

**Date:** 2023-09-06

**Subject:** **Amendment to PRESTO Operating Agreement**

**Contact:** Ivana Tomas, Director, Transit Services

**Report Number:** Brampton Transit-2023-799

**Recommendations:**

1. That the report from Ivana Tomas, Director, Transit Services, to the Committee of Council meeting of October 11, 2023, re: **Amendment to PRESTO Operating Agreement** be received.
2. That the General Manager, Transit, or designate, be delegated the authority to execute, on behalf of the City, the First Amending Agreement to the PRESTO Operating Agreement with Metrolinx for the purpose of providing additional revenue loss protection based on the terms described in this report and otherwise satisfactory to the General Manager, Transit, or designate, and in a form acceptable to the City Solicitor, or designate.

**Overview:**

- **Metrolinx and The Corporation of the City of Brampton, The Corporation of the City of Burlington, The Regional Municipality of Durham, The City of Hamilton, The Corporation of the City of Mississauga, The Corporation of the Town of Oakville, and The Regional Municipality of York, entered into the current Operating Agreement for PRESTO on January 10, 2018.**
- **Brampton Transit currently has revenue protection measures should there be a PRESTO device or system related issues. First, PRESTO card users can also make fare payments on the Driver Control Unit (DCU) when the customer tap on device is not working. Secondly, Brampton Transit shall be entitled to recover lost revenue if the Payment Device Service Availability is less than 98.0% and the percentage of missed taps is greater than 2.00% of the expected physical PRESTO card taps in a calendar quarter.**

- **Open Payment for contactless credit cards was introduced in August 2022 and contactless debit cards was introduced in May 2023. Unlike physical PRESTO card transactions, Open Payment transactions cannot be processed on the Driver Control Unit (DCU) when the customer tap on device is not working. To help mitigate potential revenue losses from Open Payment transactions, the parties are requesting an amendment to the Operating Agreement to reflect a revised risk-sharing model.**
- **The new risk-sharing model proposed in the First Amending Agreement would further mitigate revenue loss for Open Payment transactions. By entering into this amending agreement, Brampton Transit would be entitled to recover lost revenue if the Payment Device Service Availability is less than 99.5% and the percentage of missed taps is greater than 0.50% of the expected Open Payment taps in a calendar quarter.**

### **Background:**

Metrolinx and The Corporation of the City of Brampton, The Corporation of the City of Burlington, The Regional Municipality of Durham, The City of Hamilton, The Corporation of the City of Mississauga, The Corporation of the Town of Oakville, and The Regional Municipality of York (905 Transit Agencies), entered into the current Operating Agreement for PRESTO on January 10, 2018, until November 2027.

Brampton Transit customers have been using PRESTO since 2011. Today, over 95% of Brampton's fare revenue is collected through the PRESTO system.

The parties are requesting an amendment to the PRESTO Operating Agreement to update the current risk-sharing model to include Open Payment transactions that were not included previously.

### **Current Situation:**

Open Payment for contactless credit cards was introduced in August 2022 and contactless debit cards was introduced in May 2023. Unlike physical PRESTO card transactions, Open Payment transactions cannot be processed on the Driver Control Unit (DCU) when the customer tap on device is not working.

With Open Payment being active on all GTHA Transit Agencies, the 905 Transit Agencies will receive additional revenue protection for Open Payment if the customer tap on device availability doesn't meet the required threshold and lost revenue for Open Payment transactions exceeds the defined value. The new Service Availability threshold for revenue loss transactions is as follows:

- a. For Open Payment, a 905 Transit Agency shall be entitled to recover lost revenue if their device availability is less than 99.5% and the percentage

of missed taps is greater than 0.5% of the expected Open Payment taps in a calendar quarter.

- b. For physical PRESTO card transactions, the threshold remains unchanged as the DCU provides a redundant means of processing for physical PRESTO card transactions. A 905 Transit Agency shall be entitled to recover lost revenue if their device availability is less than 98.0% and the percentage of missed taps is greater than 2.00% of the expected physical PRESTO card taps in a calendar quarter.

The customer tap on device availability has been very strong. With 1,095 days of customer tap on device availability data, the average availability of the customer tap on device during this period is 99.88%. DCU availability during this same period averages out at 99.99%.

### **Financial Implications:**

There are no direct financial implications associated with the recommendations in the report. This amendment provides additional financial protection by mitigating revenue losses to the Corporation related to potential downtime of customer tap on devices.

### **Strategic Focus Area:**

- **Government & Leadership**
  - Improving the operations and service delivery of transit through the amendment of the PRESTO Operating Agreement, meeting industry standards and providing service excellence for the Brampton community.

### **Conclusion:**

Executing the amendment to the current Operating Agreement with Metrolinx for PRESTO provides additional revenue protection for Open Payment transactions, if the customer tap on device is not working and there is resulting revenue loss that meets the defined threshold in that quarter.

Authored by:

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