RECOMMENDATION

That the General Manager of Public Works be authorized and directed to implement a PRESTO weekly loyalty program, effective October 14, 2013.

EXECUTIVE SUMMARY

PRESTO has been operational in Hamilton since May 2011, however there has been little promotional activity regarding the card as the availability is limited to the HSR Customer Service Office at 36 Hunter Street East, City Hall, Dundas Municipal Centre or online.

PRESTO released version 2.1 on June 3, 2013. This version provides more flexibility in card management for the users including, multiple card management, and the ability to purchase monthly passes online and removes some poor customer service rules.

As of June 2013, PRESTO now accounts for 7.72% of all trips taken. This number is low in comparison to other Transit Providers who are seeing 60% of the fares being paid for with PRESTO.

We continue to work with the Presto office, to create more customer channel options; such as self serve devices, disposable fare media, a third party network and a solution for the University College Transit Pass; which are required in order for us to be in a position to eliminate our legacy paper fare media.
We expect to pilot Presto point of sale equipment in three third party locations by Fall 2013. At the same time we will reduce the availability of paper media and offer preloaded cards through parts of our current vendor network.

The fare card was developed with the intent of replacing the current paper tickets and paper monthly pass. In an effort to move this initiative forward, it is being recommended that a weekly loyalty program, whereby after paying for eleven single rides, not including extra passengers, co-fare or transfers, the cardholder rides for free, be added to entice more riders to utilize the card. The loyalty program will run Monday to Sunday and is applicable to Adult, Student and Senior riders.

**Alternatives for Consideration - Not Applicable**

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:** Financial impacts are difficult to quantify, this program is expected to be revenue neutral as the goal is to move riders from paper monthly passes to the PRESTO card. Should a rider take advantage of this option the maximum monthly cost is $88.00 versus the monthly pass cost of $87.00. There is potential for increased ridership, as current ticket riders may choose to make additional trips.

**Staffing:** None

**Legal:** None

**HISTORICAL BACKGROUND**

The GTA Fare System Project is an initiative led by the Provincial Government involving GO Transit and the municipal transit services within the GTA and Hamilton. Report PW04117a approved participation of the City in this project through the execution of the GTA Fare System Procurement Governance Agreement. This agreement will allow for the continued receipt of Gas Tax Revenues totalling approximately $11 million annually.

PRESTO has been operational in Hamilton since May 2011, there has been little promotion activity regarding the card as the availability is limited to the HSR Customer Service Office at 36 Hunter Street East, City Hall, Dundas Municipal Centre or online.

PRESTO released version 2.1 on June 3, 2013. This version provides more flexibility in card management for the users including, multiple card management, and the ability to purchase monthly passes online and removes poor customer service rules.

There have been many complaints since the inception of the PRESTO card regarding some of its rules and the impact they have on the customer experience. Previously, customers who required a concession fare, had to purchase a card, go home to register it, wait 24 hours and then return to a Customer Service Outlet (CSO) to have the concession set. Now customers who purchase a card in person can have the concession set at the same time. Customers who register their cards can go into overdraft, however when this happened the customer could not complete their trip as the transfer was blocked, they were also required to go in person to a CSO to pay the...
overdraft and associated fee. Now when a card goes into overdraft the rider will be able to complete their full trip and the overdraft will be cleared automatically when funds are loaded, there is no need to make a special trip.

As of June 2013, PRESTO now accounts for 7.72% of all trips taken. This number is low in comparison to other Transit Providers who are seeing 60% of the fares being paid with PRESTO. GO Transit, Brampton Transit and Oakville Transit have now eliminated paper ticket sales.

We continue to work with the Presto office, to create more customer channel options; such as self serve devices, disposable fare media, a third party network and a solution for the University College Transit Pass; which are required in order for us to be in a position to eliminate our legacy paper media.

These additions are slow in coming as Presto’s focus has been to develop a new version of the software that will allow for open payment capabilities and to implement the smartcard in Ottawa and Toronto. There is no specific strategy designed to move us towards full implementation of the smartcard. The Presto office has recently created an executive position of Customer Support; this role has been designed to assist Presto in gaining a full understanding of the Service Providers business in order to ensure we can move this project further.

**POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS**

This is an additional form of fare discount, which must be approved by Council.

**RELEVANT CONSULTATION**

N/A

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

As an opportunity to increase uptake of the PRESTO card and reward those riders, a weekly loyalty program will offer riders an alternative to the monthly pass. The full cost of travel for the month does not have to be paid in full and funds can be added as required depending on the travel needs of the individual. It will also allow riders flexibility in their purchase options, should a rider normally travel with a monthly pass, they can switch to e-purse during those months where the amount of travel is reduced, however they will be rewarded for utilizing Transit on a consistent basis. The monthly cost to a rider who frequently accesses the system will be approximately the same as a monthly pass.

The weekly loyalty program will run Monday to Sunday allowing the cardholder, after paying for eleven single rides using e-purse, not including extra passengers, co-fare or transfers, to then ride for free for the remainder of the week. The counter will be reset each Monday.
The loyalty program is automatically available to all HSR riders paying per ride utilizing PRESTO e-purse, there is no need to sign up for this program. Adult, Student and Senior riders will all benefit from this program.

**ALTERNATIVES FOR CONSIDERATION**

None

**ALIGNMENT TO THE 2012 - 2015 STRATEGIC PLAN**

**Strategic Priority #1**
A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**
1.4 Improve the City’s transportation system to support multi-modal mobility and encourage inter-regional connections.

**Strategic Priority #2**
Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**
2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

2.3 Enhance customer service satisfaction.

**APPENDICES / SCHEDULES**

None