

Transit Fare Structure Report

Appendix A



Request for Decision Free Transportation to Seniors During Off Peak Hours

Presented To: City Council

Presented: Tuesday, Jul 07, 2015

Report Date: Friday, Jun 19, 2015

Type: Managers' Reports

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Decisions

THAT the City of Greater Sudbury Council approves Option 1, which is a pilot program to offer free transit and Handi Transit to seniors over the age of 65, from September 1, 2015 to March 1, 2016 on Monday's only (or any single day of the week) from 10:00am to 2:30pm and after 6:30pm, to be funded from the Provincial Gas Tax funds.

Recommendation

THAT the City of Greater Sudbury Council approves Option 1, which is a pilot program to offer free transit and Handi Transit to seniors over the age of 65, from September 1, 2015 to March 1, 2016 on Monday's only (or any single day of the week) from 10:00am to 2:30pm and after 6:30pm, to be funded from the Provincial Gas Tax funds.

Finance Implications

Should Council approve Option 1, the potential loss of revenue (based on a senior being defined as 65 and older) is estimated to be approximately \$24,500 over the term of the trial period from September 1st, 2015 to March 1st, 2016. However, a proper accounting of passenger trips would be completed and any actual loss in revenues over the trial period would be equally offset by a one-time draw from Provincial Gas Tax funds, resulting in no impact to the tax levy.

Background

During the 2015 budget process Mayor Bigger and City Councilors requested that staff prepare a report to be presented in June with options for a pilot program to provide free transportation for seniors during off peak times on the transit system from September to December 2015. If the pilot program is approved, it could be funded using Provincial Gas Tax funding. The purpose of the Mayor's proposal is to promote active living for seniors and

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Division Review

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Recommended by the Department

Lorella Hayes
General Manager of Assets and
Finance/Chief Financial Officer
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Recommended by the C.A.O.

Bob Johnston
Interim Chief Administrative
Officer

increase transit ridership.

The following information has been analyzed by staff and summarized in this report:

Digitally Signed Jun 22, 15

Travel patterns for older adults/seniors

A review of the age demographics, and options for free transit to seniors over 55 years of age and seniors over 65 years of age

Potential impact on revenues

Define "off peak" times

Review the possible impact to Handi Transit (revenue and usage)

Administration required to manage a free ride program

Review of best practices and similar programs in other cities

The review:

Travel patterns for older adults / seniors – In order to determine travel patterns, the following three values were projected:

Ridership and Fare Media Type

For the purpose of this study, 31 day passes were used to establish the percentage of older adults who travel using each of the different fare media types being 31 day passes, ride cards and cash. Based on the data gathered from the City's farebox system, older adults represent 20.17% of trips taken on the transit system (excluding U-Pass trips). The breakdown can be found on Appendix A of this report.

Percentage of Older Adults Traveling Off Peak

Staff then determined the percentage of Older Adults travelling during off peak times with ridership data generated from the GFI farebox system. Off peak times are based on the assumption on our system's off peak times being between 10:00am and 2:30pm, as well as 6:30pm until 2:00am. Ridership data of all 31 Day Older Adult pass holders was generated for these times frames, and divided by the total number for the year. Reports show that 195,365 Older Adults travel during off peak hours which represent 47% of the total trips taken by Older Adults using a 31 day pass.

Average Fare / Ride

In order to determine the average fare per ride, the weighted average of fares for all media types was calculated. The total weighted average per ride is \$1.48.

The Age Demographics of Greater Sudbury population show that a large portion of residents are between the ages of 45 and 65. In 2006, 15% of the population was over the age of 65. This number will grow to 21% by 2021. **See Appendix B**

Census data was used to determine the percentage of customers between the ages of 55 and 65 in order to project financial impacts to each option.

Potential impact on revenues:

There are three ways for customers to pay on both the conventional and Handi Transit systems. The impact for each may be different.

Cash – will have a direct loss of revenue for cash paying customers as they will no longer be required to pay for trips during off peak times

Tickets – same as cash, will have a direct loss of revenue for ticket paying customers as they will no

longer be required to pay for trips during off peak times

Monthly pass – is harder to measure. A loss of revenue will happen when customers no longer purchase monthly passes and move to cash or tickets in order to pay for only trips required. If a high percentage of their trips occur during off peak times the revenue loss will be high. If travel patterns are scattered some may choose to keep the monthly pass as individual savings might not be high enough to change.

Free service is never really free because at some point there will be a need to recover the lost revenue. This will typically come as a general fare increase for all customers. This will have an unintended impact on low-income individuals and families who make up a large segment of transit and Handi Transit customers

Increased ridership does not translate into a guaranteed increase in Gas Tax funding. There are 3 factors that affect a municipality's share of gas tax funding. They are; the total funds collected by the province, a municipality's relative share of provincial ridership and a municipality's share of the total provincial population as defined in the most recent census. Accordingly, absolute growth in ridership will not necessarily result in increased gas tax funding

For ridership to positively influence the amount of Gas Tax revenue received, the City would need to grow ridership in excess of the growth in ridership provincially. If ridership provincially grows at an equal rate to Greater Sudbury then the City will not receive any additional Gas Tax revenue. Similarly, if provincial ridership grows at a higher rate to Greater Sudbury, the City will receive less Gas Tax revenue.

Possible impact to Handi Transit (revenue usage) – Free transportation for seniors during off peak times will also have an impact on Handi Transit. Due to fare parity legislation under the Accessibility for Ontarians with Disabilities Act (AODA), the City would have to implement a parallel pilot program and provide free Handi Transit to seniors. It is possible that the incentive for free trips may shift some travel requests from the already full peak times to off peak. There will however be a direct negative impact on revenues which will be similar to those on the conventional system as both are now under the same fare structure.

Define "off peak" times – Off peak in the transit industry is typically defined as times when fewer buses are required on the road in order to respond to demand. Off peak times for Greater Sudbury are 10:00am – 2:30pm and after 6:30pm Monday to Friday which is typical in the industry. Travel patterns on Saturday, Sunday and Holidays fluctuate throughout the day but do not exceed the capacity of regular service on the road. Therefore there is not an increase or reduction of buses on the road as you would find during Monday to Friday service.

Administration required to manage a free ride program – In order to properly manage and track the success of the program there will be new control measures required. The activity required will be managed through existing staff resources.

Review of best practices and similar programs in other cities – When reviewing this program with similar programs in the industry we found that only a handful of properties in Canada offer some form of free transportation for seniors. Each program is specific to the property offering the service. A couple of properties offer free ride for seniors on a specified day of the week where another offers free rides for seniors during non-peak hours on a specified day of the week. Only two of the seventy-one properties reviewed offer free rides for seniors all the time. Age category definitions for these two properties vary significantly at 80 and older in one instance and 65 and older in the other.

Of the 71 properties (across Canada) reviewed using the 2013 Fare Structure Details Report and the Transit Agency web sites, only five offer some form of free transportation for seniors.

Ottawa	65 and older	ride free all day on Wednesday
Hamilton	80 and older	ride free with purchase of \$6.00 PRESTO card
Oakville	65 and older	ride free on Mondays
Halifax	65 and older	ride free on Tuesdays 10:00am to 3:30pm and after 6:00pm

Strathcona 65 and older ride free Monday to Friday 9:00am to 3:00pm and after 6:00pm

must have a combined family income of less than 50K/yr

It should also be noted that numerous other incentive programs exist across Canada that affect families, low income residents and youth. A brief survey using Canadian Urban Transit Association (CUTA) statistics revealed the following examples of incentive programs:

Low income Fare subsidy (proof of low income) or affordable bus pass program

Employer/ECO Pass (payroll deduction or if apart of participating organization with Transit)

Family daily/monthly pass (up to various allowable elementary children ride free, per full fare trip). Some are only Saturday and Sunday passes

Tourist pass (1-3 all day validation, unlimited)

Proposed Pilot Program

Based on an analysis of travel patterns, service levels, programs in other communities, and possible budget impacts staff is proposing the following guidelines for the free transportation pilot program:

Pilot program will run from September 1, 2015 to March 1, 2016

Offer free transportation on a single day of the week (Monday)

Off-Peak defined as 10:00am to 2:30pm and after 6:30pm

Staff will analyze travel patterns and revenue impacts based on ridership data and comparable months from the previous years

Any lost revenues which occurs during the trial period will be subsidized using existing Provincial Gas Tax funds

All participants will be required to pick up a free custom made transit pass for this program at designated locations. The requirement for the pass is based on several reasons:

Tracking of trips and impact of the trial. With the designated card staff will be able to clearly measure the number of trips provided during the trial period

Accuracy of reporting. It is extremely important to log all trips provided by the program as all trips must be accounted for in order to properly apply for Provincial Gas Tax funding

Fare disputes. The leading cause of operator assaults is as a result of fare disputes. Having preprogrammed cards with travel times already encoded will eliminate the possibility of disputes between customers and operators

Proper accounting of trips in order to determine the revenue impact and draw required from Provincial Gas Tax funding

Options for Council's Consideration

Option 1: Implement a pilot program to offer free transit and Handi Transit to seniors (over the age of 65), on a single day of the week, during off peak hours

Option 2: Implement a pilot program to offer free transit and Handi Transit to older adults (over the age of 55), on a single day of the week, during off peak hours

Estimate of Financial Impacts

As outlined in Appendix A older adults represent 20.17% of the trips taken by passengers who travel using a monthly pass. In order to estimate the financial impact of the proposed pilot, staff used the following

assumptions:

Older adults represent 20% of transit ridership (excluding U-Pass)

47% of older adult trips are taken during off peak hours

Census data was used to estimate the ridership over the age of 65

Option 1: Senior – Based on the above noted assumptions, the estimated annual revenue generated from seniors >65 years of age, using conventional and Handi Transit one day per week, during off peak times is approximately \$49,000. Therefore, the estimated loss of revenue for the term of the trial period from September 1, 2015 to March 1, 2016 is approximately \$24,500.

Option 2: Older Adult – Based on the above noted assumptions, the estimated annual revenue generated from older adults using conventional and Handi Transit one day per week, during off peak times, is approximately \$88,000. Therefore, the estimated loss of revenue for the term of the trial period from September 1, 2015 to March 1, 2016 is approximately \$44,000.

Conclusion

Staff is seeking City Council's direction regarding the launch of a pilot program to offer free transit and Handi Transit to seniors from September 1, 2015 to March 1, 2015. After reviewing the age demographics and the programs offers by other communities, staff is recommending Option 1.

The recommended proposed pilot would offer free transportation to seniors, over the age of 65, during off peak times from 10:00am to 2:30pm and after 6:30pm on Monday's only (or any single day of the week).

Transit staff will work with leisure services and economic development in order to promote the selected day as a "senior day" in an effort to coordinate available services as well as retail opportunities in the community. Also, staff will develop an outreach strategy to encourage ridership and ensure that the process to obtain the free transit card is easy and accessible to seniors.

Following the pilot program staff will review the data and will report back to the Finance and Administration Committee. If Council wished to make the program permanent, a Budget Option could be prepared for consideration during the 2017 Budget deliberations.

Supporting Documents

1. [Appendix A_201506181515](#) (pdf)
2. [Appendix B_201506181516](#) (pdf)