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RIDERSHIP AND REVENUE UPDATE - YRT/VIVA

The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendation contained in the following report June 9, 2006, from the Vice President, York Region Rapid Transit Corporation and the Commissioner of Transportation and Works:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report assesses Viva and YRT year to date ridership and revenue performance growth against budget expectations. It discusses the implications of actual results and describes service level modifications and other revenue sources that have been identified to reduce the impact of the currently projected gap in revenue, including $500,000 identified during budget discussions to potentially add additional service.

3. BACKGROUND

Advance planning and modelling for Viva Phase One included extensive ridership forecasting completed in 2003, based upon a network operating as far east as Cornell and west to Hwy 27. The network that the model was based upon assumed bus rapid transit (BRT) service levels, system performance levels (average speeds and associated travel times), off-board fare payment and land use/density assumptions. The original estimates included the attraction of new riders, as well as the migration of riders from GO Transit, the Toronto Transit Commission (TTC) and York Region Transit (YRT) conventional services to Viva.

Viva Phase One went into live service on September 4th, 2005 on schedule and on budget. Since that time, ridership has been closely monitored to determine the accuracy of the Viva ridership assumptions and forecasts, as well as the related impact to YRT ridership. There has been an ongoing effort to identify any service adjustments that might be required to ensure that the operating costs are within the approved budget limits.

The original 2006 budget estimated 18.8 million riders, 7.4 million on Viva and 11.4 million on YRT with associated farebox revenues based on an average fare $2.10 per revenue rider, resulting in a revenue estimate of $39.5 million.

4. ANALYSIS AND OPTIONS

Combined system ridership through the first quarter has been positive and is expected to be the highest on record for York Region

This is the first year of combined Viva and conventional YRT service. Overall '1System' ridership, as measured by estimated revenue boardings, is 15 percent ahead of 2005 levels for the first quarter of 2006. It is projected that this growth rate will moderate somewhat during the remainder of 2006, but total growth of approximately 14% is estimated for the calendar year.

Greater than anticipated ridership has occurred on YRT conventional services since the Viva launch. Some of this growth would likely have occurred on Viva had it been operating to its full extent. The increase in YRT conventional ridership may also be in part attributable to continuing strong population and employment growth in the Region, increases in gasoline prices, and the overall higher profile that all transit is enjoying in York through the introduction and extensive marketing of Viva throughout the Region.

Ridership on Viva routes is projected to end the year at about 4.9 million trips and YRT ridership is projected to end the year at about 12.5 million riders. This combined system ridership is about 1.3 million riders behind the budget forecast. The main contributing factors to this lower than forecasted estimate include:

- A delay in the introduction of Viva service to Cornell at the request of the local community and Markham Council (accounts for 15% of ridership shortfall).
- Ramp-up of ridership pm the green and orange routes which are now tracking to meet the revised ridership forecast (accounts for 27% of ridership shortfall).
- New development projections for occupancy later than anticipated in new communities, such as Markham Centre (accounts for 14% of ridership shortfall).
- Higher-than-anticipated congestion growth and unexpected service delays (e.g. Finch Avenue washout and reconstruction, and backups from the Highway 404 interchange at Highway 7 and road reconstruction of Warden Ave. south of Hwy. 7) (accounts for 7% of ridership shortfall).

A new ridership forecast has been developed taking these factors into account. Ridership on Viva is now tracking slightly ahead of the new projection for the first 6 months of 2006 and if this trend continues, it is plausible that current projected revenue shortfalls may be avoided.

Service levels on Viva and YRT routes have been modified

Service levels on Viva and YRT routes have been modified twice since the launch to help manage operating costs (*see Council Attachment 1*). These measures will act to reduce the gap between operating expenses and revenues.

Marketing efforts targeting businesses along Viva orange and green

To increase the ridership growth rate on Viva's orange and green lines, a targeted marketing effort is underway to raise awareness of the service among business commuters working along those routes and entice users to try transit. In addition, discussion have been held with the TTC and YRT to consider a "common fare zone" at York University to help better distribute student loads between systems. Although no formal arrangements have been made, staff continue to pursue this concept.

5. FINANCIAL IMPLICATIONS

Revenue projections to year-end appear to be trending towards a shortfall of approximately $800,000. The shortfall for 2006 represents less than 2.5% of projected farebox revenue. Also helping to mitigate any potential shortfall is the finding that there is a higher rate of cash usage than anticipated (more customers are paying the full cash fare rather than the discounted fares offered by ticket or passses) the system is currently tracking at an average fare of $2.22 per trip vs. $2.10 used for budget purposes. The combination of strong ridership gains and a higher than budget average fare is projected to result in an overall projected shortfall in revenue of approximately $800,000. Potential funding sources for accommodating the revenue shortfall are the $500,000 identified during the budget review and funding transferred to the Region as part of the former provincial Ontario Transit Vehicle Program (OTVP).

5. LOCAL MUNICIPAL IMPACT

We are currently exploring available options to extend Viva service to Cornell. The lack of a Terminal location in Cornell has had a impact on Viva ridership. A suitable temporary location, with connections to YRT conventional services, would provide these missing services to the community and provide positive impact on Viva ridership.

There is no financial impact at a municipal level.

7. CONCLUSION

Although 1System ridership results for 2006 are expected to be below budget projections, system-wide ridership growth is expected to be higher than any year on record, up almost 14 percent. Service has been adjusted to manage operating costs and a targeted marketing campaign is underway. The combination of strong ridership gains and a higher than budget average fare is projected to result in an overall projected shortfall in revenue of approximately $800,000.

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The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is included with this report.)