

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 3702



Durham Region Transit Report

To: Durham Region Transit Executive Committee
From: General Manager, Durham Region Transit
Report: #2023-DRT-27
Date: November 8, 2023

Subject:

Fare Integration – Removal of Double Fares Program

Recommendation:

That the Transit Executive Committee recommends:

- A. That the General Manager, Durham Region Transit be authorized to negotiate and execute an agreement with Metrolinx to implement the Fare Integration – Removal of Double Fares (FI-RDF) program funded by the Ministry of Transportation, subject to the terms and conditions being satisfactory to the Commissioner of Finance and the Regional Solicitor; and
 - B. That the final agreement acknowledge Durham Region Transit and the Region of Durham are responsible for fare policy and set fares for DRT services.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to provide the Transit Executive Committee (TEC) with background related to recent discussions with the Ministry of Transportation (MTO), Metrolinx, MiWay, Brampton Transit, Durham Region Transit, Toronto Transit Commission, and York Regional Transit, regarding the MTO proposed Fare Integration – Removal of Double Fares (FI-RDF) program, and to seek approval for the General Manager, Durham Region Transit, to negotiate and execute an agreement for DRT's participation in the FI-RDF program,.

2. Background

- 2.1 Fare integration has been discussed for many years in consideration of enhancing the transit customer experience, including elimination of double fares when transferring between 905 transit agencies, the Toronto Transit Commission (TTC), and GO services. One solution proposed has been the elimination of the double fare and to provide customers free transfers between Transit Agencies (TA's). Free transfers already exist between 905 TA's, as well as co-fare agreements between Metrolinx and 905 TAs which fully reimburse TAs for forgone revenue. Free transfers between the TTC and the 905 TAs, and the TTC and GO Services, would significantly reduce fare revenue to the local TA's, and requires new sources of provincial funding.
- 2.2 In 2020, transit agencies bordering the City of Toronto (Brampton Transit, Durham Region Transit, MiWay, York Regional Transit) collaborated with the TTC in the Cross-Boundary Service Integration Plan to develop options to eliminate barriers to service integration between local transit agencies.
- 2.3 In 2021, the Ministry of Transportation (MTO) established a Fare and Service Integration (FSI) Provincial-Municipal Table ("the Table"), comprised of senior representatives from transit systems within the GTHA and the broader GO service area (Greater Golden Horseshoe).

The Table's work and recommendations were to inform the provincial government on ways to improve transit and the customer experience when travelling between municipalities.

In the short-term the Table intended to address immediate FSI objectives, such as:

- One bus/one fare;
- Cross-boundary challenges for short, "local" trips; and
- Harmonizing fare concessions across systems.

- 2.4 On March 1, 2022, the Province announced Phase 1 accomplishments arising from the FSI Table.

GO Youth Concession Harmonization: Metrolinx aligned their concessions with local transit agencies across the region (Youth = 13-19 years old).

- Increased GO and UP Express Youth Concession from 23 per cent to 40 per cent discount.
- GO Affordability Pilot in Peel to provide low-income concession holders with a GO fare rebate.
- GO-905 Co-Fare increased to 100 per cent from 75 per cent. This action saved customers \$0.80 when connecting between GO and DRT and was revenue neutral for DRT; Metrolinx reimburse DRT the forgone fare revenue.

- 2.5 Effective March 2023, MTO established the Fare and Service Collaboration Table, consisting of representatives from the Province, Metrolinx, Toronto Transit Commission, Brampton Transit, MiWay, Durham Region Transit, and York Region Transit. The Collaboration Table was tasked to explore a fare integration program proposed by the MTO for the purpose of eliminating double fares.
- 2.6 Significant progress has been made to address operational and technical barriers, and discussions are currently focused on the legal agreements between Metrolinx and local transit agencies that would support the FI-RDF program.
- 2.7 Service Integration between the TTC and 905 TA's continues to advance and along with fare integration, will further enhance transit networks in the GTHA.
- 2.8 PRESTO transfers between the TTC and DRT in September and October 2023 were approximately 26,500, or an estimated 160,000 transfers annually. Open payment accounted for approximately 4.5 per cent of PRESTO transfers from the TTC to DRT in October 2023.
- 2.9 Metrolinx forecasts for fare integration suggest that there would be between 115,000 to 160,000 net new transfers annually between TTC and DRT. The forecast uplift was derived from modelling that supported the Regional Fare Structure Initial Business Case (IBC).

Assuming 50 percent of transfers are from the TTC to DRT, approximately 57,000 to 80,000 net new annual transfers can be expected from the TTC to DRT, for which forgone DRT fare revenue would be reimbursed by the Province of Ontario through the FI-RDF program.

3. Program summary

- 3.1 The MTO proposed the FI-RDF program to eliminate double fares. Customers currently pay a double fare when transferring between the TTC and DRT. For example, a customer connecting to DRT from the TTC or Wheel-Trans will pay a total fare of \$6.65; \$3.30 when boarding the TTC or Wheel-Trans, and an additional \$3.35 (PRESTO standard/adult fare) when boarding DRT. Under the FI-RDF program, the customer would pay a total of \$3.30; \$3.30 fare paid directly to the TTC or Wheel-Trans, and the MTO would subsidize DRT \$3.35 for lost fare revenue, less the PRESTO commission.
- 3.2 The Ministry of Transportation (MTO) has committed to fund the FI-RDF program through March 31, 2026, and has directed Metrolinx to implement and deliver the program, including the administration and payment of the provincial subsidy for lost fare revenue to TAs.
- 3.3 The FI-RDF program is based on key principles:
 - a. Reimbursement of 100 per cent of eligible trips to transit systems for their respective foregone fare revenue;

- b. Prospective subsidy based on actual transfer transactions, not a formula; and
 - c. Proposal for the first phase of the new program with built-in review milestones to assess performance, requiring engagement and data sharing.
- 3.4 Separate Legal Agreements are required between Metrolinx and each of the five TAs participating in the program to support the program launch and the flow of subsidy payments expected in early 2024. The Legal Agreements will identify and define the fares/transfer FI-RDF program subsidies that will be paid, define the responsibility for associated program elements, and define renewal and termination provisions.
- 3.5 The existing PRESTO Operating Agreement will remain unchanged and in full effect following the execution of the FI-RDF program legal agreement. The legal agreement will focus on describing Metrolinx and DRT obligations associated with the new FI-RDF program.
- 3.6 A Senior Solicitor from the Region of Durham is participating in the legal working group formed to review and maintain consistency across agreements.
- 3.7 The existing PRESTO Operating Agreement approved by Regional Council remains in effect through November 27, 2027. The PRESTO Operating Agreement will take precedence should any conflicts arise with the FI-RDF legal agreement.

4. Key terms of the draft legal agreement

- 4.1 The term of the Agreement will be for the duration of subsidy funding from MTO, which is currently committed through March 31, 2026. The MTO has indicated that the FI-RDF program is an important transit initiative for the Province of Ontario.
- 4.2 The FI-RDF program is intended for eligible transfers between TTC and DRT, where customers will receive a discount, and the program will reimburse DRT for forgone revenue, less the applicable PRESTO commission. Eligible fares must be paid via the PRESTO system, using PRESTO Card (pay-as-you-go and monthly passes), PRESTO in Mobile Wallet (pay-as-you-go and monthly passes) when available, and Debit/Credit taps (Open Payment).
- Trips taken using cash fare payments, E-Ticket applications, or PRESTO Ticket purchases will not be eligible for reimbursement under the program.
- 4.3 The DRT fare strategy aligns open payment fares to cash fares. The Region of Durham Council approved fare for open payment and cash at \$4.35. The draft legal agreement specifies that the FI-RDF program will reimburse open payment transactions at PRESTO standard/adult rates, resulting in the loss of \$1 for every TTC to DRT open payment transaction.
- 4.4 Complete execution and sign-off of the legal agreement is planned to occur between November 2023 and January 2024 in advance of the program launch.

5. Previous Reports and Decisions

5.1 2021-DRT-05 General Managers Report

- a. Highlighted the Fare and Service Integration Provincial Municipal Table ("Table") comprised of senior representatives from transit systems within the GTHA and the broader GO service area (Greater Golden Horseshoe). The Table's work and recommendations were planned to inform the provincial government on ways to improve transit and the customer experience when travelling between municipalities.

5.2 2022-DRT-01 General Managers Report

- a. Highlighted that the Ministry of Transportation (MTO) fare and service integration table, established in 2021, was nearing completion of Phase 1. Phase 1 focused on priority areas for cross-boundary service integration and other short-term foundational actions.

5.3 2022-DRT-03 General Managers Report

- a. Highlighted the February 10, 2022, meeting of the Toronto Transit Commission (TTC) Board which approved a status update report for Cross Boundary Service Integration.

6. Relationship to Strategic Plan

6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Environmental Sustainability: Expand sustainable and active transportation
- b. Economic Prosperity: Leverage Durham's prime geography, social infrastructure, and strong partnerships to foster economic growth
- c. Service Excellence: Collaborate for a seamless service experience

7. Financial Considerations

- 7.1 The FI-RDF program is intended to be revenue neutral for DRT and the other TA's, with forgone fare revenue reimbursed by the Province of Ontario.
- 7.2 The draft legal agreement specifies subsidies for open payment at a rate lower than the fare approved by Region of Durham Council and the DRT fare strategy.
- 7.3 The Metrolinx Regional Fare Structure Initial Business Case (IBC) forecasted 115,000 to 160,000 net new annual transfers between the TTC and DRT.

8. Conclusion

- 8.1 Through a focus and commitment to the transit customer journey, advancing fare integration and future service integration opportunities will significantly enhance the competitiveness of public transit for travel across the GTHA.
- 8.2 The comprehensive FI-RDF program supports the objectives of municipalities to advance an integrated public transit network. Eliminating double fares will save customers money and is an essential first step towards a seamless transit experience across the GTHA.

Respectfully submitted,

Original signed by

Bill Holmes
General Manager, DRT

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer