



ACTION REQUIRED

Date: December 16, 2015

To: TTC Board

From: TTC Audit and Risk Management Committee

Subject: TTC and PRESTO Governance

The TTC Audit and Risk Management Committee, at its meeting on November 12, 2015, received the attached report entitled "TTC and PRESTO Governance" for information and requested the report be forwarded to the TTC Board for a discussion on alternative governance models.

Vincent Rodo
Chief Financial &
Administration Officer

1-11

Attachment: TTC Audit and Risk Management Report
- TTC and PRESTO Governance



STAFF REPORT INFORMATION ONLY

TTC and PRESTO Governance

Date:	November 12, 2015
To:	TTC Audit and Risk Management Committee
From:	Chief Executive Officer

Summary

The purpose of this report is to respond back to the TTC Audit and Risk Management Committee on the governance structure related to the implementation and operation of the PRESTO system at TTC, and discusses TTC's relative involvement in the decision-making processes.

Financial Summary

There are no financial implications as a result of this report.

Decision History

December 2012 – TTC/Metrolinx Agreement. The TTC entered into the Master E-Fare Collection Outsourcing Agreement (the Agreement), dated Nov. 28, 2012 with Metrolinx to implement the PRESTO farecard system at the TTC. The Agreement includes provisions for Metrolinx to design, procure, build, install, operate, service and maintain the PRESTO farecard system consistent with agreed upon TTC business and performance requirements. Metrolinx will retain 5.25% of revenue collected by the PRESTO system. The Agreement outlines the governance structure and decision-making processes between TTC and PRESTO for both the implementation phase of the PRESTO project and the longer-term operation of the system.

http://www.metrolinx.com/en/projectsandprograms/presto/presto_reports.aspx

September 2015 – The TTC Audit and Risk Management Committee requested that staff report back on the current governance structure with PRESTO and issues with TTC’s relative role.

Issue Background

There are two key phases related to TTC’s relationship with PRESTO/MX:

1. PRESTO Project implementation; and
2. Ongoing PRESTO program operations.

Each phase has its own governance structure which is outlined in more detail below.

1. PRESTO Project Implementation

This phase has a finite period that concludes when the implementation of PRESTO is completed at the TTC. The governance structure involves only the TTC and PRESTO and is outlined in Attachment A. The objective of this structure is to ensure the successful rollout of the PRESTO system at TTC by encouraging:

- Effective communication between the TTC and PRESTO at all levels within the project;
- Timely identification and resolution of issues that arise; and
- Significant involvement of Executives from both parties in the decision-making process.

The Joint Executive Committee (JEC) is the key body overseeing this phase of the project and has the mandate to advise and provide direction to the Project Teams on strategic and business issues related to the implementation. The JEC also provides resolutions for escalated issues and business problems and serves as a forum for the parties to discuss significant issues and proposed changes related to the project.

The JEC is Co-Chaired by the Deputy Chief Executive Office and Chief Customer Officer (TTC) and the Executive Vice-President (PRESTO). Monthly meetings are held and decisions are made by a consensus of the members. If consensus is not reached, the issue will be escalated to a monthly meeting of the TTC CEO and President and CEO of Metrolinx. If an agreement cannot be reached at this level, there is a formal arbitration process identified within the Master Agreement between TTC and PRESTO. However, the focus of the structure is on resolving issues and reaching a joint agreement on a way forward without having to go to arbitration.

Overall, the TTC has significant involvement in the joint working groups and project teams that have been developed to implement the PRESTO system at the TTC. The

TTC's CEO and Deputy CEO/COO are also directly involved in any decisions of substance and/or issues of concern to the TTC.

2. Ongoing PRESTO Program Operations

The governance structure for the ongoing management and operations of the PRESTO system involves TTC, PRESTO and all other transit agencies participating in the PRESTO system (see Attachment B). The key body in this structure is the Executive Client Committee (ECC) with a mandate to:

- Provide strategic direction for the PRESTO system;
- Provide resolutions for escalated issues and problems relating to business/strategy, operations and finance;
- Serve as a forum for transit agencies to discuss significant issues and propose changes; and
- Make collective decisions regarding the future direction of PRESTO.

Executive representatives from each transit agency comprise the membership of the ECC; the TTC is represented by the Deputy CEO/COO.

While each transit agency has one vote on the ECC, the focus of the group is to achieve consensus amongst the members prior to voting on any issue. However, if a circumstance does occur in the future where consensus is not reached and the TTC believes the ECC decision will negatively impact the TTC, the TTC has the right to refer the matter to arbitration.

Overall, the TTC actively participates in the Committee structure at PRESTO, including the involvement of the TTC's Deputy CEO/COO in the Executive Client Committee, the key decision making body for the ongoing management of the PRESTO system.

Accessibility/Equity Matters

There are no accessibility or equity issues associated with this report.

Comments

The existing governance structures for both the project management of the PRESTO rollout at the TTC and the longer-term ongoing operation of the system, provide TTC with a level of input and influence over the decision-making processes that is appropriate to ensure that the PRESTO system will address TTC's customer and business needs both now and in the future. There is significant TTC Executive level involvement in the

PRESTO decision-making processes to ensure TTC issues and concerns are resolved in a satisfactory manner.

Contact

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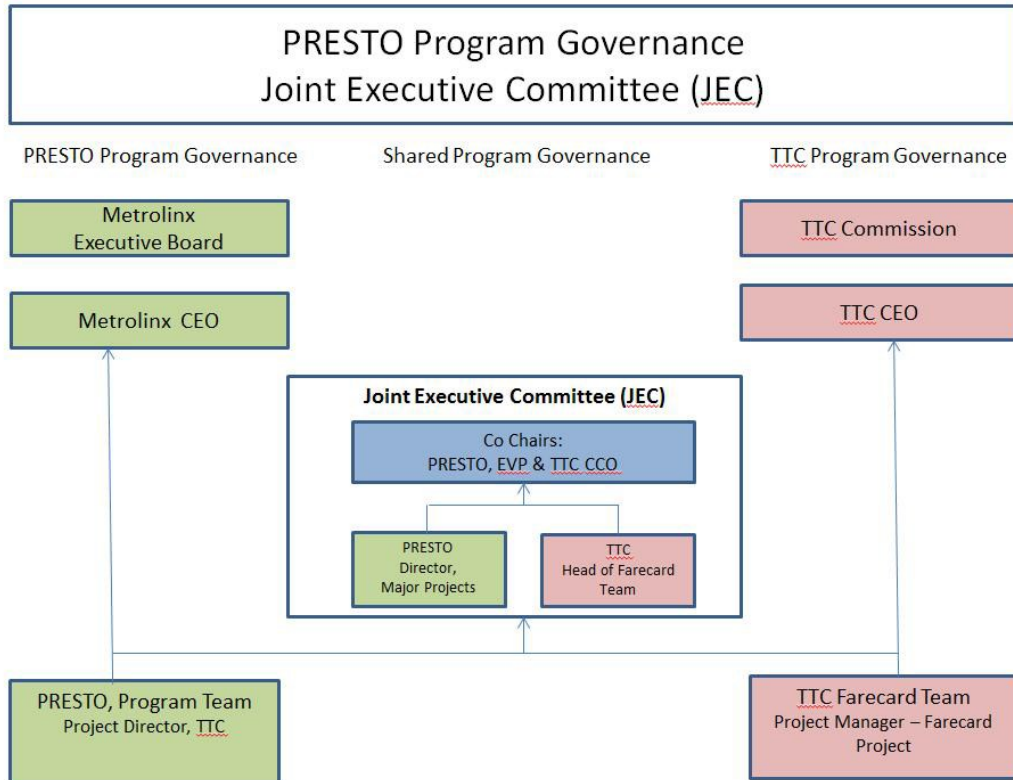
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Attachments

- A) TTC/PRESTO Project Implementation Governance Structure
- B) Ongoing PRESTO Project Operations Governance Structure

Attachment A TTC/PRESTO Project Management Governance Structure

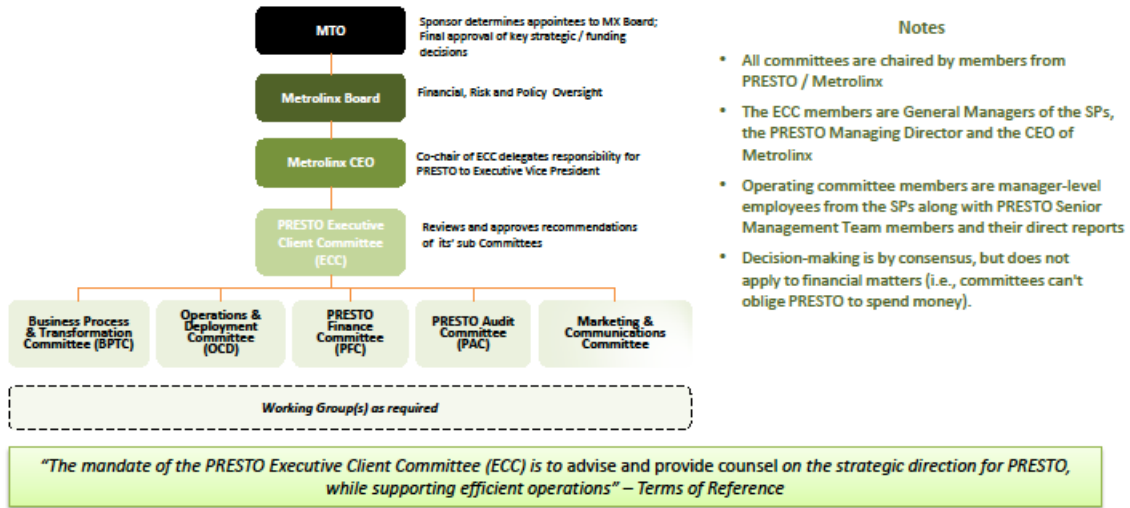


Note: Representation to be defined at first Joint Executive Committee (JEC)

Attachment B

Ongoing PRESTO Project Operations Governance Structure

Current Governance Structure



Notes

- All committees are chaired by members from PRESTO / Metrolinx
- The ECC members are General Managers of the SPs, the PRESTO Managing Director and the CEO of Metrolinx
- Operating committee members are manager-level employees from the SPs along with PRESTO Senior Management Team members and their direct reports
- Decision-making is by consensus, but does not apply to financial matters (i.e., committees can't oblige PRESTO to spend money).