



September 25, 2019

Beverly Romeo-Beehler  
Toronto Auditor General  
9th Floor, Metro Hall, 55 John Street  
Toronto, ON M5V 3C6

Dear Beverly,

**Re: Phase Two Audit of TTC's Revenue Operations  
PRESTO/TTC Fare Equipment and PRESTO Revenue**

PRESTO appreciates the work of the Auditor General and her staff, and the opportunity to comment on the findings of the Phase Two Audit of the TTC's Revenue Operations as they pertain to PRESTO.

PRESTO is focussed on driving business performance and delivering superior customer service while balancing considerations around costs for our customers and our transit agency partners alike. With that in mind, I would like to highlight a few points for your consideration, which are in addition to the specific comments we have already provided on the report:

- 1) Metrolinx agrees there is an opportunity to formalize and improve contract governance as it relates to operations and continuous improvement. This approach would be consistent with our past practices of formal project governance including the Joint Executive Committee and Executive Integrated Project Review.
- 2) Next, we agree that there are gaps within the current Metrolinx/TTC PRESTO agreement and that resolving these gaps would be in the best interests of our customers. As we have discussed, a key element to address is the lack of bi-lateral service level agreements that clearly outline both organizations' respective accountabilities across a number of areas, including equipment performance, monitoring and reporting. Ideally, Metrolinx and the TTC would jointly commit to common service levels and consolidated monitoring and reporting. At a high level, Metrolinx would be accountable for upholding service levels on vehicles including buses and streetcars as well as vending equipment, and the TTC would be accountable for its fare gates.

Supporting this point, Metrolinx consulted with an independent legal expert earlier this year to assess the validity of TTC foregone revenue claims. This review also looked at lost revenue due to technological issues with fare gates owned and maintained by the TTC. The concluding assessment stated that “there are key aspects of the fare collection system that, after the execution of the Agreement, came under the control of and became the responsibility of TTC, such as the FareGo gates. Since this was not contemplated in the 2012 Agreement, in the future discussions between the parties with respect to setting SLA’s for Metrolinx equipment, they might want to consider also setting SLA’s for equipment for which the TTC is responsible, with corresponding penalties for remedies if those SLA’s are not met.”

- 3) Lastly, we acknowledge the need to improve and enhance how we calculate and report on PRESTO device availability. While your team has identified issues in the availability report, PRESTO has 24/7 real-time monitoring in place via a central system to ensure overall reader health and to dispatch maintenance service teams to remedy issues when needed. As we work to address all reporting issues, it is important to note that the data in availability reports is retrospective, and has *no direct impact* on revenues or on devices being available for customers to tap.

On a related note, the current Agreement with the TTC only allows PRESTO maintenance service teams to service vehicles at night at TTC garages, once the TTC makes the requested vehicles available. This is regardless of when the issue was identified throughout the day. While PRESTO and TTC have worked collaboratively to establish processes to ensure that devices experiencing issues are being remediated on nightly basis when access is provided, agreeing to more frequent vehicle access will result in more timely repairs and better service for customers.

We fully appreciate that any loss in TTC fare revenue is a loss for Metrolinx as well. We continue to deliver key elements deemed to be of value to our transit agency partners and customers, and we are mutually motivated to succeed due to the commission we receive to process and manage PRESTO transactions.

As you know, PRESTO is embarking on modernization plans that are enabling us to focus even more on delivering exceptional services. This work will result in new offerings that will remove customer pain points and give them new ways to pay, while offering transit agencies valuable features to drive ridership and fare revenue. Consultations with the transit agencies on new payment forms and other improvements included in the roadmap have been underway throughout the

summer, including with TTC, and we look forward to their participation in shaping the future of PRESTO.

We are also preparing to retender our current supplier agreement with a view to opening PRESTO's ecosystem to more market participants, which we will leverage to improve our overall performance. Recommendations stemming from your audit of the TTC will inform our future approach as we go to market for these services.

Beverly, I welcome any follow up conversations with either yourself or your team to ensure we close any last items within the Phase Two Audit report, and set Metrolinx and the TTC on the best course to mutual success.

Best regards,

Annalise Czerny  
Executive Vice-President  
PRESTO, a division of Metrolinx

cc: Fawad Ebraemi, VP, Operations and Deployment  
Greg Murphy, Director Internal Audit