For Action

Non-Fare Revenue Strategic Review

Date: June 23, 2025
To: TTC Board
From: Chief Strategy and Customer Experience Officer

Summary

TTC's 2024-2028 Corporate Plan has a strategic focus on financial sustainability, which includes maximizing non-fare revenue streams while balancing considerations such as the customer experience. TTC staff have investigated new non-fare revenue-generating opportunities, including a review of paid naming rights and a jurisdictional scan examining innovations in other transit agencies. This report outlines a work plan that identifies potential new non-fare revenue opportunities, including a recommendation to not proceed with pursuing paid corporate station naming rights.

The industry scan reviewed over 20 jurisdictions and found that the TTC generates non-fare revenue in many of the same ways as peer transit agencies in North America, primarily in the following categories: advertising, retail, commuter parking, filming, and property. Non-fare revenue accounted for approximately 7% of the TTC's total revenue in 2024 (excluding non-profitable recoveries), which aligns with North American peer agencies, which range from 2% to 7%. The TTC generates the remainder of its revenue through fare collection and subsidies.

After analyzing potential return on investment opportunities, it was determined that the best course of action is to expand on existing tactics. These include advertising, third-party partnerships and sponsorships, and expanded and innovative retail. To further develop these new opportunities, and enhance existing non-fare revenue streams, new dedicated non-fare revenue staff are required.

Recommendations

It is recommended that the TTC Board:

1. Endorse the guiding principles for advancing non-fare revenue opportunities:
    - Customer-centred
    - Equity-informed
    - Transparent
    - Strategically aligned
    - Operationally feasible

2. Endorse the proposed work plan initiatives.

3. Endorse the establishment of a dedicated team to action the non-fare revenue work plan.

Financial Summary

TTC's sources of non-fare revenue (or ancillary revenue), outlined in Table 1 below, include streams, such as advertising, commuter parking, and rental income. $77.6 million of non-fare revenue was generated in 2024, with costs of $13.6 million and net profitability of $64.0 million.

Table 1: 2024 Non-Fare Revenue Actuals

Non-Fare Revenue Stream ($000's)*	2024 Actual Revenue	2024 Actual Costs	2024 Net Profitability / (Loss)
Advertising	31,912		**31,912**
Commuter Parking	7,723	12,572	**(4,849)**
Rent Revenue			
Subway Concessions	2,339	65	**2,274**
BAI	1,500	-	**1,500**
Other Property/Land Rental	12,396	-	**12,396**
Subtotal Rental Income	**16,235**	**65**	**16,170**
Other Income			
Interest Income	7,683	-	**7,683**
Cash Discounts	334	-	**334**
Other Miscellaneous	13,759	-	**13,759**
Subtotal Other Income	**21,776**	-	**21,776**
Other Support Costs			
Strategy & Customer Experience Support	-	250	**(250)**
Treasury Support	-	372	**(372)**
Other Support (Finance, Technical Review Fees, etc.)	-	388	**(388)**
Subtotal Other Support Costs	-	**1,010**	**(1,010)**
			-
TOTAL ANCILLARY REVENUE	**77,646**	**13,647**	**63,999**

* Totals may not add due to rounding to nearest thousand

Existing TTC staff responsible for non-fare revenue initiatives are primarily dedicated to filming, retail and commuter parking. Property, Planning & Development (PPD) has staff that also work on Third Party Development, Entrance Connections, and Property Agreements. This legacy model is reactive whereas an opportunity development mindset is required to deliver on non-fare revenue objectives. A multi-year department re-organization was initiated in 2024 to bring on and support these skills. Preliminary changes have enabled the development of new non-fare revenue opportunities related to partnerships and asset rentals/filming. To address the remaining gaps and achieve the Corporate Plan objective to maximize non-fare revenue streams, the TTC intends to seek approval for new staff positions in the 2026 Budget submission and/or through in-year adjustments to accelerate non-fare revenue generation efforts.

A key next step will be to establish performance targets, tracking and monitoring to ensure that non-fare revenue streams are sustainable and drive financial growth. Performance targets for the TTC's non-fare revenue streams should not be tied solely to a percentage of total revenue, which is largely driven by ridership, fare policies and subsidies, and will vary each year. Instead, targets should be aligned with the size of the dedicated team and the potential profitability of initiatives. At minimum, non-fare revenue initiatives should be delivered by a dedicated team working to achieve self-sufficiency and cover staffing and operating costs. Currently, with limited staff, all roles are split between multiple projects and there is a lack of dedicated focus on revenue generation. More ambitious longer-term targets should focus on increasing net revenue generation year-over-year.

Equity/Accessibility Matters

A cornerstone of the TTC's Corporate Plan 2024-2028 is Equity, Diversity, Inclusion and Accessibility (EDIA), and 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.

The recommendations in this report reflect a deliberate focus on equity as a priority in selecting which non-fare revenue tools to pursue. Staff carefully evaluated all potential options through an equity lens, prioritizing initiatives that would generate revenue without creating undue barriers or disproportionately impacting certain groups. As a result, while opportunities like new advertising streams, partnerships, and retail improvements were included, options such as paid corporate naming rights and premium services were excluded. These options were eliminated specifically because they risked compromising accessibility, equity and public trust, by prioritizing exclusive benefits for higher paying entities at the expense of broader inclusivity.

Moving forward, this report recommends establishing a dedicated team to pursue non-fare revenue opportunities. This team will be able to integrate an equity lens to prioritize strategies that bring value to customers, enhance inclusivity, and ensure that revenue generation does not disproportionately burden equity-deserving groups. The TTC's Racial Equity Office and TTC Advisory Committee on Accessible Transit (ACAT) will be consulted as appropriate as part of the design and implementation of non-fare revenue initiatives.

Innovation and Sustainability Matters

In September 2024, the TTC Board approved the TTC's first Innovation and Sustainability Strategy, which includes the exploration of new pathways and technologies to generate non-fare revenue. As innovative new approaches are explored to enhance the customer experience and increase non-fare revenue through the strategy proposed in this report, it is expected that new riders will be encouraged to take public transit. In turn, these new riders will contribute to the reduction of community-wide greenhouse gas emissions.

One new approach being explored through the Non-Fare Revenue Strategy is offering of corporate sponsorship opportunities to provide free transit during Earth Month. These opportunities will highlight the sponsor's climate stewardship, drive ridership, and further promote transit's role in reducing emissions. Future non-fare revenue strategies will ensure new opportunities align with TTC's environmental sustainability and innovation principles.

Decision History

July 6, 2011: Procurement Authorization – Advertising on the TTC. The Board approved the award of a contract to Pattison Outdoor for the right to sell and display advertising on TTC-owned or occupied property.
Report: Advertising on the TTC . Decision: TTC Board Decision

May 24, 2013: Reconsidering the Gateway Lease. The Board asked staff to examine and study opportunities to maximize revenue and improve customer experience of TTC's retail operations.
Report: Reconsidering the Gateway Lease. Decision: TTC Board Decision

November 23, 2015: 2016 TTC and Wheel-Trans Operating Budgets: Impact of TTC Budget Committee Recommendations. The Board asked staff to designate a member of TTC Staff tasked with the mandate of increasing non-fare revenue.
Report: 2016 Operating Budget. Decision: TTC Board Decision

February 15, 2018: New Retail Strategy. The Board approved the TTC's New Retail Strategy which proposed modernizing the current and future retail offerings in the TTC to maximize revenue potential and improve the customer experience.
Report: TTC's New Retail Strategy. Decision: TTC Board Decision

July 14, 2020: Amendments to the TTC's Advertising Contract. The Board approved amendments to the TTC's Advertising contract, including the rollover of OneStop Media into the current contact and advertising in Line 1 Extension stations.
Report: Amendments to the TTC's Advertising Contract. Decision: TTC Board Decision

February 28, 2023: TTC Customer Car Parking Strategy. The Board directed staff to review the TTC Customer Car Parking Strategy in response to a significant increase in fees to license HONI property for use as TTC parking lots.
Report: TTC Customer Car Parking Strategy. Decision: TTC Board Decision

April 13, 2023: Advertising Opportunities. The Board requested a report on potential revenues from naming rights, sponsorships, and additional advertising opportunities to offset operating and capital financial pressures. Report: Financial and Major Projects Update for the Year Ended December 31, 2022 Decision: TTC Board Decision

December 20, 2023: TTC's 2024-2038 Capital Investment Plan (CIP): A Review of Unfunded Capital Needs. The TTC's 2024-2038 Real Estate Investment Plan (REIP) was approved by the Board in December 2023 as part of the TTC's 2024-2038 CIP. Report: 2024-2038 Real Estate Investment Plan (REIP). Decision: TTC Board Decision

May 16, 2024: TTC Corporate Plan 2024-2028 & Beyond. The TTC's 2024-2028 Corporate Plan was approved by the Board. Report: TTC Corporate Plan 2024-2028 & Beyond. Decision: TTC Board Decision

Issue Background

The TTC's revenue is derived from three primary sources: fare revenue, government subsidies, and non-fare revenue. Historically, the TTC has been among the most reliant on fare revenues of North American public transit agencies, which poses challenges to long-term financial sustainability. In response to these financial challenges and to further enhance the customer experience, in 2023 the TTC Board requested that staff develop a work plan to seek new non-fare revenue opportunities to diversify revenue streams, improve financial stability and operational resilience and reduce dependence on fare revenue and subsidies required from the City and other levels of government. This report outlines specific recommendations to achieve these objectives, drawing on best practices worldwide and tailoring them to the unique context of the TTC.

Comments

The TTC has developed a work plan to identify potential new sources of non-fare revenue to diversify revenue streams while also improving customer experience. The scope of work of this report included:

- Assessing non-fare revenue tools used by the TTC and how they are delivered
- A jurisdictional scan of non-fare revenue tools used by peer transit agencies
- Developing a long and short list of potential non-fare revenue tools including assessing the legislative authority to implement these tools.
- Reviewing implementation considerations and assessing required new staff resources to manage and deliver on non-fare revenue initiatives going forward.

As per Strategic Direction 5 of the TTC's Corporate Plan, the strategic principle behind non-fare revenue generation is to maximize revenue for the organization to reduce the City's subsidy burden and free up funds for other service and customer experience opportunities. To that end, the TTC has assessed the short list of non-fare revenue opportunities with revenue potential and other criteria in mind to help form recommendations for opportunities to further explore or implement.

Non-Fare Revenue: Current Status Review

Non-fare revenue accounted for approximately 7% of TTC's revenue in 2024 (excluding non-profitable recoveries). This figure falls at the upper end of the range of non-fare revenue generated by peer transit agencies across North America, which ranges from 2% (Translink, YRT, LA Metro, SEPTA) to 5% (MTA). These percentages exclude tax revenues and government subsidies. TTC generates non-fare revenue in the following categories:

Non-Fare Revenue Categories	Description	2024 Actual Revenue
Advertising	Revenue from the TTC's advertising contract	$31.9M
Commuter Parking	Weekday commuter parking lot rates at 16 stations	$7.7M
Retail Leases	Rental income from approximately 32k square feet of retail space across 80 locations and 69 stations	$2.3M
Property	Property/land rental income, BAI income, development technical review fees, entrance connection annual fees.	$13.9M
Other Income	Filming, TTCshop.ca, interest income, etc.	$21.8M
Total Gross Non-Fare Revenue		**$77.6M**

Further details are provided in Attachment 1: Current Status Review.

Staffing Resources
The TTC currently has the equivalent of three full time staff positions in the Marketing & Customer Experience and Property, Planning & Development (PPD) departments dedicated to various aspects of non-fare revenue generation, including retail, parking, and filming. None of these dedicated roles are at the director or department head level. Additionally, PPD has several staff that are involved in technical reviews, entrance connection fees and that manage some property leases. Various other roles within the organization, including staff in the Marketing and Finance departments, contribute a portion of their time to non-fare revenue activities, such as supervisory tasks and reviewing advertising and accounts receivable.

Jurisdictional Peer Review and Industry Scan

A jurisdictional scan was undertaken to understand methods to generate non-fare revenue used by transportation organizations globally including municipal transit systems (Montreal STM, Vancouver TransLink, New York MTA, Transport for London, Hong Kong MTR), regional and intercity operators (Metrolinx, VIA Rail, Amtrak, India Rail), and other organizations (BC Ferries, Toronto Pearson International Airport). All jurisdictions analyzed were found to be utilizing non-fare revenue tools currently used by the TTC in addition to other, unique sources. Identified tools are described in the section Potential New Non-Fare Revenue Opportunities. Key lessons learned are summarized below with further details provided in Attachment 2.

Lesson 1: Diversification is crucial
Many jurisdictions diversify their revenue streams for financial stability. For example, Transport for London (TfL) and Hong Kong MTR invest in property development, retail

licensing, and congestion charges. Diversifying mitigates risks from economic fluctuations and market trends and contributes to sustainable transit funding.

Lesson 2: Understand local market context
Effective non-fare revenue strategies require understanding local market dynamics. Transit agencies, like TTC and TransLink, partner with private organizations to offer free or reduced transit fares and other customer amenities, while generating revenue. However, partnerships must align with local transit patterns and customer preferences.

Lesson 3: Balance revenue generation with customer experience
Revenue generation should not compromise the core mission of providing efficient, safe, and accessible public transit service. For example, paid corporate naming rights agreements can lead to customer confusion, undermining and ease of navigation.

Lesson 4: *Understand legal and policy implications*
Transit agencies must carefully navigate legal and policy constraints when pursuing non-fare revenue opportunities. For example, LA Metro repealed its naming rights policy due to legal risks. Similar risks apply in Canada, where agencies may face legal challenges if they reject potential sponsors based on controversies or public values.

Lesson 5: Invest in infrastructure and technology
Non-fare revenue strategies often require investments in infrastructure and technology to attract advertisers. For example, Hong Kong MTR uses 5G to track customer movements and send push notifications. Miami installs digital kiosks that provide wayfinding, information and multilingual content, generating revenue from advertising.

Lesson 6: Build a strong, dedicated team for revenue generation
Transit agencies need dedicated, well-resourced teams focused on non-fare revenue generation with the ability to react quickly to new opportunities. Staffing varies between agencies but typically ranges from five to 20 positions.

Lesson 7: Promote transparency and accountability
Transit agencies must ensure transparency and accountability in non-fare revenue activities. Revenue generated should be reinvested into improving transit services for customers and the community. Lack of transparency with sponsorship deals or data collection can lead to public distrust and dissatisfaction.

Policy Framework

The table below summarizes relevant TTC policy goals, supporting documents that provide guidance and structure, and the implications for generating non-fare revenue. The policy framework is the foundation for aligning revenue-generating opportunities with broader TTC and City objectives. A more detailed exploration of each document, including specific provisions and guidelines, is included in Attachment 3.

Policy Goal	Supporting Policies, Legislation, Directives	Implications for TTC's Non-Fare Revenue Strategy
Improve financial sustainability	• TTC Board Meeting – April 13, 2023; Member Motion on Item 7 – Financial and Major Projects Update for the Year Ended December 31, 2022 • TTC Corporate Plan 2024-2028 • City of Toronto Updated Long-Term Financial Plan • City Council direction – Item 2023.MM6.26	These documents identify transit funding as a significant financial challenge for the City of Toronto. They direct City of Toronto and TTC staff to explore and report on potential revenue opportunities to offset operating and capital financial pressures.
Maximize customer/ community benefits	• 2024-2028 5-Year Service and Customer Experience Action Plan (5YSP) • Toronto Official Plan (OP)	The 5YSP aligns with broader city building goals outlined in the OP Plan and aims to enhance the attractiveness of public transit. Potential revenue generating opportunities should complement these plans enhancing the customer experience and supporting vibrant communities.
Foster innovation and efficiency	• TTC 2024-2028 Corporate Plan • TTC Innovation & Sustainability Strategy • TTC Policy "Advertising on TTC Property" • TTC Policy "Marketing Co-op Promotions/Campaigns"	Non-fare revenue initiatives should align with the organizational goals outlined in TTC's strategic plans, which drive innovation and efficiency. Internal policies help streamline processes, reduce costs, and optimize resource allocation for better financial outcomes.

Policy Gaps

The TTC does not currently have formal policies that govern sponsorships or renaming of TTC stations. Sponsorship policies typically provide guidelines to ensure sponsorship agreements align with organizational values, generate revenue, and maintain transparency and accountability. TTC has been advised by the City Manager's Office that an updated Sponsorship Policy will be brought to City Council in 2025.

TTC's current station naming policy states that stations will be named after geographic locations with a primary focus on customer wayfinding. The policy does not provide guidance on the renaming of stations. Recent TTC Board direction related to station naming presents an opportunity for TTC to develop an updated naming policy that includes an equity and inclusion lens, as well as community partner consultation for any station naming changes. The revised station naming policy is a separate item on the June 23, 2025, TTC Board agenda for approval.

Principles for Advancing Non-Fare Revenue Opportunities

It is recommended that the TTC adopt a set of guiding principles to ensure that non-fare revenue initiatives align with the TTC's strategic goals and values. These principles were informed by lessons learned from the jurisdictional scan and will provide a foundation for evaluating, designing, and implementing non-fare revenue opportunities as staff advance the work plan outlined below.

The guiding principles are:

- Customer-centred: initiatives must enhance or preserve the customer experience.
- Equity-informed: revenue generation should not disproportionately impact equity-deserving communities.
- Transparent: decision-making and partnership processes must be clear and accountable.
- Strategically aligned: initiatives should support broader goals such as sustainability, innovation, and financial resilience.
- Operationally feasible: initiatives should be achievable with existing or planned resources, with clear paths to long term viability.

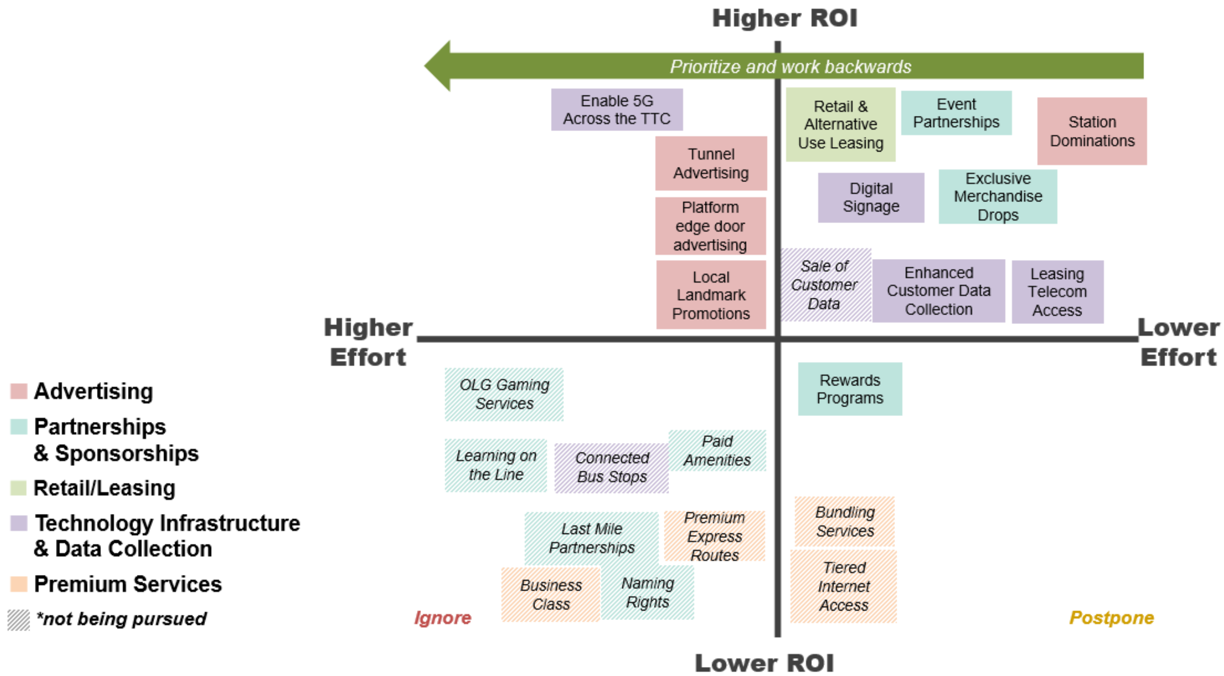
Potential New Non-Fare Revenue Opportunities

Based on Board direction, the jurisdictional scan, and alignment to the policy framework, a list of potential opportunities within existing legislative authority was identified and grouped into six broad “revenue streams” including advertising, partnerships and policies, retail leasing, technology infrastructure and data collection, premium services, and other. Opportunities outside existing legislative authority will be explored and reported on through the upcoming Ridership Growth Strategy.

Each of the tools on the list was assessed against the guiding principles and the following criteria were used to develop a shorter list of potential options to consider implementing:

- Potential to generate revenue
- Time to implement
- Implementation difficulty
- Feasibility
- Resources required
- Predictability
- Political and public support
- Customer diversification
- Impact on customer experience
- Equity and accessibility

Opportunities were also grouped into quadrants based on expected return on investment and effort:



Based on the assessment, it is recommended to further develop the following initiatives.

Non-Fare Revenue Initiatives Recommended for Further Development

Advertising
Staff are seeking out innovative opportunities to capitalize on advertising revenue generation. The TTC and its advertising vendor are currently accelerating work to add and upgrade digital screens in stations to increase advertising opportunities and revenues. Other potential new and expanded advertising opportunities include:

- Audio advertising: an upgraded public address (PA) system in subway stations is in progress that could potentially enable the TTC to sell audio advertising.

- Station dominations & sponsorships: there is potential in exploring temporary “station dominations” and activations, and naming or sponsorship of specific station amenities or areas, such as entrances or rest areas. These opportunities allowing for innovative, time-bound branding could generate revenue while maintaining a station’s overall identity and facilitating customer wayfinding.

- Sponsorship for providing free transit trips: TTC will explore opportunities like the New Year’s Eve sponsorship of free rides, to provide more free rides such as during Earth Month in alignment with TTC’s environmental sustainability commitment and the importance of increasing ridership to reduce community-wide greenhouse gas emissions.

- Tunnel advertising: new tunnel advertising technology presents an innovative and immersive way to generate new advertising revenue as well as improve customer communications. The technology displays full-motion videos on subway tunnel walls as trains pass through them. Tunnel advertising has been successfully implemented by TransLink and in Europe, Asia, and South America.

- Platform edge door (PED) advertising: PEDs present an opportunity for new advertising revenue which will be considered as part of the forthcoming PED business case. PEDs allow for easier advertisement changes and enable compact, high-visibility placements closer to customers. Some agencies, such as Bangkok MRT, have already leveraged PEDs for electronic advertising screens, which can also serve a dual purpose by displaying service information.

Retail/Leasing

In 2018, the TTC Board approved a New Retail Strategy aimed at modernizing retail offerings at TTC properties, with newer unique and innovative retail uses, such as grocery pickup and automated retail concepts with a desire to ensure the customer experience and maximize revenue potential. This strategy highlighted staffing constraints and proposed a significant shift in the organizational structure for designing, building/approvals and managing retail spaces. A key recommendation was to explore the creation of a separate operating investment entity responsible for identifying opportunities, negotiating deals, and managing all long-term leases. This approach would allow the organization to move away from the traditional Request for Proposal (RFP) process, enabling faster access to the latest retail innovations and optimizing revenue generation. The strategy also recognized the limitations of retail spaces and the need to renovate the spaces to meet relevant legislative requirements, deliver infrastructure that will meet retailers' standards, as well as market demand.

The COVID-19 pandemic paused these efforts, but revisiting the strategy now presents an opportunity to achieve its original goals and explore new retail concepts. The staffing constraints identified in 2018 remain present today, as do the limitations of the existing retail spaces. Addressing both challenges is essential to move the strategy forward and maximize revenue-generating potential.

Some of the infrastructure required to explore other leasing opportunities already exists, however, additional capital work is required to improve existing infrastructure to meet current and future retail demand. It is recommended that the TTC plan for flexibility in tenant spaces and explore options to lease underutilized space to diverse businesses such as restaurants, grocery pickup, small convenience and food to-go concepts, co-working spaces, etc., to improve the customer experience at stations and attract new customers to subway stations who otherwise would not use transit. Most TTC retail spaces are in paid areas of stations; however, providing retail in the unpaid areas of stations will allow for access by all residents, not just transit passengers. The TTC could also create unique retail and service concepts that take advantage of the different and distinctive location within Canada's largest transit agency. The TTC will also manage the retail leasing for Lines 5 and 6 when they open.

The TTC is responsible for negotiating and managing retail locations on TTC property in collaboration with the Corporate Real Estate Management (CREM) group within the City of Toronto. Under the requirement of the Municipal Code 279, TTC staff works closely with the CREM and as part of standard practices, the two groups continue to work together to improve communication, workflow and performance outcomes.

Partnerships

Partnerships between transit systems and local event organizers have been observed to be an effective method of generating new streams of revenue and ridership by other transit agencies, notably in Seattle. The TTC could partner with event promoters to offer pre-paid TTC fares valid before and after sporting, music, and other events, the price of which would be included in event tickets. Preliminary forecasts have shown that event partnerships could increase TTC ridership to and from sporting events by 18% to 25%, representing between 1,100 to 4,500 incremental new riders per event and new annual potential revenue of over $900,000 per year. TTC has trialed a variation of this concept with free rides home from the Rogers Cup tournament sponsored by Tennis Canada. Further analysis will be required to confirm potential revenue, market interest, the ability of the PRESTO system to accommodate event fares, and implementation timelines.

Event partnerships also provide fans with additional transportation options to events, improving the customer experience, and building the TTC brand through association with respective organizations. This initiative would contribute to helping Toronto meet its TransformTO Net-Zero by 2040 community-wide goals, reduce the need for parking at events, and contributing to congestion management.

Land Development
TTC's Real Estate Investment Plan (REIP) was established in 2022. The REIP calls for exploring opportunities for best use of TTC surplus properties and supporting city-building objectives where possible.

The 2024-2038 REIP includes action items to work with CreateTO, the City's development agency, on city-building initiatives such as at commuter parking and passenger pick-ups and drop-offs, air rights and redevelopment opportunities, and value creation opportunities for other underutilized TTC-owned spaces above and adjacent to subway lines. The TTC does not directly financially benefit from development of TTC's real estate as City Council direction is for all proceeds from sales of real estate assets to be directed to the City's Land Acquisition Reserve Fund to fund future City-wide future real estate capital requirements. However, there may be an opportunity to work with CreateTO to develop lands adjacent to TTC stations to support transit and broader city-building objectives and produce a continuous source of revenue for the TTC. It is recommended that the TTC continue to work with the City and CreateTO to transfer ownership or operational management of surplus TTC lands in a way that aligns with the TTC's ridership and operational goals.

The TTC does directly benefit from adjacent developments that connect to the system via new entrance connections which make it easier for transit riders to access the system and which help to generate new trips through the development. The TTC receives revenue from these developments via land leases and entrance connection fees. By charging developers and businesses a fee for providing direct access to TTC stations via commercial or residential properties, the TTC capitalizes on the increased value that proximity to public transit offers. Facilitating entrance connections encourages transit-oriented development and aligns with broader city goals by reducing reliance on private vehicles. Entrance connection fees align with action 5.2.3 of TTC's Corporate Plan to Maximize Non-Fare Revenue Streams and ensure that private developers contribute to the public infrastructure that benefits their projects

Developers have the option to pay entrance connection fees in a lump sum or annually over a 20-year period. However, there is a need to review these fees to ensure they reflect current market conditions and adequately reflect the value added by having direct station access. A comprehensive review and updated fee structure (including the cost-recovery fees associated with TTC staff technical reviews of entrance connection designs) would ensure that the fees remain a fair and sustainable source of revenue.

Data Collection & Technology Services
Many transit agencies leverage their physical and digital infrastructure to provide network services, gather customer data, and generate additional revenue. The TTC's existing agreement with Rogers to provide 5G and 911 access not only generates revenue but also enhances customer experience and safety. Additionally, revenue could potentially be generated by leasing space on existing structures, such as buildings and streetcar poles, to telecom providers.

Beyond leasing infrastructure, some transit agencies and private businesses collect network usage data to analyze customer movement patterns through stations. These insights can be used to optimize the placement of advertisements, increase advertising revenues, and inform station sponsorship, partnership and activation initiatives. Investing in the modernization of technology infrastructure can also enable more data-driven partnerships and improve customer services. While options like selling anonymized customer data are potential revenue streams, agencies may choose to prioritize customer privacy and equitable access to services.

TTC has also implemented automatic data collection technologies across the transit system, including Automatic Passenger Counting (APC), Automatic Fare Gate Event data, and Subway Train Weight data. Leveraging data from these systems to continue to understand customer demand, including aggregating transit data with other data sources, could enable TTC to better plan for existing and future revenue generation opportunities as well as provide customized offers based on travel patterns.

Filming
The TTC currently makes vehicles and facilities available for use by film and television productions. An initial analysis has found that rates charged to productions are for direct costs only: for the use of vehicles, when used, and a recovery of TTC staffing costs, to support the film productions. TTC's staffing recovery rates were last updated in 2022.

Prior to 2024, the TTC did not charge a fee above direct costs. A review in 2024 compared film production and facilities usage with peer transit organizations, such as NYC's MTA. It found that TTC could likely earn millions of dollars annually by charging location fees to film and television producers. To prepare for this report and test the market scan conducted, staff have been negotiating location/administration fees into contracts, in addition to direct costs, to determine the elasticity of the market since Q4 2024. There has been little resistance to the increased fees and projected activity is consistent with what that seen in prior years.

Non-Fare Revenue Tools Not Recommended for Further Pursuit
Several additional revenue tools were assessed for feasibility, however, based on the identified policy goals and potential implementation challenges, the following tools were not recommended for further exploration or implementation.

Paid Corporate Naming Rights
Upon reviewing the implementation of over 25 examples of paid corporate naming rights agreements at public transit agencies worldwide (refer to Attachment 2), numerous significant challenges were identified, including extensive staffing resources required to implement, limited interest from potential sponsors, low revenue generated, legal and policy restrictions, lack of stakeholder consensus, and poor customer experience

A key challenge is the extensive staffing resources needed to solicit, draft, and execute such agreements. Despite these efforts, there is often limited interest from potential sponsors, with many preferring to work with marketing agencies instead of public sector organizations. Additionally, the revenue generated from these agreements is typically small compared to the overall operating budgets of transit services. Further, should a naming rights deal include exclusivity requirements, it may limit the amount of advertising that can be sold to competing businesses and result in an unintended reduction in advertising revenue. For example, if a station were named for a financial institution, a transit agency may be unable to sell advertising space in that station to competing financial institutions.

Additional legal and policy considerations further complicate naming rights agreements. Public transit agencies cannot selectively approve or reject sponsors without risking legal challenges. This could potentially force transit agencies to accept bids from companies with controversial histories or business practices, if they meet policy criteria.

In Canada, the Canadian Charter of Rights and Freedoms and legal precedents like G*reater Vancouver Transportation Authority v. Canadian Federation of Students (2009)* highlight these risks. In this case, the Supreme Court of Canada ruled that a public transit agency (like the TTC) is subject to the Charter in its role as the host of advertising. The decision prevented BC Transit from refusing advertisements based on political or controversial content unless it clearly violated pre-established, content-neutral policies. These legal constraints mean that the TTC could be required to accept bids from sponsors with controversial reputations or values that may conflict with the mission of the TTC, so long as their bids meet established criteria. The TTC's *Advertising on TTC Property Policy* states that "if the TTC chooses to accept advertising on TTC Property, it must not limit the expression of an Advertiser by refusing an Advertisement except as permitted under Section 1 and/or 2(b) of the Charter, as applicable." Furthermore, extensive legal reviews quickly create additional administrative hurdles, making naming rights agreements both risky and resource-intensive to implement.

Achieving consensus on an appropriate sponsor is another considerable challenge. Ensuring that the chosen sponsor aligns with the agency and City brand and identity can be difficult. Potential sponsors may also perceive a risk with associating their brand with a transit system, particularly if the system experiences any negative public perceptions. Lastly, naming rights agreements have the potential to interfere with essential wayfinding and customer information needs within the transit system. Prioritizing commercial interests over customer experience can lead to confusion and dissatisfaction among transit users.

Due to these substantial challenges, it is recommended that the TTC not pursue paid naming rights agreements. The complexities and limited financial benefits do not outweigh the significant efforts and potential risks.

Premium Services

Premium services are often employed by providers of regional or intercity transit services, which have greater travel distances and fewer stops. The intent of these services is to give customers the option of paying extra for amenities, such as business class seating, non-stop express service, and washroom access, to make their journey more pleasant. Shorter trip lengths and frequent stops make premium services challenging to pursue in a local transit environment. In recent years the TTC has permanently discontinued its double fare Downtown Express routes as service was uneconomical to operate. There are also equity concerns with premium transit options. Overall, these initiatives were generally assessed to be undesirable and inequitable, and it is not recommended that the TTC pursue premium services.

Non-Fare Revenue Work Plan / Next Steps

To further explore and implement the non-fare revenue tools described in this report, new dedicated non-fare revenue staff are required. As a start, and in line with comparable transit organizations, it is recommended that TTC create a dedicated team to manage and pursue new and expanded non-fare revenue opportunities. To start, the TTC needs four new FTE's, at minimum, to build capacity and focus on:

- Station activations and short-term pop-up marketing
- Partnerships and sponsorships
- Expansion of existing long-term retail leasing and new LRT line retail space
- Initiatives to maximize the TTC's existing advertising agreement

These staff positions would be created or adjusted through future budget submissions and/or in-year adjustments. As the volume grows, new roles would be added. New staffing dedicated exclusively to non-fare revenue generation would enable the TTC to:

1. Identify quick-win opportunities and allow bandwidth to staff to "fail fast" and find out what ideas have traction in the marketplace.
2. Test the market and report back on what works and which ideas are not ready.
3. Work with TTC's advertising vendor and major entertainment players to identify opportunities to partner that generate ridership, increase TTC's brand reputation at no cost/quid pro quo, and/or try innovative ideas.
4. Track progress, metrics and return on investment on initial efforts.
5. Build forward looking opportunities into upcoming budget processes.

Potential opportunities that an expanded non-fare revenue team could pursue include:

- Reviewing new advertising streams outside of the existing contract scope
- Pursuing new partnerships and sponsorships
- Recommend process and protocol efficiencies to remove barriers

- Completing a filming and event space rates review
- Reviewing entrance connection fees
- Evaluating the feasibility of data collection and monetization

It is unknown at this time how much new non-fare revenue can be expected from the above initiatives until the market is asked and tested; however, event partnerships alone are estimated to produce approximately $1 million per year in new revenue.

Creating a dedicated non-fare revenue team to deliver on the above work plan items will enable the TTC to estimate the ongoing financial impact of these potential and enhanced revenue streams and provide input into future Operating Budget submissions.

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Attachments

Attachment 1 – Non-Fare Revenue Tools: Current Status
Attachment 2 – Jurisdictional Scan of Non-Fare Revenue Tools Worldwide
Attachment 3 – Policy Framework

Attachment 1: Non-Fare Revenue Tools: Current Status

In 2024, the TTC's total revenue was $1.097 billion, including approximately $78 million in non-fare revenue (7%). TTC's current sources of non-fare revenue include:

- Advertising
- Parking
- Vehicle Charters
- Retail Leases & Other Property Rental
- Other Income (Filming, Property Development fees, etc.)

The largest categories for non-fare revenue are parking fees, retail and other rents, and advertising. Advertising revenue accounts for approximately $56 million of the $78 million total. Each source of non-fare revenue is summarized below.

Advertising

TTC has a long-term contract with Pattison Outdoor, which currently sells advertising for static posters, murals and vinyl wraps across the TTC on buses, streetcars, subway trains and at stations. The portfolio also includes modern digital products at a growing number of stations, including video matrix displays (video walls) and digital posters.

Commuter Parking

The TTC has 19 operational commuter parking lots with over 11,000 parking spaces available for customer use. Parking rates generated $7.9 million in non-fare revenue in 2024 with direct operating costs of $14 million. Indirect fare revenue deriving from parking lot users generated another $10.1 million in fare revenue. Commuter parking was the subject of a separate review presented to the Board at their May 2025 meeting.

Retail

The TTC has approximately 32,000 square feet of retail space comprising of 80 retail locations across 70 stations. Total TTC revenue for the retail program was over $1 million in 2024. The current tenants include convenience uses such as dry cleaners, fashion accessory retailers, a florist, lottery tickets, gift retailers, and food services. The tenant mix is comprised of independent retailers and national chains that are operated through franchisees. There is a range in the sales performance from these retailers, from under $100,000 in gross annual sales to more than $4 million at a single location.

During the COVID-19 pandemic, the significant reduction in foot traffic led to many retailers struggling to meet their rent obligations. To address this challenge, there is a pressing need to explore new and innovative retail opportunities that can not only fill these vacant spaces but also adapt to the evolving needs of TTC customers.

Filming

The TTC leverages existing assets, including properties and vehicles, to generate non-fare revenue through filming. The TTC collaborates with production companies to ensure that filming activities are conducted efficiently and with minimal disruption to regular operations.

The TTC 's film policy shares a similar replacement/cost recovery model as the City of Toronto. The pricing structure is based on the cost of services such as the use of subway trains, buses, employee labour costs (overtime and regular time per hourly rate), and is reviewed on an annual basis. The TTC also requires a property permit which costs $250.00 + HST for all commercial shoots. The property permit fee is waived for students.

The vast majority of bookings are with national and international brands such as RBC, Canada Goose, Virgin Mobile and Samsung as well as large film production names and series such as The Handmaids Tale, Reacher, Chucky and Warner Media.

Other Non-Fare Revenue

Several other miscellaneous sources of non-fare revenue includeTTCshop.ca, interest income, and development review proceeds. TTC also has a small number of partnerships with third parties to sponsor free transit trips during various times of the year, most notably on New Years Eve where for several years Corby Spirit and Wine has sponsored free trips after 7pm.

Attachment 2 – Jurisdictional Scan of Non-Fare Revenue Tools Worldwide

The following table provides an overview of the non-fare revenue tools employed by 20 transportation organizations worldwide. All jurisdictions analyzed were found to be utilizing non-fare revenue tools currently used by the TTC in addition to other, unique sources. Advertising and leasing were employed by every jurisdiction assessed. The jurisdictions reviewed have varying degrees of autonomy when it comes to implementing their own practices and utilizing their own real estate holdings, resulting in differences in efficiency and revenue generation capacity. Of the non-fare revenue sources analyzed, advertising, real estate leasing, and development participation had the greatest impact on non-fare revenue generation.

Jurisdiction	Advertising	Leasing	Land Development	Data Collection & Technology Services	Partnerships	Naming Rights
Municipal and Regional Transit Systems						
Toronto Transit Commission (TTC)	✔	✔		✔	✔	
Montreal Metro (STM)	✔	✔		✔	✔	
Transport for London (TfL)	✔	✔	✔	✔	✔	✔
New York City Subway (MTA)	✔	✔	✔	✔	✔	✔
Tokyo & Toei Subway	✔	✔	✔	✔		
Taipei Metro	✔	✔		✔	✔	
San Francisco (MTA)	✔	✔	✔	✔		✔
Seattle Metro	✔	✔		✔		
Southeastern Pennsylvania Transportation Authority (SEPTA)	✔	✔	✔	✔		✔
Chicago Transit Authority (CTA)	✔	✔		✔		
Metro Madrid	✔	✔		✔		✔
Vancouver TransLink	✔	✔	✔	✔	✔	

Jurisdiction	Advertising	Leasing	Land Development	Data Collection & Technology Services	Partnerships	Naming Rights
Singapore (SMRT)	✔	✔		✔		
Hong Kong (MTR)	✔	✔	✔	✔	✔	
Seoul Metro	✔	✔		✔		
Metrolinx	✔	✔	✔	✔	✔	✔
Intercity Transportation						
VIA Rail Canada	✔	✔			✔	
Amtrak	✔	✔	✔	✔	✔	
India Rail	✔	✔	✔	✔	✔	
Other Transportation						
BC Ferries	✔	✔			✔	
Toronto Pearson International Airport	✔	✔		✔	✔	

Advertising

Advertising is an effective way to generate non-fare revenue while enhancing customer experience. New innovations have been observed in transit advertising in addition to traditional forms such as static posters in subway stations and onboard vehicles. Jurisdictions promoted ads that targeted users based on demographic and location data. These advertising methods varied, from push notifications that sent paid messages to riders using the Wi-Fi network, to showcasing offers that promoted landmarks located adjacent to transit stations. Some transit agencies also utilized 5G cellular service to provide additional in-station digital ads. These ads used data collection to understand where customers were going and how certain ads would cater to different demographics. TfL is an example of how customer data can be used to provide targeted ads. TfL uses their free Wi-Fi to track customer movement within stations. This data allows them to understand which parts of the station have the highest foot traffic, which also indicates the optimal location for ads. TfL was also observed to send push notifications for advertisers, as well as real-time travel updates.

Paid Corporate Naming Rights

Many cities in the world have started selling naming rights for their assets to private companies as a source of non-fare revenue. Dubai Metro was the first agency to sell station naming rights, but various cities have followed or enacted enabling policies: New

York, Philadelphia, Chicago, Cleveland, San Francisco, Calgary, Mumbai, Madrid, and others have used this tool to varying degrees of success.

A jurisdictional scan revealed significant diversity in naming rights agreements. These agreements involved agencies of varying sizes, with annual ridership spanning from 1.1 million to 2.7 billion. Stations were the most commonly renamed assets, followed by entire rail lines and BRT systems/lines. The value of agreements ranged from $600,000 to $148 million and contract periods varied from 3 to 40 years. Most agreements are at the lower end of this range and the median annual revenue per named asset was $780,000. Transit agencies formed diverse partnerships, engaging with universities, financial institutions, healthcare organizations, and other private corporations.

Greater Cleveland Regional Transit Authority (RTA) was one of America's first transit systems to sell naming rights. The HealthLine is a 25-year sponsorship launched in 2008 with Cleveland Clinic and University Hospitals. Along this line, station names have been sold to Huntington Bank, Cleveland State University, Medical Mutual, and Bryant & Stratton College. This sponsorship was valued at $5.5 million over 25 years ($220,000/year). Starting in 2014, Cleveland State University also entered into a 28-year, $5.7 million ($204,000/year) naming-rights sponsorship of vehicles and bus stations.

No clear trends have emerged regarding the value of naming rights agreements, as these depend heavily on context. The revenue generated does not correlate with annual ridership. As an example, in 2009, New York MTA (2.7 billion annual riders) sold the naming rights of its Atlantic Avenue/Pacific Street station, that is linked to the adjacent Barclays Centre, to Barclays, for $5.4 million over 20 years ($270,000/year). Despite considering further station renaming, MTA has seen limited success. On the other hand, San Francisco SFMTA (117 million annual riders) sold naming rights for the new Transbay Transit Centre and rooftop park to Salesforce, with a contract valued at $148 million over 25 years (initial payments in the range of $3 million/year escalating at 3% annually over the term). Higher-value contracts are associated with new rail lines or new station openings, while BRT agreements tend to generate lower revenue.

Some agencies have dedicated in-house teams to solicit, draft, and execute naming rights agreements. Others, like SEPTA, Philadelphia's regional transit system, hire advertising contractors to manage the work. In 2010, SEPTA approved a five-year deal to rename a key asset the "AT&T station." This Philadelphia subway stop, once known as the Pattison Avenue Station, serves a stadium complex, handling about a million rider trips annually. The $6.9 million AT&T deal was split between the transit authority (65%) and its advertising management firm (35%). When the AT&T agreement expired, SEPTA sold the rights to NRG Energy. The breakdown of the NRG contract sends 85 per cent of revenues to SEPTA. The name change required $275,000 to update 7,000 signs and $178,000 to reprint 6,000 route maps.

In 2019, the Ontario government announced plans to sell naming rights for GO Transit stations, parking lots and even washrooms, in a bid to find new revenue sources for its regional transit network in the Greater Toronto Area. The province estimated it could make between $50,000 to $500,000 a year on rights for some stations, which would retain their original names while also featuring a sponsor's name and branding.

Agreements would range between five and 10 years. Three years later, Oshawa GO station was renamed “Durham College Oshawa GO” after Metrolinx and Durham College announced a 10-year naming rights deal. In 2023, The City of Brampton purchased the naming rights to the Brampton GO station in a 10-year deal with Metrolinx that renamed the station to “Brampton Innovation District GO.” Metrolinx has not publicly disclosed the cost of either naming rights deal.

Boston (MBTA) and Chicago (CTA) have also experienced limited interest in their naming rights programs. In 2014, MBTA released a Request for Proposals and invited companies to submit bids for their Corporate Sponsorship Program, which would have allowed renaming of rail stations and stops. Only one company, JetBlue, showed interest in adding their logo and brand name to the entire Blue Line; however, the proposal failed to meet the minimum bid requirement of $1.6 million. In 2020, MBTA was able to sell naming rights for a new station on its Green Line extension for $200,000 per year for 10 years. In 2012, CTA marketed naming rights opportunities for its stations and rail lines, but no agreements have been signed to date. The desired 20-year term and substantial costs of such agreements have been noted as barriers.

Madrid Metro and Wuhan Metro ended their naming rights agreements early due to poor public reception. In 2013, Madrid Metro renamed a station in the city’s centre, Sol Station, to Vodafone Sol Station. The deal with Vodafone netted the regional government of Madrid $4.4 million, a 10% increase in advertising revenue, but also prompted protests from many Madrid metro users, already dissatisfied with a previous sponsorship deal with Samsung that saw the station renamed Sol Galaxy Note for one month in 2012. Madrid Metro’s agreement with Vodafone was ended in 2016. Wuhan’s Jianghan Road Station, renamed in 2012 for a local food outlet, ended its $900,000 deal in 2015 following public discontent and concerns that the product’s poor quality would affect the image of the city.

In 2017, LA Metro repealed their corporate station naming rights policy due to legal advice that refusing sponsorship deals for various reasons, such as business practices, political affiliations, or controversial history, could expose the transit agency to lawsuits. By allowing naming rights, LA Metro may have extended free speech protections to companies, forcing the agency to accept bids even from entities with values or histories that conflict with public sentiment, as long as they met policy criteria. This underscores the risk of losing control over branding and ethical alignment when pursuing naming rights.

Within a Canadian context, similar legal and reputational risks apply. If naming rights are opened to bidding, transit agencies may not be able to reject sponsors based on controversies or public perception without risking legal challenges. The inability to “pick and choose” sponsors could lead to partnerships with organizations that clash with public values, eroding public trust and damaging the agency’s reputation.

As an alternative to paid station naming rights that have a duration of several years, temporary station dominations and activations involve transforming a station’s visual and experiential environment for a limited time, in partnership with a brand, to create a unique immersive experience that includes short-term renaming. An example of this is TfL’s collaboration with Samsung, where “Old Street” station was temporarily renamed

“Fold Street” from July 24 to 28, 2024, to promote Samsung’s new product. Similarly, the naming and sponsorship of specific station areas or amenities, like entrances or rest areas — such as the “TD Premium Entrance” at the Rogers Centre — allow for targeted branding opportunities that do not alter the facility’s identity. These partnerships provide value by generating additional revenue, enhancing customer experience through creative and engaging brand activations (some offering entertainment or freebies for customers), and providing brands a distinctive platform to reach large, diverse audiences in a high-traffic environment, all while maintaining the flexibility to revert to the station’s original state after the activation period.

Many jurisdictions now include an equity and inclusion lens as part of naming rights policies and initiatives. As an example, in Toronto, the City has developed a City of Toronto Individual and Corporate Naming Rights Policy that:

- creates a systematic approach to soliciting, managing and reporting on naming rights;
- provides guidance to those that have an interest in the naming of civic properties;
- protects the reputation, integrity and aesthetic standards of the City of Toronto and its assets;
- ensures alignment with the City’s programs and services; and
- advances Council priorities and enhances public services.

Partnerships and Sponsorships
Many transit agencies have partnered with local sports teams, event promoters and businesses to strengthen their brand while using limited incremental costs to generate revenue. These local partnerships differ from title partnerships as they are intended to provide additional value for events and customers, as opposed to only generating revenue through naming rights. Transit agencies such as Seattle (King County Metro), Montreal (STM) and Metrolinx were found to have used this tool to increase their non-fare box revenues.

Seattle and Montreal (STM) both have partnerships with local sport franchises. King County Metro has partnered with a National Hockey League franchise, Seattle Kraken, by providing a free transit pass with the purchase of a hockey ticket. Although the fare was not an immediate cost to the customer, it was factored into the cost of the ticket, allowing for further revenue generation. According to the King County Metro Transit website, ticket holders can access the transit pass through the Climate Pledge Arena app. Transit passes are only valid two hours before and after the game, to ensure that the transit pass was used for travel to and from the area. The benefit of this partnership is that is has allowed King County Metro to reach new customers who otherwise would not have utilized the system and it has the potential to reduce demand on roadways and parking lots near the venue. STM was found to have a similar partnership with a Canadian Football League team, where STM offers free bus service to Percival-Molson Stadium for Montreal Alouettes games from select locations.

STM also partners with local event organizations, such as the Marathon Beneva de Montreal. Through this partnership, STM provides a shuttle service to the start and finish line on race day. Like King County Metro, the costs for the shuttle service are included in the registration cost.

To enhance the experience of existing transit customers, Metrolinx partnered with Audible, to sponsor Quiet Zones on GO Vehicles. Quiet Zones, which are located on the upper level of GO trains during peak periods, provide customers with a quiet space during their commute. In addition to generating revenue for Metrolinx, Audible also provides free audiobooks for GO customers.

Upon reviewing the implementation of experiential partnership agreements at various public transit agencies worldwide, it was found that most experiential partnerships were for local sporting events. Although the examples were for athletic related events, there may be an opportunity to expand partnerships with concert promoters and other local events (e.g. Canadian National Exhibition, Nuit Blanche, etc.).

A few challenges were identified in partnerships with sports groups/concert promoters, with fraud being a key concern. Fare evasion is a challenge for the TTC, and a method to reduce or eliminate fare evasion would be required. A solution may include the use of QR codes/bar codes attached to each ticket. Another solution would be to work with the event vendor to provide the ticket through an event app or smartphone wallet.

Another challenge is public perception of the partnerships. As mentioned in the Naming Rights section above, there are challenges associated with ensuring that the potential brand image and values align with those of the TTC and the City. Another challenge, while minor, is to ensure that business and the public are aware that these partnerships are for experiential events and are non-transactional for goods and services.

Understanding customer preferences is critical when pursuing partnership opportunities. As an example, a partnership between the Kansas City Area Transportation Authority and a microtransit startup, Bridj, to provide greater mobility options ended in 2017 when it failed to gain widespread acceptance among commuters, partly due to a lack of understanding of local transit patterns and customer preferences.

Filming

Many jurisdictions were found to have similar filming policies which permit and chartering fees for film productions. However, the scan found that agencies charge higher fees in addition to recovery costs. A local example includes the City of Hamilton which focuses on generating revenue with a cost recovery and location fee model. Location fees for major sites such as Dundurn Castle start at $5,000 per day, which has allowed the city to generate an average of $600,000 per year. Higher location fees have also been used by US transit agencies which charged higher rates, especially in the downtown area. The MBTA charges a $1,000 non-refundable administration fee as well as a commercial filming fee which is based on the filming location in the city. The commercial filming fees ranged from $5,000 to $10,000 for an eight-hour shoot and are subject to additional hourly rates after the eight hours has passed. Locations with higher rates include Downtown Crossing, Government Center and Harvard Square.

Jurisdictions were also charged filming fees based on the size of the production. Film permits at The Town of Oakville varied based on the size of film crews. Film crews with more than 15 people would be subject to a higher rate compared to crew with less people. In the US, Salt Lake City Transit Authority fees range from $500 (1-5 people) to $5,000 (15-20 people). Another notable method was the sale of assets to film production companies. An example of this was at TransLink, which sold six SkyTrains to a film production company for $175,000 in 2024.

Retail/Leasing
Many jurisdictions utilized their real estate assets to generate a large amount of non-fare revenue through rental income and development profit. Jurisdictions such as New York City's Metropolitan Transit Agency (MTA), Tokyo Metro, Metro Taipei and Vancouver's TransLink, were found to lease space out for retail, co-working, religious and experiential purposes.

The most common type of lease was for retail space. Retail uses included convenience stores, restaurants, bakeries and self-serve vending machines. Tokyo Metro leases space with the aim of providing an experiential offering to draw customers to subway stations who otherwise do not intend to use the transit system. They accomplish this by leasing space in their subway station for restaurants, including Sukiyahashi Jiro restaurant, which has been considered one of the best sushi restaurants in Tokyo. The location of this restaurant within a subway station has provided an improved experience for new and existing transit customers. Similarly, Nōksu, a Michelin star restaurant is located in the 32nd Street / Herald Square subway station in New York City

In addition to leasing underutilized space for retail, Metro Taipei has piloted mini-food courts at a few stations, which provide customers with "dine-in" (only available to customers outside of the station) and "takeout" options. The locations of these spaces are organized in a way that allows customers inside and outside stations access to services and products. Metro Taipei has also transformed some of their spaces into innovation hubs and co-working spaces that can be leased by the day or the hour. Like Tokyo Metro, the of leasing underutilized space to provide desirable goods and services has improved the experience for customers, while generating non-fare revenue.

As part of TransLink's partnership with PCI Developments, the proposed mixed-use development near the future Arbutus Station will be leasing and constructing a community space for the Ohel Ya'Akov Community Kollel, a Jewish cultural, educational and neighbourhood centre. The leased space provides TransLink with non-fare revenue while providing the community with access to transit.

Most jurisdictions from the scan were found to plan for flexibility in tenant spaces throughout their stations to 'future proof' their offerings to prospective clients. Jurisdictions, particularly in Asian markets, retrofit underutilized retail space for alternative uses such as technology innovation lounges, co-working spaces and lab immersive spaces. These spaces are outfitted by the transit organization for customers to rent for a given time frame (e.g. one hour, one day, etc.) and equipped with best-in-class technologies.

Jurisdictions with robust offerings typically have an in-house management organization. This structure provides them with the ability to react quickly, filling empty spaces with high-value tenants. The TTC is responsible for managing on-property retail locations since the leased areas are under TTC's operational management. However, the Corporate Real Estate Management (CREM) group within the City of Toronto has the authority to enter these leases as per Chapter 279 of the Municipal Code.

Land Development
A number of jurisdictions were observed to participate directly or indirectly in land development to significantly increase revenue. Transit agencies participated in land development to enhance the benefits associated with land development that occurs around stations. The intent of this practice is to support the creation of transit-oriented communities to improve access to transit. This practice has been evident through the development of mixed-use development which includes housing, retail, office, as well as other uses such as golf courses and storage spaces. Notable examples were found in London, Montreal, Vancouver, Tokyo and Hong Kong.

TLL Properties Limited (TLL) manages all real estate related operations of TfL. TLL utilizes excess real estate to develop lands, and its current portfolio consists of over 4 million square feet of real estate valued at over £1.4 billion. Similarly in Montreal, Transgesco, which acts on behalf of STM, examines the most profitable and advantageous ways the company can promote and develop its real estate assets.

TransLink, Tokyo Metro and Hong Kong's Mass Transit Railway (MTR) were found to be directly involved in land development. TransLink and PCI Developments announced a partnership to build and propose mixed use development near the future arbutus SkyTrain Station. Similarly, MTR manages and develops land surrounding its stations as land values rise when new stations are constructed. This model allows MTR to tender for private developers to build residential and commercial properties after it builds new rail lines and take a share of the resulting sale or rental income. The practice has provided MTR with the capital for operations and maintenance as well as for funding for new projects. Tokyo Metro takes an even more direct approach as its real estate arm has developed a wider variety of uses such as office buildings, hotels, housing, golf driving ranges and rental storage space in areas near Tokyo Metro railway lines. The intent of this development is to revitalize areas along its railway lines.

Data Collection & Technology Services
Various jurisdictions were found to utilize their existing infrastructure and partner with telecommunications companies to provide network services, collect customer data and generate direct revenue. Transit agencies such as Seoul Metro provide 5G service to enhance customer experience. TfL and Madrid Metro were observed to utilize Wi-Fi to collect data to enhance customer experience.

Seoul Metro recently partnered with Samsung to install a new 5G cellular network throughout the transit system. The upgraded bandwidth improved customer experience by supporting applications such as high-speed streaming for live sports games, movies, mobile games and video communication.

Madrid Metro was also observed to upgrade their fibre optic infrastructure to improve bandwidth throughout their transit network. The enhanced service offerings provided to passengers by both transit agencies has improved their customer experience and indirectly increased revenue. Telecommunication access is leased to multiple main mobile operators to provide cellular access for all carriers that opt-in for European systems, which results in revenue capture for the transit agency.

Technology and data collection has also been used to improve the way transit agencies deliver service to customers. TfL collects Wi-Fi data to understand how customers move through stations, providing a more accurate sense of the efficiencies of station layout. This information also collects the number of unique devices that pass through a station, allowing TfL to maximize revenue from companies that advertise on poster sites and digital screens and those who rent retail units.

In addition to providing customers with high-speed bandwidth for intensive streaming and communication use, Madrid Metro utilizes the bandwidth to enhance the overall delivery of transit service. The enhanced bandwidth is used for ticketing, public announcements, communication-based train control and CCTV for enhanced traffic monitoring and incident management, which are intended to facilitate the flow of customers using the transit network.

Based on the jurisdictional scan, improved bandwidth was found to serve two key functions. The first was seen in Seoul and Madrid Metro where it was used to enhance the customer experience by providing customers with access to the internet while using the transit system. The second use was to optimize the way services and goods are provided throughout the network. This was the case for TfL, which was able to utilize Wi-Fi data to determine the optimal location to place advertisements and Madrid Metro, which used the bandwidth to further enhance the infrastructure that operates the transit system. The TTC’s existing relationship with a telecommunication provider presents an opportunity to explore these practices further. Privacy considerations must also be taken into account if these practices are explored in the future.

Premium Services
A few jurisdictions were observed to provide premium service offerings such as express routes or higher quality services to customers at higher fare rates to collect additional revenue. This type of service offering has typically been adopted by regional and intercity transit providers such as VIA Rail, Amtrak and Metrolinx to enhance the customer experience on longer trips. Local transit agencies have also adopted premium service offerings in the form of express routes.

Like most intercity train operators around the world, Amtrak and VIA Rail were observed to offer customers the option to choose a business class seat for a higher cost. Business class seats include a more comfortable seating experience and enable customers to choose their seat before the trip (on both VIA Rail and Amtrak) and provide a meal and beverages as part of the cost of the trip (on VIA Rail).

Another premium service that was highlighted during the scan was Metrolinx’s quiet zones, which are located on the top level of GO Trains during peak periods. These areas provide customers with free audio books and a relaxing commuting experience. This service is provided at no extra cost to the customer and funded through their partnership with Audible.

Other premium service options included express routes which provided rapid transit to set locations at set times for a higher fare. Another premium service would be bundling, which would combine high-value services at an increased cost. Bundling can add revenue without increasing costs, as it would include higher-tier network access at an increased price. For example, this service may consist of a monthly pass that covers several different premium options such as an express route network.

Attachment 3 – Policy Framework

A policy review of relevant strategic documents, existing policies, legislation, and directives from Toronto City Council and the TTC Board was undertaken to examine the non-fare revenue governance landscape. The goal of the review was to provide a foundation for making informed decisions on how the TTC can adapt successful strategies from other jurisdictions while addressing local challenges and opportunities.

City Council
In February 2022, City Council requested an update to the Long-Term Financial Plan that identifies and considers immediate and long-term opportunities to address the City's fiscal challenges. In an update presented to City Council on September 6, 2023, staff reported on the worsening financial circumstances of the City since the initial principles of transit funding were agreed to between the City and the Province. Staff indicated that the City can no longer afford to fund operations and maintenance of planned or future transit expansion. Without a new funding arrangement, drastic actions will be needed to manage the $46.5 billion pressure, and the City may need to reconsider its level of investment in transit.

City Council initiated a strategy to identify new revenue opportunities across its assets. At its meeting in May 2023, City Council requested the City Manager's Office, in collaboration with City divisions, agencies, and corporations to conduct an inventory of existing and recent sponsorship or advertising arrangements, potential new revenue opportunities for public assets, and a jurisdictional scan of innovative practices in other municipalities. The strategy also outlined policy implications and approval requirements and proposed an enterprise-wide strategy to coordinate these opportunities and explore aligning City priorities where mutually beneficial outcomes could be achieved.

TTC Board
At its meeting on April 13, 2023, the TTC Board directed staff to provide a report on potential revenue opportunities from naming rights and sponsorships to help offset operating and capital financial pressures. This included examining opportunities for naming transit lines, stations, vehicles, and other assets; exploring additional advertising options for properties and materials; conducting a jurisdictional scan of innovative revenue practices from other transit agencies; and identifying policy implications or approvals needed to pursue these opportunities.

TTC Corporate Plan
Strategic Direction 5 of the TTC's Corporate Plan 2024-2028 is to "Address the Structural Fiscal Imbalance" and includes an objective and action item to maximize non-fare revenue opportunities to diversify the TTC's funding sources and reduce the reliance on the farebox, while balancing equity and affordability for our customers.

Advertising
The TTC has an Advertising on TTC Property policy that establishes the criteria for the acceptability of Advertisements for posting on TTC Property and the process by which Advertisements are reviewed and accepted. All advertising on TTC property must:

- Comply with applicable laws, including but not limited to the Canadian Code of Advertising Standards and the Ontario Human Rights Code.

- Not discredit the business or service of public transit, the TTC or its employees, or have an adverse effect on the image of the TTC or public transit as a safe and reliable form of transportation.

Marketing Promotions / Partnerships
The TTC has a Marketing Co-op Promotions/Campaigns policy that provides a consistent standard for which co-op promotions/campaigns are developed and implemented. The intent of the policy is for the TTC to work with Tourism Toronto and Toronto Special Events to identify opportunities to integrate transit during major city festivals/events. The TTC will also evaluate all requests and/or proposals based on their ability to meet TTC objectives and the following criteria:

- Their potential to increase system-wide incremental/discretionary ridership to a collective event (e.g. Nuit Blanche, Taste of Danforth, etc.);
- Increase revenue through additional fare media sales; and,
- Reduce the cost of doing business.

The policy also states that all co-op promotions/campaigns are to be produced using existing budgets and must be reciprocal in value.

Sponsorship
The City of Toronto Sponsorship Policy welcomes mutually beneficial partnerships that improve the community through the enhancement of City properties and programs. The purpose of this policy is to establish a City-wide protocol that aligns with Toronto's programming and services. Sponsorship criteria and procedure as outlined by the City dictates the obligations sponsorships should conform to.

Naming rights are governed by a separate policy in the City's Commemorative Framework, the Property Naming Policy.