Agenda - Executive Policy Committee - November 12, 2003

REPORTS

Item No. 3 2004 Transit Fare Increase
File TT-2

ADMINISTRATIVE RECOMMENDATION:

That, effective January 1, 2004, regular and reduced cash fares be increased by five cents and that ticket and pass prices be increased proportionately.

Re:	**2004 TRANSIT FARE INCREASE**
For submission to:	**Executive Policy Committee**
Original report signed by:	**Rick Borland, Director of Transit**
Report date:	**October 6th, 2003**
Recommendation:	**That, effective January 1, 2004, regular and reduced cash fares be increased by five cents and that ticket and pass prices be increased proportionately.**

Report Summary

Key Issues:

- The department has submitted its draft 2004 to 2006 Current Estimates. In order to offset increasing costs and based on assumed Provincial and City funding, the department requires a five cent fare increase to regular and reduced fares, effective January 1, 2004.

- The draft 2004 Current Estimates for the department present a financial challenge to the City, even with the five cent fare increase proposed herein.

- Council has previously approved a transit fare policy that determines all other fares based on the regular cash fare. Approving the recommended fare increase will be contrary to this policy. Complying with the policy will result in no change to current reduced fares, but will not generate the increased revenue required to meet the financial guidelines. This policy has not been followed since 2000.

Implications of the Recommendation:

General Implications

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

Comment: All passengers of regular transit service and handi-transit service will be paying higher fares, effective January 1, 2004.

Policy implications

	No
X	Yes

Comment: The recommended fare increase is necessary to allow the department an opportunity to maintain service levels, considering increasing costs and assumed Provincial and City funding used in developing its draft 2004 Current Estimates. However, the fare increase will result in reduced fares that are higher than will be the case if the transit fare policy adopted by Council is followed. Approval of the recommended fare increase will not be consistent with the transit fare policy previously approved by Council.

Environmental implications

X	No
	Yes

Human resources implications

X	No
	Yes

Financial Implications

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

Comment: The recommended fare increase is necessary to allow the department an opportunity to maintain service levels, considering increasing costs and assumed Provincial and City funding used to develop its draft 2004 Current Estimates.

Report

Reason for the report:

Transit fare adjustments require Council approval.

History:

On February 22, 1995, Council approved a fare setting policy that based all other transit fares on the regular (adult) cash fare approved, from time to time, by Council.

On December 13, 1995, Council approved an amendment to the policy in regards to regular and reduced monthly pass rates.

On December 16, 1998, Council approved an amendment to the policy in regards to the reduced cash fare.

On July 24, 2003, the department submitted its draft 2004 Current Estimates. The draft Current Estimates include the fare increase recommended in this report.

Discussion:

Current Estimate Background

The Transit Department receives its operating funding from three sources – system generated (transit fares, advertising, etc.), the Province of Manitoba and The City of Winnipeg. The draft 2004 Current Estimates consider significant anticipated cost increases for salaries and wages (with negotiated increases), bus parts and contributions to the Transit Bus Replacement Reserve. The Provincial operating grant has been assumed to be consistent with that expected to be received in 2003. The targeted grant from The City of Winnipeg assumes a 2.6% increase from that budgeted for in 2003.

In addition to these projected revenues, and in view of increasing costs and assumed Provincial and City funding, the department requires approval of the five cent fare increase being recommended. It is anticipated that this increase will produce approximately $1.2 million in additional revenue. In doing so, the fare structure will be as shown below in the "Proposed January 1, 2004" column:

		Current	Proposed January 1, 2004	% Change
Full Fare – Regular				
	Cash	$1.75	$1.80	2.9%
	Ticket (sheet of 10)	17.00	17.50	2.9%
	Weekday pass	15.30	15.75	2.9%
	SuperPass	17.00	17.50	2.9%
	Monthly pass	65.45	67.40	3.0%
Post-secondary monthly pass		52.35	53.90	3.0%
Handi-transit	Cash	1.75	1.80	2.9%
	Ticket (sheet of 10)	17.00	17.50	2.9%
	Monthly pass	65.45	67.40	3.0%
Reduced Fare – Regular	Cash	1.45	1.50	3.4%
	Ticket (sheet of 10)	11.00	11.50	4.5%
	SuperPass	11.00	11.50	4.5%
	Monthly pass	42.35	44.30	4.6%

Existing Fare Setting Policy

Approving these fares will be contrary to the transit fare policy previously approved by Council. Most recently amended in December, 1998, the original transit fare policy was developed after a two year study that considered a number of fare structure and policy issues. The intent of the resulting policy was to produce a fare structure that provides additional convenience and flexibility for passengers, is simple to understand and to enforce, encourages ridership, provides a rational scale of discounts, and maintains existing transit system revenues.

Following the December, 1998 amendment by Council, the current fare policy is as follows:

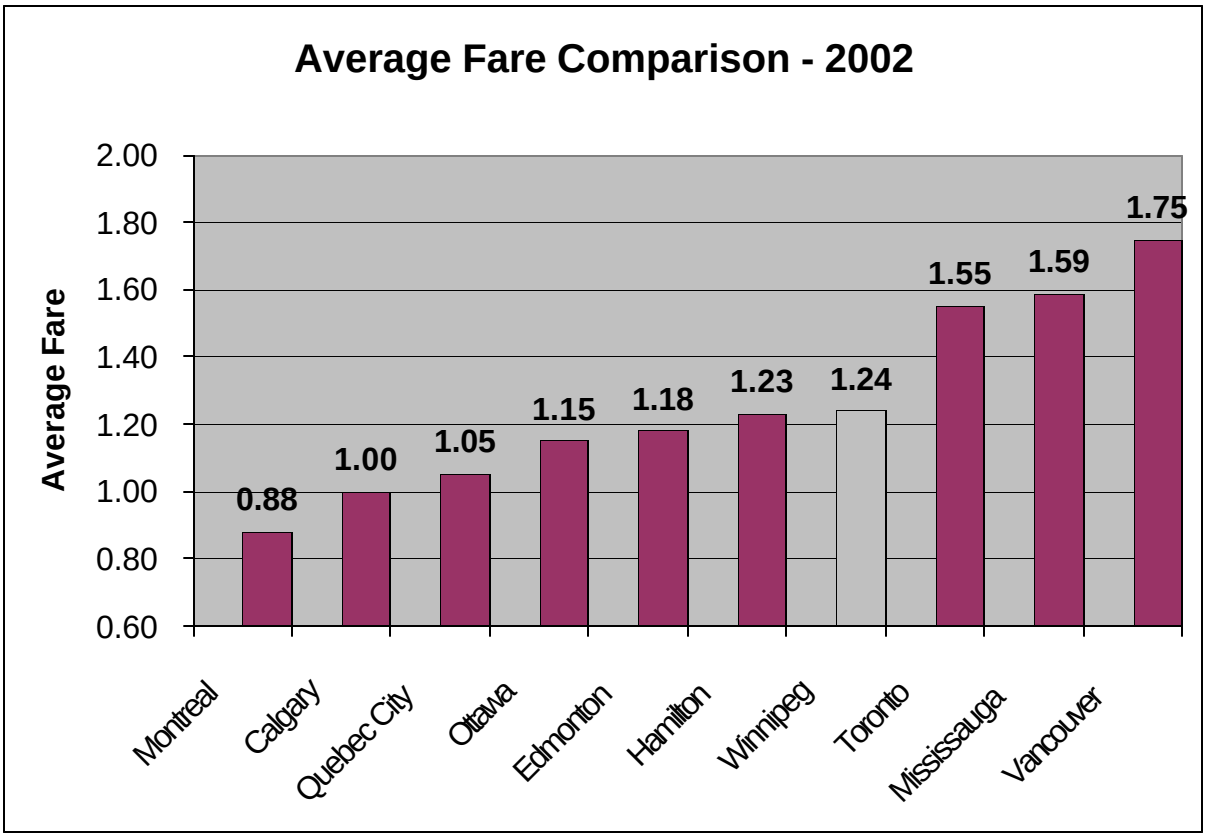
	Fare Category	Eligibility	Value
Single Trip Fares	Regular Cash Fare	Persons Aged 17-64 years	Set by Council
	Regular Ticket Fare	Persons Aged 17-64 years	$0.05 less than Cash Fare
	Reduced Cash Fare	Persons Aged 5-16 years Winnipeg High School Students Aged 17-21 (with ID) Persons Aged 65 and Over (with ID)	80% of Regular 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 Regular Ticket
Weekly Passes	Regular Weekday Pass (valid Monday - Friday)	Persons Aged 17-64 years	9 x Regular Ticket
	Regular Super Pass (valid Mon. - Sun)	Persons Aged 17-64 years	10 x Regular Ticket
	Reduced Super Pass (valid Mon. - Sun)	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	Regular Monthly Pass	Persons Aged 17-64 years	38.5 x Regular 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 regular monthly pass
Transfer System	Non-Directional	All cash and ticket passengers	Valid for 60 minutes from time of issue

If this policy is followed, all reduced fares (cash, ticket, monthly pass and the seven day weekly SuperPass) will remain unchanged from current levels. All other fares, in this case, will increase as is already recommended in this report.

Maintaining reduced fares at current rates will result in lost revenues of approximately $300,000. The department's draft 2004 Current Estimates do not provide for this, and the department will need additional tax support funding in this event.

Average Fare Comparison

The following chart provides a comparison of average fares paid in 2002 by systems comparable to Winnipeg Transit:



Additional comparisons of fares with the same cities are made in Appendix 1.

Implementation Delay

For information purposes, every month that the recommended fare increase is delayed will cost the City approximately $100,000 in lost revenue. The department's draft 2004 Current Estimates do not provide for this, and the department will need additional tax support funding in this event.

Financial Impact

Project Name: 2004 Transit Fare Increase **First Year of Program** **2004**

	2004	2005	2006	2007	2008
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	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Net Cost/(Benefit)	$ (1,150,000)	$ (1,150,000)	$ (1,150,000)	$ (1,150,000)	$ (1,150,000)
Less: Existing Budget Amounts	N/A	N/A	N/A	N/A	N/A
Net Budget Adjustment Required	N/A	N/A	N/A	N/A	N/A

Additional Comments: The recommended 2004 Transit fare increase will provide an estimated additional $1,150,000 in passenger revenue. The Current Estimates for 2004 have not yet been approved.

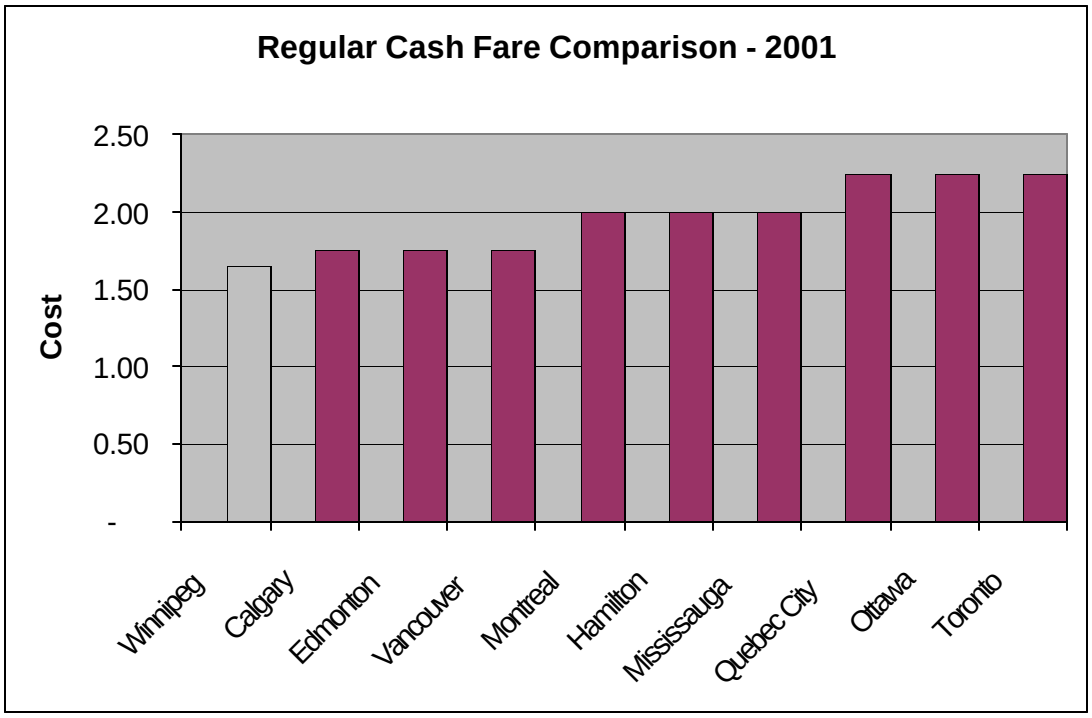


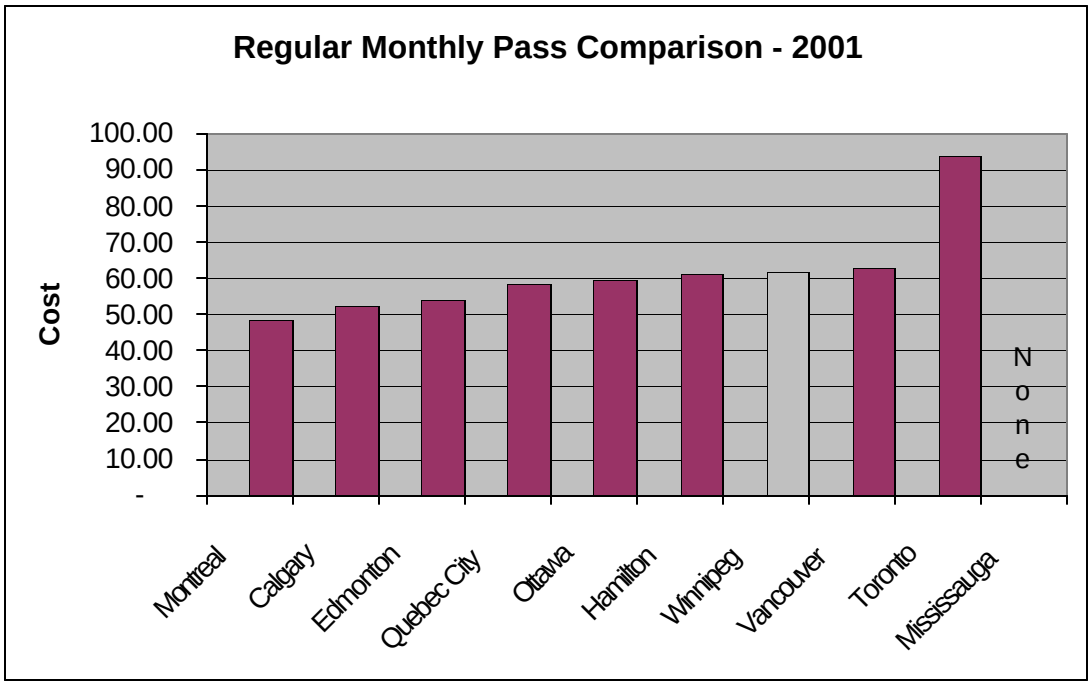
Manager of Finance & Administration

This Report Submitted By:

Department Transit Department
Division Finance and Administration
Prepared by: Paul D. Olafson, CA, Manager of Finance and Administration

APPENDIX 1


Regular Cash Fare Comparison - 2001
Cost
2.50
2.00
1.50
1.00
0.50
-
Winnipeg
Calgary
Edmonton
Vancouver
Montreal
Hamilton
Mississauga
Quebec City
Ottawa
Toronto


Regular Monthly Pass Comparison - 2001
Cost
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
None
Montreal
Calgary
Edmonton
Quebec City
Ottawa
Hamilton
Winnipeg
Vancouver
Toronto
Mississauga