



Durham Region Transit Report

To: Durham Region Transit Executive Committee
From: General Manager, Durham Region Transit and Treasurer Durham Region Transit
Report: #2024-DRT-19
Date: November 6, 2024

Subject:

2025 Transit Fares

Recommendation:

That the Transit Executive Committee recommends to Regional Council that the proposed transit fares (Attachment 1) be approved and implemented effective July 1, 2025.

Report:

1. Purpose

1.1 The purpose of this report is to obtain TEC and Council approval for the proposed 2025 fare increases, such that they can be included in the proposed 2025 Durham Region Transit Business Plans and Budget.

2. Background

2.1 DRT's long-term fare strategy and framework was approved by the Transit Executive Committee in December 2019 based on several 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; and
- Minimizing oversight of fares by bus operators.

- 2.2 Operating funding generally includes revenue from fares and advertising, with the balance of funding provided by the Region of Durham through the general tax levy. For the 2024 budget, the Region of Durham tax levy funding for operating accounts for 69.9 per cent of the DRT operating budget, with fare revenue (including the UPass) accounting for 27.6 per cent of the DRT operating budget. As previously reported the Region's municipal contribution per capita for transit is the lowest amongst comparator municipalities, in some cases up to 40 per cent lower. Additionally, considering the relatively low population density in the Region and the vast service area covered by the transit network, DRT's operating costs will be generally higher than comparator transit agencies to provide similar levels of transit service.
- 2.3 Typically, public transit fares are increased to balance a budget, address rising operating costs, and/or to improve services. DRT is faced with managing all three factors for 2025.
- 2.4 DRT has made great progress in modernizing and leveraging its fare products to enhance customer convenience and operational data management, including expanded innovative fare payment options and new technologies, while collaborating with partners to reduce customer costs for interregional travel. In February 2024, the Ministry of Transportation launched the One Fare program that allows transit customers to only pay once when transferring between participating transit systems (DRT, YRT, Brampton Transit, MiWay, GO Transit) and the Toronto Transit Commission (TTC)..
- 2.5 Today, more than 90% of DRT's customers choose electronic fare payment options, with cash payment transactions at an all-time low of five percent. Seven per cent of PRESTO customers pay their fare with Open Payment since it became available in early 2023, and PRESTO Mobile Wallet (a digital version of the PRESTO card), a new virtual fare payment option, has been fully available to DRT customers as of July 2024. PRESTO eTickets is also seeing steady annual increases. DRT has retained limited legacy paper fare products to support organizations across the Region to be able to assist shared customers to travel using public transit.
- 2.6 Discounted fares and incentives continue to be common across transit agencies; current subsidy levels for DRT are shown below.
- Children aged 12 years and under do not pay a fare
 - Senior fare discounted between 40 per cent (monthly pass) and 66 per cent (single ride PRESTO fare)
 - Youth (aged 13-19 years old) fare discount of up to 35 per cent on Youth fare products. Additional incentive programs include the Y10 Youth Loyalty Pass Program, the Summer 2-for-1 pass, and the school board bulk purchase

program. Youth riders were DRT's fastest growing ridership segment for 2023 with a 44% increase over the previous year.

- DRT's Transit Assistance Program (TAP) fare discounted 61.2 per cent, for residents registered with Ontario Disability Support Program and Ontario Works.
- The Universal Pass (U-Pass) offers unrivalled value for all full-time post-secondary students at Durham College, Ontario Tech University and Trent University (Durham Campus). At a fare discount of 70 per cent, the U-Pass is the lowest monthly equivalent fare across all DRT concessions. As highlighted in report #2024-DRT-12, a new multi-year U-Pass agreement planned to take effect September 2025, is currently under negotiation.

DRT staff continue to explore fare opportunities, including a potential new Employer Pass Program.

3. Discussion

3.1 Financing of the DRT 2024 approved Business Plans and Budget included \$36.4 million from transit fares including U-Pass revenue, or 7.7 per cent of the \$474.2 million gross transit budget, and 27.6 per cent of the operating budget. Transit fares were budgeted to include \$28.2 million (77 per cent) from PRESTO and cash fares, \$7.8 million (22 per cent) from the U-Pass program and \$0.4 million (1 per cent) in property tax funding for ODSP passes.

3.2 Fare discounts or subsidies are funded annually through DRT's property tax levy. Discounts are calculated against the adult base fare (\$3.60 for a PRESTO ride, \$4.60 for cash/Open Payment, \$129.60 for a monthly transit pass). Figure 1 below outlines the fare discounts subsidized by the property tax levy based on 2024 and 2025 revenue projections:

Figure 1: Fare Subsidy Costs not including U-Pass

Discount from Full Adult Fares	2024		2025	
Demographic	Discounted total	% discounted	Discounted total	% discounted
Transit Assistance Program	\$1,636,284	58.83%	\$2,038,744	59.09%
Adult	\$-	0.00%	\$-	0.00%
Child	\$1,159,298	100.00%	\$1,334,762	100.00%
Co-Fare	\$7,159	0.13%	\$6,719	0.09%
Senior	\$817,534	45.08%	\$930,004	45.06%
Unclassified/Underpayments ¹	\$410,721	27.85%	\$535,808	31.54%
Youth	\$680,741	16.19%	\$636,511	15.70%
Total Discounted Fare Revenue	\$4,711,737	14.10%	\$5,482,548	14.31%

¹ Boardings where customer has underpaid, not paid a fare, and/or boardings other than children that ride without paying a fare (eg: special promotions & events)

3.3 DRT's operating revenue/cost ratio (R/C ratio) was 33 per cent for 2023, compared to the R/C ratio of 37 per cent for 2019 and 2018. The lower R/C ratio in 2023 is attributed to several factors, including the following.

- a. Annual 2023 ridership fell slightly short of pre-pandemic ridership levels. While monthly transit ridership throughout Fall 2023 exceeded 2019 levels, 2023 annual ridership was 2 per cent below 2019 levels.
- b. Since the introduction of the fare free child concession in 2019 (customers 12 years of age and younger) free rides for children have increased by 268 per cent. Child ridership approximately doubled for both 2022 and 2023.
- c. Fare revenue has not kept pace with increasing operating costs, despite a 7.5% fare increase in 2024. DRT's budgeted gross operating expenditures have increased 40.3 per cent from 2020 to 2024, while fare revenue has increased by only 23.0 per cent in the same period (excluding U-Pass). This is a key contributor to fundamental service delivery challenges, particularly considering the ambitious objectives of DRT's 10-year service and financing strategy.

3.4 The approved 10-year Transit Service and Financing Strategy highlighted an 11 per cent increase in planned transit service levels for 2025, or 65,701 new revenue service hours, to continue to respond to ridership pressures, reliability challenges, and service growth 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 to 1.4 from the current 0.9.

3.5 Despite significant investments in transit in the 2024 budget, tax levy funding was lower than the funding targets highlighted in the strategy, resulting in an underfunded Service Plan. Continued underfunding of the transit strategy places significant challenges on future growth of the transit network and achieving targets for reliability, on-time performance, and ridership. The approved 2025 budget guideline is 1.75 per cent of the Regional property tax levy, or approximately \$15.7 million over the 2024 budget. Funding shortfalls have a direct impact on planned service growth hours, which impact DRT's ability to meet the Region's growing transit demands.

3.6 Fare pricing is elastic and is just one factor that influences ridership. Other factors have a greater influence on ridership, including service frequency and reliability, coverage and access, and travel time. Where transit is not readily available or reliable, residents and in particular new residents to the Region, and existing customers may turn to their personal vehicle, and at that point it is extremely difficult

to 'win' them back to public transit. Further to the 10-year transit and financing strategy, significant sustainable funding from other orders of government remains crucial to achieving the public transit objectives of the Region.

- 3.7 In consideration of the 2025 budget guideline, ongoing inflationary pressures and the need to continue to enhance the transit network to improve reliability, access and frequency of service, DRT is proposing a five per cent fare increase for 2025, or 18 cents, to the base single ride fare, with corresponding adjustments to the other fare products and concessions (Attachment #1). Based on projected ridership of 13.9 million, the fare adjustment will result in an estimated \$780,000 increase in fare revenue in 2025, with an annualized revenue increase of approximately \$1.45 million.

4. Previous Reports

- 4.1 2019-DRT-16 Update on DRT Kids Ride Free Incentive Pilot Program
- 4.2 2019-DRT-25 Durham Region Transit Fare Strategy
- 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
- 4.6 2024-DRT-12 U-Pass Negotiation Framework, approved by TEC on June 5, 2024

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 provide additional revenue to help support DRT's expansion of sustainable transportation through service enhancements and 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 further advance the objective of equitable transit service for all residents. 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 ensure that public transit provides an increasingly competitive travel option for customers across the network.

6. Financial Summary

- 6.1 The proposed five per cent increase to the base fare will enable DRT to respond to inflationary pressures and implement planned service level increases in the 2025 DRT budget.
- 6.2 The proposed fare increase is estimated to generate an additional \$780,000 in fare revenues in 2025 (based on a July 1, 2025, effective date), with an annualized revenue increase estimated at \$1.45 million.

7. Conclusion

- 7.1 DRT continues to face increasing cost pressures to expand the transit network to meet the demands and expectations for public transit in one of Ontario's most rapidly growing Regions. The proposed fare increase will assist to 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.

8. Attachments

Attachment #1: 2025 Proposed Fares Table

Respectfully submitted,

Original signed by

William Holmes

General Manager, DRT

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair

Chief Administrative Officer

Attachment #1: 2025 Proposed Fare Table, effective July 1, 2025

Fare Category		Current Fare	DRT Fare Structure	Proposed Fare effective July 1, 2025*	Per cent Change
Adult	Single Ride (Presto Card and E-Ticket)	\$3.60	Base Fare	\$3.78	5.0%
	Single Ride (Cash and Open Payment)	\$4.60	\$1.00 over base	\$4.80	4.3%
	Monthly Pass	\$129.60	36 trips at base fare	\$136.08	5.0%
Child (aged 12 years and under)	All Rides	Free	NA	Free	NA
Youth (aged 13-19 years)	Single Ride (Presto Card and E-Ticket)	\$3.24	90 per cent of base fare	\$3.40	4.9%
	Single Ride (Cash and Open Payment)	\$4.60	Equivalent to Adult cash fare	\$4.80	4.3%
	Monthly Pass	\$103.68	80 per cent of Adult pass	\$108.86	5.0%
	2-for-1 Youth Summer pass	\$103.68	80 per cent of Adult pass	\$108.86	5.0%
	Y10 (10 month loyalty pass)	\$84.24	65 per cent of Adult pass	\$88.45	5.0%
Senior (aged 65 years and over)	Single Ride (Presto Card and E-Ticket)	\$2.38	66 per cent of base fare	\$2.49	4.6%
	Single Ride (Cash)	\$3.38	\$1.00 over single ride senior PRESTO	\$3.50	3.6%
	Single Ride (Open Payment)	\$4.60	Equivalent to Adult cash fare	\$4.80	4.3%
	Monthly Pass	\$51.84	40 per cent of Adult pass	\$54.43	5.0%

School Board Bulk Purchase Program	Fewer than 125 passes per month	\$103.68	80 per cent of Adult pass	\$108.86	5.0%
	125-250 passes per month	\$97.20	75 per cent of Adult pass	\$102.06	5.0%
	More than 250 passes per month	\$84.24	65 per cent of Adult pass	\$88.45	5.0%
Transit Assistance Program (TAP)	TAP PRESTO E-Purse (paid trips in excess of 14 per month are free)	\$3.60	Each month - First 14 paid trips are at base fare, additional trips thereafter are free	\$3.78	5.0%
	TAP PRESTO Monthly Pass	\$50.40	14 trips at base fare	\$52.92	5.0%

¹All cash fares are rounded up to the nearest \$0.05

²U-Pass fares are not included on this table due to on-going negotiations with the post-secondary institutions at this time of writing. The current U-Pass rate per semester through August 2025 is \$152.85 per student, equivalent to \$38.21 per month.

³Cutomers not required to pay a fare between 7 PM December 31, 2025 through 8 AM January 1, 2026.