
2023 OPERATING BUDGET BRIEFING NOTE

Impact of Free Transit for Seniors

Issue:

This briefing note responds to the Budget Committee's request made at its January 13, 2023 meeting, for the Chief Executive Officer of the Toronto Transit Commission to prepare a briefing note outlining:

- The potential to offer free transit to seniors, with analysis on whether it would be possible to offer universal free transit to seniors, or to limit the free transit to certain times of the day.

This briefing note summarizes the fare policy, service, operational and financial impacts of offering universal free transit to seniors seven days per week and the option of limiting free transit to the time period of 10 a.m. to 3 p.m. daily, seven days per week.

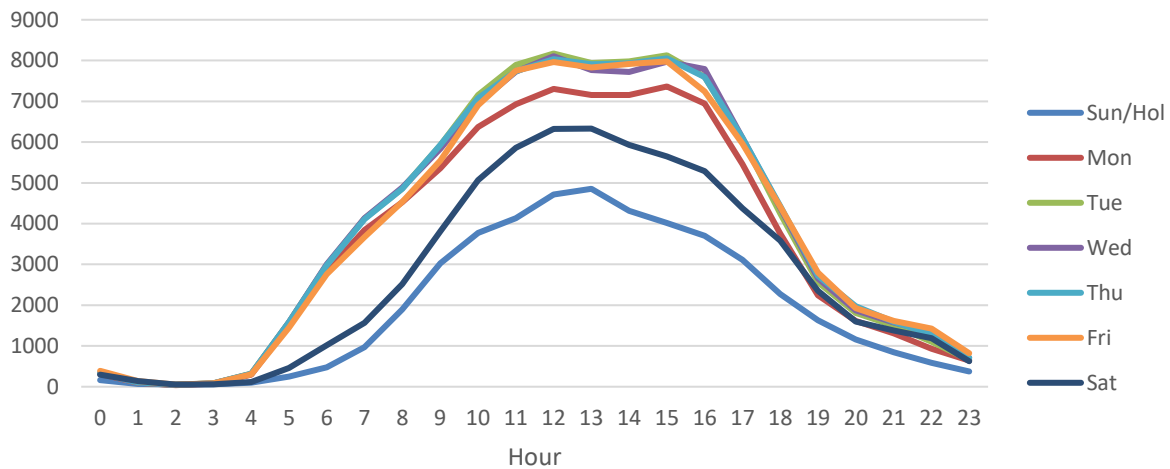
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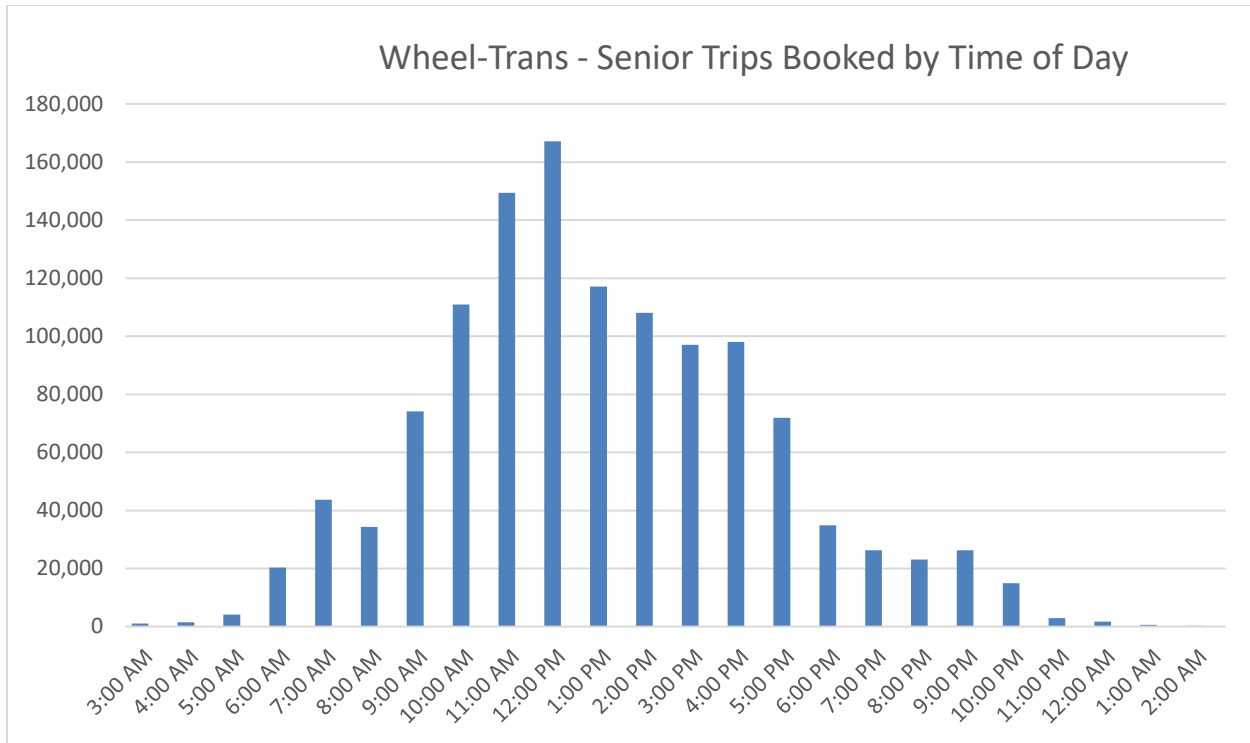
Seniors Ridership Profile and Travel Patterns

- Accounting for some seasonal variability whereby ridership is lower during winter months and reflecting only those seniors using PRESTO:
 - Approximately 88,000 seniors use TTC Conventional service per week, representing 525,000 rides per week) and paying with a PRESTO fare that is currently discounted at \$2.25 for a PRESTO single fare and \$128.15 for a monthly pass.
 - Approximately 6,300 seniors use Wheel-Trans service per week representing 24,000 seniors' rides per week.
 - Seniors' ridership represents approximately 7% of total ridership on TTC Conventional and 65% of total ridership on Wheel-Trans services.
 - Seniors' fares are currently discounted: a Senior's cash fare is \$2.30 (compared to the Adult cash fare of \$3.35 with the 10 cent fare increase); a Senior's PRESTO single fare is \$2.25 (versus adult fare of \$3.30, inclusive of the April 3/23 10 cent fare increase) and a senior's monthly pass is \$128.15 (versus adult monthly pass of \$156)

- Seniors have a wide range of travel behaviours and frequency of use. The typical trip purpose for seniors is for medical appointments, shopping and social activities. Wheel-Trans is the primary mode used by seniors, followed by streetcar.
- For both TTC Conventional and Wheel-Trans services, the majority of seniors' rides occurs midday. Approximately 43% of seniors' ridership occurs between 10 a.m. and 3 p.m. for TTC Conventional and 53% for Wheel-Trans services, as displayed in the following graphs.

TTC Conventional - Senior PRESTO Taps by Hour and Day of Week





Key Points:

This briefing note examines the fare policy, service, operational and financial impacts of offering free fares to seniors, seven days a week, either for the full day or for a period from 10 a.m. to 3 p.m.

For clarity and simplicity, the impacts to TTC Conventional and Wheel Trans services are based on 2023 forecasted ridership levels.

The financial impact of the 2 options are summarized here and detailed below:

- **2023 Full Year Cost Impact based on 2023 Ridership**
 - Free Rides All Day: \$62.6M
 - Free Rides 10 a.m. to 3 p.m.: \$42.9M
- **2023 Impact based on 2023 Ridership Levels, effective April 3, 2023 (to coincide with fare increase):**
 - Free Rides All Day: \$46.8M
 - Free Rides 10 a.m. to 3p.m.: \$32.1M
- **Cost Impact based on Full Year Pre-Pandemic Ridership Levels (as an indicator of future demand):**
 - Free Rides All Day: \$83.3M
 - Free Rides 10 a.m. to 3p.m.: \$57.4M

Fare Policy Impact

- In accordance with section 396(3) of the City of Toronto Act, the establishment of fares and fare changes are the responsibility of the TTC Board and not City Council.
- At its February 10, 2022 meeting, the TTC Board considered the report entitled, “*Advancing the 5-Year TTC Fare Policy*”.
- Based on the analysis presented in the report, which identified various fare policy options with a view to revising fare pricing to attract ridership and maximizing the customer experience, the Board approved supporting the TTC’s existing fare structure, which includes the flat fare, free two-hour transfer across all modes, the income (Fair Pass) and age-based discounts as the hallmarks of the TTC’s fare policy and structure. A final 5-Year Fare Policy report is planned to be submitted to the Board in 2023 for approval.
- Key findings from the 5-Year Fare Policy review pertaining to seniors fares noted that:
 - A small percentage of seniors would be considered low income using the City’s definition and would benefit from lower or free senior fares.
 - Establishing a fare structure that provide income-based concessions for Youth, Senior and Fair pass user – would create a more equitable fare structure.
- Any change to TTC’s fare policy and structure in advance of the Board’s consideration of the final 5-Year Fare Policy Report would be premature and should be referred to the TTC Board for consideration given its responsibility to set fares under section 396 of the City of Toronto Act.

Service and Operational Impacts

Service and operational impacts were examined based on the 2 options. These impacts, based on 2023 ridership levels, assume that:

- providing free fares all day, seven days per week, would result in similar travel patterns to what is being experienced currently and planned for 2023; and
- limiting free fares to a specified period per day, in this case 10 a.m. to 3 p.m., would result in current rides occurring from 9 a.m. to 5 p.m. would be concentrated during the free period daily.

TTC Conventional Service

- **Free Rides All Day:**
 - It is expected that there could be an increase in seniors’ ridership with the implementation of free rides all day, however, the Conventional service has

the capacity across the system to absorb some increase in ridership in the short term.

- **Free Rides 10 a.m. to 3 p.m.**
 - The TTC would expect a shift in seniors' travel use to the free fare period starting and end time periods having higher activity in order to take advantage of the free ride.
 - While it is expected that the implementation of free seniors' rides would result in an increase in seniors' ridership, further analysis would be required to determine seniors' travel patterns, corresponding service demand and operational impacts.

Wheel-Trans Service

- **Free Rides All Day:**
 - Free seniors' transit for a full day is expected to generate an increase in ridership throughout the day due to an increase in travel demand.
 - In the short term, these additional trips would need to be provided by contracted taxis given that Wheel-Trans fleet are currently allocated to providing planned 2023 service.
 - As a result, any additional rides would require the use of contracted vehicles, which in turn, would risk non-compliance of Wheel-Trans' 38% Modal Split obligations, under the Collective Bargaining Agreement.
 - Addressing this non-compliance would require additional vehicles and operators to address this Collective agreement obligation.
- **Free Rides 10 a.m. to 3 p.m.:**
 - Seniors' ridership from other times in the day would shift toward the free 10 a.m. to 3 p.m. period. This shift in ridership to the free period would put pressure on Wheel-Trans' current fleet to meet the increased ridership demand during these times.
 - Furthermore, free seniors' transit for a 10 a.m. to 3 p.m. time period is expected to generate an increase in ridership during this peak period due to an increase in travel demand.
 - As above, in the short term, these additional trips would need to be provided by contracted taxis given Wheel-Trans has allocated its fleet to provide planned 2023 service and would risk non-compliance of Wheel-Trans' 38% Modal Split obligations, under the Collective Bargaining Agreement.
 - Addressing this non-compliance would require additional vehicles and operators to address this Collective agreement obligation.

Financial Impact

The financial impacts that have been identified by making seniors' fares free is comprised of revenue loss for both Conventional and Wheel Trans Services. The additional taxi costs identified for Wheel Trans relates to the immediate accommodation of the increased service demand only.

The financial impact arising from the implementation of the two free fare options is outlined below based on the following three scenarios:

1. Full year impact based on 2023 budgeted ridership;
2. 2023 impact based on 2023 budgeted ridership, with an implementation date of April 3, 2023 (to coincide with a fare increase proposed for April 3, 2023); and,
3. Cost based on pre-pandemic ridership levels, as an indicator of possible future impacts.

2023 Full Year Cost Impact based on 2023 Ridership

- **Free Rides All Day: \$62.6 million, comprised of:**
 - TTC Conventional: revenue loss of \$50.7 million
 - Wheel-Trans: revenue loss of \$4.2 million and \$7.6 million in additional costs to accommodate increased service demand, totalling \$11.8 million
- **Free Rides 10 a.m. to 3 p.m.: \$42.9 million, that includes:**
 - TTC Conventional: revenue loss of \$33.3 million
 - Wheel-Trans: revenue loss of \$3.4 million from a loss in fare revenue and \$6.2 million in additional costs to accommodate increased service demand, totalling \$9.6 million

2023 Impact based on 2023 Ridership Levels, effective April 3, 2023:

If this initiative were to coincide with a fare increase proposed for April 3, 2023, the financial impact for each of the two options are itemized below:

- **Free Rides All Day: \$46.8 million, entailing:**
 - TTC Conventional: revenue loss of \$37.9 million
 - Wheel-Trans: revenue loss of \$3.2 million and \$5.7 million in additional costs to accommodate increased service demand, totalling \$8.9 million
- **Free Rides 10 a.m. to 3p.m.: \$32.1 million, comprised of:**
 - TTC Conventional.: revenue loss of \$24.9 million
 - Wheel-Trans: revenue loss of \$2.6 million and \$4.6 million in additional costs to accommodate increased service demand, totalling \$7.2 million

Cost Impact based on Full Year Pre-Pandemic Ridership Levels:

In comparison to pre-pandemic levels, which could be an indicator of future demand, the financial impacts would rise as follows:

- **Free Rides All Day: \$83.3 million, entailing:**
 - TTC Conventional: revenue loss of \$65.7 million
 - Wheel-Trans: revenue loss of \$6.8 million and \$10.7 million in additional costs to accommodate increased service demand, totalling \$17.5 million
- **Free Rides 10 a.m. to 3p.m: \$57.4 million, comprised of:**
 - TTC Conventional: revenue loss of \$43.2 million
 - Wheel-Trans: \$5.5 million from a loss in fare revenue and \$8.7 million in additional costs to accommodate increased service demand, totalling \$14.2 million

The financial impacts described above are summarized in the table below

	TTC Conventional		WheelTrans		Total	
	Free All Day	Free 10:00am-3:00pm	Free All Day	Free 10:00am-3:00pm	Free All Day	Free 10:00am-3:00pm
Lost Revenue (\$'000): A						
Full Year 2023	\$ 50,712	\$ 33,313	\$ 4,223	\$ 3,420	\$ 54,935	\$ 36,733
April 3/23 Start	\$ 37,930	\$ 24,916	\$ 3,167	\$ 2,565	\$ 41,097	\$ 27,481
Full Year Pre-Pandemic Ridership Levels	\$ 65,745	\$ 43,188	\$ 6,827	\$ 5,530	\$ 72,572	\$ 48,717
Additional Operating Expense (\$'000): B						
Full Year 2023	\$ -	\$ -	\$ 7,630	\$ 6,180	\$ 7,630	\$ 6,180
April 3/23 Start	\$ -	\$ -	\$ 5,722	\$ 4,635	\$ 5,722	\$ 4,635
Full Year Pre-Pandemic Ridership Levels	\$ -	\$ -	\$ 10,726	\$ 8,688	\$ 10,726	\$ 8,688
Total Operating Funding Impact (\$'000): A + B						
Full Year 2023	\$ 50,712	\$ 33,313	\$ 11,853	\$ 9,601	\$ 62,565	\$ 42,913
April 3/23 Start	\$ 37,930	\$ 24,916	\$ 8,889	\$ 7,200	\$ 46,819	\$ 32,117
Full Year Pre-Pandemic Ridership Levels	\$ 65,745	\$ 43,188	\$ 17,553	\$ 14,218	\$ 83,298	\$ 57,405

- In addition, fare evasion by others not eligible for free fares would require an additional investment to be made in eligibility validation to ensure sufficient controls are in place to prevent the use of free cards.

Prepared by: Elizabeth Thomas, Director (Acting), Ridership and Revenue Analytics, Finance Department, Toronto Transit Commission, (416) 393-3299, Elizabeth.Thomas@ttc.ca

Further information: Josie La Vita, Chief Financial Officer, Toronto Transit Commission, (416)393-3914, Josie.LaVita@ttc.ca

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