



METROLINX

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Office of the President and Chief Executive Officer

Bruce McCuaig

416-202-5903

Bruce.McCuaig@metrolinx.com

August 30, 2016

Mr. Roger M. Anderson
Regional Chair
Regional Municipality of Durham
605 Rossland Road East - PO BOX 623
Whitby, ON
L1N 6A3


Dear Chair Anderson,

RE: Fare Integration

Thank you for your letter of July 13, 2016 regarding the ongoing Greater Toronto and Hamilton Area (GTHA) fare integration initiative.

Metrolinx is strongly committed to continuing an open and transparent process throughout this project, backed by rigorous analysis, and ensuring that all relevant stakeholders are actively engaged. We agree that municipalities are among the most important voices that we need to hear from; indeed, there are multiple voices within the municipal sphere that each have distinct and important perspectives to share: elected officials, staff from the region's nine municipal transit service providers, and municipal staff with expertise in other policy areas - ranging from land use to finance to social services - that may be potentially affected by transit fare policy choices.

The development of a proposal for an integrated GTHA transit fare system will progress through several stages of work. Our focus for the balance of 2016 is on identifying a technically-preferred potential fare structure that best meets the needs of GTHA transit customers and service providers as well as addresses the broader interests of the region. However, this is just a starting point for the development of a potential option for implementation. Significant topics, including many that you mentioned in your letter such as implementation staging, the relationship to service integration, funding and governance considerations, have already been identified for investigation in 2017 following the completion of the current phase.

As you have noted, these are complex issues and impact individual jurisdictions and their taxpayers. Working closely with the Ministry of Transportation, we will undertake the necessary investigation of these issues, including the specific impacts for each transit service provider. We recognise that municipal staff cannot assess the impact of fare integration on their respective community, or provide advice to their respective councils, until these elements have been addressed.

I am sorry to hear that you were disappointed that the briefing led by Ms. Wyatt on June 20 did not more extensively focus on those matters. In writing to Mr. Cubitt to request the meeting, I had explained that it was envisioned as an introductory staff-to-staff conversation intended to complement, not replace, parallel engagement with elected officials. As you know, fare integration is also being addressed at the GTHA Mayors' and Chairs' summit through meetings of its Transit and Transportation Working Group, and we hope our conversations there can be more oriented to the perspectives of municipal elected officials with regard to both the fare structure analysis being undertaken now as well as some of the

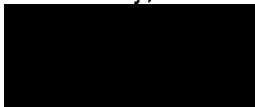
forementioned considerations to be examined subsequently. We look forward to continuing to provide updates and receive feedback through that forum from you and your colleagues from around the region.

At a technical level, the municipal transit service providers have been actively engaged through the 12 meetings of the GTHA Fare Integration Technical Advisory Committee (TAC) and a number of individual meetings and phone calls. Discussion at these meetings has been frank and has provided valuable insights throughout the process, included useful suggestions, and will help us to propose a solution that responds to the needs of GTHA municipalities and your transit customers. The Durham Region Transit team have provided much well-considered and significant input at these forums. We thank them for their efforts and their continued participation.

A second round of meetings on the GTHA fare structure is planned for later this year involving consultation with your CAO and senior staff and a meeting of the Transit and Transportation Working Group of the Mayors' and Chairs' Summit. Additional consultations will continue as the implementation topics are reviewed.

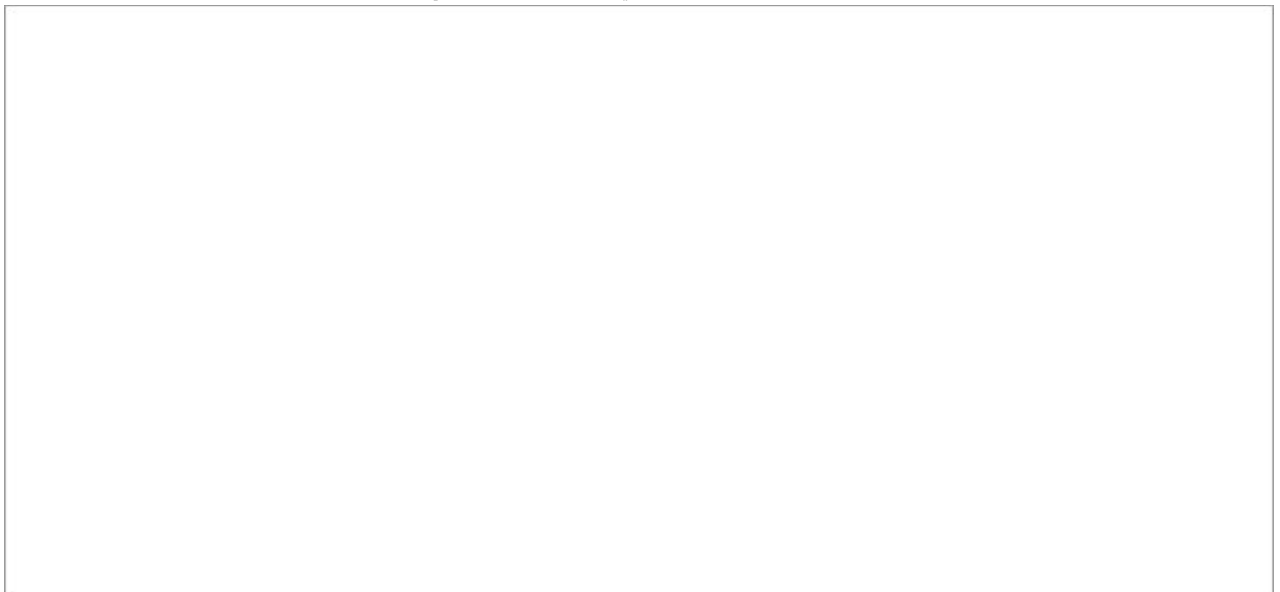
We appreciate you sharing your views on this issue. Please do not hesitate to contact me if you have any additional questions or concerns.

Sincerely,



Bruce McCuaig
President and Chief Executive Officer

- c. Metrolinx Board of Directors
Garry Cubitt, Chief Administrative Officer, Region of Durham
Vincent Patterson, General Manager, Durham Region Transit





July 13, 2016

The Regional Municipality of Durham

Office of the Regional Chair

605 ROSSLAND ROAD E. PO BOX 623 WHITBY ON L1N 6A3 CANADA 905-668-7711 1-800-372-1102 Fax: 905-668-1567 Email: roger.anderson@durham.ca

www.durham.ca

Roger M. Anderson Regional Chair and CEO

Mr. Bruce McCuaig President and CEO Metrolinx 97 Front Street West Toronto, Ontario M5J 1E6



Dear Mr. McCuaig:

Re: Fare Integration

On June 20th, we met with Metrolinx staff on the topic of fare integration. We were surprised that, since request came from your office to consult with our Chair, CAO and senior staff on this matter, only project-level staff attended from Metrolinx. Ms. Wyatt capably provided a technical briefing which was appreciated and she and her staff answered our questions as best they could. However, they were clearly not in a position to respond to political, funding, and governance-related issues that we expected to discuss with more senior Metrolinx representatives.

Consequently, I am writing to ensure that you, your Board, and your senior staff are made aware of Durham Region's comments and concerns with respect to the fare integration initiative.

While we agree with the concept of seamless GTHA-wide fare integration, we remain concerned about the impact it will have "where the rubber meets the road" - on our taxpayers and transit users.

We understand that PRESTO provides the platform for integrated fares and appreciate the convenience it offers riders. However, the cost to participate in PRESTO could not be supported if it became higher than what we incur at present for fare collection, especially if it were not to include all of our fare collection activities. PRESTO also will need to show its ability to keep up with and incorporate emerging technological capabilities such as Open Payment at a competitive price.

In Durham, we already have fare integration arrangements with GO Transit and with York Region. The missing element is integration with the TTC. In this regard, fare integration only makes sense for Durham if matched by service integration. To create a seamless cross-boundary transit experience, Durham Region Transit (DRT) buses must be able to access the TTC station at the Scarborough City Centre and run along a few other major thoroughfares that offer logical connections between DRT and the TTC (e.g. Steeles Avenue).

If this information is required in an accessible format, please contact the Accessibility Co-ordinator at 1-800-372-1102 ext. 2009.

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The Region is very concerned that the GTHA-wide fare integration will mean that we lose control over the fares and revenue stream needed to support and grow the Durham Region Transit system. The centralized calculation and control of fares implied in Concepts 2 and 3 would mean that Durham Region will have no guarantee that our subsidy per rider will remain stable and affordable for the Region. A revenue guarantee from Metrolinx will not address the issue of increased costs to provide additional service capacity for forecast growth in ridership. The Region would bear 100% of capacity expansion and related operating costs.

Funding sources for transit initiatives should be transparently aligned with the goals of the transit system. If transit is intended to create social equity by providing mobility benefits more evenly among Ontario's population, its operation should be at least partially funded by a provincial income redistribution mechanism (i.e. the income tax). Further, if transit is essential to reducing greenhouse gas emissions from transportation, then it should be partially funded from carbon-trading revenues. If achieving fare integration is a high priority for the Province, it may need to invest in it to ensure that those transit agencies that supported the project as early adopters can afford to continue to participate.

As things stand presently, it is Durham taxpayers who will foot the bill for local transit participation in PRESTO and fare integration. However, the governance structure of Metrolinx provides no transparency or accountability to those taxpayers since your Board procedures make no allowance for public delegations.

Compare this to this lengthy public discussion about matters such as fare increases that occurs for any local transit authority. Metrolinx fare decisions are subject to no such challenges. Your staff simply recommends a fare increase and the Board approves it with negligible debate.

Similarly Metrolinx has no local accountability for project decisions. In Durham to date, Metrolinx has focused entirely on expanding GO Rail services with little discussion about what services are most needed in the Region. Since 2008, Metrolinx has offered minimal support for the growth and improvement of our evolving local transit system compared to major investments in other parts of the GTHA and beyond. This treatment does not build confidence in how DRT system needs will be treated by Metrolinx decision-makers

Ms. Wyatt indicated that another round of municipal engagement on fare integration will occur in the fall of 2016, prior to a recommendation being brought forward to the Board and then, the Minister of Transportation. Well in advance of that fall consultation, it is essential that municipal transit authorities have the opportunity to assess the data and modelling for the local impacts of the fare structure options. Municipal and transit staffs cannot be expected to advise their councils or take a position on fare integration options without access to this information.

Durham Regional Council will need to understand both the value of fare integration for our residents and the financial impact of the fare solution and PRESTO on our taxpayers. Governance and financing are not minor details that can be settled later, after Metrolinx has made a recommendation to the Minister. These issues must be discussed by the partners and agreed upon in advance of making a recommendation.

Centralized, closed-door decision-making about fares and revenues might work for a system owned and operated by a single entity such as the Province. But it is unlikely to be acceptable in a multi-jurisdictional partnership of publicly accountable transit authorities who must operate transparently and affordably for their municipality.

The timeline for this project now seems very rushed with perfunctory consultation where information from Metrolinx to partners repeatedly arrives at the last minute. True engagement of your municipal partners requires timely provision of relevant information, meaningful discussion of issues and responsive changes to achieve buy-in.

Since your rules do not allow delegations to the Board, I trust this letter will be presented and discussed by the Board as correspondence at their next public meeting.

Yours truly,



Roger Anderson
Regional Chair and CEO

cc: Mr. Robert Prichard, Chair of the Metrolinx Board
Ms. Janet Ecker, Member of the Metrolinx Board
Mr. Bill Fisch, Member of the Metrolinx Board
Mr. Garry Cubitt, Chief Administrative Officer, Region of Durham
Mr. Vincent Patterson, General Manager, DRT