

City of Mississauga
Corporate Report



<p>Date: September 16, 2024</p> <p>To: Chair and Members of Budget Committee</p>	<p>Originator's files:</p>
<p>From: Sam Rogers, MBA, Acting Commissioner of Transportation and Works</p>	<p>Meeting date: October 2, 2024</p>

Subject

MiWay Fare Strategy - 2025

Recommendation

1. That the MiWay fees and charges outlined in Appendix 1 of the Corporate Report dated September 16, 2024, from the Acting Commissioner of Transportation and Works entitled "MiWay Fare Strategy – 2025", be approved.
2. That Budget Committee choose between two options - \$1 senior fares effective January 1, 2025 or free senior fares effective July 1, 2025, as outlined in the Corporate Report dated September 16, 2024, entitled "MiWay Fare Strategy – 2025" from the Acting Commissioner of Transportation and Works.
3. That User Fees and Charges By-law 0199-2023, as amended, be repealed effective December 31, 2024.
4. That a consolidated Fees and Charges By-law be enacted, effective January 1, 2025, to incorporate and establish new, revised, and existing MiWay fees and charges as well as those from various City departments, as outlined in the Corporate Report dated September 16, 2024, "MiWay Fare Strategy – 2025".
5. That all necessary by-laws be enacted.

Executive Summary

- MiWay boardings have surpassed pre-pandemic levels, seeing a 7.6% increase from January to August 2024 compared to the same period in 2023.
- MiWay's actual revenue increased by 29% in 2023, with a 14% increase expected in 2024 and an additional 7% increase expected in 2025.
- MiWay recommends no fare increase for 2025 for adults and youth, citing strong revenue

growth in 2023 and expected revenue growth in 2024 and 2025 driven by increased ridership and expanded service.

- MiWay presents two options for senior fares following the expiration of the \$1.00 senior fare pilot program on December 31, 2024. MiWay is seeking direction from the Budget Committee for a recommended senior fare program.
 - **Option 1 – Permanent \$1.00 Senior Fare effective January 1, 2025.** Seniors will pay \$1.00 using both PRESTO card and cash. The full year revenue impact is \$1.4 million, which is accounted for in the 2025 proposed budget.
 - **Option 2 – Free PRESTO Senior Fares effective July 1, 2025.** Seniors must use a PRESTO card in order to take advantage of the free fare or pay cash fare of \$1.00. The full year revenue impact is \$1.7 million. This option has not been incorporated in the 2025 proposed budget and would require a budget adjustment.
- MiWay recommends that the current pilot program providing free fares for children, become permanent effective January 1, 2025. Children must use a PRESTO card in order to take advantage of the free fare. The full year revenue impact is \$0.3 million and has been accounted for in the 2025 proposed budget.
- The current cash fare for adults and youth is \$4.25 and the senior cash fare is \$1.00. MiWay recommends no change to the existing cash fare price. Keeping the cash fare higher than the PRESTO price will encourage the utilization of PRESTO fare payment.
- Recommend continued support of the current fare discount programs: PRESTO Loyalty Program, Affordable Transit Program (ATP), Food Bank Program, and GO Fare Integration Program.
- Due to the introduction of digital U-Pass, replacement fees for U-Pass have been eliminated. Discussions toward a new U-Pass agreement, effective September 01, 2025, are ongoing. Council will receive a corporate report in January 2025 requesting approval for the new terms of the agreement.
- MiWay recommends a 3% increase in charter rates, Mississauga Transitway Access fees and MiWay Stop Infrastructure Permit Review fees, effective January 1, 2025, to account for inflation.
- MiWay recommends introducing a new Special Events Permit fee of \$501.50 effective January 1, 2025. The fee would be charged to organizations or individuals hosting special events that impact MiWay service operations or facility access.

Background

MiWay fare revenues were significantly impacted in 2020, 2021 and most of 2022 due to ridership reduction during the COVID-19 pandemic. As part of MiWay's Ridership Recovery Strategy, MiWay fares remained unchanged to encourage customers to continue using the service during that time. MiWay's fare revenue has fully recovered to pre-pandemic levels in 2023. MiWay fare was increased in both 2023 and 2024; these fare increases were to help offset baseline budget increases due to inflationary pressures and expanded service resulting from increase in diesel costs, major maintenance costs and foreign exchange rates.

The table below outlines the changes in MiWay fare revenue collected between 2019 (pre-pandemic year) to 2023 and budget for 2024 and 2025.

2019–2025 fare box revenue summary:

Description	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2025 Budget
Annual Revenue	\$90M	\$42M	\$48M	\$74M	\$96M	\$100M	\$116M
Annual Revenue (Loss) / Surplus to 2019		(\$48)	(\$42)	(\$16)	\$6M	\$10M	\$26M
% of Annual Revenue Growth / (Decline)		(53%)	14%	54%	29%	4%	17%

Fare revenue collected grew 54% in 2022 and an additional 29% in 2023 resulting in MiWay fare revenue exceeding 2019, pre-pandemic levels. In the current period, ending August 31, 2024, fare revenue has grown by 15%, totalling \$70 million collected. If this pattern of revenue growth continues in Q4 2024 with the return to school and planned expansion of service, MiWay is projected to reach \$109 million in revenue by year-end, which is a 14% revenue growth from 2023, or a \$9 million surplus to 2024 budget. In 2025, MiWay expects to see continued growth in revenue driven by ridership increase.

The table below outlines the 2024 MiWay fares for all concessions.

2024 MiWay fares:

Fare Type	Adult*	Youth*	Senior*	Child*	U-Pass
Per trip using PRESTO	\$3.40	\$2.65	\$1.00	Free	As per agreement with University of Toronto Mississauga
Per trip using Cash	\$4.25	\$4.25	\$1.00	n/a	
Monthly pass using PRESTO	\$141.00	n/a	\$65.00	n/a	
ATP monthly pass using PRESTO	\$70.50	n/a	\$32.50	n/a	
Per trip using Debit or Credit card	\$4.25 per trip and is not concession specific				

Notes to table:

***Adult:** 20 - 64 years of age; **Youth:** 13 - 19 years of age; **Senior:** 65 years of age and older; **Child:** 12 years of age and under

On April 17, 2024, Council enacted By-law 0068-2024, implementing the 2024 MiWay fees and charges. This MiWay Fare Strategy report sets out the MiWay fees and charges for 2025 and if approved, it will be added into the consolidated User Fees and Charges By-law.

Comments

MiWay currently recovers just under half of its operating costs through transit user fees (fares) and a small portion from advertising revenues. The portion/percentage of operating costs that is recovered from fares and advertising revenues is called the revenue to cost ratio (R/C ratio). The remaining expenses are funded through municipal taxes and provincial gas tax funds. The 2019 R/C ratio for MiWay was 45%, meaning that 45% of transit operating expenses is funded by revenue and 55% is funded by the aforementioned tax levies. The pandemic resulted in the reduction of riders, and therefore the R/C ratio declined substantially in 2020 and 2021. Strong ridership recovery began in the latter part of 2022, resulting in a higher R/C ratio which fully recovered to 45% in 2023.

Table below shows the actual R/C ratio from 2019 to 2023.

R/C Ratios – 2019 to 2023

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

The R/C ratio is projected to remain stable or slightly climb in 2024 and 2025 as a result of increasing ridership and surplus revenue.

MiWay Fares

MiWay fare pricing should be evaluated in the context of other Greater Toronto and Hamilton Area (GTHA) transit fare prices, fare category usage trends, ridership effects and future phases of the fare integration initiatives.

A comparison of GTHA transit fares is provided in Appendix 2 – MiWay GTHA Fare Comparison 2024.

MiWay's fare for adult and youth concessions is higher than the average fares of other transit agencies within GTHA. Brampton transit fares are generally higher than MiWay's fare on all concessions except seniors which is free for Brampton senior residents. The Toronto Transit Commission (TTC) fares are lower compared to MiWay adult and youth fares. Currently, two transit agencies in the GTHA provide free senior fares: Oakville and Brampton, the latter of which only provides free fare to Brampton senior residents. Child fare is free across the GTHA except in Brampton transit and York Region.

It is recommended that there is no fare price increase for MiWay in 2025 and that discounted pilot projects pertaining to Senior and Child fare should be permanently adopted.

The following provides details of 2025 proposed fare changes for specific fare types and is included in Appendix 1 – MiWay Fees and Charges 2025:

Adult and Youth fares

Adult fare was increased from \$3.10 to \$3.20 in 2023 and further increased to \$3.40 in 2024. The monthly adult pass was increased from \$131.00 to \$141.00 in 2024. Youth fare was increased from \$2.35 to \$2.45 in 2023 and further increased to \$2.65 in 2024.

No change in fare is recommended in 2025 for adult and youth concessions.

Senior fares (Age 65 years and over)

Council approved a \$1.00 senior fare as a one-year pilot discount program effective May 1, 2023, to April 30, 2024. In April 2024, Council extended this pilot discount program to continue through to December 31, 2024. Seniors can pay \$1.00 fare either by cash or PRESTO card.

MiWay is seeking direction from the Budget Committee for a recommended senior fare program. Two options are described below:

Option 1 – Permanent \$1.00 Senior Fare effective January 1, 2025:

Seniors will continue to pay the \$1.00 fare either by cash or PRESTO card. Senior Monthly Passes continue to be available for purchase at \$65.00 or \$32.50 for seniors eligible for the Affordable Transit Program (ATP).

Prior to April 2023, senior fare was \$2.10 senior fare during peak hours and \$1.00 during nonpeak hours, weekends & holidays. The full year financial impact for providing all day \$1.00 senior fare is outlined in the below table:

Item	Amount
Revenue collected from all-day \$1.00 senior fare (April 2023 to May 2024)	\$1,700,000
Revenue loss from the introduction of all day \$1.00 senior fare	(\$1,400,000)

\$1.4 million of lost revenue represents 1.2% of the 2025 MiWay fare revenue budget. This revenue loss has already been included in the 2025 budget. Should the Budget Committee decide to implement the permanent \$1.00 fare option, no budget adjustment will be required.

Annual senior boardings for the May 2023 to April 2024 pilot period was 3.3% of MiWay's total boardings and represents a 0.3% increase compared to pre-implementation period.

Opting for the \$1.00 senior fare will allow seniors to continue benefitting from a discounted transit fare while allowing MiWay to maintain fare revenues of \$1.7 million. This option allows both the taxpayer and the user (senior) to subsidize the costs of transit services and enhancements. With the population of seniors in Mississauga expected to rise in the near future, the cost of this program will increase accordingly.

Option 2 – Free PRESTO Senior Fares effective July 01, 2025:

Free senior fare provides the most affordable option to travel on MiWay especially to riders with fixed or limited income. It will contribute to improved independence, allow seniors to attend appointments and engage in their communities, as well as enhancing overall quality of life.

Option 2 also supports the expectation from the Ontario Ministry of Transportation that MiWay and Brampton Transit work toward a full alignment of fares for the start of revenue service of the Hazel McCallion Light Rail Transit Line. Brampton Transit currently offers free senior fares.

Under this program, seniors must use a PRESTO card in order to take advantage of the free fare. Otherwise, a \$1.00 cash payment is required to ride. Any senior who currently uses \$1.00 fare by PRESTO will already be set up for free fare.

Annual senior boardings for the May 2023 to April 2024 pilot period is 3.3% of MiWay's total boardings and represents a 0.3% increase from a year prior to the pilot. The decrease in revenue compared to \$1.00 senior fare is expected to be \$1.7 million. This revenue loss has not been accounted for in the 2025 budget; should the Budget Committee select this option, a budget adjustment for the half-year revenue loss of \$0.85 million will be required. It is also worth noting that as the senior population of Mississauga continues to grow, the potential revenue loss of free senior fare will increase.

If Option 2 is selected, the implementation date would be set for July 01, 2025, to allow MiWay and Metrolinx to test systems and implement the required adjustments. As a result, senior monthly passes will be made redundant and eliminated.

Child fares (Age 12 years and under)

Free transit for children is already provided by most transit agencies in the GTHA except Brampton and York Region. Free child fares provide the option for children to use transit as their primary mode of transportation and learn how to use the transit system. This would make family travel more accessible and affordable.

Council approved MiWay's free child fare as a pilot program from May 1, 2023, to April 30, 2024. In April 2024, Council extended this pilot discount program until December 31, 2024. MiWay is recommending that free child fares become permanent effective January 1, 2025.

Under this program, children must use a PRESTO card in order to take advantage of the free fare. Only physical PRESTO card can be set with a child concession; a digital PRESTO card option for children is excluded.

The actual full year impact to MiWay for providing free child fare instead of charging \$1.75 is approximately \$0.3 million.

\$0.3 million of lost revenue represents 0.3% of the 2025 MiWay fare revenue budget. This revenue loss accounted for in the 2025 budget; should the Budget Committee approve free child fares; no budget adjustment will be required. Annual child boardings for the pilot period of May 2023 to April 2024 is 0.44% of MiWay's total boardings and represents a 0.04% increase from a year prior to the pilot.

Cash fares for adults, youths and seniors

The current cash fare for adults and youth is \$4.25 and the senior cash fare is \$1.00. MiWay recommends no change to the existing cash fare price. Keeping the cash fare higher than the PRESTO price will encourage the utilization of PRESTO fare payment.

MiWay currently collects 5% of its fare box revenue through cash fares, a decrease from 14% in 2019. This cash fare transaction pattern is due to the introduction of open payment (debit and credit cards) in 2022 and MiWay's strategic encouragement of riders to use PRESTO.

MiWay Fare Discount Programs

MiWay is recommending that existing discount programs for 2025 remain unchanged. The list of current discount programs is below:

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 to ride free for the remainder of the week when using their PRESTO card. This program functions as a weekly pass without committing to the full upfront cost. 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.

Affordable Transit Program (ATP)

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 affordable 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.

One Fare Program

Introduced in February 2024 and funded by the Ministry of Transportation of Ontario, transit riders after paying a single fare using their PRESTO card or open payment (debit or credit card), can transfer for free within a two-hour period between MiWay and the TTC. This program encourages new riders and provides affordability for MiWay and the TTC Transit riders.

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 was effective 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 is provided in the table below:

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

Due to the introduction of digital U-Pass, replacement fees for U-Pass have been eliminated. Discussions toward a new U-Pass agreement, effective September 01, 2025, are ongoing. Council will receive a corporate report in January 2025 requesting approval for the new terms of the agreement.

Other MiWay Fees

Below is a list of other fees contributing to MiWay's non-fare revenue:

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:

Fee Name	2024	2025
Charter Rate (per hour) – 60-foot buses * Note: Minimum charge 2 hours	\$271.12	\$279.25
Charter Rate (per hour) – 40-foot buses * Note: Minimum charge 2 hours	\$226.86	\$233.67

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	2024	2025
Transitway Access Permit Fee	\$267.35	\$275.37
MiWay Stop Infrastructure Permit Review Fee as part of ROP process	\$427.76	\$440.59

MiWay Special Events Permit Fee – New Fee effective January 01, 2025

This fee is charged to any organization or individual who organizes a special event (parades, street festivities, etc.) that affect the smooth functioning of transit service or accessibility to any transit infrastructure, such as bus stops. The organizer covers MiWay staff labour and materials costs required to create, deliver, and remove service disruption procedures and communication to MiWay customers.

Fee Name	2025
MiWay Special Events Permit	\$501.50

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 2025 totals \$258.5 million, reflecting an increase of \$28.5 million or 12% over the 2024 adopted budget.

The proposed total fare box revenue budget for the transit division in 2025 is \$116.2 million, reflecting an increase of \$16.6 million or 17% over the 2024 budget. This increase of \$16.6 million is attributed to \$9 million base revenue budget increase due to higher-than-anticipated revenue growth expected in 2024 and carry over to 2025. Additionally, the projected revenue growth for 2025 includes an estimated \$7.6 million from new riders stemming from service enhancements and ridership growth in 2025.

The proposed advertising and other transit recoveries revenue budget in 2025 is \$4.6 million reflecting a net increase of \$0.5 million driven by advertising revenue increase. Consequently, the proposed total revenue budget in 2025 for transit division is \$120.8 million as shown on the table below:

Revenue Type	2024 Budget	2025 Proposed	\$ Change	% Change
Fare Box	\$99.6M	\$116.2M	\$16.6M	17%
Advertising & others	\$4.1M	\$4.6M	\$0.5M	11%
Total Revenue	\$103.7M	\$120.8M	\$17.1M	16%

These revenue increases have been included in 2025 proposed budget. The revenue impacts including \$1.4 million revenue loss for implementing the \$1.00 senior fare and \$0.3 million for implementing the free child fare has already been included in the 2025 proposed budget.

Should Budget Committee select the option of senior free fares, the full year revenue loss will be \$1.7 million, and half year effective July 01, 2025, will be \$0.85 million. This revenue loss has not been included in the proposed 2025 budget and will require an adjustment.

Conclusion

The fare structure is a vital component of transit service delivery. It must be balanced between providing affordable fare options for riders, aligning with other GTHA transit systems and ensuring a reasonable cost recovery ratio for taxpayers. Given the significant growth in ridership and revenue seen in 2023 and projected throughout 2024 and 2025, it is recommended that no fare increase be made for 2025. Additionally, the discounted fare options for seniors and children are recommended to be implemented permanently. Continued support of the current fare discount programs is recommended.

MiWay is also recommending the addition of a new special events permit fee. Finally, it is recommended that bus charter rates, transit way access permit fees and MiWay stop infrastructure permit fees are increased by 3% due to inflationary pressures.

Attachments

Appendix 1 - MiWay Transit Revenue 2025 Fees and Charges

Appendix 2 - MiWay GTHA Fare Rate Comparison



Sam Rogers, MBA, Acting Commissioner of Transportation and Works

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