



## STAFF REPORT INFORMATION ONLY

### An Examination of Waterfront Free Fare Transit Options

<b>Date:</b>	May 3, 2007
<b>To:</b>	Planning and Growth Management Committee
<b>From:</b>	Chief Planner and Executive Director, City Planning Division
<b>Wards:</b>	All
<b>Reference Number:</b>	Pg070041

#### SUMMARY

To respond to a request received from Planning and Growth Management Committee at its meeting of February 15, 2007 when considering Item 3a “Toronto Transit Commission’s Waterfront West Streetcars Environmental Assessment – Terms of Reference”, to report on a free originating zone fare system in the waterfront area as a marketing strategy.

Based on research and discussions with TTC staff, this report documents a range of operating proposals, and identifies a free fare system for all eastbound transit service operating on Queen’s Quay West between Bathurst Street and Union Station as an option that is likely to achieve the best “cost vs. new ridership” balance, and is the most practical from an operating perspective. Potential funding sources have also been reviewed, however, at this time no source has been identified to offset the expected fare revenue losses and operating costs associated with this proposal.

TTC staff have been consulted in the preparation of this report.

#### Financial Impact

There are no financial implications.

#### ISSUE BACKGROUND

At its meeting of February 15, 2007, the Planning and Growth Committee “requested Transportation Planning staff, in consultation with the Toronto Transit Commission, to report back on the possibility of implementing a free originating zone fare system in the

waterfront area as a marketing strategy”. The main objective of this request is to report on transit options that promote the waterfront as a year round attraction for visitors.

## COMMENTS

Free fare transit has been implemented in many cities across North America and Europe. There are three general approaches to implementing free fare transit, including free transit zones; free fare for specific user groups and free service on particular routes or corridors. The suitability of these approaches for any particular scenario depends largely on the goals of the initiative, the characteristics of existing transit services, the urban form of the City, people trip making patterns and available funding.

A review of cities that currently operate free fare programs (such as Edmonton, Portland, Pittsburgh, Boston, Seattle, Marseilles France, Munich Germany and Perth Australia), reveals a variety of benefits including:

- Promotion of transit ridership by providing people who do not currently use transit an opportunity to try it;
- Reduction of auto generated air pollution by eliminating short auto trips within the free fare zone;
- Provision of higher mobility and coordination for travel between governmental centers and offices in the free fare zone;
- Provision of attractive business environment, providing more opportunities for travel within downtown to retail, financial, hotel and entertainment areas; and
- Encouragement for commuters to leave their cars at home by providing alternative transportation during the day.

It is unknown to what extent any or all of these benefits might be achieved by implementing a free fare system along Toronto’s waterfront.

The TTC currently provides a variety of discount programs for specific user groups including commuters, students, seniors, families and visitors. Close to one half of TTC users participate in the Metropass program alone. A special service that would provide discounts on transit trips to or from the waterfront area as suggested would be in addition to the current fare discounts and presumably would be attractive to those who do not participate in any of the existing discount programs.

It is difficult to fully estimate the consequences of applying a free fare strategy of this nature on TTC ridership and revenue. However, TTC staff have expressed a concern that there could be pressure to apply a similar strategy to other special districts, venues or events in the City. To address the concern, there would need to be clear support from Council for a strategy that focuses specifically on the waterfront as a special location for this type of transit services discount. Notwithstanding the range of potential benefits and implications that might be associated with a free fare strategy for the waterfront, City and TTC staff have undertaken a review of how such a strategy might be implemented from an operational perspective, as set out below.

## **Definition of a Waterfront “Free Fare” Zone**

Given the length of Toronto’s waterfront and the number of transit services that currently operate along it, there are several scenarios that could be considered when examining this proposal.

In order to test the feasibility of some proposals, this report focuses on TTC service along the waterfront on Queen’s Quay West. Specific transit services operating in this area are the 509 Harbourfront, 510 Spadina and 511 Bathurst streetcar routes, 6 Bay bus route and the Yonge-University-Spadina subway (Union Station).

## **Free Fare Options**

Within the framework outlined above, there are four possible free fare service routing options that were considered: making the boarding of all eastbound services free, making the boarding of all eastbound and westbound services free, limiting the above options to select area routes and establishing a zone within which all trips would be free. These options are described below:

### **1. Free fare for all Eastbound Services Operating along Queen’s Quay West between Bathurst Street and Union Station**

With this option, any person who boards a streetcar on Queen’s Quay West, between Bathurst Street and Union Station, would not pay a fare (i.e. boarding a 509 Harbourfront or 510 Spadina streetcar). This would not only make eastbound travel between stops on Queen’s Quay West free, but, because the stop at Union Station is inside the fare paid subway area, make it possible for people to travel to anywhere in Toronto without charge.

This option would encourage visitors to use TTC to get to the waterfront by providing them with a “free trip home”. It may, however, be somewhat difficult to communicate exactly what is free and what is not. Furthermore, it would make travel free for a large number of existing fare paying users including those who currently board on Queen’s Quay West as well as those who would walk to stops on Queen’s Quay West to avoid paying a TTC fare.

### **2. Free fare for Eastbound and Westbound Services Operating along Queen’s Quay West between Bathurst Street and Union Station**

From both a marketing and equity perspective, there would be merit in having all trips, eastbound and westbound, free. However, this would add to the cost by making travel free not just for existing people who board westbound streetcars on Queen’s Quay West but also for those who board the 511 Bathurst and 510 Spadina streetcars at nearby stops (who would walk down to Queen’s Quay West). It is noted that this option would not make most trips to the waterfront free since people would have to pay a fare at their point of origin including those who board at Union Station.

### **3. Free fare for the 509 Harbourfront Service along Queen’s Quay West Only**

This option would limit free travel to the 509 Harbourfront streetcar. It would reduce the costs, but also greatly reduce customer benefit and introduce additional operational issues. Eastbound service on Queen’s Quay West, between Spadina Avenue and Union Station is provided jointly by 509 Harbourfront and 510 Spadina – with the majority of service being provided by 510 Spadina streetcars. Both routes serve the same stops and terminate at the same location in Union Station – so customers simply take the first streetcar that comes. If only 509 Harbourfront was free, customers would have to wait for a “free” streetcar while letting other streetcars go by. Mixing paid fare and free services which operate on the same routing would be confusing and likely provide limited benefit for customers.

From an operational perspective, making just the 509 Harbourfront free is also likely to cause an unpredictable shift in ridership from 510 Spadina to 509 Harbourfront streetcars which could, at least in the short term, result in overcrowding of one line and too much service on another. A similar problem would occur with the 511 Bathurst streetcar if westbound services were also made free – especially if free fares were offered not just along Queen’s Quay but along the full 509 Harbourfront route to Exhibition Place (also served by 511 Bathurst).

### **4. Free Fare for a Waterfront Zone (all services, all directions)**

This option entails the elimination of transit fares for riders boarding anywhere along Queen’s Quay West. Unlike the other options, this would not make trips beginning or ending outside of the zone free. This option would be relatively easy to market given that the free services would be defined by clear geographic boundaries. However, it would likely have much less impact on attracting people to the waterfront than the other options as it would only make trips within the area free rather than to and from the area.

The key problem with this approach is how to collect fares from customers once the free zone is exited. This concept would require implementation of some form of proof-of-payment (POP) system, which the TTC does not currently utilize on waterfront routes, or a pay-on-exit system. Fare evasion has proven to be an issue with both these approaches, which would add to the cost of this option.

Based on operational considerations and the ability of each option to attract new people to the waterfront, the options of providing free transit in either the “eastbound only” or “eastbound and westbound” directions were found to be the most advantageous. Out of these two, the “eastbound only” presents an optimal start-up choice given that it limits the amount of existing trips that would become free without greatly reducing the amount of new trips that would be expected.

**Cost of providing free fare for all Eastbound Services operating along Queen’s Quay West between Bathurst Street and Union Station**

- All year, all days (weekend and weekday)
- Summer only (2 months), all days
- Summer only, weekends only

The following table estimates costs attributable to each of these scenarios.

	Estimated Cost		
	All Year All Days	Summer Only All Days	Summer Only /Weekends Only
Lost revenue (from existing trips, including diversions)	(\$2,700,000)	(\$1,000,000)	(\$200,000)
Additional operating costs (summer weekends only)	(\$10,000)	(\$10,000)	(\$10,000)
Gained revenue (from new trips to Queen’s Quay West)	\$0	\$0	\$0
Approximate Total Annual Cost	(\$2,710,000)	(\$1,010,000)	(\$210,000)

Fare revenue loss would arise from existing trips made from eastbound stops on Queen’s Quay West between Bathurst Street and Union Station as well as from people who now board the TTC at nearby stops who would walk to the free stops to avoid paying a fare. Cost would also be incurred from additional service required to accommodate new ridership as well as to market the program.

With respect to costs, as noted close to half of TTC users are Metropass holders which would receive no benefit or fare reduction from the program. While this will keep costs down, it will also limit benefits and may be seen as unfair to these committed TTC customers.

Potential funding sources were explored for the purposes of this report including current City and TTC budgets, and the Toronto Waterfront Revitalization Corporation (TWRC) budget. The level of support (financial or otherwise) from the Queen’s Quay BIA or waterfront venues such as Harbourfront is unknown at this time. The review did not reveal any source of funds that might be applied to offset the estimated revenue losses for the scenarios identified in this report.

## **Other Considerations**

Assuming a source of funding can be identified, it would appear the most prudent manner of implementing a strategy of this nature would be through a pilot project supported by the local community, and a marketing program aimed at the target audience.

A pilot project could be tested and assessed to confirm impacts and benefits of the program. The level of success would be determined by comparing ridership levels achieved during project implementation with existing ridership levels. In addition to measuring transit ridership, a monitoring program could be designed to assess other potential impacts to the waterfront communities resulting from the attractiveness of accessing a free fare transit service from this area to anywhere within the City.

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## **SIGNATURE**

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