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# GTHA FARE INTEGRATION

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# Progress Update

- The March 2015 Board report on Regional Fare Policy presented a global practices review and high-level regional fare structure options.
- There has been active municipal transit agency involvement to narrow the range of potential of Fare Structure Types to take forward for in-depth analysis.
- This report updates the Board on emergent findings before proceeding with in-depth analysis of selected Fare Structure Types.
- Recommendations on GTHA Fare Integration are planned for Spring 2016.

# A Regional Problem

- A Fragmented Fare Structure:
  - Reduces transit ridership and revenue by placing transit at a disadvantage against competing options (cross boundary barriers, double fares or transfer policies)
  - Reduces the number and quality of transit options available to customers
  - Treats different customers taking similar trips inconsistently
  - Prompts siloed, inefficient or duplicative local transit services, driving up operating costs
- A Pressing Issue:
  - Current regional rapid transit expansion in the GTHA makes addressing fare integration a pressing issue e.g. Regional Express Rail, Toronto York Spadina Subway Extension

# A Regional Solution Needed

- **The Big Move (**Strategy #6) and **Metrolinx 5-Year Strategy** (objective 3) call for need to "Implement an Integrated Transit Fare System"
- The Metrolinx **Investment Strategy** (2013) responded to public input by recommending that a regional fare integration plan be developed starting in 2014.
- Work began in 2014, with Metrolinx bringing all 10 GTHA transit agencies together.

"The Big Conversation" region-wide public consultation

# A Customer-First Vision

The long-term vision and goals for the GTHA fare integration strategy has been developed in consultation with local transit agencies, and focuses on the customer perspective:

**Vision Statement**

- The *GTHA Regional Fare Integration Strategy* will increase customer mobility and transit ridership while maintaining the financial sustainability of GTHA's transit services.
- This strategy will remove barriers and enable transit to be perceived and experienced as one network composed of multiple systems/service providers.

# Goals

## Goal 1: Simplicity

- The fare strategy will simplify customer experience and agency fare management/operations, attracting travellers to transit services throughout the GTHA.

## Goal 2: Value

- The fare strategy will reflect the value of the trip taken, and maintain the financial sustainability of transit services.

## Goal 3: Consistency

- The fare strategy will create a common fare structure with consistent definitions and rules across the GTHA.

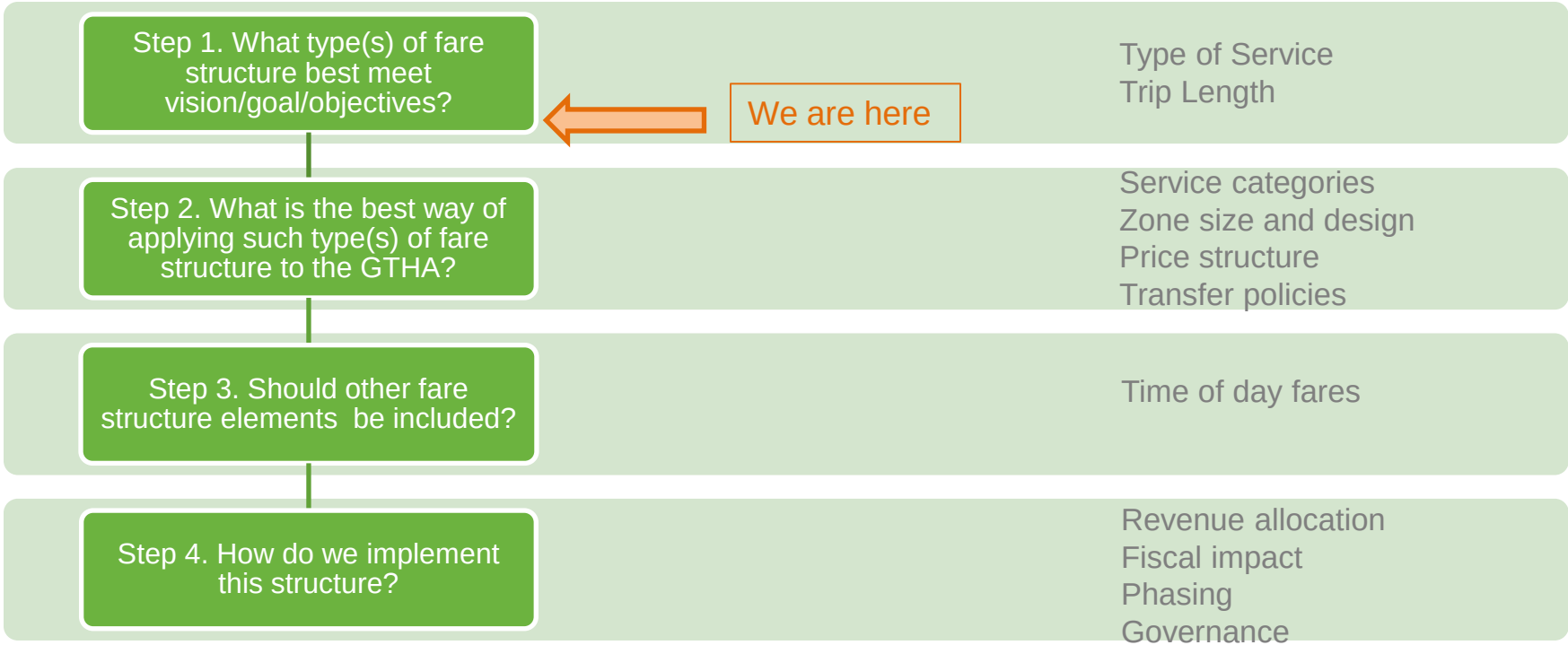
See Appendix for objectives associated with each goal.

# Elements of Fare Integration

The elements of fare integration contribute to an easy fare payment experience.

| Element | What it is | Customer Expectation |
|---|---|---|
| Payment System | System for fare collection: Farecard, mobile device, credit card, etc. | One method to pay anywhere<br>Consistent fare structure for multi-agency travel |
| **Fare Structure** | System for determining base fares (e.g.. flat fare, by zone, by distance) and related transfer policies. | Consistent fare structure throughout region<br>Fares that are seen to reflect the value (length, quality) of trip taken |
| Concessions | Customer types, e.g., child, youth, senior eligible for fare discounts | Consistent concession definitions throughout region |
| Products | Fare products to reflect customer travel and volume of use (ticket, pass, volume discount), | Products encourage multi-agency travel where appropriate and reward frequent transit use. |
| Price | Amount paid for travel, with fares for products and concessions typically derived from the adult cash fare. | Consistent price for similar trips throughout region |

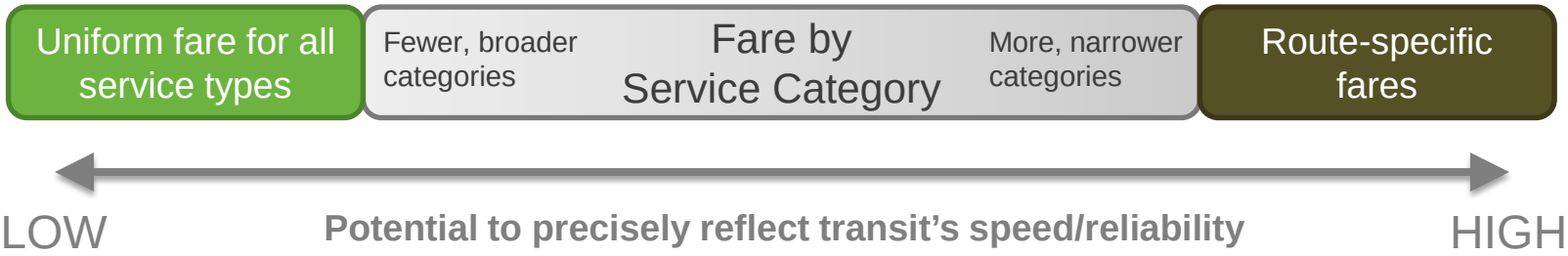
# Fare Structure Development



# Defining the Range of Fare Structure Types

# Service

- Type of service (e.g. local, rapid transit, express) is associated with different speed/reliability performance; higher speed and higher reliability are typically seen by customers as more valuable
- Type of service is used in this analysis to represent speed/reliability
- Fares can be set uniformly for all types of services, services may be grouped in categories with fares set by category, or a different fare could theoretically be set for every individual route

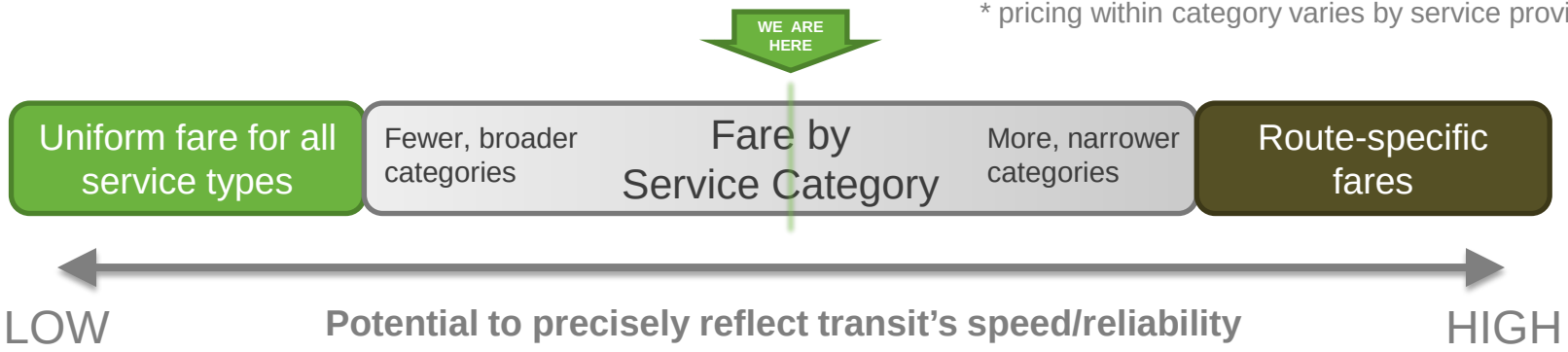


# Current GTHA Environment

The current fragmented GTHA fare structure uses four service categories:

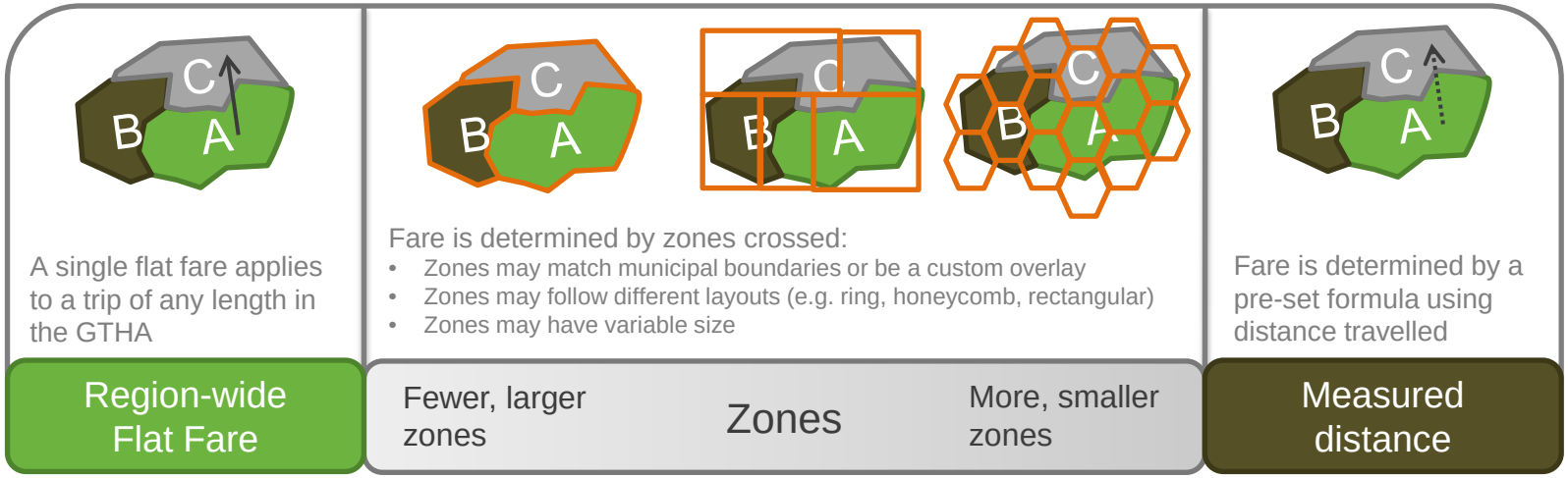
1. **Municipal*** (bus, streetcar, BRT, subway/RT)
2. **Municipal premium express*** (TTC 140-series & YRT 300-series buses)
3. **Regional** (GO rail and GO bus)
4. **Specialized airport link** (UP Express)

* pricing within category varies by service provider



# Trip Length

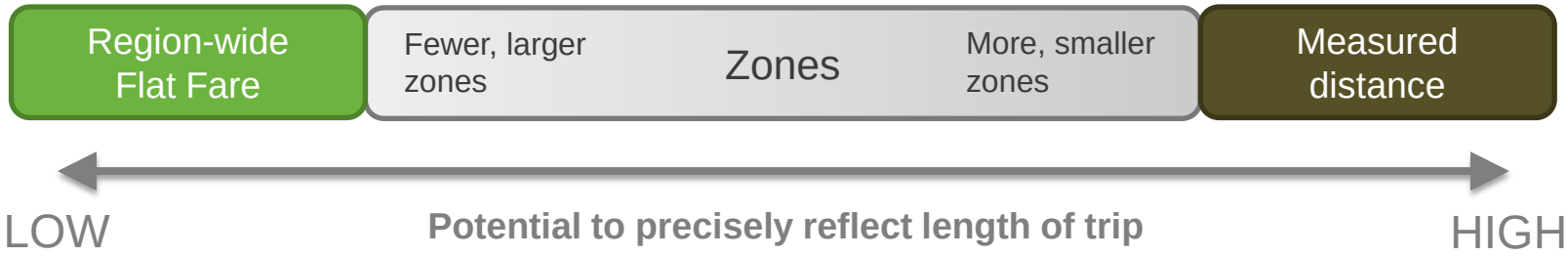
1. Trip length may be considered directly through a spectrum of geographic approaches:



# Trip Length (cont'd)

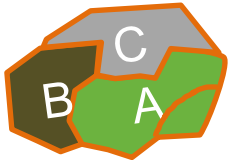
2. Trip length may also be considered indirectly, with fares based on total **travel time**
3. "**Hybrid**" structures are possible that combine multiple approaches to considering trip length, with the approach (region-wide flat, one or multiple zone structures, measured distance, time) depending on the service category

*Any structure (other than region-wide flat) can either scale consistently by distance travelled, or include features such as minimum/maximum fares, fixed/variable components or differential rates.*

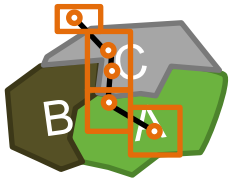


# Current GTHA Environment

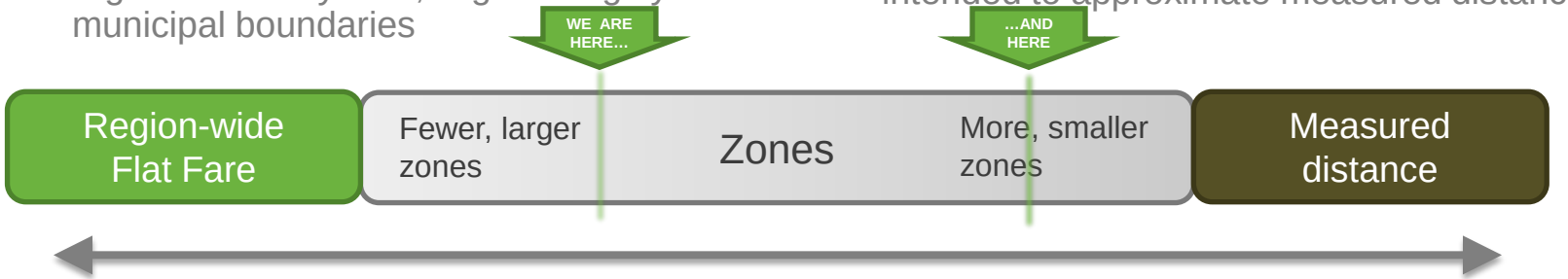
Current fragmented GTHA fare structure is a **Hybrid**, with two separate zone structures used by different service categories:




**Municipal** and **municipal premium express** service categories use a *de facto* regional zone system, aligned largely with municipal boundaries




**Regional** service categories use a finer-grained zone system with fare tables intended to approximate measured distance



# Fare Structure Types

The combinations of possible responses to service and trip length produce nine reference Fare Structure Types being assessed in Stage One:

| Consideration of Service Type | | Consideration of Trip Length | | | | |
|---|---|---|---|---|---|---|
| | | **Region-wide Flat** | **Zones** | **Measured Distance** | **Travel Time** | **Hybrid** |
| | **Uniform fare for all service types** | ● | ● | ● | ● | N/A |
| | **Multiple service categories** | ● | ● | ● | ● | ● |

● Reference Fare Structure Type

Peak/Off-peak pricing, different transfer policies, and fare capping can be applied to any of these structures.

# Narrowing the Range of Fare Structure Types

# Using the Metrolinx Business Case Framework to Assess Fare Structure Types

| Case | Seeks to answer questions such as… |
|---|---|
| **Strategic** | Will the fare structure type grow ridership?<br>Does it enable the network to function as a seamless whole?<br>Does it distribute demand efficiently and logically throughout the network?<br>Will customers perceive fares as offering value for service received? |
| **Financial** | How will the fare structure type affect revenues and service operating costs?<br>What are the impacts on fare collection costs? |
| **Economic** | Will the fare structure type encourage economic growth?<br>Will it reduce automobile use and greenhouse gas emissions?<br>What are the impacts on social equity/inclusion?<br>What are the impacts on built form? |
| **Operations/ Deliverability** | Can the fare structure type be practically implemented?<br>Will it be easy for customers to use?<br>Will it be adaptable to future conditions? |

# Initial Evaluation

- The nine reference Fare Structure Types each represent numerous possible variations of that type; each is being evaluated to gauge how the range of options of that type would generally perform.
- An Initial Business Case is being prepared for each of the nine Fare Structure Types:
  - Each Fare Structure Type is being qualitatively assessed against objectives
  - Modelling to estimate quantitative performance (i.e. revenue, ridership, vehicle-km travelled) is being used to understand how each reference Fare Structure Type is expected to perform.

# Service Findings

| | Fare Structure Types that Reflect Service | Fare Structure Types that Do Not Reflect Service |
|---|---|---|
| **Strategic Case** | • Fares *reflect service value* to customer, supporting ridership development and varying travel needs<br>• *Positions service types* to distribute demand between services in an integrated network<br>• Communications tools required for *easy customer understanding* | • Fares *do not reflect value to user*- overprices some services and underprices others resulting in ridership and equity impacts.<br>• *Simple to communicate* |
| **Financial Case** | • *Supports financial sustainability* of transit operations | • *Limits* ability to maintain *financial sustainability* |
| **Economic Case** | • *Provides flexibility to support policies* for growth, equity, built form and sustainability | • *Limits flexibility to support policies* for growth, equity, built form and sustainability |
| **Operations/ Deliverability Case** | • *Has greater complexity* to implement<br>• *Offers flexibility* to fit to service type operational characteristics | • *Less complex* to implement |

# Trip Length Findings

| | Reference Fare Structures that Reflect Trip Length | Reference Fare Structures that Do Not Reflect Trip Length |
|---|---|---|
| **Strategic Case** | • Fares *reflect trip value* to customer, supporting ridership development and varying travel needs.<br>• Communications tools required for *easy customer understanding*.<br>• *Time-based fares do not provide a consistent trip price.* | • Fares *do not reflect value to user*- overprices short trips and underprices long trips resulting in ridership and equity impacts.<br>• *Simple to communicate.* |
| **Financial Case** | • *Supports financial sustainability* of transit operations. | • *Limits* ability to maintain *financial sustainability.* |
| **Economic Case** | • *Provides flexibility to support policies* for growth, equity, built form and sustainability. | • *Limits flexibility to support policies* for growth, equity, built form and sustainability. |
| **Operations/ Deliverability Case** | • *Has greater complexity* to implement.<br>• *Offers flexibility* to fit to service type operational characteristics. | • *Less complex* to implement. |

# Summary Findings

- Fare Structure Types that are not responsive to service and trip length should not be investigated further.  This removes uniform fares for all service types, and region-wide flat fares from further consideration.
- Time-based fares are variable and unpredictable and should not be investigated further.
- Flat fares should be considered for local transit services only.
- Measured distance-based fares should be considered for higher order service only.
- Zone-based and Hybrid Fare Structure Types should be retained for more detailed investigation.

# Summary Findings

| Consideration of Service Type | | Consideration of Trip Length | | | | |
|---|---|---|---|---|---|---|
| | | **Region-wide Flat** | **Zones** | **Measured Distance** | **Travel Time** | **Hybrid** |
| | **Uniform fare for all service types** | ○ | ○ | ○ | ○ | N/A |
| | **Multiple service categories** | ◐ local only | ● | ◐ hi-order only | ○ | ● |

● Structure Type Retained ◐ Structure Type Retained with Conditions ○ Not advancing

# Next Step:
# Detailed Analysis of Fare Structure Types

- The detailed analysis of the Fare Structure Types will address:
  - Service categories, including number and which types of service to be included in each
  - Fare structure for each service category
  - Zone number and design (for applicable structures)
  - Price structures
  - Transfer policies
- Consultation with municipalities and other stakeholders and public outreach planned for key decision points

# Future Milestones

- **Winter 2016**: Consultation and outreach
- **Spring 2016**: Report to Metrolinx Board of Directors:
  - Recommended GTHA Fare Integration (addressing fare treatment of service types, length of trip and transfers) as a potential ***transformational*** implementation
- **Ongoing**: GTHA agreements on concession definitions, fare products, concession discounts

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# Appendices

# GTHA Fare Integration Strategy Objectives: Customer Perspective

The fare strategy objectives, developed with the local transit service providers, reflect customer, service provider and regional policy perspectives, and provide the basis for evaluating the fare structure alternatives.

| Category | Label | Objective |
|---|---|---|
| Simplicity | C1 | Enables travellers to perceive the GTHA's various transit options as one network |
| | C2 | Delivers a fare structure that is readily understood by customers |
| | C3 | Convenient and suitable for different trip and traveller types |
| Value | C4 | Creates fares that travellers perceive as reflecting the value for service received |
| | C5 | Promotes equity by fair pricing of trips. |
| | C6 | Provides the customer a user friendly point of purchase experience |
| Consistency | C7 | Allows for common fare concessions and products that meet a range of traveller needs |
| | C8 | Creates standardized fare payment and transaction experience for travellers using one fare medium |
| | C9 | Provides easy fare payment for trips involving multiple services and/or services. |

# GTHA Fare Integration Strategy Objectives: Service Provider Perspective

| Category | Label | Objective |
|---|---|---|
| **Simplicity** | S1 | Adaptable to changes in agency service provision, operations, and infrastructure |
| | S2 | Has manageable requirements for implementing, maintaining and revising/enhancing the fare strategy over its lifecycle |
| | S3 | Allows for use of fare data for monitoring and service planning |
| **Value** | S4 | Supports competitive services, ridership development, and service development and promotion policies/preferences/guidelines |
| | S5 | Provides value for money on investment in fare infrastructure/assets and related operating costs. |
| | S6 | Generates revenue required to meet cost recovery plans and minimizes fare underpayment and avoidance |
| **Consistency** | S7 | Allows service providers to adapt to meet changing customer needs |
| | S8 | Enables seamless transfer between agencies through the implementation and use of common fare media |
| | S9 | Distributes demand efficiently throughout the network and supports the roles of differing service types |

# GTHA Fare Integration Strategy Objectives: Regional Perspective

| Category | Label | Objective |
|---|---|---|
| Simplicity | G1 | Provides a flexible fare system that is practical to implement |
| | G2 | Supports transit planning and management across the GTHA including integrated transit services and data collection |
| | G3 | Creates a readily understandable fare system |
| Value | G4 | Supports transit ridership development within services and across the GTHA |
| | G5 | Generates revenue in support of cost recovery plans across the GTHA. |
| | G6 | Support strategic policy for the GTHA, including economic growth, built form, social inclusion, and environmental sustainability. |
| Consistency | G7 | Supports consistent fare media and products across the GTHA |
| | G8 | Implements a common approach to fare management that enables regional planning/investment |
| | G9 | Supports future service developments |