



To: Metrolinx Board of Directors
From: Robert Sidall
Chief Financial Officer
Date: January 9, 2012
Re: **Proposed Fare Increase**

Executive Summary

As part of the annual business plan process, Metrolinx management is recommending that GO Transit one-ride fares be increased using a blended approach that supports fare by distance in the following amounts:

- for existing fares between \$4.20 and \$5.50, the increase would be \$0.30;
- for existing fares between \$5.51 and \$7.00, the increase would be \$0.35;
- for existing fares over \$7.01, the increase would be \$0.40.

The fare increase, along with a continued growth in ridership, is expected to allow GO Transit to continue to grow its ridership in 2012/13 and continue to achieve its on-time performance of 95 per cent. The fare increase would be implemented on February 18, 2012. The fare increase will provide approximately \$1.6M per month starting in March 2012 or \$19.5M annually.

Furthermore, Metrolinx management is recommending that the loyalty discount program for PRESTO card users would remain unchanged at the equivalent of 17.5% over the course of a monthly period for adult customers and at the equivalent of 35% over the course of a monthly period for students. Discounts for paper monthly pass users would be reduced to 15% and 30% for adults and students, respectively, thus supporting the continued transition to PRESTO from the legacy fare media. The remaining discounts structures would remain unchanged.

Recommendations

Resolved That:

THAT By-law No. 2A and By-Law No. 2A-01 be repealed and replaced with By-Law No. 2A attached to the Chief Financial Officer's report to the Board dated January 9, 2012 to:

1. introduce a 3-tiered fare increase effective February 18, 2012 as follows:
 - a. a 30 cent increase on fares between \$4.20 and \$5.50;
 - b. a 35 cent increase on fares between \$5.51 and \$7.00;
 - c. a 40 cent increase on fares greater than \$7.00.
2. delete the existing Tariff of Fares, and substitute in its place a new Tariff of Fares in the form attached to the new By-law No. 2A.
3. delete the existing Table of Fares, and substitute in its place a new Table of Fares in the form attached to the new By-law No. 2A.

AND FURTHER THAT the Chairman and Secretary be authorized to sign the By-law.

Background

As required by Subsection 8.1(3) of the *Metrolinx Act, 2006*, S.O. 2006, c.16 (the "Act"), the Board shall, by by-law, establish the fares that shall be charged for transit services. Prior to the passing of any by-law changing the fares, Metrolinx is required by Subsection 8.1(4) of the Act to provide written notice to the Minister of Transportation (the "Minister"). Metrolinx has advised the Minister of its intent to introduce a fare increase and reduce the discounts applied to monthly passes, effective February 18, 2012.

The attached By-law No. 2A repeals the current By-law No. 2A and 2A-01 (amending By-Law No. 2A) and replaces them with a new by-law by replacing the current Tariff of Fares with a new Tariff of Fares that sets out the authorized fares for each of the more than 1,000 possible origin/destination zone pairs within the GO Transit service area. The by-law also replaces the Table of Fares which provides for the discounted fares which may be charged for different classes of fares.

The Table of Fares establishes a new price for all GO Transit fares as well as a new discount structure for paper passes for adults and students.

Fare History

With the exception of a few years, GO Transit either as a standalone corporation or a division of Metrolinx has traditionally increased fares annually in the winter or spring. The annual fare increase is intended to provide for moderate and consistent fare increases to reflect increasing input costs from commodities and contractual terms and provide funding for the implementation of service improvements. To date, this approach has avoided the need for large or irregular fare increases. The last fare increase was in March 2010.

Metrolinx has experienced unprecedented ridership growth, but ridership growth alone will not be sufficient to manage cost escalations and the costs of new initiatives. Given the provincial fiscal context, Metrolinx must provide a balanced operating plan to ensure the reliability of operations.

The fare increase, along with a continued growth in ridership, is expected to allow GO Transit to continue to grow its ridership in 2012/13 and continue to achieve its on-time performance of 95 per cent. Included in improvements are new parking spaces, improved customer communications, well-maintained facilities, improved service reliability, ongoing equipment maintenance and increased capacity on our trains and buses.

Key Cost Drivers

For the eleven year period from 2000/01 to 2011/12, average fare per ride has grown at a compounded annual growth rate of 2.30%. For the last five year period from 2006/07 to 2011/12, average fare per ride has grown at a compounded annual growth rate of 2.11%.

Many of Metrolinx' key operating expenses are driven by contracts or by commodity markets. The following table compares the rate of growth in fare increases over the last five and eleven year periods to the rate of growth of the key cost drivers. Fare increases have been lower than cost driver increases. Metrolinx proposed fare increase must incorporate anticipated cost driver increases into the fare increase.

Compounded Annual Growth Rates							
		Key Cost Components					
Period	Average Fare	Diesel	Non-Bargain Wage	ATU Wage	Hydro	Contracts	Weighted Average
2001-2011	2.30%	5.88%	2.50%	2.69%	6.16%	3.00%	4.12%
2007-2011	2.11%	5.26%	2.33%	2.50%	7.06%	3.00%	3.13%

Service Improvements

Recognizing the provincial fiscal context, Metrolinx will require a fare increase to continue with service improvements such as:

- full year operating cost of service extension to Kitchener/Waterloo;
- additional 12-car trains to relieve crowding;
- additional trips on Lakeshore East and West lines;
- additional train in the rush hour on a corridor to be identified; and
- additional bus service of 4% growth in revenue service hours on selected corridors.

The proposed fare increase will be part of Metrolinx Results based Plan supporting these service improvements.

Fare Increase

The objectives of the Regional Transportation Plan in transforming transportation in the GTHA include providing a system that is fair, transparent and inclusive. Fare increases that reflect these approaches are applied based on the distance traveled and provides a fair choice for riders in all parts of the GTHA. A flat increase disproportionately impacts shorter trips and will make integrating TTC more difficult to achieve.

Despite GO fares being based on a “fare by distance” approach, fare increases for the last number of years have been a fixed amount rather than a percentage increase. This year, management is proposing a 3-tiered increase that is more reflective of the fare by distance approach. This hybrid method recognizes that a number of GO’s key cost drivers, such as diesel fuel, are variable by distance travelled while ensuring utilization of a fare by distance approach. Base fares would be increased as follows:

- a 30 cent increase on fares between \$4.20 and \$5.50;
- a 35 cent increase on fares between \$5.51 and \$7.00;
- a 40 cent increase on fares greater than \$7.00.

The loyalty discount program for PRESTO card users would remain unchanged. However, to encourage customers to migrate to the PRESTO card by offering a greater discount than paper passes, management is proposing to reduce the discount rate on the paper monthly pass from 17.5% to 15% for adults and from 35% to 30% for students. The discounts for the remaining passenger paper passes remain the same

The proposed effective date of the increase is February 18, 2012 and would generate an estimated \$19.5 million in additional revenue annually based on current traveller patterns and 62 million riders per year.

Sample of Fare Increase on Specific Origin-Destination Pairs:

Station	One-way Adult Fare	Fare Increase	New Fare
Union - CNE	\$ 4.20	\$0.30	\$ 4.50
Union - Oakville	\$ 6.50	\$0.35	\$ 6.85
Union - Barrie	\$10.95	\$0.40	\$11.35
Union - Milton	\$ 8.25	\$0.40	\$ 8.65
Union - Scarborough	\$ 4.35	\$0.30	\$ 4.65
Union - Whitby	\$ 7.55	\$0.40	\$ 7.95

Based on an average fare of \$6.55, the fare increase of \$0.35 equates to 5% over the current fare. This level of fare increase is consistent with the 2009 and 2010 increases. In addition, as previously noted, there was no fare increase in 2011.

Attachments

Draft By-law No. 2A

Respectfully submitted,
Robert Siddall
Chief Financial Officer

BY-LAW NO. 2A

METROLINX (the “Corporation”)

A by-law to establish the fares that shall be charged for transit services and establish the approximate routes, locations and frequencies of the transit services provided

BE IT ENACTED as a by-law of the Corporation as follows:

By-laws No. 2A and 2A-01 of the Corporation are hereby repealed and the by-law contained herein shall become the by-law of the Corporation with respect to the subject matter contained herein.

1. DEFINITIONS

1.1 In this by-law and in all other by-laws of the Corporation, unless the context otherwise requires:

- (a) “Child” means a person who is six (6) years of age or more but has not yet reached thirteen (13) years of age;
- (b) “senior citizen” means a person 65 years of age or over;
- (c) “student” means a person living in an area served by a transit system who is,
 - (i) thirteen (13) years of age or more but not yet twenty (20) years of age and in full daytime attendance at a public or private elementary or secondary school; or
 - (ii) in full time attendance for a minimum period of eight consecutive weeks and not earning a salary from full time employment while attending a post-secondary educational institution, or a post-secondary vocational institution that is either public or registered under the *Private Career Colleges Act, 2005* S.O. 2005, Chapter 28;
- (d) “Table” means the Table of Fares attached hereto, dated January 9, 2012 with effect as of February 18, 2012; and
- (e) “Tariff of Fares” means the Tariff of Fares No. 1 attached hereto, approved by the Board of Directors the 9th day of January, 2012 with effect as of February 18, 2012 pursuant to subsection 8.1(3) of the *Metrolinx Act, 2006*.

2. FARES

Fares to be charged

2.1 The Tariff of Fares may be read by members of the public at the head office of the

public Corporation during regular business hours and at www.gotransit.com.

one-way ride 2.2 Except as otherwise provided in this By-law, the amount to be paid for a single one-way ride on a transit system operated by or for the Corporation is the applicable amount set out in the Tariff of Fares.

fares generally 2.3 The fare to be paid for:

- (a) an adult ten-ride ticket;
- (b) a student ten-ride ticket;
- (c) a child ten-ride ticket;
- (d) a senior citizen ten-ride ticket;
- (e) an adult monthly pass;
- (f) a student monthly pass;
- (g) a child monthly pass;
- (h) a senior citizen monthly pass; or
- (i) a group pass

is the amount in the appropriate column of the Table that is set out opposite the amount in the appropriate single fare column of the Table that a passenger would pay under Section 2.2 for a single one-way ride.

children 2.4 Children under the age six years may ride free of charge. No Child may ride on the transit system unaccompanied.

more than one child under 6 years of age 2.5 Notwithstanding Section 2.4, where an adult passenger is accompanied by more than one child under the age of six (excluding children under the age of 12 months), the adult shall pay, in addition to his own fare, the full Child's fare prescribed in the Table on behalf of each additional child.

child over 13 years of age 2.6 The fare payable by a child 13 years of age or over is the fare that would be payable by an adult passenger as determined under Section 2.2.

children's group pass 2.7 Subject to 24 hours' notice and the confirmation that space is available, a children's group pass may be sold for the carriage of children as a group on the basis of half-fare of a one-way fare per child provided that:

- (a) each child is under the age of 12 years or in full daytime attendance at an elementary school;
- (b) the group consists of at least 20 children;
- (c) the group is under adult supervision; and
- (d) the group ticket is purchased at least 15 minutes prior to scheduled departure time;

- (e) each adult accompanying the group will be required to pay the full adult fare as applicable.

*group pass
exception*

2.8 A group pass shall not be sold in conjunction with children's group fares.

day pass

2.9 A day pass shall be sold at a rate of two times the fare that would be payable by an adult, Child or senior citizen, as the case may be, for a single one-way fare.

two-ride ticket

2.10 A two-ride ticket shall be sold at a rate of two times the fare that would be payable by an adult, Child or senior citizen, as the case may be, for a single one-way fare.

monthly passes

2.11 An adult monthly pass, a senior citizen monthly pass or a student monthly pass shall be sold only at GO stations and agencies during their hours of operation.

group pass

2.12 A group pass is available to a group consisting of a maximum of five persons of whom at least one but not more than two are 18 years of age or over and is valid;

- (a) on the date printed on the face of the pass for an unlimited number of rides on the transit system between the zones within the same transit corridor for which the pass is issued; and
- (b) for a trip that begins before 3:00 a.m. on the day after the date printed on the face of the pass to the originating point of the holder of the pass.

special fares

2.13 The Corporation may, from time to time, establish special fares for:

- (a) package trips provided that the portion of the special fare applicable to transportation is not less than 77% of the regular fare otherwise provided in this by-law;
- (b) discounted marketing programs, including loyalty programs;
- (c) encouraging additional commuter ridership;
- (d) promoting special or seasonal events; or
- (e) promoting and/or implementing new or revised services or technologies.

*police officers
exempt*

2.14 No fare is required to be paid by a police officer as defined in Section 2 of the *Police Services Act* (Ontario) or a police officer of the Royal Canadian Mounted Police who is in possession of the official identification issued by the police services engaging such officer. For greater certainty, the benefit of this provision does not extend to any special constable, First Nations Constable, by-law enforcement officer, or any auxiliary or civilian member of a police force.

veteran's

2.15 On days that are for National or Provincial recognition of war veterans, no fare is required to be paid by: (i) a war veteran and any person accompanying him or her; or (ii) the immediate family of a deceased veteran, provided that such individual is carrying something that identifies his or her relation to the deceased veteran, including an identification card or service papers

*accessible
passengers*

2.16 If a proper authority is satisfied that a passenger has a disability that hinders his or her ability to travel alone, the passenger may purchase a ticket at the rate for that passenger as set out in the Tariff of Fares, that is endorsed by the proper authority as a party ticket for the carriage of both the passenger and an attendant accompanying him or her.

premium fare

2.17 Where more than one transit service is provided between two places by the Corporation, a local transit system, or a combination thereof, the Corporation may charge on any such service operated by it a premium fare and the amount of the premium fare shall be:

- (a) for a single one-way fare, \$1.30 plus the amount of the fare set out in the Tariff of Fares; and
- (b) for a pass or 10 one-way tickets, the amount in the applicable column of the Table that corresponds to the amount in the applicable single fare column of the Table that is equal to 60 cents plus the single one-way fare payable under Section 2.2.

*Premium Fare
Niagara Falls*

2.18 For excursion trips that have an origin or destination or any combination thereof within the Niagara Falls service area, the Corporation may charge in addition to the fare set out in the Tariff of Fares, a premium fare up to a maximum of \$3.00 per single one-way fare.

refunds

2.19 No refunds of fares shall be made except in accordance with Metrolinx fare refund administrative policy, as amended from time to time, and as posted on the Corporation's website.

3. TARIFF OF FARES

3.1 Tariff of Fares is as appended to this by-law.

4. TABLE OF FARES

4.1 Table of Fares is as appended to this by-law.

5. ROUTES AND SCHEDULES

schedules

5.1 The Corporation's Board of Directors may establish the approximate location, routes and frequencies of the transit services provided.

*available on
Internet*

5.2 The approximate location, routes and frequencies of the transit services provided by the Corporation shall be as published in any schedule whether in paper or electronic form. The official version shall be the version as published on the Corporation's public web site from time to time. (www.gotransit.com)

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5.3 The Corporation reserves the right to change, modify or deviate from any posted schedule as necessary.

The foregoing by-law is hereby enacted as a by-law of the Corporation by the Board of Directors this the 9th day of January 2012 pursuant to Subsection 8.1(3) of the *Metrolinx Act, 2006*.

J. Robert S. Prichard, Chair

Mary E. Martin, Secretary

c/s