

Transit Fare Strategy Draft Recommendations



Prepared for
Strathcona County Transit Department

March 2015



Table of Contents

Executive Summary.....	1
1. Introduction	6
2. Methodology.....	7
3. Existing Conditions.....	8
4. Peer Systems & Best Practices.....	9
5. Stakeholder Consultations.....	12
6. Conclusions & Recommendations	15
7. Next Steps	23

Executive Summary

Introduction

The 2012 Transit Master (TMP) recommended that a detailed assessment of the fare structure and policy be conducted. The issues noted in the TMP included:

- Balancing equity between the fares paid by users of the system and community support with subsidies generated from tax sources
- Ensuring all residents can afford transit
- Encouraging youth to use transit more frequently
- Increasing customer convenience
- Transitioning Mobility Bus fares to equal fixed route Commuter and Local fares
- Adopting tiered pricing for fares and parking
- Reviewing reciprocity with neighbouring systems
- Streamlining fare structure by consolidating similar fares

Methodology

This project was designed to examine each of the issues identified in the TMP and to delve into all aspects of fare policy and fare pricing. The scope of the project did not include examining fare collection hardware issues. The study included five key components including:

- Identification of existing conditions and issues
- Identification and review of fare systems at peer systems and best practices
- Stakeholder consultations and public outreach
- Alternatives and analysis
- Conclusions and Recommendations

Existing Conditions

The current fares are shown below:

Strathcona County Transit				Mobility Bus			
	Type	Local	Commuter	Type	Cash	Tickets	Pass
Cash	Adult	\$3.25	\$6.00	Sherwood Pk Local	\$5.00	\$4.50	n/a
	Senior	\$3.25	\$5.00	Strathcona County to Sherwood Pk	\$7.25	\$6.50	n/a
	Student/youth	\$3.25	\$6.00	Sherwood Pk to Edmonton	\$7.75	\$7.00	n/a
	Child >6	Free	Free	Strathcona County to Edmonton	\$15.00	n/a	n/a
Tickets (each)	Adult	\$2.20	\$4.20				
	Senior	\$2.20	\$4.20				
	Student/youth	\$2.20	\$4.20				
Monthly	Child >6	Free	Free				
	Adult	\$56.00	\$103.00				
	Senior	\$56.00/Free	\$28.00				
	Student/youth	\$56.00	\$93.00				
	Everybody Rides	\$24.00	\$24.00				
Annual	Child >6	Free	Free				
	Senior	n/a	\$332.25/\$155.00				

Peer Review

The peer review and best practices were conducted using a combination of literature/internet review and personal contacts. Data from more than 15 systems was collected for use in preparing the peer

review and best practices synthesis. The review of peer systems confirms that transit fares are as diverse as the systems and communities they serve. A number of innovative approaches were identified that were later adopted in the recommendations. Overall the research suggests that transit service levels are the leading determinate of transit ridership. Research indicates that in the U.S. fares have only about one third the impact of service as an influence on ridership. However fares can play an important role in ensuring equity and distributing ridership to time periods when excess capacity may exist or be less expensive to provide.

Stakeholder Consultations and Public Survey

Consultations were held with selected stakeholders and public input was solicited through an anonymous online survey. The list of stakeholders who participated in a personal meeting or telephone interview included:

- County Council
- The Mayor
- Family and Community Services
- The Chamber of Commerce representing the business community
- Local school boards
- Transit Marketing and County Communications staff
- Transit Department management team

In addition workshop sessions were held with Strathcona County Transit operations staff (including operators) and Customer Service Representatives. In general the urban and experienced Council members were more concerned with transit issues, but all councillors did discuss important issues related to fares.

Among Stakeholders outside of County Council the highlights of the consultations included:

- General support of means tests instead of general discounts for seniors.
- Support for more targeted discounts to encourage ridership in the off peak, among student/youth, special events or participants in County programs.
- Existing fare system was confusing and not consistent.

A web survey was utilized to solicit input from the public. The results provide an anecdotal snapshot of public opinions on fare related issues. There were not enough responses from Mobility Bus riders to reach any meaningful conclusions about specialized transit fares from users of the system.

Conclusions and Recommendations

The current fare system has several issues that can be addressed through changes or additions to the product range or price structure. These proposed changes respond to the issues raised in the TMP or identified from the stakeholders, public or review of existing conditions. In some cases the proposed strategies have been adopted from the peer systems or best practices. These key issues are:

- The current fares discounts seem ad hoc, and there is no consistent price relationship between products.
- The Adult Commuter fare has a very low (17 trips) multiplier¹ compared to the cash fare. Compared to the peer agencies the cash fare is very high, but with the low multiplier the monthly pass still has a very low price point.

¹ The multiplier is the number of times a single cash fare must be multiplied to equal a day or monthly pass. For example, if the cash fare is \$5 and a Monthly Pass is \$100 the multiplier is 20.

- There is a multitude (8) of senior fares with different and inconsistent discounts but discount products are not provided in all markets.
- There are no existing incentives to specifically attract young riders as a means of gaining familiarity with transit and developing future adult riders.
- There is no fare product designed to attract riders to off peak and local services where there is abundant additional capacity.
- The arrival of the double-decker buses means that for the first time in many years there will be additional capacity on the peak hour service that can be marketed using special fare products.

The proposed changes affect every fare category. On balance the recommendations result in an overall system that is more equitable and incentivizes ridership growth. The recommendations concerning the fares for seniors, students and Mobility Bus may be viewed as the most far reaching, however they are designed to respond to specific challenges raised in the TMP or by stakeholders and the public.

Ten options were tested in an elasticity model to determine their impact on revenue and ridership. Each of the fares in the tariff is based on either the cash fare or a multiplier of the cash fare, rounded to the nearest \$0.05. This means that an increase or decrease in the adult cash fare will ripple through the entire fare structure and provide an equivalent fare adjustment. This will maintain the relationship of the fares. A number of new discount programs are recommended. Some are general discounts to improve the equity of the system and others are designed to encourage ridership at times when there is surplus capacity or in market segments that are currently under represented on Strathcona County Transit services. These include equalizing student/youth and senior discounts, and having them available on each fare product; cash, tickets and passes. Several new fare products are also offered to target specific population segments which do not seem to be using the system. These new products are targeted to both the commuter system (e.g. Day Pass and Event Pass) as well as the local system (e.g. new student/youth passes, and recreation pass). These changes are consistent with resolving the issues identified in the TMP.

The Everybody Rides program is enhanced and a new local fare is introduced. Fares for seniors with incomes greater than the Federal Low Income Cut Off (LICO) will increase significantly, but commuter fares for seniors who meet the LICO standard will only increase from \$24 to \$26 per month. On local routes low income seniors will be able to ride at all times for \$12 per month, in place of the existing free fare during off peak times. This action is consistent with the majority of comments received from stakeholders that significant fare discounts should be directed to those who need it most and is consistent with the direction of many other systems including ETS and Calgary Transit. The means test program is expanded to all persons needing only a local pass and the level of income is standardized on the Federal LICO. The elasticity model estimated that the overall impact of the proposed changes will be a ridership increase of about 7 percent. Revenues are projected to increase about 2.3 percent from \$4,400,965 to about \$4,505,800. The recommended fare structure is shown on the following page.

This study concurs with the recommendations of the TMP that Mobility Bus fares should be aligned with the fixed route fares but that Everybody Rides passes not be accepted. This recommendation is based on the general approach to Human Rights as evidenced by legislation in Ontario, and actions on specialized transit fares by the Human Rights Commissions in Alberta and Saskatchewan. In the case of Strathcona County the precedents would apply to local service within Sherwood Park, and service between Sherwood Park and Edmonton, but not between Sherwood Park and the rural areas or the

Existing and Proposed Fares

Fares			
Category	Existing Fares	Proposed New Fares	
Commuter	Adult Cash	\$ 6.00	\$ 4.00
	Adult Monthly	\$ 103.00	\$ 104.00
	Adult Ticket*	\$ 4.20	\$ 3.00
	Adult Day Pass	n/a	\$ 10.00
	Student Cash	n/a	\$ 3.00
	Student Ticket*	n/a	\$ 2.25
	Student Monthly	\$ 93.00	\$ 78.00
	Senior Cash	\$ 5.00	\$ 3.00
	Senior Ticket*	n/a	\$ 2.25
	Senior Monthly	\$ 28.00	\$ 78.00
	Senior Annual	\$ 332.25	n/a
	Senior Annual Discount	\$ 150.00	n/a
	Everybody Rides Monthly	\$ 24.00	\$ 26.00
	Average Commuter Fare	\$ 3.15	\$ 3.06
Parking	Monthly	n/a	#
	Daily	n/a	#
Local	Adult Cash	\$ 3.25	\$ 2.00
	Adult Monthly	\$ 56.00	\$ 48.00
	Adult Ticket*	\$ 2.20	\$ 1.50
	Student Cash	n/a	\$ 1.50
	Student Ticket*	n/a	\$ 1.15
	School Monthly/Student Monthly	\$ 54.00	\$ 36.00
	Senior Cash	n/a	\$ 1.50
	Senior Ticket*	n/a	\$ 1.15
	Senior Monthly	Free	\$ 36.00
	Everybody Rides Monthly	n/a	\$ 12.00
Average Local Fare	\$ 1.94	\$ 1.53	
Special	Event Pass Family	n/a	\$ 10.00
	Event Pass Single	n/a	\$ 6.00
	Employer Commuter Pass	n/a	\$ 79.00
	Employer Local Pass	n/a	\$ 36.00
	Super Off Peak Concession Local	n/a	\$ 18.00
	Rec Program Pass Weekly	n/a	\$ 10.00
	Classroom Tripper Local/Student	n/a	\$ 1.00
	Classroom Tripper Commuter/studen	n/a	\$ 2.50
	Student Local Summer	n/a	\$ 48.00
	Average Special Fare	-	\$ 2.55
Average Overall Fare	\$ 2.82	\$ 2.63	
Average including U-Pass	\$ 2.89	\$ 2.75	

* Tickets sold in books of 10

Parking Charges as proposed in pilot program to be implemented

rural areas and Edmonton. Adopting fixed route fares on Mobility Bus will significantly reduce revenues. To mitigate this cost it is also recommended that persons with disabilities eligible for Mobility Bus be incentivized to use regular transit by providing them with free fares on commuter and local routes.

The final phase of the study in April will include a second round of stakeholder consultations and public outreach. A final report will be prepared and delivered to Strathcona County Transit administration. It will incorporate comments received from the stakeholder consultations and public outreach.

1. Introduction

The primary purpose of collecting fares is to generate revenue to cover the cost of operating the transit system. However setting and collecting fares has a number of secondary purposes that are very important to a transit system. These secondary purposes include:

- Attracting, generating and retaining riders
- Encouraging the use of underutilized capacity
- Support of education in the community
- Tribute to seniors
- Relief for persons with disabilities
- Facilitating transfers between modes and transit agencies
- Ensuring equity

The 2012 Transit Master Plan (TMP) recognized the importance of fare policy and fare pricing and stressed the need to conduct a detailed transit fare strategy study. The TMP included a number of objectives and issues for the fare strategy study to address. These issues addressed both the primary, revenue generation issue, as well as the secondary purposes of fares. The issues noted in the TMP included:

- Balancing equity between the fares paid by users of the system and community support with subsidies generated from tax sources
- Ensuring all residents can afford transit
- Encouraging youth to use transit more frequently
- Increasing customer convenience
- Transition Mobility Bus fares to equal fixed route Commuter and Local fares
- Adopting tiered pricing for fares and parking
- Review reciprocity with neighbouring systems
- Streamlining fare structure by consolidating similar fares

These TMP identified fare issues form the core of the work conducted in this study. The conclusions of the work and the final recommendations address each of the points raised in the Master Plan. Reciprocity with transit systems other than ETS and StAt is being discussed at the Capital Regional Board and was not part of this study

2. Methodology

The project has five key components. These are:

- Existing conditions and issues
- Identification and review of peer systems and best practices
- Stakeholder consultations and public outreach
- Alternatives and analysis
- Conclusions and Recommendations

The peer review and best practices were conducted using a combination of literature/internet review and personal contacts. Data from more than 15 systems was collected for use in preparing the peer review and best practices synthesis.

The stakeholder consultations were held with both internal and external interests. The public was consulted through a web based survey. The results of the consultations and survey combined with a review of the existing conditions including the current fare structure and policy identified the significant issues and confirmed the challenges and opportunities highlighted in the TMP.

A series of alternatives were developed to respond to the needs identified in the existing conditions report and to address the issues identified in the TMP. The alternatives included some of the approaches identified in the peer review and best practices synopsis that appeared suitable for implementation in Strathcona County. The alternatives were then analysed using a spreadsheet based elasticity model. The model is based on elasticity factors that were established based on industry experience and the unique characteristics of the Capital Region. Using this model the alternatives could be assessed to determine the impact of different fares levels on ridership and revenue.

In the final step the conclusions from the analysis of the alternatives were used to develop a set of recommended fare products and prices. The proposed new fare structure responded to all of the issues identified in the TMP with the exception of regional fare reciprocity which was outside of the scope of this study. The proposed fare structure is compatible with advanced fare collection technologies and in some cases it may be desirable to wait for new hardware to implement some of the fare products.

In the final phase of the project the consultant team will return to the stakeholders to present the proposed fare system. Public input will be obtained through outreach meetings and a second online survey. If necessary the final recommendations may be tweaked based on the input received. A final report will be prepared and delivered to staff.

3. Existing Conditions

Strathcona County Transit is a County operated transit system with local service within Sherwood Park and commuter service to the University of Alberta, downtown Edmonton and NAIT. The Mobility Bus is a specialized transit service providing transportation for persons with disabilities. It offers service within Sherwood Park and from rural Strathcona County to Sherwood Park. Service is also provided from Sherwood Park or rural Strathcona County to Edmonton. The current fares for Strathcona County Transit and Mobility Bus are shown in Figure 1 - Strathcona County Fares.

Figure 1 - Strathcona County Fares

Strathcona County Transit			
	Type	Local	Commuter
Cash	Adult	\$3.25	\$6.00
	Senior	\$3.25	\$5.00
	Student/youth	\$3.25	\$6.00
	Child >6	Free	Free
Tickets (each)	Adult	\$2.20	\$4.20
	Senior	\$2.20	\$4.20
	Student/youth	\$2.20	\$4.20
	Child >6	Free	Free
Monthly	Adult	\$56.00	\$103.00
	Senior	\$56.00/Free	\$28.00
	Student/youth	\$56.00	\$93.00
	Everybody Rides	\$24.00	\$24.00
	Child >6	Free	Free
Annual	Senior	n/a	\$332.25/\$155.00

Mobility Bus			
Type	Cash	Tickets	Pass
Sherwood Park Local	\$5.00	\$4.50	n/a
Rural to Sherwood Park	\$7.25	\$6.50	n/a
Sherwood Park to Edmonton	\$7.75	\$7.00	n/a
Rural to Edmonton	\$15.00	n/a	n/a

4. Peer Systems & Best Practices

A review of the fare systems in peer systems was conducted for 8 transit systems in Canada and the United States. The review of peer systems confirms that transit fares are as diverse as the systems and communities they serve. Strathcona County Transit has the highest cash fare and the monthly pass is valued at just 17 cash trips or \$103. Among the peer systems the average multiplier for the regular or commuter and express passes is 31.5 trips. St. Albert was also close to Strathcona County with a multiplier of 19 trips. Systems with separate single zone or local fares also had an average pass multiplier of 31 times the cash adult fare.

Peer systems that had senior monthly passes on average charged 44 percent of the adult monthly pass price. In Strathcona County seniors who do not qualify for the *Everybody Rides* program pay 27 percent of the adult price for Commuter passes. The peer systems with discounted student/youth passes priced them at an average of 60 percent of the adult monthly pass. Strathcona County prices the student monthly pass at 90 percent of the adult monthly pass. Several of the peer systems had innovation fare programs designed to target specific markets and grow ridership.

Overall the research suggests that transit service levels are the leading determinate of transit ridership. Research indicates that in the U.S. fares have only about one third the impact of service as an influence on ridership. However fares can play an important role in ensuring equity and distributing ridership to time periods when excess capacity may exist or be less expensive to provide.

Encouraging people to shift from single occupancy vehicles to transit involves more than just the fare level, but making the fare products easy to use, acquire and understand also contributes to attainment of the goal. Charging for parking and providing reserved spaces at park and ride lots is becoming a best practice. In 2007 about 3 percent of bus systems in the U.S. charged for parking, but by 2011 it had increased to 11 percent. It increases revenues and only passengers who can afford the option need to pay the additional money.

Most transit systems are well used during peak hours. Commuter services are often only fully utilized in the peak direction. The U.S. academic literature on the subject generally supports fare differentials by time of day, however in practice the time of day price differences become very problematic. Differential fares can lead to confusion among passengers and frequent fare disputes or apathy and decreased fare surveillance from operators. The U.S. literature and experience suggests that reducing off peak fares can result in increased ridership however if it results in a loss of revenue and the reduction of service, the negative consequences on ridership can have greater impact on the system. In general service improvements that benefit all customers have a more positive impact than fare reductions that may only stimulate ridership among the lowest income riders. The use of a means test to target discounts only to persons with low incomes serves the social need and preserves transit revenues. This approach is becoming more common in Canada where a smaller percentage of riders are low income and represents a best practice. In the U.S. about 18 percent of systems have reduced prices for persons with low incomes or other groups who are not disabled.

In Canada the general practice has been to give discounts to seniors based on age and not to provide discounts to all persons with disabilities. More and more systems are moving to offering more substantial discounts to anyone with financial need based on a means test and reducing or eliminating general discounts for seniors. In suburban communities the senior population does tend to be more affluent than in the urban cores and providing a larger discount only to those in greater financial need

appears to be reasonable. The Old Age Pension Guarantee Income Supplement (GIS) provides a convenient benchmark of financial need that can be used to determine eligibility for a means tested transit pass. Provincial programs that identify persons with disabilities are being used to determine eligibility for low income pass products. Best practice in Canada may be to offer a small discount based purely on age, and a larger discount based on a means test that would include anyone with a low income such as seniors, persons with a disability, working poor, or single parents.

Fare increases are often difficult to achieve because of the required approval by a governing board or municipal council. It seems that the best practice would be to link fare adjustments to a reliable index such as the national consumer price index or the transportation price index. However in practice this is very difficult and may be too arbitrary as different inputs can have a major impact on operating costs at different times. The best practice would appear to be to tie fare changes to local cost drivers that are specific to the operation of the system. Farebox recovery would seem to be the best choice by reflecting local operating conditions and ridership.

In Canada, particularly outside of Ontario, there are few regulatory requirements for specialized transit services and transit operators are not required to meet unconstrained demand or provide specific price points. Best practice in the U.S. has been to have fares that are higher than fixed route, often to two times limit, but offered in conjunction with free rides of fixed route for eligible specialized transit passengers and their personal care assistants. Tickets are sometimes offered for convenience, but even systems that have adopted Smartcards for their fixed route systems do not usually equip their specialized transit vans with Smartcard readers due to the cost and low number of boardings per day. Passes and discounts are rarely offered as the issue for most systems is to not encourage more trips or extra demand.

In Canada there is no obligation to accommodate all trips, and use of the fixed route system is more difficult due to winter ice and snow that makes access to regular transit more difficult. Canadian systems lean towards providing specialized transit at the same price per trip as fixed route for equity reasons, although in terms of cost the service is much more expensive to provide and has a lower farebox recovery.

In Canada the best practice is to allow discounts for tickets and passes, but to provide a more constrained system and not little effort has been made to encourage use of the fixed route services by persons with disabilities. Fixed route accessibility has also been slower to be adopted in Canada with few mandates.

Free public transit is offered in a few limited instances in North America. Most examples are on circulator routes or in limited geographic areas. Free public transit usually causes ridership to increase significantly. In three experiments in the U.S., in Denver CO, Trenton NJ, and Austin TX ridership grew anywhere from 10 to 36 percent on these systems. Using generally accepted elasticity factors one would have expected ridership to increase about 30 percent. In each instance where free fares have been attempted in large urban areas there have been accompanying problems with increased vandalism, homeless riders and rowdy behaviour on board the vehicles. Seattle and Portland eliminated their free fare zones to increase revenue. In very small systems that have free transit such as Island Transit in Washington, Commerce City in Los Angeles, and Atomic City Transit in Los Alamos NM there is sufficient sales tax revenue that fare are not necessary.

Best practices would suggest that Free Transit is viable for small systems where rowdy passengers and overcrowding are not issues and there is a stable outside source of funding. However the concept of free fares has proven to be unworkable in larger systems due to overcrowding, homeless riders and increased rowdy behaviour.

5. Stakeholder Consultations

Consultations were held with selected stakeholders and public input was solicited through an anonymous online survey. The list of stakeholders who participated in a personal meeting or telephone interview included:

- County Council
- The Mayor
- Family and Community Services
- The Chamber of Commerce representing the business community
- Local school boards
- Transit Marketing and County Communications staff
- Transit Department management

In addition workshop sessions were held with Strathcona County Transit operations staff (including operators) and Customer Service Representatives.

Strathcona County is a diverse body with representatives from 5 urban and 3 rural wards including several members, who were elected to their first terms in October, 2013. In general the urban and experienced members were more concerned with transit issues, but all councillors did discuss important issues related to fares.

The interviews began by asking what fare issues were being raised by constituents and all reported that fare issues were rarely brought up by residents even though there was a recent fare increase. Fare equity issues were raised by at least one council member in the context of cash fares being too high in relation to monthly passes and that the fare structure for seniors was confusing. The importance of senior discounts was mentioned by another as being very significant in the community

Few Councillors had experience with fare products in other communities although there were positive comments about the use of advanced technology such smartcards and electronic fareboxes making possible convenient products such as stored value and day passes. It was also understood that there may be limited application for products such as day passes in a highly commuter focussed system.

The issue of farebox recovery is very important to the fare policy discussion and the consensus of the discussion was that the current level of about 31 percent is sufficient, although it would be nice to raise it slightly if possible. Most councillors were content with the current recovery level and the property tax support required to maintain existing service levels.

The U-Pass program for post-secondary students was strongly supported by all Council members and all were supportive of offering the same type of program to any institution or employer that was willing to adopt the concept. All members were in favor of developing programs that expanded access to fare products such as the employer programs offered by the Edmonton Transit System (ETS) and St. Albert Transit (StAT).

The councillors maintained their support of the approved program to introduce a pilot program of paid, reserved parking at the expanded Park and Ride lot. The idea of releasing reserved spots to the general public after a specific time such as 10 a.m. received mixed support.

The need for fare integration within the Capital Region was supported by a majority of council members as a logical approach to transit. One councillor did not agree that it was necessary, and one was cautious that it could lead to the possible loss of autonomy for Strathcona County. Everybody recognized that the current fare integration with ETS was an important feature of the current fare system and should be maintained. It was also generally recognized that there would be few additional riders from fare integration but not having some ability to move seamlessly about the region on transit seemed counter-intuitive.

There seemed to be general acceptance that Mobility Bus fares should reflect the higher costs of providing the service compared to fixed route although the concept of some form of means test for persons who could not afford it was also supported. All were in favor of implementing incentives to encourage Mobility Bus passengers to use fixed route transit whenever possible.

There was consistent support for offering steep discounts to the sectors of the population with low income through a means test. It was felt that as long as an option for a means test discount was available the full fare could be increased when necessary. There was some support for senior discounts however the consensus seemed to be that senior discounts should be through a means test since many of the seniors in the community were among the most affluent.

Most recognized that pricing is not a significant issue in Strathcona County since it is an affluent suburb. The idea was raised at several interviews that since the cost recovery on the local service is low, and the ridership minimal, it may be worthwhile to simply offer free local or deeply discounted fares to stimulate ridership and end the perceived problem of empty buses.

There was no full consensus on how special event fares should be treated. Responses ranged from full cost recovery (most common response) to fully subsidize for events within Sherwood Park.

Among Stakeholders outside of County Council the highlights of the consultations included:

- General support of means tests instead of general discounts for seniors.
- Support for more targeted discounts to encourage ridership in the off peak, among student/youth, special events or participants in County programs.
- Existing fare system was confusing and not consistent.

A web survey was utilized to solicit input from the public. The results provide an anecdotal snapshot of public opinions on fare related issues. About three quarters of the respondents to the survey rode Strathcona County Transit regular service including local, commuter or special event routes. Among non-users of the system the predominant reason for not riding was that the bus did not serve their residence or destination (57 percent) and only 19 percent felt fares were too high. The group was evenly divided among those who felt the fares were too low relative to the tax subsidy, or just right. About 14 percent felt that fares were too high relative to the subsidy amount.

The strongest support (43 percent) among these non-users was for maintaining senior, student and low income as qualifications for fare discounts. Only ten percent felt that discounts should be limited to persons with low income. There was strong support (76 percent) for allowing persons eligible for Mobility Bus to ride regular transit at no cost. About 15 percent of these non-users felt that having reserved, paid parking at the transit terminal would encourage them to start riding transit.

The opinion on commuter pass and ticket prices was evenly divided among non-users with equal numbers believing that the price too expensive, too inexpensive or just right. Most fixed route users felt the Mobility Bus cash and ticket prices were just right, although almost half felt the \$15 fare for rural residents travelling to Edmonton was too high.

Among riders most (75 percent) feel the cash commuter fare is too expensive, and 64 percent believe the Commuter pass is too expensive. Fifty-three percent think tickets are expensive but among users about half feel the senior fare of \$28 is just right. Student passes at \$93 were also believed to be too expensive. Local tickets were thought to be just right and 62 percent said the free senior fare for local trips was just right

Among these existing riders 58 percent felt the tax subsidy was just right and about 26 percent felt the share from the farebox was too high. Thirty-three percent of users felt that increases should be limited to the cost of providing service while about 20 percent believe that higher fares are acceptable if service is improved and 16 percent do not want any more money from the property tax dedicated to transit.

Among users only 31 percent know that *Everybody Rides* is a program to provide discounted passes to persons with low income. Among non-riders only 19 percent know about the program. A majority of users (53 percent) believe that discounts should be provided to anyone with low income. About 32 percent of respondents were interested in new fare products that might make it less expensive to ride transit and attend events such as Oilers or Eskimos games. Currently a group of 4 adults would be required pay a total \$48 to ride the bus in order to attend a game.

Ten percent of the respondents said there was a program at their place of work for employees to purchase ETS or St. Albert transit passes. Among all respondents 56 percent said they would not be interested in such an option, while 21 percent said they would like to participate in this type of program.

There were not enough responses from Mobility Bus riders to reach any meaningful conclusions about specialized transit fares from users of the system.

6. Conclusions & Recommendations

The current fare system has several issues that can be addressed through changes or additions to the product range or price structure. These proposed changes respond to the issues raised in the TMP or identified from the stakeholders, public or review of existing conditions. In some cases the proposed strategies have been adopted from the peer systems or best practices. These key issues are:

- The current fares discounts seem ad hoc, and there is no consistent price relationship between products.
- The Adult Commuter fare has a very low (17 trips) multiplier compared to the cash fare. Compared to the peer agencies the cash fare is very high, but with the low multiplier the monthly pass still has a very low price point.
- There is a multitude (8) of senior fares with different and inconsistent discounts but discount products are not provided in all markets.
- There are no existing incentives to specifically attract young riders as a means of gaining familiarity with transit and developing future adult riders.
- There is no fare product designed to attract riders to off peak and local services where there is abundant additional capacity.
- The arrival of the double-decker buses means that for the first time in many years there will be additional capacity on the peak hour service that can be marketed using special fare products.

The goals of any changes to the fare system should be to:

- Simplify by making the fare system more consistent and understandable and consolidating products where possible.
- Create price relationships that are consistent, and equitable to best industry practices.
- Create a consistent and equitable system of discounts based on demographics and income.
- Introduce new products to increase ridership by targeting new markets in both the local and commuter markets including students.
- Create a fare system that is smartcard ready and can easily be converted to an electronic fare collection system.

The proposed changes affect every fare category. On balance the recommendations result in an overall system that is more equitable and incentivizes ridership growth. The recommendations concerning the fares for seniors, students and Mobility Bus may be viewed as the most far reaching, however they are designed to respond to specific challenges:

1. Seniors

Existing senior fares are confusing and inconsistent. Some fares are subject to a County income standard, others use Federal means test and yet others are only based on age. The proposed fares standardize the discount for all services and use a single means test.

2. Youth/Student Fares

This is an important market segment, because it represents the future of ridership, and it has the potential to help increase use of local service which is often underutilized. The changes

incentivize use of the local system, and recognize the limits of provincial school funding without creating the need to add service.

3. Mobility Bus Fares

Human Rights Commission rulings in other communities have resulted in transit agencies being required to extend the fixed route fare structure to specialized transit. This report recommends proactive action to make this change before being ordered to reduce fares by the Human Rights Commission. It also creates fare incentives to encourage Mobility Bus users to ride regular transit when possible, helping reduce costs.

Fixed Route Conclusions

Ten options were tested in an elasticity model to determine their impact on revenue and ridership. The highest ranking option was based on lowering the adult cash fare for the Commuter service to \$4.00 and raising the monthly pass by one dollar to \$104.00. Lowering the cash fares will help attract new occasional riders which may convert to full time riders. The modest increase in the monthly pass should not cause any significant decrease in ridership, and help build revenue. Increasing the monthly pass up to \$108 appeared to be possible without serious negative impacts according to the elasticity model.

Each of the other fares in the tariff is based on either the cash fare or a multiplier of the cash fare, rounded to the nearest \$0.05. This means that an increase or decrease in the adult cash fare will ripple through the entire fare structure and provide an equivalent fare adjustment. This will maintain the relationship of the fares.

A number of new discount programs are recommended. Some are general discounts to improve the equity of the system and others are designed to encourage ridership at times when there is surplus capacity or in market segments that are currently under represented on Strathcona County Transit services. These include equalizing student/youth and senior discounts, and having them available on each fare product: cash, tickets and passes. Several new fare products are also offered to target specific population segments which do not seem to be using the system. These new products are targeted to both the Commuter System (e.g. Day Pass and Event Pass) as well as the local system (e.g. new student/youth passes, and recreation pass). These changes are consistent with resolving the issues identified in the TMP.

The Everybody Rides program is enhanced and a new local fare is introduced. Fares for seniors with incomes greater than the Federal Low Income Cut Off (LICO) will increase significantly, but commuter fares for seniors who meet the LICO standard will only increase from \$24 to \$26 per month. On local routes low income seniors will be able to ride at all times for \$12 per month, in place of the existing free fare during off peak times. This action is consistent with the majority of comments received from stakeholders that significant fare discounts should be directed to those who need it most and is consistent with the direction of many other systems including ETS and Calgary Transit. In some cases the increases are significant and they should be phased in to reduce the impact. The means test program is expanded to all persons needing only a local pass and the level of income is standardized on the Federal LICO.

The recommended fare structure is shown in Figure 1. The highlights include:

Commuter Recommendations

1. Cash Adult Commuter Reduced from \$6 to \$4

General consensus among stakeholders, users and review of peer systems found that this fare was too high. Lowering the fare will make the service more attractive to new or occasional users who may ultimately become regular riders.

2. Adult Day Pass

A new adult day pass valid for unlimited travel on Strathcona County Transit, ETS and St. Albert Transit would be introduced. The fare would be \$10 or \$2 more than a cash return trip between Sherwood Park and Edmonton. This fare would offer a significant savings for anyone who needs to make multiple trips within Edmonton after riding in from Sherwood Park. It is consistent with the existing agreement with ETS, and Strathcona County Transit already accepts the Edmonton Day Pass.

3. Adult Commuter Pass Increased from \$103 to \$104

The monthly pass currently is too highly discounted. The discount is one of the largest in North America and given the high cost of gasoline and parking there is room for a small increase with minimal ridership impacts. A larger increase (up to \$108) could be achieved with minor and temporary impacts, and be reflective of improved service with double-decker buses (fewer standees). The fare is based on a standard multiplier of cash fare (26 times cash fare).

4. Standardized 25 percent Discounts for Commuter tickets, students/youth or seniors

This creates a single discount rate for tickets, students/youth and seniors to simplify the fare system. There is a further 25 percent discount for student/youth and senior tickets. New products could be phased in as stored value is introduced with Smartcards if there is a desire to minimize the number of fare products being produced or checked by operators. All fares levels are driven by adult cash fare and would move in unison if a fare change is implemented.

This represents an increase for seniors who do not have limited incomes. However any senior whose income is below the Federal LICO would be eligible for a bigger discount than is currently offered.

5. Standardized Student/youth and Senior Commuter Monthly Pass Discounts

The discounted commuter monthly pass for seniors and students/youth is set at a 25 percent discount. The price for students/youth is a decrease from the current rate of \$93, but an increase for seniors not eligible Everybody Rides passes. Currently all seniors pay \$28 per month. The \$332.25 senior annual pass and the low income \$155 annual senior pass are eliminated.

6. Commuter Everybody Rides

Everybody rides is standardized at a 75 percent discount on the Commuter Monthly pass. This represents an increase from \$24 to \$26. The means test is based the Federal LICO.

Local Recommendations

1. Cash Adult Local Reduced from \$3.25 to \$2

The local service generates very low ridership for trips entirely within Sherwood Park. Lowering the fare will stimulate some ridership without a significant loss of revenue. The fare is set at a 50 percent discount to the adult cash commuter fare.

2. Local Monthly Adult

The local monthly adult pass is priced at 24 times the cash adult fare. This is slightly less than the multiplier for the Commuter Pass (26) but helps lower the cost of the pass to attract more riders.

3. Standardized Local Discounts for Tickets, Students/youth and Seniors.

The same pattern of 25 percent discounts on adult cash fare is recommended for local tickets, students/youth and seniors. There is a further 25 percent discount for tickets in each category. New products could be phased in as stored value is introduced with Smartcards if there is a desire to minimize the number of fare products being produced or checked by operators. The existing school pass available to the Elk Island Catholic School (EICS) Board will be replaced by the regular students/youth monthly pass, which allows EICS students to ride local buses at any time. Though the regular local monthly pass for students/youth is lower than the existing school pass and has no time restriction, it would attract more students to ride local services which are currently underutilized

4. Local Everybody Rides Monthly

Currently there is no Everybody Rides pass for local service, however there is a means tested free off peak local fare for seniors. The local service has abundant extra capacity and the proposed fare of \$12 per month for anyone who passes a means test offers good value. This fare offers new discounts during peak periods for seniors who meet the means test, and anyone else who meets the Federal LICO standard.

Recommended New Targeted Products

1. Event Pass

The event pass would be sold on days when specific major events are held in Edmonton such as hockey or football games, Folk Fest, Fringe Festival or Heritage Days. The pass would offer a product priced to be competitive with driving and parking for a family but not oversubscribe the available capacity of Strathcona County Transit. The pass functions like a Day Pass but allows up to 2 adults and 3 children, or up to 4 adults to travel with a single fare of \$10. It would not be

valid during the morning peak period and only for designated events. A single person pass with the same conditions would be available for \$6.

2. Employer Program

Both Edmonton and St. Albert currently have a program to sell bulk monthly passes to employers. The employers can sell the passes at a minimum discount required by the program, or give the passes to the employees as a perk. Much of the ground work has been done for the program and Strathcona County could piggy back on the existing ETS and St. Albert Program.

3. Super Off Peak Local Student/Youth

The purpose of this pass, priced at just \$18.00 per month is to create a product that parents may be willing to buy on top of the yellow bus passes they receive or purchase. The yellow school buses only run at bell times and students/youth who stay late for extracurricular activities, or need to get to part time jobs or outside activities have to rely on parental rides. This product would not compete with yellow buses but provide a new option for parents and give students/youth added mobility. It would only be valid after 4 pm, and on weekends and holidays from September to June.

4. Local Student/Youth Summer Pass

This pass would replace the Super Off Peak Local Student/youth pass during the summer break. A single pass would cover the entire summer giving students/youth freedom to travel within Sherwood Park. One pass would be sold and valid from the end of school to the start of school.

5. Recreation Program Pass

The Strathcona County Park and Recreation staff was anxious to be able to offer transit access to their facilities as part of the cost of 1 or 2 week programs.

6. Classroom Tripper Local & Commuter

This product is designed as a win-win-win. It allows teachers to buy passes that would allow a whole class to travel on transit to a field trip location in Sherwood Park or Edmonton. It is a triple win because it helps expose young students who may never have a chance to ride Strathcona County Transit and provides a teachable moment about public transit. It also provides the school boards with an economical means of doing field trips and provides an interesting outing for the students.

7. Parking Charges

The proposed test of pay parking in the new parking facility is a reasonable approach. If the pilot is successful it should be expanded.

Figure 1 – Proposed New Fare Structure

Fares			
Category	Existing Fares	Proposed New Fares	
Commuter	Adult Cash	\$ 6.00	\$ 4.00
	Adult Monthly	\$ 103.00	\$ 104.00
	Adult Ticket*	\$ 4.20	\$ 3.00
	Adult Day Pass	n/a	\$ 10.00
	Student Cash	n/a	\$ 3.00
	Student Ticket*	n/a	\$ 2.25
	Student Monthly	\$ 93.00	\$ 78.00
	Senior Cash	\$ 5.00	\$ 3.00
	Senior Ticket*	n/a	\$ 2.25
	Senior Monthly	\$ 28.00	\$ 78.00
	Senior Annual	\$ 332.25	n/a
	Senior Annual Discount	\$ 150.00	n/a
	Everybody Rides Monthly	\$ 24.00	\$ 26.00
	Average Commuter Fare	\$ 3.15	\$ 3.06
Parking	Monthly	n/a	#
	Daily	n/a	#
Local	Adult Cash	\$ 3.25	\$ 2.00
	Adult Monthly	\$ 56.00	\$ 48.00
	Adult Ticket*	\$ 2.20	\$ 1.50
	Student Cash	n/a	\$ 1.50
	Student Ticket*	n/a	\$ 1.15
	School Monthly/Student Monthly	\$ 54.00	\$ 36.00
	Senior Cash	n/a	\$ 1.50
	Senior Ticket*	n/a	\$ 1.15
	Senior Monthly	Free	\$ 36.00
	Everybody Rides Monthly	n/a	\$ 12.00
Average Local Fare	\$ 1.94	\$ 1.53	
Special	Event Pass Family	n/a	\$ 10.00
	Event Pass Single	n/a	\$ 6.00
	Employer Commuter Pass	n/a	\$ 79.00
	Employer Local Pass	n/a	\$ 36.00
	Super Off Peak Concession Local	n/a	\$ 18.00
	Rec Program Pass Weekly	n/a	\$ 10.00
	Classroom Tripper Local/Student	n/a	\$ 1.00
	Classroom Tripper Commuter/studen	n/a	\$ 2.50
	Student Local Summer	n/a	\$ 48.00
Average Special Fare	-	\$ 2.55	
Average Overall Fare	\$ 2.82	\$ 2.63	
Average including U-Pass	\$ 2.89	\$ 2.75	

* Tickets sold in books of 10

Parking Charges as proposed in pilot program to be implemented

Ridership and Revenue Impacts

In order to assess potential impacts on ridership and revenue for Strathcona County Transit an elasticity value of -0.3 is utilized. This is based on industry wide averages, and represents a conservative value. This value is most reliable for relatively small changes in price. The impact of large price changes is more difficult to forecast. Caution must also be recognized when other factors are changed at the same time such as fare product rules or eligibility. For example changing the price of a product and changing its period of eligibility (i.e. extending or reducing the time period during which it may be used) will likely result in different rider ship impacts that cannot be predicted solely based on fare elasticity.

The elasticity model estimated that the overall impact of the proposed changes will be a ridership increase of about 7 percent. Ridership is forecasted to increase from about 1.524 million trips to 1.640 million trips. The increases are expected on both the local and commuter operations as well as from the sale of new products. Revenues are projected to increase about 2.3 percent from \$4,400,965 to about \$4,505,800.

Mobility Bus Conclusions

The Transit Master Plan recommended that Mobility Bus fares should be aligned with the fixed route fares. This recommendation was based on the general approach to Human Rights as evidenced by legislation in Ontario, and actions on specialized transit fares by the Human Rights Commissions in Alberta and Saskatchewan. However this approach only applies to services offered by a transit system that correspond to the fixed route operation. In the case of Strathcona County the precedents would apply to local service within Sherwood Park, and service between Sherwood Park and Edmonton, but not between Sherwood Park and the rural areas or the rural areas and Edmonton.

The Human Rights Commissions have focussed on the consumer impact or relationship (e.g. cost of fares), rather than the taxpayer impact (e.g. farebox recovery) as the standard of equality. This has placed all transit systems in a difficult position. Human Rights Commission rulings in other jurisdictions have seemingly not considered that specialized transit costs are about ten times greater than fixed route costs on a per passenger basis. The Commissions have evaluated equity based on rider costs and focussed on reducing fares from about double the fixed route fare to equal to the fixed route fare, including general discounts based on demographics (senior, students, and youth) and accepting monthly fixed route passes on the specialized transit services.

Recommended Mobility Bus Fares

1. Within Sherwood Park

Same as local fixed route for cash, passes and tickets for adults, students/youth and seniors except that Everybody Rides is not accepted (same media as regular transit)
2. From Sherwood Park to Edmonton within 400 metres of an operating Strathcona County Fixed Route Service or to a supplemental destination (Same media as regular transit)

Same as commuter fixed route for cash, passes and tickets for adults, students/youth and seniors except that Everybody Rides is not accepted.

3. Rural to Sherwood Park

No Change, \$7.25 with no discounts

4. Rural to Edmonton

Rural to Sherwood Park fare (#3 above) plus the fare for Sherwood Park to Edmonton (#2 above). This offers a reduction in cost to locations although the amount of the reduction depends on the fare category or product being used between Sherwood Park and Edmonton.

The proposed fares will reduce the total revenue for Mobility Bus. In order to mitigate this loss in fares it is recommended that disabled persons eligible for the Mobility Bus be allowed to ride the fixed route system free of charge. With the potential changes to the Mobility Bus fares including offering passes the financial incentive of a Free Ride program would be significantly reduced, but it could help market the accessibility of the fixed route system. Every return trip diverted to the regular system would save Strathcona County almost \$70.00 at virtually no extra cost on the regular system other than the potential loss of a few dollars of fare revenue. Diverting a few Mobility Bus trips could create sizeable savings and help mitigate the loss of revenue from the reduced Mobility Bus fares.

It is recommended that Everybody Rides passes not be accepted on Mobility Bus. There are no documented cases of transit systems being challenged at a Human Rights Commission for failing to provide discounts for persons of limited financial means. The argument against providing the discount is the high cost of providing the service. Regular transit recovers from 30 to 40 percent of the costs from the farebox, and specialized transit services such as Mobility Bus typically have recovery rates of 10 percent or less. On this basis charging regular fixed route fares provides a benefit for persons with disabilities that exceed the benefit being provided to fixed route passengers. In addition, if persons with disabilities are permitted to ride the fixed route system at no cost they are receiving a benefit that is not available to persons without disabilities.

7. Next Steps

During the month of April a second round of stakeholder consultations and public outreach will be conducted. The consultant team will return to the stakeholders visited at the beginning of the study and the recommended fare strategy will be explained and discussions held to determine if the issues identified have been resolved. Public outreach will be conducted through a web based survey and a public forum. The plan will be explained and input noted. Tweaks may be made to the plan based on the input received from the stakeholders and public.

A final report will be prepared and provided to the administration of Strathcona County Transit.