
Subject: Fare Harmonization and Implementation Strategy

Report to: Linking Niagara Transit Committee

From: Rob Salewytch, Program Manager, Transit Services

Report date: Wednesday, September 25, 2019

Recommendations

That this report **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to update LNTC on the common transit fare strategy that was identified by the Inter-municipal Transit Working Group (IMTWG) in its 2018-2019 workplan.
- The Niagara Transit Service Delivery and Governance Strategy (Dillon 2017), identified the shortfalls of the overall fare systems currently being used, and recommended that harmonizing the fare structure as well as payment technology would serve as a key enabler to a more connective and integrated transit system in Niagara.
- The IMTWG has identified a two-phased approach to this overall fare strategy where the fare media, fare structure, and payment technology would be aligned across each of Niagara's transit systems.
- The preferred common fare strategy is being recommended to the governing bodies of Niagara's transit systems by the respective members of the IMTWG with a target implementation date of January 1, 2021. This will be supported by, a yet to be determined, fare-payment technology solution.
- Staff have chosen to defer recommending a strategy for the alignment of NRT's fares until the 2021 budget deliberation process. This is due to the impacts that the upcoming governance discussion will have on items such as revenue sharing agreements, fare alignment on link routes, and opportunities relating to on-demand and potential support for low income residents.

Financial Considerations

Fare harmonization across all transit operators within Niagara begins with a common fare strategy at the local level and requires the creation of a consistent fare structure for travel within municipal boundaries. St. Catharines, Niagara Falls and Welland are currently working towards a common fare strategy, while Fort Erie, Port Colborne, Pelham and Lincoln are investigating the impacts the proposed transit fare structure would have on existing service contracts and customer demand.

In 2010, Niagara Region entered into a Pilot Project Agreement with the City of Niagara Falls, the City of Welland, and the St. Catharines Transit Commission to facilitate an inter-municipal transit pilot project. In July 2017, Niagara Region obtained jurisdiction to operate conventional, inter-municipal transit services on a non-exclusive basis through a triple majority process. The current fare structure for NRT and cross boundary service was established in 2010 and ranges from 1.7 - 2.0 *times* the cost of a cash fare on a municipal transit service under the proposed common fare strategy (refer to Table 1 below).

Table 1: Proposed Common Fare Strategy Local Transit

	Niagara Falls	St. Catharines	Welland	Average Fare	Proposed Fares Effective on or before January 1 2021	% Change (of Proposed Price Over Average)	Current NRT Fare Structure	% of Proposed Local Fare
Cash Fare - Adult	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	0%	\$ 6.00	200%
Cash Fare - Senior	\$ 2.75	\$ 3.00	\$ 3.00	\$ 2.92	\$ 3.00	3%	\$ 5.00	167%
Cash Fare - Student	\$ 2.75	\$ 2.50	\$ 3.00	\$ 2.75	\$ 3.00	9%	\$ 5.00	167%
Cash Fare - Child	\$ 1.75	\$ 2.50	\$ 1.50	\$ 1.92	\$ 3.00		n/a	n/a
Day Pass	\$ 7.00	\$ 8.00	n/a	\$ 7.50	\$ 8.00	7%	n/a	n/a
10 Ride - Adult	\$ 28.00	\$ 26.00	\$ 25.00	\$ 26.33	\$ 27.00	3%	\$ 45.00	167%
10 Ride - Senior	\$ 25.00	\$ 20.00	\$ 21.00	\$ 22.00	\$ 22.50	2%	\$ 40.00	178%
10 Ride - Student	\$ 25.00	\$ 22.50	\$ 22.00	\$ 23.17	\$ 22.50	-3%	\$ 40.00	178%
Monthly Pass - Adult	\$ 80.00	\$ 92.00	\$ 85.00	\$ 85.67	\$ 90.00	5%	\$ 160.00	178%
Monthly Pass - Senior	\$ 65.00	\$ 57.00	\$ 65.00	\$ 62.33	\$ 65.00	4%	\$ 130.00	200%
Monthly Pass - Student	\$ 65.00	\$ 62.00	\$ 75.00	\$ 67.33	\$ 65.00	-3%	\$ 130.00	200%
Community Living / ODSP	\$ 65.00	\$ 72.00	\$ 76.00	\$ 71.00	\$ 65.00	-8%	n/a	n/a
Family Pass	n/a	\$ 8.00	n/a				n/a	n/a
Semester Pass (based on adult)	\$ 260.00	\$ 290.00	n/a	\$ 275.00	\$ 275.00	0%	n/a	n/a
Average Increase Across All Fare Categories						1.5%		

During the initial creation of the NRT pilot project, a revenue sharing agreement was facilitated with Niagara Falls, St. Catharines and Welland to grant individuals boarding an NRT bus the privilege of transferring onto the three respective municipal transit systems. Under this agreement, the cash fare paid to Niagara Region (\$6.00 adult) is shared in \$2.00 increments depending on which municipal system riders' transfer to. For example, if a rider that boarded a municipal bus in St. Catharines transferred to an inter-municipal bus (NRT) which brought them to Welland, and then boarded a municipal bus in Welland, the Region would retain \$2.00 with both St. Catharines and Welland also receiving \$2.00. Where NRT pass sales (e.g. 10-Ride cards, monthly passes) are concerned, revenue is shared among the four operators through a funding formula of 55% to Niagara Region and 45% allocated amongst the three local operators at a rate of 15% each.

The Port Colborne and Fort Erie Link routes were established under a cost sharing model with a distinct fare structure. Currently individuals boarding the Fort Erie Link

(Route 22) pay \$3.50 cash fare. Those boarding the Port Colborne Link (Route 25) pay \$4.00 cash fare and are permitted a transfer to Welland Transit only. The expansion of Link service into Niagara West and the potential introduction of new on-demand services creates an opportunity to re-evaluate all of the previously established individual fares and determine a strategic fare structure which will encourage higher demand and revenue/cost (R/C) target ratios.

Options for IMT fare harmonization for conventional transit services are presented in Table 2.a and 2.b below. Similar to the approach taken to align local transit fares, the initial options presented below target a strategy which minimizes the revenue impact and encourages ridership. Fare setting for on-demand services may be considered in addition to the fare strategy below since the parameters relative to cost, distance, responsiveness and pick-up drop off locations are currently being examined. Similar to establishing target R/C ratios on conventional service, efficient and effective R/C ratios must also be targets for on-demand services.

Table 2.a: Options for Inter-Municipal Transit Fare Alignment

Niagara Region	Proposed Local Fare Structure (Jan. 1 '21)	Current NRT Fare Structure	Option 1		Option 2		Option 3	
				% change		% change		% change
Adults Cash Fare	\$ 3.00	\$ 6.00	\$ 6.00	0%	\$ 5.00	-17%	\$ 5.50	-8%
Seniors (65+) Cash Fare	\$ 3.00	\$ 5.00	\$ 6.00	20%	\$ 5.00	0%	\$ 5.50	10%
Elementary (6+) / High School Students Cash Fare	\$ 3.00	\$ 5.00	\$ 6.00	20%	\$ 5.00	0%	\$ 5.50	10%
Cash Fare - Child	\$ 3.00	n/a	\$ 6.00		\$ 5.00		\$ 5.50	
Day Pass	\$ 8.00	n/a	\$ 16.00		\$ 13.25		\$ 14.75	
Adults 10-ride Card	\$ 27.00	\$ 45.00	\$ 54.00	20%	\$ 45.00	0%	\$ 50.00	11%
Seniors (65+) 10-ride Card	\$ 22.50	\$ 40.00	\$ 45.00	13%	\$ 38.00	-5%	\$ 41.00	2%
Elementary (6+) / High School Students 10-ride Card	\$ 22.50	\$ 40.00	\$ 45.00	13%	\$ 38.00	-5%	\$ 41.00	2%
Adults Monthly Pass	\$ 90.00	\$ 160.00	\$ 160.00	0%	\$ 150.00	-6%	\$ 165.00	3%
Seniors (65+) Monthly Pass	\$ 65.00	\$ 130.00	\$ 130.00	0%	\$ 110.00	-15%	\$ 120.00	-8%
Elementary (6+) / High School Students Monthly Pass	\$ 65.00	\$ 130.00	\$ 130.00	0%	\$ 110.00	-15%	\$ 120.00	-8%
Community Living / ODSP	\$ 65.00	n/a	\$ 130.00		\$ 110.00		\$ 120.00	
Family Pass								
Semester Pass (based on adult)	\$ 275.00	n/a	\$ 550.00		\$ 460.00		\$ 505.00	
Overall Fare Structure Alignment Adjustment				9%		-7%		2%

Table 2.b: Options for Link Fare Alignment

Niagara Region	Proposed Local Cash Fare	Current Link Fare Structure	Total System Cost (if transferred to Another System)	Alignment Cost (under Option 1 structure)	Alignment Cost (under Option 2 structure)
Fares Do Not include Local Transit Connections					
Adults Cash Fare Fort Erie to Niagara Falls Link Service	\$ 3.00	\$ 3.50	\$ 6.50	\$ 6.00	\$ 5.00
Adults Cash Fare Port Colborne to Welland Link Service	\$ 3.00	\$ 4.00	\$ 7.00	\$ 6.00	\$ 5.00
Seniors (65+) Cash Fare Fort Erie to Niagara Falls Link Service	\$ 3.00	\$ 3.50	\$ 6.50	\$ 6.00	\$ 5.00
Seniors (65+) Cash Fare Port Colborne to Welland Link Service	\$ 3.00	\$ 4.00	\$ 7.00	\$ 6.00	\$ 5.00
Elementary (6+) / High School Students Cash Fare Fort Erie to Niagara Falls Link Service	\$ 3.00	\$ 3.50	\$ 6.50	\$ 6.00	\$ 5.00
Elementary (6+) / High School Students Cash Fare Port Colborne to Welland Link Service	\$ 3.00	\$ 4.00	\$ 7.00	\$ 6.00	\$ 5.00
Overall Fare Structure Alignment Adjustment				-11%	-26%

The options presented above are not for consideration during the 2020 Budget process. A proposed fare harmonization strategy for Niagara Region will be brought forward for consideration during the 2021 Budget process after the determination of a new governance model.

Analysis

Systems across Niagara currently have a number of distinct rates, criteria for transit fares, and fare media products. To continue towards the objective of bringing consistency for riders and transferability between all systems to fruition as outlined in the IMTWG's 2018-2019 workplan, the IMTWG has identified a 2-phase approach to implementing a common fare strategy. The initial harmonization of the fare structures will be supported by the implementation of new fare payment technology in Phase 2 which will enable seamless travel for riders.

As part of Phase 1, the IMTWG is focused on the objective of bringing consistency across the existing systems regarding fare media (i.e. monthly passes, 10-ride cards, etc.). This also means systems would define their fare media and rider segments using the same categories (i.e. adult (18-64), senior (65+), student (12-18), child (12-under) etc.).

Aligning the fare charged in each category would result in consistency among the local systems. There is also the consideration that local Councils may still elect to allow for unique municipal exemptions, although these exemptions would minimize the benefits realized by aligning the fare categories. Irrespective of this, a significant opportunity exists to enable most fare media products and the associated fare structure to be fully aligned.

This alignment and associated operational and financial impacts are being advanced by the IMTWG to calculate the impact of these policy decisions on the respective local

transit authorities. Ultimately these decisions to adopt align and deploy any fare structure or product changes all require the full consent of the respective local Councils or transit authorities to implement.

Regarding fare payment technology, the IMTWG has been working within the parameters of the Investing in Canada Infrastructure Program (ICIP) to align requests. Although not precisely defined at this time, the premise is that all systems would acquire and adopt the same fare payment technology using these external ICIP funding sources to assist in the harmonization of an integrated fare payment option. This could include mobile ticketing, on-board fare payment technology, smartcard fare payment, and /or other related hardware and software supports for next generation fare payment technology. This would accelerate the improved rider experience of a common fare payment technology and assist with the seamless movement of riders across Niagara. Additionally, the IMTWG is engaging with PRESTO (the fare payment solution used by Metrolinx) to learn more about the capital, operational and process requirements of that program and will look to bring a report to LNTC in the future examining all aspects of the PRESTO program.

Assuming all of the necessary approvals and funding mechanisms are achieved, the proposed harmonized fare structure and fare payment technology solution could be ready for deployment in 2021. This ambitious timeframe would include requisite Council/Commission approvals, public notification, selection, acquisition, installation and deployment. This would represent a significant achievement in the operational integration of transit systems in Niagara.

While the proposed common fare structure considers all of the major fare categories, there are other fare policies that still must be agreed upon and there is understanding among the group that there may be municipalities that have concession fare options that are outside of the common fare structure. Although the majority of fare structure alignment has been agreed to in principle amongst the IMTWG, the following fares remain outstanding in terms of consistency:

- Transfer Policies
- Children 12 & under ride free
- Veteran's Pass
- Family Pass (St Catharines Transit fare promotion)
- Monthly Pass (30 day versus 31 day)

The IMTWG shall continue its discussions on these items. Once consensus is reached, they will be brought to LNTC/Council(s) for review and approval.

Alternatives Reviewed

The IMTWG considered deferring the entirety of the fare harmonization effort until the governance review has been completed. This was deemed to be counter-productive to the group's overall mandate of integrating and aligning the services to create a more seamless experience for transit riders in Niagara.

Relationship to Council Strategic Priorities

A future NRT common fare strategy directly aligns with several Council strategic priorities: Economic Growth and Development through the enforcement of strategic planning and leveraging partnerships with post secondary institutions; Responsible Growth and Infrastructure Planning through advancing regional transit and GO rail services and facilitating the movement of people and goods.

Other Pertinent Reports

- LNTC-C 09-2019 Niagara Transit Governance Review
- CSD 01-2019 2019 Capital Budget
- CSD 22-2019 2019 Levy Operating Budget
- LNTC-C 21-2018 - IMT Service Implementation Strategy
- LNTC-C 22-2018 - IMT Financial Impact Analysis
- LNTC-C 23-2018 - IMT Capital Plan, 2019
- CAO 8-2017 - Niagara Region's Transit Service Delivery and Governance Strategy

Prepared by:

Robert Salewytch
Program Manager, Transit Services
GO Implementation Office
Public Works Department

Recommended by:

Catherine Habermehl
Acting Commissioner
Public Works Department

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with the Inter-Municipal Transit Working Group; Heather Talbot, Financial and Special Project Consultant, Financial Management and Planning; and reviewed by Matt Robinson, Director, GO Implementation Office.