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YORK REGION TRANSIT VOLUME INCENTIVE PASS PROGRAM

The Transit Committee recommends the adoption of the recommendations contained in the following report, April 23, 2004, from the Commissioner of Transportation and Works:

1. RECOMMENDATIONS

It is recommended that:

1. The York Region Transit Volume Incentive Pass Program (VIP) as outlined in this report be approved for a one-year pilot beginning September 2004.
2. Staff report back to Transit Committee after one year with the results, and on the continuation and expansion of the Volume Incentive Pass Program.

2. PURPOSE

The purpose of this report is to seek Transit Committee and Regional Council approval to implement a volume incentive pass program for a one year trial period. This program would allow a price discount on York Region Transit (YRT) fare media to corporations and institutions based on a commitment to purchase a minimum monthly pass volume for a one-year period.

3. BACKGROUND

Over the past year, YRT has received requests and inquiries from various businesses and post-secondary institutions about the availability of a formal program for discounts on volume purchases of YRT fare media. Some of these organizations are actively seeking ways to promote transit use for their employees and/or students. Both the Town of Markham and the Black Creek Transit Management Association have expressed interest in participating in such a program.

In order to continue to explore ways of encouraging transit ridership, YRT staff completed a review of similar programs for transit systems across Canada. In early 2003, the Canadian Urban Transit Association released survey findings on participation in volume incentive pass purchase programs. Of the twenty-one transit systems responding to the survey, nine reported having programs that offer discounted transit passes to public institutions and private businesses. Four other systems reported that they had similar programs with variations on the theme of the program.

3.1 Review of Toronto Transit Commission (TTC) Volume Incentive Pass Program

One of the nine systems currently operating such programs is the Toronto Transit Commission (TTC). Given the current proximity and integration between YRT and TTC, staff met with TTC representatives to explore the details and benefits of the discounted pass program.

The TTC program is currently operating on a pilot basis until December 2004. Since the implementation of the pilot program in early 2003, there has been an overwhelming interest from over 80 organizations. Based on resources during the pilot timeframe, TTC has limited participation in the program to 20 organizations. TTC requires participants to purchase a minimum of 50 passes per month at discount levels between 10-12% based on the number of passes purchased. TTC staff indicated that the successful interest in the program was generated through media coverage and the overall benefits to employers.

3.2 Review of Other Canadian Volume Incentive Pass Programs

A review of other transit systems across Canada who operate similar discount volume pass programs indicates that the majority of systems have had positive experiences with such programs. The number of organizations participating in the program ranges from 5 to 45 depending on the size of the transit system. On average, the minimum number of pass purchases required on a monthly basis is 25, and the discounts off the regular monthly pass range from 10% to 17%. Overall, most have indicated that the number of businesses enrolled has continued to grow, and that on average, the percentage of new riders as a result of the program is 2-3%.

4. ANALYSIS AND OPTIONS

Given the benefits and positive experiences with similar programs elsewhere, staff are proposing a one-year pilot Volume Incentive Pass program (VIP). This program would allow for discounts on YRT fare media on volume pass purchases with a one-year minimum purchase commitment. Section 4.1 outlines the details of the program.

4.1 Volume Incentive Pass Program (VIP) Summary and Details

The VIP program would see YRT adult monthly passes sold to organizations at a discounted rate, based on a commitment to both a twelve-month term and a minimum purchase of fifteen passes per month. The proposed pilot program term, September 2004 to December 2005, also includes the following criteria:

- Limit of ten participating organizations including post-secondary institutions.
- Program registration on a first registered basis.
- A 15% discount would be applied to the adult pass rate for all participating organizations.
- Discounted passes can be used by employees of registered organizations only.
- The organization would appoint a program administrator responsible for implementation and coordination of the program within the organization.
- An agreement is signed with YRT for program participation.

Attachment 1 further outlines some of the details through frequently asked questions.

4.1.1 Program Development

In order to establish the VIP program criteria (e.g. minimum number of participants, discount rate etc.), staff consulted other transit systems across Canada operating similar programs. Information was obtained on best practices, pro/cons, program opportunities, challenges and overall benefits.

In order to apply the findings to a program for YRT, staff also researched York Region's business landscape by size, current percentage of transit pass users, ridership and financial impacts.

4.1.1.1 Minimum Purchase Requirement

An organization must purchase a minimum number of passes to participate in the program. It is recommended that the minimum order quantity be set at 15 passes per month. Although a large percentage of businesses in York Region are small and have between one and 19 employees, there would still be a large percentage of those that could participate by purchasing 15 passes. Over 4,000 organizations in York Region are considered medium to extra large with a range of employees from 20 to over 500.

4.1.1.2 Discount Level

The pricing structure for the VIP program must account for the current price discount of the adult pass over the ticket and cash prices. Tickets are currently discounted by 11% over the cash fare. The adult pass is discounted by 7.5% over the ticket and 18% over the cash fare. In order to have organizations view the program as providing an incremental benefit to the employees, as well as attracting employees to participate in the program, a 15% discount off the regular adult pass price should be offered. Therefore, the VIP pass price at \$62.90 would amount to a monthly savings per employee of \$11.10 off the regular \$74.00 costs.

4.1.1.3 Ridership and Revenue Impacts

Since the VIP program is new in York Region and the actual market demand for the program is not yet fully determined, it is difficult to assess the overall ridership and revenue impacts. It is therefore recommended that during the VIP pilot, staff collect data on the actual experiences. This would include monitoring the number of passes purchased and conducting consumer research with individuals purchasing VIP passes. The data obtained will determine pre-program and post-program transit use.

4.1.2 Program Benefits

The goal of this type of program is to encourage new and longer-term commitments to transit ridership. Other benefits include:

- Improves the transportation network by encouraging transit ridership.
- Reduces parking needs.
- Contributes to a healthy community by providing flexible transit opportunities.
- Convenient purchase opportunities for employees of participating organizations.
- Reduced commission payment to ticket agents.

4.1.3 Next Steps

Should the program be endorsed, the next steps would include:

- Follow-up contact with interested organizations.
- Media Release.
- Presentations to interested organizations including Boards of Trade and Chambers of Commerce.
- Register organizations to begin program September 2004 – December 2004.
- Administer research survey to participating organizations prior to start dates.
- Begin one-year trial period with ten participating organizations.
- Monitor progress and growth of program.
- Follow-up research prior to the end of the pilot program.
- Report back to Transit Committee on continuation and expansion of the VIP program after one year.

4.2 Relationship to Vision 2026

As a part of Vision 2026, York Region has identified the need to improve transportation opportunities for residents and businesses in the Region. Programs such as these will encourage positive community relationships and build transit ridership opportunities in York Region.

5. FINANCIAL IMPLICATIONS

As previously discussed, the actual market demand for the program is not yet fully determined, and therefore, it is difficult to assess to the overall ridership and revenue impacts at this time. Results from other systems indicate that there is an average new ridership increase of 2-3%, which would amount to approximately \$450,000 in additional annual revenue for YRT. The program may also encourage occasional riders to use transit more frequently, which would also provide additional revenue.

There is also a potential for revenue loss as a result of the discount offered to employees of organizations that are existing transit riders. It is difficult to assess the loss at this time; however, based on the survey data that will be collected during the pilot program, staff will be better equipped to report on this further at a later date. Based on similar programs across Canada, losses have generally been more than offset by the growth in new transit ridership.

6. LOCAL MUNICIPAL IMPACT

The Volume Incentive Pass program (VIP) provides a flexible opportunity for local organizations to offer convenient and discounted transit opportunities to employees. This is a positive action towards healthier local communities.

7. CONCLUSION

As growth and transportation rapidly expands in York Region, it will be critical to introduce programs such as these to encourage transit ridership. As noted, this program has been implemented successfully by transit systems across the country. It will not only support York Region in achieving its transportation goals, but will also aid organizations in meeting their own transportation challenges. It is therefore recommended that York Region Transit be given approval to introduce the Volume Incentive Pass program on a pilot basis beginning September 2004.

The Senior Management Group has reviewed this report.

(A copy of the attachment referred to in the foregoing is included with this report and is also on file in the Office of the Regional Clerk.)