

Memo



Date: July 20, 2011
File: 1405-01
To: City Manager
From: Director, Financial Services
Subject: Transit - Fare Increase and Recovery Percentage

Recommendation:

THAT Council supports a fare increase, as detailed in Appendix 1 attached to the Report of the Director, Financial Services dated July 20, 2011, for Conventional and Custom Transit effective January 1, 2012 and a UPass increase effective September 1, 2012;

AND THAT Council supports a minimum recovery policy of 30% for Conventional Transit and 10% for Custom Transit;

AND FURTHER THAT a route review be completed to determine the effectiveness of each route.

Purpose:

To obtain Council support for a Transit Fare increase effective in 2012 along with a minimum recovery policy.

Background:

The last change to transit fares was September 1, 2007. At that time the conventional cash fares were increased by \$0.25 and monthly passes had a \$4 to \$6 increase. The Custom fare was increased by \$0.25 and the monthly pass by \$5.00. The current recommendation is also to increase cash fares by \$0.25 for both Conventional and Custom service and monthly passes by approximately 12%. Increases of \$0.25 increments and corresponding larger percentage increases on the passes are purposely done recognizing the impacts of requiring exact change. For that reason the fares are increased approximately every four years. Appendix 1 illustrates the proposed fare increase for 2012.

The current transit fares for the Tier 1 systems, Okanagan Valley municipalities and Victoria are included as Appendix 2 to the report. The Kelowna Regional Transit conventional service fares are less than the average for these Tier 1 systems. The higher the service hours, generally the higher the fare prices due to a greater level of service. The larger Tier 1 systems have raised their rates over the last couple of years and the Kelowna Regional system has the oldest fares on the list.

The budgeted cost recovery for the 2011/12 conventional transit service is 26%. The performance summaries from BC Transit have not been updated on their website but earlier recoveries have been closer to the 30% level. This has been the target goal and when the recovery level is reduced below that minimum level, a fare increase or expenditure reduction should be

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considered. Appendix 3 has the 2008/09 Conventional Transit Performance Summary for the Tier 1 systems.

The budgeted cost recovery for Custom transit is 8.4% for 2011/12. Earlier recoveries were closer to 11% and a target of 10% as a policy should be pursued.

In September 2007, a Universal Bus Pass (UPASS) was implemented at UBCO based on approval through a student referendum. The UPASS is structured as a student fee, currently set at \$50 per semester. The University of BC Okanagan subsidizes the UPASS by 10% or \$5, so the net cost to a student is \$45 per semester. Issuance and administration of the UPASS program is done by the UBCO Students Society for which they receive \$3 per pass. After this deduction, the net proceeds to Kelowna Regional Transit is \$47 per student, per semester. The proposed new rate for the UPass would be \$60 per semester with \$57 of that coming to the regional transit service (to be negotiated with UBCO & the Students Union).

The UPASS agreement sets out the procedure for changes in the UPASS program. Any increase to the U-Pass Fee may only occur on September 1st in any year. A UPASS rate increase must be approved both by a referendum of UBCO students and by the UBCO Board of Governors. Notice of a proposed rate increase must be given before August 15th in the calendar year prior to the year that the proposed increase in the U-Pass Fee is to come into effect. In other words, UBCO and the students union (SUUBCO) must receive a minimum of twelve months and 2 weeks written notice of any proposed increase to the U-Pass Fee, allowing them time to conduct a student referendum. Accordingly, a notice given to UBCO and SUUBCO August 15, 2011 would not result in an increase in the UPASS rate until September 1, 2012.

Research of other UPASS programs in BC, outside the Lower Mainland Translink area, reveals that the semester UPASS rate is typically very close to the cost of a single month adult pass. Currently UBCO's UPASS rate at \$50 is at 95% of the Kelowna Regional Transit \$53 rate for an adult monthly transit pass. For negotiation purposes it is recommended that this ratio be set at 100% of the proposed one month Adult pass. It would also be favourable to fix the UPASS rate to the monthly adult pass rate and amend the UPASS agreement so that student referendums would not have to be held in the future when system wide fare increases are implemented.

Internal Circulation:

Director, Regional Services
Regional Programs Manager

Legal/Statutory Authority:

The local municipalities are responsible for the setting of transit fares.

Financial/Budgetary Considerations:

The proposed conventional transit fare increase will generate approximately \$550,000 in additional annual revenues but will only increase the recovery to 29%. A route review to reduce or re-allocate service hours may be required to reach the 30% recovery level.

Considerations not applicable to this report:

Legal/Statutory Procedural Requirements:

Existing Policy:

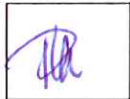
Personnel Implications:
External Agency/Public Comments:
Community & Media Relations Comments:
Alternate Recommendation:

Submitted by:



K. Grayston, Director, Financial Services

Approved for inclusion:



Paul Macklem, *General Manager, Corporate Sustainability*

CC: Director, Regional Services
Regional Programs Manager

APPENDIX 1

Adult / College Students	\$2.25	\$2.00
Seniors & Students (to gr 12)	\$2.00	\$1.75
Child (under 5)	Free	Free

Tickets - Sheet of 10

Adult / College Students	\$20.25	\$18.00
Seniors & Students (to gr 12)	\$18.00	\$15.75

Day Pass

Adult	\$6.00	\$5.50
Seniors & Students	\$5.50	\$5.00

Monthly Pass

Adult	\$60.00	\$53.00
Senior	\$42.00	\$37.00
College*	\$48.00	\$43.00
Student	\$38.00	\$34.00

Semester Pass*	\$154.00	\$138.00
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UPass (under negotiation)	\$60.00	\$50.00
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Family Max. for Student Passes	\$95.00	\$85.00
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*Fully registered College Students

Kelowna handyDART System
Fare Increase -January 1, 2012

	<i>Proposed Fares</i>	<i>Current Fares</i>
	All Zones	All Zones
<i>Cash Fares</i>	\$2.25	\$2.00
<i>Monthly Pass</i>	\$67.00	\$60.00

APPENDIX 2

Municipal Systems Program, Conventional Transit 2011 Fare Structures

Tier 1 Systems & Okanagan Valley

	CASH FARE			MONTHLY PASSES					Last Chg
	Adult	Senior	Student	Adult	Senior	Student	College	Semester	
Central Fraser Valley	1.75	1.50	1.50	45.00	36.00	30.00	36.00	105.00	Sept. 08
Kamloops	2.25	1.75	1.75	53.00	34.00	34.00			Apr. 11
Kelowna Regional *	2.00	1.75	1.75	53.00	37.00	34.00	43.00	138.00	Sept. 07
Nanaimo Regional	2.25	2.00	2.00	60.75	37.00	37.00	49.50	158.50	Jan. 08
Penticton	2.00	1.75	1.75	45.00	32.00	27.00	38.00	120.00	Jun. 09
Prince George	2.25	1.75	1.75	54.00	36.00	36.00		118.00	Aug. 08
Vernon **	2.00	1.75	1.75	50.00	35.00	35.00		100.00	Aug. 08
Whistler	2.50	2.00	2.00	65.00	52.00	52.00			Feb. 11
Average	2.13	1.78	1.78	53.22	37.38	35.63	41.63	123.25	
KRS Variance from Avg.	(0.13)	(0.03)	(0.03)	(0.22)	(0.38)	(1.63)	1.38	14.75	
Victoria	2.50	1.65	1.65	82.50	49.00	46.00	74.50		Apr. 11

Vernon ** - additional \$0.50 for multi-zone fare and \$5 for monthly passes

APPENDIX 3

**Municipal Systems Program, Conventional Transit
2008/2009 Information and Performance Summary**

Tier 1 Systems - Year End Actuals

	Revenue Hours	Revenue Passengers	Total Revenue	Total Cost	Cost Recovery
Kelowna Regional	169,242	4,165,429	4,815,016	15,631,812	30.8%
Nanaimo Regional	97,150	2,444,331	3,381,091	8,904,397	38.0%
Kamloops	96,657	3,277,574	3,297,527	9,117,127	36.2%
Central Fraser Valley	84,445	1,933,338	1,968,668	7,150,349	27.5%
Whistler	74,278	2,556,628	2,311,374	8,766,162	26.4%
Prince George	59,737	1,543,822	1,529,484	5,547,703	27.6%
Average	96,918	2,653,520	2,883,860	9,186,258	31.4%

	Cost per Rev Hour	Revenue Per Passenger	Population Served	Buses in Service
Kelowna Regional	\$ 92.36	\$ 1.16	123,000	64
Nanaimo Regional	\$ 91.66	\$ 1.38	96,800	32
Kamloops	\$ 94.32	\$ 1.01	75,400	37
Central Fraser Valley	\$ 84.67	\$ 1.02	122,400	34
Whistler	\$ 118.02	\$ 0.90	15,200	27
Prince George	\$ 92.87	\$ 0.99	60,200	21
Average	\$ 95.65	\$ 1.08	82,167	36



CONVENTIONAL TRANSIT

- ▶ Last increase Sept. 2007
- ▶ Below Tier 1 System Average
- ▶ \$0.25 Cash Fare Increase to \$2.25
- ▶ Monthly Passes Average 12% Increase
- ▶ UPASS increase from \$50 to \$60 per semester (under negotiation)

CONVENTIONAL TRANSIT

Municipal Systems Program, Conventional Transit
2011 Fare Structures

Tier 1 Systems & Okanagan Valley

	CASH FARE			MONTHLY PASSES				Last Chg	
	Adult	Senior	Student	Adult	Senior	Student	College		Semester
Central Fraser Valley	1.75	1.50	1.50	45.00	35.00	30.00	35.00	105.00	Sept. 08
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Penticton	2.00	1.75	1.75	45.00	32.00	27.00	35.00	120.00	Jun. 09
Prince George	2.25	1.75	1.75	54.00	35.00	35.00		118.00	Aug. 08
Vernon**	2.00	1.75	1.75	50.00	35.00	35.00		100.00	Aug. 08
Whistler	2.50	2.00	2.00	65.00	52.00	52.00			Feb. 11
Average	2.13	1.78	1.78	53.22	37.38	35.63	41.63	123.25	
KRS Variance from Avg	(0.13)	(0.03)	(0.03)	(0.22)	(0.38)	(1.63)	1.38	14.75	
Victoria	2.50	1.65	1.65	62.50	49.00	45.00	74.50		Apr. 11

Vernon** - additional \$0.50 for multi-zone fare and \$5 for monthly passes

CONVENTIONAL TRANSIT

	New Fares	Current Fares
Cash Fares		
Adult / College Students	\$2.25	\$2.00
Seniors & Students (to gr 12)	\$2.00	\$1.75
Child (under 5)	Free	Free
Tickets - Sheet of 10		
Adult / College Students	\$20.25	\$18.00
Seniors & Students (to gr 12)	\$18.00	\$15.75
Day Pass		
Adult	\$5.00	\$5.50
Seniors & Students	\$5.50	\$5.00
Monthly Pass		
Adult	\$60.00	\$53.00
Senior	\$42.00	\$37.00
College*	\$43.00	\$43.00
Student	\$38.00	\$34.00
UPass (under negotiation)	\$60.00	\$50.00
Semester Pass*	\$154.00	\$130.00

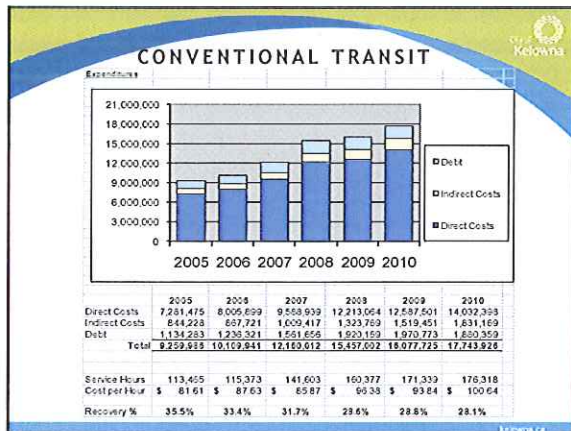
CUSTOM TRANSIT

- ▶ Last increase Sept. 2007
- ▶ Below System Average
- ▶ \$0.25 Cash Fare Increase to \$2.25
- ▶ Monthly Passes Average 12% Increase

	Proposed Fares	Current Fares
Cash Fares	\$2.25	\$2.00
Monthly Pass	\$67.00	\$60.00

TRANSIT RECOVERY

- ▶ Conventional Currently at 26%
- ▶ 30% Recovery Goal - Policy
- ▶ Custom Currently at 8%
- ▶ 10% Recovery Goal - Policy



- ### DELIVERY ON UPASS COMMITMENTS
- ▶ Frequent, limited stop express service between UBCO, Rutland, Orchard Park, and downtown Kelowna.
 - ▶ 97 Express service introduced September 2007
 - ▶ Double the frequency and increased route options between USCO and Rutland and USCO and Downtown Kelowna during peak class times and every 30 minutes during the rest of the day.
 - ▶ Major route restructuring/ service hour expansion - Kelowna/West Kelowna (07)
 - ▶ Double the frequency and increased route options between USCO and Orchard Park during peak times and every 15 minutes throughout the rest of the day.
 - ▶ 97 Express service introduced September 2007
 - ▶ Major route restructuring/ service hour expansion - Kelowna/West Kelowna (07)
 - ▶ Service every 30 minutes between UBCO and Rutland and UBCO and Downtown Kelowna on Sundays.
 - ▶ 97 Express service introduced September 2007
 - ▶ Substantial improvements to service on both sides of Okanagan Lake that would extend the last trip on major routes to past midnight and which would increase evening service to every half hour Monday to Saturday.
 - ▶ Major route restructuring/ service hour expansion - Kelowna/West Kelowna (07)
 - ▶ Additional Sunday service on the #8 University to provide consistent hourly service to UBCO.
 - ▶ Major route restructuring/ service hour expansion - Kelowna/West Kelowna (07)

- ### ADDITIONAL SERVICE ENHANCEMENTS 2007 TO CURRENT
- ✓ Express bus implementation – downtown/UBCO (07)
 - ✓ Major route restructuring/ service hour expansion – Kelowna/West Kelowna (07)
 - ✓ Transit shelter/bench installs – UBCO and various locations, 14 new buses added (07)
 - ✓ Weekday and Sunday night service increase on major routes (08)
 - ✓ Additional trips on #23, #21, #7 Glenmore/UBCO routes (08)
 - ✓ TIPS signs introduced – over 50 locations/additional transit benches installed (08)
 - ✓ Service hour expansion – #1/#7 (15 min peak), #7 UBCO trip added, new shelters installed (09)
 - ✓ Rapid Bus Implementation/associated route restructuring-Rutland (10)
 - ✓ #23 direct airport terminal service (10)
 - ✓ Rapid Bus stations built/HOV implemented, enhanced shelter installed-UBCO, 6 buses added (10)
 - ✓ APC system initiated – data collection, stop management/trip planner project/Master Plan process begins (10)
 - ✓ New route implemented-#4, 2 new buses added (11)
 - ✓ 57 stops upgraded with shelters/accessibility upgrades – region wide, mag-strip pass system implemented (11)

- ### TRANSIT FARES & RECOVERY
- ▶ Regional Partners Support
 - ▶ Regional Governance & Services Committee
 - ▶ District of West Kelowna
 - ▶ District of Lake Country
 - ▶ Peachland

