



To: Metrolinx Board of Directors
From: Greg Percy
President, GO Transit
Date: December 11, 2014
Re: **Proposed Fare Increase**

Executive Summary

As part of the annual business plan process, an extensive review is undertaken of both operating expenses as well as other revenue opportunities to determine if a fare increase is warranted. Effective February 1, 2015, a fare increase of approximately 5% is being recommended to meet the needs of our growing customer base and to ensure fiscal responsibility.

Staff are proposing to continue with a tiered fare increase approach, as well as to add a fourth tier for the first time to further exemplify the fare by distance approach.

Base adult single fares would be increased as follows:

- a 10 cent increase on our minimum fare of \$5.20
- a 30 cent increase on fares between \$5.21 and \$6.50
- a 40 cent increase on fares between \$6.51 and \$8.25
- a 50 cent increase on fares greater than \$8.25.

The discounts offered to PRESTO customers will remain unchanged, as will the discounts offered to students and seniors.

The net result would be an approximate 5% effective rate of increase for the majority of our customers who use the PRESTO card.

Recommendations

Resolved:

THAT effective February 1, 2015, base adult single fares be increased as follows:

- a. 10 cent increase on fares between \$0.00 and \$5.20
- b. 30 cent increase on fares between \$5.21 and \$6.50
- c. 40 cent increase on fares between \$6.51 and \$8.25
- d. 50 cent increase on fares greater than \$8.25.

AND THAT By-law No. 2A be repealed and replaced with By-Law No. 2A attached hereto in order to delete the existing Tariff of Fares, and substitute in its place a new Tariff of Fares that will reflect the new base adult single fares.

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

Background

With a few exceptions, GO Transit has increased fares annually up to 5%. The annual fare increase is intended to be moderate and consistent over time, and be used to fund new service improvements, as well as offset increasing costs from annual escalation of operating contracts (i.e. train crews, equipment maintenance).

Metrolinx has continued to experience consistent ridership growth, but this alone will not be sufficient to manage the costs of new service and cost escalations. Given the provincial fiscal context, Metrolinx must provide a balanced operating budget, while at the same time providing for a continual increase in the level and quality of services offered.

A number of factors were considered in order to determine the size of the proposed increase:

- The planned introduction of a number of service improvements for fiscal 2015/16 plus those implemented mid-year in 2014/15 to respond to growing customer demand in both rail and bus operations;
- Sufficient funding to maintain the high levels of reliability, safety and customer service that have been sustained over the last number of years;
- A significant investment in new infrastructure has been made over the last five years in order to increase the capacity of the GO Transit system. As this infrastructure is brought into service, additional costs are introduced in order to operate and maintain the new infrastructure;
- In addition to the increase in costs associated with new service, increased ridership and new infrastructure, a number of GO Transit's key cost drivers (e.g. hydro, crew contracts, track maintenance) have increased based on market conditions and contractual commitments.

The proposed fare increase is expected to allow GO Transit to continue to grow its ridership in 2015/16 while delivering its on-time performance target of greater than 94 percent.

Service Improvements

A mixture of new peak service and extended service is planned across five of our rail corridors and one of our major bus routes in 2014/15 and 2015/16. Examples of new services that have been introduced to date in 2014/15 include:

- additional peak trains on the Barrie corridor
- additional weekend trains on the Lakeshore East & West corridors, expanding the 30 minute service window on Saturdays, Sundays & Holidays
- introduction of two-way, all-day express bus trips between Hamilton and Square One (Mississauga)
- additional Friday & Saturday late night "train-bus" services from Union Station
- additional bus trips on various corridors with increasing demand

GO Transit is planning to launch other services in the remainder of 2014/15 and into 2015/16 that will be announced in the coming months. Without the proposed fare increase, GO Transit will not be able to move forward with the planned service improvements.

New Infrastructure

Significant investments in new stations, parking and vehicle infrastructure are required to support the growth in ridership and increase the capacity of the GO Transit system. The new infrastructure creates additional operating, maintenance and storage costs for those assets. For example:

- In 2014-15, the completion of the new train shed atrium will enhance the platform environment at Union Station. The opening of the new bus maintenance facility in East Gwillimbury will improve bus operating efficiency. The completion of the Clarkson parking structure along with other surface parking and carpool lot expansion has provided an additional 1500 parking spaces. An additional 50 buses/3 trainsets will be added in 2014/15 to handle ridership growth.
- Two new GO stations at Square One and James St. North, along with the expansion of the Burlington station, the opening of the shared (GO/UP) Bloor and Weston Stations on the Kitchener corridor and the opening of the Bay Concourse are planned for 2015/16. Five surface parking and multiple carpool lot expansions will add another 2800 parking spaces. 14 buses and 5 trainsets are also planned to come into service in 2015/16.

While the initial capital construction costs are not funded through fare revenue, the ongoing operational costs are supported partially through the farebox.

Market and Contract Escalation

GO Transit's key cost drivers (diesel fuel, hydro, rail crew contracts, rail fleet maintenance contract, track and signal maintenance contracts) are also subject to increases due to market forces and contractual terms. These key cost drivers (excluding diesel fuel) are expected to increase by 3%.

Fare Pricing

Because GO fares are based on a "fare by distance" approach, staff are proposing a four-tiered increase which would see a larger increase for the longer distance rider than the short distance rider. This continues the hybrid method implemented in each of the last two years, modified slightly to incorporate an additional tier for short distance trips. This approach is better suited for the fare by distance approach and recognizes that a number of GO's key cost drivers are variable by distance travelled.

In conjunction with the fare increase, staff are proposing to keep the price differential between paper tickets (single ride and day pass) and fares paid via the PRESTO farecard. This will continue the incentive for more GO users to migrate to the PRESTO card. Currently, 81% of GO Transit trips are paid via the PRESTO farecard.

Base adult single fares would be increased as follows:

- a 10 cent increase on fares between \$0 and \$5.20
- a 30 cent increase on fares between \$5.21 and \$6.50
- a 40 cent increase on fares between \$6.51 and \$8.25
- a 50 cent increase on fares greater than \$8.25

The discount for PRESTO card fare (adult) would remain as outlined below.

- Rides 1 to 35 in the same month: discount unchanged at 10.0%
- Rides 36 to 40 in the same month: discount unchanged at 87.75%
- Rides 41+ in the same month: discount unchanged at 100%.

Sample fares are provided in the table below.

	Current Adult Single Ticket	Current Adult PRESTO Fare	Proposed Adult Single Ticket	Proposed Adult PRESTO Fare
Union - CNE	\$ 5.20	\$ 4.68	\$ 5.30	\$ 4.77
Union - Oakville	\$ 7.75	\$ 6.98	\$ 8.15	\$ 7.34
Union - Barrie	\$ 12.45	\$ 11.21	\$ 12.95	\$ 11.66
Union - Georgetown	\$ 10.00	\$ 9.00	\$ 10.50	\$ 9.45
Union - Rouge Hill	\$ 6.25	\$ 5.63	\$ 6.55	\$ 5.90
Union - Meadowvale	\$ 8.20	\$ 7.38	\$ 8.60	\$ 7.74

The discounts offered on the PRESTO card fare for Students and Seniors would also remain unchanged at 17.25% and 51.50% respectively.

GO Transit has three major sources of operating revenue – customer fares, Provincial subsidy, as well as various non-fare revenue initiatives and fees. After taking into consideration the loyalty discount program and concession fares available on the PRESTO farecard, it is estimated that the increase in PRESTO fares would range between 1.92% to 6.1%, with an average of approximately 5% or 33 cents per ride. The increase in fares is not expected to have a material impact on ridership. The proposed effective date of the increase is February 1, 2015 and would generate an estimated \$23.5 million in additional revenue annually.

According to Subsection 8.1(3) of the *Metrolinx Act, 2006*, S.O. 2006, c.16 (the “Act”), the Board is required to pass by-laws to establish the fares that will be charged for transit services. Before passing any by-law changing the fares, the Act requires Metrolinx to hold a meeting of the Board open to the public (Subsection 11(3)) and to provide written notice to the Minister of Transportation (the “Minister”) (Subsection 8.1(4)). In accordance with

the Act, Metrolinx has advised the Minister of its intent to introduce a fare increase, effective February 1, 2015.

The attached by-law will replace the existing By-law No. 2A and become the new By-law No. 2A, effective February 1, 2015. The new By-law No. 2A incorporates a revised 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.

Attachments

1. Tracked changes version of Draft By-law No. 2A illustrating the proposed changes
(Tariff of Fares available for viewing at Board meeting)

Respectfully submitted,

Greg Percy
President, GO Transit

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-law No. 2A of the Corporation is 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) "Minor" means a person who has not yet reached six (6) years of age;
- (c) "Tariff of Fares" means the Tariff of Fares attached hereto, approved by the Board of Directors the 11th day of December, 2014 with effect as of February 1, 2015 pursuant to Subsection 8.1(3) of the *Metrolinx Act, 2006* S.O. 2006, Chapter 16.

2. FARES**Fares to be charged**

available to the public

2.1 The Tariff of Fares may be read by members of the public at the head office of the Corporation during regular business hours and on the Corporation's public website (www.gotransit.com).

one-way ride base fare

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 for travel between enumerated zones.

special fares

2.3 The Corporation may establish special fares for:

- (a) passengers that qualify as children, students or senior citizens;
- (b) 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;
- (c) multi ride or volume discounts for passengers or groups of passengers

applying to a limited or unlimited number of rides per ticket occurring within a specified time period;

- (d) discounted marketing programs or loyalty programs;
- (e) encouraging additional commuter ridership;
- (f) promoting special or seasonal events; or
- (g) promoting and/or implementing new or revised programs, services or technologies.

The Corporation reserves the right to change, modify or cancel such special fares as necessary. Information on such special fares shall be published on the Corporation's public website (www.gotransit.com).

- Minors*
- 2.4 Minors may ride free of charge. No Minor may ride on the transit system unaccompanied.
- more than one Minor*
- 2.5 Notwithstanding Section 2.4, where an adult passenger is accompanied by more than one Minor (excluding infants under the age of 12 months), the adult shall pay, in addition to his own fare, the full Child's fare prescribed in the Tariff of Fares on behalf of each additional Minor.
- passengers over 13 years of age*
- 2.6 The fare payable by a passenger 13 years of age or over is the fare that would be payable by an adult passenger as determined under Section 2.2.
- police officers exempt*
- 2.7 No fare is required to be paid by a police officer as defined in Section 2 of the *Police Services Act*, R.S.O. 1990, Chapter P.15 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.
- veterans*
- 2.8 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.
- passengers with disabilities*
- 2.9 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*
- 2.10 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 set out on the Corporation's public website (www.gotransit.com).

*Premium Fare
Niagara Falls*

2.11 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

2.12 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. ROUTES AND SCHEDULES

schedules

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

*available on
Internet*

4.2 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).

rights reserved

4.3 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 11th day of December, 2014 pursuant to Subsection 8.1(3) of the *Metrolinx Act, 2006* S.O. 2006, Chapter 16.

J. Robert S. Prichard, Chair

Mary E. Martin, Secretary

c/s