

To: Metrolinx Board of Directors
From: Leslie Woo, *Chief Planning and Development Officer*
Date: April 26, 2018
Re: **GTHA Fare Integration Update**

RECOMMENDATION

That this report be received for information.

EXECUTIVE SUMMARY

The Metrolinx Board at its meeting on September 14, 2017 asked staff to move forward with a step-by-step approach to address barriers to fare integration, while continuing to work towards a longer-term integrated fare structure for the region.

As an initial step towards broader Fare Integration throughout the GTHA, Metrolinx worked with the Toronto Transit Commission (TTC) and MTO to offer fare discounts for customers transferring between GO Transit (GO) / Union-Pearson Express (UP) and the TTC. Funding was approved in the fall of 2017 and discounts went into effect on January 7, 2018.

The 2018 Ontario Budget announced support for fare reductions, for trips under 10 kilometres (km) anywhere on the GO network, and lowering of GO fares to \$3 for all GO/UP adult trips using PRESTO within the City of Toronto. In addition, fares for GO trips between 10 and 20km would also be reduced, and cost between \$3 and \$6 depending on the specific route.¹

The province also announced that it will work with the TTC, York Region Transit, Mississauga's MiWay, Brampton Transit and Durham Region Transit, funded by carbon allowance proceeds from Ontario's cap-and-trade program, to introduce discounts of up to \$1.50 for transit users who transfer between these municipal transit networks and the TTC using PRESTO.

Overall, these funding commitments provide significant advancement on addressing barriers to fare integration.

Metrolinx has also been actively working with the Greater Toronto and Hamilton Area (GTHA) municipal transit agencies to address regional fare policy harmonization. Work is currently underway to develop an approach to improve consistency.

¹ GO/UP fare changes of \$3 are based on PRESTO adult fares. Single adult fares not on PRESTO will be \$3.35. Further discounts will apply to various customer segments. (eg. Senior, Child, Youth).

BACKGROUND

The Metrolinx Board at its meeting of September 14, 2017 asked staff to move forward with a step-by-step approach to address barriers to fare integration while continuing to work towards a longer-term integrated fare structure for the region. Fare integration will assist in creating a “seamless” travel experience for customers using multiple transit systems and will help optimize the significant infrastructure and service investments that the province is making in the GTHA transit network, including the GO Expansion program. Addressing these barriers aligns with the Modified Status Quo Concept included in the GTHA Fare Integration Draft Preliminary Business Case. The Business Case showed that all concepts offered significant economic benefits for the region.

In addition to funding for GO/UP-TTC fare discounts (announced in the fall of 2017), the province announced a further commitment to address fare barriers as part of the 2018 Ontario Budget on March 28, 2018. This includes support for the reduction of GO fares for short distance trips, as well as for a discounted double fare initiative for riders transferring between the TTC and “905” transit agencies.

All initiatives will be closely tracked through regular monitoring and reporting by Metrolinx.

The step-by-step approach includes:

- Discounts on double fares (GO/UP-TTC)
- Discounts on double fares (“905”-TTC)
- Adjustments to GO’s fare structure
- Fare Policy Harmonization

The following is a brief update on the status of each initiative.

DISCOUNTS ON DOUBLE FARES (GO/UP-TTC)

In the fall of 2017, the Province approved funding of up to \$7.15M in 2017-18 and \$18.4M in each of 2018-19 and 2019-20 to implement a discount for transfers between the TTC and GO/UP. This funding provides support for foregone revenue for both Metrolinx and the TTC. This initiative became available to the public on January 7, 2018 when using PRESTO e-purse (“pay as you go”) function. Customers pay the equivalent of \$1.50 for the TTC leg of their journey; which provides up to a 50% discount for adult riders.

Since launch, ridership is over 20% higher than the same period in the previous year. Much of this growth could also be attributed to increased PRESTO adoption leading to more riders qualifying for fare discounts while a portion can be to the new discount.

DISCOUNTS ON DOUBLE FARES (“905”-TTC)

As part of the March 28, 2018 Ontario Budget, the Province has committed transitional funding over the next 3 years, starting in 2019 to help address the 905-TTC fare barrier. It was announced the Province will work with the TTC, York Region Transit, Mississauga’s MiWay, Brampton Transit and Durham Region Transit to introduce discounts to transit users who transfer between these municipal transit networks and the TTC. The discount for a combined TTC- 905 transit agency trip will be up to \$1.50 and will only be available to travellers using PRESTO.

Subject to government approvals, funding for this initiative will be from carbon allowance proceeds from Ontario’s cap-and-trade program.

Based upon initial ridership modelling and projections, which includes the impact of new ridership generated, the province has committed transitional funding to the municipal transit agencies of approximately \$70M over three years to help provide this discount to commuters. Actual revenue impacts may vary depending on ridership adoption.

There are approximately 63,000 daily trips involving transfers between municipal transit agencies and the TTC. Further modeling of the longer term potential impacts is currently underway.

Lowering the cost of combined agency trips crossing the Toronto boundary will benefit lower income customers and encourage travel to employment areas along the Toronto boundary.

Metrolinx will be working with MTO and municipal transit agencies on implementing this initiative.

ADJUSTMENTS TO GO’S FARE STRUCTURE

The current GO base fare (\$4.71 for adults using PRESTO) is notably higher than the fares of other GTHA transit agencies (\$3.00²). This premium discourages riders from using GO for short distance trips and limits the benefits of the GO Expansion program.

As part of the March 28, 2018 Provincial Budget, it was announced that GO/UP trips within the City of Toronto will cost adult PRESTO card users just \$3 per trip. Discounts for seniors, students and children will still apply. The reduced fare will apply to travel on UP between Union, Bloor and Weston stations³. Customers on at Port Credit, Dixie, Malton, Rutherford, Langstaff, Unionville, Centennial, Markham, Pickering and Ajax will also see fare reductions when taking GO rail back and forth to Union Station. Further, all GO trips less than 10 kilometres will cost PRESTO card users just \$3 per trip anywhere on the GO network. See appendix for change overview.

² Based on weighted average adult PRESTO fare

³ UP Fare changes will not apply to trips to and from Pearson Airport

Based upon initial ridership modelling and projections, the province has committed approximately \$90M over three years to help provide these discounts to transit riders. Actual revenue impacts may vary depending on ridership adoption.

Fare changes are expected to impact approximately 75,000 GO/UP customers who would see some reduction of their fares. Lowering the fares will also help reduce the strain on the subway and bus network within Toronto. Reductions are anticipated to increase ridership in their respective markets by approximately 10-15%.

Metrolinx will be working with the GTHA transit agencies to understand ridership changes and any necessary service changes.

FARE POLICY HARMONIZATION

There are a wide variety of fare policies throughout the GTHA including concessions (eg. children, seniors, student discounts), transfer policies, fare media and fare products. Metrolinx is working with all of the GTHA transit agencies to examine various fare policies and try to align on a preferred direction for the region. This approach will begin with examining the impacts of existing and potentially new policies to support various regional objectives.

Work is currently underway to assess the current fare policy situation and develop an approach to improve consistency throughout the GTHA.

The TTC announcement to move to a two-hour time-based transfer in the summer of 2018 will bring greater consistency regarding the use of transfers throughout the GTHA.

LONGER-TERM INTEGRATED FARE STRUCTURE

The Making it Happen Paper developed as part the 2041 Regional Transportation Plan approved by the Board on March 6, 2018, will support additional dialogue about moving ahead with further fare integration initiatives including developing a longer term fare structure vision.

As identified in the Making it Happen Paper and in our Corporate Strategic Objectives (Objective #10), Metrolinx will convene an intra-governmental forum of senior leaders to discuss and advance issues of regional significance, including Fare Integration.

