



## For Action with Confidential Attachment

### PRESTO Annual Update

**Date:** September 24, 2020  
**To:** TTC Board  
**From:** Chief Strategy and Customer Officer

#### **Reason for Confidential Information**

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This report is about litigation or potential litigation, including matters before administrative tribunals.

This report contains information relating to a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by the TTC.

This report contains information that is subject to solicitor-client privilege.

#### **Summary**

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Since the last PRESTO update to the TTC Board in June 2019, the TTC has made major achievements towards the full implementation of PRESTO, including:

- The discontinuation of ticket and token sales at all subway stations, including a change in the role of Station Collectors so that they now work at the fare line to better serve customers;
- PRESTO acceptance on cross boundary and downtown express routes, and on Wheel-Trans vehicles; and
- PRESTO Tickets for one ride, two ride and day pass are widely available at TTC stations and the retail network.

These achievements have contributed to the TTC's PRESTO adoption rate increasing from 80% to as high as 95% in recent months. To achieve full PRESTO adoption and discontinue all legacy fares, the TTC and Metrolinx continue to work towards key milestones. These remaining milestones will ensure all customers have multiple fare payment options, full access to PRESTO and an overall improved customer experience. The key milestones include:

- Implementation of open payment and account-based technology, to provide more convenience and a better customer experience;
- Improved system and device performance and functionality, to reduce the instances where customers are not able to use their PRESTO card or ticket;
- Addressing the lack of PRESTO Tickets/Limited Use Media (LUM) on surface vehicles, as one method of expanding the usability of PRESTO on our system;

- Updated and expanded fare rules and fare policy, to better meet the TTC's present and future fare system; and
- Expansion of the PRESTO third-party fare media network, to improve access to purchase and reload PRESTO cards.

The purpose of this report is to provide an update on the achievements since the last report in June 2019; to describe the satisfactory progress on the negotiations with Metrolinx on further improvements to the PRESTO system; and to outline how to achieve the remaining key milestones and how to reset the TTC's ongoing relationship with PRESTO.

## Recommendations

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It is recommended that the TTC Board:

1. Approve the recommendation as set out in the in the Confidential Attachment (Attachment 1);
2. Subject to adoption of recommendation No. 1 above, the Board appoint two Board members to the TTC-Metrolinx PRESTO Joint Advisory Group to improve consultation and oversight of the PRESTO program, and that at least one member be a Board member that is also a Council member; and
3. The information in the Confidential Attachment remain confidential as it is subject to solicitor-client privilege.

## Financial Summary

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The TTC's fare revenue, pre-COVID-19, represents 62.7% or \$1.246 billion of the TTC's funding it receives for its operations, with over 90% originating from PRESTO fares.

The collection, management, enforcement, financial management and reporting activities of this core revenue source as well as the PRESTO fees paid to Metrolinx total \$121.5 million, funded in TTC's 2020 Operating Budget, as detailed in **Attachment 2** of this report. TTC continues to incur costs for the distribution and collection of legacy fare media (tickets and tokens in distribution) and cash.

In addition, TTC's approved 2020-2029 Capital Plan, includes funding for the continued implementation of the PRESTO/Fare Collection and Stations Transformations projects that have been modernizing TTC's fare collection activities. The following summarizes the Estimated Final Costs (EFC), Life-to-Date (LTD) actual expenditures and remaining funds available:

Items (\$Millions)	Estimated Final Costs (EFC)	Life To Date (LTD) Actuals to Period 7 2020	Balance Remaining
Fare gates	66.9 <sup>(1)</sup>	48.8	17.1 <sup>(3)</sup>
PRESTO/Fare Collection Implementation	128.8 <sup>(2)</sup>	58.3	21.5 <sup>(3)</sup>
Stations Transformation	50.8	19.9	30.9

Note:

Based on the Council approved 2020- 2029 Capital Budget and Plan:

1. \$1 million is unfunded
2. \$49 million related to PRESTO implementation is unfunded. This estimate is a provision to indicate that TTC will need to modernize cash acceptance and transfers between services. The scope and cost of this modernization will be determined through the 5 Year Fare Policy and 10 Year Fare Collection Strategy which includes consultation with stakeholders, customers and the broader public and is to be completed in 2021
3. Net of unfunded

The direct impacts of settlement on the financial position of the TTC is discussed in further detail in the confidential attachment. This includes the potential settlement on the disruption of normal service for Eglinton and Finch West rapid transit construction and PRESTO/TTC outstanding contract deliverables.

**Equity/Accessibility Matters**

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As progress is being made through negotiations with PRESTO on closing out contract items and planning for the future, equity and accessibility continues to be imperative. The TTC is committed to meeting the Accessibility for Ontarians with Disabilities Act (AODA) requirements through continuing consultations with the Advisory Committee on Accessible Transit (ACAT), and introducing policies that promote equity and accessibility.

In implementing further changes, the TTC has taken into account valuable customer feedback and challenges faced by a number of equity seeking groups. Specifically, this is demonstrated by the decision to not move forward with eliminating the acceptance of legacy fares at this time and continuing bulk sales of tickets and tokens. The TTC will continue to do this as we embark on the 5-Year Fare Policy and 10-Year Fare Collection Outlook, which includes a consultation component and will incorporate feedback from several stakeholders in evaluating any proposed changes.

**Decision History**

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At its meeting of June 12, 2019, the TTC Board received a comprehensive implementation update on PRESTO. The report identified the remaining gaps from the 2012 Master E-Fare Agreement that prevented the TTC from fully migrating to PRESTO. Moreover, it outlined the critical and medium impact dependencies to the stop selling and stop accepting of legacy fares.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/June 12/Reports/15 PRESTO Implementation Update June 2019 updated.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/June%2012/Reports/15%20PRESTO%20Implementation%20Update%20June%202019%20updated.pdf)

At its meeting of October 24, 2019, the TTC Board had before it a report from the Auditor General entitled, *Review of Toronto Transit Commission's Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue*, which focused on a review of the functionality of fare equipment, the TTC's contract with Metrolinx and capturing all PRESTO revenue transactions on the TTC through PRESTO's back-end systems.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/October 24/Reports/5 Review of TTC's Revenue Operations Phase Two PRESTO TTC Fa.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/October%2024/Reports/5%20Review%20of%20TTC%27s%20Revenue%20Operations%20Phase%20Two%20PRESTO%20TTC%20Fa.pdf)

In response to this report, the TTC Board adopted that the TTC CEO prepare a comprehensive plan to address the PRESTO findings contained in the report, specifying the responsibilities of the TTC and Metrolinx, identifying timelines for execution and report back to the TTC Board. In addition, the Board adopted a motion to complete a Fare Collection Request for Information (RFI). The RFI will help the TTC learn more about new service providers and technologies, including open payment, being used by transit properties worldwide.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/October 24/Reports/Decisions/5 TTC Revenue Operations Phase Two PRESTO TTC Fare Equipment.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/October%2024/Reports/Decisions/5%20TTC%20Revenue%20Operations%20Phase%20Two%20PRESTO%20TTC%20Fare%20Equipment.pdf)

At its meeting of May 13, 2020, the TTC Board considered a report detailing the proposed scope of work for two TTC policy documents: the 5-Year Fare policy and the 10-Year Collection Outlook.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2020/May 13/Reports/11 Development of the 5 Year Fare Policy and 10 Year Fare Co.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2020/May%2013/Reports/11%20Development%20of%20the%205%20Year%20Fare%20Policy%20and%2010%20Year%20Fare%20Co.pdf)

## **Issue Background**

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In June 2019, staff provided the Board with a PRESTO update, including details on the current status, key milestones achieved, and existing gaps from the Master E-Fare Agreement<sup>1</sup> ("the Agreement"). The Agreement, executed by TTC and Metrolinx in 2012, has a base term of 15 years (to 2027), with an option to extend for one additional year at Metrolinx's discretion. An additional four years' extension can be made by mutual agreement, as illustrated in Attachment 3.

Since the June 2019 PRESTO update to the Board, the TTC and Metrolinx have been working to advance the short and long-term action items identified and significant progress has been made. Both parties continue to collaborate to reach agreement through negotiations, to address all outstanding issues, as well as create a better partnership going forward.

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<sup>1</sup> [http://www.ttc.ca/PDF/PRESTO/Executed PRESTO-TTC - Master Agreement.pdf](http://www.ttc.ca/PDF/PRESTO/Executed%20PRESTO-TTC%20-%20Master%20Agreement.pdf)

To date, significant progress has been made and the intent is to reach agreement outside of the Arbitration process.

## **Comments**

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**To date, the TTC and Metrolinx have addressed a number of gaps and as a result PRESTO adoption has increased in the past year.**

As of April 2019, almost 81% of TTC revenue rides were paid with PRESTO and there were approximately 1.4 million loaded and active PRESTO cards in the system. By February 2020, TTC revenue rides paid with PRESTO increased to 90% and there were approximately 1.6 million loaded and active PRESTO cards in the system. During the first few months of the pandemic, PRESTO usage reached as high as 95%. Since the resumption of normal fare collection on buses in July, the PRESTO usage rate has returned to approximately 90%.

Work is currently underway to distribute complimentary PRESTO cards to areas where PRESTO usage is low, and to those people who may benefit from receiving one to encourage PRESTO adoption. Since July 2020, cards have been distributed by TTC Revenue Protection staff on key routes, at busy stops, and at stations where PRESTO adoption is relatively lower. Through the fall of 2020, cards will be distributed in partnership with several City of Toronto agencies, including the Toronto Public Library. The effectiveness of the complimentary card distribution will be measured and changed as necessary to ensure the cards are distributed where customers most need them.

## **Arbitration**

The details of the arbitration process between the TTC and Metrolinx are outlined within the confidential attachment.

## **Negotiations – Process and Scope**

Concurrent with the arbitration process, the TTC and Metrolinx are negotiating to resolve issues collaboratively. A joint working group was established and regular meetings held to detail, fully understand and resolve the issues included in the Statement of Claims and outstanding issues relating to the TTC's increased operating costs arising from the construction of the Eglinton Crosstown and the Finch West rapid transit lines. The joint working group has shared details not previously shared allowing for evidenced-based findings to reach a shared understanding of long held positions. Staff from the TTC and Metrolinx have jointly used a good faith process with the aim of achieving the best outcomes for TTC customers. Moreover, both parties have reconsidered their claims to achieve a good outcome for TTC customers.

The intent of the negotiations has been to reach a settlement so that arbitration will become unnecessary. Key topics of negotiations include addressing past issues, settling financial and legal claims, and ensuring future success for customers through cooperation between both organizations. TTC and Metrolinx staff have been working with urgency and commitment towards settlement and significant progress has been made.

An update on the advancements made through negotiations is outlined in the sections below.

### Scope of Negotiations

The scope of the negotiations has included:

- A review of all the Agreement requirements;
- Additional PRESTO and non-PRESTO items; and
- A new Governance Model to support TTC's and Metrolinx's commitment to collaboration.

These are each described briefly below.

### *Agreement Requirements*

During the negotiation discussions, both parties have been reviewing all outstanding Agreement requirements categorizing them as "complete", "incomplete" or "ongoing". With more than 3,000 Agreement requirements some may have been superseded by technology advances or business requirements changes, so a reset to identify the list of outstanding requirements is in the interests of both parties.

The TTC and Metrolinx are continuing these discussions with the intent to reach a mutual agreement for the remaining outstanding items. This process will continue with the goal of developing a delivery plan for each of the undelivered business requirements.

### *Additional Items – PRESTO*

There are additional items to the Agreement requirements that have also been the focus of ongoing negotiation discussions related to PRESTO. Items that fall in to additional items include:

- Lost fare revenue;
- Civil works related to the introduction of PRESTO;
- First line maintenance and servicing of some fare card devices;
- Software and hardware implementation and purchases; and
- Design changes.

### *Additional Items –Non-PRESTO*

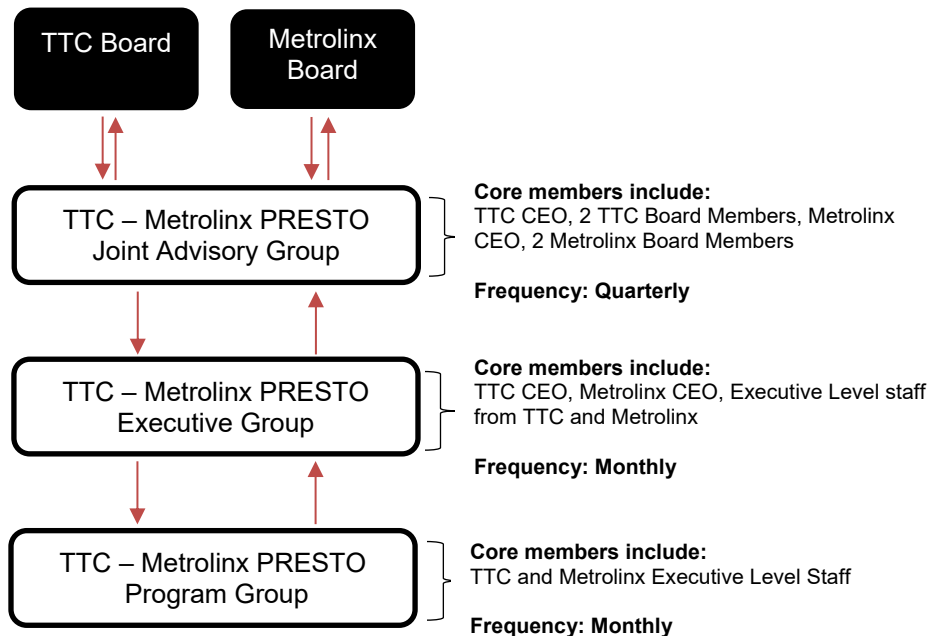
Lastly, additional items included in the negotiations include claims related to construction of the Eglinton and Finch West rapid transit lines.

Additional details of the impacts of the financial settlement on specific items, including the potential settlement and/or principles of settlement are discussed in the confidential attachment.

## New Governance Model

To increase transparency, accountability and develop stronger working relationships, the TTC and Metrolinx have developed an updated governance structure. This revised structure includes the Program Group (formerly known as the Joint Executive Committee), the Executive Group and the Joint Advisory Group. An outline of the reporting structure is shown in **Figure 1** and further details on the composition of each Group can be found in **Attachment 4**.

**Figure 1: New TTC-Metrolinx Governance Model**



The new governance model is based on the following principles:

- (a) Achieve a deeper partnership between both organizations and to enable faster and timely delivery of joint initiatives.
- (b) Consult, collaborate, share information and data, resolve issues and make joint decisions on key matters in accordance with the mandate and accountability of each group.
- (c) Acknowledge the important role each organization plays in ensuring a seamless and positive customer experience.

## **Progress Since June 2019**

The previous PRESTO update report in June 2019 highlighted the top five gaps in the Key Business Requirements and functionality that had yet to be delivered from the 2012 Master E-Fare Agreement:

1. Open payment and account based technology;
2. Flexible fare rules and policy;
3. System/device performance and functionality;
4. Limited Use Media (PRESTO Tickets) on surface vehicles; and

## 5. Third party fare media network.

To date, the following significant advances have been made:

### 1. Open payment and account-based technology

#### ***Open Payments are currently on PRESTO's modernization roadmap***

Discussions are ongoing between both organizations on modernizing PRESTO on the TTC to include open payment and account-based technology. The TTC has been kept informed and was given the opportunity to provide feedback on the UP Express Open Payment Pilot and will continue to be engaged as it is rolled out to the 905 agencies and GO Transit. To support Open Payments on the TTC, new PRESTO devices will be required. Planning for Open Payment on the TTC is currently underway and will rely on learnings from the 5-Year Fare Policy and 10-Year Fare Collection Outlook.

### 2. Flexible fare rules and policy

#### ***Work with two consulting firms started on TTC's 5-Year Fare Policy and 10-Year Fare Collection Outlook the week of September 7, 2020.***

The 5-Year Fare Policy and 10-Year Fare Collection Outlook are expected to be completed in late 2021. When the work has concluded, the TTC will have a comprehensive fare policy that will guide the future of fare collection. It has been agreed by both the TTC and Metrolinx through negotiations that learnings from the fare policy and collection work will be applied when considering options and upgrades to the current PRESTO system. PRESTO has also agreed to work collaboratively with the TTC to ensure that the identified future direction and needs of the TTC are supported and reflect the findings identified from the fare policy work. This is imperative in ensuring the fare policy goals are the main drivers in guiding fare collection at the TTC.

### 3. System/Device Performance and Functionality

#### ***System performance has continued to improve and the previously delayed functionality has been implemented***

#### **Performance**

Discussions are ongoing between the TTC and Metrolinx on the device availability and performance targets that were outlined in the Agreement. Both parties continue to work on resolving the gaps on how the device availability and loss of revenue is being calculated and will be addressing them technically and systematically.

The resulting Service Level Agreements (SLAs) will continue to evolve as part of the device refresh and new devices being introduced. The TTC and Metrolinx have identified key system defects that are impacting system performance and will continue to work together to implement changes to address these issues.



## Functionality

Solutions allowing customers to pay with a PRESTO card on Downtown Express routes, during cross-boundary travel to and from York Region and Mississauga, and on contracted sedan taxis in Wheel-Trans service has been delivered.

### 4. Limited Use Media (PRESTO Tickets) on surface vehicles

***A solution is required for cash customers who start their journey on a surface vehicle – this impacts TTC legacy fare elimination.***

PRESTO Tickets for one ride, two ride and day pass, are available at all subway stations and Shoppers Drug Mart locations and can be used across all modes. However, they are not available on board surface vehicles for customers paying with cash. An outcome of the 5-Year Fare Policy and 10-Year Fare Collection Outlook will identify a solution to support customers who rely on PRESTO tickets to fully access TTC services. TTC staff continue discussions with PRESTO to resolve the contract commitment.

### 5. Third-party fare media network

***In North-West Toronto and Scarborough communities, there are limited locations for customers to access and acquire PRESTO fare media.***

Data shows that customers rely on physical locations to access and acquire PRESTO fare media. These locations are important as they allow customers to make purchases using cash, purchase and load PRESTO cards and PRESTO Tickets, and set concessions. The third-party network of PRESTO retailers, focussed on Shoppers Drug Mart locations, is not present in all neighbourhoods, with the most significant gaps located in North-West Toronto and Scarborough communities.

Since 2019, there has been no expansion of the third-party network. However, the TTC has played a consultative role in discussions between PRESTO and the City of Toronto for a pilot project that would see PRESTO vending machines rolled out to select City of Toronto community centres. A number of activities to prepare for this pilot have been paused in response to the pandemic. News and details of pilot locations will be communicated when details are finalized.

In addition to the above, additional pain points have been addressed and progress in making a full transition to PRESTO has been made:

- Starting in October 2019, PRESTO reduced the minimum funds load on a PRESTO card from \$10 to \$0.05 at retail and in-person customer service outlets. PRESTO is committed to making the software changes to lower the minimum charge for all self-service machines and online transactions in the future. This change was made to address the financial barrier many customers faced when switching to PRESTO and gives more flexibility to customers when loading their cards.

- In November 2019, the TTC ended in-station sales of tickets, tokens, and passes while continuing bulk sales and sales at some third-party retailers. This allowed the TTC to continue with the modernization of station operations, while retaining the availability of legacy fares for an interim period.

The TTC and Metrolinx continue discussions of expanding the third party network through the negotiations process. Both organizations are working together to address the identified gaps and fulfilling business requirements, and are committed to developing a solution.

## **Future Outlook**

Since the 2019 PRESTO update to the Board, the TTC and Metrolinx have made significant advances in resolving a number of issues and resetting the relationship. The ongoing discussions through negotiations, as well as the content outlined in the Confidential Attachment identifies our current state, and subject to Board approval, we expect new definitive agreements.

### Delivery Plan of Contract Deliverables

To date, major strides have been made with outstanding items and a plan of contract deliverables is still underway. Both the TTC and Metrolinx are moving forward on the basis of reaching agreement on unresolved items, and developing a plan for achieving implementation. A number of unresolved items have been agreed for delivery through negotiations, and a detailed delivery plan of these items is scheduled to be finalized by the end of the calendar year (2020).

### 5-Year Fare Policy and 10-Year Fare Collection Outlook

The upcoming 5-Year Fare Policy and 10-Year Fare Collection Outlook will work on identifying solutions to allow the TTC to stop accepting legacy fares, and replace them with an improved, modern fare system. This will include a review of and provide updates to, current policies and fare offerings in addition to the development of new policies. It will determine future planning to completely transition away from legacy fares and seek to improve the customer experience.

Furthermore, the TTC continues to work collaboratively on inter-regional fare integration with PRESTO and other GTHA agencies to improve options for customers travelling across regional boundaries.

## **Contact**

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## **Signature**

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Kathleen Llewellyn-Thomas, P.Eng.  
Chief Strategy and Customer Officer

## **Attachments**

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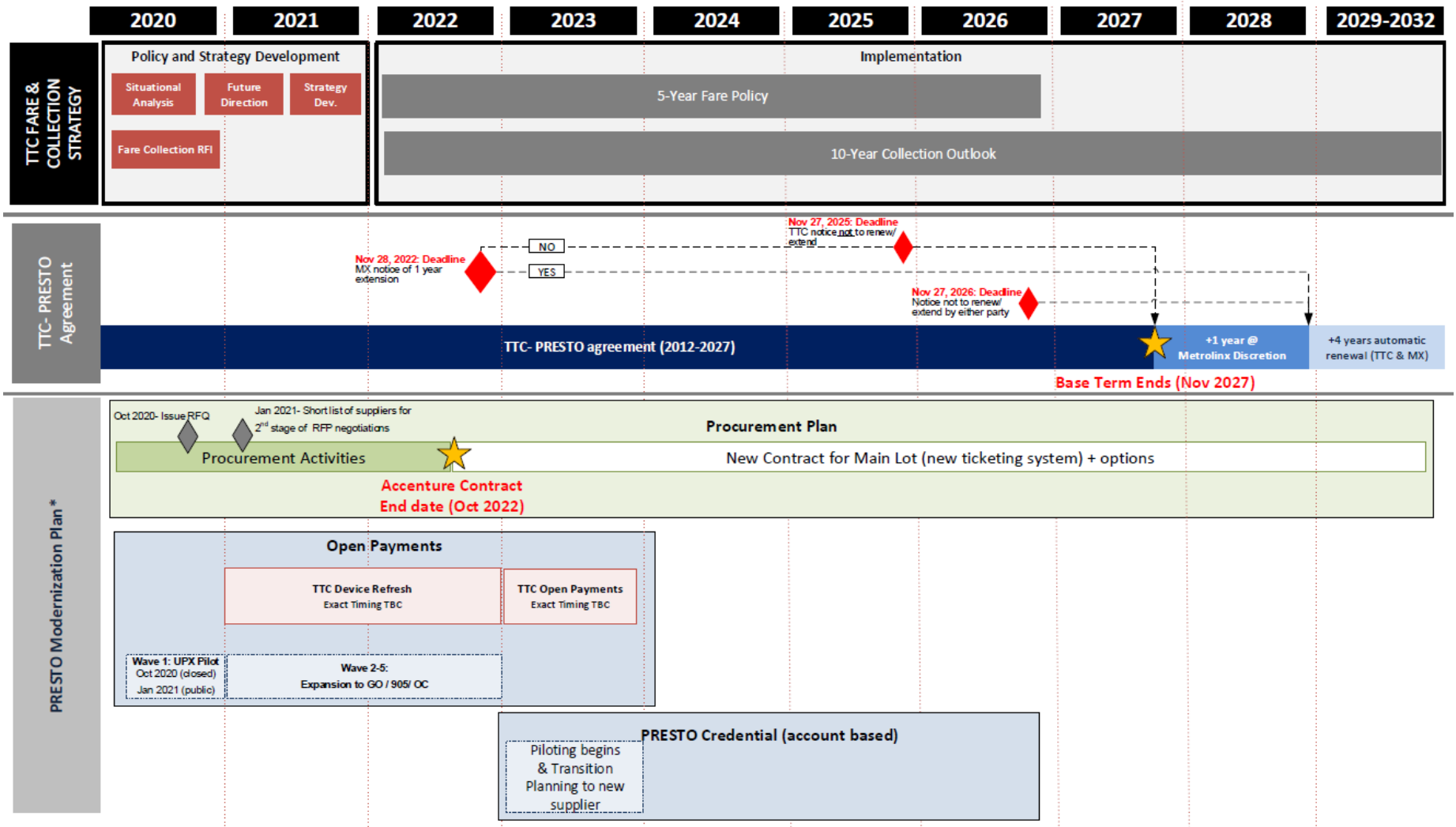
Attachment 1: Confidential Attachment – PRESTO Annual Update  
Attachment 2: Financial Summary of 2020 Fare Collection Budget  
Attachment 3: 2012 Master E-Fare Agreement Contract Timeline  
Attachment 4: TTC-Metrolinx Governance Framework

**Attachment 2: Financial Summary of 2020 Fare Collection Budget**

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<b>2020 Fare Collection Budget (\$Millions)</b>	<b>2020 Budget</b>
PRESTO Fees	\$54.0
Fate Gate Contract and Maintenance	\$7.1
Farecard team staff and financial management staff	\$2.4
12 Month PRESTO Pass (formerly Metropass Discount Plan)	\$1.3
Paper Transfers and Related Operational Costs	\$2.0
Revenue Operations and Security	\$14.7
Stations Collectors/Customer Service Agents	\$40.1
<b>Total</b>	<b>\$121.5</b>

# Attachment 3: 2012 Master E-Fare Agreement Contract Timeline



\*dates derived from PRESTO's Modernization roadmap Nov 2019

Sept 14, 2020

## Attachment 4: TTC-Metrolinx Governance Framework

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### Background

Metrolinx and the Toronto Transit Commission (TTC) entered into the PRESTO Agreements for an initial term of 15 years commencing on November 28, 2012 and ending on November 27, 2027. The PRESTO Agreements are subject to extensions on terms and conditions as set out in the PRESTO Agreements. A copy of the PRESTO Agreements can be located at:

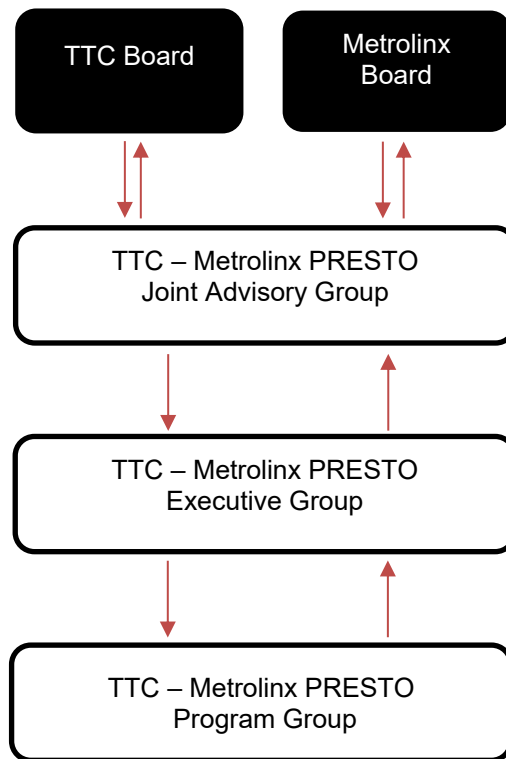
[http://www.ttc.ca/About the TTC/PRESTO Agreement.jsp](http://www.ttc.ca/About_the_TTC/PRESTO_Agreement.jsp)

This document is an amendment to the executive oversight and governance structure of the Metrolinx/PRESTO (“PRESTO”) program, as set out in Schedule D of the Master Agreement and Schedule 5.4 of the Project Management Agreement, for the remainder of the term of the PRESTO Agreements. This update is being undertaken in order to better enhance the parties’ ongoing working relationship.

This governance framework does not amend or otherwise alter or vary any of the parties’ rights or obligations under the PRESTO Agreements and does not relieve any party from responsibility for performance of its obligations, other than with respect to the executive oversight and governance structure.

The parties have agreed to create three tiers of governance (the “Groups”):

1. TTC-Metrolinx PRESTO Program Group (the “Program Group” currently named the Joint Executive Committee).
2. TTC-Metrolinx PRESTO Executive Group (the “Executive Group”).
3. TTC-Metrolinx PRESTO Joint Advisory Group (the “Joint Advisory Group”).



The parties agree to work together in a co-operative manner through this updated governance structure to seek to ensure that the Business Requirements as set out in the PRESTO Agreements are delivered as required therein. The parties have further committed to providing a modern, convenient and cost effective payment solution for transit customers.

### **Purpose**

The purpose of these Groups is to achieve a deeper working relationship between the two organizations with respect to not just the on-going implementation of PRESTO under the PRESTO Agreements, but also with a view to enable faster and timely delivery of future joint TTC–Metrolinx/PRESTO initiatives should the parties so agree to embark on such initiatives.

These Groups will consult, collaborate, share information and data, resolve issues and make joint decisions on key matters in accordance with the mandate and accountability of each group, in the interest of ensuring the delivery of the requirements under the Agreements, while acknowledging the important role that each organization plays in ensuring a seamless and positive customer experience while travelling on public transit.

The broad mandate and objectives of the Program Group are to advise and provide counsel and direction on the following issues, as defined and required under the PRESTO Agreements and in particular the TTC Business Requirements:

- A joint strategic vision and programs to meet the TTC Business Requirements and monitor satisfaction of same;
- A roadmap and alignment on strategic streams (e.g. Procurement, Technology, Operations, Communications, Customer Satisfaction) with TTC Business Requirements and monitor satisfaction of same;
- Joint TTC/Metrolinx PRESTO project and programs including provisioning of resources;
- Performance monitoring including key performance indicators (KPIs), key risk indicators (KRIs), service level agreements (SLAs), incident management and other operational matters regarding the production system;
- Consistent customer and regional experience;
- Tactical decision-making and removing project barriers;
- New product integration and launch including oversight of pilot initiatives;
- Enhancements to existing products;
- Requirements for system changes and upgrades;
- Definition of device and system requirements in accordance with the PRESTO Agreements;
- PRESTO 2022 updated system procurement (“Procurement”) methodology including:
  - Participating in developing guiding objectives for Procurement.
  - Define scope versus value objectives.
  - Prepare proposed Procurement strategy including approach to procurement lots.
  - Participating in development of Procurement evaluation criterion.
  - Review Delivery contractual structures.
  - Undertake alignment of Procurement roadmap with other joint projects/programs.
- TTC branding and PRESTO visual identity;
- Coordinated customer communications for joint projects and programs;
- Joint Customer Experience guidelines;
- PRESTO Customer Experience impacts for joint projects and programs;
- Impact of strategies and projects/program delivery to regional fare and service objectives, and alignment of timing and goals to resolve gaps; and
- Review performance indicators and team relationships.

The broad mandate and objectives of the Executive Group are to advise and provide counsel and direction on the following issues, as defined and required under the PRESTO Agreements and in particular the TTC Business Requirements:

- The strategic direction for TTC-Metrolinx-PRESTO joint programs to meet the TTC Business Requirements;
- Allocation of resources to support joint vision and strategy;



- Evaluate recommendations from the Program Group for PRESTO 2022 Procurements;
- Attempt to resolve escalations from the Program Group;
- Understand high level operational performance and related progress; and
- Alignment on customer experience objectives.

The Joint Advisory Group is an advisory body providing an additional level of consultation between the parties in the interest of fostering a productive and collaborative working relationship. The Joint Advisory Group does not have the authority to make decisions on behalf of the TTC Board or Metrolinx Board. All policy and financial matters related to the program requiring TTC Board and/or Metrolinx Board approval will continue to be reported in accordance with the legislative framework.

The broad mandate and objectives of the Joint Advisory Group is to advise and provide counsel and direction on the following issues, as defined and required under the PRESTO Agreements and in particular the TTC Business Requirements

- Remain informed on joint vision, key strategic and transformational programs;
- Hear escalations from the TTC-Metrolinx PRESTO Executive Group; and
- Support alignment with the City of Toronto and Province.

Meeting minutes of the Joint Advisory Group will be made available to all members of the TTC Board or Metrolinx Board.

## **Dispute Resolution**

Both organizations commit to using this governance model to resolve Disputes in relation to the PRESTO offering for the TTC. The escalation process for attempting to resolve Disputes is as follows:

- After either of TTC or Metrolinx gives written Notice of Dispute to the other party, the Program Group will be briefed on the Dispute and will communicate to attempt to resolve the Dispute.
- If the Program Group is unable to resolve the Dispute within 30 days of the Notice of Dispute being given, the matter will be escalated to the Executive Group. The Executive Group will be briefed on the Dispute and will communicate to attempt to resolve the Dispute.
- If the Executive Group is unable to resolve the Dispute within 60 days of the Notice of Dispute being given, the Executive Group shall decide whether to escalate the Dispute to the Joint Advisory Group.

- If the matter is escalated to the Joint Advisory Group, it will be briefed on the Dispute and will communicate to attempt to resolve the Dispute. If the Joint Advisory Group is unable to resolve the dispute within 90 days of the Notice of Dispute being given, the Dispute may be referred to the Dispute Resolution Adjudicator in accordance with the TTC/Metrolinx Dispute Resolution Procedure.
- If the matter is not escalated by the Executive Group to the Joint Advisory Group, the Dispute may be referred to the Dispute Resolution Adjudicator in accordance with the TTC/Metrolinx Dispute Resolution Procedure.

## Terms of Reference

Below is a framework outlining the high-level Terms of Reference for each Group. The parties agree to work together to develop a detailed Terms of Reference for each Group.

	<b>Program Group</b>	<b>Executive Group</b>	<b>Joint Advisory Group</b>
Core Members <sup>2</sup>	<ul style="list-style-type: none"> <li>• TTC Chief Strategy &amp; Customer Officer</li> <li>• Chief of PRESTO</li> <li>• PRESTO's TTC Client Account Manager</li> <li>• Guest subject matter experts (SMEs) as required</li> </ul>	<ul style="list-style-type: none"> <li>• TTC CEO</li> <li>• TTC Chief Strategy &amp; Customer Officer</li> <li>• Metrolinx CEO</li> <li>• Chief of PRESTO</li> <li>• PRESTO's TTC Client Account Manager</li> <li>• Guest SMEs as required</li> </ul>	<ul style="list-style-type: none"> <li>• TTC CEO</li> <li>• 2 TTC Board members</li> <li>• Metrolinx CEO</li> <li>• 2 Metrolinx Board members</li> <li>• TTC Chief Strategy &amp; Customer Officer</li> <li>• Chief of PRESTO</li> <li>• Guest SMEs as required</li> </ul>
Secretary	<ul style="list-style-type: none"> <li>• Fixed term (6 months) - alternates between TTC and Metrolinx</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed term (6 months) - alternates between TTC and Metrolinx</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed term (6 months) - alternates between TTC and Metrolinx</li> </ul>
Frequency	<ul style="list-style-type: none"> <li>• Monthly</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
Chair	<ul style="list-style-type: none"> <li>• Fixed term (6 months) - alternates between TTC and Metrolinx</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed term (6 months) - alternates between TTC and Metrolinx</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed term (6 months) - alternates between TTC and Metrolinx</li> </ul>

<sup>2</sup> Subject matter experts to be involved as needed  
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	<b>Program Group</b>	<b>Executive Group</b>	<b>Joint Advisory Group</b>
Quorum <sup>3</sup>	<ul style="list-style-type: none"> <li>• TTC Chief Strategy &amp; Customer Officer</li> <li>• Chief of PRESTO</li> </ul>	<ul style="list-style-type: none"> <li>• TTC CEO</li> <li>• Metrolinx CEO</li> </ul>	<ul style="list-style-type: none"> <li>• TTC CEO</li> <li>• 1 TTC Board member</li> <li>• Metrolinx CEO</li> <li>• 1 Metrolinx Board member</li> </ul>
Agenda	<ul style="list-style-type: none"> <li>• 5 days in advance</li> <li>• Set by Chair</li> </ul>	<ul style="list-style-type: none"> <li>• 5 days in advance</li> <li>• Set by Chair</li> </ul>	<ul style="list-style-type: none"> <li>• 10 days in advance</li> <li>• Set by Chair</li> </ul>
Meeting Material	<ul style="list-style-type: none"> <li>• 5 days in advance of meeting</li> </ul>	<ul style="list-style-type: none"> <li>• 5 days in advance of meeting</li> </ul>	<ul style="list-style-type: none"> <li>• 10 days in advance of meeting</li> </ul>
Minutes	<ul style="list-style-type: none"> <li>• Distributed 5 days following the meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Distributed 5 days following the meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Distributed 5 days following the meeting</li> </ul>

[NTD: there will be specific Terms of Reference for each Group to address the mechanics of each Group as specified in Schedule 5.4 – Project Management (i.e. decision making procedure, binding nature of decisions, responsibilities for reporting to Groups, etc.).]

### **Other PRESTO Governance Bodies**

The TTC acknowledges that Metrolinx also manages relationships with other transit providers who are clients of Metrolinx’s PRESTO service and governed under separate and different agreements from the PRESTO Agreements. Metrolinx is responsible for integrating and managing stakeholder issues across the various PRESTO contractual arrangements they have with transit providers (905 municipalities, OC Transpo, GO Transit, etc.).

Metrolinx may bring forward all issues or matters of interest to the Groups that may arise from time to time as a result of Metrolinx’s engagement through other forums outside the Groups. The TTC in its discretion may consider those issues and the extent and degree to which they are relevant to its system. Nothing in this protocol requires the TTC, or the Groups constituted under this protocol, to engage with those issues if not deemed appropriate by the TTC for its system.

<sup>3</sup> Delegate with full authority to be assigned in case of absence  
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