



## **Fare Policy Changes: PRESTO Tickets**

**Date:** April 11, 2019  
**To:** TTC Board  
**From:** Chief Customer Officer

### **Summary**

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This report recommends four fare policies which will support the transition to PRESTO.

The first establishes the pricing model for limited-use PRESTO Tickets which looks to uphold PRESTO fare pricing principles and encourage PRESTO card adoption (e-Purse and passes). Those seeking a single fare option will be able to use PRESTO Tickets to pay their fare on all modes, gain access through fare gates and benefit from the two-hour transfer available on PRESTO.

The second policy establishes the specified expiry date for PRESTO Tickets while the third seeks to establish an exchange policy for PRESTO Tickets that are unused past their expiry date.

We also introduce the Day Pass PRESTO Ticket for infrequent TTC customers or those anticipating multiple trips in a day, beyond those covered with the two-hour transfer.

### **Recommendations**

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It is recommended that the Board:

Approve the following fare policies as outlined in the Comments section in this report:

1. Allow for PRESTO one-ride and two-ride Tickets to be priced as a single fare, equivalent to the adult cash price
2. Allow the sale of a Day Pass PRESTO Ticket as follows:
  - a. valid for one (1) person entry;
  - b. valid for unlimited travel between the hours of 3:00 a.m. until 2:59 a.m. the following business day;
  - c. price aligned with legacy TTC Day Pass; and
  - d. available for use any day of the week, including statutory holidays

3. Allow for PRESTO Tickets to expire as follows:
  - a. in 90 days after purchase for those purchased at subway stations (Fare Vending Machines [FVMs]), Shoppers Drug Mart (retail channels), TTC Customer Service; and
  - b. in one (1) year after issue for bulk purchases
4. Allow for exchanges to be provided for expired and unused PRESTO Tickets as follows:
  - a. exchanges for valid fare of equal value; and
  - b. exchanges up to one (1) year after expiry only

## **Financial Summary**

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### **PRESTO One-Ride and Two-Ride Ticket Prices**

As the equivalent to the adult cash fare, the financial impacts are expected to be limited, given that those who would have previously paid the adult cash fare will still pay the same price, rather just the medium of their fare will change. However, the introduction of a new PRESTO fare product will be subject to PRESTO transaction fees which have been included in the 2019 TTC Operating Budget and will also be included in future years' operating budgets.

Further financial impacts won't be known until we stop accepting legacy tickets and tokens, further driving PRESTO adoption.

### **Day Pass PRESTO Ticket**

With the introduction of PRESTO Tickets customers will now be able to enter fare gates with a tap of their ticket. Unlike the legacy Day Pass, the option of group/family travel is not available on the PRESTO Day Pass Ticket. This will result in estimated higher annual revenues of approximately \$0.1 million and reduction in revenue ridership of approximately 0.5 million.

### **PRESTO Ticket Exchange**

As the TTC is looking to offset potential customer impacts of expiry dates, the proposed policy seeks to allow an exchange for unused and expired PRESTO Tickets. For each PRESTO Ticket exchanged, TTC will have to pay an additional PRESTO commission (estimated at 15 cents per ticket exchanged), despite no revenue being earned by TTC on the expired PRESTO Ticket. Assuming 1% of PRESTO Tickets purchased are ultimately exchanged, from a base of 26 million in annual PRESTO Ticket sales, the additional commission will total \$40,000.

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

## **Equity/Accessibility Matters**

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The TTC remains committed to equity as the PRESTO transition continues. The introduction of PRESTO Tickets will provide an additional choice for customers wishing to pay cash for their fare, increase access to the two-hour transfer benefit and provide an alternative for those not using PRESTO cards. With the introduction of the Two-Hour Transfer, Kids Ride Free, and the Fair Pass Program, the TTC has already introduced and collaborated on a number of initiatives aimed at making transit more affordable and will continue to evaluate fare options for the future.

TTC and Metrolinx have had discussions with various advocacy groups such as Fair Fare Coalition, Toronto Drop-in Network, Lived Action, Housing Connections and TTC Riders to hear their concerns regarding the retirement of tokens and the upcoming launch of PRESTO Tickets. In December 2018, a Town Hall was held to understand the challenges of low-income and marginalized customers and the need for continued access to single fares was restated.

In addition to single use PRESTO Tickets being sold at subway stations through Fare Vending Machines (FVMs), select Shoppers Drug Mart locations, and TTC Customer Service at Davisville, a bulk sales program is currently under development. Bulk sales policy items including pricing, eligibility, and minimum orders will be brought to the Board in 2019.

The TTC also heard opposition to fare media expiry dates in December 2018. Offering exchanges would help to mitigate this concern.

Additional sessions were held in March of this year to further understand specific impacts and how to mitigate issues and address concerns for change where possible. There was a continued focus on access to bulk purchasing of single fares, specifically as it relates to those who are under-housed and living on the streets. There will be continued discussions with respective agencies to ensure a smooth transition and that the TTC is able to address their needs appropriately as the bulk sales program is developed.

The gradual rollout of PRESTO Tickets will provide an additional opportunity for feedback to be gathered.

### **PRESTO One-Ride and Two-Ride Ticket Prices**

PRESTO Tickets are intended for infrequent travellers and visitors to the city. They are single products with a single price, equivalent to the adult cash fare and receive a two-hour transfer. Currently, this is \$3.25 for a one-ride PRESTO Ticket and \$6.50 for a two-ride PRESTO Ticket. PRESTO Tickets weren't designed with the intent to replace legacy tickets and tokens. Instead, customers who regularly use tickets and tokens should purchase a PRESTO card and load with e-Purse value.

With no concession priced PRESTO Tickets or a discount for multiple purchases at stations and retail channels, this may be a barrier for some who may otherwise be

eligible for a lower fare. They are encouraged to use PRESTO cards as they provide all customers with the lowest fares, including the City of Toronto's Fair Pass program specifically aimed at low-income Torontonians. This is in line with other Greater Toronto and Hamilton Area (GTHA) and most international transit agencies (see Tables 1 and 2). This will continue to be communicated clearly as the best way to access the lowest priced fares.

Additional PRESTO card benefits include the ability to register them to protect the balance or monthly pass on the card. This means that if a card is lost, funds can be transferred to another card, unlike PRESTO Tickets which act like cash and would be lost entirely. We continue to work with Metrolinx to address challenges and ensure continued access to PRESTO cards and the associated benefits.

While we had originally said we would stop selling tickets and tokens on August 3, 2019 and stop accepting them on December 31, 2019 those dates have now been put on hold to ensure the smoothest possible transition for our customers. No definitive decisions have been made on a new stop selling / stop accepting date at this time. We will widely communicate the dates when they are available. As such, these options in addition to cash will continue to be available fare options for customers as impacts and concerns continue to be addressed.

Further, social service agencies, school boards and others who may purchase and distribute single fares will continue to be able to do so through a bulk sales program for PRESTO Tickets. We are looking at options for lower pricing of PRESTO Tickets purchased in bulk as an additional mitigation for those who will be most reliant on this fare media in the future. These benefits will extend beyond those who purchase the fares to their distribution network including but not limited to those who are low-income, under-housed or living on the streets, new immigrants, refugees and persons with disabilities.

### **Day Pass PRESTO Ticket**

The cost of the Day Pass PRESTO Ticket will align with the cost of the legacy Day Pass at \$13.00 and will be valid for one-person entry. This is similar to the legacy Single Day Pass with no group/family options. For those who may have taken advantage of the group/family option on weekends and holidays, this may pose a financial challenge. However, transit affordability will remain a critical consideration when evaluating future fare options. This is demonstrated by the introduction of new policies and programs already aimed at making transit affordable including the Two-Hour Transfer, Kids Ride Free, and the Fair Pass Program.

### **PRESTO Ticket Expiry**

Expiry dates are required due to technical and database constraints. The expiry date for PRESTO Tickets issued by FVMs and through bulk sales will be printed directly on the PRESTO Ticket; however, those issued at Shoppers Drug Mart will not have expiry dates printed as they don't have the necessary equipment. Instead, these PRESTO Tickets will state "expires 90 days from purchase".

In addition to receipts that indicate the date of purchase, there are also numerous opportunities for customers to query their PRESTO Ticket to determine this information. Customers can look up expiry dates at Shoppers Drug Mart locations, on FVMs, in person at TTC Customer Service and via phone up to 30 days past expiry by contacting PRESTO Customer Service. Accessible communications outlining this information will be delivered ensuring messages are clear, direct, and easy to understand and numerous communication techniques will be employed to ensure equal access to information.

## **PRESTO Ticket Exchanges**

Offering exchanges will benefit customers, allowing them the option of retaining the value of their PRESTO Tickets if they are unable to use them before they expire. This will also help to limit any loss of funds which has a greater impact on low-income customers.

PRESTO Ticket exchanges can only be facilitated in person by the TTC at the Customer Service Centre at Davisville. While fully accessible, this may mean for those who aren't located nearby, it is advisable to exchange multiple PRESTO Tickets at once, given the fare required to get there. Communications will continue to encourage those purchasing PRESTO Tickets to use them immediately or as soon as possible and provide clear indication and information about expiry to limit any potential losses due to expiry. Opportunities for changes to this will be reviewed as the transition continues.

## **Decision History**

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### **TTC Board – June 12, 2018**

The board received an action report for approval of the PRESTO Transition Plan and related financial requirements.

Report:

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2018/June 12/Reports/13 PRESTO Update and Transition Overview.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2018/June%2012/Reports/13%20PRESTO%20Update%20and%20Transition%20Overview.pdf)

Decision:

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2018/June 12/Reports/Decisions/13 PRESTO Update and Transition Overview Decision.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2018/June%2012/Reports/Decisions/13%20PRESTO%20Update%20and%20Transition%20Overview%20Decision.pdf)

### **TTC Board – November 28, 2017**

The Board received and approved an action report outlining the benefits and implications of implementing a Two-hour Transfer Policy.

Report:

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2017/Nov 28/Reports/1 Introducing a Two-Hour Transfer Policy.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/Nov%2028/Reports/1%20Introducing%20a%20Two-Hour%20Transfer%20Policy.pdf)

Decision:

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2017/Nov 28/Reports/Decisions/1 Introducing a Two-Hour Transfer Policy Decision.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/Nov%2028/Reports/Decisions/1%20Introducing%20a%20Two-Hour%20Transfer%20Policy%20Decision.pdf)

## **TTC Board – December 16, 2015**

The Board received and approved an action report for approval of fare policy changes related to PRESTO implementation and functionality.

Report:

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/December 16/Reports/Presentation Fare Policy final.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/December%2016/Reports/Presentation%20Fare%20Policy%20final.pdf)

Decision:

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/December 16/Reports/Decisions/Presentation Fare Policy.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/December%2016/Reports/Decisions/Presentation%20Fare%20Policy.pdf)

## **Issue Background**

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The proposed fare policies have been developed to support the PRESTO transition.

PRESTO Tickets (commonly referred to within the industry as Limited Use Media cards or “LUMS”) are a disposable fare product that is made of tear-resistant paper and contains an embedded chip. When paying a fare, it is tapped like a fare card; however, it is valid for limited use and is disposed of once the fare has been used and the transfer or day pass has expired.

PRESTO Tickets also enable the stations transformation model in which stations will no longer have collectors in booths and fare gates will be the only means of entry. As such, PRESTO Tickets will allow access through fare gates, acting as proof-of-payment (POP) and enabling more accurate ridership data.

Following internal testing, PRESTO Tickets will be available as of April 5<sup>th</sup> at Yorkdale and Lawrence West stations due to their recent transition to the Customer Service Agent (CSA) model. This will allow customers looking to pay a cash fare to purchase a PRESTO Ticket at the FVMs without requiring exact change and gain access to the network. Customer and staff feedback is being gathered to assess the success and apply learnings to the larger network rollout which is currently under review.

### **PRESTO One-Ride and Two-Ride Ticket Prices**

From the beginning, the TTC has employed a number of principles when pricing fares on the PRESTO fare card system to encourage PRESTO card adoption. These include having discounted fares only available on PRESTO (i.e. concession fares, loyalties/caps, passes, two-hour transfer) and that PRESTO Tickets are priced higher, at a single price and include a two-hour transfer. Research shows that a number of transit agencies follow a similar model with the fare card providing the most benefits rather than limited use media (see Tables 1 and 2). TTC is the agency with the lowest difference between the cash fare versus single fares on PRESTO.

**Table 1– Cash vs PRESTO fares\*: GTHA (as of April 2019)**

Agency	Harmonized Cash	Cash		PRESTO card**	Difference	Concessions: Card only	Non-PRESTO Payment Option
TTC	N	Adult	\$3.25	\$3.10	0.15	N	Tickets Tokens
		Senior/ Student	\$2.20	\$2.15	0.05		
YRT	Y	\$4.00		\$3.75	0.25	N	YRT Pay (App)
Mi-Way	Y	\$3.75		\$3.00	0.75	Y	-
Brampton	Y	\$4.00		\$3.00	1.00	Y	-
Oakville	Y	\$4.00		\$3.10	0.90	Y	-
Burlington	Y	\$3.50		\$2.70	0.80	N	Tickets

*\*Note: TTC is the only agency with a PRESTO Ticket*

*\*\*Adult fare*

**Table 2 – Cash and single fares vs fare card price comparison (as of April 2019)**

Agency	Single / Cash Fare*	Fare Card	Difference	Concessions: Fare Card only
Toronto (TTC)	\$3.25	\$3.10	0.15	N
Vancouver (Translink) Zone 1	\$2.95	\$2.30	0.65	N
Montreal (STM)	\$3.25	\$3.25	-	Y
Boston (MBTA) Subway	\$2.75	\$2.25	0.50	Y
New York City (MTA)	\$3.00	\$2.75	0.25	Y
Chicago (CTA) “L” Train	\$3.00	\$2.50	0.50	Y

*\*Based on adult standard fare, American agency prices are USD*

Additionally, as the TTC looks to protect revenue with the transition to PRESTO, customers must provide proof of eligibility when setting a concession on their PRESTO card. If concession PRESTO Tickets were offered, this would require additional preventative and detective controls to mitigate any potential misuse. With a single fare price at the adult cash fare, this risk is mitigated.

The single fare price also mitigates further issues with concession tickets including the increased costs associated with manufacturing, inventory management and the environmental impacts of encouraging limited use products rather than the more environmentally friendly fare card.

### Day Pass PRESTO Ticket

Many infrequent TTC customers or visitors to the city may still require or seek an option which allows unlimited daily travel. The Day Pass PRESTO Ticket will allow this, ensuring ease of access throughout the network. Group and family options are not available as the TTC continues the transition towards a fare model which requires fare media to be carried by every person over the age of 12.

### PRESTO Ticket Expiry

Expiry dates are required because information about active PRESTO Tickets is stored in a central PRESTO database. The expiry period is designed to ensure the system functions efficiently and is not overloaded due to excessive data about PRESTO Tickets that never expire. For this reason, many other cities both in Canada and internationally, have expiry dates on their LUMs. Expiry dates vary for example, Vancouver's Compass Ticket expires the day of purchase and Ottawa's Ticket is activated when issued and valid until the transfer or product expires (see Table 3).

**Table 3 - Transit Agency Benchmark: Limited Use Media Expiry\***

Agency	Name	Expiry	Refund/Exchange
TTC	PRESTO Ticket	90 days - Retail 1 year - Bulk	Yes (Proposed)
Translink (Vancouver)	Compass Ticket	Same day	No
OC Transpo (Ottawa)	Single Ride Tickets	Same day	No
STM (Montreal)	l'Occasionnelle	1 year	Yes
Muni (San Francisco)	Limited Use Ticket	90 days	No
CTA (Chicago)	Ventra Ticket	90 days	No
MTA (New York City)	MetroCard	1 year	Yes
MBTA (Boston)	CharlieTicket	18 months	No

\*As of March 2019

### PRESTO Ticket Exchanges

In addition to expiry dates being common practice, many agencies do not offer exchanges or refunds for these products (see Table 3). Those agencies who do offer exchanges, do so for a limited period of time. In the interest of customer service, the TTC could offer exchanges for customers who may find themselves with unused PRESTO Tickets which have expired for up to one year. The one-year period is aligned with previous TTC fare changes.

## Comments

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### **Recommendation 1: PRESTO One-Ride and Two-Ride Ticket Prices**

TTC staff is recommending the following PRESTO Ticket Pricing Policy:

- PRESTO one-ride and two-ride Tickets to be priced as a single fare, equivalent to the adult cash price

This policy will support the offering of a limited use fare product allowing ease of access throughout the network for infrequent TTC customers, visitors to the city, and those not using PRESTO cards.

### **Recommendation 2: Day Pass PRESTO Ticket**

TTC staff is recommending the following Day Pass PRESTO Ticket policy:

- valid for one (1) person entry;
- valid for unlimited travel between the hours of 3:00 a.m. until 2:59 a.m. the following business day;
- price aligned with legacy TTC Day Pass; and
- available for use any day of the week, including statutory holidays

This policy will support the continued offering of a limited use fare product for those making significant use of the TTC on any given day.

As Day Pass PRESTO Tickets can be purchased in advance, they are activated at the time of the first fare tap. They have been programmed to expire at 2:59 a.m. However, if customers tap a Day Pass PRESTO Ticket at 2:59 a.m. they will be able to continue to use it until 4:59 a.m. because of the two-hour transfer. The expiry time of 2:59 a.m. differs from our current legacy Day Pass which expires at 5:30 a.m. - the end of the TTC service day. The TTC is looking into the technical options to amend the Day Pass PRESTO Ticket validity and will update the board and the public when completed.

### **Recommendation 3: PRESTO Ticket Expiry**

TTC staff is recommending the following PRESTO Ticket expiry policy:

- PRESTO Tickets purchased at subway stations (FVMs), Shoppers Drug Mart (retail channels) or TTC Customer Service, will expire 90 days from the date of sale; and
- PRESTO Tickets purchased through bulk sales will expire one year from the date of sale

The 90-day expiry is in-line with other transit agencies whom have LUMs and provides sufficient time for customers to use their PRESTO Tickets. PRESTO Tickets purchased through bulk sales are intended for distribution by social service agencies, schools and general bulk customers. These customer groups need the ability to distribute single fares due to a variety of reasons. A one-year expiry provides greater flexibility for these customers to manage their stock and ensure those they distribute to are provided with valid PRESTO Tickets and sufficient time to use them. Options for bulk PRESTO Ticket exchanges and refunds are being explored.

## **Recommendation 4: PRESTO Ticket Exchange**

TTC staff is recommending the following PRESTO Ticket Exchange policy:

- exchanges for valid fare of equal value; and
- exchanges up to one (1) year after expiry only

This policy will help to mitigate customer impacts for those who may find themselves with unused and expired PRESTO Tickets. Exchanges would be offered in person at TTC Customer Service at Davisville.

The TTC has approved the aforementioned expiry dates and pricing for testing purposes during field trials of PRESTO Tickets and the initial stages of the gradual roll out in April 2019. We have indicated to Metrolinx that the acceptance of a PRESTO Ticket expiry is dependent on TTC Board approval. Metrolinx has indicated they are not in a position to amend the expiry dates and pricing without incurring significant financial investment and implementation delays.

### **Contact**

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### **Signature**

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