

REVISED CALGARY TRANSIT FARE STRATEGY AND STRUCTURE

EXECUTIVE SUMMARY

Calgary Transit is recommending updates to the current transit fare strategy and pricing structure in advance of submitting its budget for Action Plan 2015 to 2018. Currently, there is no approved discounting policy or structure that ensures that transit fares are priced consistently in accordance with customer needs and system revenue objectives. The proposed fare strategy and structure changes will establish a new fare discounting scale along with new fare options to address customer and Council requests. The purpose of the proposed fare structure is to:

- Address Council direction in: TT2014-0135 Calgary Transit Fare Strategy Review;
- Reflect recent input from transit customers, Calgarians and special interest groups;
- Reflect current fare usage and ridership;
- Provide a basis for setting future fare prices to achieve more sustainable and predictable fare revenues;
- Provide a greater recognition of customer incomes and ability to pay;
- Assist in achieving the necessary revenues from fares to meet the Revenue/Cost (R /C) ratio for funding transit service;
- Offer increased flexibility and convenience for seniors and low income customers; and,
- Reduce the potential for future fare increases to unfairly burden adult customers.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Transportation and Transit recommend that Council:

1. Approve the proposed Calgary Transit Fare Structure in Attachment 1 to be used for setting fare prices; and
2. Direct Administration to return to budget deliberations in 2014 November with proposed fare product pricing for 2015 through 2018, based on the approved Fare Structure.

RECOMMENDATION OF THE SPC ON TRANSPORTATION AND TRANSIT, DATED 2014 JULY 18:

That Council:

1. Approve the proposed Calgary Transit Fare Structure in Attachment 1 to be used for setting fare prices; **after amendment to Attachment 1, (as reflected in Attachment 3)** as follows:

That Administration be instructed to maintain the current senior fare discounts for 2015 and return with a fare strategy (with a possible tier structure), based on a sliding scale of fares relative to incomes and to report back to Council through the SPC on Transportation and Transit no later than 2015 July; and

2. Direct Administration to return to budget deliberations in 2014 November with proposed fare product pricing for 2015 through 2018, based on the approved Fare Structure.

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Opposition to Recommendations:

Opposed: B. Pincott

Excerpt from the Minutes of the Regular Meeting of the SPC on Transportation and Transit,
dated 2014 July 18:

“And further, that the Committee amendments to Attachment 1 be captured in a Revised Attachment entitled “Attachment 3” and be attached to Report TT2014-0583 prior to being forwarded to Council.”

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 June 18 the SPC on Transportation and Transit directed that: report TT2014-0499, be referred to Administration for further consultation and to return to Council through the 2014 July 18 Regular Meeting of the SPC on Transportation and Transit:

“APPROVE, Moved by Councillor Carra, that the Administration Recommendations contained in Report TT2014-0482 be approved, after amendment, as follows:

That the SPC on Transportation and Transit recommend that Council:

1. Approve the proposed Calgary Transit Fare Structure in Revised Attachment 1 to be used for setting fare prices.
2. Direct Administration to return to budget deliberations in 2014 November with proposed fare product pricing for 2015 through 2018, based on the approved Fare Structure.

And further, that the public submission be attached to the Report prior to being forwarded to Council.”

BACKGROUND

On 2014 June 18, The SPC on Transportation and Transit reviewed report TT2014-0449 (Attachment 2) and referred it back to Administration for further consultation with members of Council. Since that time, Calgary Transit has held discussions with Mayor Nenshi and several Councillors. Discussions have also been held with representatives of Fair Calgary and the Calgary Chinese Elderly Citizens Association.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

As a result of the referral of TT2014-0449 and discussion with members of Council, Calgary Transit proposes that an additional fare option – a low income seniors off-peak annual pass - be added to the proposed fare strategy outlined in Attachment 1.

This new pass would be sold to all senior citizens (age 65 and older) who are residents of Calgary and who are eligible under The City's criteria for low income subsidies (100% of LICO). The proposed pass would be priced the same as the grandfathered low income seniors annual pass (currently \$15) and the annual price of both passes would be adjusted periodically to reflect the administrative costs associated with issuing the passes. The new low income seniors

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off-peak pass would be valid for boarding transit buses and CTrains during off-peak times (all times excluding weekdays 0500 to 0900 and 1500 to 1800). Low income seniors who qualify and are issued an off-peak pass would be able to travel during peak times with payment of the new low income single ride fare (priced at 50% of the Adult single fare).

It was previously proposed that after 2015 July the current annual pass for low income seniors would be grandfathered and any persons turning age 65 after that date would use the low income Adult fares (monthly pass and new single ride fares). The proposed new low income seniors off-peak annual pass recognizes the unique financial situation of low income seniors and the fact that a large percentage (50 to 60 percent) of the current low income senior citizen pass holders travel during off-peak times. It is still recommended to discontinue offering the current low income seniors annual pass that allows travel during all time periods but pass holders as of 2015 July to be grandfathered and could continue to purchase this pass as long as they continue to live in Calgary.

Stakeholder Engagement, Research and Communication

Since 2014 June 18, Calgary Transit has held additional discussions with some members of Council, representatives of Fair Calgary and the Calgary Chinese Elderly Citizens' Association regarding the proposed fare strategy and structure.

Strategic Alignment

See Attachment 2

Social, Environmental, Economic (External)

See Attachment 2

Financial Capacity

Current and Future Operating Budget:

As part of Action Plan 2015 to 2018, Calgary Transit will recommend fare pricing for all fares over the four year budget period. Fare pricing will be based on the approved Fare Discount Structure (Attachment 1) and will reflect the revenues required to support the budgeted level of transit services. However, it is important to note that changes in fare prices will move gradually towards achieving the approved fare discount structure over the four year period so there will be no significant year over year price increases for any fares.

With an approved Fare Discount Structure guiding the pricing of each transit fare, Council will influence individual fares based on approval of Calgary Transit's annual budget which will include budgeted revenues and expenses to support a desired level of service, an estimated annual ridership and average cost per trip.

The proposed changes to fare discounts together with changes to several fare options will position Calgary Transit to better support its objectives related to providing improved services while achieving the R/C ratio target. By rebalancing the discounts offered to all customer groups, fares and fare increases will be more fairly distributed.

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Current and Future Capital Budget:
See Attachment 2

Risk Assessment
See Attachment 2

REASON(S) FOR RECOMMENDATION(S):

Administration is requesting Council approve the recommended changes to Calgary Transit's fare strategy and structure so that service levels, operating costs and revenues required to support Calgary Transit input to Action Plan 2015 to 2018 can be determined.

ATTACHMENT(S)

1. Proposed Calgary Transit Fare Discount Structure
2. Report TT2014-0449 Calgary Transit Fare Strategy and Structure with original attachments
3. **Revised Attachment 1 (Amendments approved at Committee)**