



For Action with Confidential Attachment

Fare Collection Update

Date: January 27, 2025

To: TTC Board

From: Chief Strategy and Experience Customer Officer

Reason for Confidential Information

This report contains information about a position, plan, procedure, criteria, or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the City or local board.

Summary

The purpose of this report is to provide an update on the progress made since the last Fare Modernization Update to the TTC Board in July 2024. This report includes an update on the TTC's fare modernization efforts, its automated fare collection system (PRESTO), and its related automated fare media.

Recommendations

It is recommended that the TTC Board:

1. Adopt the recommendations contained in Confidential Attachment 1; and
2. Authorize the information in Confidential Attachment 1 to remain confidential until such time as the final negotiations have been completed and all necessary agreements have been executed.

Financial Summary

On a cumulative basis, a total of \$0.7 million has incurred to support the development of this business case for the modernization of the fare collection system. The 2025 Operating Budget, approved by the Board on January 10, 2025, and scheduled to be put forward for City Council approval on February 11, 2025 includes \$0.8 million to fund an additional temporary workforce and external services to support the new contract negotiations.

The Board will be presented with updated financial impacts and progress made at its October 2025 meeting.

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

Equity/Accessibility Matters

Equity, Diversity, Inclusion and Accessibility are key principles of the TTC's Corporate Plan. As a proud leader in providing accessible public transit in the city of Toronto, we are committed to ensuring reliable, safe, and inclusive transit services for all our customers. This is supported through leveraging PRESTO technology and engaging with the City of Toronto's Poverty Reduction Strategy Office (PRSO) and the TTC's Advisory Committee on Accessible Transit (ACAT).

After public and stakeholder consultations, including town halls and a customer survey, the fare policy goals as part of the 5-Year Fare Policy and 10-Year Fare Collection Outlook were approved by the TTC Board in 2021. These goals helped define the TTC's vision to develop a fare policy reflective of customer needs, while taking into account the TTC's financial sustainability, and provided the basis for assessing future fare policy recommendations, which drive the TTC's fare collection through fare modernization.

The TTC and Metrolinx have been working to proactively identify potential barriers to transit equity and access in joint fare modernization efforts to ensure that no customer segments or equity-deserving groups experience barriers within the fare modernization process.

In 2021, the Human Rights Commission raised concerns with the PRESTO fare collection system due to the lack of a robust third-party network, limited availability of limited-use media (TTC PRESTO Tickets), and the bulk sales program. However, in 2022, PRESTO assumed responsibility for and launched a new bulk sales program that made TTC PRESTO Tickets available to clients that had previously purchased legacy TTC tickets and tokens. The TTC and PRESTO teams are actively working on expanding the third-party network. PRESTO fare vending machines (FVMs) are scheduled to be installed at four city intersections by Q2 2025.

Advancements in fare collection technology have further enabled the TTC and the City of Toronto to implement new policies that significantly benefit customers, including the two-hour transfer on PRESTO and the City's Fair Pass Transit Discount Program. The launch of Open Payments, enabling customers to pay with contactless debit or credit cards, and PRESTO in Google and Apple Wallets, have further expanded payment options and made it easier for customers to pay their fare.

Furthermore, the TTC's new 5-Year Accessibility Plan (2024-2028) includes actions and initiatives to improve fare payment processes for customers. These include:

- Rolling out a new PRESTO-enabled Support Person Card to enable customers travelling with support persons to independently access subway fare gates.
- Co-ordinating with ACAT to explore future accessibility improvements for PRESTO.

- Exploring options to expand access to PRESTO services through the third-party network in order to improve in-person PRESTO loading availability in underserved parts of Toronto.

The upcoming PRESTO 2.0 system will have numerous benefits for customers, including from an equity and accessibility perspective. For example, PRESTO 2.0 will ensure a seamless experience for customers, including new and expanded payment and account management options, improved concession fare capabilities, enhanced customer support, and instant card loads.

It is important to note that physical PRESTO cards and limited-use PRESTO Tickets will continue to be available after the transition to PRESTO 2.0. These options provide the most protection from banking fees associated with debit and credit transactions, which may particularly impact those who are unbanked or under-banked and have low or volatile income. The availability of PRESTO Tickets will ensure continued access for social and community agencies that distribute fares to numerous groups, such as newcomers, those experiencing homelessness, and clients with low incomes.

Decision History

At its meeting on July 17, 2024, the TTC Board received the report, [Fare Modernization Annual Update](#). Previous decision history is available in this report.

Issue Background

The TTC's long-term fare collection strategy focuses on aligning strategic goals and customer needs.

Between 2020 and 2022, the TTC completed a comprehensive Long-Term Fare Collection Strategy, a 5-Year Fare Policy and a 10-Year Fare Collection Outlook. The fare collection outlook identifies technology that allows the TTC to implement flexible fare policies supporting the seven strategic fare policy goals. This included identifying technology trends in the industry through a Request for Information (RFI), learning best practices from other agencies through a peer review, conducting a gap analysis and evaluating future options with TTC stakeholders from all areas of the business. The 10-Year Fare Collection Outlook identified that a real-time, account-based, open architecture fare collection system would meet the TTC's technology goals.

The 2012 TTC-Metrolinx Master E-Fare Collection Outsourcing Agreement (the "Agreement") has an initial term of 15 years and it expires on November 28, 2027. The Agreement will automatically renew for five years (to 2032) unless either the TTC or Metrolinx gives 24-months' notice of their desire not to renew. The deadline to opt-out of the automatic renewal for either party is November 27, 2025. This option currently remains open for both Metrolinx and the TTC.

In preparation for the Agreement coming to term, the TTC Board directed staff to undertake a business case to evaluate the TTC's best option to execute its vision for an automated fare collection system. The options included:

- **Continue with the PRESTO system**
Assessing the benefits and challenges of continuing with the existing automated fare collection system.
- **Procure an independent automated fare collection system**
Which explores the feasibility and implications of developing a TTC-owned and operated automated fare collection system.

Contact

Narmie Kandiah, Manager – Fare Policy and Planning
416-397-8978
narmie.kandiah@ttc.ca

Mark Mis, Head – Strategy and Foresight (Acting)
416-393-4275
mark.mis@ttc.ca

Angela Gibson, Executive Director – Fare Technology and System Stewardship (Acting)
416-712-5338
angela.gibson@ttc.ca

Signature

Josh Colle
Chief Strategy and Customer Experience Officer

Attachments

Confidential Attachment 1