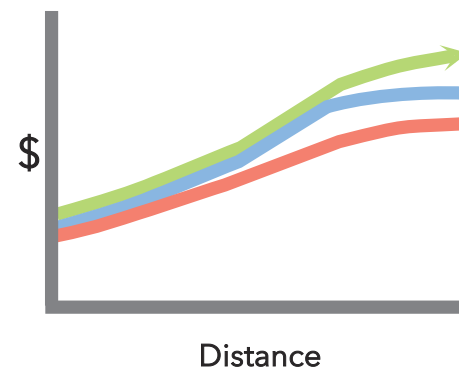
3. Hybrid

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