Agenda - Executive Policy Committee - November 17, 2004

Report - Standing Policy Committee on Public Works - November 9, 2004

Item No. 1 2005 Transit Fare Increase
File TT-2

STANDING COMMITTEE RECOMMENDATION:

On November 9, 2004, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submits the following to Council:

1. That, effective January 1, 2005, regular and reduced cash fares be increased by five cents and that ticket and pass prices be increased proportionately.

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 - November 17, 2004

Report - Standing Policy Committee on Public Works - November 9, 2004

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 9, 2004, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Re:	**2005 TRANSIT FARE INCREASE**
For submission to:	**Standing Policy Committee on Public Works**
Original report signed by:	**Paul Olafson, Acting Director of Transit**
Report date:	**October 29th, 2004**
Recommendation:	**That, effective January 1, 2005, 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 2005 to 2007 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, 2005.

- The City's draft 2005 Current Estimates present a financial challenge, even with the five cent fare increase proposed herein.

- Council has adopted in principle the 2005 Current Estimates, which included the fare increase being recommended in this report.

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, 2005.

Policy implications

X	No
	Yes

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 the draft 2005 Current Estimates for the Transit Department.

Report

Reason for the report:

Transit fare adjustments require Council approval.

History:

On March 23, 2004, Council adopted in principle the 2005 Current Estimates, which included the fare increase being recommended in this report.

On July 16, 2004, the department submitted its draft 2005 Current Estimates. The draft Current Estimates include the fare increase recommended in this report.

Discussion:

Current Estimate Background

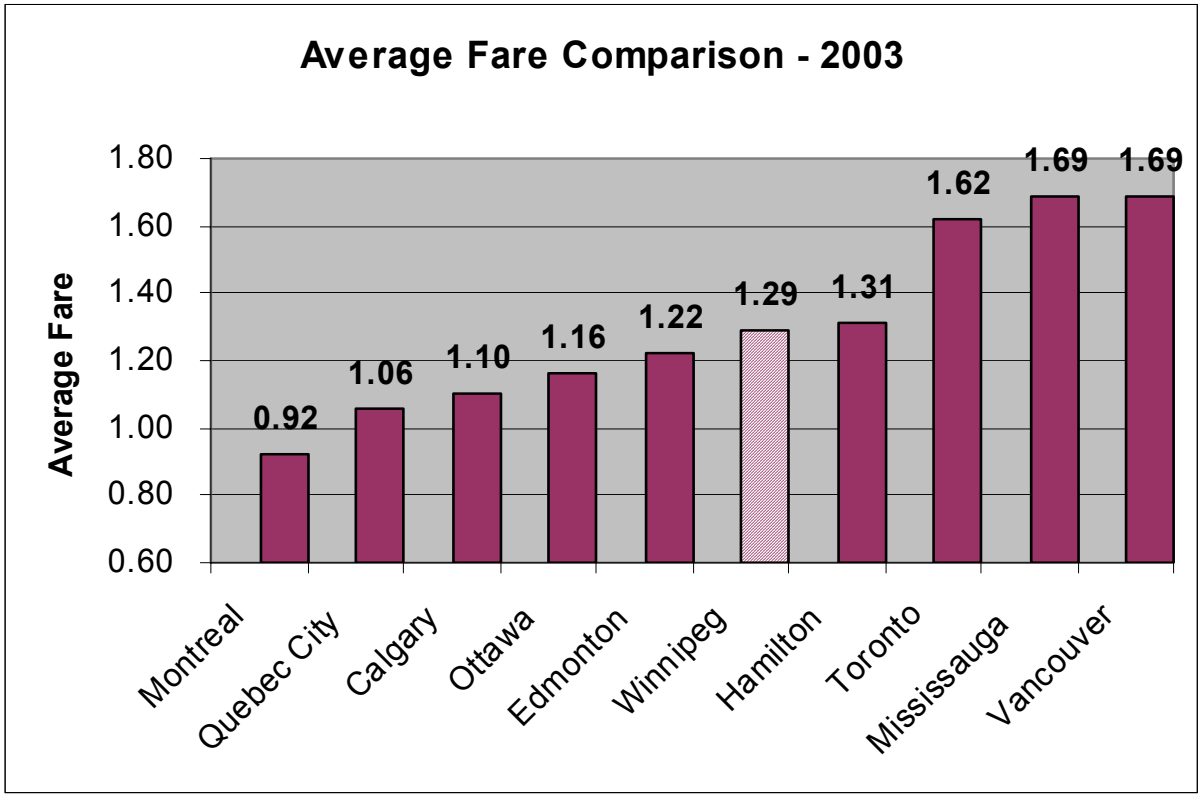
The Transit Department receives its operating funding from three sources – system generated (transit fares, advertising, etc.), the Province of Manitoba and The City of Winnipeg. The draft 2005 Current Estimates consider anticipated cost increases for salaries and wages (negotiated increases), handi-transit services, contributions to the Transit Bus Replacement Reserve and diesel fuel. The Provincial operating grant has been assumed to be consistent with that budgeted in 2004. The targeted grant from The City of Winnipeg assumes a 5.6% increase from that budgeted in 2004.

Considering this, 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, 2005" column:

		Current	Proposed January 1, 2005	% Change
Full Fare – Regular				
	Cash	$1.80	$1.85	2.8%
	Ticket (sheet of 10)	17.50	18.00	2.9%
	Weekday pass	15.75	16.20	2.9%
	SuperPass	17.50	18.00	2.9%
	Monthly pass	67.40	69.30	2.8%
Post-secondary monthly pass		53.90	55.45	2.9%
Handi-transit	Cash	1.80	1.85	2.8%
	Ticket (sheet of 10)	17.50	18.00	2.9%
	Monthly pass	67.40	69.30	2.8%
Reduced Fare – Regular	Cash	1.50	1.55	3.3%
	Ticket (sheet of 10)	11.50	12.00	4.3%
	SuperPass	11.50	12.00	4.3%
	Monthly pass	44.30	46.20	4.3%

Average Fare Comparison

The following chart provides a comparison of average fares paid in 2003 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 $110,000. The department's draft 2005 Current Estimates do not provide for this.

Financial Impact

Project Name: 2005 Transit Fare Increase **First Year of Program** **2005**

	2005	2006	2007	2008	2009
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 2005 Transit fare increase will provide an estimated additional $1,150,000 in passenger revenue. The Current Estimates for 2005 have not yet been approved.

Manager of Finance & Administration

I

N PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY: N/A

This Report Submitted By:

Department: Transit Department
Division: Finance and Administration

5008

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

APPENDIX 1

