Minutes – Executive Policy Committee – November 9, 2011

Minute No. 26
Report – Standing Policy Committee on Infrastructure Renewal and Public Works – November 4, 2011

Item No. 2 2012 Transit Fares

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submits the following to Council:

1. That effective, January 1, 2012:

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

    B. Reduced and senior cash fares be increased by 5 cents.

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

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

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

    F. Senior 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.

Minutes – Executive Policy Committee – November 9, 2011

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – November 4, 2011

DECISION MAKING HISTORY:

Moved by Councillor Vandal,

That the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On November 4, 2011, 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.

ADMINISTRATIVE REPORT

Title: ***2012 Transit Fares***

Critical Path: **Standing Policy Committee on Infrastructure Renewal and Public Works – EPC - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Yanchishyn	D. Wardrop	Mike Ruta Chief Financial Officer	Deepak Joshi Chief Operating Officer

RECOMMENDATIONS

That effective, January 1, 2012:

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

REASON FOR THE REPORT

Transit fare adjustments above the rate of inflation require Council approval.

IMPLICATIONS OF THE RECOMMENDATIONS

The recommended fare increase is estimated to produce $1.530 million in additional passenger revenue for 2012 and is necessary to allow the department an opportunity to maintain service levels.

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 October 22, 2008, Council approved new transit fares to take effect January 1, 2009.

On December 17, 2008 Council approved By-Law 196/2008 Fees and Charges Policy whereby the Chief Financial Officer can approve annually all fees and charges up to the rate of inflation and permits the Chief Financial Officer to round fees up or down for ease of payment.

Transit fares for 2010 and 2011 were approved by the Chief Financial Officer under By-Law 196/2008.

As the inflation rate to determine 2012 fees and charges is set at 0.8%, and a 5 cent increase on the full cash fare is equal to 2.1%, approval of this increase would be outside of the Chief Financial Officer's authority.

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 cannot 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.

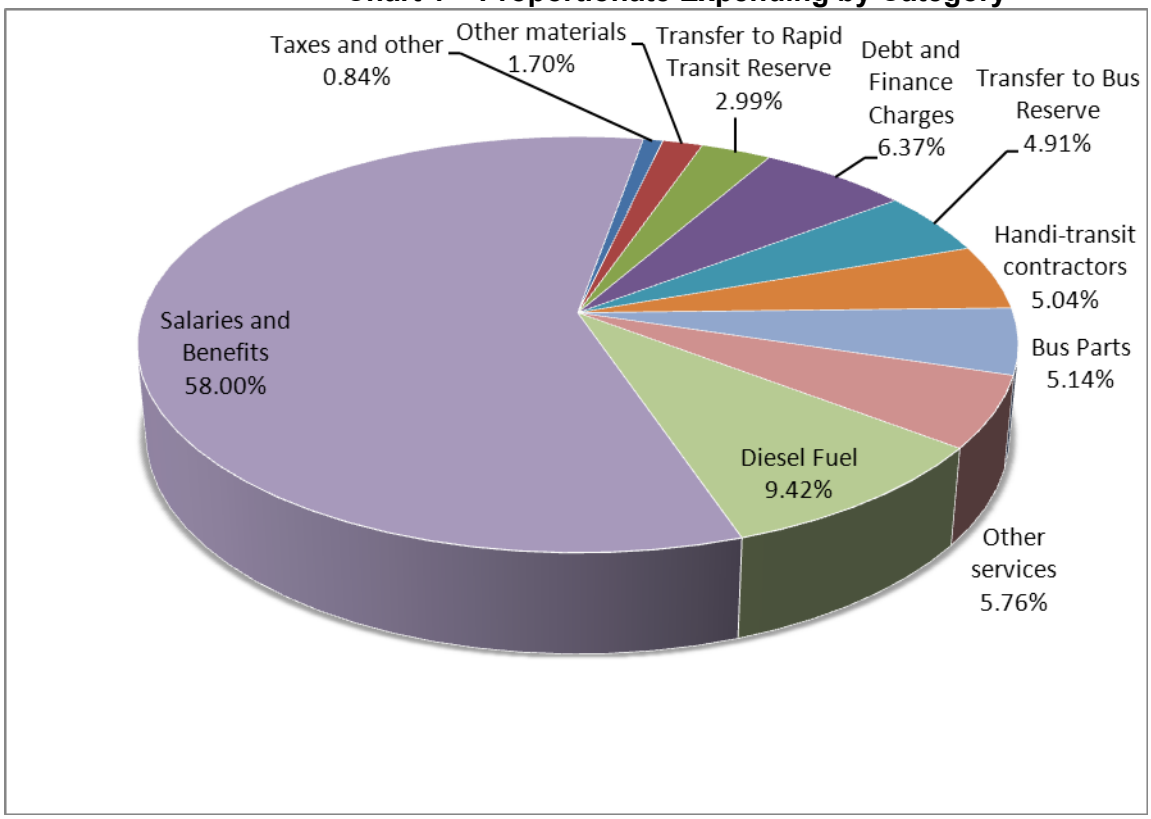
As well, through its dedicated handi-transit service, the department provides parallel public transportation service for people who cannot use the regular transit system because of an eligible disability.

Expenses

In 2010, Winnipeg Transit expended $142.0 million in delivering these services. Chart 1 on the following page summarizes the areas where these funds were expended.

This allowed the department to provide over 1.4 million hours of regular transit service and over 511,000 handi-transit trips.

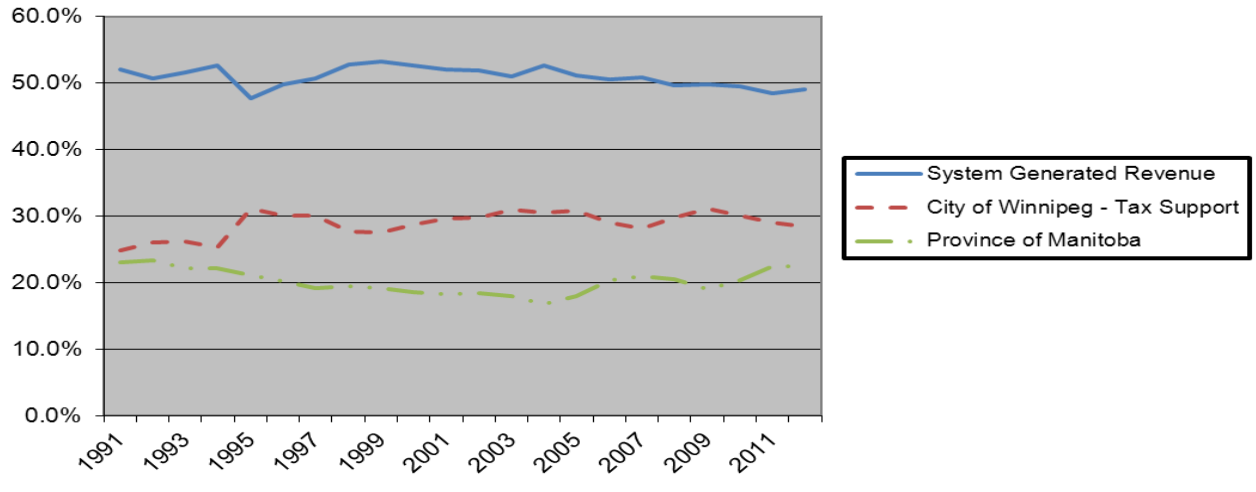
Chart 1 – Proportionate Expending by Category



Revenues

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 20 years.

Chart 2 – Proportionate Funding by Category

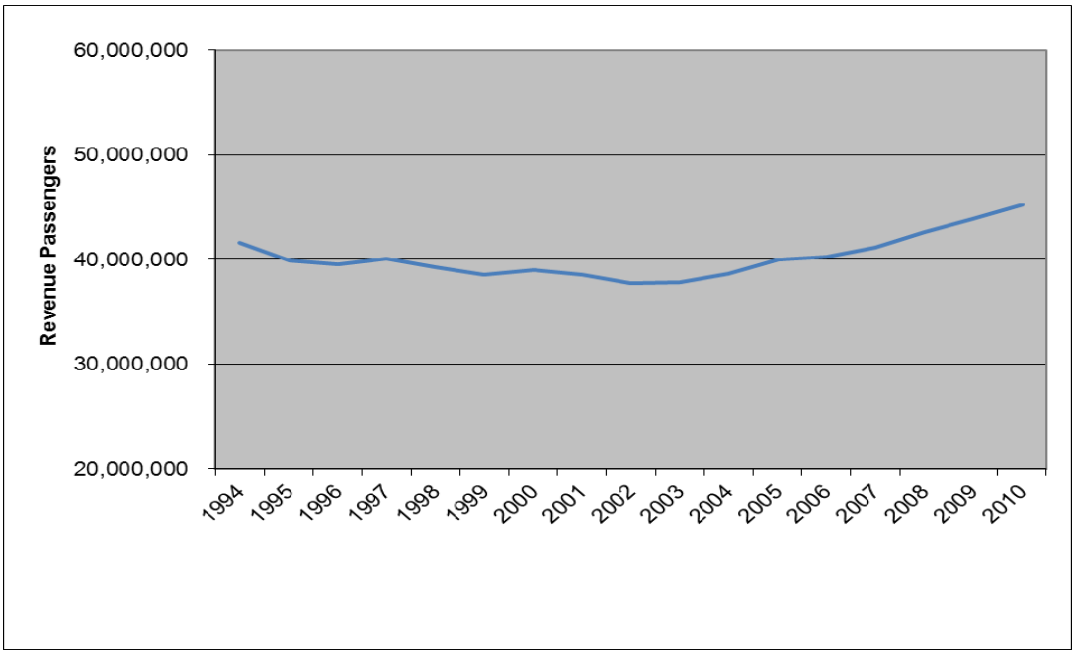


Note: The amount noted for 2011 is based upon the August Operating Forecast.

Continued ridership increases have a positive impact on system generated revenue, however the percentage of system generated revenue over total revenue has been continuing to decrease slightly, causing greater reliance on tax dollars.

Increasing revenue passengers has been a very positive trend for Winnipeg Transit. If expectations continue, 2011 represents the ninth straight year of increases, as noted in the chart below:

Chart 3 – Number of Revenue Passengers



The additional revenues generated through ridership were necessary to meet a number of continuing financial pressures. The department has been and expects to face increased costs for salaries, wages and benefits, increased diesel fuel costs and bus parts, and transfers to the Bus Replacement Reserve.

Salaries, wages and benefits

For the department as a whole, these costs continued to increase in 2010 over 2009. This increase represents factors such as cost of living adjustments, the effect of a high number of new staff moving up the salary scale, as well as an increase in staffing.

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 $13.3 million in 2010, and anticipated to cost $17.1 million in 2011 due to rising prices, diesel fuel is the department's largest expense after salaries, wages and benefits.

Transfers to Transit Bus Replacement Reserve

The cost of buses continues to increase partially due to new emission controls standards as well as inflation. This requires the department to contribute an increased amount to the bus replacement reserve in order to maintain an annual purchase of 30 buses. In 2007 the department contributed $5.1 million to the reserve, whereas contributions for 2011 and onward have increased to $8 million annually. The price of one bus in 2007 cost $390,698 whereas the cost of one bus in 2010 cost $435,903, a 12% increase in 4 years.

Recommended 2012 Transit Fares

The following table compares the current transit fares to those recommended for 2012:

Fare Class	Fare Product	Current Fares	Proposed Fares January 1, 2012	Percent Change
Full Fare – Regular and Handi-Transit	Cash	$2.40	$2.45	2.1%
	Tickets (each)	2.10	2.15	2.4%
	Weekday pass	18.60	19.00	2.2%
	SuperPass	21.00	21.50	2.4%
	Monthly pass	75.35	77.00	2.2%
Post-secondary monthly pass, includes Handi-Transit		60.30	61.60	2.2%
Reduced Fare – Regular Transit	Cash	1.90	1.95	2.6%
	Tickets (each)	1.43	1.46	2.1%
	SuperPass	14.30	14.60	2.1%
	Monthly pass	51.00	52.10	2.2%
Senior Fare – Regular Transit	Cash	1.90	1.95	2.6%
	Tickets (each)	1.05	1.08	2.9%
	SuperPass	10.50	10.75	2.4%
	Monthly pass	37.70	38.50	2.1%

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

FINANCIAL IMPACT

Financial Impact Statement **Date:** October 11, 2011

Project Name:
2012 Transit Fares

First Year of Program **2012**

	2012	2013	2014	2015	2016
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	1,530,000	1,530,000	1,530,000	1,530,000	1,530,000
Net Cost/(Benefit)	$ (1,530,000)	$ (1,530,000)	$ (1,530,000)	$ (1,530,000)	$ (1,530,000)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (1,530,000)	$ (1,530,000)	$ (1,530,000)	$ (1,530,000)	$ (1,530,000)

Additional Comments: The recommended 2012 Transit fare increase will provide an estimated additional $1.530 million in passenger revenue. The Operating Budgets for 2012 onwards have not yet been approved. The 2012 Operating Budget presently being developed requires this increase to meet operational requirements of the department.

original signed by Tanis Yanchishyn, CA
Manager of Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

N/A

SUBMITTED BY

Department Transit
Division Finance and Administration
Prepared by: Tanis Yanchishyn, CA
Date: *October 11, 2011*
File No.


Appendix 1 Transit Fare Policy.doc


Appendix 2 - Canadian Fare Compa