



## STAFF REPORT ACTION REQUIRED

### Fare Policy

<b>Date:</b>	December 16, 2015
<b>To:</b>	TTC Board
<b>From:</b>	Chief Executive Officer

### Summary

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This report seeks the Board's approval of fare policy changes related to the PRESTO implementation and functionality. Several fare policy options have been analyzed considering customer experience and business impacts and are presented in this report for implementation, further analysis or further analysis not required. The detailed customer experience and business impacts are included in the attached presentation.

High level fare policy principles, analysis assumptions and areas of analysis were approved by the Board at its September 28<sup>th</sup> 2015 meeting.

### Recommendations

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**It is recommended that the Board:**

1. Approve changes to TTC Fare Policy with specific emphasis on:
  - a. single cash fare in 2017
  - b. proof-of-payment system wide in 2017
  - c. 'tap on' to buses & streetcars, 'tap on and off' at subway stations in 2017.
  - d. daily e-Purse loyalty on PRESTO in 2016
  - e. weekly and monthly Metropasses on PRESTO in 2016
  - f. moving the Metropass Discount Plan (MDP) to PRESTO online in 2017
  - g. migrating Volume Incentive Program customers onto the MDP program in 2017
  - h. peak and off-peak pricing as part of the 2018 budget process

2. Approve further analysis of:
  - a. single ride limited use PRESTO card for bus cash customers
  - b. no cash fares for bus cash customers
  - c. loyalty program options for MDP
3. Approve that no further analysis is required at this time for:
  - a. 2 hour time-based transfers
  - b. all-door boarding on buses
  - c. fare by distance/zone
  - d. cash fare proof-of-payment receipt for bus customers

## **Implementation Points**

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A single cash fare should be implemented as part of the 2017 budget process. This will help to encourage the migration of customers onto PRESTO.

Proof-of-payment (POP) is being implemented on all streetcar routes on December 14<sup>th</sup> and it is recommended that this extend to the entire system in 2017, once the majority of legacy fare media is removed. POP can be introduced independently from all-door boarding, which is assessed as a stand-alone option within this paper. Detailed communications plans have been developed for streetcars that can be easily adapted for a broader rollout. Implementing proof-of-payment means that fare inspectors will remain primarily on streetcars but can be deployed throughout the system if needed. The implementation of POP system-wide may also discourage fare evasion.

Tap on to buses and streetcars, and tap on and off at subway stations should be implemented once new fare gates have been installed and tap out software functionality is in place, likely in 2017.

Daily e-Purse loyalty functionality is available on PRESTO starting in 2016. Staff will work with PRESTO to implement a daily e-Purse loyalty aligned with the current Day Pass price and, therefore, will result in a minimal impact on fare revenues. This will be accompanied by weekly and monthly Metropasses becoming available on PRESTO.

Peak and off peak fares should be reviewed as part of the 2018 budget process, once the functionality is available on PRESTO and legacy fare media is no longer accepted.

The customer experience and business impacts of all areas of analysis are considered in this report. Further, detailed analysis of single ride limited use PRESTO card on buses and no cash on buses and loyalty program options for MDP will be brought back to the Board in 2016.

While introducing a 2 hour time-based transfer is still considered a worthwhile service improvement that would reduce complexity and make the TTC consistent with other transit agencies within the Greater Toronto and Hamilton Area, the ongoing Fare

Integration work, led by Metrolinx, may propose changes to transfer rules. That being the case, it is recommended that further analysis or implementation should follow the completion of the Fare Integration work if required.

Further analysis of a POP receipt for cash bus customers, fare by distance/zone and all-door boarding on buses is not required at this time. These options may be re-evaluated for implementation at a later date.

## **Financial Impact**

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Fare policy options recommended for implementation will impact operating budgets in 2016, 2017 and 2018. Each option will result in revenue neutrality or a revenue gain when implemented. Actual impacts will be tracked via TTC’s standard procedures.

The Table below summarizes the ridership and revenue effects of the fare policy options that are being recommended for implementation:

	<b>FARE POLICY OPTION</b>	<b>RIDES (M)</b>	<b>REVENUE (\$M)</b>
1a	Single cash fare in 2017	-2 to -3	0 to +5
1b	Proof-of-payment system wide in 2017	0	0
1c	‘Tap on’ to buses & streetcars, ‘tap on and off’ at subway stations in 2017	0	0
1d	Daily e-Purse loyalty on PRESTO in 2016	0 to -0.5	0
1e	Weekly and monthly Metropasses on PRESTO in 2016	0	0
1f	Moving the Metropass Discount Plan (MDP) to PRESTO online in 2017	0	0
1g	Migrating Volume Incentive Program customers onto the MDP program in 2017	0	+3
1h	Peak and off-peak pricing as part of the 2018 budget process	TBD	0 or revenue neutral

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

## **Decision History**

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At its meeting of April 29, 2015 the TTC Board adopted a motion requesting staff report back, as planned, for a fulsome discussion on fare policy when PRESTO is in place. The motion included the following items for analysis:

- i. fare by time of day;
- ii. two hour transfer;
- iii. seniors' fares by time of day, including \$1.00 seniors fare during off-peak hours;
- iv. fare by distance;
- v. concession policy overall as informed by Fare Equity Strategy;
- vi. monthly pass versus daily / weekly / monthly capping; and
- vii. free regular transit fares for Wheel-Trans qualified passengers in addition to the visually impaired”.

These items were included within the list of proposed areas for analysis.

[http://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2015/April\\_29/Reports/Decisions/Reduced\\_Senior\\_Fares\\_During\\_Off\\_Peak\\_Hours.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/April_29/Reports/Decisions/Reduced_Senior_Fares_During_Off_Peak_Hours.pdf)

At its September 28, 2015 meeting, in addition to approving the recommendations within the presentation, the Board adopted the following motions:

1. That the staff report be amended by adding the following as Part 4 to the Recommendation:

“4. Confirm the principle that the TTC shall remain whole and/or not experience any additional financial burden as a result of any regional fare integration proposals”.

This principle continues to be included in all fare policy analysis and discussions on regional fare integration.

2. That the staff report be amended by adding the following as Part 5 to the Recommendation:

“5. That the Province provides the same level of operating subsidy for riders crossing the City of Toronto boundary on local transit systems that they provide for GO riders crossing that boundary”.

This continues to be addressed through discussions on regional fare integration.

The Fare Policy presentation, including approved principles, assumptions and areas of analysis can be found at:

[http://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2015/September\\_28/Reports/Presentation\\_Fare\\_Policy\\_Principles.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/September_28/Reports/Presentation_Fare_Policy_Principles.pdf)

## **Accessibility/Equity Matters**

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The fare options available for students and seniors would change if a single cash fare is adopted, however both groups would still have access to discounted fares.

Proof-of-Payment on streetcars is enforced by Transit Fare Inspectors who receive diversity and human rights training to ensure policies and practices are applied in a fair, non-discriminatory manner.

When moving the Metropass Discount Plan and the Volume Incentive Program to an online platform, website accessibility will be compliant with AODA standards and the ability to load in person or over the telephone will still be available.

As per the report received by the Board at its November 18, 2013 meeting; it is beyond the mandate and expertise of the TTC to effectively resolve broader social and community issues related to income distribution. In July 2014, City Council directed staff from various City departments to work together to prepare a Transit Fare Equity plan to make the TTC more affordable for low-income Torontonians. This will complement ongoing transit expansion throughout Toronto. The TFE plan is due at the end of Q1 2016, and will include eligibility criteria, costs, and options for pursuing funding partnerships.

## **Comments**

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### **Single Cash Fare – Recommendation 1a. (2017)**

TTC would introduce a single cash price for all customer categories. It would have the greatest impact on seniors and students paying cash, as they can currently take advantage of a discount no matter what type of fare media they choose to use. Seniors and students would still have access to a discount when using the PRESTO card. This option would encourage migration to PRESTO, is consistent with the other Greater Toronto and Hamilton Area transit operators who also have a single cash fare and do not provide cash discounts for seniors and students, and optimizes TTC revenue and operations. The financial impact would be between a \$0 and \$5M increase in revenue. Although there would likely be some ridership loss, the majority of seniors and students would be retained by switching to e-Purse to travel at a discounted rate.

### **Proof-of-Payment System Wide – Recommendation 1b. (2017)**

Proof-of-Payment (POP) system wide means all customers must have proof that they have paid a fare when traveling on any TTC vehicle or within any TTC subway station. Proof-of-Payment is being implemented on all streetcar routes in December and can be

more easily expanded to the rest of the network with the introduction of PRESTO. Implementing Proof-of-Payment throughout the system creates not only a consistent customer experience and message, but also allows fare inspection to occur at any point in a customer's journey. The current message of POP only being required on streetcar routes may create customer confusion regarding when it is and is not required which could lead to increased fare disputes and/or greater fare evasion as customers cite inconsistent or unclear messaging as the reason for not having POP.

### **'Tap On' to Buses & Streetcars, 'Tap On and Off' at Subway Stations – Recommendation 1c. (2017)**

With the advent of PRESTO and new fare gates being installed, PRESTO readers are being installed on the front and back of fare gates and at bus and streetcar doorways. To reduce fraud and create a consistent message to customers, there is an opportunity to encourage customers to tap on entry to all vehicles, wherever they are including within integrated stations, and to tap off as they exit a subway station. Tapping out of stations would be a new behavior for customers to learn, customers will be required to tap out on the Toronto-York Spadina Subway Extension to avoid paying an additional fare when traveling from York region. For consistency, this functionality should be expanded to the entire subway system. This clear message will help reinforce the correct customer behaviour around tapping on all PRESTO devices and provides the TTC with better customer journey data.

### **Cash Fare Proof-of-Payment Receipt for Bus Customers – 3d. No further analysis**

Customers paying a cash fare would receive a POP paper receipt. A PRESTO reader would not be able to validate the paper receipt so a customer would pay again if transferring to another surface vehicle on the street or to enter a non-integrated subway station (e.g. Queen). Free body transfers at integrated subway stations would still be possible, so the number of people affected would be limited to surface-to-surface transfers as well as non-integrated transfer stations. This policy would encourage some customers to adopt PRESTO; however, it would increase the cost for customers traveling using cash. A customer's journey would also vary depending on what type of fare media is being used, creating an inconsistent customer experience. It would have a negative impact on cash customers while potentially increasing TTC cash handling costs. There would also be a potential revenue impact of between \$5M increase or a loss of (\$3M) depending on how many cash customers switch to PRESTO or choose not to travel due to the resultant increased fare for their journey.

Note: This option will also apply to legacy streetcars while they continue to operate.

### **Limited use PRESTO card for cash customers on buses - 2a. Further analysis**

A limited use PRESTO card that can be used for a single trip for cash customers. It replaces our current token or ticket fare media for a single ride and would be available through fare vending machines at stations, on new streetcars and through a PRESTO third party retail network. Customers paying cash would receive a limited use PRESTO card,

which would allow them to enter fare gates at subway stations and transfer to surface vehicles. This type of fare media is used by many transit agencies around the world and provides a convenient solution for social services, tourists and infrequent riders wishing to use cash to travel. There would be no financial impact of this decision as it would simply replace cash fare revenue.

Note: This option will also apply to legacy streetcars while they continue to operate.

### **No Cash Fares on Buses – 2b. Further analysis**

A policy that would prohibit cash fares would affect customers traveling on buses the most. Customers traveling on streetcar or subway have the opportunity to deposit cash into a machine and receive a limited use PRESTO card. These machines would not be available on buses, and customers would have to purchase their fare media before boarding. This policy encourages migration to PRESTO and reduces cash handling costs, however it creates an inconsistent and less convenient journey for customers starting their trip on a bus and paying with cash. To mitigate these issues, contactless payment by debit and credit (open payments), and an extensive PRESTO third party retail network would need to be available to ensure customers can purchase a limited use PRESTO card or load value to a standard PRESTO card. Some transit agencies worldwide are moving towards similar policies e.g. Transport for London, as the relative cost of handling cash increases.

Note: This option will also apply to legacy streetcars while they continue to operate.

### **Two Hour Time-Based Transfer – 3a. No further analysis**

A two hour time-based transfer allows customers to travel freely throughout the system using one fare within two hours. There would be no transfer restrictions within this time and customers would be able to get off of the system and back on without paying an additional fare as long as their trip was within two hours. This policy is in practice elsewhere in the Greater Toronto and Hamilton Area and on the 512 St. Clair streetcar route. A two hour time-based transfer can be difficult to manage if there are service delays that affect the transfer window and would cost the TTC an estimated (\$20M) in lost revenue from multiple trips made within the two-hour window. This policy however, would make it easier for customers to complete short trips such as getting groceries or going to lunch using transit and create a simpler, easy to understand transfer policy.

### **Daily e-Purse Loyalty- Recommendation 1d. (2016)**

With the implementation of PRESTO, there is an opportunity to offer discounts or incentives for increased rides. A daily e-Purse loyalty would provide customers with the guarantee that no matter how many journeys they take the cost would not exceed the price of a Day Pass. This would apply to all PRESTO e-Purse customers. The simplicity of the message and benefit to customers should help to encourage ridership.

### **Metropass Discount Plan (MDP)/Volume Incentive Plan (VIP) – Recommendation 1f/g. (2017)**

These plans provide discounts for customers who sign up and either commit to the purchase of a Metropass each month for a year or purchase Metropasses in bulk. With PRESTO, the administration of these programs can be automated. As part of the PRESTO implementation it is recommended that VIP program migrates to the MDP program, whereby customers will continue to receive the benefit of a discount. Specifically, the average VIP discount of 12% will be aligned with the MDP program discount of about 8%. In order to support this change, new applications for the VIP program will cease to be processed. The MDP program will move to the PRESTO online website. Further analysis of the structure of the MDP program will be completed to ensure it is optimized for both of these market segments.

### **Peak and Off-Peak Fares – Recommendation 1h. (2018)**

Many transit agencies offer peak and off-peak pricing to reduce congestion during peak hours and encourage off-peak ridership. There are two ways in which this policy is implemented; either the peak price is inflated to discourage travel during peak hours or the off-peak price is decreased to encourage new customers during off-peak hours. Very few transit agencies have success implementing off-peak discounts, as the increased ridership often does not counteract the revenue loss from discounted rides. Increasing peak fares can also be difficult as it involves a change in customer behavior and not all customers have the flexibility to change their schedules. With peak and off-peak pricing there is also the risk that peak congestion will simply shift, instead of leveling out.

Fare impact analysis scenarios were completed based on current TTC ridership, and included options for raising the peak fare by 5, 15 and 25 cents, and decreasing the off-peak fare by 5 cents. For example, factoring in ridership loss and switching rates, the revenue potential of a 15 cent increase in peak pricing alongside a 5 cent across the board off-peak discount could result in an overall \$2M net revenue gain. The peak and off peak pricing option that will be presented as part of the 2018 operating budget will meet the approved fare policy principle of optimizing TTC fare revenue.

### **Fare by Distance/Zone – 3c. No further analysis**

This concept is based on the idea that customers who use the system for longer distances pay more for that increased service they use. Customers who use the system for shorter journeys would pay less overall, however this is only true when the initial fare can be reduced, which would have major financial impacts on TTC. Another essential factor is the reliance on customers tapping in and tapping out of both stations and surface vehicles; the latter would have significant negative impacts on dwell times for surface vehicles and may be difficult to enforce without creating major bottlenecks in the system or significantly changing customer behaviors. Although a distance/zone based system may allow for easier fare integration, there are challenges with enforcement and integrated station transfer points. Metrolinx is currently leading a detailed analysis on an integrated distance/zone based system, which TTC staff have been closely involved in. The Metrolinx analysis will be presented in 2016.

### **All-Door-Boarding on Buses – 3b. No further analysis**

In December, TTC is implementing all-door-boarding along with proof-of-payment on all streetcars. This policy would allow customers to board through any door if they have Proof-of-Payment, which reduces congestion at the front doors and reduces dwell times and associated costs. The risk with all door boarding is an increase in fare evasion through the rear doors of a bus, which needs to be offset by the deployment of fare inspectors. There is a possibility of expanding this program to buses, however the benefits of reduced dwell times may not outweigh the risks of increased fare evasion and/or the increased operating cost for additional fare inspectors. This change may be more feasible on select routes, for examples those with long articulated buses, so further analysis on a route by route basis would be required to determine the financial impacts and understand potential savings.

### **Contact**

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### **Attachments**

Fare Policy Analysis Presentation



# FARE POLICY

Arthur Borkwood

Head of Customer Development





- **Recap – Fare Policy Principles and Assumptions**
- **Recommendations**
- **Options Review and Interdependencies**





## **Approved September 28, 2015 Board:**

1. Improve the customer experience
2. Meet the needs of our different customer groups
3. Increase ridership
4. Optimize TTC fare revenue
5. Optimize TTC operations
6. Embrace new technology to modernize our fare offering
7. Support fare integration initiatives across the Greater Toronto and Hamilton Area
  - TTC to remain whole





## **Approved September 28, 2015 Board:**

1. Policy changes with system-wide PRESTO implementation (2018)
2. Technical requirements to support fare policy changes are in place
3. Price difference between cash and PRESTO fares will widen





## For Implementation

2016	2017	2018
<ul style="list-style-type: none"><li>• Daily e-Purse Loyalty</li><li>• Weekly and Monthly Metropass on PRESTO</li></ul>	<ul style="list-style-type: none"><li>• Single cash fare</li><li>• Proof-of-Payment (POP) system wide</li><li>• “Tap on” surface “tap on and off” stations</li><li>• Move MDP online</li><li>• Migrate VIP to MDP</li></ul>	<ul style="list-style-type: none"><li>• Peak/off-peak Fares</li></ul>



## Further Analysis Required

- Single Ride Product on Buses
- No Cash Fares on Buses
- MDP Discount Options

## Further Analysis Not Required At This Time

- 2-Hour Time Based Transfer
- All-Door-Boarding on Buses
- Distance/Zone Based
- Cash Fare Proof-of-Payment (POP) Receipt on Buses

*\*Low income groups are being reviewed as part of Transit Fare Equity*





**A. Single Cash Fare:** One cash fare for all customers

**B. Proof-Of-Payment (POP) system wide:** All customers need POP when traveling



**C. “Tap On” to Surface & “Tap On” & “Tap Off” of Stations:** Customers would have to tap off at subway stations to exit



# SINGLE CASH FARE



## Analysis Assumptions:

- Revenue impact is dependent on number of customers that would switch to e-purse or stop riding
- Senior/student cash fares would be impacted greater by a fare increase
- 17% of Seniors/Students use cash
- Senior/Student cash users represent about 2% of total ridership

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Simplifies fare offering</li><li>• Reduces fare payment disputes</li></ul>	<ul style="list-style-type: none"><li>• Discounted cash customers experience a higher cash fare increase</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• \$0 to \$5M increase in revenue</li><li>• Consistent with other Greater Toronto and Hamilton Area fare policies</li><li>• Encourages PRESTO adoption</li><li>• Simplifies fare offering</li><li>• Reduces fare payment disputes</li><li>• Reduces fraud</li></ul>	<ul style="list-style-type: none"><li>• Potential ridership loss</li></ul>





## Analysis Assumptions:

- Customer education required
- POP receipt or limited use PRESTO card available
- Additional fare inspectors not currently needed

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Consistent customer experience on all modes</li></ul>	<ul style="list-style-type: none"><li>• Have to obtain POP</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• Allows fare inspection at any point in customer journey</li><li>• Consistent customer messaging on all modes</li><li>• Negligible revenue impacts</li></ul>	<ul style="list-style-type: none"><li>• Have to issue POP</li></ul>



# TAP ON ALL SURFACE VEHICLES & TAP ON & OFF AT STATIONS



## Analysis Assumptions:

- Limited use PRESTO card needed
- Free body transfers still permitted

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Consistent messaging around tapping PRESTO readers</li></ul>	<ul style="list-style-type: none"><li>• Requires change in behaviour</li><li>• May be trapped if lose ticket in transit</li><li>• May slow down travel times</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• Consistent messaging around tapping PRESTO readers</li><li>• Better customer journey data</li><li>• Reduces fare evasion</li><li>• Supports fare integration initiatives</li><li>• Aligned with TYSSE requirements</li></ul>	<ul style="list-style-type: none"><li>• Requires change in customer behaviour to tap on and off</li><li>• Could create bottlenecks where customers need to tap off</li></ul>



# FARE MEDIA BY MODE – END STATE



Mode Fare Media	PRESTO - e-Purse - Monthly - Weekly	Limited use PRESTO card - Single ride	Contactless Payment - e-Purse - Monthly - Weekly	Cash Fare POP Receipt
Subway	✓	✓	✓	
New Streetcar	✓	✓	✓	
Legacy Streetcar	✓	?	✓	?
Bus	✓	?	✓	?





- D. Cash Fare POP Receipt on Buses:** Cash customers on a bus receive a POP receipt that does not allow transfer
  
- E. Single Ride Product on Buses:** Cash customers use dispensers onboard a bus to receive a limited use PRESTO card
  
- F. No Cash Fares on Buses:** Customers starting their journey on a bus purchase a PRESTO card or limited use PRESTO card before boarding



# CASH FARE POP RECEIPT ON BUSES



## Analysis Assumptions:

- Cash customers represent about 11% of total ridership
- In-station transfers possible on some routes
- Revenue range dependent on number of customers that would switch to e-purse or stop riding
- Limited use PRESTO card in place
- Open Payments available as an alternative payment method

	Pros	Cons
Customer Experience		<ul style="list-style-type: none"><li>• Increased cost for non-PRESTO journeys</li><li>• Inconsistent customer experience/journey</li><li>• Potential increase in fare payment disputes</li><li>• May negatively impact cash customers</li><li>• Customer required to obtain POP</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• Simplified transfer policy</li><li>• Encourages PRESTO adoption</li><li>• Potential to increase revenue up to \$5M</li></ul>	<ul style="list-style-type: none"><li>• TTC still responsible for cash handling and processing</li><li>• POP receipt still required for cash fare payments</li><li>• Potential to decrease revenue by (\$3M)</li></ul>



# SINGLE RIDE PRODUCT ON BUSES



## Analysis Assumptions:

- Cash customers represent about 11 % of total ridership
- Cash price premium maintained
- POP system wide

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Allows cash customers to transfer to any mode</li></ul>	
Business Impacts	<ul style="list-style-type: none"><li>• No financial impact on TTC if cash price is maintained</li><li>• Provides a modern alternative to current cash and transfer system</li></ul>	<ul style="list-style-type: none"><li>• Space required on buses for limited use PRESTO card dispensers</li></ul>



# NO CASH FARES ON BUSES



## Analysis Assumptions:

- Cash customers represent about 11% of total ridership
- POP system wide
- Open Payments available as an alternative payment method
- Comprehensive Third Party Network available
- Toronto Fare Equity recommendations will be implemented
- Limited use PRESTO card available
  - Limited use PRESTO card maintains cash fare price premium

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Faster boarding time</li></ul>	<ul style="list-style-type: none"><li>• Limited option for less frequent riders</li><li>• Customers required to purchase fare product before they travel on buses</li><li>• Inconsistent customer journey between modes (can pay cash at station machines)</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• Reduces cash handling costs</li><li>• Encourages PRESTO adoption</li></ul>	





- G. Two Hour Time Based Transfer:** Unlimited use of the system within two hours using one fare
  
- H. Daily e-Purse Loyalty :** A maximum fare within a day on a set number of trips or a reduced fare based on frequency of travel
  
- I. Loyalty: MDP/VIP:** MDP/VIP PRESTO customers can now auto renew online independently



# 2 HOUR TIME-BASED TRANSFER



## Analysis Assumptions:

- About 4% of customers take two trips within 2 hours
- Revenue loss determined by loss of return trips within two hours

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Unlimited travel within two hours</li><li>• More options to take transit</li><li>• Simplified transfer policy</li></ul>	<ul style="list-style-type: none"><li>• No added value to pass holders</li><li>• May lose “value” of 2hrs due to service or traffic delays</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• Simplified transfer policy</li><li>• Reduced fare payment disputes</li><li>• Consistent with Greater Toronto and Hamilton Area policies</li></ul>	<ul style="list-style-type: none"><li>• Difficult to manage if there are significant service or traffic delays</li><li>• (\$20M) Loss in revenue</li></ul>



# DAILY E-PURSE LOYALTY



## Analysis Assumptions:

- Monthly and weekly pass still in place (on PRESTO)
- Daily e-Purse loyalty applies to all customers
- About 2% of customers would benefit

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Customers know the maximum they will pay in a day</li></ul>	
Business Impacts	<ul style="list-style-type: none"><li>• Potential increased ridership</li><li>• Customer goodwill</li><li>• Easy, positive message to communicate</li></ul>	





## Analysis Assumptions:

- 40% of adult Metropasses are sold through MDP/VIP
- 20% of Senior/Student Metropasses are sold through MDP/VIP
- Would be online, automated process or phased out
- Most MDP/VIP customers would switch to regular monthly Metropass

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Online auto-renew and signup</li></ul>	<ul style="list-style-type: none"><li>• Lost discount from MDP/VIP if phased out</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• Reduced processing/program costs for MDP/VIP</li></ul>	<ul style="list-style-type: none"><li>• Not rewarding most loyal customers</li><li>• Risk of reducing Metropass sales</li><li>• Revenue gain delayed/dependent on customer contractual constraints</li></ul>





- J. Peak/Off Peak Fares:** Higher peak vs. off-peak fares
  
- K. Fare by Distance/Zones:** Analysis will be aligned with Metrolinx fare integration efforts currently being studied for the Greater Toronto and Hamilton Area
  
- L. All-Door-Boarding on Buses:** Allowing customers to board through all doors on buses



# PEAK/OFF-PEAK FARES



## Analysis Assumptions:

- Assumes single cash fare
- Peak is calculated as 7am-9am & 4pm-6pm
- 24% of customers travel during these peak hours

	Pros	Cons
<b>Customer Experience</b>	<ul style="list-style-type: none"><li>• May reduce crowding during peak</li><li>• Could reduce delays</li></ul>	<ul style="list-style-type: none"><li>• Not all customers have the flexibility</li><li>• Confusion around time boundaries</li><li>• May increase customer fare disputes around service disruptions that delay customer travel into higher priced “peak” periods</li></ul>
<b>Business Impacts</b>	<ul style="list-style-type: none"><li>• Encourages customers to travel in off-peak times to reduce peak congestion</li><li>• Potential service and overall capital efficiencies</li><li>• May reduce vehicle stop/dwell times during peak</li><li>• Potential to reduce split shifts</li><li>• More likely to increase leisure travel in off peak</li></ul>	<ul style="list-style-type: none"><li>• May not reduce peak but shift peak and/or increase off-peak ridership</li><li>• Difficult to change customer behaviour</li><li>• Reduced customer satisfaction</li><li>• Difficult to manage during service disruptions that delay customers travel into higher priced “peak” periods</li></ul>



# FARE BY DISTANCE & ZONES



## Analysis Assumptions:

- TBD; awaiting details from Metrolinx Analysis

	Pros	Cons
Customer Experience		<ul style="list-style-type: none"><li>• Customers that travel farther may have less transit options and will pay more</li><li>• Cost of travel could vary from trip to trip</li><li>• Confusion around pricing</li></ul>
Business Impacts	<ul style="list-style-type: none"><li>• Alignment with other Greater Toronto and Hamilton Area integration efforts</li><li>• More equitable distribution of pricing - those that use the system more, pay more</li></ul>	<ul style="list-style-type: none"><li>• Could result in ridership loss</li><li>• Could create bottlenecks where customers need to tap off</li><li>• Requires change in customer behaviour to tap off</li><li>• Difficult to manage with integrated stations</li></ul>



# ALL-DOOR-BOARDING ON BUSES



## Analysis Assumptions:

- Proof of payment on buses in place
- About 45% customers travel on bus

	Pros	Cons
Customer Experience	<ul style="list-style-type: none"><li>• Speeds up travel times</li><li>• Improves passenger distribution throughout the vehicle.</li><li>• Less by-passing of stops because the bus is full at the front but not at the back</li></ul>	
Business Impacts	<ul style="list-style-type: none"><li>• Reduces Dwell Times</li><li>• Less customer complaints re: by-passing of stops because front of bus is full.</li><li>• Reduced confrontation between drivers and customers</li><li>• Less crowding of vehicles/bunching at the front</li></ul>	<ul style="list-style-type: none"><li>• Potential to increase fare evasion and lost revenues</li><li>• Increased fare enforcement costs (\$27M) - (\$13.5)M through fare evasion</li></ul>



# SUMMARY



	1.Improve the customer experience	2.Meet the needs of our different customer groups	3.Increase ridership	4.Optimize TTC fare revenue	5.Optimize TTC operations	6.Embrace new technology to modernize our fare offering	7.Support fare integration initiatives across the Greater Toronto and Hamilton Area
Single Cash Fare				✓	✓		✓
"Tap on" to all buses and streetcars and "Tap on and off" at all subway stations				✓	✓	✓	✓
Cash Fare POP Receipt on Buses							
Single Ride Product on Buses		✓			✓	✓	
No Cash Fares on Buses					✓	✓	
2-hour Time Based Transfer	✓	✓	✓		✓	✓	✓
Daily e-Purse Loyalty	✓	✓	✓			✓	
Loyalty : MDP/VIP				✓	✓	✓	
Peak/off-peak fares	✓			✓	✓	✓	
Fare by Distance/Zones				✓		✓	✓
All Door Boarding on buses	✓				✓	✓	





## For Implementation

2016	2017	2018
<ul style="list-style-type: none"><li>• Daily e-purse Loyalty</li><li>• Weekly and Monthly Metropass on PRESTO</li></ul>	<ul style="list-style-type: none"><li>• Single cash fare</li><li>• Proof-of-Payment (POP) system wide</li><li>• Tap on surface tap on and off stations</li><li>• Move MDP online</li><li>• Migrate VIP to MDP</li></ul>	<ul style="list-style-type: none"><li>• Peak/off Peak</li></ul>





## Further analysis required

- Single Ride Product on Buses
- No Cash Fares on Buses
- MDP Discount Options

## Further analysis not required at this time

- 2 Hour Time Based Transfer
- All-Door-Boarding on Buses
- Distance/Zone Based
- Cash Fare Proof-of-Payment (POP) receipt on buses

