

**Transportation Report to
SPC on Transportation and Transit
2020 July 22**

**ISC: UNRESTRICTED
TT2020-0722**

Calgary Transit Ridership, Revenue and RouteAhead Update

EXECUTIVE SUMMARY

Calgary Transit identified the impacts of the COVID-19 pandemic on service delivery in a report to the 2020 June 25 meeting of the SPC on Transportation and Transit. This report expands on that discussion to identify impacts on ridership and revenue, as well as providing the annual update on RouteAhead: Strategic Plan for Transit in Calgary.

As of 2020 July 8, Calgary Transit ridership is approximately 75 per cent lower than normal levels due to the pandemic. Revenues are projected to be approximately \$105 million lower than budgeted by year end, assuming Alberta's Relaunch continues at its current trajectory. To address these issues, service investments must remain constrained in 2020/2021. New ways to deliver service are identified in this report, including:

- My Fare future enhancements and new non-fare revenue streams;
- On-Demand service in low-ridership areas; and
- Mobility hubs and trip planning to capitalize on emerging shared systems (mobility as a service).

ADMINISTRATION RECOMMENDATION:

That the SPC on Transportation and Transit recommend that Council:

1. Approve Administration's request to defer the review of seniors and youth pass pricing to no later than Q3 2021 to allow for stakeholder engagement using the guiding principles outlined in Attachment 1; and
2. Request Administration to report back to the SPC on Transportation and Transit no later than Q3 2020 with the Route Ahead Project Prioritization.

RECOMMENDATION OF THE STANDING POLICY COMMITTEE ON TRANSPORTATION AND TRANSIT, 2020 JULY 22:

That Council adopt the Administration Recommendations contained in Report TT2020-0722.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2013 January 14 Combined Meeting of Council, report TT2012-0833, RouteAhead: A Strategic Plan for Transit in Calgary, was approved with the recommendation that Council direct Administration to prepare an annual status report on implementation of RouteAhead.

The following was approved as part of the 2019 November 12 Strategic Meeting of Council: "Moved by Cllr Farrell, Seconded by Cllr Woolley. That with respect Report C2019-1052, the following Motion Arising be approved: That Council direct Administration to include a review of seniors and youth pass pricing as part of the RouteAhead Update returning to the Standing Policy Committee on Transit and Transportation in Q3 2020."

BACKGROUND

RouteAhead, a 30-year Strategic Plan for Transit in Calgary, has guided investments in operating and capital funding for the past seven years. RouteAhead is founded and organized

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around core principles encompassing the customer experience, our network, and our finances. Attachment 1 includes updates on our customer experience and our finances amid the pandemic. A report focussing on our network is scheduled for presentation to the SPC on Transportation and Transit in Q3 2020.

Transit is critical to a sustainable city and our climate strategy. Finding ways to maintain service levels in the latter stages of the pandemic is recommended from a social, environmental and economic perspective. Nevertheless, operating funding for transit comes from both tax support (normally approximately 55 per cent) and revenues from fares, parking fees, advertising and other revenues (approximately 45 per cent). With the reduced revenues from the pandemic, The City is unable to maintain service at the planned budgeted levels.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Transportation department is currently analyzing three COVID-19 recovery scenarios using a strategic foresight process to identify potential medium-to-long term impacts from the pandemic on the transportation system. The scenarios are not projections but identify a plausible range of impacts that the department should plan for, given the uncertainties inherent to pandemic recovery. A summary of the Transportation scenarios, key findings and any recommended actions will be briefly addressed in Fall 2020 in the Next 20 report to the SPC on Planning & Urban Development.

A preliminary review of potential impacts has identified two key areas where the pandemic is accelerating changes in trends that were already emerging before the pandemic. These are:

- Increasing acceptance of remote work by employees and employers, and
- Increasing demand for delivery services rather than traditional shopping trips.

While these imply a lower demand for transit service, there is also a short-term desire for physical distancing on transit vehicles, and consistent demand for service throughout the day to provide mobility to Calgarians who need and choose to ride transit for a variety of trip purposes. Thus far, where transit service has been reduced or routes removed, an alternative transit service offering has been available (e.g. express buses removed, but feeder bus to a bus rapid transit route remains).

Calgary Transit is finding ways to mitigate the ridership and revenue shortfall, including:

- Restoring front-door boarding with innovative operator shields to facilitate improved fare compliance;
- Introduction of My Fare, initially for adult and youth single-ride tickets, monthly passes and day passes;
- Investigating special event ticketing that includes transit fares;
- Investigation of naming rights revenue and use of space on media and in stations;
- Promoting adjusted work-day hours with major employers; and
- Collaborative marketing to co-promote Calgary Transit with destinations and employment centres.

In addition to retaining some service reductions, including adjustments to back of house and management staffing levels, Calgary Transit is evaluating alternative service delivery in order to sustain critical service and leverage emerging technologies, including:

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- Expansion of fare products offered on My Fare;
- Enhancements to trip planning applications that include shared mobility, regional transit, and integration of My Fare; and
- Modest investments in infrastructure at key stations to build multi-modal integration (mobility hubs), including additional cycling infrastructure, eScooter availability, carshare parking and electric vehicle charging.

Another alternative service delivery model Calgary Transit is currently reviewing, is On Demand transit. Based on the preliminary findings from the pilot project outlined in a report to the SPC on Transportation and Transit on 2020 June 24, On Demand service will provide an opportunity to invest in transit service earlier in new and actively developing communities where demand is low and it is not possible to introduce fixed-route transit service at higher cost. Actively developing communities would likely see a mode progression from On Demand to fixed route Calgary Transit service at some point in their development.

At the other spectrum of development, there may be communities that already have fixed route transit service that is low-performing and not sustainable. On Demand service may provide benefits in low ridership areas or in low ridership time periods, such as late evenings and weekends.

Administration evaluated routes affected by the pandemic to see if On Demand community shuttle service would be appropriate. An area west of Sarcee Trail and south of Highway 1 appears suitable for this application. If the opportunity is pursued, four transit routes will be replaced by On-Demand community shuttle service (94, 164, 439, 454). Remaining routes will remain operating in fixed-route format. The reason for these to remain is to carry customer outside the zone (travel outside the On Demand zone is not feasible for On Demand service) and to carry larger volumes of customers for which On Demand service is unsustainable.

Other initiatives that arise from the Solutions for Achieving Value and Excellence (SAVE) program will be incorporated into Calgary Transit's work program. Preliminary results will be presented to the Priorities and Finance Committee in 2020 September.

Administration evaluated the approaches of several other agencies through the Canadian Urban Transit Association prior to developing these initiatives. The context of each agency (governance, transit service area, fleet mix, etc.) needs to be considered in evaluating whether or the agency's approach is a suitable fit in Calgary. The pre-existing downturn in the local Calgary economy that began in 2015 has been exacerbated by the COVID-19 pandemic, making it increasingly challenging for The City to sustain transit service levels.

Stakeholder Engagement, Research and Communication

A summary of key findings from Customer Usage and Attitudes survey is included in Attachment 1. These findings are informing our approach to service delivery in 2020/2021.

Prior to making recommendations with respect to a means-based fare structure and reviewing senior and youth fares per Council direction, Administration will be engaging key stakeholder groups. Due to the impacts of the pandemic on group meetings, Administration is requesting a deferral to allow for engagement to take place in Q3-Q4 2020, leading to recommendations in 2021. The guiding principles in Attachment 1 are a basis for the engagement discussions. The results will then inform the next Calgary Transit four-year budget and fare structure.

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Strategic Alignment

New and innovative models for service delivery support the long-term goals of the Municipal Development Plan and Calgary Transportation Plan by enabling transit service in areas of the city that would otherwise be unsustainable based on current fiscal projections. These services align with Council Priorities for a well-run city and a city that moves.

Social, Environmental, Economic (External)

Transit service investments are key to Calgary's triple-bottom line sustainability. Investment in public transit benefits the broader community by helping revitalize economic centres and main streets, providing mobility choice, connecting employers to their workforce, supporting greenhouse gas emission reductions, and supporting transit-oriented development. Transit investments maximize the potential for developments within Calgary to generate tax revenue.

The tactics outlined in this report will enable Calgary Transit to support Calgary's Climate Strategy by aligning investments with other emerging shared systems. The expanded integration of fare products into My Fare improves access for vulnerable populations, resulting in more equitable service delivery.

Financial Capacity

Current and Future Operating Budget:

Earlier this year, the Government of Alberta and The City of Calgary reached an agreement that would see \$4.5 million transferred from The Province to The City each year between 2020 March 2 and 2023 March 31 to support the Fair Entry Low Income Transit Pass program, with no additional funding of cost overruns. The impacts of the COVID-19 pandemic are anticipated to include higher unemployment and higher volume of applications from students for use of the program (as a result of the suspension of UPass programs by post-secondary institutions). Impacts will be identified in One Calgary adjustments in Fall 2020.

Investments in new and actively-developing communities that were identified in One Calgary for introduction in 2020-2022 will be reviewed to see if a) On-Demand service similar to the pilot project in Livingstone/Carrington would be appropriate, and b) if there is fiscal capacity to introduce any service, regardless of what type of service.

Calgary Transit continues to evaluate the financial possibilities of providing On Demand service as compared to fixed routes. The On Demand model may allow Calgary Transit to tailor service more closely to demand by location and time of day. If On Demand is able to service a larger geographic area while providing reasonable levels of service, it may provide a third option between maintaining existing routes in a low-performing area or deleting the routes entirely. However, these potential efficiencies have yet to be proven in areas of existing service. It is recognised that the cost per trip of On Demand will be affected not only by ridership but by attributes such as service area size, number of stops, and road structure. Introduction of On Demand community shuttle service will help to quantify these variables.

On Demand service in existing communities is not expected to save money in the short-to medium-term due to the impacts of starting up a new line of service for customers already used

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to Calgary Transit service (telephone support, consistent span of service, responsive to school-based peak demand, etc.).

Current and Future Capital Budget:

The strategies identified in this report include capital infrastructure that will be identified in future reports. Furthermore, major capital projects, fleet and facilities associated with Calgary Transit asset management, renewal and expansion will be identified in a report tentatively entitled RouteAhead Project Prioritization, scheduled for presentation to the SPC on Transportation and Transit in Q3 2020.

Risk Assessment

There is potential for additional unforeseen impacts on ridership and revenue due to COVID-19. These can be mitigated through the scalability of service (e.g. reduced service, fewer vehicles in use, and tighter span of service during the day) but the customer experience and attractiveness of transit as a mode of travel will be drastically impacted as a result.

REASON(S) FOR RECOMMENDATION(S):

Impacts of the COVID-19 pandemic on ridership and revenue will constrain The City's capacity for transit service delivery in 2021.

ATTACHMENT(S)

Attachment 1 – Calgary Transit Ridership, Revenue and RouteAhead Update