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YORK REGION TRANSIT CHARTER POLICY UPDATE

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

1. RECOMMENDATIONS

It is recommended that:

1. The hourly rate for chartering York Region Transit buses be increased from \$80 to \$90 per hour for all conventional transit and Mobility Plus buses, effective March 1, 2004.
2. York Region Transit buses be made available to other Regional departments, local municipalities, and registered not-for-profit organizations at a discounted rate of \$60 per hour (increased from \$40), effective March 1, 2004.

2. PURPOSE

The purpose of this report is to update Transit Committee and Regional Council on the status of York Region Transit (YRT) charter activity over the past two years and to seek approval for an increase in charter rates in order to meet rising costs.

3. BACKGROUND

York Region Transit charts buses to public and private organizations and businesses throughout the Region. These charters offer a service to the community as well as promoting YRT as a community partner.

At the inception of YRT in 2001, a charter rate of \$60 per hour was established. This rate was based on an average of the contractors' hourly charges to YRT. This rate applied to all charter requests and no discounts were given. In April 2002, Regional Council approved a new official charter policy and rate of \$80 per hour, along with a special discounted rate of \$40 per hour. The discounted rate applied to Regional departments, local municipalities, not-for-profit organizations and York Region school boards.

Upon approval of the charter policy and rate change, Transit Committee requested that staff report back with an update on charter activity and in particular the discount program.. Since the change in charter rates (April 2002), YRT has performed 48 charters, resulting in approximately 400 hours of charter service, and \$18,000 in revenue.

4. ANALYSIS AND OPTIONS

4.1 2002 and 2003 Charters

YRT's current charter rate is \$80 per hour with a discounted rate of \$40 for qualifying organizations. Table 1 shows the number of charter hours performed per year and the accompanying revenue earned.

Table 1
2002 and 2003 Charters

Charter Rate		2002		2003	
		# Hours	Revenue	# Hours	Revenue
Regular	\$ 80.00	22	\$1,760	34	\$2,720
Discount	\$ 40.00	198	\$7,920	150	\$6,000
TOTAL		220	\$9,680	184	\$8,720

At the time charters are requested, YRT staff resources are required to administer the charter request. Additionally, YRT compensates the operating contractors an hourly rate for operating the bus for the charter. Contractor rates currently average approximately \$59 per hour. YRT's discounted charter rate of \$40 per hour indicates that YRT subsidises the cost for the operation of the charter by approximately \$19 per hour. Further costs are incurred due to staff administration required for each charter request.

Using the average contractor rate of \$59 per hour, and fixed administration cost of \$60 per charter, Table 2 illustrates the net revenue/costs for a typical 3 hour charter.

Table 2
Actual Charter Value (for a typical three hour charter)

	Charter Rate (3 hours)	Contractor Rate (3 hours)	YRT Admin Cost (fixed)	Net Profit/(Loss)
Regular	\$240(\$80/hr)	\$177 (\$59/hr)	\$60	\$3
Discount	\$120(\$40/hr)	\$177 (\$59/hr)	\$60	(\$117)

On an annual basis, the average overall charter costs exceed the revenues resulting in a loss of approximately \$4,000. Therefore, the current discounted charter rates are not sufficient to cover all costs associated with administration and operation of charter services.

4.2 Bus Charter Rates in the Greater Toronto Area

In a comparative analysis, recent research finds YRT with the lowest charter rates in the Greater Toronto Area (GTA) as shown in Table 3 below.

Table 3
GTA Charter Rate Comparison

Transit Agency	Rate per hour	Discount Rate
York Region Transit	\$80 per hour (current)	\$40 per hour (current)
Brampton Transit	\$100 per hour	No discount
GO Transit	\$500 per day minimum, plus \$50 per hour administration, \$1.75 per km for coach bus charters	No discount
Mississauga Transit	\$100 per hour	No discount
Toronto Transit Commission	\$250.00 for first two hours, \$90 for each additional hour	No discount

Transit industry standards indicate that most transit systems of YRT's size ensure that all costs associated with the operation and administration of charters are recouped through charter rates. Many transit systems also use charters as a way to generate additional revenues for the transit system.

Given the research findings, it is proposed that the base and discounted charter rates be increased to \$90 and \$60 per hour respectively. Table 4 shows the net revenue/costs for a typical 3 hour charter based on the proposed rates. This increase will serve to continue to generate interest in the charter services and promote YRT as a community partner by continuing to offer discounted rates.

Table 4
Actual Charter Values Using Proposed Rates (for a typical three hour charter)

Charter Rate (3 hours)	Contractor Rate (3 hours)	YRT Admin Cost (fixed)	Net Profit/Loss
Regular \$270 (\$90/hr)	\$177 (\$59/hr)	\$60	\$33
Discount \$180 (\$60/hr)	\$177 (\$59/hr)	\$60	(\$57)

4.3 York Region School Board Charters

At present, YRT offers charters to the York Region school boards at the discounted rate of \$40 per hour. Typically the hourly rate for yellow school bus charters is \$45 to \$50 per hour, \$5 to \$10 more than what YRT is currently charging. YRT proposes that this practice be discontinued effective March 1, 2004. The school boards currently have service contracts with yellow school bus companies for their transportation needs. Additionally, the monetary loss for YRT associated with operating and administering school board discounted charters is significant.

4.4 Participation in Community Marketing Events

In addition to our scheduled community marketing events, YRT staff often receives local requests to participate in community events by displaying a YRT bus. YRT will continue to develop and deliver public transit awareness to the community at large by participating in various community events around the Region that draw substantial numbers of residents and are ideal vehicles for showcasing transit. These include various Santa Claus parades, local village festivals and fairs, etc. Where appropriate, YRT will have a display booth with transit information for residents. These types of community special events are considered marketing opportunities for YRT and are not subject to charter rates.

5. FINANCIAL IMPLICATIONS

As noted in Table 2, the current revenue loss to YRT for discounted charters is \$117 on a typical three hour charter. On an annual basis the average overall revenue loss for charters is approximately \$4,000.

By increasing YRT's hourly charter rates to \$90 per hour for regular charters and \$60 per hour for discounted charters, YRT will be able to recover more of the operating and administrative costs associated with charters. As shown in Table 4, a regular charter will generate approximately \$33 profit on a typical three hour charter, whereas a loss of \$57 will be realized on discounted charters. This will reduce the overall revenue loss to approximately \$700 annually.

6. LOCAL MUNICIPAL IMPACT

As previously approved, local municipalities will be entitled to the new discounted rate of \$60 per hour, the same rate proposed for Regional departments. YRT will also continue to participate in special community events at no cost to the local municipalities where they are considered marketing opportunities.

7. CONCLUSION

Regional Council endorsement is being sought for YRT's charter policy changes, which include amending the charter rates to \$90 and \$60, and discontinuing the discount for the York Region school boards effective March 1, 2004. The proposed charter rates will improve the cost recovery for YRT and bring it more in line with other GTA transit system charter charges while still offering partnerships opportunities for the community.

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.)