



METROLINX

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GTHA FARE INTEGRATION

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Metrolinx Board of Directors Meeting

June 28, 2016

Overview

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- Overview
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- A Collaborative Process
- Vision, Goals and Objectives
- Three Concepts Analysed
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Executive Summary

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

A Growing Region

- 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

A Transit Renaissance

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*

Fares Today

- 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

Double Fares

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

It's Complicated

- 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

A Collaborative Process

- 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

A Customer-First Vision

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

Study Method

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

Three Concepts Analysed

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

Early Findings

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

Early Findings (Continued)

- 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

Early Findings (Continued)

- 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

Early Findings (continued)

- 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

Social Equity and Access

- 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

Next Steps

- 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




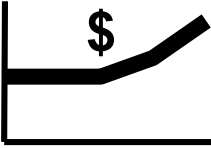



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Appendix

Elements of Fare Integration

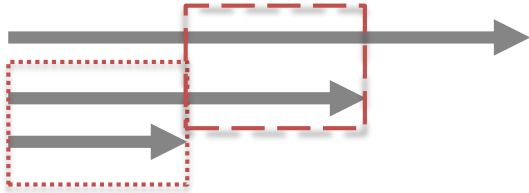
Payment System	Fare Structure	Concessions	Products	Price
				
<p>System for fare collection: fare card, mobile device, credit card, etc.</p>	<p>System for determining base fares (i.e., flat, zone, distance) and related transfer policies</p>	<p>Customer types (i.e., child, youth, senior) eligible for 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>

Service Types

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

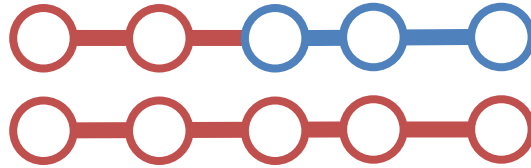
- “**Local:**” Slower services with frequent stops, including most bus services and streetcars
- “**Rapid Transit:**” Fast services with less frequent stops typically protected from traffic, including subway and LRT
- “**Regional:**” Fastest services designed for longer distance travel with limited stops,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



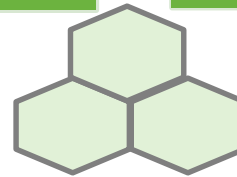
Generalized Cost

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

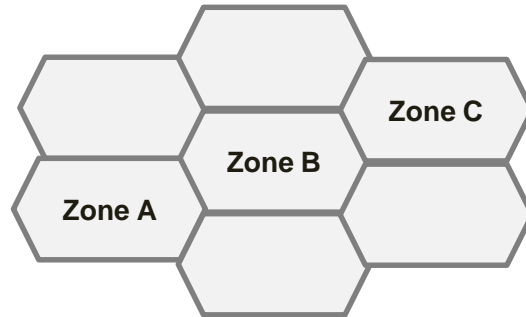
1. Modified Existing System

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

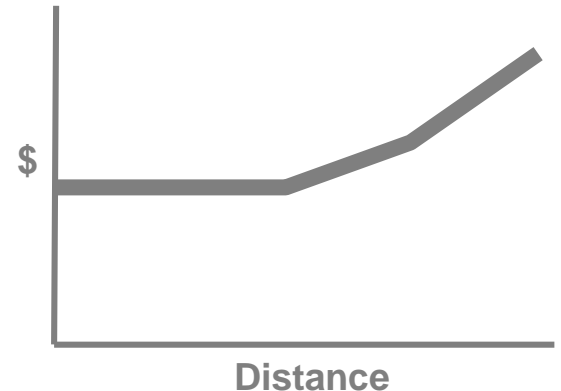
2. New Zone-Based System

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



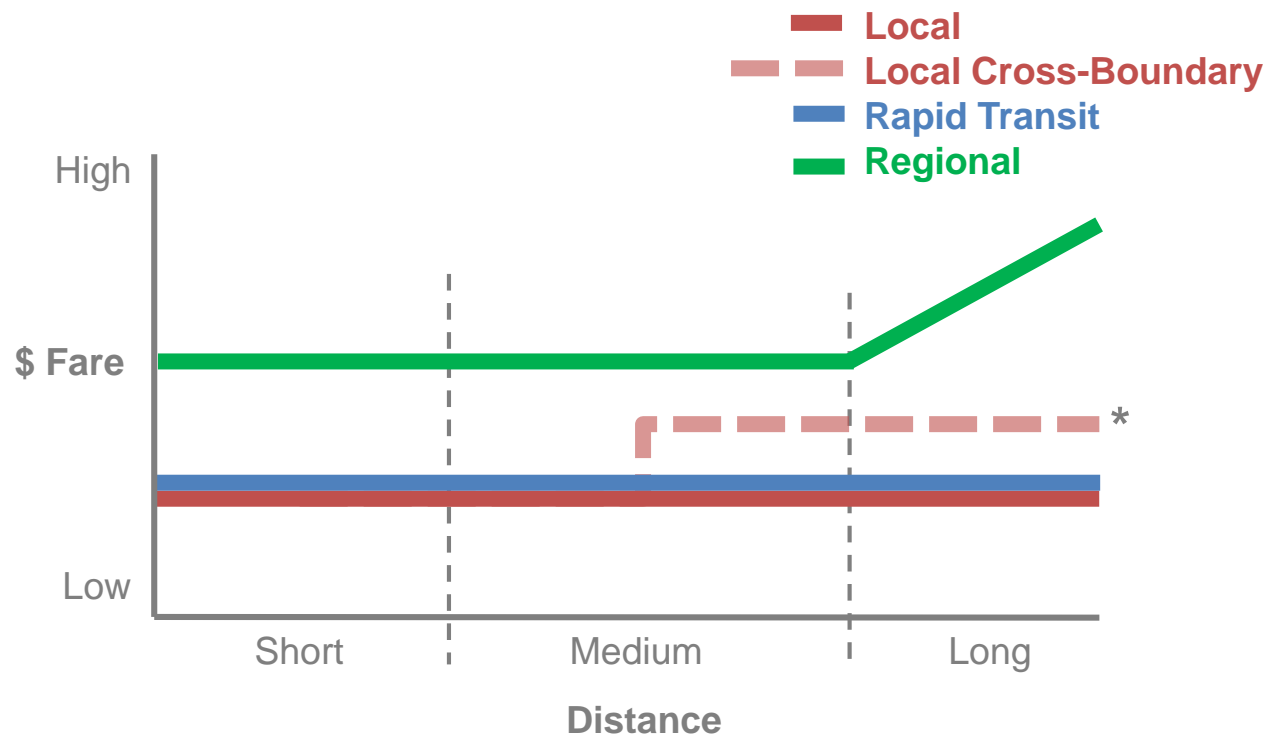
Existing Fare Structure: “Status Quo”

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*

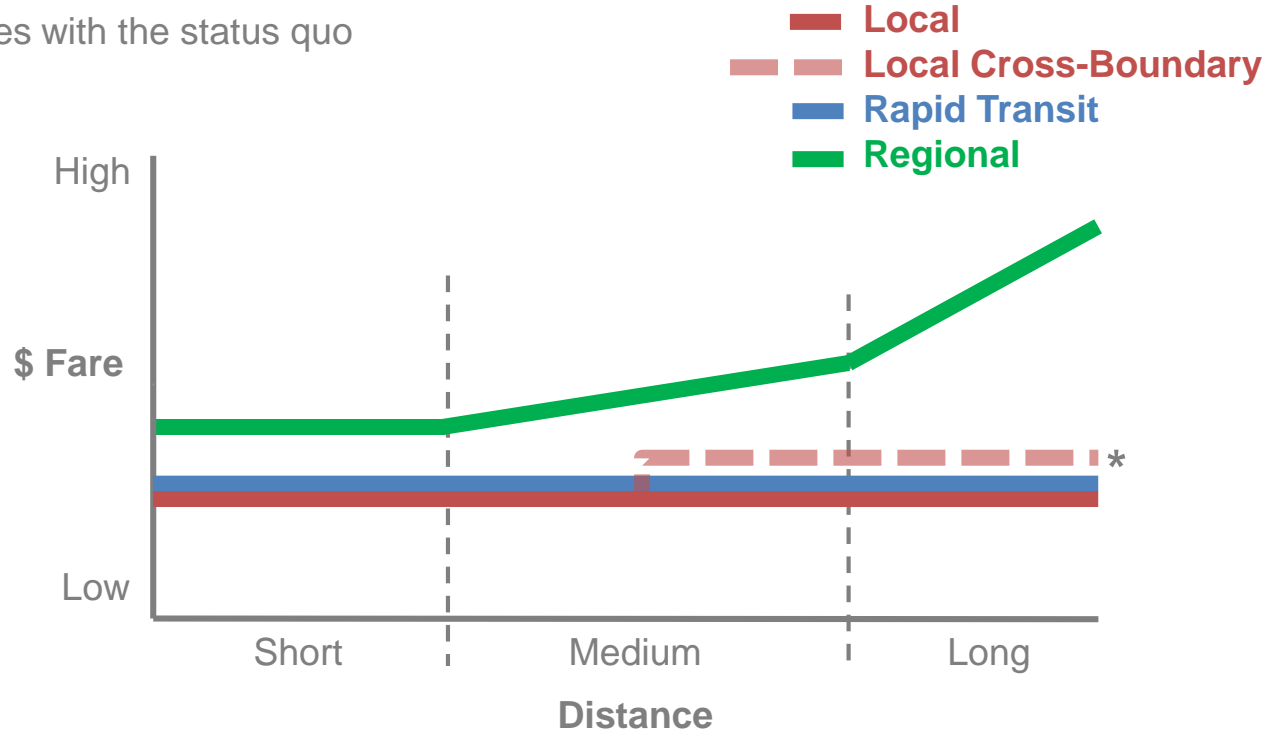


Concept 1: Modified Existing

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

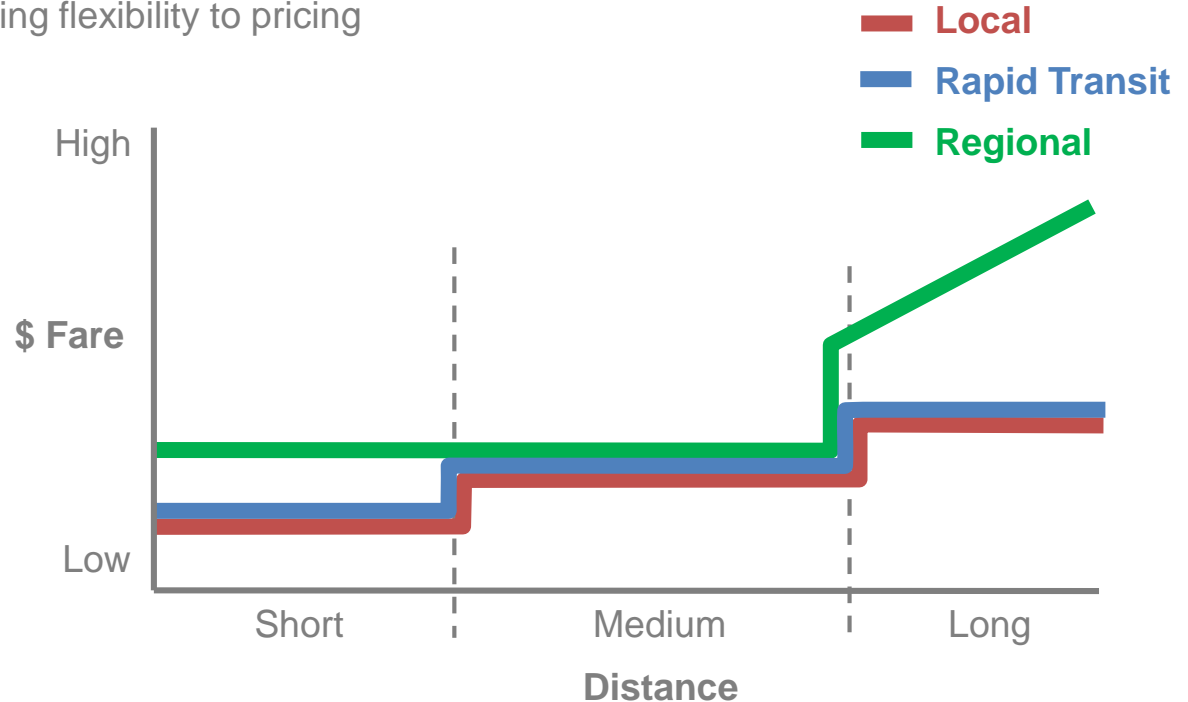


Concept 2: New Zone-Based

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

