
SUBJECT: FARE REVIEW PROCESS

PURPOSE

The purpose of this report is to provide the Victoria Regional Transit Commission (the “Commission”) with supporting information and the proposed process to initiate a fare review. This report is presented to the Commission for **APPROVAL**.

BACKGROUND

The Victoria Regional Transit System fare structure is typically reviewed every three years which allows time for the effects of tariff changes to normalize in the community. With the last fare change occurring in 2016, it has now been over 7 years since any fare changes were introduced to the Victoria Regional Transit System.

The delay in conducting a fare review can be attributed to the unprecedented events of the COVID-19 pandemic which necessitated a re-evaluation of this timeline. To provide funding to cover increased operational costs during a time with decreased ridership, BC Transit signed the Safe Restart Agreement with the Government of Canada and Province of B.C. on October 20, 2020. With this contribution agreement in place, BC Transit agreed to limit average annual fare increases to 2.3% until April 1, 2025.

DISCUSSION

The previous fare review in 2016 introduced changes to the Victoria Regional Transit System to better align the fare structure with BC Transit’s recommended fare strategy. The fare strategy focuses on fare products that are attractive to customers and encourage ridership, marketable, easy to sell, cost effective, and secure. As well, the updated fare structure aligns with the introduction of the new electronic fare collection system, Umo, that is currently being piloted in the Victoria Regional Transit System.

As current fare products are already aligned with BC Transit’s recommended fare strategy, the objective of future fare reviews will be to focus on developing fares that maximize cost recovery while maintaining affordability. Fare reviews may also look to the timing of incremental fare increases that align with Safe Restart Funding guidelines and new ways to increase ridership through partnerships and new and improved fare programs.

Once launched, BC Transit will be able to leverage the capabilities of Umo for future fare reviews. Over time the granular ridership data Umo provides will allow future decisions to be data driven to maximize revenue for the transit system. The capabilities presented with Umo will provide opportunities for new partnerships and the ability to evolve existing programs such as ProPASS, an employer facilitated monthly pass program, and EcoPASS, an annual pass program for developers utilizing Transportation Demand Measures. As well, Umo provides new opportunities to create a discount structure that can be pre-approved and allow BC Transit to facilitate partnerships for events and other opportunities to gain additional ridership. Umo will also allow for programs and new products to be introduced that can ensure vulnerable populations can access transit with few barriers.

Umo will allow for incremental increases to fares that can take place in the future without the need to design, order, and circulate new physical fare products. This allows for greater flexibility in setting fares and the option of introducing smaller fare increases at more regular intervals (ie. annually) to better align with annual inflation and increases to operating costs. This strategy allows for cost recovery to be managed annually to minimize increases to local funding sources. Umo also allows for the option of future fare capping, where riders would stop being charged once a daily or monthly sales limit was reached.

The fare review process will consider targeted cost recovery rates that the Commission can utilize when deciding upon changes to the base cash fare. As well, the fare review will provide comparison data of other similarly sized transit systems for further reference and guidance on any proposed fare pricing changes. Along with the potential changes to the base cash fare, the current 30-Day Adult and Student/Senior Passes within the Victoria Regional Transit System warrant a pricing review as they are not aligned with BC Transit's recommended fare strategy guidelines. Pricing changes to the Student/Senior 30-Day Passes may also reduce the impact of any potential misuse of the passes within Umo.

The Safe Restart funding agreement is a current constraint for the fare review process, thus far no fare increases have been introduced under the agreement. With the restrictions on annual fare increases currently in place, staged changes to fares should be considered with a marginal increase to fares occurring in 2024 and any further changes to pricing occurring in 2025 past the expiration of the Safe Restart funding agreement.

At the Commission's direction, BC Transit will begin the fare review process with an expected timeline of twelve months before implementation. This allows the necessary time for Commission members and stakeholders to be informed and fully consulted. Feedback from Commission members will be considered in the development of fare options. These options will then be presented to Commission members for approval to proceed with public consultation. BC Transit staff will engage stakeholders and the public through the Voice of the Rider surveys, open houses, and existing communication channels. A formal report will be presented to the Commission on recommended revised fares for approval, that will include the results of the consultation.

The 2023/2024 fare review process will use the following timeline:

- **June 2023:** Regular Commission meeting, the fare structure review process outlined for approval to begin the fare review
- **September 2023:** Regular Commission meeting in which a number of proposed fare options will be presented for approval to commence public consultation
- **September – December 2023:** Public consultation
- **November 2023:** Regular Commission meeting to discuss fare options if necessary due to the absence of agreement in September
- **February 2024:** Regular Commission meeting to present report on public consultation and recommended revised fare changes for approval
- **July 1, 2024:** Fare change implemented

RECOMMENDATION

It is recommended that the Commission receives this report and **APPROVES** directing staff to initiate the fare review process.

Respectfully,

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