

MEETING DATE April 6, 2005

SUBJECT Staff Response to Commission Inquiry – Increasing TTC Ridership

At the Commission meeting of March 24, 2004, the Commission approved the following motion:

“that staff be requested to report back at the May 2004 Commission Meeting with a work plan for a study examining a 35% improvement in service, including proposed terms of reference, a consultation plan and a timeline.”

At the Commission meeting of October 20, 2004, the Commission also approved the following motion:

“that staff be requested to report further in early 2005 on a staged ridership growth strategy that would increase ridership 3%-4% per annum between 2006 and 2010.”

This memo responds to these requests.

Ridership Growth Strategy

The *Ridership Growth Strategy* (RGS) report, approved by the Commission in March 2003, provided a detailed plan for investing in transit over a five-to-ten year period to help achieve the forecast growth targets in the City’s Official Plan. The report indicated that these investments, and the achievement of the City’s Official Plan targets for increased population and employment, would result in TTC ridership growing from 411M riders in 2002 to 500M riders per year by 2011. This represents a 22% increase in ridership and a ridership growth rate of approximately 2.5% per year between 2002 and 2011.

The more-recent Commission request reflects a desire to increase ridership at a rate approximately 1.5 times that envisioned in the RGS report: 35% overall growth rather than the 22% included in the RGS, and a growth rate of 3%-4% per year rather than the 2.5% included in the RSG report.

The Ridership Growth Strategy provided a comprehensive package of strategies to increase transit ridership, and ranked the options based on cost-effectiveness. As shown in Appendix 1, which is an excerpt from the strategy report, the investment strategy entails substantially increasing both the capital and operating funding provided to the TTC to implement the most cost-effective means of increasing ridership. It recommended increasing the operating funding provided to the TTC, to provide \$74M in additional operating subsidy, along with additional capital funding of approximately \$60M per year, both relative to 2003 levels. These annual costs would be in addition to the base budget requirements of the TTC, and continue to 2011 and beyond if the higher target ridership levels are to be sustained.

The assessment undertaken for the Ridership Growth Strategy ranked possible investments based on the additional subsidy required to attract new riders. The recommended initiatives, on average, would attract new passengers at a rate of approximately one new passenger for each \$3.39 in additional subsidy. A general fare reduction of \$0.10 was the least cost-effective of the initiatives identified and was not recommended until all of the other RGS initiatives had been implemented. A general fare reduction was forecast to require \$5.60 in new subsidy for each new passenger attracted to the system.

The Ridership Growth Strategy identified the most cost-effective ways of attracting ridership in the short term. Increasing ridership levels above those identified in the RGS would be very expensive, as they would

involve introducing programs that are considerably less cost-effective at attracting riders than those already recommended in the RGS.

To significantly increase transit ridership in Toronto above the levels identified in the RGS, on a sustained basis, will require more than just increasing the subsidy provided to the TTC. The RGS investment plan provides a good, cost-effective base for expanding transit ridership, but to go beyond this will require an integrated City plan including a commitment to transit in the fabric of the community.

Other City Actions to Increase Transit Ridership

The City, in its background work for the Official Plan, identified a range of City actions that can be implemented to enhance transit service and attract more riders. The approach was summarised in a section of the RGS that is shown in Appendix 2. There are many policy actions the City can take to make transit a more-attractive alternative to the automobile, such as changes to parking regulations and pricing, turn restrictions, and increased enforcement of traffic and parking restrictions.

More substantial improvements can be implemented through the construction of exclusive rights-of-way for surface transit operations on critical links in the system. This can be done at low cost if existing mixed-traffic lanes are converted to be exclusively for transit use, and at a modest cost on roadways where there is space to construct new lanes for exclusive transit use.

The *Building a Transit City* presentation, provided to the Commission on January 12, 2005, outlined a comprehensive plan for the creation of surface transit right-of-ways on 200 kilometres of roadway in the city. It incorporates the recommended investment in surface rights-of-way from the Ridership Growth Strategy. It also includes the conversion of auto travel lanes to exclusive transit use on critical road sections in the city where transit services already carry more people than are carried by automobile traffic and where there is no physical space to widen the roadway. These road sections include roadways such as King Street, Queen Street, the central section of Eglinton Avenue, and Pape Avenue where existing transit use is very high and dedicating road space to transit service makes sense. A map showing the proposed surface right-of-way network is shown in Appendix 3.

Implementing these proposals will require a substantial political commitment to transit as there are significant actual, and perceived, community impacts that would result from these transit initiatives. A strong, long-term, political commitment is required, however, to achieve the goal of sustained growth in transit use in the city.

Summary

To achieve a pattern of sustained longer-term ridership growth in Toronto, the City and senior levels of government will need to take three actions:

1. Maintain the TTC's current infrastructure and vehicle fleets in a state of good repair.
2. Adequately fund the initiatives described in the Ridership Growth Strategy on an ongoing basis. This would move the TTC to a 72% revenue/cost ratio from the current 78% to 80% level, and require an increase in capital funding of \$60 million per year over the current base capital funding needs. This level of funding would need to be sustained over many years to achieve significant increases in transit ridership.
3. Implement the surface transit right-of-way plan described in the *Building a Transit City* presentation, recognizing that this will involve the conversion of existing auto lanes to exclusive transit use on a number of major streets in the City.

Action at all levels of government is also needed to implement long-discussed policies to encourage greater transit use and reduce auto use through land use planning initiatives, constraining urban sprawl, and tax incentives/disincentives to reduce auto use.

The TTC could achieve the target of increasing transit ridership by 3% to 4% annually on a sustained basis if all of these initiatives were to be implemented.

Chief General Manager

11-55-47

Attachments: Appendix 1 – RGS Investment Strategy – excerpt from the *Ridership Growth Strategy* Report, March 2003

Appendix 2 – City Actions Required to Improve Transit Service - excerpt from the *Ridership Growth Strategy* Report, March 2003

Appendix 3 – Possible Future Surface ROW's and Network – excerpt from the *Building A Transit City* presentation, January 2005

6.2 Alternative Investment Strategies

To illustrate the range of possible investment strategies that could be considered to significantly increase TTC ridership, the proposals have been categorised into three groups. The groups represent three possible levels of investment which provide a consistent overall strategy of fare and service improvements to systematically increase TTC ridership over the next ten years.

Group 1 Investment Package

Group 1 projects have an average subsidy per new passenger-trip of approximately \$2.70, and are shown in Table 6. They would improve service during specific time periods, and for specific groups of passengers, where there is the greatest potential for increased ridership. The fare programs are primarily targeted at increasing off-peak ridership, which is cost-effective from a service perspective. The fare proposals can be implemented quickly if funding is available.

Table 6
Ridership Growth Strategy - Group 1 Investments

	New ridership	Annual operating costs			Capital costs		Total annual subsidy
		Costs	Revenue	Subsidy	Project total	Annual over 10 years	
	million	\$million	\$million	\$million	\$million	\$million	\$million
Service Proposals:							
1. Improve peak service	2.84	\$9.2	\$4.4	\$4.7	\$60.0	\$6.0	\$10.7
2. Improve off peak service on major routes	2.28	\$12.0	\$3.5	\$8.4	\$0.0	\$0.0	\$8.4
3. Upgrade to surface rapid transit on six "Avenues" in 10 years	12.33	\$0.0	\$0.0	\$0.0	\$300.0	\$30.0	\$30.0
4. Surface commuter parking expansion	0.99	\$1.0	\$2.2	-\$1.1	\$18.2	\$1.8	\$0.7
5. Expand Traffic Signal Priority program	0.60	\$0.2	\$0.9	-\$0.8	\$5.0	\$0.5	-\$0.3
Fare Proposals:							
1. Discount Metropass by \$5.00	2.00	\$0.1	-\$9.0	\$9.1	\$0.0	\$0.0	\$9.1
2. Remove 9:30 a.m. restriction on Day Pass	0.40	\$0.1	-\$0.7	\$0.8	\$0.0	\$0.0	\$0.8
3. Senior/student Day Pass	0.60	\$0.1	-\$0.8	\$0.9	\$0.0	\$0.0	\$0.9
4. Reduce Senior/Student Metropass trip rate by six	0.60	\$0.0	-\$1.2	\$1.2	\$0.0	\$0.0	\$1.2
5. VIP Green Pass	1.40	\$0.1	-\$2.6	\$2.7	\$0.0	\$0.0	\$2.7
Total of Group 1 Investments	24.04	\$22.7	-\$3.2	\$26.0	\$383.2	\$38.3	\$64.3
Average Annual Subsidy per New Passenger	\$2.67						

Group 1 also includes substantially-improved service on all major routes in the system during all time periods. The service improvements identified for time periods other than the morning peak period can be implemented over a 9- to 12-month period, but the morning peak period service changes require the purchase of additional vehicles, so will require a 2- to 3-year lead-time for implementation.

Of the eight bus and streetcar rapid transit projects identified as having a subsidy per new passenger-trip of less than \$3.00, it is assumed in Group 1 that six of these proceed over the next decade at an average annual cost of approximately \$25 million per year. Also included in the cost is funding for the purchase of 10 additional buses per year at a cost of \$5 million per year to accommodate the expected increase in ridership resulting from the improved services once the facilities are in use. The Group 1 projects include three projects that are currently undergoing Environmental Assessment studies, but it is unlikely that construction can begin on these projects immediately, as there will be time required for approvals and design in each case. This could work well from a cash-flow perspective, however, as the expenditures for new vehicles would occur at the beginning of the time period.

The Group 1 package would provide some support for achieving the goals of the City's Official Plan. It would allow bus or streetcar rapid transit rights-of-way to be constructed in all of the corridors that were identified as having an absolute requirement for such rights-of-way by 2011, and would allow three additional corridors to be constructed. It also does not address the longer-term capacity issues related to the Scarborough RT, however, which will be a constraint on future development in the area by 2011.

The Group 1 package would require additional funding of approximately \$26 million in operating subsidies, and \$38 million in capital subsidies each year over the next decade. These new funding levels would still be substantially lower in real terms than both what was provided to the TTC in the 1980's and what is currently provided to most other major transit systems in North America today. The Group 1 package represents a low-risk, modest-cost option where there will be immediate benefits in terms of increased TTC ridership and longer-term benefits to both the City and senior levels of government in terms of achieving land use objectives and environmental goals.

Group 2 Investment Package

The Group 2 investment package represents a more-aggressive approach to attracting new passengers to the TTC through the restoration of services that were eliminated in the 1990's, and the introduction of overall fare reductions to make a small step towards offsetting the large increases, in real dollars, which were required in the 1990's because of severe funding cuts. It also provides strong support for the City's Official Plan by providing for the construction of additional bus rapid transit rights-of-way on designated "Avenues" to help encourage greater transit-oriented development in these corridors. Implementing the Group 2 set of initiatives would demonstrate leadership in attracting new riders to transit in a significant way.

Group 2, as shown in Table 7, includes all of the proposals in the Group 1 package, plus a combination of additional fare discounts and service improvements. The Group 2 improvements have an average annual subsidy per new passenger-trip of approximately \$3.50. It includes the introduction of a weekly pass and a fare reduction for all fare categories. Improvements would be made in the frequency and hours of service on most routes in the system, and the hours of operation on most routes in the system would be restored to the previous standard of 19-hour service, seven days per week. As with the Group 1 options, most of the fare and service level changes can be implemented quickly, but improvements to morning peak period service would require the purchase of additional vehicles which would require a 2- to 3-year lead time.

Table 7
Ridership Growth Strategy - Group 2 Investments

New	Annual operating costs	Capital costs	Total
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	ridership	Costs	Revenue	Subsidy	Project total	Annually over 10 years	annual subsidy
	million	\$million	\$million	\$million	\$million	\$million	\$million
Service Proposals:							
1. Full service on all routes from 6:00 a.m. to 1:00 a.m.	2.88	\$20.1	\$4.5	\$15.6	\$0.0	\$0.0	\$15.6
2. Maximum of 20-minute service on all routes	2.73	\$19.1	\$4.2	\$14.8	\$0.0	\$0.0	\$14.8
3. Upgrade to surface rapid transit on three additional "Avenues"	3.49	\$0.0	\$0.0	\$0.0	\$150.0	\$15.0	\$15.0
4. Expand capacity of Scarborough RT (convert to Mark II assumed)	5.76	\$2.6	\$8.9	-\$6.3	\$120.0	\$7.8	\$1.5
Fare Proposals:							
1. Weekly Pass	2.40	\$1.0	-\$2.6	\$3.6	\$0.0	\$0.0	\$3.6
2. Overall Fare Reduction - minus \$0.10 adult ticket/token pro-rated	3.60	\$0.0	-\$20.2	\$20.2	\$0.0	\$0.0	\$20.2
Total of Group 2 Investments	20.86	\$42.8	-\$5.2	\$48.0	\$270.0	\$22.8	\$70.8
Total of Group 1 and Group 2 Investments	44.90	\$65.5	-\$8.4	\$73.9	\$653.2	\$61.1	\$135.0
Average Annual Subsidy Per Passenger	\$3.39						

Group 2 funding would allow three additional bus rapid transit rights-of-way to be constructed along "Avenues" that are identified as having major future growth potential. It would allow such rights-of-way to be established in advance of, or concurrent with, development in the corridors to help establish, at the outset, transit-oriented travel patterns from the new developments. Funding for the conversion of the Scarborough RT to MkII operation has been included in Group 2, but it may be required as a Group 1 project if used MkII cars from Vancouver cannot be acquired.

The Group 2 package would require additional funding, in addition to Group 1 funding, of approximately \$48 million in operating subsidies and \$23 million in capital subsidies each year, over the next decade. In total, Group 1 and 2 improvements would require \$74 million in additional operating subsidies and \$61 million in additional capital subsidies each year. This would result in the operating revenue/cost ratio for the TTC to fall to approximately 72%. This would result in funding being almost restored to the funding levels provided in the 1980's.

Overall, this does not represent an unrealistic program of investing in transit service. It would still leave the TTC receiving less funding on a revenue/cost basis than virtually all other major cities in North America.

Group 3 Investment Package

The Group 3 investment package includes the entire Group 1 and Group 2 improvements, and adds a continuous program of subway construction at the historic average rate of expenditure for rapid transit construction - \$175 million per year. Because of the long time-frames involved in subway design and construction, the benefits of this investment will not begin to be realised until seven-to-ten years after the program begins but, at that point, additional new riders would begin to be attracted to the services. Over time, the new revenues received would result in an improving operating revenue-cost ratio on the system because subways can carry large numbers of passengers more cost-effectively than surface operations.

A continuous subway construction program would provide confidence in the development community that permanent high-quality transit service will be in place to serve potential development sites along the corridors, and this would provide a strong incentive for the kind of higher-density development envisioned in the City's Official Plan.

3.2 City Actions Required to Improve Transit Service

The City, in its background work in support of the Official Plan, identified a set of "building blocks" for the transportation plan, as shown in Exhibit 1, and *"stressed the importance of transit priority policies as one of the most cost-effective means of improving the competitiveness of public transportation"*. The building blocks illustrate that the City has, under its control, a range of policy tools that can be used to influence travel choices without the need for major expenditures. Parking policies and standards, transit priority measures, and land use planning tools can be used to shape future travel demand and increase transit use at no added cost to the City.

The planning work behind the Official Plan acknowledges that *"improved transit competitiveness, realistically, can only be achieved at some "cost" to other road users"* and that *"the fundamental issue is whether the City is prepared to make the tradeoffs that improve transit competitiveness at the expense of driver inconvenience"*. These are difficult choices that require a balancing of the concerns of individuals who are inconvenienced against the community benefits gained from promoting transit service. If the objectives of the Official Plan are to be realised, however, City staff and politicians must move the balance in the direction of promoting transit service.

There are a number of simple, achievable changes that could be made in the short-term by the City to demonstrate its commitment to improved transit service in a tangible way:

- extending the hours during which parking is restricted on major arterial roads to better reflect the realities of the extended peaking of traffic congestion on the roads;
- introducing additional bans on left-turning vehicles on major transit routes; and
- establishing a dedicated team of personnel to continuously enforce parking and turn restrictions and bus- and streetcar-only lanes on transit routes.

Exhibit 1 City of Toronto Transportation Plan Building Blocks

The TTC has requested the City to undertake all of these actions in the past, but has been unable to achieve meaningful progress on these issues. The City can be pro-active in promoting transit in other ways such as:

- constructing right-turn "queue jump" lanes for transit vehicles when major roads are being rebuilt in the City. These lanes, coupled with signal priority equipment and the relocation of transit stops to the far side of intersections, is a low-cost way of increasing transit speeds;
- actively encouraging developers to minimise the amount of parking they provide when proposing developments close to rapid transit lines or on the "Avenues" where higher-order transit is planned; and
- maintaining a strong pro-transit position when faced with possible opposition from automobile drivers when undertaking the "Avenue" and district planning studies needed to support the broader vision of the Official Plan.

For the TTC's Ridership Growth Strategy to be effective, it will require more from the City than just additional funding for transit. It will also require a strong commitment on the part of the City to support transit-promoting initiatives even though such initiatives may well be opposed by some automobile users.

Appendix 3 – Possible Future Surface ROW's and Network – excerpt from the *Building A Transit City* presentation, January 2005