

September 24, 2018

To: His Worship the Mayor
And Members of City Council

Re: Community and Protective Services Committee: Transit Fare Incentives (Bylaw 2018-52)

RECOMMENDATION

RECOMMENDATION OF THE COMMUNITY AND PROTECTIVE SERVICES COMMITTEE - SEPTEMBER 13, 2018

1. That the fares outlined in Appendix B be approved.
2. That the following new pass types be approved effective January 14, 2019:
 - a. Monthly Senior Passes
 - b. Semi-Annual Adult Passes
 - c. Semi-Annual Youth Passes
 - d. Affordable Adult Pass
 - e. Affordable Youth Pass
3. That the following charter rates be implemented effective January 14, 2019.
 - a. That the base rate (BR) formula would change from $BR = \text{Adult Cash Fare} \times 40$ to $BR = \text{Adult Cash Fare} \times 37$; and
 - b. That any charters exceeding 300 hours of service would be charged an hourly rate equal to the base rate.
4. That the City Solicitor be instructed to prepare an amending bylaw to enable the implementation of all changes to Bylaw No. 2009-22, being *The Regina Transit Fare Bylaw, 2009* identified in this report.

COMMUNITY AND PROTECTIVE SERVICES COMMITTEE – SEPTEMBER 13, 2018

The Committee adopted a resolution to concur in the recommendation contained in the report after noting Appendix A be amended to reflect the four prices of the proposed transit fares as follows:

Adult 31 Day Pass - \$88.00
Adult Semi Annual - \$440.00
10 Adult Rides - \$29.00
10 Youth Rides - \$24.50

Recommendation #5 does not require City Council approval.

Councillors: Jerry Flegel (Chairperson), Lori Bresciani, John Findura and Joel Murray (teleconference) were present during consideration of this report by the Community and Protective Services Committee.

The Community and Protective Services Committee, at its meeting held on September 13, 2018, considered the following report from the Administration:

1. That the fares outlined in Appendix B be approved.
2. That the following new pass types be approved effective January 14, 2019:
 - a. Monthly Senior Passes
 - b. Semi-Annual Adult Passes
 - c. Semi-Annual Youth Passes
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 - b. That any charters exceeding 300 hours of service would be charged an hourly rate equal to the base rate.
4. That the City Solicitor be instructed to prepare an amending bylaw to enable the implementation of all changes to Bylaw No. 2009-22, being *The Regina Transit Fare Bylaw, 2009* identified in this report.
5. That this report be forwarded to the September 24, 2018 City Council meeting for approval.

CONCLUSION

Providing a variety of fare options and making discounts available for those who purchase fare product for longer periods, such as R-Cards or other passes, will provide more incentives to customers and make transit more available. The goal of the fare changes is to provide more pricing options for customers and ultimately increase ridership on the transit system.

BACKGROUND

Transit last adjusted fares over a three-year period from 2015 to 2017 with small incremental increases each year. The fare prices increased for all types including cash, passes and rides. The increases were implemented to bring Regina in line with other Canadian city's transit fares, and to improve the revenue/cost ratio to 45 per cent by 2017 as recommended in the Transit Improvement Plan. A current comparison of other Canadian Transit properties' fares can be found in Appendix A.

In Table 1 below, nine of the 11 Transit properties listed have had a decrease in their revenue/cost ratio for 2015 to 2016. Only Victoria and Regina have seen an increase.

		Regina, SK	Saskatoon, SK	Lethbridge, AB	Red Deer, AB	Calgary, AB	Edmonton, AB	Winnipeg, MB	Burlington, Ont.	Oakville, Ont.	London, Ont.	Victoria, BC	Average
R/C	2016	39%	35%	26%	34%	45%	40%	55%	35%	30%	52%	46%	40%
Ratio	2015	36%	37%	31%	36%	51%	42%	57%	37%	33%	54%	44%	42%

Table 1: Revenue/Cost (R/C) Ratio Comparable Cities

Transit had large increases in ridership up to 2015. In 2015, the first year of the fare strategy, there was a drop-in ridership. In 2016, with the introduction of the U-Pass at the University of Regina for the last four months of the year, ridership remained the same as the 2015 numbers. In 2017, there was an increase in ridership which can be partly attributed to the U-Pass being in place for eight months. The increased fares in 2015 was one of the contributing factors to the lost ridership in 2015. When a discounted fare option, like the U-Pass, was introduced and in place for the eight months in 2017, Administration saw an increase in ridership which was specifically among U-Pass holders. As noted in Table 2, Regina's R/C Ratio is 41 per cent in 2017, which is an eight per cent increase over six years. Administration is anticipating an increase in ridership if discounted pass options are offered.

Year	Ridership	% Change	Cost Recovery
2011	5,471,786	-	33%
2012	5,979,581	9.3%	39%
2013	6,224,780	4.1%	37%
2014	6,659,790	7.0%	33%
2015	6,434,022	-3.4%	36%
2016	6,434,602	0.0%	39%
2017	6,622,175	2.9%	41%

Table 2: Ridership and Cost Recovery over the past seven years.

The current transit fares in Regina can be seen in Appendix B.

DISCUSSION

The overall goals of the fare changes are to increase the amount of fare options available to the public, reward the customer for purchasing long-term fare product, and reduce the amount of individual cash fares purchased, thereby, increasing ridership. The following options are suggestions from customer feedback through Service Requests and front-line Transit staff. These changes are all feasible within the current farebox technology in place on Transit buses.

- **Affordable Bus Pass Program**

The Transit Department currently runs a discount pass program in conjunction with the provincial government. This allows individuals that are on one of the five government programs (identified below), to purchase a 31-day bus pass, for themselves and their dependants, for \$25 a month. This is a great option for those who have financial constraints. The five government programs are:

- Social Assistance
- Transitional Employment Allowance
- Saskatchewan Employment Supplement
- Provincial Training Program
- Saskatchewan Assured Income for Disability

However, there are individuals that do not qualify for the discount pass program that may also have financial constraints. This could mean working a minimum wage job, yet still being required to pay the full rate for a 31-day bus pass. Canadian municipalities have started to offer the affordable bus passes to residents as an affordable option to continue riding public transit. Regina Transit would offer the affordable bus pass as an option for customers that do not qualify for the Discount Pass Program. The City of Regina Community Services Department currently administers the Affordable Fun Program which allows a customer who qualifies, to purchase a leisure pass at a discounted rate. Regina Transit is going to partner with Community Services on this established program, thus, not increasing administrative costs. The requirements for an affordable bus pass will be the same as the Affordable Fun Program, and individuals will have to apply in the same manner. The price of the affordable bus pass would be 20 per cent less than a regular pass. The proposed 2019 adult 31-day pass would be \$88, and therefore, the affordable pass would be \$71. This is a similar discount offered in Saskatoon for their affordable bus pass.

- **Senior 31-Day Bus Pass** – Transit currently only sells a semi-annual or annual bus pass for seniors. A 31-day bus pass for seniors would allow flexibility in the length of time they choose for their bus pass. Senior passes are currently the only type of R-Card that does not have a 31-day pass option.
- **Semi Annual Adult and Youth Passes** – Both adults and youth can purchase passes in 31-day increments. Due to the limitation on the length of the pass, customers need to visit a Transit agent often to load passes. The option to provide a semi-annual bus pass would allow customers to load six months at one time. The semi-annual pass would also provide an incentive discount. The purchase price would be equivalent to six months of passes for the price of five months. A semi-annual pass may be refunded for the purchase price paid for the pass, less the cost of the number of months the pass was used. The extra month does not come into effect until the pass has been used for five months.
- **A) Charter Rates** – Regina Transit provides a variety of charters ranging from personal bookings to large conventions and events (Mosaic, SUMA, and Rider Games). The current rates for transit service do have a revenue component of approximately \$50 per hour. However, for larger events where multiple buses and service hours are required, Administration has determined a lower rate would be suitable to attract business. When a

large amount of service is provided, charging a lower rate can be warranted due to savings in administration and scheduling of buses. There are often requests at Council to reduce the amount charged to an organization to help facilitate budgets and ensure the events are a success for the community overall. To service Saskatchewan Roughrider games and major events at Mosaic Stadium, Transit provides between 300 to 350 hours of service.

Administration is recommending that any charter service with more than 300 hours of service be charged a rate per hour that is equal to the base rate (currently \$130 per hour). This would reduce the Administration of writing reports and gaining approval from Council, while at the same time, ensuring that organizations that are enriching the local economy are not overcharged for charter services.

- **B) Calculation of Charter Rates** – The calculation for the charter service rate should also be adjusted to reflect the average amount of seats on a bus. Over time, industry wide, buses have been produced with fewer seats to ensure accessibility and accommodation of mobility devices on conventional buses. Thus, the calculation of the base rate will change from $BR = \text{Adult cash fare} \times 40$ (where 40 was the average amount of seats on a bus), to $BR = \text{Adult cash fare} \times 37$. This would provide a small decrease in the charter rates overall and make Regina Transit more competitive to secure additional charter work. The rate of return for charter service provided is 100 per cent or more cost recovery.
- **Adjustment of Pass Prices** – Transit did a comparison with other Transit properties in Canada. This can be found in Appendix A. In most categories, Regina is equal to or below the average fare in these cities.

Administration is recommending decreasing some fare types to encourage ridership by providing incentives for buying multiple rides or passes. Administration recommends keeping the cash fare the same. This is to discourage customers from paying the cash fare and instead, utilize some of the more economical fare types.

The areas that are recommended to decrease fares are the following:

- **Rides** – Currently, the purchase price of 20 rides for both adult and youth provides two free rides. Administration is recommending that this increase to three free rides by decreasing the price of the ride packages.
- **Adult and Youth Passes** – Similar to the rides, Administration is recommending decreasing the price of the adult and youth passes with the goal of giving customers a financial incentive and encourage use of the unlimited 31-day pass. If the proposed cost of \$88 is approved, the customer would be paying for the equivalent of 27 trips based on the \$3.25 cash fare. With the average customer using the bus for approximately 40 trips per month, there is a savings to the customer in purchasing the 31-day pass.
- **Senior Annual Pass** – Administration is recommending decreasing the price of the senior annual pass with the goal of giving customers a financial incentive and encourage the purchase of longer term fare product. If the proposed cost of \$270 per year is approved, the customer would receive 12 months of product at a cost equivalent to nine months, thereby getting three months free.

The new fare table with the reflected changes above can be found in Appendix B.

RECOMMENDATION IMPLICATIONS

Financial Implications

The goal of the fare changes is to increase the number of options customers can utilize to use public transit and, in the end, increase ridership. Although the changes will provide discounts to customers, there will be an offset in increased ridership. Transit estimates a minimal loss in 2019 revenue with the proposed lower fare rates. This is based on 2017 and 2018 sales, an increase in sales in 2019 due to the decreased fares and applying the new proposed 2019 rates. Overall, ridership is expected to increase by at least three per cent in 2019 which would recover any decreased revenue due to the fare changes. This increase will bring transit ridership just over an estimated 7,000,000 in 2019. Transit estimates an increase of two per cent revenue and a three and a half per cent increase in ridership in 2020.

No other operational funding will be required for these changes. These changes are within the current capability of the farebox system that Transit utilizes which was installed in 2010.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The fare changes will help support the Transportation Master Plan. Specifically:

Policy 3.33: Elevate the potential for the use of loyalty or discount programs to encourage the use of transit.

Other Implications

None with respect to this report.

Accessibility Implications

All fare changes would apply to both conventional and paratransit bus users.

COMMUNICATIONS

If approved, Regina Transit will work with the Communications Department to develop a strategy to communicate and promote the new fare options. A campaign with the City's Advertising Agency of Record will be considered.

DELEGATED AUTHORITY

The recommendations contained in this report requires City Council approval.

Respectfully submitted,

COMMUNITY AND PROTECTIVE SERVICES COMMITTEE



Tracy Brezinski, Secretary