

Clause 5 in Report No. 5 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 26, 2015.

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PRESTO Operating Agreement Renewal
Between the Region and Metrolinx

Committee of the Whole recommends adoption of the following recommendations contained in the report dated February 18, 2015 from the Commissioner of Transportation Services:

1. Recommendations

It is recommended that:

1. Council authorize the renewal of the PRESTO Operating Agreement between the Region, the Greater Toronto and Hamilton Area Service Providers and Metrolinx on the following terms:
 - a) The agreement be extended for a further term of three years from October 27, 2016 to October 27, 2019, on the terms and conditions outlined in this report.
 - b) The Region pay Metrolinx for operating costs associated with the central system for a total estimated cost of \$1,560,000, excluding HST.

2. Purpose

This report seeks authorization to renew the current PRESTO Smart Card System (PRESTO) operating agreement for an additional three years from October 27, 2016, to October 27, 2019. The current operating agreement has an initial term of ten years between the Region, Metrolinx, the GTHA municipalities and the City of Ottawa, was approved by Council in June 2006. The current operating agreement includes provision for three renewal terms of three years each on the same terms and conditions.

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3. Background

The PRESTO Smart Card System encourages the use of public transit systems within and across the Greater Toronto and Hamilton Area

PRESTO Smart Card System is intended to allow customers to ride on any participating Greater Toronto and Hamilton Area transit system without familiarity with the fare policies of each. Increased use of public transit helps in the reduction of vehicle congestion and associated environmental impacts.

The PRESTO fare card is the size of a credit card with an embedded computer chip that can be programmed to store transit fare payment options and other information required for fare collection.

In 2003, the Administrative Framework Accord for an integrated smart card system was signed between the Ministry of Transportation and municipalities of the Greater Toronto and Hamilton Area

The Accord constituted the administrative framework needed to coordinate the design-related activities and implementation of a smart card system between the GTHA municipalities.

In December 2004, Council approved the joint procurement of the PRESTO Smart Card System. The PRESTO Smart Card System was procured through a competitive bid process facilitated by the Ministry of Transportation. The Ministry of Transportation and the nine GTHA municipalities participated in the joint procurement.

In June 2006, Council approved the award of the contract to Accenture Inc.

Participation in the PRESTO program was approved by Council on the basis of following intended benefits to our customers

The following are some of the expected system benefits intended to be received by customers and/or transit systems as a result of participation in the PRESTO program:

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- Customer convenience:
 - Easy to use, exact cash fare not needed
 - No need to be familiar with fare arrangements between agencies
 - Reduced boarding time
 - Ability to load card remotely, no need to travel to ticket agent location
- Common fare media, allowing seamless travel across GTHA. YRT/Viva customers benefit from this feature for their travel between YRT/Viva , GO Transit and Brampton Transit.
- Additional benefit will be received when Toronto Transit Commission (TTC) implements PRESTO smart card system on their buses operating under contract with York Region North of Steeles Avenue.
- Ability for agencies to introduce loyalty schemes based on usage.
- Integration of other transit functions e.g. paratransit.
- Potential expansion to other complementary business areas e.g. parking.
- Better monitoring, accounting and improved security of fare revenue collected.
- Reduced paper fare media printing and cash handling costs .

In addition, receipt of provincial gas tax revenues is dependent on participation in the PRESTO program.

The initial cost to implement PRESTO was jointly funded by the Ministry of Transportation and the participating GTHA municipalities

The Ministry of Transportation funded 100 per cent of the initial capital cost and on-going operating costs for the common central system required to operate PRESTO. The Ministry of Transportation also funded 33 per cent of the initial capital cost for each transit system, which included on-bus devices and remote devices located at YRT/Viva bus garages, terminals and Viva stations. Municipalities are responsible for the ongoing operating costs associated with PRESTO Smart Card equipment.

Subsequent to the Administrative Framework Accord, the Region, other GTHA municipalities and the City of Ottawa signed an operating agreement with Ministry of Transportation dated October 27, 2006

In June 2006, Council approved the Region entering into the operating agreement between Metrolinx, the GTHA municipalities and the City of Ottawa. The operating agreement defines:

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A framework for detailed decision-making regarding the operation of PRESTO

Roles and responsibilities of participating agencies

Longer-term governance rules for other transit service providers joining the PRESTO system

Customer communications plan and respective responsibilities

York Region Transit (YRT/Viva) implemented PRESTO on July 18, 2011. The initial term of the operating agreement expires October 27, 2016.

4. Analysis and Options

Metrolinx, the GTHA Service Providers and the City of Ottawa are exploring a range of PRESTO business models in anticipation of the agreement expiring on October 27, 2016

In preparation for the expiry of the current operating agreement, Metrolinx has been researching possible governance options for a new operating agreement. Several possible governance options have been identified. The GTHA PRESTO Executive Committee, consisting of the heads of each transit agency, evaluated the proposed models early in 2014 to identify the most favourable options, however, no agreement has yet been reached on the business model type to be used going forward.

The operating agreement may be renewed by consensus of the Ministry of Transportation and a majority of the GTHA Service Providers

Each renewing GTHA Service Provider must demonstrate agreement to renew by providing the Ministry of Transportation with a copy of a bylaw or resolution properly authenticated by its respective Council or Board. The renewal period will be for an additional term of three years. The same terms and conditions as provided in the original agreement will apply, unless the parties agree otherwise in writing.

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The operating agreement requires each GTHA Service Provider to notify the Ministry of Transportation, in writing, of its intent to renew the agreement 240 days prior to expiration of the operating agreement

On September 8, 2014, the majority of GTHA Service Providers and the City of Ottawa provided Metrolinx with written notification of their intent to exercise the option to renew the PRESTO operating agreement for a further term of three years (see Attachment 1).

The agreement may be renewed for two additional three-year terms, following the same renewal process, for an ultimate expiry date of October 27, 2025.

Renewal of the current operating agreement provides time to further assess the various governance models and to allow Metrolinx to fulfill obligations outlined in the current agreement

The request to extend the operating agreement was based on a number of factors:

- A multi-year budget process is used by the various municipalities to obtain spending approval from their respective Councils and Boards. The timeline to provide the information related to the introduction of a new governance model and its associated costs to their respective Councils and Boards may be past due.
- Further discussion between PRESTO and the GTHA municipalities and Ottawa Transit to determine a new governance model is required.
- Updates to the parties' governing authorities are necessary to obtain approvals to proceed with a new governance model.
- PRESTO project implementation was delayed approximately three years from its original schedule. The requested extension would maximize the investment made in the current system, procured devices, and future short-term enhancements.
- PRESTO has not yet achieved full functionality and delivered some of the components such as solution for Paratransit customers and self-serve kiosks.

Under the current agreement, 240 days notice of a party's intent to renew the agreement is required. Accordingly, in order to ensure continuity of service, the Region's rights under the agreement need to be preserved pending negotiation of a revised governance structure and agreement. Staff will report further to Council with respect to these negotiations as the project proceeds, and will seek approval to enter into a revised agreement, if necessary.

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Link to key Council-approved plans

Vision 2051 includes a goal statement relating to the development of infrastructure for a growing Region, which states that:

“A seamless network for mobility provides accessibility to all destinations using diverse transportation options for people in all communities, promotes active healthy living, and safely and efficiently moves people and goods.”

The PRESTO Smart Card System supports this goal by improving the speed and reliability of the transit system through the use of intelligent transportation systems. Reliable fare collection equipment protects the revenue collected through transit fares.

5. Financial Implications

YRT/Viva's 2015 – 2018 Business Plan and Budget includes the estimates costs of \$1,560,000 for the extension years

It is estimated that YRT/Viva will pay Metrolinx approximately \$520,000 annually for the extension years. Increase in the cost is based on additional equipment installed at vivaNext stations, expansion buses and added agent locations. The payment to Metrolinx will be based on the actual cost incurred.

Sufficient funds are included in the Business Plan and Budget for 2015-2018.

6. Local Municipal Impact

The implementation of PRESTO has enhanced public transit as a transportation option by making payment for travel easier. It is anticipated that this, in turn, will support the transit modal split objectives of the Region and local municipalities in an effort to have a more sustainable transportation system.

7. Conclusion

The GTHA Service Providers and Ottawa are committed to continuing to work cooperatively with Metrolinx to arrive at a future governance model that is in the best interest of all parties. The GTHA Service Providers are committed to the success of the PRESTO Smart Card System.

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Pending successful negotiation of a future governance model by October 27, 2016, YRT/Viva staff recommends the extension of the current operating agreement for a period of three years to October 27, 2019. The extension of the current operating agreement provides time to further assess the various governance models and to allow Metrolinx to fulfill obligations outlined in the current agreement.

For more information on this report, please contact Ann-Marie Carroll, General Manager, York Region Transit at ext. 75677.

The Senior Management Group has reviewed this report.

Attachment (1)

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Accessible formats or communication supports are available upon request

September 8, 2014

Mr. Robert Hollis
Executive Vice-President & Managing Director
PRESTO, a Division of Metrolinx
130 Adelaide Street West, 15th Floor
Toronto, ON M5H 3P5

Dear Mr. Hollis:

Re: Renewal of current PRESTO Operating Agreement

The purpose of this letter is to provide Metrolinx with the notice of intent to renew the Greater Toronto Area Fare System (PRESTO) Operating Agreement, dated October 27, 2006 and expiring on October 27, 2016, as required pursuant to Section 2.2 Article 2 of the Agreement for a further term of three (3) years on the same terms and conditions as provided therein. It is the intention of the Service Providers to seek authorization from their respective Councils to enter into a renewal of the current Agreement. We also reserve the right to request two (2) further renewals of three (3) years each pursuant to Section 2.2 Article 2 of the Agreement on the same terms and conditions as provided.

We seek the agreement of Metrolinx to renew as required pursuant to Section 2.2 Article 2 of the Agreement. Pending such agreement, the Service Providers will provide PRESTO a copy of a by-law or resolution properly authenticated by their respective representative Council or Board as the case may be, prior to executing any renewal of the Agreement.

As we continue to work towards the renewal, the Service Providers are committed to continuing to work cooperatively with Metrolinx to arrive at a future governance model that will be in the best interests of all parties. We are committed to the success of PRESTO and are looking forward to hearing from you as soon as possible.

Sincerely,




Ann Marie Carroll
General Manager, York Region Transit



John Manconi
General Manager, OC Transpo



Alex Milojevic
Director, Brampton Transit



Barry Cole
Director, Oakville Transit



Don Hull
Director of Transportation, City of Hamilton



Geoff Mannoff
Director, MiWay



Mike Spicer
Director, Burlington Transit



Vincent Patterson
~~Director~~, Durham Region Transit
General Manager

Copy to: Bruce McCuaig, President & CEO, Metrolinx