

**TTC and PRESTO
Commission Meeting
December 19, 2012**

Presentation Outline

- **PRESTO system – current status**
- **Overview of TTC/Metrolinx Agreements**
- **Moving forward**

PRESTO System

- **Provincially led initiative to implement electronic payments system across GTA (2004)**
 - GO Transit
 - 905 transit + Hamilton
 - Ottawa
- **Responsibility for PRESTO shifted from Province to Metrolinx in 2011**
- **Current status:**
 - Operating at GO Transit and GTA transit properties
 - +400k cards in circulation
 - Ottawa to begin phased roll-out in Q1 – 2013

TTC Role in Current PRESTO System

- **PRESTO readers currently at 14 TTC subway stations**
 - Interface stations with interregional travel and other key locations
- **PRESTO only accepts adult token equivalent**
 - ≈25,000 transactions per day
- **Existing PRESTO readers not part of long-term solution for TTC**

TTC Commission – Nov. 2011; May 2012-12-30

- **Approved:**
 - Implement PRESTO subject to developing acceptable agreements
 - ‘Managed services’ approach with PRESTO
 - Financial framework
- **Direction:**
 - Finalize agreements with PRESTO

Key Principles for Developing Agreements

- Meet TTC customer, business requirements
- Acceptable governance process
- Funding for capital/operating
- Agreeable operating model
- Support open payments
- TTC sign-off's at key decision-points

TTC-Metrolinx Agreements on PRESTO

- Agreements signed November 28, 2012
- Four agreements:
 - Master
 - Project Management
 - Operational Services
 - Financial and Funding

PRESTO Has Committed to TTC Business Requirements

- TTC's Business Requirements key part of agreements with PRESTO
- TTC Business Requirements include:
 - **"system"** specifications:
 - Equipment (incl. performance and transaction speeds)
 - Fare rules, products and policy
 - Customer interface and use of PRESTO
 - TTC services (incl. Wheel-Trans; cross-boundary)
 - **"service"** specifications:
 - Financial and reconciliation
 - Field system management (maintenance; revenue collection)
 - Call centre; website
 - Reporting; business intelligence
 - System security

PRESTO – Overview of Agreements

- **Metrolinx required to design, procure, build, install, operate, service, and maintain PRESTO**
 - As per TTC Business Requirements
 - Metrolinx to own system and equipment

PRESTO – Capital

- **Metrolinx to cover all costs for:**
 - Civil works
 - Equipment purchase and installation
 - Systems communications
 - Back office hardware/software
 - Maintain state-of-good repair
- **TTC capital costs capped at \$47M (CSIF)**
 - Upgrade power in subway
 - Internal project team, staff costs

PRESTO – Operations

- **Metrolinx responsible for:**
 - Back office operations (e.g. system monitoring and mgt; call centre; website; security)
 - Revenue collection/servicing/maintenance of all PRESTO equipment

TTC – Operating Costs

- **Payment to Metrolinx based on fixed % of TTC fare revenues (5.25%)**
- **At full implementation, overall costs of fare collection expected to remain at/below current costs of fare collection (i.e. 7%-8%):**
 - Based on TTC Business Requirements

PRESTO – Term

- **15-year term**
- **Automatic renewal for five-years**
 - TTC can provide notice to Metrolinx if TTC does not wish to renew
- **After initial 15-year term, Metrolinx has right to renew for one-year (if time needed to recover project costs)**
 - Total term cannot exceed 20 years
- **At end of term, TTC can purchase equipment at fair market value**

PRESTO – Governance

- **TTC subject to Metrolinx/PRESTO governance structure on PRESTO-related topics**
- **Ongoing decisions impacting PRESTO made jointly with other system participants**
- **Dispute resolution process to address unresolved TTC concerns**

PRESTO – Open Payments

- **PRESTO has agreed to develop system to support both PRESTO and open payments**
- **Timetable for open payments still TBD**

Service Level Agreements (SLA's)

- **TTC and PRESTO will mutually develop SLA's based on defined process**
 - Performance requirements will be established
 - Informed by industry best practices
 - Framework will include compensation for missed SLA's
- **If mutual agreement is not reached on SLA's (or any part), issue referred to independent "expert panel" for binding review**
- **Final SLA's will be part of contract**

Other Key Terms of Agreements

- **TTC sign-offs at key points:**
 - Project plan and schedule
 - Design, development, testing, implementation
- **TTC revenue protection**
- **Termination for cause:**
 - No termination within first five years
 - “Right to suspend” if services fall below thresholds
- **Right to conduct spot audits**
- **Opportunity to share revenues developed outside of transit**

PRESTO – Moving Forward

- **Develop detailed project plan and schedule**
 - February 28, 2013
- **Key activities underway with PRESTO:**
 - Planning for civil works in subway
 - Complete electrical upgrade studies in subway
 - Planning/testing for implementation of PRESTO on new streetcars
 - Review of PRESTO RFP documents
 - Initiate process to define SLA’s