



To: Metrolinx Board of Directors
From: Greg Percy
President, GO Transit
Date: December 3, 2015
Re: **Proposed GO Transit 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, 2016, a GO Transit fare increase of approximately 5% is being recommended to meet the needs of our growing customer base and to ensure long term financial sustainability for the corporation.

Staff are proposing to continue with a tiered fare increase approach, based on a four-tier system that exemplifies the fare-by-distance approach. Fares for short-distance trips would be frozen under this proposal.

Base adult single fares would be increased as follows:

Base Adult Single Fares	
Current Fare Range	Increase
\$5.30 - \$5.69	\$0.00
\$5.70 - \$6.50	\$0.40
\$6.51 - \$8.25	\$0.50
> \$8.25	\$0.60

The discounts for the initial Adult PRESTO card fare would be increased from 10% to 11.15%. The discount on the initial PRESTO card fare for a student would increase from 17.25% to 18.40% while the discount on a senior fare would increase from 51.50% to 52.65%.

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

Additionally, PRESTO users will now pay less for short-distance trips due to the fact that the fares for these trips are not increasing while the initial discount for using PRESTO is increasing.

Recommendations

Resolved:

THAT effective February 1, 2016, GO Transit base adult single fares be increased as follows:

- a. 0 cent increase on fares between \$5.30 - \$5.69
- b. 40 cent increase on fares between \$5.70 - \$6.50
- c. 50 cent increase on fares between \$6.51 - \$8.25
- d. 60 cent increase on fares greater than \$8.25.

AND THAT in conjunction with the base fare increases, the discount for GO Transit PRESTO card fares (adult) be increased as outlined below:

- a. Rides 1 to 35 in the same month: discount increased from 10.0% to 11.15%
- b. Rides 36 to 40 in the same month: discount unchanged at 87.75%
- c. Rides 41+ in the same month: discount unchanged at 100%

AND THAT By-law No. 2A be repealed and replaced with By-Law No. 2A attached hereto in order to delete the existing Tariff of Fares, and substitute in its place a new Tariff of Fares that will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

The following factors were considered in order to determine the size of the proposed increase:

- The planned introduction of a number of service improvements for fiscal 2016/17 plus those implemented mid-year in 2015/16 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.

- Metrolinx continues to operate with the same provincial subsidy while services and supporting capital infrastructure maintenance responsibilities continue to expand in line with demand.

The proposed fare increase is expected to allow GO Transit to continue to grow its ridership in 2016/17 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 all our rail corridors and one of our major bus routes in 2015/16 and 2016/17. Since April 1, GO Transit has introduced 19 new train trips and 220 new bus trips while extending six train trips to better serve customers in 2015/16. Examples of new services that have been introduced include:

- the introduction of weekday off-peak service on the Kitchener corridor;
- additional peak trains on the Lakeshore West and Milton corridors; and
- introduction of service to the new West Harbour GO Station.

GO Transit is planning to launch other services in the remainder of 2015/16 and into 2016/17 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.

For additional details on recent and planned service improvements, please refer to Appendix 2.

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. While the initial capital construction costs are not funded through fare revenue, the ongoing operating, maintenance and storage costs are supported partially through the farebox. New infrastructure completed in 2015/16 includes the completion of the new West Harbour GO Station and over 1,200 new parking spots across the GO network.

For additional details on new infrastructure, please refer to Appendix 2.

Market and Contract Escalation

GO Transit's key cost drivers (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 are expected to increase by 3% in 2016/17.

Although diesel fuel represents a large portion of our overall expense budget, recent stability in global markets has allowed this portion of the budget to be managed within current fare revenue and does not contribute to the requested fare increase.

Fare Pricing

Because GO fares are based on a fare-by-distance approach, staff are proposing a four-tiered increase that would see a larger increase for the longer-distance rider than the short-distance rider. This approach accounts for the increased costs associated with longer trips, and continues the hybrid method implemented in each of the last two years.

This year, a price freeze for the lowest tier of fares — representing shorter-distance trips with fares up to \$5.69 — is proposed. This approach recognizes that the current fares for these trips are already appropriate for the distance travelled.

In conjunction with the fare increase, staff are proposing to increase 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, 82% of GO Transit trips are paid via the PRESTO farecard.

Base adult single fares would be increased as follows:

- 0 cent increase on fares between \$5.30 - \$5.69
- 40 cent increase on fares between \$5.70 - \$6.50
- 50 cent increase on fares between \$6.51 - \$8.25
- 60 cent increase on fares greater than \$8.25.

The discount for PRESTO card fares (adult) would be increased as outlined below:

- Rides 1 to 35 in the same month: discount increased from 10.0% to 11.15%
- 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.

Station	Current Adult Single Ticket	Current Adult PRESTO fare	Proposed Adult Single Ticket	Proposed Adult PRESTO fare
Union - CNE	\$5.30	\$4.77	\$5.30	\$4.71
Union - Cooksville	\$6.35	\$5.72	\$6.75	\$6.00
Union - Rouge Hill	\$6.55	\$5.90	\$7.05	\$6.26
Union - Oakville	\$8.15	\$7.34	\$8.65	\$7.69
Union - Meadowvale	\$8.60	\$7.74	\$9.20	\$8.17
Union - Georgetown	\$10.50	\$9.45	\$11.10	\$9.86
Union - Barrie	\$12.95	\$11.66	\$13.55	\$12.04

The discounts offered on the PRESTO card fare for students and seniors would also be increased. The discount on the initial PRESTO card fare for a student would increase from 17.25% to 18.40%, while the discount on a senior fare would increase from 51.50% to 52.65%.

Taken together, the freeze on short-distance fares and the increase in the initial PRESTO card fare discount will result in a decrease in the cost of short-distance trips for PRESTO users.

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 average increase in fares would range between 1.87% and 7.63%, with an average of approximately 5% or 36 cents per ride.

Travelling with GO Transit must remain an economically sustainable mode of transportation. After accounting for the alternative costs of fuel and parking, GO Transit's proposed undiscounted adult fares are estimated at approximately 63% of the total cost of driving.

The increase in fares is not expected to have a material impact on ridership. The proposed effective date of the increase is February 1, 2016 and would generate an estimated \$24.1 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, 2016.

The attached by-law will replace the existing By-law No. 2A and become the new By-law No. 2A, effective February 1, 2016. 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. Revised By-law No. 2A illustrating the proposed changes (*Tariff of Fares available for viewing at Board meeting*)
2. Service and infrastructure improvements

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 3rdth day of December, 2015 with effect as of February 1, 2016 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 3rd day of December, 2015 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



GO Transit Service and Infrastructure Improvements

2015/16

New and improved GO Train service

The following rail service improvements were introduced in 2015/16 and will result in additional operating costs:

- System-wide:
 - Nineteen new train trips and 6 extended trips (described below).
 - New rail cars – the first of 127 new cars began rolling out this fall.
 - New Preventative Maintenance Program to reduce switch and signal-related issues and delays. This program has resulted in the inspection of 74 switches, 50 of which were tuned-up or repaired ahead of the winter season, when snow and ice can result in increased delays.
- Kitchener line:
 - Fourteen new weekday midday trips between Mount Pleasant and Union Station.
 - One midday trip extended to start at Mount Pleasant instead of Bramalea.
- Lakeshore East line:
 - New weekday a.m. peak trip from Union to Danforth.
- Lakeshore West line:
 - New weekday a.m. peak trip from Bronte to Union.
 - New weekday a.m. peak trip from Aldershot to Union.
 - New weekday a.m. peak trip and three extended weekday peak trips to serve new West Harbour GO Station in Hamilton.
- Milton line:
 - One new a.m. and one new p.m. weekday peak period trip.

New and improved GO Bus service

The following bus service improvements were introduced in 2015/16 and will result in additional operating costs:

- System-wide:
 - Ninety-six new weekday trips, 58 new Saturday and 66 new Sunday trips.
- Hamilton Corridor:
 - Twenty-eight new weekday and two new trips on Saturdays and Sundays.
 - Extension of Route 40 to Hamilton, providing a direct service to Pearson International Airport for commuters west of Toronto via Oakville and Mississauga.
- Hwy. 407 East:
 - Three new weekday trips.

- Kitchener Corridor:
 - Thirty new weekday, 50 new Saturday, and 60 new Sunday trips.
 - Increased service to Guelph, Acton and Mount Pleasant with connections to new midday Kitchener line trains.
 - New express route linking North York with Pearson International Airport.
 - Reorganization of our Kitchener Corridor services to provide faster, more direct service between major terminals in Brampton and North York.
- Lakeshore West Corridor:
 - Three new weekday trips.
 - Start of GO service to the new Erin Mills Transitway station in Mississauga, including 300 new park and ride spaces for customers.
- Milton Corridor:
 - Twelve new weekday and two new Saturday trips.
- Newmarket Corridor:
 - Seven new weekday, two new Saturday and two new Sunday trips.
- Niagara service:
 - Two new trips on Saturdays and Sundays.
 - Extension of Route 12 to Highway 407/Dundas Street park and ride lot, connecting Niagara Falls to Mississauga, Brampton and York University.
- Oshawa Corridor:
 - Eight new weekday trips.
- Stouffville Corridor:
 - Five new weekday trips.

New infrastructure

New infrastructure that was introduced in 2015/16 will result in additional maintenance costs. This includes:

- More than 1,200 new parking spaces across the system, including more parking at King City, Oshawa, Stouffville, Aldershot, Weston, Bronte, and the Highway 404 and Davis Drive park and ride in Newmarket.
- New West Harbour GO Station in Hamilton.

2016/17

New and improved GO Train service

The following rail service improvements will be introduced in 2016/17 and will result in additional operating costs:

- New weekday, evening, and weekend train service to meet demand, including more service to and from Kitchener.
- Start of GO Train and Bus service with the opening of the Gormley GO Station in Richmond Hill.
- New rail cars (ongoing rollout).

New and improved GO Bus service

The following bus service improvements will be introduced in 2016/17 and will result in additional operating costs:

- More weekday and weekend bus service throughout the region to meet demand.
- GO Bus service to new park and ride lots, including:
 - Highway 407 and Brock St (Pickering).
 - Highway 404 and Davis Drive. (Newmarket).
- Start of GO Bus service on west segment of Mississauga Transitway between Erin Mills and Winston Churchill with the opening of the new Winston Churchill Transitway Station in Mississauga, and on the east segment between Square One and Renforth with the opening of the Renforth Transitway Station and the start of service to the existing Dixie Transitway Station.

New infrastructure

The following new infrastructure will be introduced in 2016/17 and will result in additional maintenance costs:

- New layover facility in Kitchener.
- New station buildings at Burlington and Oshawa.
- New low-floor double-decker buses.
- New bus storage and maintenance facility in Hamilton.
- New Square One Bus Terminal building in Mississauga.
- Fully complete West Harbour GO Station, including opening of parking lot and south platform.
- New elevators at Pickering station.