

Date: September 17, 2020

To: Chair and Members of Budget Committee

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

Originator's files:

Meeting date:  
October 7, 2020

## Subject

**MiWay Fare Strategy - 2021**

## Recommendation

1. That the MiWay fees and charges, as outlined in Appendix 1 attached to the Corporate Report dated September 17, 2020 from the Commissioner of Transportation and Works entitled "MiWay Fare Strategy – 2021" be approved.
2. That User Fees and Charges By-law 0156-2019, as amended, be repealed effective at the end of December 31, 2020.
3. That a consolidated fees and charges by-law, effective January 1, 2021, 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 17, 2020 from the Commissioner of Transportation and Works entitled, "MiWay Fare Strategy – 2021".

## Report Highlights

- As the city re-opens MiWay continues to support business and economic recovery in Stage 3 customers are slowly coming back to the transit system and the year to date as of August 31, 2020 revenue was \$25M compared to \$54.3M in 2019 which is 46% of the 2019 year to date revenues.
- MiWay will take this as an opportunity to comprehend travel demand changes, and to measure the pace and the degree of recovery across the city in order to more accurately to forecast the future needs and revise plans to operate transit across our city.
- Amidst the recovery phase of COVID-19, MiWay is recommending **no increase to regular fares in 2021**. U-Pass (UTM Student pass) rate changes have been negotiated previously and charter service rates will be adjusted for inflation. Fare products that are no longer required will be removed from the By-law. Additionally, there are two new fees and

charges items included for the Mississauga Transitway access and on-street infrastructure restoration.

- MiWay continues promoting PRESTO card utilization to support paperless and contactless payment. PRESTO devices of our fleet will be fully upgraded by end of 2020 and it will make it more convenient for customers to load funds and pay fares safely with minimal delays.
- MiWay's priority for the remainder of 2020 and into 2021 is to ensure the transit system remains a safe and viable travel option for all and to gain back lost ridership by restoring confidence in our service.

## Background

In response to COVID-19, changes in travel demand arising from the response to the initial stay at home orders and undertaking essential trips only from the Federal, Provincial and Regional governments significantly impacted MiWay ridership and fare revenue. With Council approval, on March 21, 2020 MiWay stopped collecting fares and implemented rear-door passenger boarding. Travel remained free on MiWay until fare collection resumed on July 2, 2020. This 15 week period of free transit resulted in revenue loss of approximately \$26 million dollars and impacted our fare revenue projection of 2020.

As the city gradually re-opens to support business and economic recovery with Stage 2 and 3 re-openings, MiWay customers are coming back slowly. The year to date as of August 31, 2020 revenue was \$25M compared to \$54.3M in 2019 same period and it represent 46% 2019 year to date revenue. MiWay anticipates the 2020 revenue to reach 50% of the 2019 revenue level by year-end. However, there are many unknowns and uncertainties including our student ridership markets and the possibility of changing restrictions on businesses and travels.

On October 9, 2019, Council enacted By-law 156-2019, implementing the 2020 MiWay fares, fees and charges. This MiWay Fare Strategy report sets out the MiWay transit fares, fees and changes for 2021 and if approved, it will be added into a new consolidated User Fees and Charges By-law.

## Comments

The recovery of transit ridership and fare revenue to pre-COVID-19 level is expected to be gradual. MiWay is closely monitoring the fare collection and ridership trend to understand and measure the impact of COVID-19 and all teams at MiWay are working hard to be resilient and remind customers that MiWay is a safe and viable travel option during this time. MiWay will require more time to comprehend the changes in travel patterns within Mississauga to project the future needs.

MiWay generated close to \$90 million revenue in 2019 and this revenue offsets some of the cost of operating with the remaining costs covered through municipal taxes and provincial gas tax receipts. As the operating cost increase each year, a fare increase is also recommended yearly to help offset baseline budget increases due to inflationary pressures and operational requirements. However, under the COVID-19 pandemic when the negative financial impact is unavoidable and MiWay's primary focus is the ridership recovery, a fare increase is not the best approach of restoring our fare revenue and increases in fare revenue needs to be driven by gaining back the ridership we have lost during the pandemic. MiWay also continues promoting PRESTO card utilization to support paperless and contactless payment as a safe and convenient way to pay.

Accordingly, MiWay is recommending no regular fare increase effective January 1, 2021, except following:

- U-Pass (UTM Student pass) rates
- Charter service rates
- Removal of fare products that are no longer required
- Adding new fees and charges items for the Mississauga Transitway access and on-street infrastructure restoration.

#### **U-Pass – UTM Student Pass**

In February 2020, UTM and the City of Mississauga re-negotiated the agreement and the new three-year agreement effective September 1, 2020, has been fully executed. The new U-Pass fee for fall/winter and summer terms of 2021 is provided in the table below.

<b>Fee Name</b>	<b>2020 Current</b>	<b>2021 Proposed</b>
Fall/Winter U-Pass	<b>\$245.03</b>	<b>\$257.28</b>
Fall/Winter U-Pass Replacement	<b>\$122.52</b>	<b>\$125.00</b>
Summer U-Pass	<b>\$146.80</b>	<b>\$154.14</b>
Summer U-Pass Replacement	<b>\$73.40</b>	<b>\$70.00</b>

#### **MiWay Charter Service Rate**

MiWay is recommending a 1.5% fee increase to help offset baseline hourly operating cost (Operator's hourly rate and Bus operating maintenance cost) increases due to inflationary pressures. The changes are provided in the table below.

Fee Name	2020 Current	2021 Proposed
Charter Rate (per hour) – 60 foot buses * Note: Minimum charge 2 hours	<b>\$245.00</b>	<b>\$248.70</b>
Charter Rate (per hour) – 40 foot buses * Note: Minimum charge 2 hours	<b>\$205.00</b>	<b>\$208.10</b>

### Removal of Fare Products

MiWay is recommending removing two (2) fare products from 2021 Transit Fares.

- GTA Weekly Pass – This fare product was discontinued from all GTHA Transit fares effective December 1st, 2019.
- Board of Education Student Tickets – Due to the elimination of regular transit tickets, MiWay introduced Special Purpose Tickets in 2019 to continue supporting these organizations and their clients until a PRESTO solution is available. This to be consolidated with Youth Special Purpose Tickets.

### New Fees and Charges

MiWay is introducing new fees and charges for consistency and to manage on-street transit infrastructure restoration due to road construction and road closure.

- Transitway Access Permit Fee – This is a new Road Occupancy Permit (ROP) for transitway access and is consistent with any city roadway access requiring for ROP application.
- MiWay Stop Infrastructure Permit Review Fee as part of the ROP process – This fee is to be incorporated into the existing ROP process to manage the temporary placement of on-street stop infrastructure and get compensated for the work required for transit route detours.

The current and recommended Mississauga fare pricing listed in Appendix 1 is similar in most categories when compared with other GTHA transit systems. A comparison of GTHA transit fares is provided in Appendix 2.

### PRESTO

PRESTO devices of our fleet will be fully upgraded by end of 2020 and it will make it more convenient for customers to load funds and pay fares safely with minimal delays.

MiWay will add six (6) new PRESTO self-service machines before the end of 2020:

- Three (3) at City Centre Transit Terminal
- One (1) at Malton Community Centre
- One (1) at South Common Community Centre
- One (1) at the new Kipling Bus Terminal

Customers will now be able to instantly load funds onto their PRESTO card using credit or debit for immediate travel and also check balances and transaction history, making it more convenient to purchase and load value on PRESTO.

As MiWay receives the upgrades in the software and device products, features such as time of day pricing will be made available. The new PRESTO devices eliminate the need for the operator to issue paper transfers since the new devices print transfers for customers to pick up at the time of boarding. This is a safer transaction by avoiding direct contact between operators and customers. In addition, the boarding times printed on transfers allow customers to fully utilize 2-hour free transfer policy.

## Strategic Plan

The growth and investment in transit 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

As MiWay's ridership recovery continues to be gradual for the next 2-3 years, a fare revenue shortfall is expected to reduce slowly and a negative financial impact is unavoidable for MiWay due to the COVID-19 pandemic. According to MiWay's no fare increase recommendation, no additional increase in revenue is expected in 2021 from the fare increase. The year to date as of August 31, 2020 revenue was \$25M compared to \$54.3M in 2019 which is 46% of the 2019 year to date revenues. MiWay anticipates revenues will achieve 50% of 2019 levels by the end of 2020.

## Conclusion

As the city gradually re-opens to support business and economic recovery with Stage 2 and 3 re-openings, customers are slowly coming back to the transit system. The year to date as of August 31, 2020 revenue was \$25M compared to \$54.3M in 2019 which is 46% of the 2019 year to date revenues. MiWay is closely monitoring the fare collection and ridership trends to understand and measure the impact of COVID-19.

MiWay's priority for the remainder of 2020 and into 2021 is to ensure the transit system remains a safe and viable travel option for all and to gain back lost ridership by restoring confidence in our service to continue pursuing sustainable growth.

Amidst the recovery phase of COVID-19, MiWay is recommending no increase to regular fares in 2021. U-Pass (UTM Student pass) rate changes have been negotiated previously and charter service rates will be adjusted for inflation. Fare products that are no longer required will be removed from the By-law. Additionally, there are two new fees and charges items included for the Mississauga Transitway access and on-street infrastructure restoration. A 2021 proposed fees and charges table is outlined in Appendix 1.

## Attachments

Appendix 1: MiWay Fees and Charges 2021

Appendix 2: MiWay GTHA Fare Comparison 2020



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