



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Transit Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	February 3, 2020
SUBJECT/REPORT NO:	PRESTO Adoption (PW17033d) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nancy Purser (905) 546-2424 Ext. 1876
SUBMITTED BY:	Debbie Dalle Vedove Director, Transit Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That Appendix “A” attached to Report PW17033(d), respecting the Strategy For Legacy Paper Media Removal, be approved; and,
- (b) That Item N, respecting PRESTO Operating Agreement, be identified as completed and be removed from the Public Works Committee Outstanding Business List.

EXECUTIVE SUMMARY

The PRESTO fare card system in Hamilton was approved and implemented with the intent of replacing legacy paper tickets and paper monthly pass products.

As part of the operating agreement with Metrolinx approved by Council, the City is required to pay a 9% commission on 80% of its Transit revenues one year after the installation of new equipment, regardless of what media is used to earn the revenue, except for cash which represents the remaining 20% of revenues. The deployment schedule provided by PRESTO targets a full installation as of the end of September 2020.

Customers are adopting PRESTO without extensive marketing, advertising or promotional campaigns. To move the remaining customers to PRESTO to achieve the adoption rate prescribed in the agreement by September 2021, a strategy for legacy

paper media removal has been developed. The strategy provides notice periods for each stage as well as a focused education and marketing plan that highlights the benefits of using the smart card to allow for smooth transition to PRESTO.

Alternatives for Consideration – see page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Once the strategy has been fully implemented there will be a budget reduction for the purchase of paper media (\$113,000), and the payment of commissions to vendors (\$365,500).

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

At its January 24, 2018 meeting, Council approved the new PRESTO operating agreement with Metrolinx (PW17033a).

The following is a status update of functionality improvements completed:

In early 2018, Metrolinx completed the rollout of PRESTO devices to over 400 Shoppers Drug Mart locations; 30 locations are in Hamilton along with 9 Fortinos locations. This agreement provides the much-needed locations for our customers to purchase and reload their cards.

As of June 2018, PRESTO released functionality to allow the roll out of PRESTO for the U-pass programs at Universities and Colleges. McMaster and Redeemer have been operational since September 2018 and Mohawk since May 2019.

Since the summer of 2018, self-service devices have been available at all GO Transit terminals, including Hamilton GO Centre, McMaster University and West Harbour.

In January 2019 PRESTO launched an App which allows the card holder to perform most of the functions available on the Web and in addition if the customer has a near field communication (NFC) enabled Android phone they can immediately load the funds and transit passes just purchased.

Limited Use Media (LUM) was introduced on the TTC in April 2019 as an alternative to paying a cash fare and focused at the subway stations.

A second App has been developed for use on our Specialized system, which will allow for sub-contracted taxis to accept PRESTO as payment. TTC tested the solution in September 2019, and it is expected to be available to all Transit Agencies in early 2020.

As of October 28, 2019, customers are no longer required to load a minimum of \$10 when the transaction is in person at Customer Service locations or Shoppers Drug Mart/Fortinos. This will reduce the financial burden for some of our customers, making it even easier to switch to PRESTO.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

N/A

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The following Transit Agencies in the GTHA have already removed their paper media: Brampton, Mississauga, Oakville, York, Burlington, and GO. The TTC has stopped selling tickets and tokens as of December 1, 2019.

The operating agreement with PRESTO requires that each transit agency achieves 80% adoption one year after the new equipment is installed on the buses. Based on the current schedule provided by PRESTO, the new devices will be installed by the end of September 2020. This equipment will allow for added functionality and has been future proofed to allow for all foreseeable fare payment options such as Account Based Ticketing, Mobile Payments, Mobile Ticketing and QR code tickets. PRESTO will begin to make this additional functionality available after the equipment is in place and has stabilized.

PRESTO adoption in Hamilton has reached 53% as of September 2019. The following customers do purchase and utilize the PRESTO card to access the HSR.

- All Seniors – single rides, monthly pass, annual pass, Golden Age
- All qualified applicants of the Affordable Transit Pass program
- McMaster Full Time Undergraduate and Graduate students - U-pass program
- Redeemer University College Full Time students - U-pass program
- Mohawk College Full Time students - U-Pass program
- Adult ticket and pass customers use PRESTO for 56% and 36% of the rides taken.
- Student ticket and pass customers use PRESTO for 35% and 27% of the rides taken.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Due to the expanded availability of PRESTO load locations across Hamilton, the improved customer experience via the App, removal of the requirement for a minimum load and the scheduled device refresh, it is realistic to move forward with the removal of paper media from circulation as shown in Appendix A.

There are approximately 2,500 Adult paper passes and 700 Student paper passes purchased each month. The strategy removes these from circulation as of June 1, 2020. The education and marketing campaign will begin in February 2020, giving customers four months' notice of this change. The move to PRESTO will provide our customers with the security of purchase if the card is lost; as well as make it easier to purchase their pass as they will be able to set up automatic renewals.

Many of our customers have moved from paper tickets to PRESTO. The strategy will remove legacy paper tickets and day passes from the third-party network as of September 1, 2020 to coincide with the fare increase set to occur with year five of the 10 Year Local Transit Strategy. Matching the removal with the fare increase will eliminate the need to develop and purchase tickets for 2020/2021. This change may be disruptive to the third-party vendors who sell HSR paper product. The education and marketing campaign to address both the vendors and customers will begin in March 2020 and will provide six months' notice. Tickets will continue to be accepted in the farebox for the remainder of 2020. For social agencies that utilize paper tickets to support their clients; a special purpose ticket will be created and available, at the Customer Service Office at 36 Hunter Street East. These tickets will remain available until PRESTO has released new functionality that meets the needs of social agencies.

ALTERNATIVES FOR CONSIDERATION

Council could direct staff to remove all legacy paper media at the same time. This option would reduce the effectiveness of the communications to impacted customers as staff would not have as much time to focus on individual groups.

Council could delay the removal of legacy paper media to a future date. This option could impact our ability to achieve the prescribed adoption rate of 80% by August 2021, potentially leading to a payment to PRESTO of approximately \$1million for no services rendered. In addition, transit utilizes an in-house developed software program to manage the paper media inventory, sales to vendors, including commission payment and returns, as well as sales to the public at our Customer Service Centre. It was anticipated that this system would be retired soon after PRESTO was launched in Hamilton. The software program is now 8 years past its retirement date and is not stable. Replacement of the software would be necessary should paper media continue; it is estimated that an investment of approximately \$500,000 would be required. Paper media for tickets and passes would need to be designed and purchased for the extended period.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix A – Strategy for Legacy Paper Media Removal

Appendix B – Glossary of PRESTO New Product Offerings

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