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## Durham Region Transit Report

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To: Durham Region Transit Executive Committee  
From: General Manager, Durham Region Transit and Treasurer Durham Region Transit  
Report: #2024-DRT-03  
Date: February 7, 2024

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### **Subject:**

2024 transit fares

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### **Recommendations:**

That the Transit Executive Committee recommends to Regional Council that the proposed transit fares (Attachment 1) be approved and implemented July 1, 2024;

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### **Report:**

#### **1. Purpose**

1.1 The purpose of this report is to obtain approval from TEC and Council for proposed fare increases to be included in the 2024 DRT Business Plans and Budget.

#### **2. Background**

2.1 DRT's long-term fare strategy was approved by the Transit Executive Committee in December 2019 based on a number of key principles, including:

- Recognizing fare pricing influences service use
- Applying fare increases to the standard (adult) single-ride fare and translating increases to other fare concessions and products
- Providing choice for customers through incentives offering value for frequent use
- Incentivizing and prioritizing electronic fare payment
- Minimizing oversight of fares by bus operators
- Ensuring sustainability of discounted fare programs

2.2 Since 2019, DRT has made significant advancements in the modernization of its fare products, such as the discontinuation of paper period passes and expansion of electronic payment options. This includes more than doubling the use of PRESTO

electronic fare payment system by customers from less than 40 per cent in 2019 to more than 90 per cent in 2023. For customers paying fares in November 2023 using PRESTO, 37 per cent paid each trip through the electronic purse on their PRESTO card, 22 per cent loaded a monthly period pass onto their PRESTO card, 37 per cent used the PRESTO electronic ticket app on their smartphone (the majority of which are comprised of post-secondary students whose U-Pass is made available through the app), and 4 per cent paid each trip using PRESTO Open Payment.

- 2.3 DRT also continues to offer discounted fares and incentives to attract and encourage more frequent transit use among key market groups. This includes seniors who benefit from reduced cost fares providing discounts of up to 60 per cent in the case of monthly passes, all children aged 12 years and under who continue to ride DRT services at no cost, and youth for whom regular fares and passes are already reduced compared to standard adult fares. Additional options for youth provide further savings to incentivize more regular use, including the Youth Summer 2-for-1 pass and the Y10 Youth Loyalty Pass providing an additional savings of more than \$180 over the ten-month school year (based on the current fees) when a pass is purchased for each month. DRT's bulk purchase program for school boards in Durham was introduced in 2022 offering further savings on already reduced youth passes to encourage more secondary school students in Durham to access public transit for travel to and from school. In addition, DRT is currently exploring a new employer pass program to further incentivize transit use across the Region.
- 2.4 The Transit Assistance Program (TAP), now a permanent pass product, was introduced by DRT in late 2019 as a pilot program making reduced cost transit available to all social assistance clients in Durham, including Ontario Works clients who had been ineligible for the existing Access Pass. TAP uses the PRESTO electronic fare payment system card, removing the stigma of having a separate, identifiable fare product, while providing a 61 per cent reduction on standard monthly fare costs. TAP also leverages the benefits of the PRESTO electronic fare card in providing protection for lost cards and the flexibility for customers to pay-as-they-go and carry-over unused funds to the next month or opt for the simplicity of a pay-up-front monthly pass.
- 2.5 In February 2023, Council approved the DRT fare structure where annual fare adjustments are linked to changes to the base fare on a proportional or trip equivalent basis. This approach ensures that fare adjustments are applied on a consistent basis across fare categories and maintain established discount rates.
- 2.6 DRT's best value fare product is the Universal Pass (or U-Pass) provided to all full-

time post-secondary students at Durham College, Ontario Tech University and Trent University (Durham campus). Under the U-Pass agreement with the post-secondary institutions, all full-time students pay a fee as part of their mandatory ancillary fees and are provided with a transit pass for the semester. The approved U-Pass rate for the period September 1, 2024, to August 31, 2025, is \$152.85 per four month semester. The cost of a U-Pass is equivalent monthly to a nearly 70 per cent discount on a standard adult pass and is \$9.40 less per month than DRT's TAP pass, and the discount would increase to \$12.19 less per month under the proposed fare increase. DRT staff will begin negotiating a new multi-year U-Pass agreement with the post-secondary institutions in 2024 and will be seeking Council approval in advance of the 2025 Business Plan and Budget.

### **3. Discussion**

- 3.1 Financing of the DRT 2023 approved budget included \$29.2 million from transit fares, or 14.5 per cent of the \$199.2 million gross transit budget. Transit fares were budgeted to include \$21.9 million (75 per cent) from PRESTO and cash fares, \$6.9 million (24 per cent) from the U-Pass program and \$0.4 million (1 per cent) in recoveries for ODSP passes. Transit Fares fund approximately 26 per cent of budgeted gross operating expenses. As reported in the consolidated budget status report through November 30, 2023 (#2024-INFO-01), fare revenues are expected to be in a \$1.7 million surplus position for 2023, mainly attributed to higher than anticipated ridership and enrolment at post-secondary institutions.
- 3.2 DRT's operating revenue/cost ratio (R/C ratio) is projected to be approximately 32 per cent for 2023, compared to an R/C ratio of 37 per cent for 2019 and 2018. The lower R/C ratio in 2023 can be attributed to several factors.
- a. While monthly transit ridership throughout Fall 2023 exceeded 2019 levels, 2023 annual ridership is expected to be 2 per cent below 2019 levels.
  - b. 124 per cent increase in free rides since 2019 that coincides with adopting a fare free child concession for customers 12 years of age and younger.
  - c. U-Pass rate lower than required to ensure U-Pass revenue proportionally funds DRT service levels across the Region to meet ridership demand.
  - d. Fare revenue has not kept pace with increasing operating costs. DRT's budgeted gross operating expenditures have increased 18.4 per cent from 2019 to 2023, while fare revenue has decreased 1.3 per cent since 2019.
- 3.3 The approved 10-year Transit Service and Financing Strategy included a 13 per cent increase in planned transit service levels for 2024, or 69,882 service hours, to respond to ridership pressures, reliability challenges, and service enhancements for existing and growing communities across the Region. The annual service level

investments highlighted in the 10-year strategy are planned to increase DRT services by 127 per cent by 2032 and improve Durham Region's Revenue Hours Per Capita investment to 1.4 from the current 0.9. Importantly though, these forecasted service levels require senior government funding and subject to annual investment approvals through the Region's business planning and budget process.

- 3.4 To minimize impacts on the property tax levy, and in response to continued inflationary pressures, service growth planned within the approved 2023-2032 Service and Financing Strategy, and the need to restore services suspended in January 2023, DRT proposes an adjustment of \$0.25, or 7.5 per cent, on the base fare with corresponding adjustments to the other fare categories based on the approved fare structure. The fare adjustment will result in an estimated \$0.95 million increase in fare revenue in 2024, with an annualized revenue increase of approximately \$1.9 million.
- 3.5 The proposed 2024 DRT fare increase will result in fares consistent with transit agencies in the Greater Toronto and Hamilton Area (GTHA) as summarized in Table 1. While they are not increasing fares in 2024, the Toronto Transit Commission is generally not used as a comparator to DRT. Ridership across other GTHA transit agencies now surpasses pre-pandemic levels and additional service levels are required to accommodate increasing transit ridership.
- 3.6 Based on the five transit agencies listed in Table 1, DRT ranks as the fourth lowest cost monthly pass, second lowest cost single ride PRESTO fare, and the highest cash fare. DRT cash fare revenues continue to decline annually as residents transition to the PRESTO fare payment system and its associated benefits, including paying a lower fare.

Table 1: 2024 fares for transit agencies in the GTHA

Transit Agency	PRESTO (Adult)		Cash Single Ride (Adult)
	Single Ride	Monthly Pass	
Durham Region Transit (proposed July 1, 2024)	\$3.60	\$129.60	\$4.60
MiWay (April 1, 2024)	\$3.40	\$141.00	\$4.25
Brampton (2023) <sup>1</sup>	\$3.40	\$141.25	\$4.50
Hamilton (proposed 2024)	\$2.80	\$123.20	\$3.50
York Region Transit (January 1, 2024)	\$3.88	\$155.20 <sup>2</sup>	\$4.25

<sup>1</sup> Brampton transit increased fares 10 per cent in 2023, no increase in 2024

<sup>2</sup> Fare capping introduced January 1, 2024 where travelers can ride YRT for free after 40 trips when using PRESTO

3.7 The full proposed DRT fare table is included as Attachment 1.

#### 4. Previous Reports

4.1 2019-DRT-25 Durham Region Transit Fare Strategy

4.2 2019-DRT-16 Update on DRT Kids Ride Free Incentive Pilot Program

4.3 2022-DRT-07 Youth monthly pass incentives for the 2022/23 secondary school term

4.4 2023-F-5 Transit Service and Finance Strategy, approved by Council on March 1, 2023

4.5 2023-DRT-26 U-Pass Agreement Extension, approved by Council on November 28, 2023

#### 5. Relationship to Strategic Plan

5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Goal 1 - Environmental Sustainability

The proposed fare increase will support DRT's expansion of sustainable and active transportation through service enhancements. DRT will enhance capacity of the route network, which will increase service availability, as well as to support fleet electrification through adoption of zero emission technologies.

b. Goal 3 - Economic Prosperity

The proposed fare increase will enable DRT to enhance services in key growth areas, which will position Durham Region as the location of choice for businesses, and connecting people to employment, education and tourism opportunities.

c. Goal 4 – Social Investment

The proposed fare increase will ensure all residents receive access to essential services through an equitable fare structure. DRT will also continue to offer fare incentive programs for children, youth, seniors, and persons receiving social assistance benefits, in addition to U-pass and bulk purchase program for school boards.

d. Goal 5 – Service Excellence

The proposed fare increase will enable DRT to continue to invest in service enhancements that will reduce wait times, reduce reliance on personal vehicles, and to meet Durham's rapidly growing population. As customer expectations for public transit continue to rise, service enhancements will be planned around exceeding these expectations to ensure that public transit remain the top travel option for many riders across the network.

## 6. Financial Summary

- 6.1 The proposed fare adjustment of \$0.25, or 7.5 per cent on the base fare with corresponding adjustments to the other fare categories based on the approved fare structure, will assist in offsetting a portion of the inflationary pressures and increases in service levels service planned for the 2024 budget.
- 6.2 The proposed fare increase is estimated to generate an additional \$0.95 million in fare revenues in 2024 (based on a July 1, 2024, effective date), with an annualized revenue increase estimated at \$1.9 million.

## 7. Conclusion

- 7.1 DRT continues to face increasing cost pressures to sustain a transit network to meet the demands for public transit in one of Ontario's most rapidly growing municipalities. The proposed fare increases and associated additional revenues will partially mitigate increasing cost pressures and enable DRT to maximize services and

progress towards planned service levels of the 10-year transit service and financing strategy.

Respectfully submitted,

Original signed by

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William Holmes  
General Manager, DRT

Original signed by

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Nancy Taylor  
Treasurer, DRT

Recommended for Presentation to Committee

Original signed by

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Elaine C. Baxter-Trahair  
Chief Administrative Officer



Attachment #1: 2024 Proposed Fares Table

Fare Category		Current Fare	DRT Fare Structure	Proposed Fare effective July 1, 2024	Per cent Change
Adult	Single Ride (Presto Card and E-Ticket)	\$3.35	Base Fare	\$3.60	7.5%
	Single Ride (Cash and Open Payment)	\$4.35	\$1.00 over base	\$4.60	5.7%
	Monthly Pass	\$120.60	36 trips at base fare	\$129.60	7.5%
Child (aged 12 years and under)	All Rides	Free	NA	NA	NA
Youth (aged 13-19 years)	Single Ride (Presto Card and E-Ticket)	\$3.00	90 per cent of base fare	\$3.24	8.0%
	Single Ride (Cash and Open Payment)	\$4.35	Equivalent to Adult cash fare	\$4.60	5.7%
	Monthly Pass	\$96.50	80 per cent of Adult pass	\$103.68	7.4%
	2-for-1 Youth Summer pass	\$96.50	80 per cent of Adult pass	\$103.68	7.4%
	Y10 (10 month loyalty pass)	\$78.40	65 per cent of Adult pass	\$84.24	7.4%



Fare Category		Current Fare	DRT Fare Structure	Proposed Fare effective July 1, 2024 <sup>1</sup>	Per cent Change
Senior (aged 65 years and over)	Single Ride (Presto Card and E-Ticket)	\$2.20	66 per cent of base fare	\$2.38	8.0%
	Single Ride (Cash and Open Payment)	\$3.20	\$1.00 over single ride senior PRESTO	\$3.38	5.5%
	Monthly Pass	\$48.25	40 per cent of Adult pass	\$51.84	7.4%
School Board Bulk Purchase Program	Fewer than 125 passes per month	\$96.50	80 per cent of Adult pass	\$103.68	7.4%
	125-250 passes per month	\$90.45	75 per cent of Adult pass	\$97.20	7.5%
	More than 250 passes per month	\$78.40	65 per cent of Adult pass	\$84.24	7.4%
Transit Assistance Program (TAP)	TAP PRESTO E-Purse	\$46.90	14 trips at base fare	\$50.40	7.5%
	TAP PRESTO Monthly Pass	\$46.90	14 trips at base fare	\$50.40	7.5%
Universal Semester Pass (post-secondary students) <sup>2</sup>	PRESTO E-Ticket 4 month semester pass	\$150	NA	\$152.85	1.9%

**Notes**

<sup>1</sup> Customers not required to pay a fare during the December 25 service day, and between 7 PM December 31 through 8 AM January 1.

<sup>2</sup>Council approved U-Pass rate (report 2023-DRT-26) for period September 1, 2024 to August 31, 2025. Equivalent monthly rate is \$38.21, or 31 per cent of base fare.