

PRESTO Agreement

Presentation to
Committee of the Whole

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Council Authorization

Staff will be seeking Council authorization:

1. Council endorsement of the proposed principles of an agreement with PRESTO
2. Authorization to enter into a new 10-year agreement with Metrolinx for the continued participation in the PRESTO Smart Card Program (2017 to 2027)



The PRESTO Smart Card was created to facilitate seamless inter-regional transit travel throughout the GTHA

Background

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In June 2006, Council authorized the Region to commit funding to the implementation of the new Greater Toronto, Hamilton Area (GTHA) fare collection system, PRESTO.

The initial 10-year term (2006-2016) was between the Province of Ontario, the City of Ottawa and GTHA municipalities, excluding the Toronto Transit Commission (TTC).



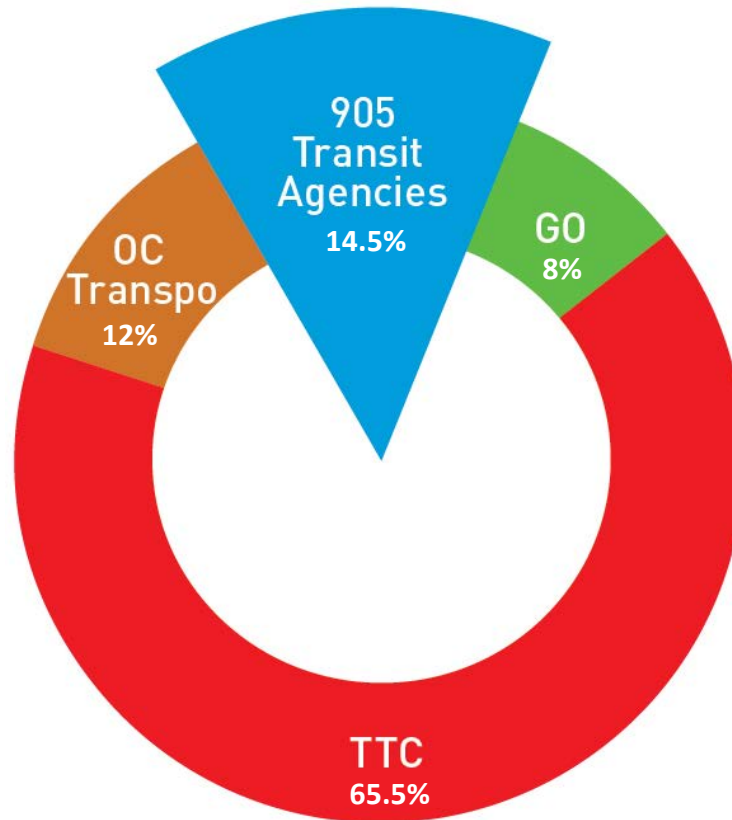
PRESTO is an operating division of Metrolinx and is used by 11 transit agencies in the GTHA and OC Transpo in Ottawa

Background

Month	Year	Description
June	2006	Council authorized YRT/Viva to participate in the PRESTO Smart Card Program
July	2011	YRT/Viva implemented PRESTO
March	2015	Council authorized the renewal for an additional three-year term
September	2015	905 Transit Agencies and the City of Ottawa requested Metrolinx to authorize a three-year agreement extension
February	2016	PRESTO advised they were seeking a revised business model
June	2016	Minister of Transportation advised they were not extending the current operating agreement based on the need to have a more equitable financial agreement

The initial 10-year PRESTO agreement expired on October 27, 2016

Participating PRESTO Transit Agencies



The 905 Transit Agencies have been working together for two years to negotiate the best possible deal with Metrolinx

Benefits of PRESTO

Benefits of PRESTO to York Region Travellers

PRESTO creates the possibility for a new **regional fare approach**

GTHA rapid transit expansion would be **optimized** with an integrated fare system

PRESTO supports the large number of **inter-municipal trips** that happen every day across the GTHA

Gas Tax Fund of \$15.3 million annually toward service delivery



PRESTO provides a seamless payment option consistent with how travellers want to pay

PRESTO Agreement in Principle

Core Services

- Operations and management of the central system
- Processing of customer transactions
- Management of customer interactions
- Procurement and card management
- Reconciliation and settlement of revenues
- Financial reporting
- Future system upgrades
- Management of third party retail network
- eCredentials



Transit agencies would continue to be responsible for fares, fare rules and definitions

Common Core Services for 905 Transit Agencies

- Operations and management of the system
- Maintenance and troubleshooting for hardware and software
- Data communication costs
- Management of disposable media
- Processing customer transactions from Mobility Plus vehicles
- Staff training



Metrolinx would offer the same terms and conditions to all 905 Transit Agencies

Governance Model

- Metrolinx would establish a leadership group
- PRESTO would be governed by a management group comprised of six representatives
- 905 Transit Agencies would form a "buyer's group"



PRESTO and the 905 Transit Agencies have negotiated a new 10-year agreement in principle for a fully-managed service model

Financial Terms (Operating)

Core Services	Revenue collected through PRESTO (%)
2017	2
2018	3
2019	4
2020	5
2021 to 2027	6
905 Common Core Services	3

= 9%

Other transit agencies operating a smart card system report an approximate eight per cent commission but standard services vary

Financial Terms (Capital)

Equipment Refresh	Estimated Capital Cost
Device refresh	\$7.6 million
Ongoing: devices, buses, stations	\$3.8 million

Metrolinx and the 905 Transit Agencies will develop a business case for funding new equipment by all levels of government

	Current: Customers using PRESTO at 30 per cent	New Agreement: Customers using PRESTO at 60 per cent	New Agreement: Customer using PRESTO at 80 per cent
Commission	\$0.41 million (two per cent commission fee)	\$3.7 million (nine per cent commission fee)	\$4.9 million (nine per cent commission fee)
Maintenance	\$0.33 million	\$0.00 million	\$0.00 million
Device Refresh (capital annualized)	\$0.76 million	\$0.76 million	\$0.76 million
Ongoing Device (capital annualized)	\$0.00 million	\$0.38 million	\$0.38 million
TOTAL	\$1.50 million	\$4.84 million	\$6.04 million

**The PRESTO cost comparison is based on YRT/Viva's
2016 ridership of 22.4 million**

Commissions

Transit Agencies	Commission: Core Services (% of revenue)	Commission: 905 Common Core Services (% of revenue)
TTC*	4.65	
905 Transit Agencies	6	3
GO Transit*	6	Managed by GO Transit
OC Transpo*	6	Managed by OC Transpo

* Under a different Agreement

The 905 Transit Agencies would pay a nine per cent commission for a fully managed PRESTO smart card system

Summary and Recommendations

Summary

PRESTO benefits YRT/Viva travellers by providing **seamless travel across the GTHA**

Agreement needs to be finalized with Metrolinx by **October 2017 deadline**

PRESTO program participation ensures Provincial **Gas Tax Funding**

Agreement finalization will help prepare the 2018 **Transportation Services operations and capital budget**

Nine per cent commission for a fully-managed PRESTO system **has been negotiated**



The 905 Transit Agencies have been working towards a new PRESTO agreement for the last two years

Draft Report Recommendations

(report to be presented to Committee of the Whole on April 13, 2017)

Council authorize the execution of a new PRESTO agreement with Metrolinx to continue the ongoing use and evolution of the PRESTO Smart Card System

- 1. A 10-year agreement period from October 27, 2017 to November 27, 2027**
- 2. Starting January 1, 2018, annual commission adjustments over a four-year period based on PRESTO delivery of Core Services (two to six per cent)**
- 3. Metrolinx to provide the 905 Transit Agencies Common Core Services at an additional three per cent**
- 4. A new Governance model would be put in place to clearly identify where decisions are to be made and accountabilities**
- 5. YRT/Viva would be responsible for the capital costs to equip the fleet and facilities, including upgrades to existing equipment**
- 6. Should Metrolinx offer a new favourable agreement to any of the 905 Transit Agencies, Metrolinx would be required to offer the same terms and conditions to the Region**
- 7. The General Manager of YRT/Viva be authorized to perform any action and provide any required recommendations, instructions and approvals to PRESTO Committees, on the Region's behalf, to complete the operation within the scope and budget of the new PRESTO agreement**
- 8. The Commissioner of Transportation Services be authorized to execute the agreement**