



Potential Discount Fare Option for Hybrid Workers

Transit Commission
September 14, 2023



Background

- Ongoing reduction in transit ridership and fare revenue post COVID-19 pandemic
- High rates of downtown office workers working from home or working a hybrid schedule both from home and at the office
- Current fare structure may not provide a specific financial incentive for customers working hybrid schedules to use transit
- At the request of the Transit Commission, staff completed an analysis of options for a discounted fare product aimed at hybrid workers



Existing fare products

The OC Transpo fare structure offers several products that fit the demand of a variety of customer needs, including:

- Single-ride fares;
- Passes for unlimited travel for periods of one, three, five, or seven consecutive days;
- Unlimited monthly passes, which are transferrable and can be used by more than one person in a household or at a workplace; and
- Daily and monthly fare caps when fares are paid by credit card.



Discounted fare products

The current fare structure also provides for a range of discounts for customers in many different situations:

- Free and discounted travel for Seniors aged 64 and over
- Free travel for children up to age 12
- Discounted travel for youth aged 13 to 19, and school boards who purchase fares for their students
- Discounted travel for customers with low incomes
- Discounted travel for customers who are receiving Ontario Disability Support Program (ODSP) payments
- Discounted fares on weekends and holidays where two customers can travel unlimited for the day for the price of a single day pass.



O-Payment

OC Transpo has also recently launched O-Payment

- Customers can now pay fares by tapping their credit cards or mobile wallets on buses and at O-Train stations
- Debit cards will also be accepted in the months to come, when technology permits
- O-Payment includes a fare capping feature
- Customers will never be charged more than the price of an unlimited one-day pass during a single day nor more than the price of an unlimited Adult monthly pass during a calendar month
- Fare caps automatically provide the best value to customers who make frequent trips



Discounted fare option for hybrid workers

- The existing fare structure may not provide a targeted fare option for hybrid workers
- An additional intermediate discount for customers travelling 2-3 days per week, but not reaching the break-even point of a monthly pass, may provide an incentive to return to transit
- Any new fare product must be compatible with current fare system technology, avoiding complex, lengthy and expensive system development
- Staff conducted an analysis to determine feasible options



Feasible option

Staff determined that, with our existing fare system, it is possible to offer a discounted prepaid fare product on a paper smartcard for a certain number of trips, with a limited period of validity

- For example, 12 trips to be taken over a span of 14 consecutive days

The number of travel credits, the validity period and the price of the product can all be set to match the policy direction of Council

- One or multiple options of x-rides in y-days can be implemented although for technical reasons, the maximum number of travel credits is 31;
- The ticket should not have the same validity period as any of the unlimited passes, to avoid confusion;
- The ticket should not have a validity period longer than about three weeks, to reduce the risk of bending causing damage to the electronics in the paper smartcard; and
- The ticket should not have a price and validity period that competes with the current monthly pass; customers who travel every workday and make 40 trips a month currently receive a 15 per cent discount from the single-ride fare.

How would it work?

- Customers would purchase the fare product at ticket machines located at:
 - Every O-Train station
 - 12 Transitway stations
 - OC Transpo office at 925 Belfast Road
- The product with the desired number of trips over the validity period is selected (if multiple options are available), loaded onto the paper smartcard and dispensed to the customer
- The validity period begins upon purchase
- Customer can use ticket immediately by tapping their card each time they board a bus or enter an O-Train station (similar to Presto card)
- Customers can check remaining balances at ticket machines
- Card will deactivate once the travel credits are all used, or the validity period expires
- A new card with new travel credits and a new validity period would then need to be purchased at a ticket machine
- Cards cannot be replaced if lost, damaged or stolen
- Not valid on STO buses



Implementation

- Software changes are required on ticket machines and bus validators by our fare system vendor
- Implementation costs and detailed timeline are to be determined and costs would be covered by existing budgets
- If directed by the Commission and Council, implementation is likely achievable by mid-2024



Financial situation and policy direction

- Introducing this new discounted fare product could:
 - Attract some new customers, increasing ridership and revenue
 - Be chosen by some existing customers, maintaining ridership while reducing revenue generated from the sale of higher-priced fare products
- Staff would be able to forecast ridership and revenue changes based on potential policy direction
- Actual results could be different from forecasts
- A funding source for the discounted product would be required
- As outlined in the budget directions report, the City is facing financial challenges in 2024 for funding OC Transpo service from:
 - Lower ridership and fare revenue post-pandemic
 - Operating costs from opening new O-Train lines 2 and 4
 - Inflation and contractual commitments
 - Contributions to capital and debt servicing increases
- Council direction would be required to implement the new discount product, with associated funding source identified, normally in the 2024 budget



Questions?

