Agenda – Executive Policy Committee – October 15, 2008

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 7, 2008

Item No. 2 2009 Transit Fares
E-File TT-2

STANDING COMMITTEE RECOMMENDATION:

On October 7, 2008, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That effective January 1, 2009:

    A. That full and handi-transit cash fares be increased by 5 cents.

    B. That reduced and senior cash fares be increased by 5 cents.

    C. That full and handi-transit tickets be increased by 5 cents per ticket.

    D. That reduced and senior tickets be increased by 3 cents per ticket.

    E. That all forms of full, reduced and handi-transit weekday, weekly and monthly passes be increased the proportionate equivalent of a 5 cent full cash fare increase.

    F. That seniors tickets and passes are increased such that those fares remain 50% less than the equivalent full fare.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – October 15, 2008

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 7, 2008

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 7, 2008, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

RE: **2009 TRANSIT FARES**

FOR SUBMISSION TO: **Standing Policy Committee on Infrastructure Renewal and Public Works**

ORIGINAL REPORT SIGNED BY: **Dave Wardrop, Director of Transit**

REPORT DATE: **September 24th, 2008**

RECOMMENDATION:

That, effective January 1, 2009:

- **Full and handi-transit cash fares be increased by 5 cents;**
- **Reduced and senior cash fares be increased by 5 cents;**
- **Full and handi-transit tickets be increased by 5 cents per ticket;**
- **Reduced and senior tickets be increased by 3 cents per ticket;**
- **All forms of full, reduced and handi-transit weekday, weekly and monthly passes be increased the proportionate equivalent of a 5 cent full cash fare increase; and**
- **Seniors tickets and passes are increased such that those fares remain 50% less than the equivalent full fare.**

Report Summary

Key Issues:

- The department has been and expects to face increased costs for salaries, wages and benefits, increased diesel fuel costs, and transfers to the Bus Replacement Reserve. Currently, the cost of diesel fuel has increased 54% since 2006.
- The department receives operating funding through system generated revenue and operating grants from the Province and City tax-supported budget. Over a number of years, a balance between all three sources has been developed within a range.
- The recommended fare increase is estimated to produce $1.4 million in additional passenger revenue for 2009.

Implications of the Recommendation(s):

General Implications

( ) None
( ) For the organization overall and/or for other departments
(X) For the community and/or organizations external to the City
( ) Involves a multi-year contract

Comment(s): Passengers of regular transit service and handi-transit service will be paying higher fares, effective January 1, 2009.

Policy Implications

( ) No
(X) Yes

Comment(s): Consistent with the past number of years, the recommended fare structure does not consider the Council adopted fare setting policy.

Regulatory Implications

(X) None
( ) Eliminates or reduces regulatory impact
( ) Proposes regulatory impact

Environmental Implications

(X) No
( ) Yes

Human Resources Implications

(X) No
( ) Yes

Financial Implications

( ) Within approved current and/or capital budget
(X) Current and/or capital budget adjustment required

Comment(s): The recommended fare increase is necessary to allow the department an opportunity to maintain service levels.

Report

REASON FOR THE REPORT:

Transit fare adjustments require Council approval.

HISTORY:

On January 22, 1992, Council approved that all City fees and charges increase annually by the rate of inflation unless a review indicates otherwise.

In 1996, Council adopted a transit fare policy that fixed the relationship between the full cash fare and all other fare categories. (See Appendix 1 – Transit Fare Policy). However, this policy has been deviated from over the past number of years.

On November 21, 2007, Council approved new transit fares to take effect January 1, 2008. These are the fares currently being charged.

DISCUSSION:

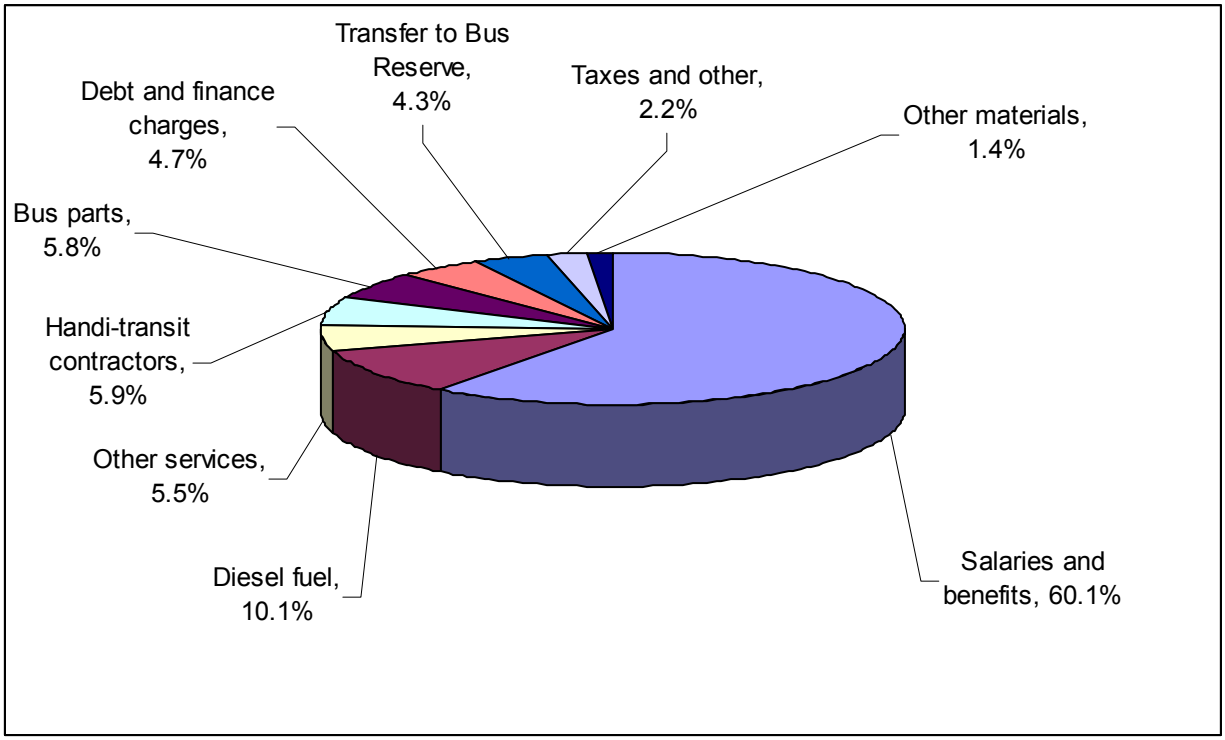
Winnipeg Transit carries out the provision of public transit service to the citizens of the City of Winnipeg. In providing this service, the department serves the role of planning, developing and operating a public transportation system that:

- Provides mobility for those who can not or choose not to use other modes of transportation;
- Provides weekday peak period service levels that minimize the City's requirement for investment in roadway and bridge infrastructure;
- Reduces pollution generated by the overall urban transportation system; and
- Reduces energy use by urban transportation.

As well, through its dedicated handi-transit service, the department provides a parallel public transportation service for people who cannot use the regular transit system because of a physical disability.

In 2007, Winnipeg Transit expended $118.3 million in delivering these services. The following chart summarizes the areas where these funds were expended:

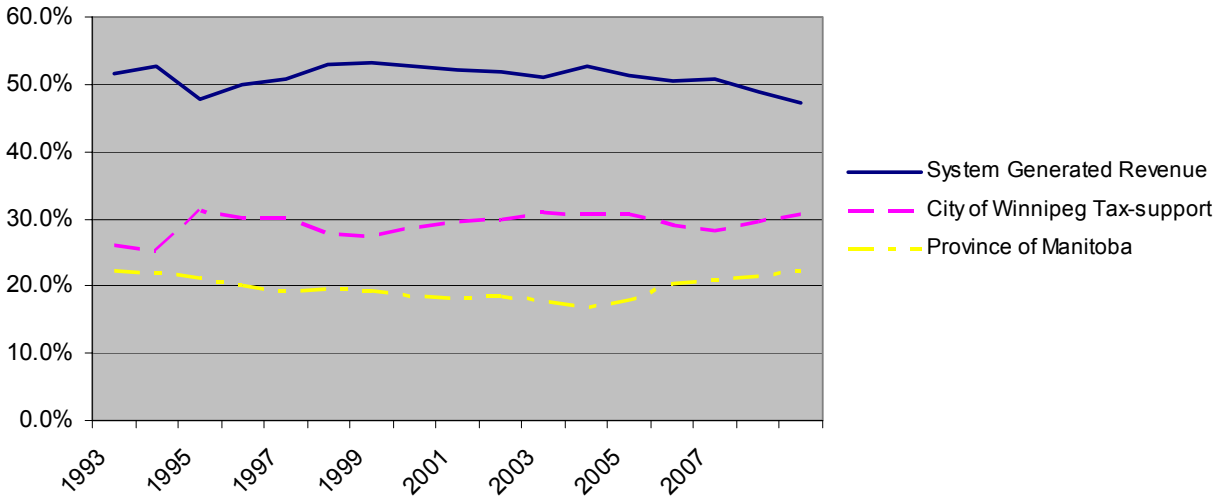
Chart 1 – Proportionate Expending by Category



This allowed the department to provide over 1.3 million hours of regular transit service and over 586,000 handi-transit trips.

To carry out these services, Winnipeg Transit relies upon three sources of revenue. Its primary source is system generated revenue, which will include fare and advertising revenue. It also receives annual operating grants from the Province of Manitoba and the City's tax-supported budget. The following chart summarizes the relative proportions for these funding sources over the past 15 years:

Chart 2 – Proportionate Funding by Category



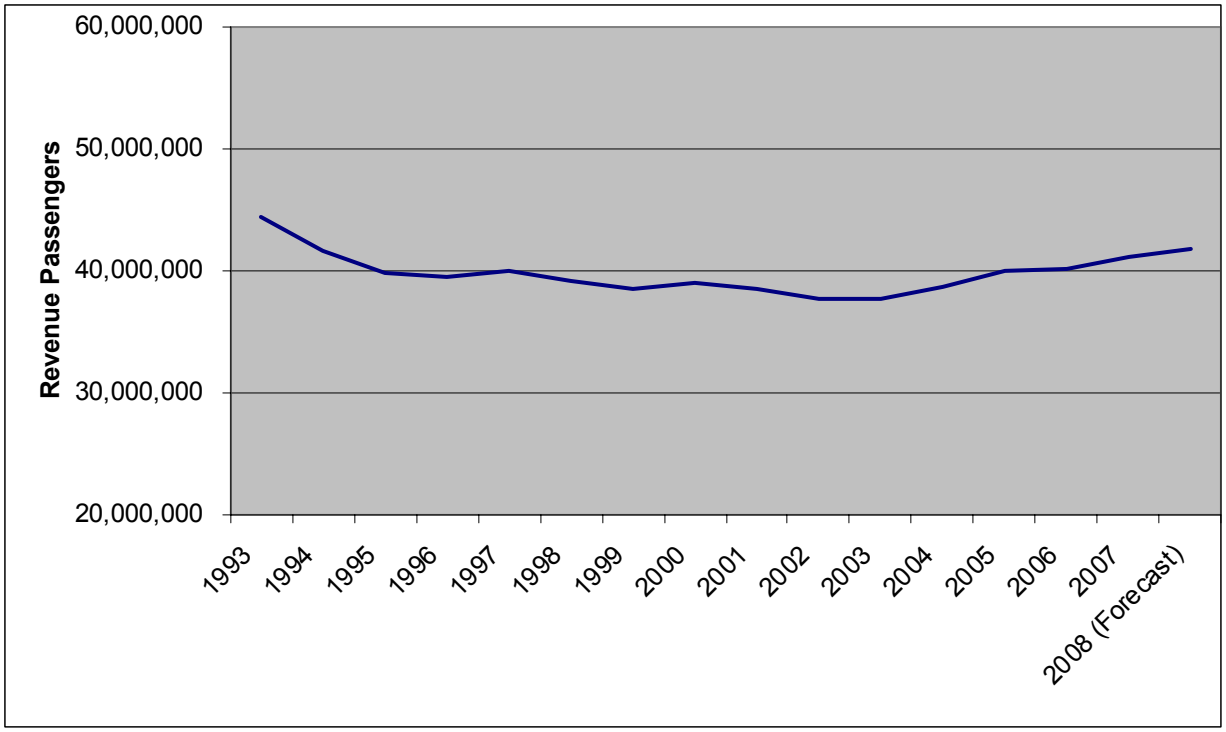
Note: The amount noted for 2008 is based upon the June Operating Forecast.

Recent Financial Considerations

On March 26, 2008, Council approved the 2008 Operating Budget and authorized that a Rapid Transit Infrastructure Reserve be established and that $2.75 million be approved in 2008 as an initial contribution to this new reserve. The purpose of the reserve is to accumulate funds and subsequently to expend on future costs incurred on account of public transit infrastructure, including the construction of rapid transit corridors contemplated in the future.

Continued ridership increases have produced an additional $0.8 million in system generated revenue in 2007. Increasing revenue passengers has been a very positive trend for Winnipeg Transit. After years of declining ridership, if expectations continue, 2008 represents the sixth straight year of increases, as noted in the chart below:

Chart 3 – Number of Revenue Passengers



Supplementing the additional system generated revenue in 2007 were increased Provincial ($0.9 million) operating grants.

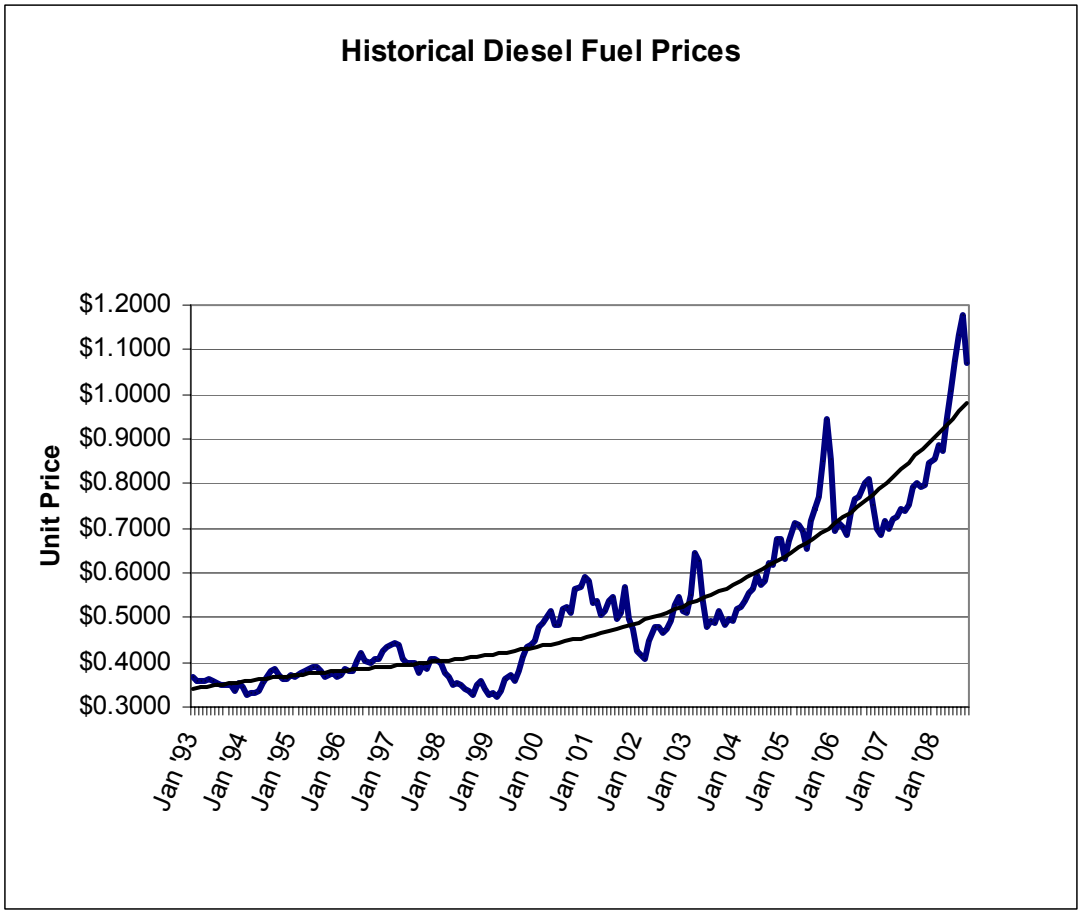
These additional revenues were necessary to meet a number of continuing financial pressures. There were two main areas experiencing increased costs:

Diesel Fuel

While the impact of rising gasoline prices contributes to increased revenue passenger numbers, it also has a negative impact on the operating budget. Costing a total of $12.2 million in 2007, diesel fuel is the department's largest expense after salaries, wages and benefits.

At the beginning of 2006, Winnipeg Transit was paying 69 cents per litre for diesel fuel. Currently, this has increased 54% to $1.07 per litre. A $0.10 per litre increase in diesel fuel will result in an additional expenditure of over $1.5 million based on current usage. The following chart displays the historical price paid for diesel fuel since 1993:

Chart 4 – Historical Unit Price of Diesel Fuel



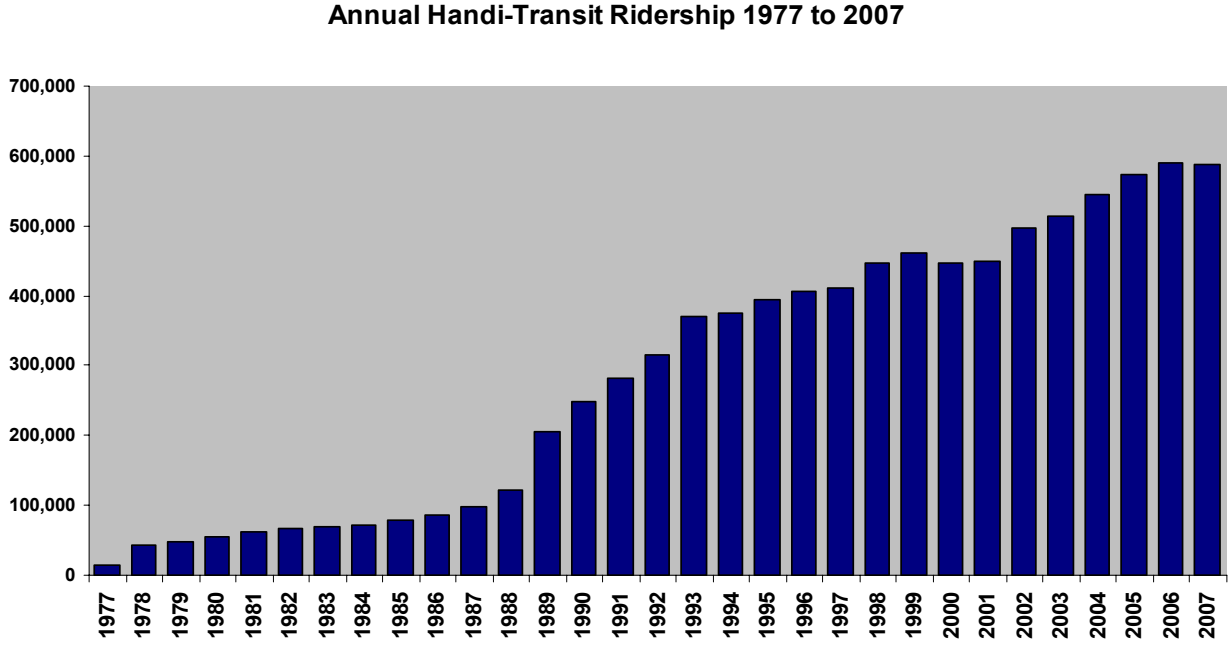
Salaries, wages and benefits

For the department as a whole, these costs increased $1.5 million. This increase represents both cost of living adjustments ($1.1 million) and an increase in staffing ($0.4 million).

Handi-Transit

Significant steps have been taken to minimize costs and improve the efficiency and capacity of the Handi-transit operation, including the recent introduction of free regular transit service for registrants holding a valid photo id. The availability of low floor buses and a review of registrants based on the eligibility criteria adopted by Council April 26, 2006, combined with other factors (e.g., weather conditions) resulted in a decrease in demand of 0.7% from 2006. This reduction in demand is expected to be a short term occurrence resulting from the above factors, and it is anticipated that the demand for Handi-Transit service will continue to grow as Winnipeg's population ages and the number of people with disabilities living in the community increases. The following chart shows the number of trips provided over the years:

Chart 5 – Historical Handi-Transit Ridership



Recommended 2009 Transit Fares

The following table compares the current transit fares to those recommended for 2009:

		Current Fares	Proposed Fares January 1, 2009	Percent Change
Full Fare – Regular Transit	Cash	$2.25	$2.30	2.2%
	Tickets (sheet of ten)	19.50	20.00	2.6%
	Weekday pass	17.50	17.90	2.3%
	SuperPass	19.50	20.00	2.6%
	Monthly pass	71.25	72.80	2.2%
Post-secondary monthly pass		57.00	58.30	2.3%
Handi-transit	Cash	2.25	2.30	2.2%
	Tickets (sheet of ten)	19.50	20.00	2.6%
	Monthly pass	71.25	72.80	2.2%
Reduced Fare – Regular Transit	Cash	1.75	1.80	2.9%
	Tickets (sheet of ten)	13.50	13.80	2.2%
	SuperPass	13.50	13.80	2.2%
	Monthly pass	48.15	49.20	2.2%
Senior Fare – Regular Transit	Cash	1.75	1.80	2.9%
	Tickets (sheet of ten)	9.70	10.00	3.1%
	SuperPass	9.75	10.00	2.6%
	Monthly pass	35.65	36.40	2.1%

Implications of the Recommended 2009 Transit Fares

- It is estimated that the recommended fares would generate approximately $1.4 million in additional revenue for Winnipeg Transit;
- Consistent with the past number of years, the above fare structure does not consider the Council adopted fare setting policy.

2009 Draft Operating Budget

Pursuant to the direction from the Chief Financial Officer, City departments are presently developing their 2009 operating budgets. The process is still in its preliminary stages, requiring significantly more discussion, review and debate over the next number of months. The proposed recommended transit fares are being proposed now in order to enable implementation of the new fare structure on January 1, 2009. Delaying implementation results in an additional cost to the City of approximately $125,000 per month delayed.

The foregoing financial considerations are continuing in 2008 and are expected to continue into 2009:

- Salaries and wages are expected to increase.
- Contributions to a new Transit Infrastructure Reserve commenced in 2008, and are expected to continue to help finance the Southwestern Transit Corridor – Stage 1.
- Diesel fuel prices continue to increase. The 2009 draft budget includes an additional $6.4 million for motive fuels and lubricants compared to 2007 actual expenditures.

For comparison purposes, Appendix 2 includes a comparison of various fares currently being charged by major Canadian cities.

Financial Impact Statement

Date: September 24, 2008

Project Name: 2009 Transit Fares

First Year of Program 2009

	2009	2010	2011	2012	2013
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	1,390,000	1,390,000	1,390,000	1,390,000	1,390,000
Net Cost/(Benefit)	$ (1,390,000)	$ (1,390,000)	$ (1,390,000)	$ (1,390,000)	$ (1,390,000)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (1,390,000)	$ (1,390,000)	$ (1,390,000)	$ (1,390,000)	$ (1,390,000)

Additional Comments: The recommended 2009 Transit fare increase will provide an estimated additional $1.39 million in passenger revenue. The Operating Budgets for 2009 onwards have not yet been approved. Although a fare increase is not included in the 2009 Administrative Budget, the 2009 Operating Budget presently being developed requires this increase to meet operational requirements of the department.

Original Signed by Rick Wilson

Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

N/A

External Consultation With:

N/A

THIS REPORT SUBMITTED BY:

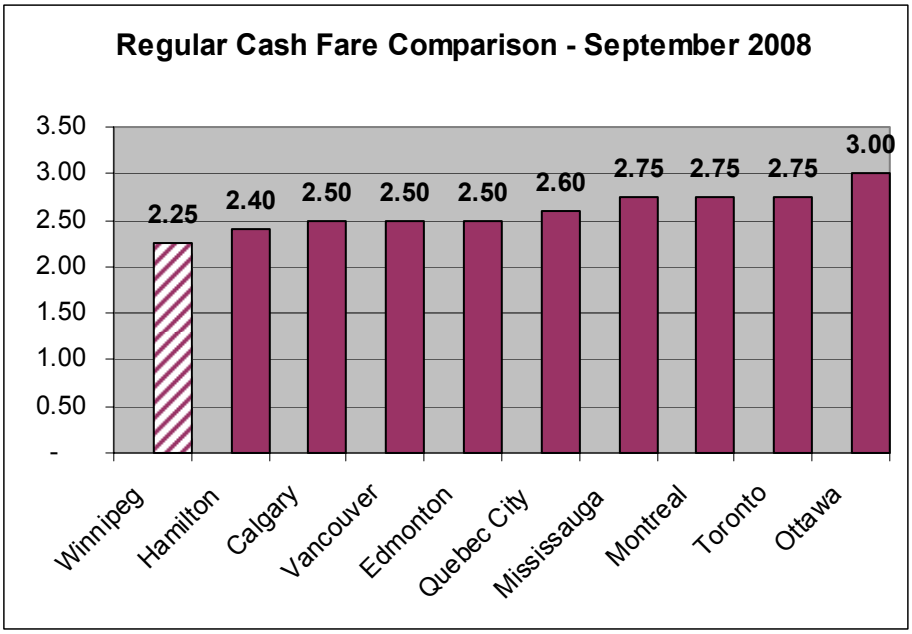
Department: Transit
Division: Finance and Administration
Prepared by: Rick Wilson
File No.

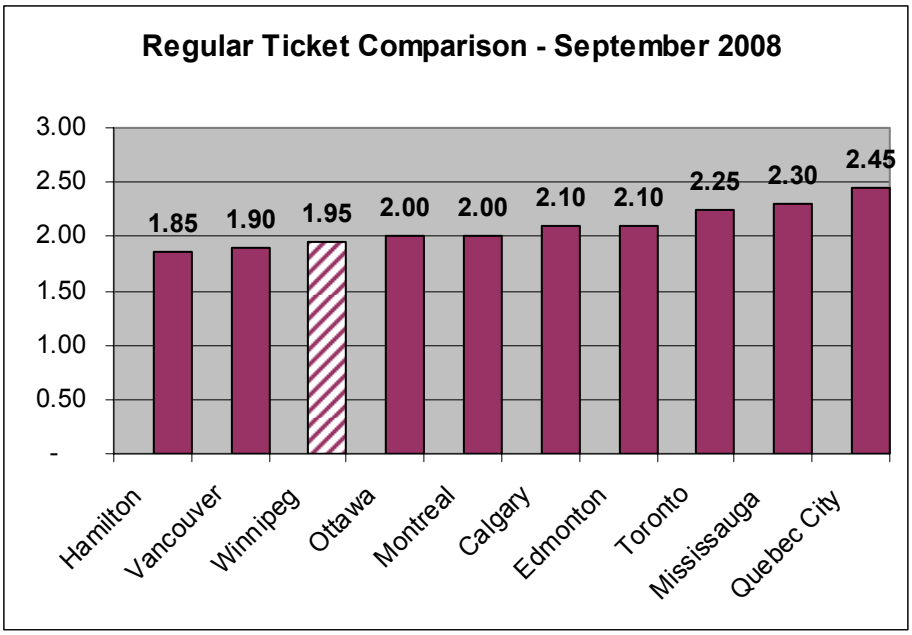
Appendix 1 – Transit Fare Policy

	Fare Category	Eligibility	Value
Single Trip Fares	Cash Fare	Persons Aged 17-64 years	Set by Council
	Adult Ticket Fare	Persons Aged 17-64 years	$0.05 less than Cash Fare
	Reduced Cash Fare	Persons Aged 5-16 years Winnipeg High School Students Aged 17-21 (with ID) Persons Aged 65 and Over (with ID)	80% of Adult Cash
	Reduced Ticket Fare	Persons Aged 5-16 years Winnipeg High School Students Aged 17-21 (with ID) Persons Aged 65 and Over (with ID)	60% of Adult Ticket
Weekly Passes	Adult Weekday Pass (valid Monday – Friday)	Persons Aged 17-64 years	9 x Adult Ticket
	Adult Super Pass (valid Monday – Sunday)	Persons Aged 17-64 years	10 x Adult ticket
	Reduced Super Pass (valid Monday – Sunday)	Persons Aged 5-16 years Winnipeg High School Students Aged 17-21 (with ID) Persons Aged 65 and Over (with ID)	10 x Reduced Ticket
Monthly Passes	Adult Monthly Pass	Persons Aged 17-64 years	38.5 x Adult Ticket
	Reduced Monthly Pass	Persons Aged 5-16 years Winnipeg High School Students Aged 17-21 (with ID) Persons Aged 65 and Over (with ID)	38.5 x Reduced Ticket
	Post Secondary Student Monthly Pass	All Post-Secondary students with validated Student ID Apprenticeship and Continuing Education students not eligible	20% discount from adult monthly pass
Transfer System	Non-Directional	All cash and ticket passengers	Valid for 60 minutes from time of issue

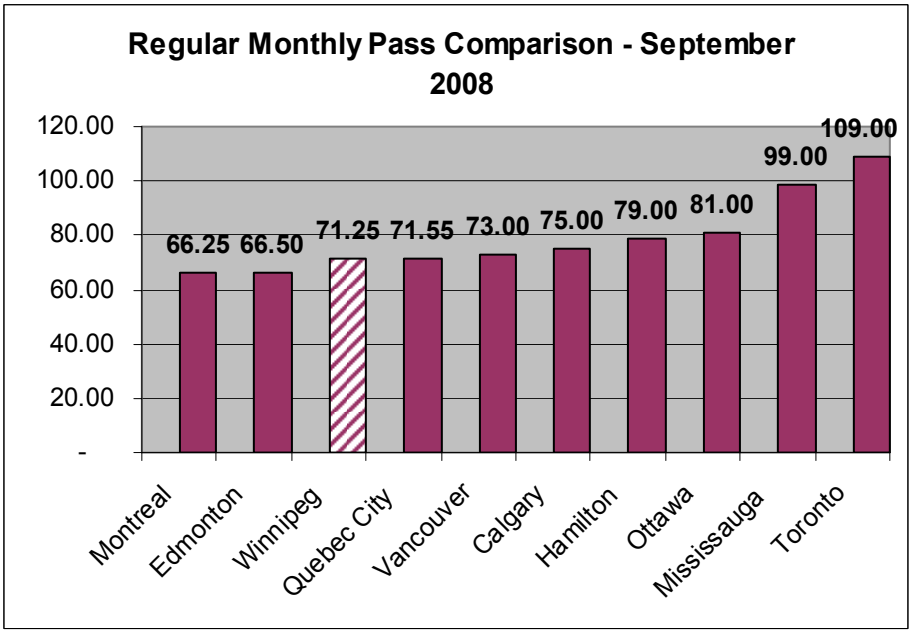
Appendix 2 – Comparison of Fares in Major Canadian Cities

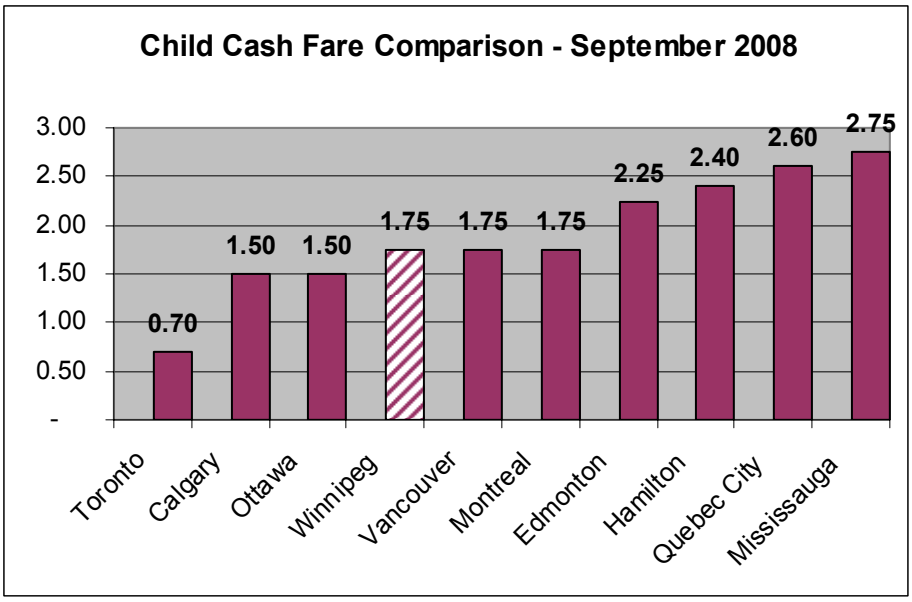
These comparisons are made using fares published on the various city websites as at September 2008. No attempt has been made to further verify the accuracy of the presentation.



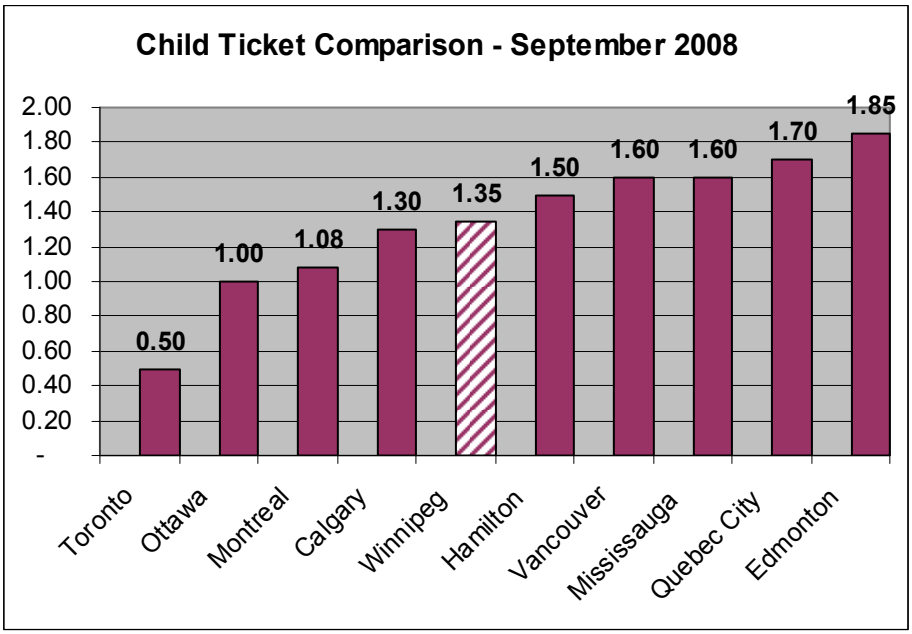


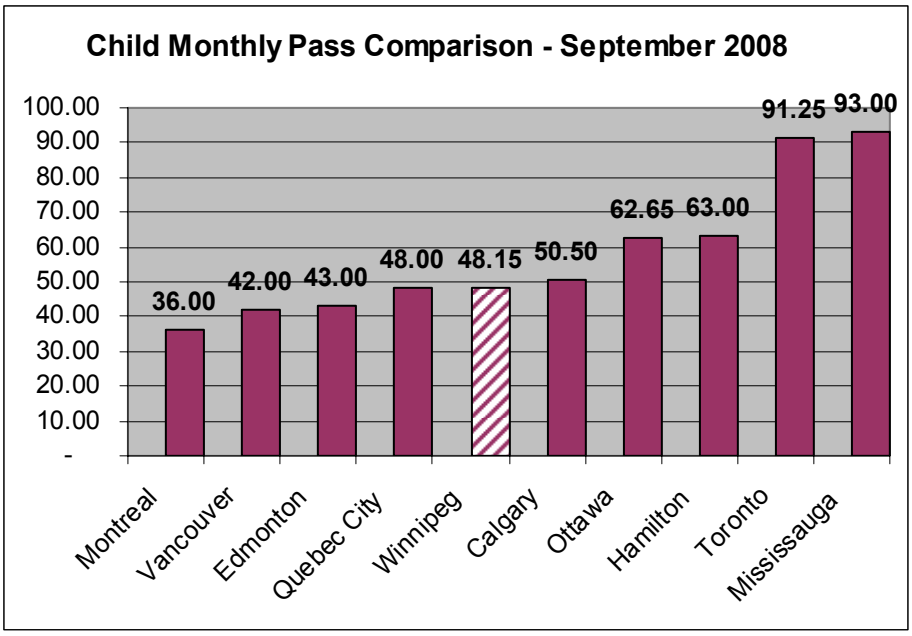
Appendix 2 (continued) – Comparison of Fares in Major Canadian Cities



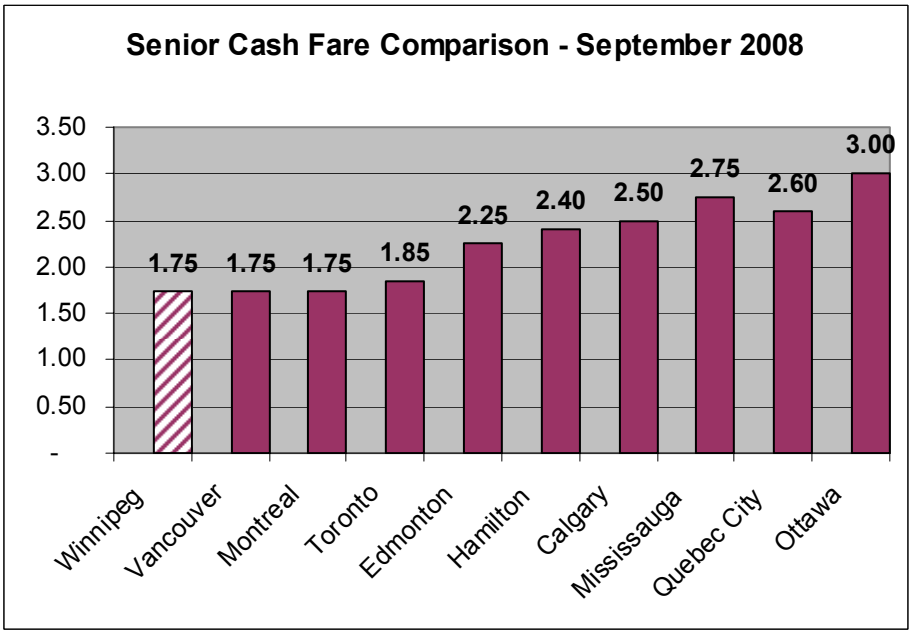


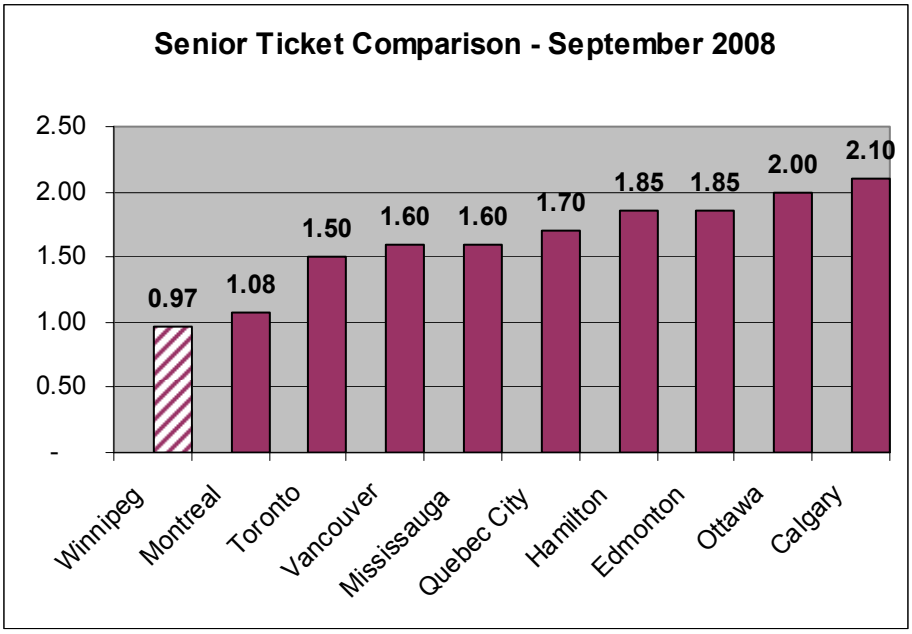
Appendix 2 (continued) – Comparison of Fares in Major Canadian Cities



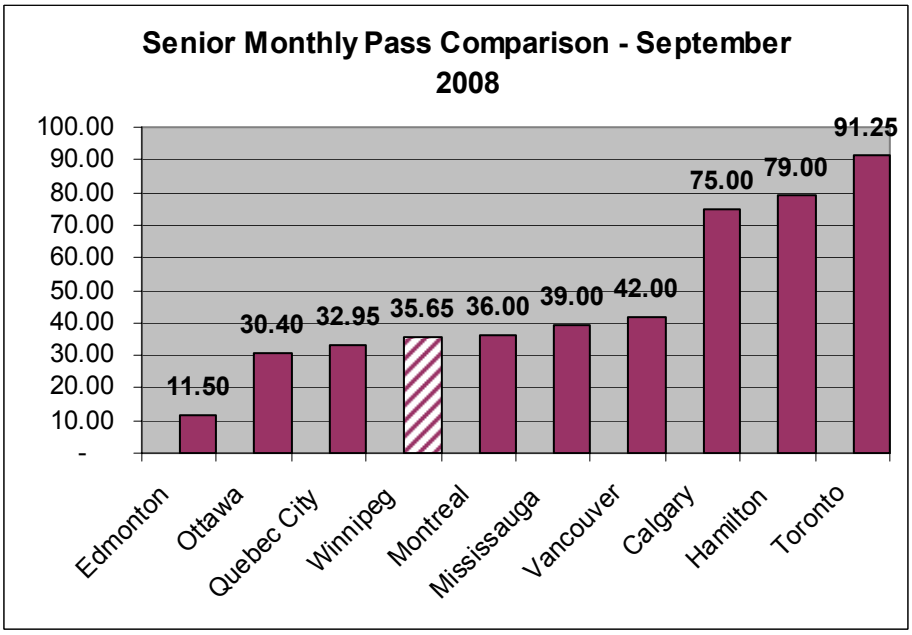


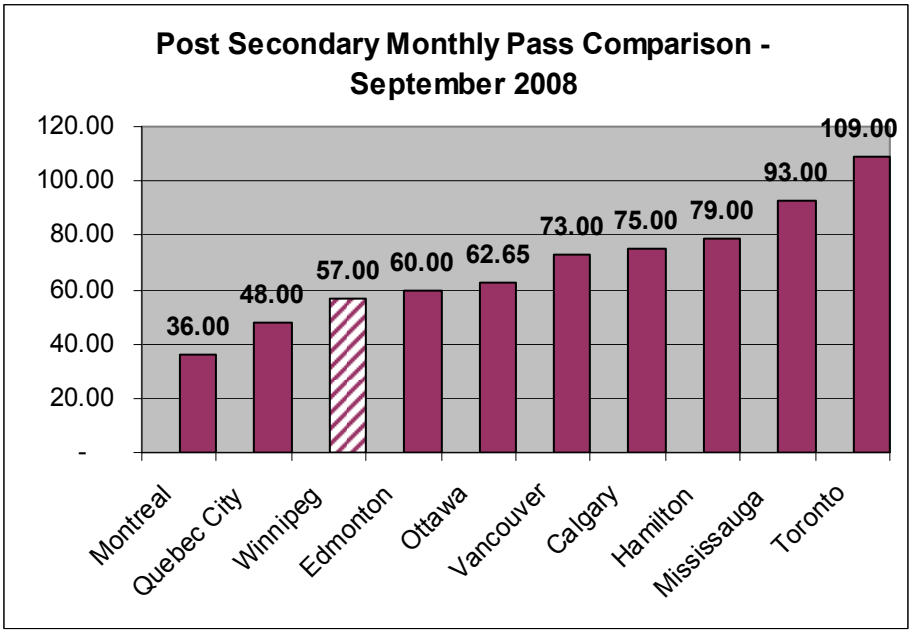
Appendix 2 (continued) – Comparison of Fares in Major Canadian Cities





Appendix 2 (continued) – Comparison of Fares in Major Canadian Cities




Post Secondary Monthly Pass Comparison - September 2008
120.00
100.00
80.00
60.00
40.00
20.00
-
36.00
48.00
57.00
60.00
62.65
73.00
75.00
79.00
93.00
109.00
Montreal
Quebec City
Winnipeg
Edmonton
Ottawa
Vancouver
Calgary
Hamilton
Mississauga
Toronto