

City of Mississauga
Corporate Report



<p>Date: September 5, 2023</p>	<p>Originator's files:</p>
<p>To: Chair and Members of Budget Committee - Fees and Charges</p> <p>From: Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works</p>	<p>Meeting date: October 4, 2023</p>

Subject

MiWay Fare Strategy - 2024

Recommendation

1. That the MiWay fees and charges, as outlined in Appendix 1 attached to the Corporate Report dated September 05, 2023 from the Commissioner of Transportation and Works entitled "MiWay Fare Strategy – 2024" be approved.
2. That User Fees and Charges By-law 0244-2022, as amended, be repealed effective at the end of December 31, 2023.
3. That a consolidated fees and charges By-law, effective January 1, 2024, which will incorporate the approved fees and charges of various City departments, be enacted to incorporate and establish new, revised, and existing MiWay fees and charges, effective for the Transportation and Works Department as outlined in the Corporate Report dated September 05, 2023 from the Commissioner of Transportation and Works entitled, "MiWay Fare Strategy – 2024".

Executive Summary

- MiWay ridership has recovered to 109% as of August 31, 2023 comparing to pre-pandemic level in 2019. MiWay is experiencing greater pressure as ridership continues to grow, necessitating increased investment to improve and expand service levels.
- MiWay fare pricing must be considered in relation to other Greater Toronto and Hamilton Area (GTHA) transit fare prices, current fare category usage trends, ridership impacts and current and future cost pressures. In several categories MiWay fare pricing is below the 2023 GTHA average.

- MiWay recommends a fare increase for the PRESTO adult e-purse fare by \$0.20 from \$3.20 to \$3.40. Further, that the adult monthly pass increase by \$10.00 from \$131 to \$141 effective April 1, 2024.
- MiWay recommends a fare increase for the PRESTO youth e-purse fare by \$0.20 from \$2.45 to \$2.65, effective April 1, 2024.
- MiWay recommends that effective April 01, 2024, the cash fare increase by \$0.25 from \$4.00 to \$4.25.
- MiWay recommends that effective January 01, 2024, MiWay charter rates, Mississauga Transitway Access fee and MiWay Stop Infrastructure Permit Review fee increase by 3% for inflation.

Background

To advance the City's strategic pillar- Developing a Transit Orientated City, the 2024 Business Plan and Budget identifies a transit fare revenue increase. The increase will help offset baseline budget increases due to inflationary pressures and operational requirements resulting from increasing labour costs, major maintenance costs, foreign exchange rates and PRESTO commission costs.

MiWay fare revenues were negatively impacted in 2020, 2021 and most of 2022 due to a reduction in transit riders as a result of the COVID-19 pandemic. To support those transit customers who continued to use MiWay during the pandemic, transit fare pricing was frozen as part of MiWay's ridership support and recovery program. Today, MiWay's ridership recovery to 2019 pre-pandemic level as of August 31, 2023 is 109%. Ridership is expected to continue to grow through the remainder of 2023 and 2024. Increased ridership has also resulted to increased fare revenue. MiWay expects 104% fare revenue recovery in 2023 comparing to 2019 pre-pandemic levels.

The table below outlines the change in MiWay fare revenue collected between 2019 (pre-pandemic); projection of revenue for 2023 and budget 2024.

2019–2024 fare box revenue summary:

Description	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Projection	2024 Budget
Annual Revenue	\$90M	\$42M	\$48M	\$74M	\$94M	\$99.6M
Annual Revenue (Loss) / Surplus		(\$48)	(\$42)	(\$16)	\$4M	\$9.6M
% of Revenue Recovery to 2019		47%	53%	82%	104%	110%

Note: 2023 Projection is based on actuals from January to August 31, 2023 and forecast from September to December

On April 19, 2023, Council enacted By-law 0065-2023, implementing the 2023 MiWay fees and charges. This MiWay Fare Strategy report sets out the MiWay fees and charges for 2024 and if approved, it will be added into the consolidated User Fees and Charges By-law.

Comments

MiWay strives to recover just under half the cost of operating transit through user fees (fares) and a minor amount through advertising revenues. This portion/percentage of the cost of operating transit that is recovered from fares and advertising revenues is called the revenue to cost ratio (R/C ratio). The remaining costs are funded through municipal taxes and provincial gas tax receipts. The 2019 (pre-pandemic) R/C ratio for MiWay was 45%.

Due to the pandemic that resulted in the reduction of riders, the R/C ratio declined substantially in 2020, 2021 and 2022 as shown in the table below:

Year	2019	2020	2021	2022	2023*	2024
R/C Ratio	45%	22%	25%	36%	45%	46%

*Based on preliminary financials for 2023.

Strong ridership recovery began in the later half of 2022 and continued into 2023, resulting in a projected 2023 R/C ratio of 45%. The forecasted R/C ratio for 2024 is 46%.

MiWay fare pricing must be considered in relation to other Greater Toronto and Hamilton Area (GTHA) transit fare prices, current fare category usage trends, ridership impacts and current and future cost pressures. Each of these factors will have an impact on the overall revenue MiWay will realize from customer fares.

A comparison of GTHA transit fares is provided at Appendix 2.

The following provides details of 2024 proposed fare changes for specific fare types and is included in Appendix 1 – MiWay Fees and Charges 2024:

Adult fares (Age 20-64 Years)

MiWay recommends that starting April 01, 2024, the PRESTO e-purse-adult fare increase by \$0.20 going from \$3.20 to \$3.40 per adult. Additionally the monthly pass price be increased from \$131.00 to 141.00. The last fare change for this category was in May 01, 2023. Adults currently make up 82% of MiWay ridership. This adult fare increase will generate an additional \$2.7 million in 2024.

As result of an increase in the price of PRESTO e-purse-adult fare, the price of adult Special Purpose tickets will increase from \$32.00 to \$34.00 as this price is set per 10 adults of the PRESTO e-purse-adult fare.

Youth fares (Age 13-19 Years)

MiWay recommends that effective April 01, 2024, PRESTO e-purse-youth fare increase by \$0.20 from \$2.45 to \$2.65. The last fare change for this category was in May 01, 2023. Youth account for 14% of MiWay ridership and this youth fare increase will generate an additional \$0.5 million in 2024.

As result of an increase in the price of PRESTO e-purse-youth fare, the price of youth Special Purpose tickets will increase from \$24.50 to \$26.50 as this price is set per 10 youths of the PRESTO e-purse-youth fare.

Senior fares (Age 65 Years and over)

Council approved a \$1.00 senior fare as a one year pilot program effective May 01, 2023 and ending April 30, 2024. Seniors can pay this \$1.00 fare either by cash or by using a PRESTO card. MiWay will provide an update report on the pilot program to General Committee on December 06, 2023.

Child fares (Age 12 Years and under)

Council approved a free fares for child as a one year pilot program effective May 01, 2023 and ending April 30, 2024. Child can ride free on MiWay by tapping their child concession PRESTO card. MiWay will provide an update report on the pilot program to General Committee on December 06, 2023.

Cash fares for adults and youths

MiWay recommends that starting April 01, 2024, the cash fare increase by \$0.25 going from \$4.00 to \$4.25 per adult/youth. The last fare change for this category was in January 06, 2020. An adult and a youth could save \$0.85 and \$1.60 per trip respectively using the PRESTO e-purse to pay instead of cash. MiWay currently collects 8% of its fare box revenue through cash fares. This cash fare increase will generate an additional \$0.4 million in 2024.

PRESTO Open Payment

As of August 11, 2022, PRESTO open payment was launched, enabling customers to conveniently tap their credit or debit cards on the PRESTO card reader when boarding the bus.

Currently, the price for open payment is the same as the MiWay cash fare price, which is aligned with other GTHA transit agencies, except TTC. Any future changes to the PRESTO open payment fare program will be coordinated with other GTHA transit agencies.

MiWay Charter Service Rate

MiWay is recommending a 3.0% fee increase to the MiWay charter service rate to help offset baseline hourly operating cost increases due to inflationary pressures. The changes are provided in the table below.

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Fee Name	2023	2024
Charter Rate (per hour) – 60 foot buses * Note: Minimum charge 2 hours	\$263.22	\$271.12
Charter Rate (per hour) – 40 foot buses * Note: Minimum charge 2 hours	\$220.25	\$226.86

Mississauga Transitway Access Fee and MiWay Stop Infrastructure Permit Review Fee

MiWay is recommending a 3.0% fee increase to help offset baseline hourly operating cost increases due to inflationary pressures. The changes are provided in the table below.

Fee Name	2023	2024
Transitway Access Permit Fee	\$259.56	\$267.35
MiWay Stop Infrastructure Permit Review Fee as part of ROP process	\$415.30	\$427.76

U-Pass for UTM Student Pass

On January 18, 2023, City Council approved By-law 0010-2023, endorsing the newly renegotiated U-Pass agreement between University of Toronto Mississauga (UTM), University of Toronto Mississauga Student Union (UTMSU) and the City of Mississauga. This agreement is effective from September 1, 2023 for a duration of two years until August 31, 2025. The U-Pass is now exclusively available in digital format, accessible to all UTM students through their mobile phones.

The new U-Pass fee for pricing as per the U-Pass agreement are provided in the table below.

Fee Name	2023	2024	2025
Fall/Winter U-Pass	\$283.65	\$309.29	\$324.76
Summer U-Pass	\$169.94	\$154.65	\$162.38

Due to the introduction of digital U-Pass, replacement fees for U-Pass has been eliminated.

MiWay Fare Discount Programs

PRESTO Loyalty Program

MiWay introduced a new customer loyalty program in 2012 to encourage the use of the PRESTO fare card. The MiWay loyalty program allows customers who make 11 transit trips on MiWay during a one-week period (Monday to Sunday) to ride free for the remainder of the week

when using their PRESTO card. This program improves affordability for loyal MiWay customers. The number of trips required to travel free was reduced from 12 to 11 in May 2023 and therefore no further change to this program.

Affordable Transit Program

The MiWay Affordable Transit Program became a permanent program in 2017 in partnership with Peel Region and the City of Brampton. Eligible participants receive a PRESTO card allowing them to purchase a PRESTO monthly pass for 50% of the regular price.

Food Bank Program

MiWay introduced a partnership program with eligible food banks in Mississauga which allows them a discount to purchase MiWay 'special purpose' tickets at 50% of the total value. These programs provide affordability options for the most vulnerable transit customers.

GO Fare Integration Program

Introduced in March 2022, transit riders can travel free on MiWay when connecting with GO Transit using a PRESTO card. This program encourages new riders and provides affordability for MiWay and GO Transit riders.

PRESTO – Mobile Wallet – Coming Soon

Metrolinx is collaborating with other GTHA Transit systems, including MiWay to offer customers the ability to use PRESTO mobile wallet for fare payments by the end of 2023. With the PRESTO mobile wallet, customers can purchase and load virtual PRESTO cards on their mobile devices, including Google wallet. Customers will be able to conveniently tap and pay fares using the virtual card on PRESTO devices, eliminating the need for a physical PRESTO card or cash.

Strategic Plan

The fare changes and enhancements proposed in this report contributes to the strategic pillar of Developing a Transit Oriented City and the strategic goals of:

- Build a Reliable and Convenient System
- Increase Transportation Capacity
- Ensuring Youth, Older Adults and New Immigrants Thrive
- Ensuring Affordability and Accessibility
- Attract and Retain Youth

Financial Impact

The proposed gross operating budget for the transit division in 2024 totals \$224 million, reflecting an increase of \$6.7 million or 3% over the 2023 budget.

The proposed total fare box revenue budget for the transit division in 2024 is \$99.6 million, reflecting an increase of \$9.9 million or 11% over the 2023 budget. This increase of \$9.9 million is attributed to the fare increase scheduled for April 1, 2024, which is expected to generate an additional \$3.6 million in revenue. Additionally, the projected revenue growth for 2024 includes an estimated \$1.8 million from new riders stemming from service enhancements. Furthermore, the base revenue budget will increase by \$4.5 million due to higher-than-anticipated ridership growth in 2023.

The proposed advertising and other transit recoveries revenue budget in 2024 is \$4.1 million reflecting a net increase of \$0.8 million driven by advertising revenue increase. Consequently the proposed total revenue budget in 2024 for transit division is \$103.7 million as shown on the table below:

Revenue Type	2023 Budget	2024 Proposed	\$ Change	% Change
Fare Box	\$89.7M	\$99.6M	\$9.9M	11%
Advertising & others	\$3.3M	\$4.1M	\$.8M	25%
Total Revenue	\$93.0M	\$103.7M	\$10.7M	12%

These revenue increases have been included in 2024 proposed budget.

Conclusion

The fare structure is a critical component of transit service delivery. It needs to strike a balance between providing affordable fare options for riders, consistency with other GTHA transit systems and contributions towards a reasonable cost recovery ratio for taxpayers. Considering the escalating costs and additional investments necessary to improve services and support expanding customer demands, it is recommended that a fare increase be implemented.

Many variables have been considered as part of this fare change report to ensure a balance based on business and customer needs can be achieved. A fare change effective April 1, 2024 is recommended as outlined in Appendix 1.

Attachments

Appendix 1 - MiWay Fees and Charges 2024

Appendix 2 - MiWay GTHA Fare Comparison 2023



Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works

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