



MANAGEMENT REPORT

Date: January 10, 2023
To: Finance & Labour Relations Committee
From: Michael Mousley, Manager of Transit
Report #: FIN23-001
Attachments: None

Title: Transit and Parallel Transit 2023 Fares

Objective: To provide a report to the Finance and Labour Relations Committee as requested by Council regarding the implications of maintaining the 2022 regular transit and parallel transit rates for the 2023 calendar year.

Background: At the October 11, 2022, Regular Council Meeting, Council adopted the following resolutions:

- 1. THAT the by-law to set the 2023 fees and charges for services performed by the City be approved as presented to take effect January 1, 2023.**
- 2. THAT a report detailing the financial implications of maintaining the 2022 regular transit and parallel transit rates for the 2023 calendar year.**

The below Transit fares were approved to be increased following adoption of the Fees and Charges By-law 128-2022. All other Transit and Parallel Transit fares did not increase.

Standard Transit - 30 Day Pass

Item	2022 Fee (tax not applicable)	2023 Fee (tax not applicable)
Student and Affordable	\$57.00/pass	\$60.00/pass
Adult	\$67.00/pass	\$70.00/pass
Senior	\$57.00/pass	\$60.00/pass

Parallel Transit - In Town

Item	2022 Fee (tax not applicable)	2023 Fee (tax not applicable)
10 Ride Card	\$27.50/card	\$30.00/card

The last time the above fees were increased was in 2019.

Analysis: As requested at the October 11, 2022, Council meeting, the following chart outlines the anticipated revenue to be received should the approved 2023 fees remain in effect in comparison with the 2022 fares.

Standard Transit	2022 Fares Revenue	2023 Fare Revenue (includes increase of \$3.00)
Revenue Received (Average 8,000 passes sold each year)	\$512,000	\$560,000

Parallel Transit	2022 Fares Revenue	2023 Fare Revenue (includes increase of \$2.50)
Revenue Received (Annual sale of approximately 400 10-ride cards sold each year)	\$11,000	\$12,000

During the process of reviewing fees and charges, staff consider several factors, such as inflation and changes in costs of other general services, such as fuel, insurance, and wages within the division. For services that are subject to user fees, there is also consideration for what level of user fees is appropriate (how much should be paid by riders), versus how much is appropriate to be subsidized by the tax levy.

Over the past few years, the costs of transit have increased, and temporary funding that was granted during the pandemic has been exhausted. For both 2022 and 2023, the percentage of costs covered by fare revenues has been maintained at 20%. This means that users are still paying approximately 20% of the costs, even with the approved increase to the transit fare rate.

As noted, the 2023 rates for transit were approved and adopted by Council by by-law in 2022. The rates however have not been enacted as staff were preparing this report and are now seeking additional direction of Council. Further, the increase in revenue of \$48,000 is not currently accounted for in the draft 2023 budget at this time. The following options available to Council are:

1. Add the \$48,000 in additional revenues to the draft budget, and keep the approved 2023 fees and charges in place; or
2. Keep the 2023 budget as presented, and consider a motion to amend the Fees and Charges By-law 128-2022 to revise the fares to the 2022 rates.

Staff recommend the first option, being to maintain the approved increase and add the \$48,000 in additional revenue to the draft budget. Although this increase is not a full cost recovery operationally, it will offset some of the budgeted line items that has encountered substantial increases.

Financial Implications:

Financial impact to current year operating budget:

Approximately 8000 passes are sold each year which equates to revenues of approximately \$512,000. The increase of \$3.00 per pass that was approved will increase revenues by \$48,000.

The 10-ride card sold through the Mobility Bus sees an annual sale of approximately 400 passes which is \$11,000 in revenue. The \$2.50 increase per card will see a revenue increase of approximately \$1,000.

Financial impact on future year operating budget:

The increase of \$3.00 per pass that was approved will increase revenues by \$48,000.

For the 10-ride card, the \$2.50 increase per card will see a revenue increase of approximately \$1,000.

Alignment with Strategic Priorities:

Mobility, Accessibility and Design Excellence

Improving ways to get around, to and from Stratford by public transit, active transportation, and private vehicle.

Alignment with One Planet Principles:

Travel and Transport

Reducing the need to travel, encouraging walking, cycling and low carbon transport.

Staff Recommendation: THAT direction be given on whether to maintain the approved 2023 transit fare rates or to amend the Fees and Charges By-law 128-2022 to revise the rates to their 2022 level.

Prepared by:

Michael Mousley, Manager of Transit

Recommended by:

David St. Louis, Director of Community Services

Joan Thomson, Chief Administrative Officer