



# INFORMATION REPORT

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> March 21, 2013	
<b>SUBJECT/REPORT NO:</b> Transit Fares (PW13025) (City Wide)	
<b>SUBMITTED BY:</b> Gerry Davis, CMA General Manager Public Works Department	<b>PREPARED BY:</b> Nancy Purser (905) 546-2424, Extension 1876
<b>SIGNATURE:</b>	

**Council Direction:**

General Issues Committee, at its meeting of February 28, 2013, approved the following:

- (a) *That staff be directed to report back at a future General Issues Committee meeting on the implications of the Accessibility for Ontarians with Disabilities Act (AODA) and fuel costs as it relates to transit rates, including the area rating implications and equitable balance of fare increases vs. levy;*
- (b) *That the report also include ridership numbers over the last three years, and show potential revenue generation that would result from incremental transit fare increases.*

**Information:**

Transit fares have remained at the same level since January 1, 2010. The following chart depicts the ten (10) year historical fare increases. Fares have increased an average of 2% over the last ten (10) years.

**TABLE 1**

Fare Type	Apr-03	Jun-07	Jan-08	Jan-09	Jan-10	Jan-11	Jan-12	2003-2012	
								\$ Incr.	Avg % Incr.
Cash	2.10	2.25	2.40	2.40	2.55	2.55	2.55	0.45	2%
Adult Ticket	1.70	1.75	1.85	1.85	2.00	2.00	2.00	0.30	2%
Student Ticket	1.35	1.45	1.55	1.55	1.65	1.65	1.65	0.30	2%
Adult Monthly Pass	65.00	71.00	79.00	79.00	87.00	87.00	87.00	22.00	4%
Student Monthly Pass	50.00	56.00	63.00	63.00	71.00	71.00	71.00	21.00	5%
Seniors Annual Pass	205.00	205.00	205.00	205.00	205.00	205.00	205.00	0.00	0%
University Transit Pass	65.00	71.50	94.80	102.70	121.80	126.15	126.15	61.15	10%

**TABLE 2**

<b>Fare Type</b>	<b>London</b>	<b>Hamilton</b>	<b>Brampton</b>	<b>Durham</b>	<b>Mississauga</b>	<b>Ottawa</b>	<b>York</b>
Cash (Adult)	\$ 2.75	\$ 2.55	\$ 3.25	\$ 3.00	\$ 3.25	\$ 3.30	\$ 3.50
Adult Ticket	\$ 1.90	\$ 2.00	\$ 2.65	\$ 2.70	\$ 2.60	\$ 2.60	\$ 2.80
Adult Pass	\$81.00	\$ 87.00	\$ 107.00	\$100.00	\$ 120.00	\$96.25	\$115.00
Student Ticket	\$ 1.54	\$ 1.65	\$ 2.45	\$ 2.50	\$ 2.25	\$ 2.60	\$ 2.10
Student Pass	\$70.00	\$ 71.00	\$ 100.00	\$ 84.00	\$ 101.00	\$76.75	\$ 85.00
Senior (monthly)	\$57.50	\$ 20.50	\$ 47.00	\$ 40.25	\$ 47.00	\$39.00	\$ 50.00
<b>Rank (Lower is less expensive)</b>							
Cash (Adult)	2	1	5	3	5	7	8
Adult Ticket	1	2	6	7	4	4	8
Adult Pass	1	2	6	4	8	3	7
Student Ticket	1	2	6	7	4	8	3
Student Pass	1	2	7	4	8	3	5
Senior (monthly)	8	1	5	4	5	3	7
<b>Overall</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>7</b>

Hamilton continues to rank lowest when compared to other Transit Agencies in the area as shown in Table 2.

Table 3 below provides the details regarding the increases in the 2013 budget request for Transportation. The request has been mitigated to this point as follows:

- Vehicle Parts \$ 585,000
  - Transit Fares 87,560
  - Advertising Shelters & Charters 115,000
  - Contribution to Transit Reserve 450,000
  - Natural Gas Fuelling Station 140,000
  - Bio-diesel Reduction 278,000
  - AODA Eligibility deferral 900,000
- Total Mitigation \$2,555,560

**TABLE 3**

**2013 Transportation Budget Summary**

	<b>2012 Budget</b>	<b>2013 Proposed Budget</b>	<b>Amount</b>	<b>%</b>
Total Expenditures *	95,456,690	100,101,670	4,544,980	4.8%
Total Revenue	(47,992,900)	(48,320,140)	(327,240)	0.7%
Net Levy	47,463,790	51,959,530	4,495,740	9.5%
R/C Ratio	47.41%	46.20%		
Less Noted Expenses in Transportation:				
Diesel Fuel			1,522,000	1.6%
AODA			1,400,000	1.5%
			2,922,000	3.1%
<b>Remaining Expenditure Increase</b>			<b>1,622,980</b>	<b>1.7%</b>
Employee Related Expenses Increase			1,647,610	1.7%

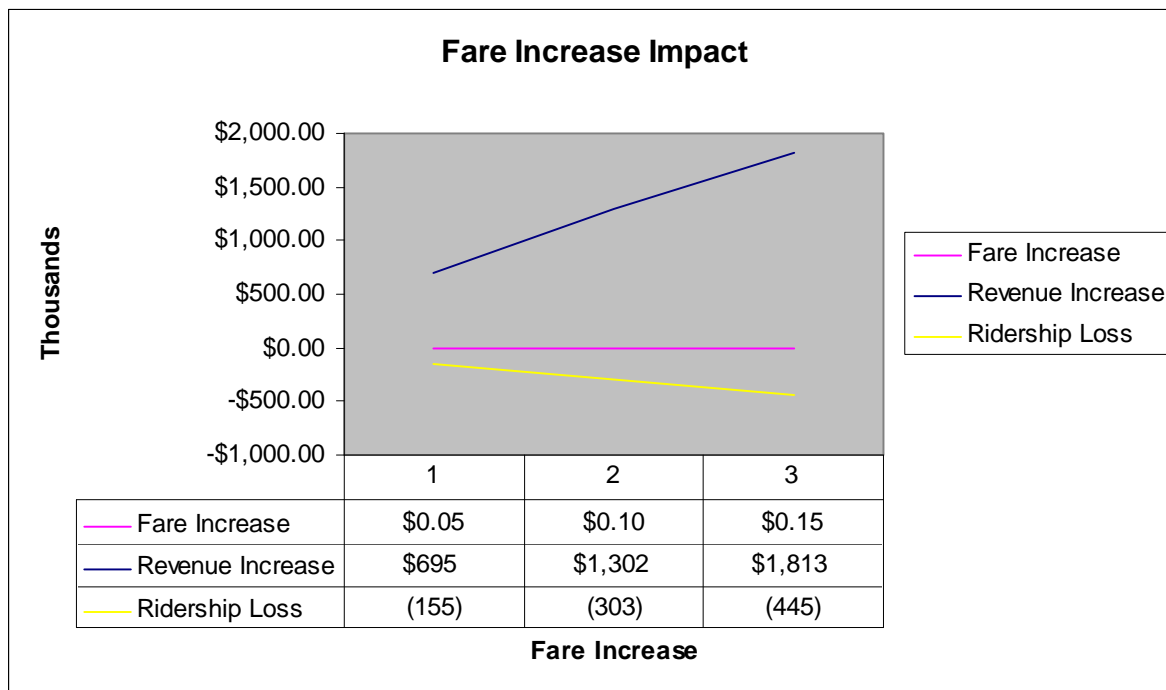
To share the increases for Fuel (\$1,522k) and AODA (\$1,400k) equally between the fare box and the tax levy would require additional transit revenue of \$1.5 million, or approximately a \$0.15 per trip increase. As shown in Table 4 below. The fare increase could be represented as a \$0.10 increase for Fuel and a \$0.05 increase for AODA. Fare increases approved after March 1, 2013, will not be reflected in the University, College or other School program agreements until September 1, 2014, the annual impact of these programs is \$224,000.

**Area Rating Impacts**

Conventional Transit (HSR) is area rated by former area municipalities based on their respective share of the total service mileage. As such, both expenditures (i.e. fuel costs) and revenues (transit fares) would be shared based on these splits. For example, as Hamilton currently accounts for approximately 85% of the total transit service miles, Hamilton would then be allocated approximately 85% of the total transit levy - inclusive of any fare increase. The potential increase in revenues of -\$1.5M, resulting from a \$0.15 fare increase, would fully offset the \$1.5M pressure in fuel, resulting in no tax impact.

Specialized Transit (ATS) is not area rated, and as such is part of the General Levy. A \$1.4M pressure due to AODA is equivalent to approximately \$6 on an average home (City wide assessment of 266,200).

**TABLE 4**



While it is expected that increases in Transit fares will create a corresponding loss in ridership; this relationship did not occur when fares were raised in 2010. Ridership in 2010 increased 1.4% over 2009 levels and year to date 2012 have increased 4.13% over 2009, as shown in Table 5 below. Transit users are generally tolerant of reasonable fare increases so long as the service quality is viewed as providing value for

the money. Users gauge value on service supply and performance based on a personal assessment of a variety of variables. A survey was completed in May 2012 with an overall satisfaction rating of 74%.

**TABLE 5**

**RIDERSHIP SUMMARY**

Year	Annual Trips	% Increase from Base Year
Base Year 2009	20,930,769	
**2010	21,226,094	1.41%
2011	21,882,475	4.55%
2012	21,795,884	4.13%

\*\* Denotes fare Increase

Since 2009 the following service enhancements have been added utilizing Provincial Gas Tax Funds; the addition of #44 Rymal Road, improved frequency in the King/Main/Queenston corridor, increased Weekday frequency of service on Routes #21 Upper Kenilworth and Route #33 Sanatorium; extension of Route #5 Delaware from West Hamilton to the Meadowlands on Saturdays/Sundays/Holidays and new Saturday Evening and Daytime Sunday/Holiday service on Route #43 Stonechurch. Over the last 10 years no investments have been made by the City of Hamilton in Transit specifically for service expansion, whereas other Municipalities have invested in Transit and are seeing increased ridership on a per capita basis.

**TABLE 6**

**Municipal Contribution Comparison**

Municipality	2006 Trips per Capita	2011 Trips per Capita	% Change	2006 Municipal Contribution per Capita	2011 Municipal Contribution per Capita	% Change	Average Contribution Increase per Year
York Region	18.00	18.74	4.11%	63.78	75.32	18.09%	3.02%
Ottawa	119.26	123.92	3.91%	181.53	189.11	4.18%	0.70%
Mississauga	41.22	45.14	9.51%	53.06	81.11	52.86%	8.81%
Durham	13.83	18.43	33.26%	39.15	58.63	49.76%	8.29%
Brampton	24.48	31.96	30.56%	47.73	72.15	51.16%	8.53%
Hamilton	47.99	45.59	-5.00%	58.50	67.29	15.03%	2.50%
London	54.12	62.32	15.15%	44.63	55.23	23.75%	3.96%
Windsor	28.39	30.28	6.66%	48.02	55.70	15.99%	2.67%
St. Catharines	32.11	37.06	15.42%	33.18	44.85	35.17%	5.86%

The above table summarizes the investments from 2006 to 2011 made by the Municipalities referenced in the Catch Report issued February 12, 2013.