

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Public Services
Date	Tuesday, April 4, 2023
Subject	<b>Guelph Transit Fare Strategy</b>

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## Recommendation

1. That the Kids Ride Free program (children aged 12 and under) outlined in Attachment 1, Section 6.3.2 to report "Transit Fare Strategy" dated April 4, 2023, be made permanent and that the budget impacts as outlined in report "Transit Fare Strategy" dated April 4, 2023, be included in the 2024-2027 Multi-year Budget.
  2. That the Fare Capping Loyalty program, outlined in Attachment 1, Section 6.3.1 to report "Transit Fare Strategy" dated April 4, 2023, be approved and that the budget impacts as outlined in report "Transit Fare Strategy" dated April 4, 2023, be included in the 2024-2027 Multi-year Budget.
  3. That staff be delegated the authority to proceed with the remaining initiatives recommended in Attachment 1 to report "Transit Fare Strategy" dated April 4, 2023.
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## Executive Summary

### Purpose of Report

This report summarizes the Guelph Transit Fare Strategy. The Fare Strategy is a comprehensive review and analysis of the fare system, including fare programs, policies, pricing, payment options, and structures, and recommends changes to modernize the fare system and incentivize ridership.

The Fare Strategy will be a foundational part of the Guelph Transit Business Plan, which was recommended through the [Guelph Transit Business Service Review](#). Implementing the Fare Strategy recommendations in partnership with the [Guelph Transit Future Ready Action Plan](#) (GTFRAP) will be key in achieving the City's goals to make transit more affordable, attractive, accessible, and equitable.

### Key Findings

The Fare Strategy provides 16 recommendations to update existing and introduce new fare policies, structure, pricing, payment options, and programs. These recommendations were developed to support the City's plans and strategies and are based on transit comparators, industry best practices, community engagement results, and emerging trends and technologies.

By approving the Fare Strategy, the City of Guelph is providing a simplified, affordable fare system that will reward frequent riders and incentivize ridership.

Approving these recommendations is also committing to achieving a transit mode share of 15 per cent by 2051 as the Fare Strategy will work in partnership with the GTFRAP to grow ridership.

## **Strategic Plan Alignment**

The Guelph Transit Fare Strategy aligns with most priorities of the Strategic Plan but is central to the Navigating our Future goal to “provide attractive, affordable, and reasonable transportation options for everyone.” The goals of this pillar are tracked through the key performance indicator of the “per cent change of non-auto mode share”. The Fare Strategy will contribute to achieving these goals by modernizing and simplifying the fare system while incentivizing ridership through the recommended fare programs, policies, pricing, and payment options.

## **Financial Implications**

The operating financial impact of the Fare Strategy in 2023 is \$5,200 in additional revenue. From 2024 to 2027 there will be an increase of \$151,900 for a total of \$157,100 in revenue which is partially offset by an increase in operating costs of \$75,400 resulting in an overall net reduction to the tax support of transit of \$81,700. If approved, these financial impacts would be included in the 2024-2027 multi-year budget. The largest driver of this impact is the Kids Ride Free Program with a net cost of \$155,100 which is made up of a revenue loss of \$117,000 and an operating cost of \$38,100 for a staffing resource.

The capital costs to implement fare capping, bank card fare payments, and self-service terminals is \$329,600 which would be funded out of Transit’s existing capital budget for EFMS enhancements (TC0076).

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## **Report**

### **Background**

In 2019, the [Guelph Transit Business Service Review](#) was conducted to identify what Transit does well and what needs to change. The review recommended that a Guelph Transit Business Plan be developed in alignment with the [Transportation Master Plan](#) (TMP) to provide direction for transit service.

The [Guelph Transit Future Ready Action Plan](#) (GTFRAP) was approved by Council in 2021 and aims to deliver a more competitive, convenient, and reliable transit system that meets the community’s needs today and beyond, over the next decade. Together, the GTFRAP and the Fare Strategy will act as the foundation for the Business Plan. These plans will work towards growing ridership to achieve the TMP’s goal of a 15 per cent transit mode share by 2051.

The Guelph Transit Fare Strategy is a comprehensive review and analysis of the fare system, including fare programs, policies, pricing, payment options, and structures. Using best practices, industry standards, and community engagement results, staff have developed recommendations for changes to the fare system that will modernize policies and incentivize ridership.

The goal of the Fare Strategy is to meet the needs of customers today and in the future by creating an affordable, attractive, and convenient fare system. The Fare

Strategy will also enhance the customer experience by simplifying the fare system and incentivizing ridership.

## **Summary of review and analysis**

The Fare Strategy was built on a detailed analysis of the existing fare system, municipal comparators' practices, and public feedback on the fare system options. The analysis included reviewing existing City plans to ensure the resulting recommendations align with long-term goals.

Research was conducted on industry standards, best practices, and innovative fare system ideas. An evaluation of contextual applicability and financial feasibility was completed and used alongside the community engagement results to narrow down viable options. Staff carried out a more in-depth financial analysis for the selected options, and recommendations were developed and refined with assistance from Finance staff.

## **Summary of recommendations**

As a result of the review and analysis conducted, staff have compiled 16 recommendations that will update the fare system to be more attractive, accessible, and affordable for customers.

## **Fare policies**

### **1. OnYourWay fare cards**

All fare program users must have an OnYourWay fare card, except for U Pass users. New OnYourWay fare cards cost \$5 to purchase, unless otherwise specified, and replacement OnYourWay fare cards will cost \$5 for all users.

Eligible users of free specialty fare programs receive their first OnYourWay card free of charge. Users must renew their card every five (5) years. The following programs fall under this condition:

- CNIB card
- Veterans card
- Personal Assistant for Leisure Activities (PAL) card
- Retired Transit Operators' card
- Welcome to Guelph card (not eligible for renewal)

Eligible users of specialty discounted fare programs must renew their card annually. The following programs fall under this condition:

- City of Guelph Employee Pass
- Corporate Pass

### **2. Transfers**

The transfer time should always be equal to half of the longest route's cycle time, plus 15 minutes. Therefore, the transfer time should be maintained at 60 minutes.

### **3. Bus bay rentals**

The cost of renting a bus bay at Guelph Central Station will increase to \$770 per month per bus bay effective January 1, 2024, resulting in additional revenue of \$3,600 in 2024. The monthly bus bay rental rate will be reviewed annually and adjusted to keep pace with cost increases in the terminal budget.

### **4. Bus charters**

Bus charter rates will be reviewed and updated annually to match cost increases as outlined in the revenue budgeting policy.

## **5. Financial performance indicators**

A more holistic set of financial performance indicators, including the revenue to cost (R/C) ratio, that considers service levels and aligns with the revenue budgeting policy, should be adopted during the 2024-2027 multi-year budget. An annual review of the financial performance indicators will be conducted and measured against Guelph Transit's municipal comparators.

## **Fare programs**

### **1. Kids Ride Free program**

The Kids Ride Free program (children aged 12 and under) should be made permanent at an annual net budget impact of \$155,100. An operating budget in the amount of \$38,100 for clerical resources to support the program and a revenue loss of \$117,000 in 2024.

### **2. Corporate Pass program**

Transit staff will develop a new Corporate Pass program with an increase to budgeted revenue of \$18,700 in 2024. The existing program will be phased out and the new program will be launched in 2024.

### **3. Travel Training program**

Transit staff will develop a diverse Travel Training program to meet the needs of various groups, to be launched in 2024. The program will provide free rides to new customers taking part in the program (up to the value of a monthly pass). The program will be developed at no financial impact and will be offered by existing staff.

### **4. City of Guelph employee pass program**

Transit staff will work with Parking and Human Resources staff to enhance the user experience and expand the program so that all City employees are eligible, including casual part-time, co-op students, summer students, and contract employees.

City Hall staff, regardless of employment status, are eligible for a transit pass at 100 per cent discount; all other employees are eligible for a 50 per cent discount. The discounts are taxable benefits and are managed by Human Resources.

Based on historical enrollment in the program, it is assumed the program will continue to operate with minimal financial impact.

### **5. Fare Capping Loyalty program**

The traditional monthly pass program should be transitioned into a pay-as-you-go program, known as a Fare Capping Loyalty program, at a capital cost of \$36,300 funded from the existing capital budget (TC0076) and no operating budget impacts. The fare cap should be set at 34 rides for all fare categories.

If the Fare Capping Loyalty program is not approved, the monthly pass program should be maintained and prices should be increased to the proposed adult and concession fare cap maximum prices of \$95.20 and \$76.50, resulting in additional revenue of \$329,000.

### **6. TaxiSCRIP program**

The maximum number of taxiSCRIP coupon books that can be purchased each month should be increased from two to three. The minor additional cost of \$6,300 can be accommodated within the existing operating budget.

## **Fare structure and pricing**

### **1. Fare structure**

The flat fee age-based fare structure will be maintained, and the term concession fares will be adopted to refer to age-based discounts. All users eligible for concession fares will receive the same discount. These users are:

- Kids (if the Kids Ride Free program is not continued)
- Youth
- Post-secondary students
- Seniors

### **2. Fare pricing (September 2023)**

The cash fare will be increased from \$3.00 to \$3.25, and the debit/credit bank card fare will be introduced at the same rate as cash (\$3.25).

The adult single ride fare will be maintained at \$2.80. The concession single ride fare will be maintained at \$2.25 and will be expanded to include post-secondary students (except for the University of Guelph students).

The adult monthly fare cap should be set to 34 rides, amounting to a maximum of \$95.20 per month. The monthly concession fare cap should also be set to 34 rides, amounting to a maximum of \$76.50 per month. The day pass will be increased from \$8.00 to \$8.40, and the weekend pass will be eliminated.

### **3. Fare pricing methodology**

The adult single ride fare price will always be the price that all other fare media prices are based upon, except for cash fare. The single ride fare will be increased by approximately two per cent every year, rounded to the nearest \$0.05 increment. Should costs increase significantly, a greater per cent increase may be required to support the revenue budget policy.

Concession fares will always be 20 per cent less than an adult single ride fare, rounded to the nearest \$0.05 increment. The price of day passes will always be the equivalent of three adult single ride fares.

The cash fare will be increased in \$0.25 increments every two years. The debit and credit bank card fare will always be the same price as the cash fare.

All changes in prices will be aligned with the revenue budgeting policy.

## **Payment options**

### **1. Self-service terminals**

Three self-service terminals will be purchased for fare card reloading (by debit or credit card), at a cost of \$77,600 funded from the existing capital budget. The terminals will be installed at:

- ServiceGuelph at City Hall
- West End Community Centre
- Victoria Road Recreation Centre

An operating budget in the amount of \$2,900 annually, starting in 2024, be referred to the 2024-2027 multi-year budget.

**2. Debit and credit fare payment**

Debit and credit bank cards should be accepted on buses, at a cost of \$215,700 funded from the existing capital budget, pending a supportive business case. An operating budget in the amount of \$30,100 annually, starting in 2025, will be referred to the 2024-2027 multi-year budget.

**Next Steps**

If approved, the goal is to begin implementation of fare pricing changes in September 2023 and implementation of fare programs and payment options in 2024 and 2025.

Once the implementation of the Fare Strategy recommendations has begun, Transit staff will monitor the performance of the fare system changes. The updated list of performance indicators will be used to conduct an annual review, and more frequent reviews as needed, to ensure Guelph Transit is meeting projections and staying on par with municipal comparators.

Staff will continue to collect public feedback to ensure the Fare Strategy stays relevant and changes will be made where needed and where possible.

**Financial Implications**

**Net operating costs**

The operating financial impact of the Fare Strategy in 2023 is \$5,200 in additional revenue and between 2024 to 2027 is an increase of \$151,900 for a total of \$157,100 in revenue which is partially offset by an increase in operating costs of \$75,400 resulting in an overall net reduction to the tax support of transit of \$81,700. If approved, these financial impacts would be included in the 2024-2027 multi-year budget. The largest driver of this impact is the Kids Ride Free Program with a net cost of \$155,100 which is made up of a revenue loss of \$117,000 and an operating cost of \$38,100 for a staffing resource.

**Table 1. Estimated revenue from the implementation of the Fare Strategy recommendations.**

<b>Revenue</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Fare pricing changes	\$5,200	\$10,200	\$52,100	\$121,500	\$51,500
Fare policies	-	\$6,100	\$2,100	\$2,100	\$2,100
Fare programs	-	\$(98,300)	\$1,600	\$400	\$500
<b>Total</b>	<b>\$5,200</b>	<b>\$(82,000)</b>	<b>\$55,800</b>	<b>\$124,000</b>	<b>\$54,100</b>

**Table 2. Estimated expenses from the implementation of the Fare Strategy recommendations.**

<b>Expense</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Kids Ride Free program (staff support)	-	\$38,100	-	-	-
Operating impacts from capital	-	\$2,900	\$30,100	\$2,100	\$2,200
<b>Total</b>	<b>-</b>	<b>\$41,000</b>	<b>\$30,100</b>	<b>\$2,100</b>	<b>\$2,200</b>

### **Capital investments**

The capital costs to implement fare capping, bank card fare payments, and self-service terminals is \$329,600 which would be funded out of Transit’s existing capital budget for EFMS enhancements (TC0076).

**Table 2. Capital costs of fare strategy projects.**

<b>Fare Strategy project</b>	<b>Capital cost</b>
Fare capping loyalty program	\$36,300
Bank card tapping farebox payments	\$215,700
Self-service reload terminals	\$77,600
<b>Total</b>	<b>\$329,600</b>

### **Staff resources**

Guelph Transit had previously forecasted the need for additional staff resources in 2024 and 2025. The Fare Strategy recommendations further support the need for these resources that will be referred to the 2024-2027 multi-year budget process.

### **Consultations**

The Fare Strategy recommendations resulted from municipal comparator consultations and community engagement. A survey was sent to Guelph’s municipal comparator transit agencies. Members of the community could participate through online and in-person engagement opportunities. A comprehensive summary of engagement is included Attachment 1.

### **Attachments**

Attachment-1 Guelph Transit Fare Strategy Report

Attachment-2 Guelph Transit Fare Strategy Presentation

## **Departmental Approval**

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