

## **PURPOSE/SUBJECT**

To establish a policy for work stoppage refunds with the VRTC and to provide clear instructions to staff in dealing with customers. To inform and provide customers with service interruption refunds, if necessary, for the loss of use of their purchased monthly passes. This report is presented to the Commission for **APPROVAL**.

## **BACKGROUND**

- VRTC does not have a policy for refunds on fare products due to work stoppage
- BC Transit and the VRTC have a regular on-going policy that provides refunds on unused or the unused portion of the product. Refunds can be claimed at BC Transit Head Office location and not through a vendor outlet.
- In Halifax recently, the strike lasted more than one month and customers received a full refund. In 2001 in Victoria, the strike lasted two weeks and customers received a full refund.
- *We do not have an example of policy for refunds provide for short periods of work outages. However, we do have messaging that was used in 2006 referring to refunds being made available after 3 consecutive days of total or significant disruption to the service.*
- On average monthly passes are used 43 times per month, 22 days per month. Therefore, it is reasonable to assume that the majority of customers will not to use their pass 31 days in October.
- It is reasonable to expect that for more than three days fully lost service, customers will be expecting a refund.
- The administration required to provide system wide refunds is significant.
- Lost revenue for each day of work stoppage is estimated to be approximately \$64,000.

## **DISCUSSION**

### **Objectives:**

- To financially compensate monthly pass holders for the loss of use of their purchased monthly pass due to service interruption from a strike
- To provide a clear service interruption refund policy and process to customers and staff
- To not to impact our vendors
- To maintain the good reputation of the VRTC and BC Transit

### **Action Plan:**

- To propose a Service Interruption Monthly Pass Refund Plan
- In the event of potential work stoppage, confirm plan with VRTC
- To communicate this plan to revenue service, reception, customer service, and communication staff.

### **Potential Lost Revenue Calculation**

- The potential lost revenue for work stoppage is estimated to be approximately \$64,000 per day.

Estimated revenue impact of service missed based on October 2011 pass data	October 2011 Passes in Circulation	Monthly Price	Daily Proration	Est. Daily Revenue Impact*	x 3 days	x 4 days	x 5 days
Adult Monthly Passes	6,072	\$ 85.00	\$ 2.74	\$ 16,649	\$ 49,947	\$ 66,596	\$ 83,245
Discount Monthly Passes	3,824	\$ 52.00	\$ 1.68	\$ 6,414	\$ 19,243	\$ 25,658	\$ 32,072
College Monthly Passes	526	\$ 77.00	\$ 2.48	\$ 1,307	\$ 3,920	\$ 5,226	\$ 6,533
U-Passes	26,272	\$ 21.25	\$ 0.69	\$ 18,009	\$ 54,027	\$ 72,036	\$ 90,045
BC Bus Passes	6,545	\$ 56.40	\$ 1.82	\$ 11,907	\$ 35,721	\$ 47,627	\$ 59,534
ProPASSes	2,754	\$ 72.96	\$ 2.35	\$ 6,482	\$ 19,445	\$ 25,926	\$ 32,408
YouthPASSes	2,893	\$ 35.00	\$ 1.13	\$ 3,266	\$ 9,799	\$ 13,065	\$ 16,331
<b>Total</b>	<b>48,886</b>			<b>\$ 64,034</b>	<b>\$ 192,101</b>	<b>\$ 256,135</b>	<b>\$ 320,168</b>

\*Revenue impact will depend on percentage of customers who apply for prorated refunds.

### Proposed Monthly Pass Refund Plan/Policy

- After three days of full service stoppage, the Victoria Regional Transit Service will be offering a prorated refund on purchased monthly passes and contract pass sales.
- For example: if there is a work stoppage of 3 full days, a \$8.23 will be offered for adult monthly passes and a \$5.03 will be offered for senior/youth monthly passes.(see table below)
- Due to the administrated nature and high expected volume of refunds, the offer must be claimed in person, Monday through Friday, between the hours of 8am and 4pm, at BC Transit Head Office, 520 Gorge Road East, Victoria
- The refund offer expires in 6 months.
- This prorated offer will be extended to our Youth Pass customers at the time they apply for a new pass, or return their current one.
- A refund claim form will need to be completed, customers must bring in their October (or appropriate) purchased monthly pass for verification to be eligible for this refund offer.
- The refund will be provided in cash at the time of the transaction.

### Contracted Business Customers

All contracted business customers will be dealt with on an individual basis:

- Refunds for ProPass customers will be arranged through the employer and our Revenue Service department.
- UPASS and BC Bus Pass may be expecting to be compensated for the loss of service. These contracts will be dealt with on an individual basis.
- Lamar Advertising has a 72 hour time frame identified in their contract to activate a requirement for financial compensation; again they will be dealt with individually.

### Internal Refund Process

- A separate desk or area in reception will be setup to distribute and collect claim forms, to confirm the validity of purchased monthly passes and process refunds.
- Customer signage is required.
- Security will be arranged for the additional cash handling.
- Creation of the claim form, printing and uploading to web location.

### Key Messages

- If there is a service disruption of more than 3 days (72 hours), the Victoria Regional Transit Commission will offer a 'service interruption' prorated refund on purchased monthly passes to compensate for the lost use of the pass.
- Due to the length and disruption of service, the Victoria Regional Transit Service will be offering a prorated refund on your purchased October (or appropriate) monthly pass.

- The offer must be claimed in person, Monday to Friday, between the hours of 8am and 4pm, at the BC Transit Head Office, 520 Gorge Road East, Victoria
- You must bring your purchased October (or appropriate) monthly pass with you for verification and fill in a claim form, to receive this refund.
- A claim form will be made available and may be completed in advance online at [www.bctransit.com](http://www.bctransit.com).
- This offer expires in 6 months time.
- No 'service disruption' refunds will be available until the strike has been resolved and we have returned to full transit service.
- Youth Pass customers may apply for a refund at BC Transit Head Office when they apply for their new pass, or return their current one.
- Refunds for our ProPass customers will be arranged through your employer and our Revenue Service department.
- Purchased monthly passes are also refundable at a prorated rate, through our regular BC Transit refund policy. If you would like to return your pass, we will refund the purchase price prorated by the days remaining on the pass at the time you return the card.
- All refunds must be processed at the BC Transit Head Office and are not available through regular monthly pass vendors.

#### Refund Calculation Example

Month of October						
Days of Missed Service	Days in October	Full Value of Adult Pass	Full value of Concession Pass	Refund on Adult Pass	Refund on Concession Pass	Total Estimated Revenue Impact from All Pass Types
3	31	\$85	\$52	\$8.23	\$5.03	\$192,000
4	31	\$85	\$52	\$10.97	\$6.71	\$256,000
5	31	\$85	\$52	\$13.71	\$8.39	\$320,000
6	31	\$85	\$52	\$16.45	\$10.06	\$384,000
7	31	\$85	\$52	\$19.19	\$11.74	\$448,000
8	31	\$85	\$52	\$21.94	\$13.42	\$512,000

#### Recommendation:

- That the Commission **APPROVE** the policy for refunds on fare products due to work stoppage.

Respectfully,



Manuel Achadinha  
President and Chief Executive Officer