Agenda – Executive Policy Committee – May 18, 2022

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – May 4, 2022

Item No. 1 Transit Fare Structure and Fare Reductions

STANDING COMMITTEE RECOMMENDATION:

On May 4, 2022, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That effective January 1, 2023, Transit's fare table be updated to remove the following:

    A. 3-day, 14-day, 21-day and Annual pass from the Full Fare category
    B. 3-day, 14-day, 21-day and Annual pass from the Youth category
    C. 3-day, 14-day, 21-day and Annual pass from the Senior category
    D. 14-day and Annual pass from the Post-Secondary program

2. That effective January 1, 2023, Transit's fare table be updated to add the following:

    A. a WINNpass e-cash product priced at 50% of the Full Fare e-cash rate and the Low Income Transit Pass Program Policy be amended, as per Appendix B.

    B. a 7-day rolling pass to the Post-Secondary program priced at 80% of the cost of a Full Fare 7-day rolling pass.

3. That effective January 1, 2023, the eligibility criteria for the WINNpass program be changed from 'individuals must be between the ages of 18 and 64 years old' to 'individuals must be under the age of 65 years old' and the Low-Income Transit Pass Program Policy be amended, as per Appendix B.

4. That effective July 1, 2023, the $5 smart card rebate be eliminated.

5. That effective July 1, 2023, the $5 smart card fee be waived for the initial card issued to each student as part of the U-Pass program.

6. That the provision of free Transit conventional fare passes to eligible Transit Plus registrants and CNIB clients be funded from within existing resources.

7. That effective September 1, 2022, the program administration for the WINNpass program be amended to accept modified application forms from registered partner agencies ('third party referrals') and the Low-Income Transit Pass Program Policy be amended, as per Appendix B.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – May 4, 2022

STANDING COMMITTEE RECOMMENDATION (continued):

8. That the cash fare for transit service not be reduced at this time.

9. That the quarterly verbal updates be concluded.

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

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – May 4, 2022

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On May 4, 2022, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service, with the following amendment:

- Delete Recommendation 6 in its entirety and replace with the following:

    "6. That the provision of free Transit conventional fare passes to eligible Transit Plus registrants and CNIB clients be funded from within existing resources."

and submitted the matter to the Executive Policy Committee and Council.

On July 7, 2021, the Standing Policy Committee on Infrastructure Renewal and Public Works granted an extension of time to its May, 2022 meeting for the Winnipeg Public Service to report back on the matter.

Romeo Ignacio, President, Amalgamated Transit Union Local 1505, submitted a presentation dated July 7, 2021, with respect to the matter.

COUNCIL DECISION:

On April 29, 2021, Council adopted the recommendation of the Executive Policy Committee, as amended, which included the following:

13. That the Winnipeg Public Service be directed to:

    A. Report back to the Standing Committee within 90 days on the following:

        i. The proposed simplified fare structure as set out in Section 8.3 of the Winnipeg Transit Master Plan; and

        ii. A plan to reduce the cash transit fare by approximately $0.25 cents annually, beginning January 1, 2023, until such time as the cash fare is $1.00, and include an analysis of the effect on revenues, capital and operating costs, and ridership.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – May 4, 2022

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

B. Provide quarterly verbal updates to the Standing Committee on Recommendation 13.A. beginning in June, 2021.

ADMINISTRATIVE REPORT

Title: Transit Fare Structure and Fare Reduction Modelling Including Updates to WINNpass Program

Critical Path: Standing Policy Committee on Infrastructure Renewal and Public Works – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
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EXECUTIVE SUMMARY

Both the Winnipeg Transit Master Plan (WTMP) and the Poverty Reduction Strategy include recommendations related to various Winnipeg Transit fare products and programs.

The overall goal of the recommendations in this report is to re-invest the estimated savings derived from simplifying the fare structure into other initiatives including expanding the WINNpass program to achieve a minimal net financial impact as Transit is facing a significant forecasted deficit in 2022 from the COVID-19 pandemic, and expects the ongoing recovery could take multiple years.

To this end Transit is recommending:
- eliminating the 3-, 14- and 21-day rolling passes as well as the annual pass;
- eliminating the $5 SmartCard rebate; and
- eliminating the provision of free conventional Transit passes to eligible Transit Plus registrants and CNIB clients.

The additional revenues generated from these changes are recommended to be re-invested in:
- expanding the WINNpass product line to include e-cash
- expanding the WINNpass program eligibility to include youth
- exempting cards from the $5 SmartCard fee issued as part of the U-Pass program

The estimated net financial impact from implementing these items is an overall increase in fare revenue of $24,450 in 2023. See Appendix A for a summary of the proposed changes to Transit's fare structure and how they align with recommendations in the WTMP.

To remove additional barriers for WINNpass applicants, Transit is recommending the inclusion of 'third party referrals' as per the process outlined in Appendix B effective September 1, 2022. Transit is proposing that individuals be allowed to complete a modified application form that would be accepted by the program based on the "third party referral" from partner agencies for individuals who do not have the required documentation for verification of economic need and residency.

Modelling of fare reductions was carried out, and it indicates that a 20% reduction in transit fares could result in the maximization of ridership revenue during the PM peak period (15:30-18:30). Due to limitations of the modelling process, only the PM peak period could be modelled. Should a reduction in fares be determined to be a policy that Council wishes to pursue, significant additional study would be needed, and it should only be undertaken in concert with the transition to the WTMP route network, which will occur in 2026 at the earliest. To introduce it beforehand would require additional buses that Winnipeg Transit does not have sufficient funding to purchase, and does not have the garage space for storage.

RECOMMENDATIONS

1. That effective January 1, 2023, Transit's fare table be updated to remove the:

    a. 3-day, 14-day, 21-day and Annual pass from the Full Fare category,
    b. 3-day, 14-day, 21-day and Annual pass from the Youth category,
    c. 3-day, 14-day, 21-day and Annual pass from the Senior category,
    d. 14-day and Annual pass from the Post-Secondary program.

2. That effective January 1, 2023, Transit's fare table be updated to add:
    a. a WINNpass e-cash product priced at 50% of the Full Fare e-cash rate and the Low Income Transit Pass Program Policy be amended, as per Appendix B.
    b. a 7-day rolling pass to the Post-Secondary program priced at 80% of the cost of a Full Fare 7-day rolling pass.

3. That effective January 1, 2023, the eligibility criteria for the WINNpass program be changed from 'individuals must be between the ages of 18 and 64 years old' to 'individuals must be under the age of 65 years old' and the Low Income Transit Pass Program Policy be amended, as per Appendix B.

4. That effective July 1, 2023, the $5 smart card rebate be eliminated.

5. That effective July 1, 2023, the $5 smart card fee be waived for the initial card issued to each student as part of the U-Pass program.

6. That effective January 1, 2023, the provision of free Transit conventional fare passes to eligible Transit Plus registrants and CNIB clients be eliminated and the Winnipeg Transit Plus Policy be amended, as per Appendix C.

7. That effective September 1, 2022, the program administration for the WINNpass program be amended to accept modified application forms from registered partner agencies ('third party referrals') and the Low Income Transit Pass Program Policy be amended, as per Appendix B.

8. That the cash fare for transit service not be reduced at this time.

9. That the quarterly verbal updates be concluded.

10. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On April 29, 2021, Council approved the Winnipeg Transit Master Plan and directed that the Winnipeg Public Service report back to the Standing Committee within 90 days on the following:

i. The proposed simplified fare structure as set out in Section 8.3 of the Winnipeg Transit Master Plan; and
ii. A plan to reduce the cash transit fare by approximately $0.25 cents annually, beginning January 1, 2023 until such time as the cash fare is $1.00 and include an analysis of the effect on revenues, capital and operating costs and ridership.
iii. Provide quarterly verbal updated to the Standing Committee on Recommendation 13.A. beginning June, 2021.

On July 7, 2021, the Standing Policy Committee on Infrastructure Renewal and Public Works granted an extension to its May, 2022 meeting for the Winnipeg Public Service to report back on the above items.

On October 28, 2021, Council approved the recommendation that the Winnipeg Public Service report back to the Standing Committee on implementing a reduced e-cash fare option for individuals approved within the WINNpass program during its report on the Transit Fare Structure and Fare Reductions in May, 2022.

On November 25, 2021, Council adopted the Winnipeg Poverty Reduction Strategy (2021-2031) to serve as the guide for City of Winnipeg partnerships, actions and investments and approved that the Poverty Reduction Strategy Implementation Plan (2021-2023) be received as information which included the following action items as part of its implementation plan:
5.1 – Additional Fare Options for the Low Income Transit Pass
5.2 – Third Party Referrals for Low Income Transit Pass
5.3 – Explore Youth Aging Out of Care
5.4 – Explore Transit Token Pilot Program

Council approval is required for changes to Transit's fare structure and WINNPass program eligibility criteria.

IMPLICATIONS OF THE RECOMMENDATIONS

Changing the fare product selection will result in some riders needing to migrate to other fare products. Given the fare products being eliminated make up between an estimated 3%-4% of the total volume of Transit product sales, it is anticipated that the impact to the vast majority of riders will be low.

To achieve a fair and equitable service, full parity is needed between the Transit Plus fare structure and the conventional Transit fares, as noted in the Winnipeg Transit Master Plan. Incentives were originally provided to encourage Transit Plus customers to trial the low floor, easy access conventional bus fleet. As the entire conventional fleet has been accessible since 2016, and many customers readily access this service, the incentives are no longer required nor are seen as industry standard given most Transit systems have eliminated this practice.

There are no additional capital or operating budget amounts needed to implement the recommendations.

HISTORY/DISCUSSION

Both the Winnipeg Transit Master Plan (WTMP) and the Poverty Reduction Strategy include recommendations related to various Winnipeg Transit fare products and programs. The recommendations will be evaluated in two phases. This report discusses and includes recommendations being proposed as part of phase 1 based on the overall goal of re-investing the estimated additional revenue realized from simplifying the fare structure into other initiatives, most notably expanding the WINNpass program, to achieve a minimal net financial impact as Transit is facing a significant forecasted deficit in 2022 from the COVID-19 pandemic and expects the ongoing recovery could take multiple years.

Fare Simplification

Eliminate Low Use Products

The WTMP recommends reducing the complexity and redundancy of the fare structure by reducing the overall number of fare products offered and eliminating products that are very similar in order to reduce the confusion for customers and to make it easier to determine the best fare option for their needs. This observation has been confirmed through benchmarking Transit's fare structure to the offerings of other Canadian municipalities which reiterated that none of these municipalities offered near the same number of different fare products as Winnipeg Transit. On average, other Canadian municipalities offer approximately 4-5 different Full Fare products. Currently Winnipeg Transit offers 11 Full Fare products. As such, Transit is recommending eliminating the 3-,14- and 21-day rolling passes as well as the Annual pass based on their low overall popularity and the availability of alternative products that could meet rider's needs.

As the Post-Secondary product line currently includes a 14-day rolling pass and not a 7-day rolling pass, the recommendation is being made to eliminate the 14-day pass and add a 7-day pass to be consistent with a product offered in the other fare categories. This will also offer a more desirable shorter term product option for the students.

The products being removed from the fare structure made up between 3% - 4% of the total volume of Transit product sales (4% of total fare revenue) as follows:

	2019			2020			2021	
	Passes Sold	% of Total Sales		Passes Sold	% of Total Sales		Passes Sold	% of Total Sales
3 day e-pass	6,669	0.34%		2,675	0.26%		2,316	0.22%
14 day e-pass	47,484	2.40%		32,672	3.13%		31,704	3.04%
21 day e-pass	9,602	0.48%		4,916	0.47%		4,859	0.47%
Annual pass	144	0.01%		51	0.00%		40	0.00%
	63,899	3.22%		40,314	3.86%		38,919	3.73%

For each fare product being eliminated, alternate products remain available that, when combined, will facilitate exactly matching the number of days being purchased. For example, while the 14- and 21-day rolling passes are being eliminated, the 7-day rolling pass remains an

option which could be purchased to replicate the same number of days. There are also still a number of remaining products which could also be used if the individual has flexibility in their travel schedule. However, the price point will be different and the individual will need to re-assess their needs against the remaining product offering to determine what is the best fit. One of the goals of the WTMP is to encourage individuals to look at longer term passes to encourage ridership growth. See Appendix A for the detailed list of the changes being proposed to the fare structure compared to what was recommended as part of the WTMP.

It is estimated these changes could generate an additional $308,390 in fare revenue (2023 rates, based on normal ridership levels, amount would be less in current COVID conditions) but ultimately it is not known what alternative products the impacted individuals will migrate to. It is recommended these changes be implemented effective January 1, 2023.

Smart card rebate

On October 23, 2013, Council approved a $5.00 rebate to be offered to Transit cardholders who both register their card with Winnipeg Transit and use it on the bus. This rebate was intended to be in place for the peggo program launch period only. As the implementation of the peggo project took longer than initially anticipated, the rebate has remained in effect for a number of years. Recognizing that Transit is now well past the initial launch period the Public Service is recommending eliminating the rebate. However, given the impact of COVID on ridership and the plan to restore ridership, Transit is recommending the rebate remain in effect until June 30, 2023 to provide this additional incentive to riders over the next year as part of its COVID recovery plan.

Since inception, this rebate has resulted in approximately $147,535 of lost revenue annually.

The Public Service is also recommending to provide the initial distribution of smart cards to students for the U-Pass program at no cost given all students are levied the U-Pass fee as part of their university charges and the logistics of further collecting the smart card fee from students when they collect their cards will be administratively challenging for the student unions. Replacement cards will continue to be subject to the smart card fee as was always the practice. This recommendation is estimated to cost $34,250 in 2023 ($65,845 in 2024 for a full year).

Eliminate Free Passes

To align with the WTMP goal of achieving fare parity and fair and equitable service, Winnipeg Transit is recommending discontinuing the provision of free conventional transit passes currently issued to eligible Transit Plus customers and CNIB clients effective January 1, 2023.

A recommendation from the WTMP, as was presented by the consultants at the January 2020 Transit Plus public engagement sessions, is that Winnipeg Transit Plus implement fare parity to ensure a completely fair and equitable service, which includes the elimination of free transit passes for unlimited eligible Transit Plus customers and those individuals with a CNIB card. Both of these products were initially used as an incentive to encourage Transit Plus customers to trial the new accessible conventional bus fleet. The use of these incentives has come to be recognized as outdated policies, no longer considered as best practices, that have in fact contributed to the creation of an inefficient service. The Winnipeg Transit fleet is now fully accessible with features such as audible and visual next stop announcements, priority and courtesy seating, kneeling buses etc., and is supported by the new Priority & Courtesy Seating

Policy. The implementation of the WTMP will further enhance Transit accessibility by creating a seamless multi-modal transportation system that reflects the travel needs of all Winnipeggers.

Currently, there are approximately 687 speciality passes (including CNIB) in use. Any changes to this program would be communicated directly to stakeholders, including the CNIB and Winnipeg Transit Plus users to identify alternate options that may be available such as the WINNpass. Eliminating these passes is estimated to generate approximately $102,320 in fare revenue in 2023.

WINNpass Program Changes

Winnipeg Transit is proposing to re-invest the savings realized from the above changes into expanding the WINNpass program consistent with the recommendations made in both the WTMP and the Poverty Reduction Strategy, to the extent made possible with the available funding.

Specifically, the WTMP recommends focusing fare discounts through the WINNpass program to more effectively target the discounted rates to those individuals most in need. Additionally, the Poverty Reduction Strategy includes exploring the introduction of additional fare products to the program as one of its implementation goals.

<u>Add e-cash Product</u>

Transit is recommending adding an additional e-cash fare option to the WINNpass program, priced at 50% discount off the full fare e-cash rate. The current full fare e-cash rate is $2.75 per ride. With this added discount, WINNpass registrants will be eligible for an e-cash rate of $1.38 per ride. This will specifically address one of the most prevalent comments that was received from WINNpass users who found the monthly pass offering either too expensive, or too long in duration to meet their travel needs. This product will allow WINNpass users to load e-cash on their peggo card and use it, at the discounted rate, to pay for individual rides. The minimum amount that can be loaded on a peggo card at any given time is $5.00. It is estimated adding this discounted fare product will cost approximately $322,695 (2023 rates).

<u>Expand Eligibility to Include Youth</u>

Additionally, Transit is recommending expanding the eligibility of the WINNpass program to include youth aged under 17 years old and under. Currently, the program is only available to individuals aged 18-64 years old. This change will provide these riders under the age of 65 with the opportunity to purchase either a monthly pass or use e-cash at a larger discount than they are currently eligible for.

A comparison of the fares is as follows (2022 rates):

	Current Youth Rate	Proposed WINNpass Rate
e-cash	$ 1.95	$ 1.38
Monthly Pass	$75.10	$53.00

The WINNpass product options and pricing are the same regardless of the individual's age.

Based on the current profile of active WINNpass registrants, it is estimated adding youth to the program will cost approximately $104,410 in 2023.

Seniors are not included in the eligibility for the WINNpass program as they already receive a 50% discount on their products. There are no changes being recommended to these fares at this time.

Children age 11 and under will continue to be able to ride Transit at no cost when accompanied by a fare paying rider.

Financial Summary

Overall, the recommendations in this report have an estimated net financial impact as follows:

	2023	2024	2025	2026	2027
Additional Revenue:					
Eliminate Low Use Passes	$ 308,390	$ 314,560	$ 320,850	$ 327,265	$ 333,810
Eliminate Smart Card Rebate[1]	75,095	147,535	147,535	147,535	147,535
Eliminate Free Transit Passes (Transit Plus/CNIB)	102,320	104,365	106,450	108,580	110,750
Re-invested in:					
Add e-cash Product to WINNpass Program	($322,695)	($352,190)	($369,800)	($380,895)	(388,515)
Add Youth to WINNpass program	(104,410)	(113,955)	(119,655)	(123,245)	(125,710)
Exempt U-Pass Program from smart card fee (Initial Card)[1]	(34,250)	(65,845)	(65,845)	(65,845)	(65,845)
Net Estimated Surplus	**$ 24,450**	**$ 34,470**	**$ 19,535**	**$ 13,395**	**$ 12,025**

[1]Effective July 1, 2023

Third Party Referrals

Currently, all applicants to the WINNpass program are required to complete an application and provide supporting documentation to verify that they meet the eligibility, age, and residency requirements of the program. Some applicants are challenged to provide the appropriate documentation to allow for an assessment of eligibility and this has been identified as a barrier to accessing the program by some. Transit is proposing that these individuals be allowed to complete a modified application form that would be accepted by the program based on the 'third party referral' from partner agencies.

Agencies can be added to a list of partner agencies after completing training about the WINNpass program and the eligibility requirements. Once they have completed the training and

declaration forms, the organization would be designated as a partner agency and would be allowed to act as 'third-party referrals' for individuals who do not have the required documentation for verification of economic need and residency. This process does not change the eligibility requirements for the WINNpass program, rather it allows an organization to attest on behalf of the individual that they meet the stated requirements without the individual needing to provide the documentation demonstrating as such.

Transit is recommending that the 'third-party referral' process be implemented beginning September 1, 2022.

While it is expected this policy change will increase the uptake for the WINNpass program, as there are no changes to the eligibility for individuals to the program, there is no additional cost specifically from this recommendation beyond what had been originally assumed for the program at its inception.

Remaining items that will be evaluated as part of phase 2 include combining the youth and senior fare categories together, looking at potential changes to the token program and investigating the feasibility of a program specifically for youth aging out of care, as identified as action in the Winnipeg Poverty Reduction Strategy Implementation Plan (2021 - 2023). Additionally, further analysis will be done on the fare products offered once ridership re-settles at a new, post-COVID normal to see if further changes are warranted to ensure the overall goals of the WTMP are achieved.

Technology-based Future Developments in Fare Collection

Future developments in Winnipeg Transit's fare structure will be closely tied to developments in fare-collection technology. Currently Winnipeg Transit uses stored-value smart cards as its digital fare collection system. Since the implementation of this system, there have been advances in fare-collection technology, and it is Winnipeg Transit's intention to pursue opportunities to implement these technologies for the benefit of our riders, improving the convenience, flexibility, and versatility of making fare payments.

Winnipeg Transit is working to develop a roadmap of future fare collection technology implementation. The following are some items being considered.

1. Mobile ticketing - Mobile ticketing technology involves an app being supplied by a provider that would be downloaded by customers. Customers would pay for tickets and passes through the app (through whatever payment means the app accepts, typically credit cards) and then would use the app to present the ticket or pass to the fare box.
2. Account-based payments - Account-based payments means that instead of immediately processing payments for products purchased, Winnipeg Transit would instead keep track of rides purchased on a customer account. At the end of every month, Winnipeg Transit would then process a single payment for the customer for the month. Often this is done with fare optimization or fare capping, which means that the customer is only charged for the lowest-cost possible combination of fare products for their rides for that month.
3. Open payments – open payments refer to "tap"-based payments such as those available at most retailers. Open payments allow for simple, single-ride payments to be made with credit cards, debit cards, and mobile-phone payments like Apple Pay.
4. Proof of payment and on-platform purchases – the Winnipeg Transit Master Plan calls for on-platform fare payment in order to effectively enable key sections of planned rapid-

transit infrastructure. Eventually Winnipeg Transit could move to a proof-of-payment model, where passengers do not have to validate fare payment when boarding but are instead spot checked by fare inspectors while riding.

Transit Fare Reduction Modelling

Winnipeg Transit undertook the modelling of a reduction of transit fares, in order to assess the effects on ridership, revenue, and resource requirements. It was requested that Winnipeg Transit assess annual reductions of 25 cents, until such time that the cash fare is $1.00.

Several cautionary notes are needed when considering the results of this modelling exercise.

The reduction of fares in exact 25-cent increments could not be modelled due to the fact that the model uses an estimated average fare paid by each passenger, rather than the actual cash fare. The modelling was therefore done to show the effects of percentage reductions in average fare.

The relationship between cash fare and average fare was based on pre-pandemic data, and will need to be re-established in light of changing travel patterns after the pandemic, and other proposed changes to Winnipeg Transit's fare structure.

Winnipeg Transit's system model was created based on the 2019 transit network. There have been several changes to the network since 2019, most notably the introduction of the BLUE rapid transit line and associated feeder routes in Southwest Winnipeg. All data used to create and calibrate the model date from before the pandemic. This data includes ridership numbers from 2019, the 2007 Winnipeg Area Travel Survey (WATS), and the 2016 census.

Because of these challenges, the results of the modelling exercise must be interpreted as predictive of general trends, and cannot be used to directly forecast exact revenues, costs, and resource requirements.

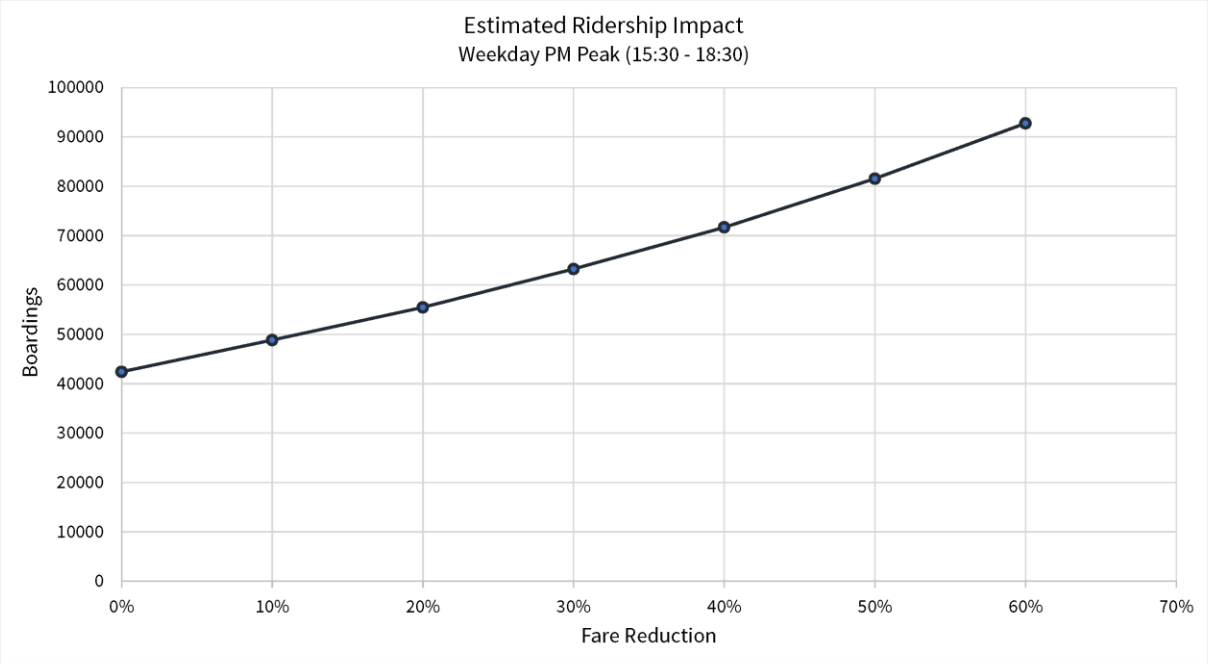
The coronavirus pandemic has changed daily travel patterns throughout society. The prevalence of work-from-home policies has reduced commute travel, especially at peak times, relative to travel for other purposes and at other times of the day. A profound change in societal travel patterns is expected to be permanent, however society has not yet settled into a "new normal", and therefore no one is certain as to how these travel patterns will continue to evolve. This is yet another reason why the results of this modelling exercise must be approached with caution.

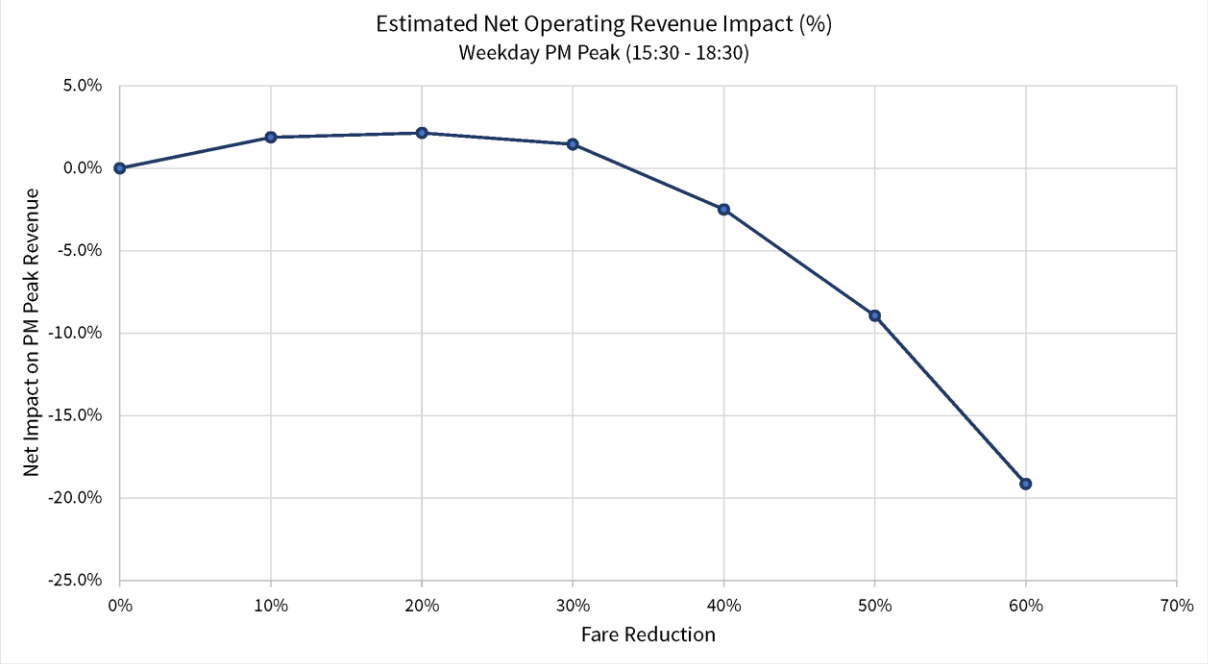
The transit system model was created to model ridership and resource requirements in the PM week-day peak period, which is generally 15:30-18:30 for transit travel. All estimates in this report reflect changes to ridership and revenue in the PM peak period only. The results will be generally applicable to the AM week-day peak period, but may not be applicable to off-peak times, such as weekday mid-day and evening periods, as well as Saturdays and Sundays.

Council approved the WTMP in April 2021, which proposes an entirely new transit network. The model of the new transit network has not been fully incorporated into the city's broader transportation model yet, and could not therefore be used for this exercise. Furthermore, modelling significant fare changes in a model of a system that is not in operation (and that therefore cannot be properly calibrated against real-world data) would introduce a risk of

unknown errors. The trends produced by this modelling exercise may be broadly applicable to the WTMP network, but again, significant caution is required.

The modelling carried out by Winnipeg Transit suggests that a reduction in fares might yield a nominal increase in net operating revenue, due to increased ridership offsetting the fare reduction. The results of the modelling of fare reductions in PM peak period show that although ridership continues to increase as fares decrease, revenue appears to be maximized at an approximate 20% reduction in fares:





Based on the current cash fare of $3.10, a 20% reduction amounts to a cash fare of approximately $2.50.

If a reduction in fare revenue is to be contemplated, it should only be done as part of the transition to the new transit route network proposed in the WTMP. Under the current network, the added ridership would require approximately 28 additional buses to be added to Winnipeg Transit's fleet. Not only would this have a capital cost of nearly $20 million (or more due to the potential for high levels of inflation), but Winnipeg Transit does not have the capacity to store or maintain any additional buses.

The efficiency of the route network outlined in the WTMP adds significant extra capacity to the overall system without any fleet expansion. The additional bus-hours needed to carry the growth in passengers forecasted in this modelling exercise could be accommodated within the fleet size projections of the WTMP.

Winnipeg Transit currently estimates that the soonest the WTMP network could begin to be put into place is 2026, due to the need to wait for ICIP-PTIS funding to design and construct the Primary Transit Network Infrastructure. The funding for this project does not begin until 2025, and the design and construction would each take approximately one year.

Should Council direct Winnipeg Transit to consider the reduction of fares to this extent to coincide with the introduction of the WTMP route network, significant additional work would be required on the part of Winnipeg Transit to refine and calibrate the planning model of the WTMP network, and to carry out the analysis. The assistance of a consultant would likely be needed for this work, which would require additional funding. Ideally, Winnipeg Transit would only report back on the results of this modelling when seeking approval to implement the WTMP network.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 11, 2022

Project Name:

Transit Fare Structure and Fare Reduction Modelling Including Updates to WINNpass Program

First Year of Program **2023**

	2023	2024	2025	2026	2027
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	24,450	34,470	19,535	13,395	12,025
Net Cost/(Benefit)	$ (24,450)	$ (34,470)	$ (19,535)	$ (13,395)	$ (12,025)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (24,450)	$ (34,470)	$ (19,535)	$ (13,395)	$ (12,025)

Additional Comments: The financial impact reflects the net impact of the recommended changes to Transit's fare structure, fees and WINNpass program. Overall there is anticipated to be additional revenue generated which will be reflected in Transit's future operating budgets as part of the 2023 budget process.

Laurie Fisher April 11, 2022

Laurie Fisher, CPA, CA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

Community Services Department

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg (2010)
01-1b key Directions for the Entire City:

- Dynamically integrate transportation with land use
- Accommodate growth and change in Transformative Areas within the city's built environment including: Mixed Use Centres and Corridors, Major Redevelopment Sites and Downtown
- Recognize that New Communities will play an important role in accommodating the City's projected population growth.
- Ensure Winnipeg's Employment Lands provide for a wide range of market opportunities, accommodating new investment and economic development while contributing an abundance of job opportunities for our citizens.

Winnipeg Transit Master Plan (2021)
Network Goals:

1. Enhance Customer Experience
   Increase Ridership
   Improve Downtown Mobility
   Complement Land-Use Development
   Improve Multi-modal Mobility
   Ensure Transit is Inclusive
   Continuously Innovate
   Empower Healthy Communities
   Balance Investment with Affordability

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with the Winnipeg Climate Action Plan (WCAP) as per Direction 3.1 *Increase Use and Efficiency of Public Transit Systems*.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The information and recommendations presented in this report align with and advance the Winnipeg Poverty Reduction Strategy (PRS) as follows:

Related PRS Guiding Principles:

- We will Promote and Maintain the Welfare of All Residents
- We will Develop Trust and Meaningful Partnerships to find solutions and drive change.

Related PRS Goals and Objectives:

Goal 5: Transportation System Equity is Enhanced

Related 10-year Objectives:

A. The affordability and accessibility of transportation and transit service is increased.

C. Increased collaboration with community partners improves access to safe and secure transportation by all residents.

This report also advances the following Actions in the Winnipeg Poverty Reduction Strategy Implementation Plan (2021 - 2023):

(Note: The Public Service Lead with Collaborating departments are noted in brackets.)

Action 5.1: Additional Fare Options for the Low Income Transit Pass – Continue and expand the Low Income Transit Pass (WINNpass) program, and explore the introduction of an additional fare produce such as a single ride option, to increase accessibility of the program by people who cannot afford a monthly pass. (Transit)

Action 5.2: Third Party Referrals for Low Income Transit Pass – Through a third party referral initiative, partner with community groups who support low-income individuals to help increase access to the WINNpass program. (Transit; Community Services)

The simplification of the fare structure aligns Winnipeg Transit with other transit agencies in Canada, and makes accessing transit service simpler and more straightforward. The changes to the WINNpass program reduce costs for residents of Winnipeg with low incomes. The third party referral process outlined in the report increases collaboration with community partners, and offers low-income residents a simplified path to access the discounted fares offered by the WINNpass program.

SUBMITTED BY

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Date: April 12, 2022

Attachments:

Appendix A – Proposed Transit Fare Structure Changes

Appendix B – Amendment to Low Income Transit Program Policy

Appendix C – Eliminate Free Passes - Amendment to Winnipeg Transit Plus Policy