



# INFORMATION REPORT

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	February 5, 2021
<b>SUBJECT/REPORT NO:</b>	Impact of a 2021 Fare Freeze - 10 Year Local Transit Strategy (PW21008) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Nancy Purser (905) 546-2424 Ext. 1876
<b>SUBMITTED BY:</b>	Debbie Dalle Vedove Director, Transit Public Works Department
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

That staff be directed to bring forward a report to the February 5, 2021 General Issues Committee (Budget) meeting respecting the impact of the Motion respecting a Transit Rate Freeze would have on the 10-Year Transit Plan in 2021/2022.

## INFORMATION

Table 1 below shows the impact of what the \$0.05 cent fare rate increase, currently scheduled for September 2021, should Council chose to freeze it, would have on the 10 Year Local Transit Strategy in 2021 and beyond. The calculation in Table 1 uses the budgeted revenue and ridership values for the remaining six years of the 10 Year Local Transit Strategy. The table also assumes that the service enhancements for Year 5 will be implemented in September 2021. The figures in Table 1 solely represent the impact of the fare rate freeze on the budgeted values and does not incorporate the anticipated loss of revenue and ridership due to the impacts associated with COVID-19.

TABLE 1 – Revenue Impact of 2021 Fare Freeze (000's)

		Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
		2021	2022	2023	2024	2025	2026	Total
A	Revenue Budget	47,176	49,513	52,141	55,025	57,618	60,287	321,761
B	Revised Revenue Budget	46,534	48,340	50,728	53,361	56,287	58,949	314,197
C	Annual Revenue Loss	643	1,173	1,414	1,665	1,331	1,338	7,563
D	PRESTO Commission Savings	-46	-84	-102	-120	-96	-96	-545
E	Net Levy Impact Pressure	596	1,089	1,312	1,545	1,235	1,241	7,019

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Impact of a 2021 Fare Freeze – 10 Year Local Transit Strategy  
(PW21008) (City Wide) - Page 2 of 3**

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Table 1 Line A

Line A represents the budgeted revenues for the remaining six years of the 10 Year Local Transit Strategy.

Table 1 Line B

Line B represents the reduced budgeted revenues as a result of the \$0.05 cent fare rate freeze for 2021. The budgeted revenues from 2022 to 2026 includes a fare increase of \$0.05 cents each year.

Table 1 Line C

Line C is the calculation to arrive at the annual revenue loss (Line A minus Line B).

Table 1 Line D

Line D represents the corresponding savings in the commissions paid to PRESTO due to the reduction in revenue assuming an 80% adoption rate.

Table 1 Line E

Line E represents the net levy impact of the remaining six years of the 10 Year Local Transit Strategy (Line C plus Line D). The impact of the additional pressure to the 2021 Transit Budget of \$0.596 million results in a net levy increase from 3.4% to 4.2%. The fare rate freeze has a compounding effect that would require another source of funding amounting to \$7.019 million to cover the budgeted losses over the remaining six years (2021 to 2026) of the 10 Year Local Transit Strategy, without negatively impacting the levy.

Projected 2021 Transit Revenue Loss

Removing the September 2021 fare increase will further reduce 2021 forecasted revenues as reported in PW Report PW20061(a) by an additional \$0.150 million therefore increasing the forecasted loss in fare revenue from \$20.27 million to \$20.42 million. At present, the Provincial Government has announced that the Safe Restart Agreement will support Transit revenue shortfalls to March 31, 2021. No further commitments have been confirmed from other levels of government beyond March 31, 2021.

Background

Fare increases offer a balanced approach to funding the 10 Year Local Transit Strategy, whereby transit users and property taxpayers share the responsibility. Therefore, as part of the approval of the 10 Year Local Transit Strategy the following recommendations were approved:

**SUBJECT: Impact of a 2021 Fare Freeze – 10 Year Local Transit Strategy  
(PW21008) (City Wide) - Page 3 of 3**

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That the base fare increases, as outlined in Report PW14015(a) be approved, including the following:

- (i) 15 cents in September 2015 and 15 cents in September 2016 to align with the service improvements in recommendation (a) of Report PW14015(a);
- (ii) 10 cents in September 2017 and 2018, also to align with service improvements;
- (iii) Annual fare increases of at least the consumer price index thereafter;
- (iv) That the Seniors Monthly Transit Pass be increased by \$3.00 each year until it reaches \$50.50 per month;
- (v) That, in future years, the fare be adjusted by the Cost of Living Index;
- (vi) That the free Golden Age Pass be maintained for those 80 and older;

Table 2 below shows the current fares along with what the new fares will be on September 1, 2021, with the application of the Council approved fare policy.

TABLE 2 - Fares

<b>Fare Type</b>	<b>Current Fares</b>	<b>Sept. 1, 2021</b>
Cash Fare	\$3.25	\$3.25
Adult Single Ride	\$2.50	\$2.55
Adult Monthly Pass	\$110.00	\$112.20
Child Single Ride (6 – 12)	\$2.05	\$2.10
Youth Single Ride (13 – 19)	\$2.05	\$2.10
Child Monthly Pass (6 – 12)	\$90.20	\$92.40
Youth Monthly Pass (13 -19)	\$90.20	\$92.40
Senior Single Ride	\$2.05	\$2.10
Senior Monthly Pass (65+)	\$32.50	\$35.50
Senior Annual Pass (65+)	\$325.00	\$355.00
Golden Age Pass (80+) (with free PRESTO card)	FREE	FREE

**APPENDICES AND SCHEDULES ATTACHED**

N/A