

**Operational Services Report to
Infrastructure and Planning Committee
2023 May 10**

**ISC: UNRESTRICTED
IP2023-0369
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Calgary Transit Fare Innovations

RECOMMENDATION:

The Infrastructure and Planning Committee recommend that Council:

1. Approves ending the Airport Boarding Pass (special fare) and replacing it with Calgary Transit regular fares; and
2. Approves the guiding principles for reviewing, designing, and implementing fare products in the 2023-2026 Service Plan timeline.

RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE, 2023 MAY 10:

That Council:

1. Adopt ending the Airport Boarding Pass (special fare) and replacing it with Calgary Transit regular fares; and
2. Adopt the guiding principles for reviewing, designing, and implementing fare products in the 2023-2026 Service Plan timeline.

Oppositions to Recommendation 1: Councillor Demong, Councillor Wyness, and Councillor Chabot

Oppositions to Recommendation 2: Councillor McLean, and Councillor Wyness

HIGHLIGHTS

- Administration presents this report to inform Council and Calgarians on aspects of Calgary Transit's fares that will be reviewed in the 2023-2026 timeline and follows-on from the *Calgary Transit Fare and Revenue Strategy (IP2022-0803)* approved by Council in July 2022.
- This report is being brought forward at this time to receive Council approval of the guiding principles for fare design and provide adequate lead time for any fare changes that may be required for the 2024 budget adjustments in November 2023. Administration also provides an update on fare changes approved by Council as part of the 2023 budget (i.e. - children 12 and under ride free, and Weekend Group Day Passes).
- Administration will conduct the work outlined in Attachment 2 in alignment with these guiding principles:
 - Alignment and support of City policies, such as RouteAhead and the User Fees and Subsidies Policy.
 - Ease of use for customers and transit staff, while maintaining simplicity in the overall fare offerings.
 - Equity in access to fare products and the public transit and accessible transit services.
 - Use of Calgary Transit's available technology to enable new fare products.
 - Use of data (where available) to inform changes to fare products.
- Changes to Calgary Transit's fare products will be designed to improve customer convenience in accessing fares, and will take advantage of new features available in the My Fare app.

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- In alignment with the principles above, Administration recommends discontinuing the Airport Boarding Pass and presents additional information to support this recommendation in Attachment 2.
- Background and Previous Council Direction are included as Attachment 1.

DISCUSSION

Council approved the *Calgary Transit Fare and Revenue Strategy (IP2022-0803)* in July 2022. That report provided detailed information on how the public transit and accessible transit service lines are funded through fare revenues, non-fare revenues, municipal property taxes, and a grant from the Provincial government to support the low-income transit pass program. The report also outlined how previous Council direction, guiding principles, business drivers, and changes to travel behaviour from the COVID-19 pandemic would inform the 2023-2026 fare structure. Administration committed at that time to bring forward a report in 2023 to provide information focussing on work that will be undertaken by Administration in this Service Plan timeline (2023-2026) to review and update Calgary Transit's fare products. This report fulfills that commitment.

The report outlines Administration's focus for new fare products that are made possible with further investment in technology. While technology enables new fare products and improves customer convenience, cash remains an important payment method for Calgary Transit customers. Even with the rapid adoption of the My Fare mobile app (that requires credit card payment, Apple Pay, or Google Pay), approximately eight per cent of Calgary Transit's fare revenue in 2022 was paid in cash on the system (i.e. - on a bus or at a ticket vending machine).

As fare products evolve, and technology enables new products, Calgary Transit remains committed to the following guiding principles while designing and implementing new fare products:

- Alignment and support of City policies, such as RouteAhead and the User Fees and Subsidies Policy.
- Ease of use for customers and transit staff, while maintaining simplicity in the overall fare offerings.
- Equity in access to fare products and the public transit and accessible transit services.
- Use of Calgary Transit's available technology to enable new fare products.
- Use of data (where available) to inform changes to fare products.

Attachment 2 of this report provides information on fare technology enhancements, and potential new fare products. The case for discontinuing the Airport Boarding Pass is also presented, based on the original context and principles for the pass no longer being applicable.

The Participation and Integration in the Community (PIC) program has experienced higher demand this year supporting newcomers as they get settled in Calgary. The program distributes transit tickets to eligible social service agencies to be used by their clients to access essential services, such as looking for employment, working, finding housing, attending school, etc. Newcomers to Calgary can access transit tickets through these agencies to assist with their settlement in Calgary.

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EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | | | |
|-------------------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | Public engagement was undertaken | <input checked="" type="checkbox"/> | Dialogue with interested parties was undertaken |
| <input checked="" type="checkbox"/> | Public/interested parties were informed | <input checked="" type="checkbox"/> | Public communication or engagement was not required |

Calgary Transit conducts regular and on-going long-term market research to understand Calgary Transit customers' and non-customers' perceptions and experiences of using public transit services. In the 2022 February *Calgary Transit Usage and Attitudes* survey customers indicated 73 per cent satisfaction with the 'convenience of purchasing fares' and 'overall value for money'. Even with high satisfaction ratings the evolution of Calgary Transit's fare offerings is important to maintain/increase customer satisfaction and meet the more complex travel needs of customers.

Agencies that assist newcomers to Calgary have expressed concern that transit tickets made available through the Participation and Integration in the Community (PIC) program have been exhausted. The Fair Entry program cannot meet the immediate needs of newcomers.

IMPLICATIONS

Social

Public transit plays an important role in connecting customers with the people and places that they care about. Low-income transit passes are a critical part of The City's Fair Entry social program for eligible low-income Calgarians. Revenue from all sources, including fares, supports frequent, safe, reliable transit service, which improves access and mobility for all Calgarians, resulting in more equitable service delivery.

Providing affordable transit for newcomers through the PIC program assists in providing a welcoming environment for newcomers.

Environmental

Public transit significantly reduces greenhouse gas (GHG) emissions and will help The City meet the Council approved GHG reduction strategy of 15 metric tons of carbon dioxide equivalent (MTCO_{2e}) annually by 2050. A 25 per cent expansion of transit use eliminates 2.1 MTCO_{2e} of GHG annually. Continuing to promote high-quality transit helps shift Calgarians out of single occupancy vehicles into lower or no emissions modes. The City of Calgary uses a wind power contract for all civic facilities and the CTrain, enabling zero-emissions door-to-door travel in Calgary for CTrain customers. A single bus can carry as many people as 41 cars: with emissions per passenger-kilometre close to one quarter the level of cars.

Economic

Calgary's economy benefits greatly from public transit by providing workforce mobility, reducing household transportation costs, promoting efficient land use development, and reducing the need for new/expanded road infrastructure. As noted in the *Importance of Public Transit in Canada and Calgary*, published by The City of Calgary, Chief Financial Office, public transit serves as a congestion management tool in high density urban areas, facilitating urban

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redevelopment in Calgary's Centre City and established communities. The report also states the benefits of public transit outweigh the costs yielding a benefit-to-cost ratio of 1.68 to 1.

The PIC program is successful in supporting the transportation needs of new residents arriving in Calgary so they can access work, shopping, and services.

Service and Financial Implications

Other:

2023 Fare Freeze

Council approved \$3 million for Calgary Transit's operating budget in 2023 to freeze all fares at 2022 rates "to provide support and investment for residents and businesses". Rates and fees for 2024 will be approved as part of Council's budget deliberation in November 2022, and Administration will bring forward additional information on recommended rates and fees at that time.

Participation and Integration in the Community (PIC):

A one-time investment from Calgary Transit's approved 2023 operating budget to the PIC program of \$360,000 to support increased demand this year. If demand is showing signs of remaining high in 2024, Administration will bring forward a request to Council's budget discussions in November 2023.

Airport Boarding Pass:

The annual estimated decrease in fare revenue of approximately \$200,000/year will be absorbed into Calgary Transit's approved operating budget.

Fare Technology Investments:

Investments in fare collection technology, including upgrades to the My Fare app, and the future replacement of ticket vending machines are identified in Calgary Transit's capital budget.

RISK

As discussed in the *Calgary Transit Fare and Revenue Strategy (IP2022-0803)*, fare revenues form an important and significant part of Calgary Transit's operating budget. Changes to the overall fare structure and fare products are required to align with the guiding principles and City policies, maintain customer satisfaction, and address the complex travel patterns of Calgarians. Changes should be implemented incrementally, monitored after implementation, and designed in such a way as to be complementary to existing and future fare products.

ATTACHMENTS

1. Previous Council Direction, Background
2. Calgary Transit Fare Innovations
3. Presentation

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Department Circulation

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Sharon Fleming, Director	Calgary Transit	Approve
Katie Black, GM	Community Services	Consult
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