

Transit Fare Review

Phase 3 Discussion Guide

November 2017

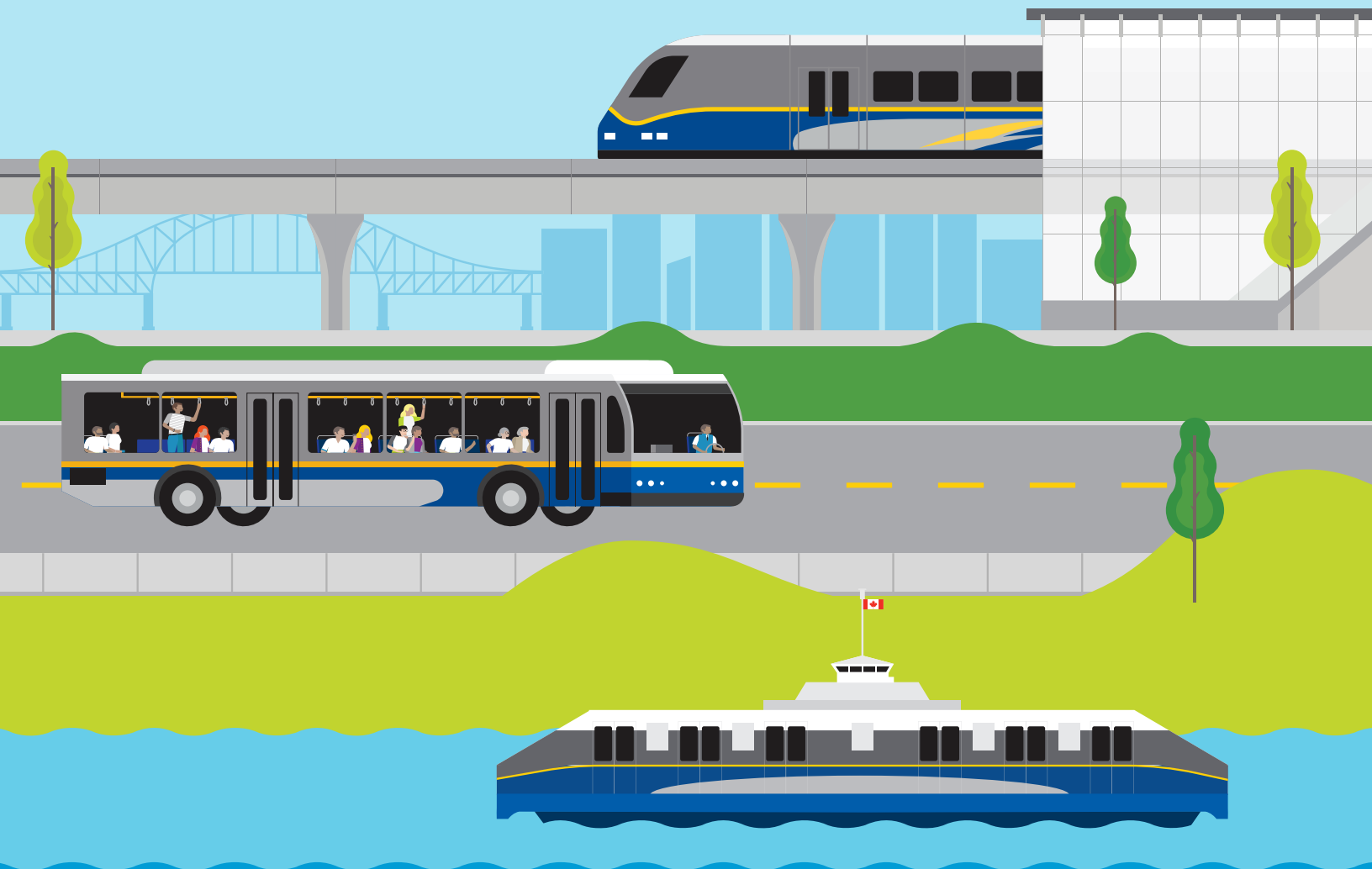


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Introduction

About the Transit Fare Review

In 2016, TransLink launched a comprehensive four phase review of the way we price transit. In Phase 1, we heard that the majority of residents from Metro Vancouver think the current fare system does not work well. The public's desire for change, combined with the new technological possibilities provided by Compass, gives us an opportunity to review the way we price transit in Metro Vancouver to improve the overall customer experience.

What do we want to achieve?

The goal of the Transit Fare Review is to explore potential changes to the fare structure that promote an exceptional customer experience where paying for transit:

- Is **simple**
- Is **fair**
- Is **affordable**
- Helps grow **ridership**
- Helps **improve service** by reducing overcrowding
- Maintains **revenue** from fares to help pay for service

As a result of the Transit Fare Review, fares for some trips may go up and fares for other trips may go down. However, the approach when comparing fare options is to maintain the same overall amount of fare revenue.

Have your say!

We heard from over 43,000 members of the public in the first two phases of the Transit Fare Review. In Phase 1, we heard about residents' concerns, issues and ideas. In Phase 2, we asked for input on how fares should vary by distance, time and service type. You can read more about what we heard in the **Phase 1 Summary Report** and **Phase 2 Summary Report**.

Now in Phase 3 of the Transit Fare Review, we want your feedback on three key areas:

1. Options for fares by **distance**
2. Options for how to structure **fare products** for frequent riders
3. Opportunities for expanding **customer discounts**

Timeline

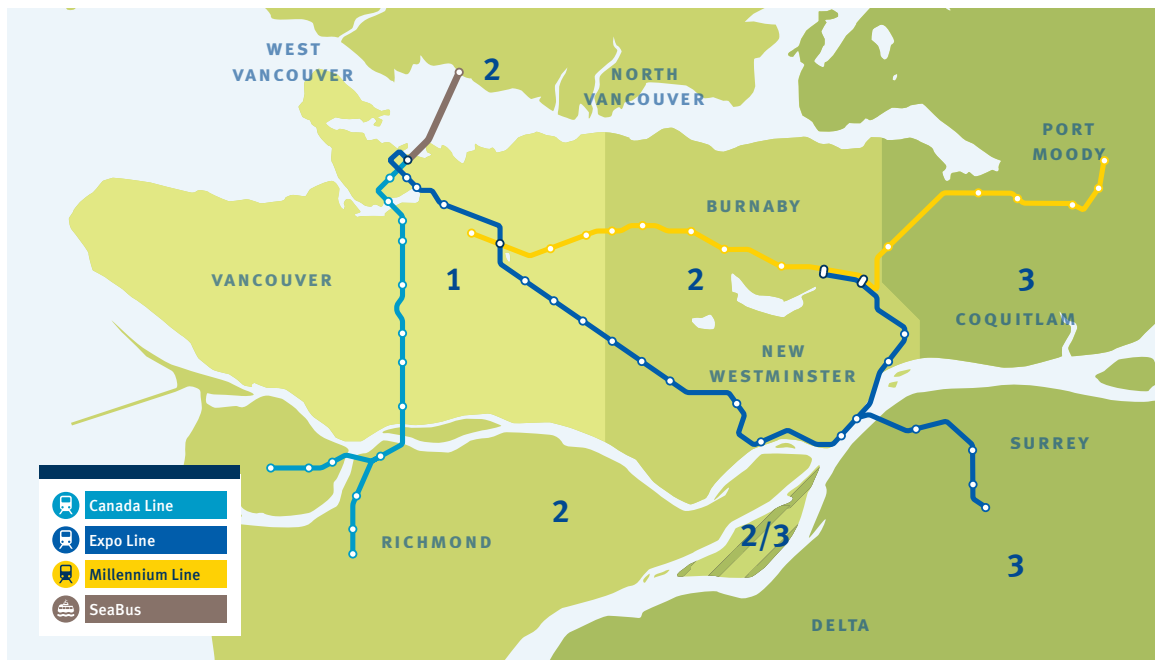


Options for fares by distance

What is the current system?

In 1984, the region adopted a three-zone fare system where riders on bus and rapid transit pay according to the number of zones they travel through. This system was designed to approximate distance travelled in a way that was still simple to understand and manage without the assistance of a smart card.

In 2015, zones were temporarily eliminated for buses so that all bus trips currently cost the same regardless of distance travelled.



Current fare zone system for SkyTrain and SeaBus

What you told us

In Phase 1, 27 per cent of residents said they think the current three-zone fare structure works well. Though the current system is relatively simple, respondents identified a number of shortcomings they perceive as unfair:

- Short trips across a zone boundary result in a two-zone fare
- Steep price jumps occur when crossing a zone boundary
- Large zones don't accurately reflect distances travelled
- Zone boundaries are arbitrary

Options we considered

Throughout the Transit Fare Review, we have heard support for addressing these problems, which could be done by changing the fare structure in three different ways:

- 1. System-wide flat fare:** Eliminate boundary issues altogether by pricing all trip distances the same.
- 2. Refined zones:** Adjust the number and placement of zones to address boundary issues.
- 3. Measured distance:** Vary fares based on the measured distance between journey origin and destination.

We eliminated the option of a system-wide flat fare because it would increase fare prices by more than 20 per cent for the majority of trips taken on the system. In Phase 2, respondents expressed low levels of support for a system-wide flat fare.

We also eliminated the option of a refined-zone system because it does not meet the objectives of being both simple and fair. For example, if we increase the number of zones or introduce overlapping-zone boundaries, the result is a more complicated fare structure. The Phase 2 survey results supported these findings, with participants telling us they find zones confusing and difficult to interpret.

In Phase 1, 70 per cent of residents told us they wanted a fare structure where prices are tied more closely to distance travelled, which is now possible with Compass. Compared to the current system, pricing fares by kilometres travelled:

- **May be more fair:** Trips of the same length on the same mode of transit cost the same
- **May better reflect the pay-for-use principle:** The more transit service you use, the more you pay
- **May offer more gradual pricing:** Less of a steep jump in fares.

Shortlisted options for varying fares by distance travelled

Current System

For comparison purposes

- Three-zone fare structure on rapid transit and SeaBus. Fare based on the number of zones travelled through.
- Flat fare structure on bus. All bus trips cost the same as one-zone fare on rapid transit and SeaBus.

— Current SkyTrain and SeaBus
— Current Bus

Option 1

Fares priced by KM on rapid transit and flat fare on bus

- The base fare for bus, rapid transit and SeaBus is the same.
- All bus trips cost the base fare.
- Fares on rapid transit increase with each kilometre travelled until a maximum fare is reached.

Option 2

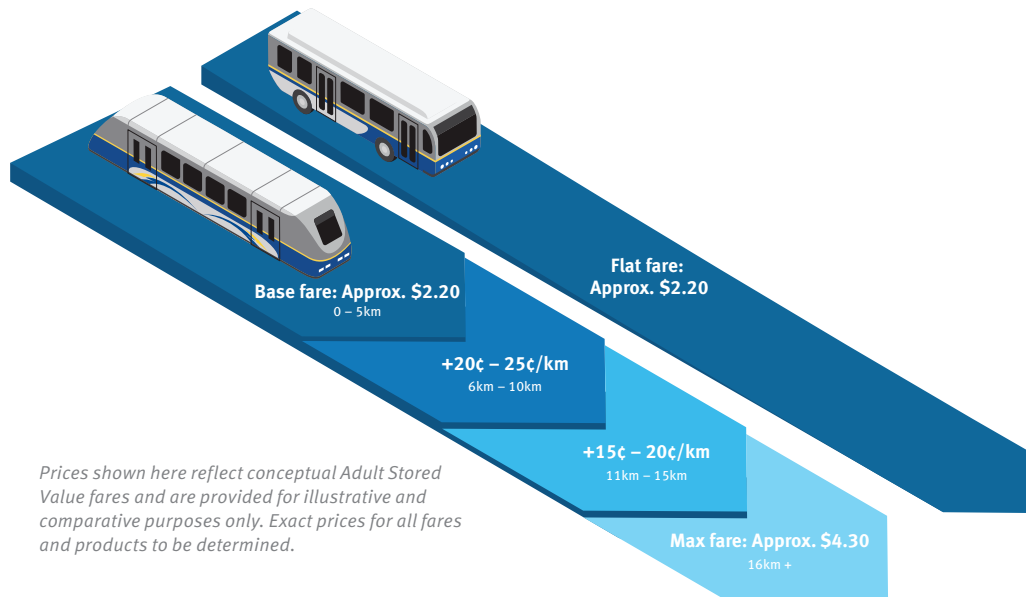
Fares priced by KM across the transit system

- The base fare for bus and rapid transit is the same.
- Fares on bus and rapid transit increase with each kilometre travelled until a maximum fare is reached.

**Rapid transit includes SkyTrain, Canada Line, and SeaBus. Like today, West Coast Express would continue to be priced at a higher rate to reflect premium service.*

Option 1

Fares priced by KM on rapid transit and flat fare on bus



How would it work?

All bus trips are one flat fare regardless of distance travelled. For rapid transit trips, a base fare covers travel up to five kilometres – or approximately three to four stations. After this base distance, the fare increases incrementally with each additional station until a maximum fare is reached at around 16 kilometres – or approximately 11 to 13 stations. There is no additional fee to transfer between modes.

What's the same as today?

- **Maximum fare:** About the same price as today
- **Tapping:** Tap in on bus. Tap in and out on rapid transit
- **Transfers:** No additional fee to transfer between modes
- **Bus only fares:** About the same price as today
- Rapid transit fare includes the bus fare

What's different from today?

- **Rapid transit fares** are based on the number of kilometres you travel, instead of how many zones you travel through

Which trips would pay less than today?

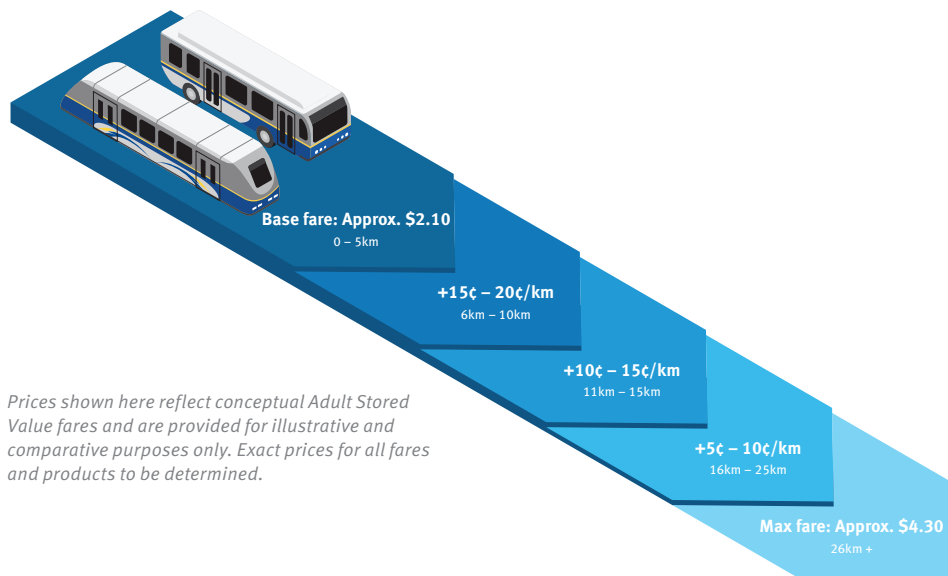
- Short trips on SkyTrain across a current fare zone boundary
- SeaBus trips
- Shorter two-zone and three-zone SkyTrain trips

Which trips would pay more than today?

- Long trips on SkyTrain within a single zone

Option 2

Fares priced by KM across the transit system



Prices shown here reflect conceptual Adult Stored Value fares and are provided for illustrative and comparative purposes only. Exact prices for all fares and products to be determined.

How would it work?

Fares are based on total distance travelled regardless of what transit mode is used. An initial base fare covers travel up to 5 kilometres – or approximately 3-4 stations. After this base distance, the fare increases incrementally with each additional kilometre until a cap or maximum fare is reached at around 25 kilometres – the equivalent of 17-20 stations.

What's the same as today?

- **Maximum fare:** About the same as today
- **Tapping:** Tap in and out on rapid transit. Tap in on bus. Tap out on bus not required, made possible by new technology that can detect when a trip on the bus has ended
- **Transfers:** No additional fee to transfer between bus and rapid transit

What's different from today?

- **Fares for all modes,** including bus, are calculated based on the number of kilometres you travel, instead of how many zones you travel through
- **Fares for short trips:** Starts about 10 cents lower than today

Which trips would pay less than today?

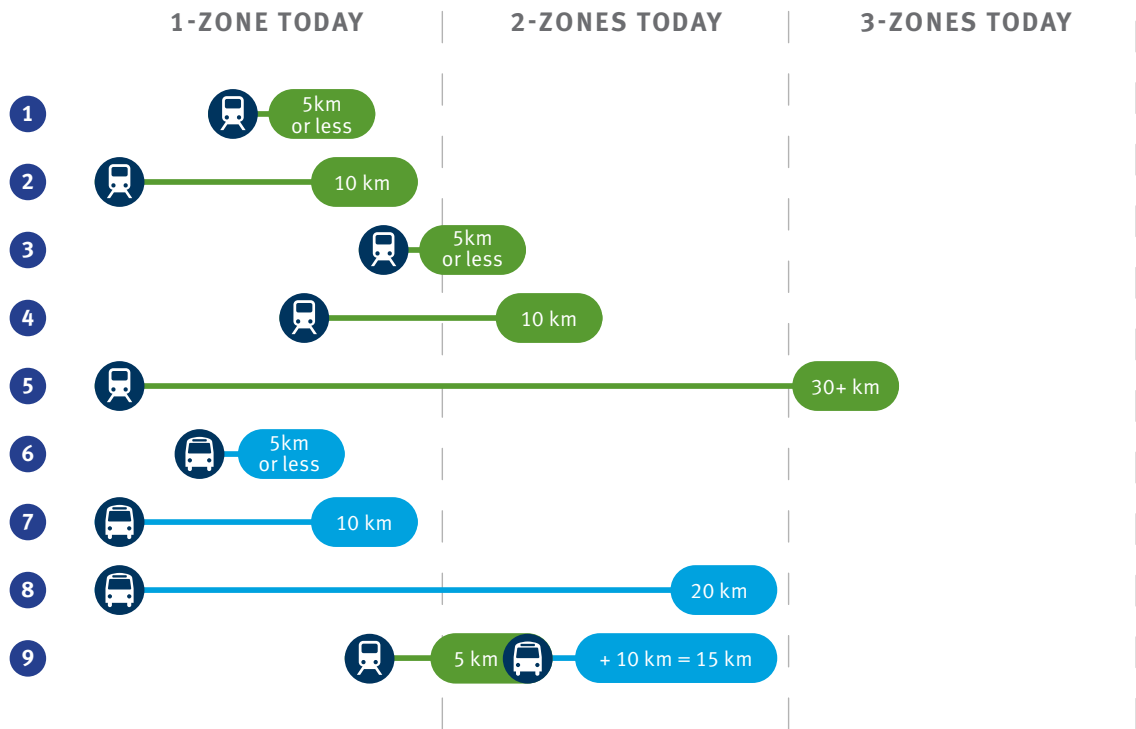
- All short transit trips under 5km
- Shorter SkyTrain trips across a current fare zone boundary
- SeaBus trips
- Shorter two- and three-zone SkyTrain trips

Which trips would pay more than today?

- Bus trips greater than 5km
- Long trips on SkyTrain within one or two zones.

Impact of each option on fares for different trips

Below, we have compiled a list of different transit trips to illustrate how the price for each trip may or may not change under each of the shortlisted options for varying fares by distance travelled. Under each option, fares for some trips may go up, down, or stay about the same. Please note that the prices and price impacts provided here are for Adult Stored Value fares only. This information is intended for comparative purposes only. Final fare prices for either option may change but the relative difference between the options should remain the same.



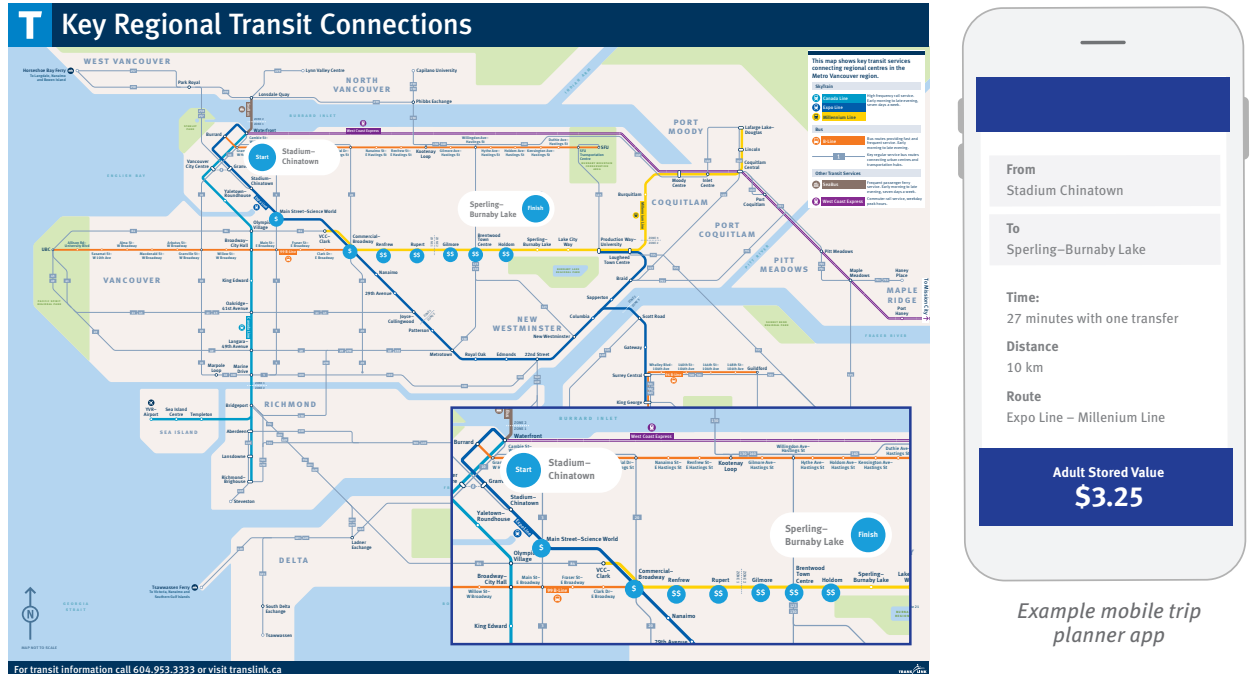
SeaBus is considered rapid transit and fares are the same as SkyTrain

	Current Fare	Option 1 Change in fare	Option 2 Change in fare
1	\$2.20	About the same	▼ -\$0.10 to -\$0.25
2	\$2.20	▲ +\$1.00 to +\$1.25	▲ +\$0.50 to +\$0.75
3	\$3.25	▼ -\$1.00 to -\$1.25	▼ -\$1.00 to -\$1.25
4	\$3.25	▲ +\$0.10 to +\$0.25	▼ -\$0.25 to -\$0.50
5	\$4.30	About the same	About the same
6	\$2.20	About the same	▼ -\$0.10 to -\$0.25
7	\$2.20	About the same	▲ +\$0.50 to +\$0.75
8	\$2.20	About the same	▲ +\$1.50 or more
9	\$3.25	▼ -\$1.00 to -\$1.25	▲ +\$0.25 to +\$0.50

▼ Decrease in price ▲ Increase in price

Calculating fares in systems that price by KM travelled

In a future fare structure where prices vary by distance travelled, improved station maps and mobile apps will make it easier for customers to estimate their fares for any trips. Here are some examples of how this could look.



Example station map

Key differences between options

Both options for how we could vary fares by distance help to address many of the key issues with the current fare structure by eliminating arbitrary zone boundaries and minimizing steep jumps in fares. At the same time, they may make predicting your fare more complicated.

There are a number of key differences between the options that are important to consider. These include:

Option 1: Fares priced by km on rapid transit and flat fare on bus

- May be simpler to learn and use
- May be an easier transition for customers

Option 2: Fares priced by km across the transit system

- Better aligned with the principle of the more you use, the more you pay across all modes
- May allow for a lower base fare, while keeping the maximum fare about the same as today

Options for fare products

In our current zone-based system, we offer benefits to frequent riders through a Monthly Pass, which offers unlimited travel within the number of zones specified for a flat monthly fee. For riders who travel a lot it's often cheaper than purchasing single trips. Others value the predictability of knowing how much they will spend on transit each month in advance or the convenience of only paying once per month. Currently, close to half of all trips are made using a Monthly Pass.

For frequent riders, the Monthly Pass is offered as a discounted alternative to single-trip products, such as Compass Tickets and Stored Value on a Compass Card. We will always offer these single-trip options since they offer flexibility to riders who don't travel often or who aren't able to accurately predict their usage in advance and prefer pay-as-you-go.

In the event that we move to a fare structure that is more closely tied to the distance you travel, a pre-paid, multi-use Monthly Pass could still be offered although it would look a bit different than today.

With Compass technology there are also other ways we could offer benefits to frequent riders. In particular, Fare Capping, which offers pay-as-you-go fares until a fare cap is reached and all subsequent travel within a given time period is free.

1. Pre-paid Pass

Pay in advance for unlimited travel during a set period of time.

A pre-paid pass offers unlimited travel over a given time period. In practice, this means that frequent riders get a discount when they purchase a pass in advance. There are many different ways a pre-paid pass could be implemented in a future fare system. For example, the pre-paid pass could be valid for unlimited trips of a specified distance within a certain time period, such as a week or month.

Benefits

The pre-paid pass is a relatively simple option with predictable fares; you only have to pay once.

Disadvantages

As it requires upfront payment, individuals who can't afford to pay the full amount in advance can't take advantage of this discounted fare product. Also, if you purchase a pass and aren't able to use it as much as you intended before the time period ends, you will have paid more for each trip than you would have without a pass.

2. Fare Capping

Pay-as-you-go with a fare cap, after which travel is free.

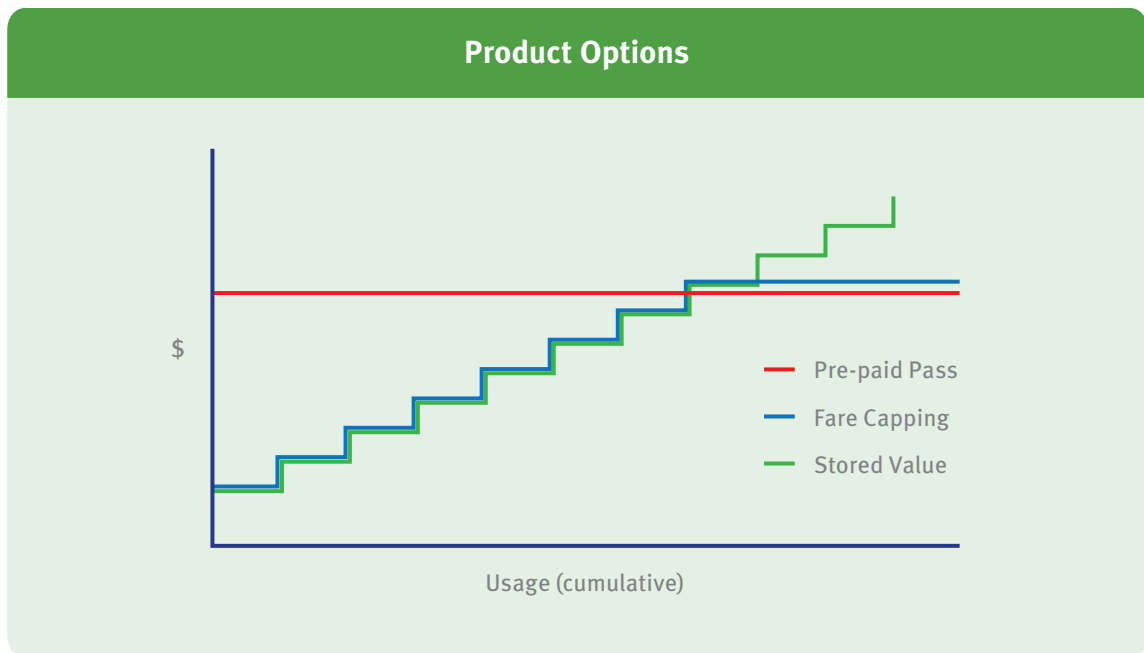
With this option, you pay the regular fare for each trip until you hit a certain threshold and then remaining travel is free within a set time period, such as a day, week or month.

Benefits

It offers a best price guarantee to all riders, extending the frequent travel discount to anyone who takes enough trips. Unlike a pre-paid pass, there is no requirement to purchase anything in advance, so this benefit applies equally to everyone.

Disadvantages

As a result of extending the discount to all frequent users (not just those who purchase it in advance), the fare cap would likely be set slightly higher than the cost of the pre-paid pass.



This figure illustrates the differences between:

- **Stored Value:** fare is paid for each trip
- **Pre-paid pass:** upfront amount is paid after which travel is fare-free
- **Fare capping:** fare is paid for each trip up to a given threshold after which travel is fare-free

The fare capping threshold would be comparable to a pre-paid pass, although would need to be set a bit higher to pay for all the additional frequent riders who would now be getting a discount.

Opportunities to expand customer discounts

Please note this exercise is not a review of externally-provided discount programs.

Current Discounts

TransLink currently offers free fares for:

- Small children (aged 4 and under)

TransLink currently offers a discounted (or Concession) fare to:

- Children & youth (aged 5-18)
- Seniors (aged 65+)
- Eligible persons with a permanent disability who require assistance to use conventional public transit.

Depending on the fare product, these discounted fares are 12 to 70 per cent off the regular adult fare price. Students at public post-secondary institutions also receive discounted transit through U-Pass BC, a program offered by TransLink, the BC Government, and post-secondary institutions.

TransLink's age-based discounts have been around in some form for more than 50 years. These discounts were historically provided to customers who were outside traditional working years and assumed to have less ability to afford full-priced fare. Today, age has become less reflective of an individual rider's ability to pay. Meanwhile, a significant portion of the working age population struggle to pay for their housing and transportation expenses.

What we've heard

TransLink often receives requests to reduce prices for low income individuals. In Phase 1, 58 per cent of residents agreed that fares should be lower for people with less ability to pay than for people with more ability to pay. TransLink recognizes that transit is essential for connecting the region's most economically vulnerable to opportunities and essential services.

Key gaps

In Metro Vancouver, there are around 300,000 people who are considered low-income but not currently receiving externally funded discounts. Currently, the Province offers a discounted transit pass (BC Bus Pass) or equivalent supplement to the most economically vulnerable residents: low-income seniors and individuals receiving disability assistance. TransLink supports this Provincial program by providing these passes to the Province at a discounted rate. Today, low-income customers who do not qualify for these government programs or TransLink's age-based concession discounts are not eligible for discounted fares.

Assuming no external funding is available, any additional discounts may need to come from modest increases to fares for other riders. We want to know what you think. Should TransLink explore ways to expand the discounted fare to low-income residents?

Low Income Cut-Off (LICO)

One way to measure low-income is by using the LICO, or the Low-income Cut-Off (before tax).

For 2015, the LICO for a family of one person in Metro Vancouver is \$20,386 up to a maximum of \$53,460 for a family of 7+ persons.

Next steps

We will be using the input you provide in Phase 3, along with ongoing technical analysis, to zero in on a recommended approach for potential changes to the various components of the fare structure, including how we price by distance and time of day along with the fare products and customer discounts we provide.

Stay tuned for the fourth and final Phase in mid-2018, when we will ask you to help us refine the recommended approach before we move to implementation.

The future of payment is evolving at a rapid pace. New technologies that make paying for transit more convenient are emerging every year. In the near term, for example, transit riders will have the option to tap a credit card or mobile device to board a TransLink bus. Eventually, you'll be able to use an app to plan, book, and pay for a multi-modal journey involving several different services through a simple click of a button. However, no matter which payment technology option people choose, it is important that—through this Transit Fare Review—we get the underlying fare structure right.

Mobility pricing refers to the variety of different ways we pay for using our transportation system. It includes charges for usage of roads, transit as well as shared-used modes like bike-sharing, car-sharing and taxis. You may have participated in consultation with the Mobility Pricing Independent Commission, launched in summer 2017, with a mandate to recommend improvements to the way we currently price all modes of transportation in Metro Vancouver. In support of that process, TransLink will share the findings of this Phase 3 consultation with the Commission and then use their input to help make final decisions on changes to the fare structure.