




CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
 Transit Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	July 8, 2020
SUBJECT/REPORT NO:	PRESTO Adoption (PW17033(e)) (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 the Strategy For Legacy Paper Media Removal, be approved, as follows:

Product	Notice	Action	Marketing
Paper Monthly Passes	Provided August 2020 - 2 month	November 1, 2020 no paper passes	Provide literature with each pass sold advising of removal of paper pass and the benefits of PRESTO. Work with social agencies to implement the best solution for their client.
Paper Tickets and Day passes	Provided August 2020 - 3 months	November 1, 2020 no paper tickets or day passes at vendors	Promote the benefits of PRESTO to ticket users via web and social media, utilize vendor network to provide information. Day pass functionality will not be available on PRESTO.

Chart continues on page 2.

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Product	Notice	Action	Marketing
Vendors	Provided August 2020 – 3 months	Remove all HSR paper media product from all vendor locations as of November 1, 2020	This change may be disruptive to the vendors business. Provide a 3 month notice period to allow for the adjustment.
Special Purpose Ticket	Provided August 2020 – 3 months	November 1, 2020 introduce special purpose ticket available at Customer Service Office located at Hunter GO Station for Social Agencies and to customers who are not connected with social agencies, limit of 2 tickets. Tickets will remain until new functionality is available.	Advise agencies of the availability so they can continue to support clients. Work with agencies to determine the future functionality that will best suit their needs and work with PRESTO.
Mobile e-ticketing	Projected release from PRESTO September 2020 – 2 months	November 1, 2020 PRESTO e-ticketing becomes available. Basic functionality is available, improvements will be available through a number of releases.	Campaign for customers to ensure understanding of what this product is and how it works. Mobile ticketing will allow customers to purchase one or two tickets at a time at the Council approved ticket prices without the need for a PRESTO card.

- (b) That the Golden Age fare policy consist of a one-time free PRESTO card and unlimited free transit in Hamilton to residents 80 years and older and the cost of the card be funded through current operating budget;
- (c) That Item 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. As at the writing of this report, the deployment schedule provided by PRESTO targets a full installation as of the end of October 2020.

Customers are adopting PRESTO without extensive marketing, advertising or promotional campaigns, as of February 2020 adoption had reached 58%. To move the remaining customers to PRESTO to achieve the adoption rate prescribed in the agreement by October 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.

The disruption caused by the world-wide pandemic has shown that customers are looking for as many touchless interactions as possible. In recognition of this, PRESTO has moved the mobile ticketing functionality ahead with an anticipated implementation of September 1, 2020. This will enable customers to purchase fares on their phones and activate them when boarding, no PRESTO card is required. Additionally, PRESTO released an update on June 1st for their App which now allows for customers to instantly load value to their card using near field communication (NFC) on Apple iPhone 7 or higher. This functionality was previously only available for Android phones which only captured half the smartphone market. Now that it is available for all smartphone users this App has created another touchless interaction opportunity for our customers.

At the Public Works Committee meeting on February 21, 2020 staff were directed to report back on the feasibility of providing the criteria and cost of funding of the initial \$6 PRESTO card for Hamilton residents that qualify. Healthy & Safe Communities have provided a proposal where the resident will qualify through the submission of an application form that confirms their income does not exceed 2006 Low Income Cut Off (LICO). This same income level is used for low income applicants of the Affordable Transit Pass program. An approval letter will be issued which the resident will then present at the Hunter GO Station to receive their free card. A database will be maintained to ensure only one card is issued per qualifying resident. The cost details are provided in the Financial Section. In recognition of the contribution that citizens 80 years and older have made to the City, staff are recommending that the Golden Age fare policy consists of a one-time free PRESTO card in addition to unlimited free transit in Hamilton.

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Alternatives for Consideration – see page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Once the strategy has been fully implemented there will be a 2021 budget reduction for the purchase of paper media (\$113,000), and the payment of commissions to vendors (\$365,500).

Free PRESTO cards for Golden Age Pass customers totalling \$6,000 will be funded through Transit current operating budget 53050-530400.

The financial impact to run a 1,000 card pilot program to provide an initial \$6 card to residents who qualify is \$22,000. The cost can be broken down between the cost of each card is \$6 and the administrative costs estimated by Special Supports Section of Ontario Works to process the application, determine eligibility, send approval letter, maintain a database of accounts for \$16. Special Supports Section of Ontario Works anticipates that 0.2 FTE would be utilized for this pilot program.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The fare policies approved by Council are replicated on PRESTO and have been operational since 2011. Since 2013 all Senior fares including Golden Age for Seniors 80+ have been available on PRESTO. Approximately 11,000 customers 80 years or older have purchased a PRESTO card to receive the Golden Age pass. In 2019 approximately 4,200 Golden Age customers used the HSR.

At its January 24, 2018 meeting, Council approved the new PRESTO operating agreement with Metrolinx (PW17033(a)).

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.

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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. On June 1, 2020 PRESTO released an update which now allows for Apple iPhone 7 or higher to also load instantly using NFC.

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. Customers can load the value that best suits their needs. 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 in the subways.

The operating agreement with PRESTO requires that each transit agency achieves 80% adoption one year after the new equipment is installed on the buses. As at the time of writing the report current schedule provided by PRESTO is the new devices will be installed by the end of October 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. Appendix “A” attached to Report PW17033(e) provides a list of the functionality being developed and a brief description of what they will mean to the customers.

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There is a one-time fee of \$6.00 to purchase the PRESTO card. When using PRESTO, customers will always pay the lowest fare. With the removal of the minimum load, customers may load any value on the card depending on their circumstances. The load could be as little as \$0.05, the value of two tickets or the value of a monthly pass.

PRESTO adoption in Hamilton has reached 58% as of February 2020. The following customers do purchase the card and utilize the PRESTO card to access the HSR.

- Seniors – single rides, monthly pass, annual pass
- Seniors 80+ - 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.

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.

There are approximately 1,000 new applications for the Golden Age pass each year. In recognition of the contributions made to the City by these customers, free PRESTO cards would become part of the Golden Age fare policy. As customers must apply in person at 36 Hunter Street East to receive their pass, this would be a seamless process.

There are approximately 2,500 Adult paper passes and 700 Student paper passes purchased each month. The strategy removes these from circulation as of November 1, 2020. The education and marketing campaign will begin in August 2020, giving customers three 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 November 1, 2020. This change may be disruptive to the third-party vendors who sell HSR paper products. The education and marketing campaign to address both the vendors and customers will begin in August 2020 and will provide three months' notice. Tickets will continue to be accepted in the farebox for the remainder of 2020. For social agencies and school boards that utilize paper tickets to support their clients; a special purpose ticket will be created and available at the Customer Service Office at

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Hunter GO Station. These tickets will remain available until PRESTO has released new functionality that meets the needs of social agencies.

The strategy has considered the requirements of customers and incorporates learning from the Transit Agencies that have removed paper tickets and passes. Current customers utilizing PRESTO are diverse, with many on a fixed or low income. With the removal of the minimum load, affordability has been addressed as customers can now load an amount that fits their needs at over 40 locations throughout Hamilton. Complaints have not been received through our customer service line in regard to paying for the PRESTO card. Additionally, since tickets will remain for social agencies customers could be referred for support. For those not connected to a social agency, special purpose tickets will be sold at the Hunter GO Station. The maximum an individual can purchase at a time will be two tickets. The experience gained through the 58% of customers using PRESTO and the strategy planned for social agencies, indicates that additional programs for low income are not required at this time. Initially PRESTO has planned to make mobile ticketing available in March 2021. The disruption caused by the world-wide pandemic has shown that customers are looking for as many touchless interactions as possible. In recognition of this, at the time of writing this report PRESTO has moved the mobile ticketing functionality ahead with an anticipated implementation of September 1, 2020. This will enable customers to purchase fares on their phones and activate them when boarding, no PRESTO card is required.

ALTERNATIVES FOR CONSIDERATION

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 October 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 the Hunter GO Station. 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 to a maximum annual cost of \$113,000 for paper media and \$365,500 for commissions to vendors for 2021.

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.

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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” to Report PW17033(e) – Glossary of PRESTO New Product Offerings