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Corporate Report

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DATE: November 25, 2010

TO: Chair and Members of Budget Committee
Meeting Date: December 13, 2010

FROM: Martin Powell, P. Eng.
Commissioner of Transportation and Works

SUBJECT: **Fees and Charges: Mississauga Transit Fares
Proposed Fare Increase (effective April 4, 2011)**

- RECOMMENDATION:**
1. That effective April 4, 2011, Mississauga Transit fares and related charges set out in Appendix 1 of the report dated November 25, 2010 from the Commissioner of Transportation and Works be approved.
 2. That a by-law be enacted to establish the proposed 2011 Mississauga Transit fares and related charges as set out in Appendix 1 of the report dated November 25, 2010 and Mississauga Transit Fares By-law 423-08 be repealed.

BACKGROUND: Mississauga Transit last increased fares on January 26, 2009. The fare increase coupled with the severe economic downturn in 2009 had a significant impact on transit ridership, which dropped by 6% last year, compared to 2008. Under these circumstances, a fare increase was not recommended for 2010.

As the economy started improving in 2010 and jobs returned, transit ridership started to recover gradually. With the introduction of the MiWay brand this fall, ridership improved further.

The latest year-end ridership forecast is showing growth of 3.5%, or approximately 830,000 revenue riders over last year's level.

Transit ridership growth in the future will depend significantly on the degree of success in attracting new, choice riders. In order to attract these riders, continued investment in transit will be required to: further improve and/or expand service levels and frequencies, introduce transit priority initiatives, and implement an integrated limited stop express network.

With the remaining provincial gas tax funding being utilized in 2010 to cover the incremental operating costs for the eight growth buses, all future service improvements will require additional tax funding. Slower transit expansion in the 2011 – 2014 Business Plan is not expected to generate significant ridership growth. As a result, overall ridership growth is forecasted to be in the 2 to 3% range for the next several years.

In 2013 there will be a major opportunity to make a significant improvement in service levels with the opening of the full BRT. This will, however, require a significant tax funded investment to cover the approximately 50,000 additional service hours that will be required to provide service frequencies that are attractive to choice riders.

This report provides details of the April 4, 2011 transit fare increase recommended as part of the proposed 2011-2014 Business Plan and Budget.

Approval of this proposed increase is required in December to allow for sufficient time to complete the design, production, delivery and distribution of the April 2011 passes starting early March, 2011.

COMMENTS:

The economic challenges over the last several years, combined with significant service improvements from 2006 to 2009, have put upward pressure on the cost of transit to the City. This is captured in a standard transit performance indicator, the revenue-to-cost (R/C) ratio, which for Mississauga Transit has declined from 58% in 2006 to 47% in 2009.

Revenues for purposes of this calculation include only revenues from operations, the primary sources being from the farebox and advertising. This R/C ratio is comparable to transit systems in Ontario: Brampton (43%), York Region (40%), Ottawa-Carleton (42%), and Hamilton (50%). **Source:** Canadian Urban Transit Association Statistics 2009.

In order to off-set a portion of the 2011 cost increases, a fare increase is being proposed effective April 4, the details of which are set out in Appendix 1 and are also explained further below:

- Tickets (Adult): + \$0.10 per ticket
- Tickets (Seniors): + \$0.05 per ticket
- Weekly Pass (Adult): + \$2.00
- Monthly Pass (Adult): + \$9.00
- Monthly Pass (Senior): + \$3.00
- Annual Pass (Senior): + \$30.00

Increases in other fare categories, in keeping with the general fare increase, would be as follows:

- One-way rates for Paramount Canada's Wonderland service:
from \$7.50 to \$8.00 per person
from \$22.00 to \$24.00 per family (of four individuals)
- Charter rates:
60 foot bus: \$180.00 per hour, minimum 2 hours (new rate)
30/40 foot bus: \$165.00 per hour, minimum 2 hours (no change)
- Mississauga Transit monthly sticker for GO Transit pass users:
from \$24.00 to \$25.00
- GO Fare Integration:
from \$0.60 to \$0.65 for MT travel to and from GO train stations
This fare is part of the GO Fare Integration agreement with GO Transit whereby the City is reimbursed fully for the difference (\$1.85 per ride) between the proposed adult ticket price of \$2.50 and the cash fare of \$0.65. A similar arrangement is in place for the MT monthly sticker for GO Transit pass users.

Note: A review of charter costs identified the need to charge higher rates for larger articulated buses. The rates for smaller buses remains unchanged.

Student and Children Ticket and Pass Fares to be Frozen

The City's Strategic Plan includes, as one of its goals, the creation of a Youth Plan.

This Plan was completed and approved by Council in July, 2009. Under Principle 1: Public transit is an essential service for youth. Recommendation 1 states "Establish an equitable discounted fare system for all ages". As an initial step towards this goal, the proposed plan for 2011 recommends that student and children fares be frozen. In addition, the 2011-2014 Business Plan proposes to extend this freeze for three additional years. Fares would therefore be fixed at the current rates, which are as follows:

Student Ticket – unit price	\$2.25
Student Weekly Pass	\$24.50
Student Monthly Pass	\$101.00
Child Ticket – unit price	\$1.65

Senior Fare Increases

In order to lessen the impact on older adults, the rate of increase for seniors' fare media is lower than for adult riders. Seniors' ticket prices will increase by five cents per ticket (fifty cents for a strip of 10 tickets) compared to adult ticket prices which will increase by ten cents per ticket (\$1.00 for a strip of 10 tickets). The monthly senior pass will increase by \$3.00 to \$44.00 and the annual senior pass will increase by \$30.00 to \$444.00. Our pass products are still low when compared with neighbouring systems. The annual seniors' pass will provide unlimited transit travel for \$1.21 per day which compares favourably with unlimited use utilities such as basic telephone or cable service. Current prices for a monthly senior pass on neighbouring transit systems are: \$47.00 on Brampton Transit, \$89.00 (discount plan) on the TTC and \$46.00 on YRT.

Comparison of Ticket/Cash Fares with other GTA Transit Operators

In considering fare increases, staff reviewed the proposed fares against those of other GTA transit operators.

By way of comparison, the current cash and ticket prices for Brampton Transit, TTC and York Region Transit (YRT) are as follows:

	<u>Neighbouring Systems</u>			<u>Mississauga</u>	
	<u>Brampton</u>	<u>TTC</u>	<u>YRT</u>	<u>Now</u>	<u>Proposed</u>
Adult Cash Fare	\$3.00	\$3.00	\$3.25	\$3.00	\$3.00
Adult Ticket – unit price	\$2.50	\$2.50	\$2.60	\$2.40	\$2.50
Student Cash Fare	\$3.00	\$2.00	\$3.25	\$3.00	\$3.00
Student Ticket – unit price	\$2.35	\$1.65	\$1.90	\$2.25	\$2.25
Senior Cash Fare	\$3.00	\$2.00	\$3.25	\$3.00	\$3.00
Senior Ticket – unit price	\$1.50	\$1.65	\$1.50	\$1.65	\$1.70
Child Cash Fare	\$3.00	\$0.75	\$3.25	\$3.00	\$3.00
Child Ticket – unit price	\$2.35	\$0.55	\$1.50	\$1.65	\$1.65

Prices for neighbouring systems are current fares.

No formal announcement of increase for 2011 as yet.

Universal Transit Pass – Agreement Renewal

In July 2007, the City enacted By-law 249-2007 to authorize the execution of a Universal Transit Pass (Master) Agreement between the City, the Governing Council of the University of Toronto and the Erindale College Student Union for the implementation of a U-Pass program.

This program is mutually beneficial to the UTM, the City, and the community. It is consistent with the objectives of the transit Ridership Growth Strategy and the City's strategic priorities.

The existing Agreement expires April 30, 2011. Given the lengthy approval process at UTM for a new agreement, discussions between senior City staff, university staff and the student union regarding a new agreement were initiated earlier this year. A consensus on the terms and conditions for a new, three year agreement commencing September 1, 2011 was reached.

The students ratified the new agreement and therefore, a separate report to Council will be prepared in January 2011, to provide the details of the new agreement and to obtain Council's endorsement.

Presto Fare Card Implementation

In May of this year, Council was given an update on the progress of the Presto project in the Corporate Report entitled "Update on Presto (Formerly the GTA Fare Card Project)". In order to minimize various risks, the report indicated that a controlled launch on Mississauga Transit service targeted at GO stations (i.e. GO Shuttle routes 32-Lisgar, 62-Cooksville and 64-Meadowvale) was being recommended until bus equipment stability is achieved and the revenue reconciliation process is proven reliable. This limited launch was to have started on October 12, 2010, but has been delayed to January 25, 2011. Transit riders wishing to participate in this pilot will be required to pay a fee of \$6.00 for a Presto fare card. This price will cover the cost to Mississauga Transit of acquiring the card (\$5.00) from Metrolinx and a nominal handling fee of \$1.00. Riders on the GO shuttles will be able to use their Presto card to pay the equivalent of an adult ticket (\$2.50) or take advantage of GO co-fare pricing travelling on Mississauga Transit and GO for \$0.65 plus the applicable GO rail fare.

Mississauga Transit staff will continue to train operators, maintenance and revenue staff, as well as commission point of sale devices in the first quarter of 2011. Subject to sufficient system reliability, it is our intent to go live on the remaining system on April 18, 2011. The Presto system in Mississauga will offer payment options for adult fares and GO co-fares only. Additional products such as concession fares (seniors/students) as well as a loyalty scheme will be offered later in the year.

STRATEGIC PLAN:

The introduction of the Presto card contributes to the strategic pillar of Developing a Transit Oriented City and the strategic goal of Build a Reliable and Convenient System. However, to make transit a faster and more affordable alternative to the automobile, one that is frequent, clean, safe, reliable, and convenient, will require significant and ongoing capital and operating investments.

The proposed service expansion plans for 2011 to 2014 have been reduced in response to the financial challenges facing the City and therefore only modest ridership growth is forecasted.

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Plans will need to be reviewed and revised in the future, particularly for 2013 when the BRT becomes fully operational, in order to make further progress on the City's commitment to becoming a transit oriented city.

FINANCIAL IMPACT: Transit's proposed 2011 net Operating Budget will be increasing by approximately \$9.1 million. This increase consists of: \$6.4 million for base operating cost increases for labour, fuel and maintenance costs to operate the system at current service levels, \$1.8 million for proposed service improvements and \$1.9 million for new initiatives including introduction of Presto and automated stop announcements. These increases would be covered by additional revenues from the proposed 2011 fare increase of \$1 million and additional tax funding of \$9.1 million.

CONCLUSION: The proposed 2011 Business Plan and Budget for Mississauga Transit provides for labour, fuel and maintenance cost increases to operate the system at current service levels. In order to off-set a portion of the 2011 cost increases, a fare increase is being proposed effective April 4, 2011.

ATTACHMENTS: Appendix 1: Proposed Transit Fare Increase, Effective April 4, 2011



Martin Powell, P. Eng.
Commissioner of Transportation and Works

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Director, Mississauga Transit*

ITEM	FARES		Increase (\$)	Increase (%)
	Existing	Proposed		
Blind Patrons (with C.N.I.B. Card)	Free	Free	N/A	N/A
Pre-School Children	Free	Free	N/A	N/A
Children (Grades 1 to 8)				
Cash Fare	\$3.00	\$3.00	N/A	N/A
Tickets – 10	\$16.50	\$16.50	N/A	N/A
Tickets – 5	\$8.25	\$8.25	N/A	N/A
Students (Grade 9+)				
Cash Fare	\$3.00	\$3.00	N/A	N/A
Tickets – 10	\$22.50	\$22.50	N/A	N/A
Tickets – 5	\$11.25	\$11.25	N/A	N/A
Weekly Pass	\$24.50	\$24.50	N/A	N/A
Monthly Pass	\$101.00	\$101.00	N/A	N/A
U-Pass annual fee (for eligible UTM students) ¹	\$97.65	\$97.65	N/A	N/A
U-Pass replacement fee ¹	\$13.00	\$13.00	N/A	N/A
Adults				
Cash Fare	\$3.00	\$3.00	N/A	N/A
Tickets – 10	\$24.00	\$25.00	\$1.00	4.2%
Tickets – 5	\$12.00	\$12.50	\$0.50	4.2%
Weekly Pass	\$26.00	\$28.00	\$2.00	7.7%
Monthly Pass	\$107.00	\$116.00	\$9.00	8.4%
Seniors (65 years of age or older)				
Cash Fare	\$3.00	\$3.00	N/A	N/A
Tickets – 10	\$16.50	\$17.00	\$0.50	3.0%
Tickets – 5	\$8.25	\$8.50	\$0.25	3.0%
Monthly Pass	\$41.00	\$44.00	\$3.00	7.3%
Annual Pass	\$414.00	\$444.00	\$30.00	7.2%
Photo ID Card – new and replacement	\$5.00	\$5.00	N/A	N/A
GO Transit Fare Integration				
GO Sticker (monthly)	\$24.00	\$25.00	\$1.00	4.2%
GO Discounted Cash Fare for travel to and from GO Rail Stations	\$0.60	\$0.65	\$0.05	8.3%
GTA Weekly Pass ²	\$52.00	\$52.00	\$0.00	0%
PRESTO Fare Card – new and replacement	N/A	\$6.00	N/A	N/A
Board of Education Student Tickets - 10 Dufferin-Peel Catholic District School Board and Peel District School Board	\$21.50	\$21.50	N/A	N/A
Purchase Discount For purchases of tickets and passes with a total value of \$600 or more per transaction and made directly from Mississauga Transit.	1.5%	1.5%	N/A	N/A
Paramount Canada's Wonderland (seasonal)				
- Per person one-way	\$7.50	\$8.00	\$0.50	6.7%
- Per family (of four individuals) one-way	\$22.00	\$24.00	\$2.00	9.1%
Charter Rate (per hour) (min. charge 2 hours)				
60 foot bus	N/A	\$180.00	N/A	N/A
30/40 foot bus	\$165.00	\$165.00	N/A	N/A
Transit Route Map	N/A	\$2.00	N/A	N/A
Canadian Armed Forces Veterans and Companion -on the day of the Warriors' Day Parade -on Remembrance Day, November 11	Free	Free	N/A	N/A

1 As per Council approved agreement.

2 Price set by the TTC and other participating partners.