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# GTHA FARE INTEGRATION

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Metrolinx Board of Directors Meeting

June 28, 2016

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# Overview

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- Executive Summary
- Overview
- It's Complicated
- A Collaborative Process
- Vision, Goals and Objectives
- Three Concepts Analysed
- Key Findings
- Next Steps
- Appendices

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# Executive Summary

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Preliminary findings are now emerging:

- Fare integration can strengthen the region's transit offering
- Incremental modifications today can set us up for bigger changes tomorrow
- Working with municipalities, stakeholders and the public will improve the quality of the solution and its delivery

Further work will be completed over the Summer and a recommendation delivered in the Fall

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# A Growing Region

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- Every year the GTHA welcomes 100,000 new residents
- People are travelling across boundaries in greater numbers to work, homes, services and recreation
- Our rapid transit system expansion will offer more connections between transit lines and systems
- The fare structure made up of 11 existing structures does not encourage optimal ridership growth on the existing and the future transit services and infrastructure
- No single municipality or transit agency can solve this problem by itself

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# A Transit Renaissance

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**Rapid Transit in the Pipeline:** New GTHA rapid transit infrastructure projects, including municipal initiatives and \$31B\* of new provincial Moving Ontario Forward investments, benefit from fares that integrate them with connecting transit systems

**PRESTO Fare System across the Region:** PRESTO will provide a powerful platform for regional fare integration throughout the GTHA

- Available across the GTHA by the end of 2016
- PRESTO cards can be used on any transit system
- Enables new fare structures
- Will evolve with new methods of payment to meet the region's needs
- Negotiations are underway to develop sustainable agreements with municipalities

**Service Integration:** Strengthened cross-boundary transit services require fares to encourage ridership growth

**Customer Expectations:** Travellers expect fares that provide good value and a convenient transit experience across the region

\* Includes about \$16B in projects underway and about \$16B in projects through *Moving Ontario Forward*

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# Fares Today

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- There is already some fare integration:
  - Customers can travel between local transit systems in the 905 area with one fare
  - Customers can transfer between local transit in the 905 area and GO Transit with a significant discount on the local fare
- BUT customers are required to pay two fares in key areas:
  - When travelling between local transit in the 905 area and the TTC
  - When transferring between the TTC and GO Transit

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# Double Fares

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**Discourage transit use and increase auto use** for:

- Short-to-medium length trips in both directions across the Toronto boundary
- Trips in Toronto to/from a GO station
- Long distance trips to destinations beyond walking distance from Union Station

**Cause people to make inconvenient travel choices** such as:

- Choosing cheaper and slower trips on TTC instead of more costly and faster trips on GO
- Driving to the Toronto boundary to avoid a double fare

**Reduce the market** for new cross boundary transit service between Toronto and neighbouring municipalities

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# It's Complicated

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- Any change impacts over **1.5M people** every day; impacts are individual, direct and personal
- Even small changes can have many **direct and indirect impacts**
- We cannot rely on precedents from other jurisdictions; every region is unique
- **There is no obvious right or wrong solution**
- A well-integrated fare system typically evolves over time

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# A Collaborative Process

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- Metrolinx with MTO and all 10 transit operators have been working together over the past 18 months
- Staff collaboration has led to a working vision, goals and objectives
  - Ongoing effort is underway to build consensus with municipalities
- Through 20 public open houses over February and March, staff received valuable feedback and a general interest in moving forward
- Engagement is continuing with municipal staff, and there have been discussions at the Premier`s Mayors and Chairs Summit

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# A Customer-First Vision

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Developed with all GTHA transit agencies:

## 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 and Objectives

## Goal 1. Simplicity

Simplify the customer experience and agency fare management, attracting travellers to transit services throughout the GTHA.

## Goal 2. Value

Reflect the value of the trip taken, and maintain the financial sustainability of transit services.

## Goal 3. Consistency

Create a common fare structure with consistent definitions and rules across the GTHA.

## OBJECTIVES

- ✓ Travellers perceive one GTHA transit network, multiple agencies
- ✓ Easy to understand
- ✓ Suitable for different trip and traveller types
- ✓ Adaptable to changes in service, operations, and infrastructure
- ✓ Practical to implement, manage and revise over its lifecycle
- ✓ User friendly point of purchase experience
- ✓ Reflects value of service received
- ✓ Supports transit ridership growth
- ✓ Promotes social equity
- ✓ Provides value for money on transit investments and costs
- ✓ Generates revenue in support of cost recovery plans
- ✓ Minimizes fare underpayment
- ✓ Supports economic growth and environmental sustainability
- ✓ Offers common fare concessions and products
- ✓ Provides easy fare payment for trips involving multiple services or modes
- ✓ Allows service providers to adapt to meet changing customer needs
- ✓ Distributes demand efficiently throughout the network
- ✓ Facilitates standardized fare management

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# Study Method

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## Includes:

- Business case analysis/assessment
- A purpose-built model to estimate ridership and revenue impacts for GTHA, service types, and broad travel markets for 2011 and 2031
- High level investigation of impact and cost of implementation through PRESTO
- Experience with similar structures in other regions
- Consultations with municipal staff, transit agencies and public

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# Three Concepts Analysed

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## 1. **Modify the existing system**

- In this concept, we would retain the existing system, but reduce barriers for customers transferring between the TTC and other systems
  - Between the TTC and 905 transit agencies, customers could transfer at a reduced or no cost
  - Between the TTC and GO Transit, customers could transfer at a reduced cost

## 2. **Create a new zone-based system**

- In this concept, we would create a new regional system where customers would pay a fare based on how many zones they cross on a trip

## 3. **Create a new hybrid system, using both fare-by-distance and flat fares**

- In this concept, we would create a new regional system where customers using local buses would pay a flat fare, while customers using subways, LRTs and GO Transit customers would pay based on distance travelled

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# Early Findings

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## **Concept 1 Modifying Existing:**

- Easiest to implement
- Greatest increase in GO ridership
- Least increase in transfers between TTC and 905 transit systems
- Reduces trips between 905 transit systems

## **Concept 2 Zone Based:**

- Complicated to implement
- Greatest ridership increase, particularly on local buses
- Significant change to customer experience and how people make choices
- Small reduction in longer distance subway trips

## **Concept 3 Flat Fare plus Fare-by-Distance:**

- Complicated to implement
- Greatest increase in transfers between TTC and 905 transit systems
- Least growth on GO Transit
- Small reduction in longer distance subway trips

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# Early Findings (Continued)

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- All three concepts result in customers using transit more seamlessly
  - Multi-modal trips increase 4-6%, with a corresponding decrease in single mode trips
- Building a more integrated fare system generates substantial social, economic and environmental benefits
  - Auto travel (2031 projection) is reduced by between 170 and 320 million vehicle km (0.4-0.7%) annually with resulting reduction in GHG emissions of 2-4 million tonnes
  - Benefit cost ratio over 60 years (for comparison with infrastructure projects) is between 3.3 and 5.0
- It is not possible to achieve both ridership and revenue growth simultaneously in the short (1-2 year) term
  - Each 1% in new ridership requires short term revenue reduction of 5-7%
  - In the longer term (5-10 year), greater ridership increases are possible due to travel adjustments and development of the transit network over time

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# Early Findings (Continued)

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- Addressing cross-boundary fares between Toronto and its neighbours results in key impacts:
  - Reducing the cross-boundary fare increases the volume of transit trips of all lengths across the boundaries by 9.5-16.5%
  - Auto trips across the Toronto boundary to TTC park and ride lots decrease by 20-25% in favour of bus service to the subway
  - Customers shift from GO to local transit for longer trips to the downtown due to lower fares, increasing ridership on the subway by 12,000-16,000 peak period trips, an increase of 1.2-1.6%
- Fare-by-distance should continue to be considered to because it enables:
  - Appropriate pricing of long trips as cross-boundary fares are reduced
  - Greater customer choice between subway, LRT and GO Transit service
  - Improved value for short-distance trips
  - Revenue decreases from fare reductions elsewhere to be offset

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# Early Findings (continued)

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- Significant benefits can be achieved with modifications to the existing system without the complications of centralising fare-setting and revenue allocation.
  - Lower cost to develop and implement fare system changes
  - Fares could continue to be set by existing authorities
  - Allocation of revenue among agencies is simpler
  - Less change to existing customer experience

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# Social Equity and Access

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- Maintaining social equity and access are critical to any fare strategy
- Fare policy should be combined with other mechanisms to address equity and access issues; other mechanisms may be more effective in directing benefits to particular groups
- The concepts evaluated:
  - Reduce the cost of regional transit trips, benefiting higher income groups
  - Reduce the cost of cross-boundary travel to employment outside the financial core, benefiting lower income residents
- Analysis of impact of concepts on transit travel by income group will continue

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# Next Steps

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- More engagement is required with municipalities, stakeholders and the public
- We will continue to engage with municipalities as analytical work continues
- All three concepts will be further refined and assessed, with consideration given to the feasibility of implementation
- In addition, based upon the analysis to-date, a variation on Concept 1 will be developed for deeper evaluation, considering short-, medium- and longer-term opportunities
- We will report-back to the Working Group in the Summer and Fall 2016
- Updates on the fare integration initiative – including findings and reflecting municipal input – will be presented to the Metrolinx Board in Fall 2016
- MTO and Metrolinx continue to refine next steps, including with respect to the potential decision pathway



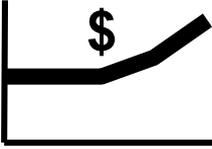
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# Appendix

# Elements of Fare Integration

Payment System	Fare Structure	Concessions	Products	Price
				
<p>System for fare collection: fare card, mobile device, credit card, etc.</p>	<p>System for determining base fares (i.e., flat, zone, distance) and related transfer policies</p>	<p>Customer types (i.e., child, youth, senior) eligible for fare discounts</p>	<p>Fare products to reflect customer travel and volume of use (weekly pass, volume discount)</p>	<p>Amount paid for travel, with fares for products/concessions typically derived from the adult cash fare</p>
<p>PRESTO</p>	<p>Current work</p>	<p>GTHA nearly complete</p>	<p>Follows fare structure definition</p>	<p>Currently set by municipalities</p>

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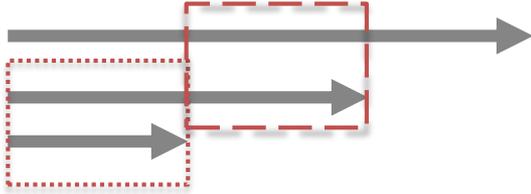
# Service Types

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For this investigation, transit services were grouped into three types:

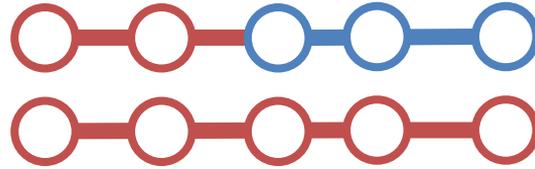
- “**Local:**” Slower services with frequent stops, including most bus services and streetcars
- “**Rapid Transit:**” Fast services with less frequent stops typically protected from traffic, including subway and LRT
- “**Regional:**” Fastest services designed for longer distance travel with limited stops, including GO rail and GO bus

# Fare Structure Design Principles



## Continuity

Fares for different service types should be comparable when the services serve the same market



## Connected Network

Fares should not penalise trips that require the use of multiple services



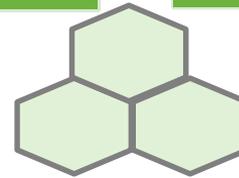
## Generalized Cost

Fares should be lower for slower service types than for faster service types



## Gradual Increments

Fares that vary by distance should escalate consistently or in small increments and avoid large jumps



## Large/Small Zones

- Large zones are more suitable for Local transit
- Smaller zones are more suitable for Rapid Transit and Regional

# Three Concepts Analyzed

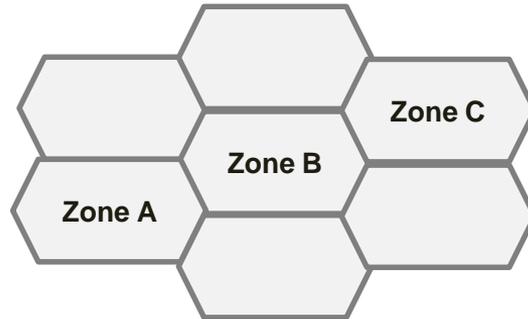
## 1. Modified Existing System

Modify current fare environment to address the most significant issues with the status quo

- ☑ Consistent transfer policy between municipal transit agencies
- ☑ Consistent transfer policy between municipal transit and Regional transit
- ☑ Regional base fare and Rapid Transit fares more closely aligned

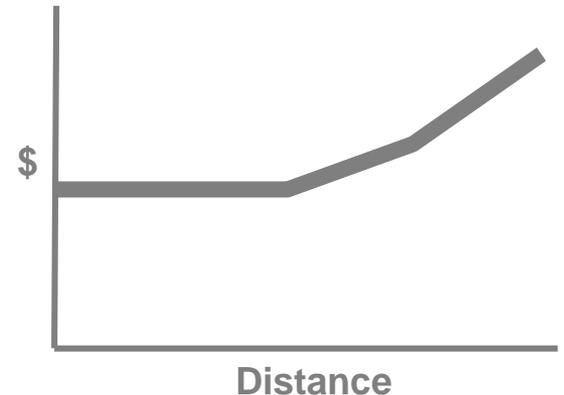
## 2. New Zone-Based System

Develop a new regional fare structure with fare by zone for “Local” and “Rapid Transit,” adding flexibility to pricing



## 3. New Hybrid System

Develop a new fare structure with region-wide flat fare for “Local,” with “Rapid Transit” and “Regional” using small zones or fare-by-distance



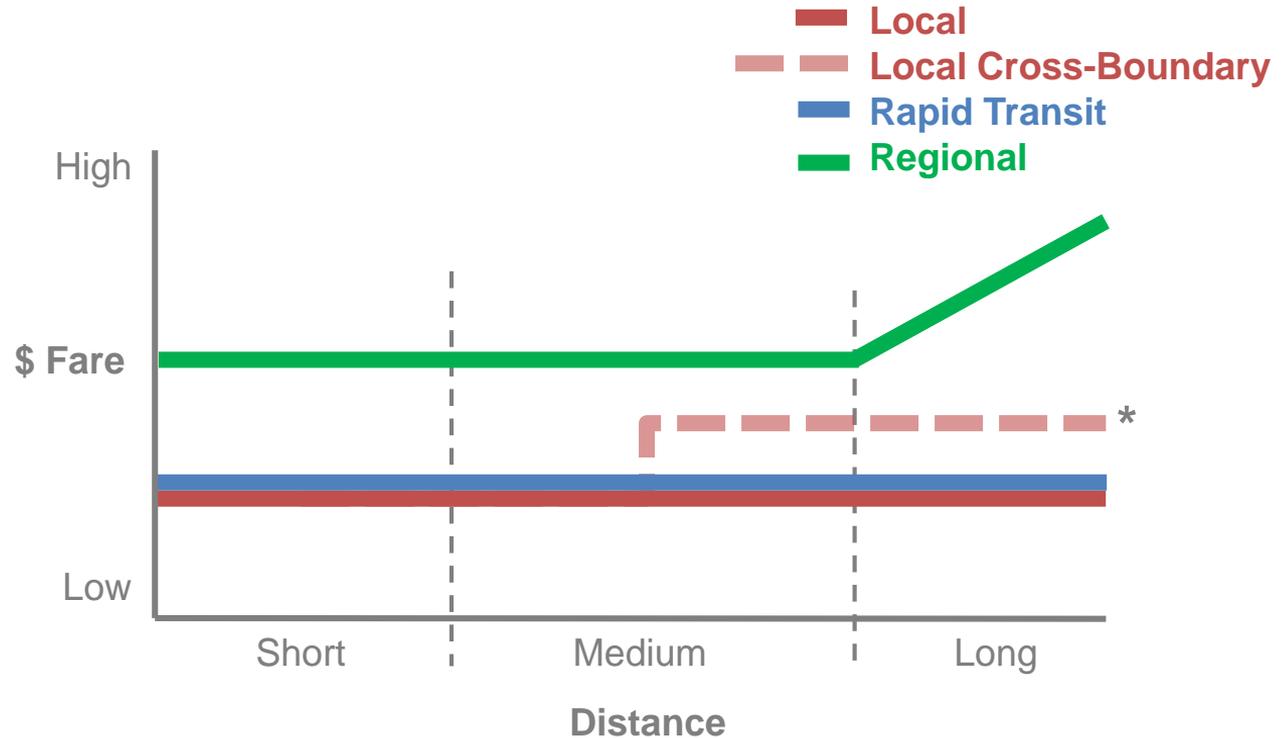
# Existing Fare Structure: “Status Quo”

**Local:** Each municipal service provider sets their own fares; mostly flat with zones for some long trips\*

**Rapid Transit:** Same as “Local”

**Regional:** Small zones, with a flat fare for short- to medium-length trips

**Transfers:** Free between “905” operators, double fare between “905” and Toronto\*, co-fare between “905” and GO, double fare between Toronto and GO\*

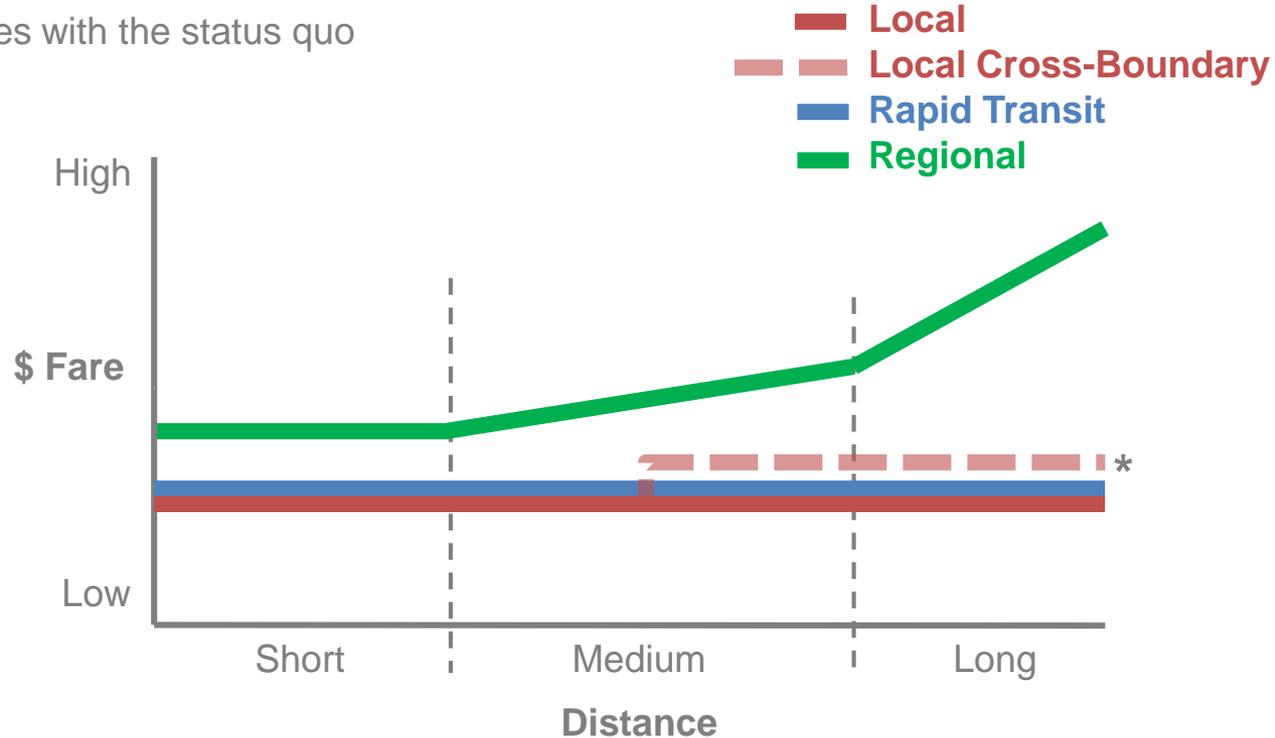


# Concept 1: Modified Existing

**Design Rationale:** Modify current fare environment to address the most significant issues with the status quo

**Features:**

- Consistent transfer policy between municipal transit agencies (may require additional fare\*)
- Consistent transfer policy between municipal transit and GO
- Regional base fare and “Rapid Transit” fares more closely aligned to improve continuity for medium-length trips

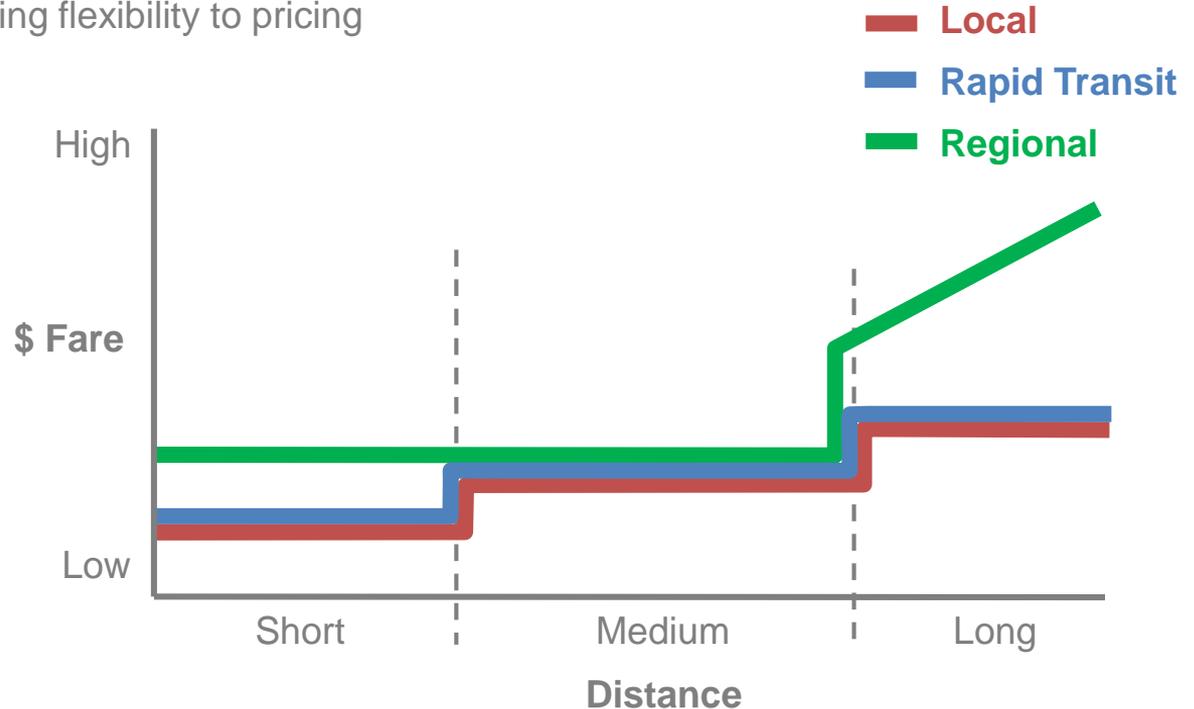


# Concept 2: New Zone-Based

**Design Rationale:** Develop a new regional fare structure with fare by zone for “Local” and “Rapid Transit,” adding flexibility to pricing

## Features:

- “Local” and “Rapid Transit” use large zones, aligned for simplicity, but may have different fares
- Regional fares for medium-distance trips are comparable to “Rapid Transit”
- Transfer policy required for transfers between service types



# Concept 3: Flat Fare + Fare by Distance

**Design Rationale:** Develop a new fare structure with region-wide flat fare for “Local,” with “Rapid Transit” and “Regional” using small zones or fare-by-distance

## Features:

- Region-wide flat “Local” fare
- “Rapid Transit” comparable to “Local” for short trips
- Regional fares comparable to “Rapid Transit” for medium-distance trips
- Transfer policy required for transfers between service types

