



## **STAFF REPORT ACTION REQUIRED**

### **Presentation: Preliminary 2016 TTC Operating Budget: Fare Scenarios**

<b>Date:</b>	September 15, 2015
<b>To:</b>	TTC Budget Committee
<b>From:</b>	Chief Executive Officer

### **Summary**

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A presentation entitled: Preliminary 2016 TTC Operating Budget: Fare Scenarios will be submitted to the Budget Committee for discussion.

### **Contact**

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# PRELIMINARY 2016 TTC OPERATING BUDGET: POSSIBLE FARE SCENARIOS

September 15, 2015





## Approved motions from July 30 2015 Budget Committee:

1. That staff provide an information report at the next Budget Committee meeting with a summary of fare scenarios that includes, but is not limited to:
  - an increase to cash fares only
  - an increase to metropass
  - freezing the cost of a metropass
  - freezing the cost of all fare media
  - a fare increase spread across all fare media; and
2. Include in the report the impact of various fare scenarios on ridership and revenue, and PRESTO implementation; and
3. The impact of PRESTO on the TTC Metropass.
4. That staff report back to the next budget meeting with a list of additional service enhancements to be considered by the Board for the 2016 budget.



# FARE ISSUES



- Requirement for additional revenue to cover inflationary cost increases and added service
- Fare scenarios
- Cash fares unchanged since 2010
- Transition to PRESTO system-wide in 2017





## FARE SCENARIOS

1. No fare increase
2. 5¢ on all fare media; 25¢ on cash fares
3. 10¢ on all fare media; 25¢ on cash fares
4. 5¢ on all fare media—single cash fare
5. 10¢ on all fare media—single cash fare
6. 5¢ on all fare media, excl. Metropass; 25¢ on cash fares
7. 5¢ on Metropass only
8. 25¢ on cash fares only





YEAR	CPI ANNUAL	CPI COMPOUNDED
2010	2.5%	N/A
2011	3.0%	5.6%
2012	1.5%	7.2%
2013	1.2%	8.4%
2014	2.5%	11.1%
2015F	1.2%	12.5%
2016F	2.2%	15.0%

Data source is Conference Board of Canada – Metropolitan Outlook



# SCENARIO 1: NO FARE INCREASE



- Doesn't provide for inflationary cost increase
- Would need to be covered by additional City subsidy



# SCENARIOS 2/3/4/5: INVOLVE CASH FARE CHANGES



- TTC Customer Satisfaction Survey (CSS) data indicate customers with lower income levels are more likely to use tokens or Metropasses vs. cash
- This customer group is not disproportionately impacted by cash fare changes
- Visitors/Tourists are not included in CSS but it is assumed that they are above-average users of tokens and cash

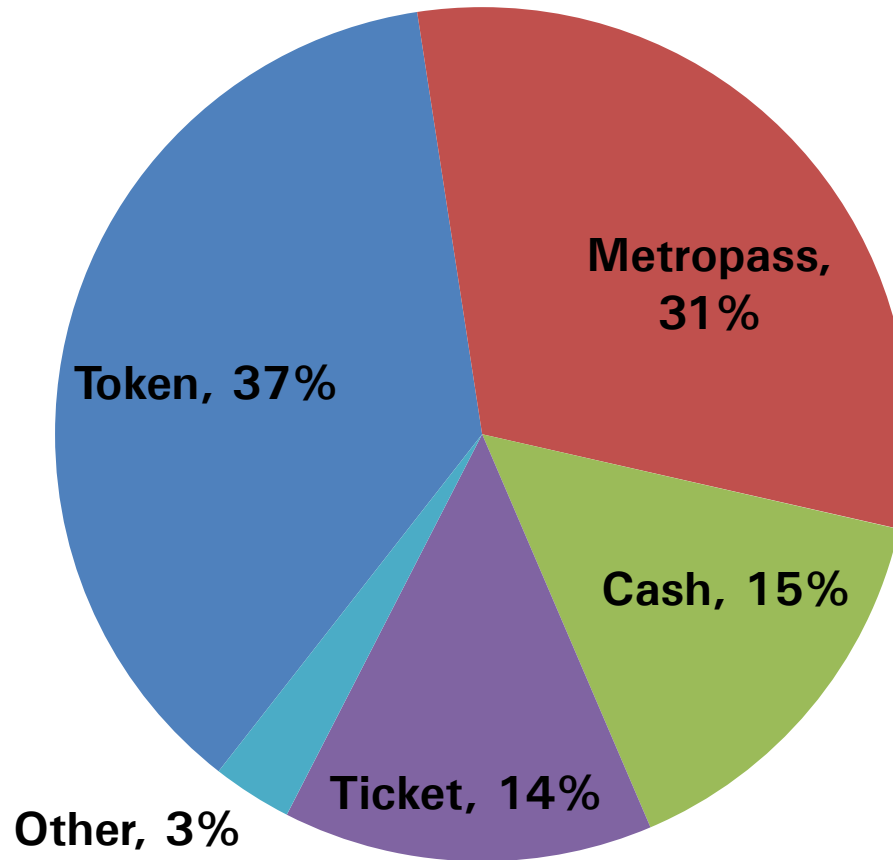




# CASH FARE CHANGES



Profile of fare media usage by lower-income (< \$45K) TTC customers:



# SCENARIOS 2 & 3: INCLUDE "STANDARD" CASH FARE CHANGES



- **Cash fares last raised in 2010:**
  - Adult: \$2.75 to 3.00 (+ 8.3%)
  - Senior/Student: \$1.85 to \$2.00 (+ 12.5%)
- Compounded Toronto CPI from 2010 to 2016 = + 15%
- **Premium for single Adult ride has eroded since 2010:**
  - 2010: Adult Cash \$3.00, Token \$2.50; premium = 20%
  - 2015: Adult Cash \$3.00, Token \$2.80; premium = 7%
- A smaller premium encourages growth in cash usage
- Adult cash fare held at \$3.00 for convenience (toonie & loonie)



# SCENARIO 2: 5¢ ON ALL FARE MEDIA; 25¢ ON CASH FARES



- **Weighted average % increase: 2.6%**
  - Non-cash fare media: 1.8%
  - Adult cash fare: 8.3%\*
- Metropass - 5¢ pro-rata increase,  
no change to trip multiple
- **Revenue generated: \$24 million**
- **Ridership lost: 2 million**

\*8.3% for Adult; 12.5% for Senior/Student  
First increase since 2010 and less than CPI over that time



# SCENARIO 3: 10¢ ON ALL FARE MEDIA; 25¢ ON CASH FARES



- **Weighted average % increase: 4.2%**
  - Non-cash fare media: 3.6%
  - Adult cash fare: 8.3%\*
- Metropass - 10¢ pro-rata increase,  
no change to trip multiple
- **Revenue generated: \$36 million**
- **Ridership lost: 3 million**

\*8.3% for Adult; 12.5% for Senior/Student  
First increase since 2010 and less than CPI over that time





## **These scenarios involve creating a single cash fare**

- i.e., Adult and Senior/Student both at \$3.25

## **Why go to a single cash fare in 2016?**

- Ensures consistency with regional fare policy
  - Other GTHA transit agencies have aligned their Adult cash fare with at least one other customer group
- Consistent with PRESTO migration strategy
- Simplifies fare structure



# SCENARIOS 4/5: SINGLE CASH FARE



## Cash Fares – GTHA Transit Agencies:

AGENCY	ADULT	STUDENT	CHILD	SENIOR
York Region	\$4.00			
Burlington	\$3.50			
Oakville	\$3.50			
Mississauga	\$3.50			
Milton	\$3.25			
Hamilton	\$2.75			
Brampton	\$3.75			\$1.00
Durham	\$3.50		\$2.25	
TTC	\$3.00	\$2.00	Free	\$2.00





## **Adult cash fare from \$3.00 to \$3.25 (+ 8.3%):**

- Past practice has been to increase cash fares in 25¢ increments
- Results in a fare revenue gain after some ridership loss and switching to other fare media



# SCENARIO 4: 5¢ ON ALL FARE MEDIA; SINGLE CASH FARE



- **Weighted average % increase: 3.6%**
  - Non-cash fare media: 1.8%
  - Cash fares: 8.3%\*
- Metropass - 5¢ pro-rata increase,  
no change to trip multiple
- **Revenue generated: \$24 to \$29 million**
- **Ridership lost: 3 to 4 million**

\*From \$3.00 current Adult cash fare





# SCENARIO 5: 10¢ ON ALL FARE MEDIA; SINGLE CASH FARE



- **Weighted average % increase: 5.2%**
  - Non-cash fare media: 3.6%
  - Cash fares: 8.3%\*
- Metropass - 10¢ pro-rata increase,  
no change to trip multiple
- **Revenue generated: \$36 to \$41 million**
- **Ridership lost: 4 to 5 million**

\*From \$3.00 current Adult cash fare





- **These scenarios involve applying fare increases to some but not all fare media:**
  - Scenario 6: increase all fare media except outright freeze of Metropass price
  - Scenario 7: increase Metropass only
  - Scenario 8: increase cash fares only
- **Partial fare increases not recommended:**
  - Work against objective to maximize revenue from a fare increase
  - Negative customer perception – increases for certain segments only



# SCENARIO 6: INCREASE METROPASSES ONLY



- In addition to pro-rata fare increases, the price of one additional ride was added to the Adult Metropass in each of the last two fare increases to reflect increasing pass usage.
- Adult Metropass sales growth has slowed over the past two years.
- For 2016, not recommending to apply a trip adjustment – apply pro-rata increase only



# 2016 FARE SCENARIOS – SUMMARY

## RIDERSHIP / REVENUE EFFECTS



FARE SCENARIO <sup>1</sup>		2016 RIDES (M)	2016 REV (\$M)
1. No fare increase	Base:	555	\$1,155
2. 5¢ on all fare media; 25¢ on cash fares		-2	+ \$24
3. 10¢ on all fare media; 25¢ on cash fares		-3	+ \$36
4. 5¢ on all fare media–single cash fare <sup>3</sup>		-3 to -4	+ \$24 to + \$29
5. 10¢ on all fare media–single cash fare <sup>3</sup>		-4 to -5	+ \$36 to + \$41
6. \$0.05 on all fare media, excl. Metropass; 25¢ on cash fares		-2	+ \$15
7. 5¢ to Metropass only <sup>2</sup>		0	+ \$10
8. 25¢ on cash fares only		-2	+ \$6

<sup>1</sup>All options assume fare increase is effective January 1 2016

<sup>2</sup>Excludes estimated ridership/revenue impacts re: switching to lower-priced fare media

<sup>3</sup>Involves creating a single cash fare of \$3.25 for Adult and Senior/Student categories



# CURRENT FARES – TTC VS. GTHA



Group	Fare Media	TTC	Brampton	Burl	Durham	Hamilton	Milton	Miss	Oakville	York
<b>Adult</b>	Cash	\$3.00	\$3.75	\$3.50	\$3.50	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$2.80	\$2.80	\$2.70	\$3.00	\$2.15	\$2.60	\$2.90	\$2.80	\$3.40
	Weekly Pass	\$40.75	\$31.00	—	—	—	—	—	—	—
	Monthly pass	\$141.50	\$118.00	\$97.00	\$112.00	\$94.60	\$70.00	\$125.00	\$110.00	\$136.00
<b>Post-Sec.</b>	PRESTO E-Purse	—	—	—	—	—	—	\$2.65	—	—
	Monthly Pass	\$112.00	—	—	—	—	—	—	—	—
	Semester U-Pass	—	—	—	\$103.00	—	—	—	—	—
	Annual U-Pass	—	—	—	—	\$138.50	—	—	—	—
<b>Student</b>	Cash	\$2.00	\$3.75	\$3.50	\$3.50	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$1.95	\$2.50	\$1.85	\$2.70	\$1.80	\$1.90	\$2.25	\$2.20	\$2.60
	Weekly Pass	\$33.00	\$27.00	—	—	—	—	—	—	—
	Monthly Pass	\$112.00	\$105.00	\$71.00	\$91.00	\$79.20	\$50.00	—	\$70.00	\$102.00
<b>Senior</b>	Cash	\$2.00	\$1.00	\$3.50	\$2.25	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$1.95	\$1.00	\$1.85	\$2.00	\$1.80	\$1.90	\$1.90	\$1.80	\$2.10
	Weekly Pass	\$33.00	\$15.00	—	—	—	—	—	—	—
	Monthly Pass	\$112.00	\$50.00	\$59.25	\$45.00	\$23.50	\$50.00	\$57.00	\$50.00	\$57.00
<b>Child</b>	Cash	\$0.00	\$3.75	\$3.50	\$2.25	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$0.00	\$2.50	\$1.85	\$2.70	\$1.80	\$1.90	\$2.25	\$2.20	\$2.60
<b>Other</b>	Day Pass	\$11.50	—	—	—	\$12.90	\$7.50	—	—	—
	GTA Weekly Pass	\$61.00	\$61.00	—	—	—	—	\$61.00	—	\$61.00



# TTC ANNUAL RIDERSHIP BY FARE MEDIA (AS AT AUGUST 1 2015)

<b>Group</b>	<b>Fare Media</b>	<b>000's</b>	<b>%</b>
<b>Adult</b>	Cash	49,151	9.2%
	Token	111,167	20.8%
	PRESTO E-Purse	10,783	2.0%
	Weekly Pass	9,140	1.7%
	Metropass	210,337	39.3%
<b>Post-Sec</b>	Metropass	46,467	8.7%
<b>Sr/Stud</b>	Cash	12,196	2.3%
	Ticket	32,721	6.1%
	PRESTO E-Purse	161	0.0%
	Weekly Pass	526	0.1%
	Metropass	24,324	4.5%
<b>Child</b>	Free	11,632	2.2%
<b>Other</b>	Day Pass	9,217	1.7%
	GTA Weekly Pass	6,074	1.1%
	Downtown Express	484	0.1%
	Blind/War Amps	1,098	0.2%
<b>System Total</b>		<b>535,478</b>	<b>100%</b>

