

Edmonton Transit Service

Edmonton

CO02505 - Ride Transit Program Options to Address Funding Shortfall

**Executive Committee
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Transit Fare Revenue Gap

Contributing Factors

- Sales in deeply discounted Ride Transit program exceed forecast
 - \$6 million negative pressure in 2023
 - \$10 million negative pressure in 2024
- Changes to travel patterns affecting type of fare products riders choose
 - Hybrid workers using short-term fare products, as an example
- Fare evasion is <5%, accounts for some revenue not captured
- Riders using Capital Line, Metro Line and Valley Line Southeast are not tapping Arc cards consistently
 - Some of these riders may have paper fare or U-Pass

Income-based Fare Supports

- **Fare-free annual transit pass for seniors** experiencing low income; sliding scale model to provide additional support
- **Providing Accessible Transit Here (PATH) program** with social agency partnerships for people who are unhoused or at risk of homelessness
- **Transit Access Grant** with social agency partners for people who are in urgent need of short-term support
- **Ride Transit low income transit pass program** with sliding scale model

Ride Transit Program Budget and Grant Funding

(\$000s)	2019A	2020A	2021A	2022A	2023A	2024F
FARE REVENUE						
Ride Transit Pass Revenue	(7,554)	(3,666)	(5,047)	(6,152)	(9,104)	(11,032)
Provincial Grant Revenue per Agreement	(4,500)	(4,500)	(4,500)	(4,500)	(5,475)	(5,800)
Estimate Full Retail Value of Ride Transit Passes Sold	19,497	9,817	13,840	16,492	24,025	30,711
Actual Revenue Subsidy on Passes	7,444	1,651	4,293	5,839	9,446	13,879
Subsidy Amount Budgeted	(3,292)	(3,292)	(3,292)	(3,292)	(3,292)	(3,292)
Program Revenue Shortfall / (Surplus)	4,151	(1,641)	1,001	2,547	6,154	10,587
OPERATING EXPENSES						
Program Administration Expenses	1,403	1,510	1,292	1,685	1,223	1,519
Expense Budget	2,101	2,101	2,101	2,101	2,101	2,101
Program Expense Shortfall / (Surplus)	(698)	(591)	(809)	(416)	(878)	(582)
Net Program Shortfall / (Surplus)	3,453	(2,232)	192	2,131	5,276	10,005

Analysis of Program Eligibility Criteria

Majority of individuals and families participating in Ride Transit qualified through:

- Low Income Cut-Off (LICO) criteria
- Income support from Government of Alberta
- Receive Assured Income for the Severely Handicapped (AISH)
- New Permanent Resident or arrived as a Refugee to Canada within the last year



Support equity



Foundational
elements



Fare Policy
affordability principle

Recommendation to not remove eligibility for the current groups

Funding Context

Transit is funded through a combination of **tax levy, transit user fees, non-fare revenue and grants, as well as transfers from reserves**



City Policy C624 - Fiscal Policy for Revenue Generation: cost sharing between tax base and benefiting parties



City Policy C451H - Transit Service Fare Policy: relationship between user fees and cost of providing service



Costs to provide transit service have increased and transit user fee revenue has decreased, despite strong ridership

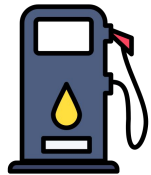


Similar patterns in other large cities: Vancouver, Montreal, Ottawa, Toronto

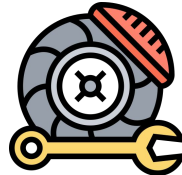
Analysis of Transit User Fees

Transit fare prices have **not kept pace** with the increase in costs to provide transit service.

Examples of price increases for 2019-2023:



↑ 25%
FUEL

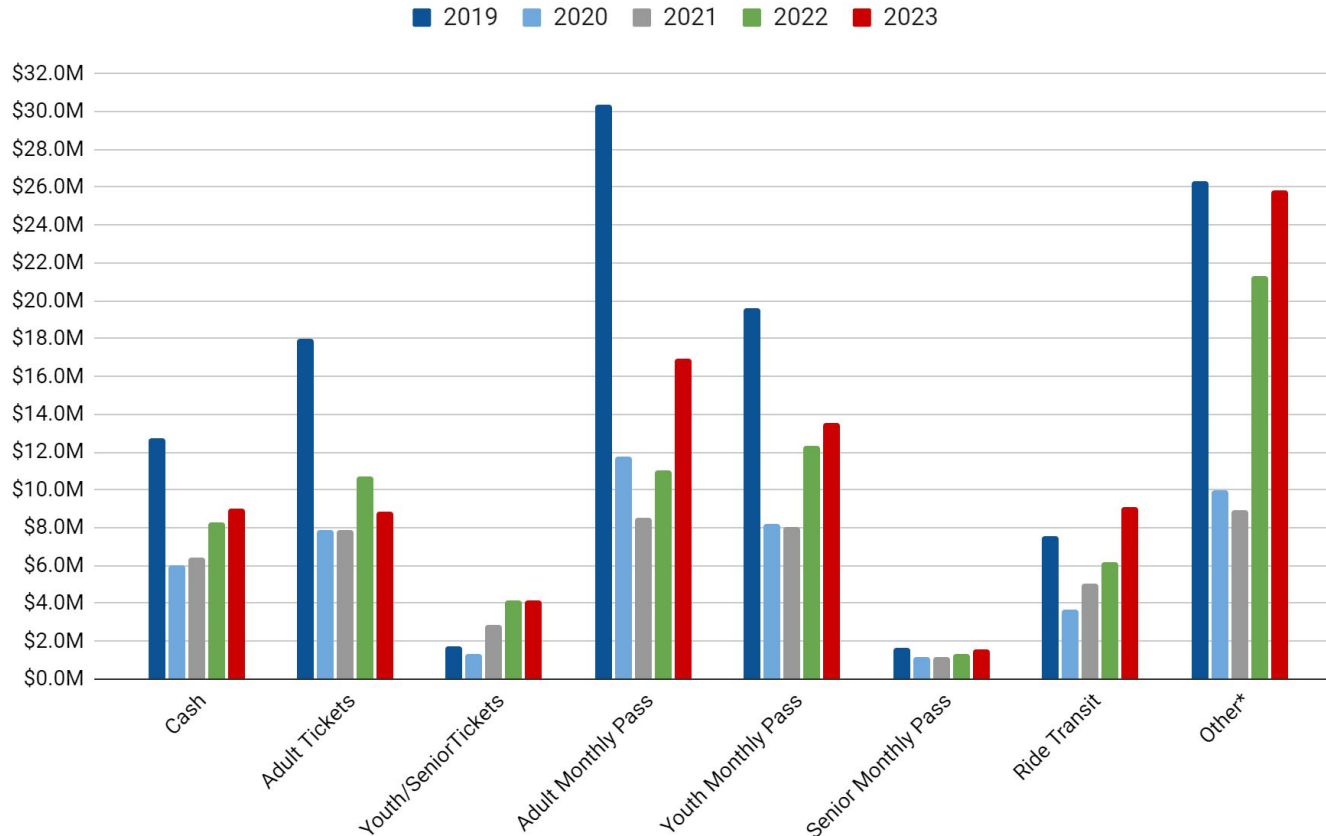


↑ 22%
PARTS



↑ 24%
40' BUSES

Fare Revenue By Major Category



Comparison To Other Canadian Cities - 2024 Fees

City	Adult Cash Fare	Adult - Smart Fare Single Trip	Adult Monthly Fare Cap / Pass	Youth Monthly Fare Cap / Pass	Senior Monthly Fare Cap / Pass	Low Income Monthly Fare Cap / Pass
Conventional transit (bus and LRT) 2024 Fee Schedule						
Toronto	\$3.35	\$3.30	\$156.00	\$128.15	\$128.15	\$123.25
Vancouver region	\$3.20 - \$4.65	\$2.60 - \$4.90	\$107.30 - \$193.80	\$61.35 (all zones)	\$61.35 (all zones) ₂	See footnote
Montreal ¹	\$3.75	\$3.75	\$100.00	\$60.00	Free	<i>No low-income pass</i>
Calgary	\$3.70	\$3.70	\$112.00	\$84.00	\$112.00 ³	\$5.80 (tier 1) \$40.25 (tier 2) \$57.50 (tier 3)
Edmonton	\$3.50	\$2.75	\$100.00	\$73.00	\$35.00	\$35.00 (tier 1) \$50.00 (tier 2)
Ottawa	\$3.85	\$3.85	\$128.75	\$99.25	\$49.00	\$58.25
Waterloo Region	\$3.75	\$3.00	\$96.00	\$96.00 <i>No age-based fare</i>	\$96.00 <i>No age-based fare</i>	\$48.00

Note: 1) Montreal fares are for Zone A only (City of Montreal)

2) The BC Bus Pass Program offers a discounted bus pass for low income seniors (65 and older) and those receiving disability assistance. The cost of the pass is \$45 per year.

3) Calgary does not offer a monthly pass for seniors. The seniors annual pass is priced at \$154.50 and the low income seniors annual pass is priced at \$31.

Previous Transit Fare Adjustments

Cash Fare	Arc Card Single Trip	Standard Adult Monthly Pass
<ul style="list-style-type: none">2014: \$3.202016: \$3.252020: \$3.50 <p>Price has remained at this price for the past five years.</p>	<ul style="list-style-type: none">2022: \$2.75 <p>Price has remained at this price point for the past three years.</p>	<ul style="list-style-type: none">2018: \$972021: \$100 <p>Price has remained at this price for the past four years.</p>

User Fee Changes for February 2025

Approved in 2023-26 Budget for 2025	Scenario 1	Scenario 2
<p>Cash fare: \$3.75</p> <p>Arc single trip: \$3.00</p> <p>Monthly fare caps:</p> <ul style="list-style-type: none">● Standard Adult: \$100 → \$102● Youth: \$73 → \$66● Seniors: \$35 → \$36● Ride Transit- Tier 1: \$35 → \$36● Ride Transit- Tier 2: \$50 → \$51	<p>Cash fare: \$4.00</p> <p>Arc single trip: \$3.25</p> <p>Monthly fare caps:</p> <ul style="list-style-type: none">● Standard Adult: \$110● Youth/Senior: \$71.50● Ride Transit- Tier 1: \$38.50● Ride Transit- Tier 2: \$55	<p>Cash fare: \$4.25</p> <p>Arc single trip: \$3.50</p> <p>Monthly fare caps:</p> <ul style="list-style-type: none">● Standard Adult: \$120● Youth/Senior: \$78● Ride Transit- Tier 1: \$42● Ride Transit- Tier 2: \$60

Fare Revenue and Trip Volume Changes

Impact to Overall Fare Revenue Shortfall*	2025	2026	Total
Projected Fare Revenue Budget Variance	(\$13.0)	(\$13.0)	(\$26.0)
Scenario #2 Additional Revenue Generated	\$7.8	\$8.0	\$15.8
Remaining Fare Revenue Shortfall	(\$5.2)	(\$5.0)	(\$10.2)
Impact to trip volumes	(1.1)	(1.1)	(2.2)

Considerations & Trade-offs

- Policy framework
- Revenue budget shortfall
- Cost increases for core service components
- History of fare price adjustments
- Jurisdictional analysis of fare prices for similar transit services
- Impacts of price increases on trip volumes
- Ridership levers and tools
- Equity-related impacts and Gender Based Analysis Plus insights
- Continued income-based fare supports for riders

Next Steps

- Advance Scenario 2 and bring forward an updated user fee schedule during the Fall 2024 Supplemental Budget Adjustment
- Continue to explore options for predictable, sustainable funding for the Ride Transit Program to address future growth needs

Thank you. Questions?