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YORK REGION TRANSIT/VIVA OFF-PEAK FARE DISCOUNT

The Transportation Services Committee recommends the adoption of the recommendation contained in the following report, dated October 13, 2011, from the Commissioner of Transportation Services.

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report responds to Committee's request to investigate the feasibility of offering additional fare discounts or special pricing for off-peak period travel.

3. BACKGROUND

Over the years, there have been several suggestions/requests for special fare subsidies and pricing, especially for persons on low incomes, seniors and during off-peak periods. This discussion arose again during Transportation Committee deliberations (September 2011) over the proposed 2012 York Region Transit (YRT)/Viva fare increase and focused specifically on off-peak fare options.

It should also be noted that Regional Council recently (October 20, 2011) endorsed a fare subsidy pilot for persons with low incomes. The results of the pilot will be monitored closely with a report back to Regional Council in 2013. Therefore this report will focus primarily on the impact off-peak fares would have on general ridership and revenues.

YRT/Viva weekday service is made up of approximately seven peak hours (6:00 – 9:00 a.m. and 3:00 – 7:00 p.m.) and 11 off-peak hours. On a typical weekday, there are about 43,000 revenue riders during peak service and 28,000 revenue riders during off-peak service.

In 2011, total revenue ridership is expected to be just over 21 million riders, resulting in about $54M in revenues. Of that total, about 8.4 million trips (40%) are made during off-peak periods. The estimated revenue for this 40% is about $21M.

4. ANALYSIS AND OPTIONS

Currently, only two transit systems in Ontario offer free rides to seniors

OC Transpo (Ottawa)

Seniors 65 and older can ride free all day on Wednesdays and after 12 noon on Mondays and Fridays. On other days, the system does not offer special senior fares; seniors pay the full adult fare, which is $2.60 per trip.

Hamilton Street Railway (for regular service only)

Approximately 75000 seniors (80 years of age or older) rode for free in 2010 with a Golden Age Pass. All seniors 65 years or age or older are entitled to purchase a senior annual pass which costs $205 (pass runs from May to April and can be prorated). There are approximately 2400 of these annually.

If a product similar to the Golden Age Pass were applied to YRT\Viva

In addition to conventional transit, it should be noted that approximately 20% of Mobility Plus registrants are seniors over 80 and would also be entitled to any reduced or free fare. Free travel would have a negative impact of up to $120K to their revenues. The result would be a further reduction of about 1% (from 4% to 3%) to the revenue\cost ratio.

An analysis has been completed to assess the revenue impact of three off-peak fare discount options

Three scenarios were identified and analysis was performed to estimate the potential revenue impact of these discount options and the incremental ridership increase required to offset the impact to existing revenues. They are:

Option 1: Lower fares for all off-peak riders
Option 2: Lower fares for off-peak senior ticket and pass riders
Option 3: Seniors ride free all day Wednesday and on Monday and Friday after 12 p.m.

All scenarios result in reductions to existing revenues as shown in Table 1 below. The incremental ridership required to offset the reduced revenue is often significant and not likely attainable.

Table 1
Impacts to Revenue from Each Option

Off-Peak Discount Options		Scenarios Discount %	Estimated 2012 Annual Revenue Reduction *	Incremental Ridership to Break Even		Comments
				# of Trips	% Inc. over existing ridership	
Option 1	All Riders	a. 25%	-$5,741,000	2,855,000	33%	Not Recommended
		b. 33%	-$7,578,000	4,219,092	49%	Not Recommended
		c. 50%	-$11,482,000	8,565,000	100%	Not Recommended
Option 2	Seniors Only (Tickets & Passes)	a. 25%	-$128,000	117,000	33%	Not Recommended
		b. 33%	-$169,000	168,000	49%	Not Recommended
		c. 50%	-$255,000	340,000	100%	Not Recommended
Option 3	Seniors Only (Seniors ride free all day Wednesday and on Monday and Friday after 12:00 pm		-$400K to $700K			Not Recommended

* Effective January 1, 2012, Student, Senior and Child rates are applied to Mobility Plus service to comply with AODA regulations. The revenue impact in this analysis includes impact to Mobility Plus revenue.

The three options were also reviewed against the Council-approved (January 21, 2010) fare structure guiding principles, which are that:

(a) The fare structure should contribute to and support ridership growth strategies that result in net new ridership.
(b) The fare structure should support business objectives that aim to balance fare revenues to operating expenditures.
(c) The fare structure should be applied equitably to all customer categories recognizing the need to meet business objectives.

Based on these guiding principles, discounted off-peak fares are not recommended due to concerns that:

- Off-peak fares usually result in migration of some existing ridership from peak to off-peak hours with minimal new riders.
- The revenue/cost ratio will be negatively impacted as reduced revenues are unlikely to be off-set by any new ridership gains.
- Off-peak fare discounts may be perceived as ‘unfair’ by peak period riders
- Inequity, if applied only to the senior category, which is already the most heavily discounted category.

It is also important to recognize that among all GTA transit providers, York Region already offers the highest discount to senior ticket riders, a more than 50% discount vs. cash fare.

Possible Annual Pass for Seniors

An annual senior pass could be considered. The 2012 senior monthly pass price will be $50. Sales of this pass type average 700 per month. If all of these riders switched to an annual pass with a value of $250, there would be a reduction of $245K in revenues ($420K vs $175K).

Link to Key Regional Council-approved Plans

Vision 2026 – Towards a Sustainable Region - Responding to the needs of our residents: Ensuring mobility through accessible and affordable transportation.
From Vision to Results: 2011 to 2015 Strategic Plan - Manage the Region's Finances Prudently: Practise sound Fiscal Management.

5. FINANCIAL IMPLICATIONS

The financial implications of any special off-peak pricing are primarily the extent to which existing revenues are reduced. The various options have a direct impact to the revenue/cost ratio and ultimately the tax levy portion of transit subsidy, which is currently about 60%.

It is therefore not recommended that any new pricing option for off-peak travel be considered or approved.

6. LOCAL MUNICIPAL IMPACT

The cost impact of any further transit fare subsidy for off-peak travel affects the residents of all municipalities as 100% of any subsidy amount would be drawn directly from the tax levy.

7. CONCLUSION

It is recommended that, due to the estimated impact to existing revenues, no special off-peak fares be introduced. In addition, such special fares are not consistent with Council-approved guiding principles.

For more information on this report, please contact Paul Tobin at Ext. 5691.

The Senior Management Group has reviewed this report.