

Transit Fare Review

Phase 1 Summary Report

December 2016

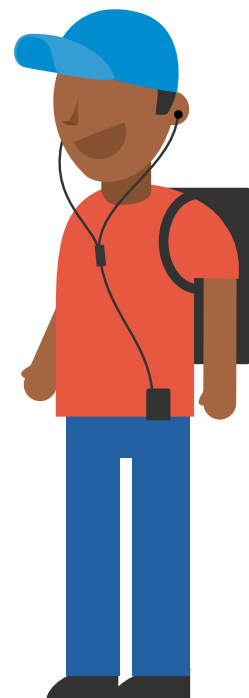
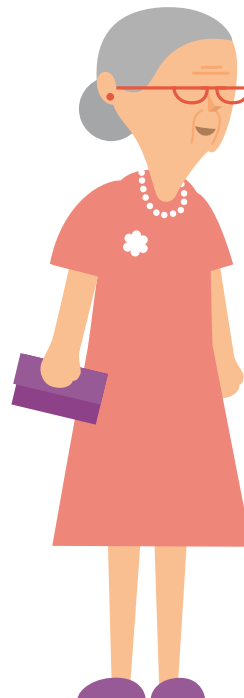
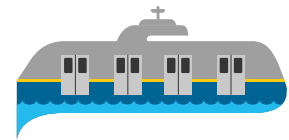
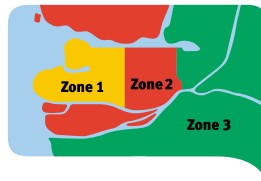


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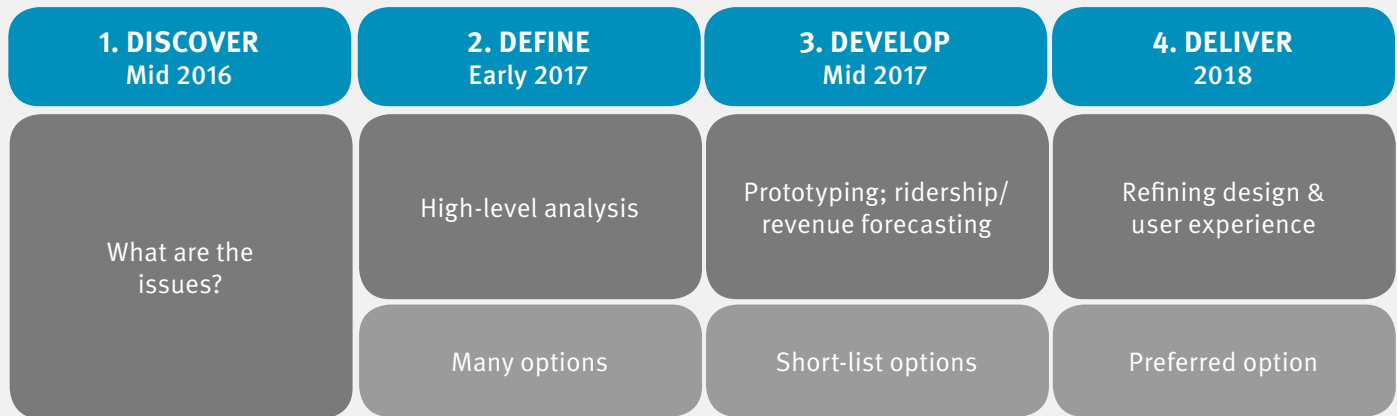
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Phase 1 Summary Report

PURPOSE OF THIS REPORT

In 2016 TransLink launched a comprehensive four-phase review of the way we price transit. In this first phase, we set out to discover the key issues, opportunities and challenges with the current fare system in order to help define the range of options for consideration in the next phase. This report summarizes what we did, what we heard, and what we learned in Phase 1.



PURPOSE OF THE TRANSIT FARE REVIEW

TransLink’s three-zone fare structure, originally adopted in 1984, has remained largely unchanged for more than 30 years. In this time, the region has grown by over one million people. We have grown from a system based entirely on buses to one that includes an extensive rail rapid transit network. Urban development and travel patterns have evolved so that people today make trips to and from all parts of the region.

Metro Vancouver residents strongly support TransLink

taking a fresh look at the fare system. Only 20-30 per cent of respondents we heard from in Phase 1 agree that the current fare system works well with about 6-in-10 disagreeing. Further, in all sub-regions the majority of residents disagree that the current fare system works well.

This strong public interest in change, combined with the successful rollout of Compass, provides us with an opportunity to review the way that we price transit in Metro Vancouver.

The goal of the Transit Fare Review is to recommend fare policy changes that will increase transit ridership by delivering a better customer experience and improving system efficiency.

There are six core components that currently determine how much you pay to use transit in Metro Vancouver.

1	DISTANCE TRAVELLED	Customers pay more for each zone boundary they cross. All bus and HandyDART travel temporarily operate under one-zone; SkyTrain and SeaBus under three zones; and West Coast Express operates under its own five-zone structure.
2	TIME OF TRAVEL	Customers travelling outside of peak times, after 6:30 p.m. on weekdays and all day weekends and holidays, only pay a one-zone fare on SkyTrain and SeaBus.
3	SERVICE TYPE	There is one set of prices for bus, SkyTrain, SeaBus, and HandyDART. The West Coast Express is a higher priced premium service.
4	PRODUCT TYPE	Customers can choose to purchase a single-ride ticket or use their Compass Card to get a discount by using Stored Value or purchasing a DayPass or a Monthly Pass.
5	USER TYPE	Adults pay full price. Youth, seniors, and people with disabilities that impact their ability to travel independently are eligible to travel at a reduced price. Children four and under travel for free when accompanied by an adult.
6	JOURNEY TIME	Customers can make multiple trips across bus, SkyTrain, and SeaBus on a single fare for up to 90 minutes and 120 minutes with a West Coast Express fare.

WHAT WE DID IN PHASE 1

In Phase 1, we sought feedback from the **broader public** through a public consultation questionnaire that was completed by a record 28,229 people and a parallel (*but more detailed*) market research panel survey with the TransLink Listens Panel, completed by 1,485 respondents. Both sought to identify what riders' perceive as issues with the current fare system and what should be the priorities for a future fare system. The results of the TransLink Listens panel survey were weighted by age, gender, area of residence, and primary mode of transportation in order to generate findings that are more closely statistically representative of the region's adult population (*age 19 and older*). The full market research panel survey report is in Appendix A and the public questionnaire analysis is in Appendix B.

We also listened directly to transit **customers** through individual and group discussions as well as intercept interviews out on the system. This is where we heard about customer experiences and customer decision-making processes related to fares and payment. The full report from this customer experience work is in Appendix C.

Through a series of workshops, we heard from key **stakeholders** across multiple sectors, meeting with 85 people from groups representing: labour, business, environment, health, faith, people with disabilities, students, children, youth, seniors and TransLink's Access Transit User Advisory Committee. The workshop learnings are recorded in Appendix D.

Our research was also informed by understanding existing **travel patterns** as they relate to transit fares by analyzing some early Compass data and the 2011 Trip Diary. The technical report provides data on customer travel behaviour prior to the implementation of the one zone fare policy on buses and is shared in Appendix E. This Appendix also includes an assessment of current and future payment technology capabilities.

Finally, we undertook a **historical review** of transit fare policy in this region as it has evolved over the years which you can find in Appendix F and a **peer review** of transit fare policies from other regions around the world can be found in Appendix G. A **glossary** of terms is included as Appendix H. For the full set of appendixes, see www.translink.ca/farereview.

WHAT WE HEARD IN PHASE 1

Support for the Current Fare System

Residents strongly support TransLink taking a fresh look at the fare system. In both the market research panel survey and the public questionnaire, less than one-third of respondents agreed that the current fare system works well with about 6-in-10 disagreeing. Further, in all sub-regions the majority of residents disagree that the current fare system works well.

	TRANSLINK LISTENS MARKET RESEARCH PANEL SURVEY		PUBLIC QUESTIONNAIRE	
	Agree/Strongly Agree	Disagree/Strongly Disagree	Agree/Strongly Agree	Disagree/Strongly Disagree
	<i>Market research survey results (n=1,485) were weighted by age, gender, area of residence, and primary mode of transportation to generate findings that are statistically representative of the region's adult population.</i>		<i>Public Questionnaire results (n=28,229) were not weighted and are more reflective of younger residents who ride transit more frequently as this demographic filled out the questionnaire in greater numbers.</i>	
The current zone-based fare structure works well	27%	59%	19%	64%

Priorities for a Future Fare System

Respondents were asked to select their top four priorities from a list of 11. The top six most commonly selected are listed in order below.

PRIORITY	TRANSLINK LISTENS MARKET RESEARCH PANEL SURVEY	PUBLIC QUESTIONNAIRE
#1	Make fares lower for shorter distance trips	Make fares lower for people who use transit frequently
#2	Make fares lower for people with less ability to pay	Make fares lower for shorter distance trips
#3	Make it easier to understand and predict how much you'll pay	Provide more fare product options for different periods of time (e.g., 3-day, weekly)
#4	Make fares lower at less busy times	More fare products options to make transit more affordable for families to travel together
#5	Provide more fare product options for different periods of time (e.g., 3-day, weekly)	Make it easy to understand and predict how much you'll pay
#6	Make fares lower for people who use transit frequently	Make fares lower for people with less ability to pay

Possible Future Fare System Components

	TRANSLINK LISTENS MARKET RESEARCH PANEL SURVEY <i>Market research survey results (n=1,485) were weighted by age, gender, area of residence, and primary mode of transportation to generate findings that are statistically representative of the region's adult population.</i>		PUBLIC QUESTIONNAIRE <i>Public Questionnaire results (n=28,229) were not weighted.</i>	
	Agree/ Strongly Agree	Disagree/ Strongly Disagree	Agree/ Strongly Agree	Disagree/ Strongly Disagree
DISTANCE Fares should be lower for shorter distance trips and longer for longer distance trips	70%	17%	67%	19%
TIME OF TRAVEL Fares should be lower at less busy times of day than at busier times of day	62%	24%	48%	33%
SERVICE TYPE: QUALITY OF SERVICE Fares should be lower for slower and less direct services than for faster and more direct services	50%	31%	38%	38%
SERVICE TYPE: COST OF SERVICE Fares should be lower for services that cost less to build and operate than for services that cost more to build and operate	31%	45%	30%	43%
PRODUCT TYPE There should be more fare product options for different periods of time (e.g. 3-day, weekly)	66%	11%	72%	8%
USER TYPE Fares should be lower for people with less ability to pay than for people with more ability to pay	58%	25%	53%	29%

WHAT WE LEARNED IN PHASE 1

Through Phase 1 we gathered and analyzed a large amount of rich information from other agencies, from travel data, and from transit users, stakeholders and the broader public. This section describes what we learned – focusing on the key insights that will help define the range of options we consider in Phase 2. This section is organized around the six components of fare policy.

DISTANCE TRAVELLED

The primary source of dissatisfaction with the current fare system relates to perceptions of inequities around how we price by distance today.

From the panel survey, residents who are dissatisfied with the current fare structure for SkyTrain consider short trips across zone boundaries to be expensive and consider the arbitrary zone boundaries unfair. Analysis of Trip Diary data shows 46,000 daily two-zone trips are less than 10 kilometres while 2,800 daily one-zone trips are over 20 kilometres – suggesting that the problem of short trips crossing a zone boundary is a very real one for many people.

Although residents who primarily ride the bus (*about half of all trips are bus-only trips*) are generally satisfied with the current temporary 1-zone fare structure for bus, residents who use SkyTrain frequently (*about half of all trips include SkyTrain*) are less satisfied with the current fare structure for bus – they see it as unfair because it is currently not distance-based.

Those dissatisfied with the current fare structure for SeaBus don't think they should pay a 2-zone fare for their short trip just because it crosses a zone boundary.

To fix these and other issues, the prevailing view is that fares should be based more on distance travelled. A strong majority of respondents to both the market research panel survey (70 per cent) and the public questionnaire (67 per cent) agree with this approach. In terms of priorities that TransLink should take into account when making changes to the fare structure – respondents to the panel survey ranked this as the top priority and respondents to the public questionnaire ranked this as the second priority.

The other view regarding how to address the perceived inequities of the current zone-based system – far less prevalent but strongly held by about 20 per cent of residents – is that fares should not be based on distance travelled but should be the same for all trip distances.

One issue with varying fares by distance travelled is that it can be more complicated to understand and predict how much you'll pay. "Making it easier to understand and predict how much you'll pay" is the third priority for panel survey respondents and the fifth priority for public questionnaire respondents. This lower priority in the public questionnaire reflects the finding that frequent transit riders are less concerned about simplicity than infrequent transit riders who may be less familiar with the system.

TIME OF TRAVEL

A majority of respondents to the panel survey support fares that are lower during less busy times of day than at busier times of day – with especially strong support from youth and seniors.

Transit systems around the world, including those in New York City, London, Singapore, and Sydney, have fare prices that differ depending on the time of day. Specifically, fares are higher during peak hours when the system is the most busy or lower during off-peak hours when the system is the least busy. The intent of peak/off-peak fare price distinctions is to encourage price-sensitive riders who have a flexible schedule to shift their travel behaviour to less busy times of day, so that there is more space available on the system for those riders who need to use the system during its busiest times.

Analysis of data from TransLink's latest Trip Diary Survey found that the transit system experiences the greatest level of demand in the most concentrated amount of time during AM and PM peak periods. AM Peak runs from 6:00 a.m. to 8:59 a.m. each weekday and PM Peak runs from 3:00 p.m. to 5:59 p.m. each weekday. Sixty per cent of all weekday transit trips (over 500,000 trips) take place during peak periods.

TransLink’s current fare system has an off-peak evening discount that is in effect on weekends and weekday evenings after 6:30 p.m. Prior to 1997, TransLink also offered a mid-day discount on trips taken during the middle of the day when the system had the greatest excess capacity. When the discount was eliminated in 1997, travel data indicates that the peak hours became busier as flexible, price-sensitive riders no longer had a price incentive to travel during the mid-day period.

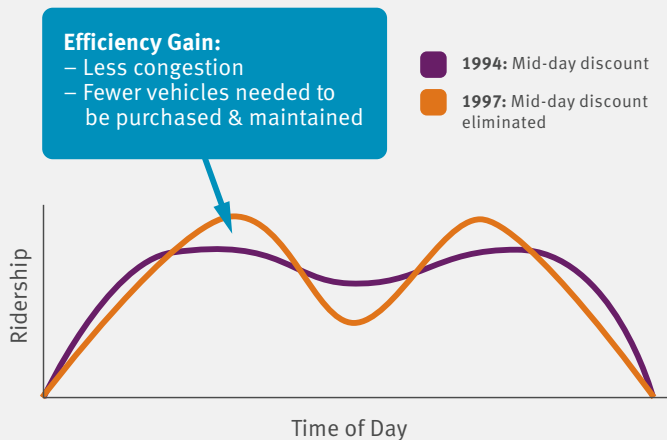


Figure 1: Ridership by hour on a weekday, 1994 – 1999 Before and after removal of mid-day discount in 1997

Sixty-two per cent of panel survey respondents agreed or strongly agreed that fares should be lower at less busy times of day than at busier times of day. The public questionnaire, however, had comparatively lower levels of support, with only 48 per cent agreeing or strongly agreeing. This divergence was primarily the result of age differences. Support for varying fares by time of day is highest amongst seniors who likely have more flexibility in when they travel. The majority of public questionnaire respondents were under the age of 35, with older ages under-represented.

SERVICE TYPE

About half of residents support charging lower fares for slower and less direct service than for faster and more direct service.

In Phase 1, we heard from the panel survey that 50 per cent of Metro Vancouver residents agree that fares should be lower for slower and less direct services (*vs. 31 per cent who disagreed*). However, 45 per cent disagreed that fares should be lower for services that cost less to build and operate (*vs. 31 per cent who agreed*). “Making fares lower

for services that cost less to build and operate” received the lowest level of support out of 11 possible priorities in the public questionnaire.

In October 2015, a temporary one-zone fare price was introduced for all bus trips, regardless of how far a rider travelled. This new policy was introduced to streamline the introduction of Compass on the transit system as a whole. It has resulted in a transit system that has fare price distinctions by service type, as two and three-zone trips on SkyTrain and SeaBus are now more expensive than an equivalent trip on the bus.

The panel survey revealed that bus-only riders (*about half of all trips*) are generally happy with the temporary bus anywhere one-zone fare whereas riders that also make use of rapid transit (*about half of all trips*) are less satisfied – likely due to fairness concerns.

PRODUCT TYPE

Most trips are made using monthly passes but there is some support for more product options, especially a weekly or 3-day pass.

Depending on the mode of transit, monthly passes are used to pay for between 34 per cent and 47 per cent of all trips on transit, making it the most commonly used form of fare payment across the system. Cash is the least commonly used method of payment.

We heard from the panel survey that 66 per cent of Metro Vancouver residents feel there should be more fare products for different periods of time. The most commonly proposed products were a weekly pass (27 per cent), a lower off-peak fare pass (24 per cent), and a 3-day pass (15 per cent), all of which were suggested, unaided, by residents in Phase 1. Currently, TransLink offers products in day and month-long periods only.

The strongest sentiment regarding fare products is support for a product that would make transit more affordable for families to travel together, with 74 per cent of panel respondents agreeing or strongly agreeing.

There is also support for a product that offers lower fares for frequent users. Fifty-one per cent of panel respondents agree or strongly agree that fares should be lower for people who use transit frequently than for people who use transit occasionally.

USER TYPE

There is strong support for a system that is affordable – especially for people who use transit frequently and for people with less ability to pay.

Customers tell us that they define transit affordability in relation to other aspects of their financial situation, including overall income and other major costs of living such as food and housing, currently at record high levels in Metro Vancouver. The cost of taking transit is often compared to the cost of other transportation options. “Fares should be set to be a cost competitive alternative to driving” was strongly supported in the panel survey at 81 per cent agreeing, a finding that was also reflected in the public questionnaire.

While the definition of personal affordability varies, the panel survey asked detailed questions about who should be eligible for lower fares and found that two-thirds agreed with a fare structure that would make fares lower for low income individuals. This was supported by findings in the public questionnaire, which found that the majority of Metro Vancouver residents agree or strongly agree that “fares should be lower for people with less ability to pay than for people with more ability to pay.”

Customers believe TransLink has a duty to provide a public service and a responsibility to ensure equitable access to this service. This sentiment was supported by strong rejection of cost-based pricing for transit. “Making fares lower for services that cost less to build and operate” received the lowest level of support out of 11 possible priorities in the public questionnaire.

Most transit trips are short (*less than 10 kilometres*), especially trips made by lower income riders, but shorter trips pay a higher average fare than longer trips.

Trips that are less than 10 kilometres pay the highest average fare, approximately 50-70 cents per kilometre. The average fare decreases as distance increases, so that trips over 20 kilometres pay the lowest average fare overall, 10-20 cents per kilometre. However, analysis of customer travel data found that customers with an annual household income below \$25,000 take a greater proportion of shorter distance trips while customers with reported household incomes above \$75,000 tend to travel further distances than customers from income groups that are lower. See Figure 2.

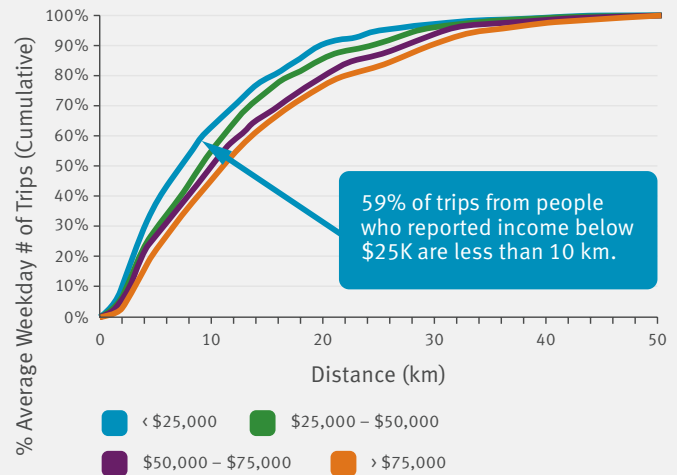


Figure 2: Cumulative Transit Distance Profile for Reported Income, 2011 (per km)

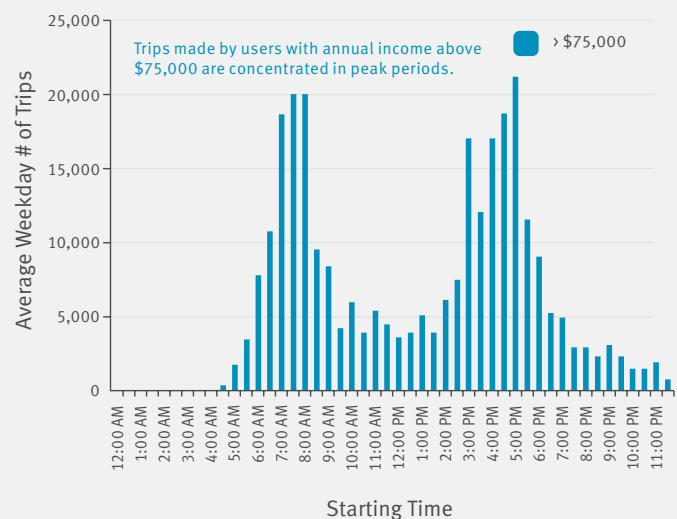
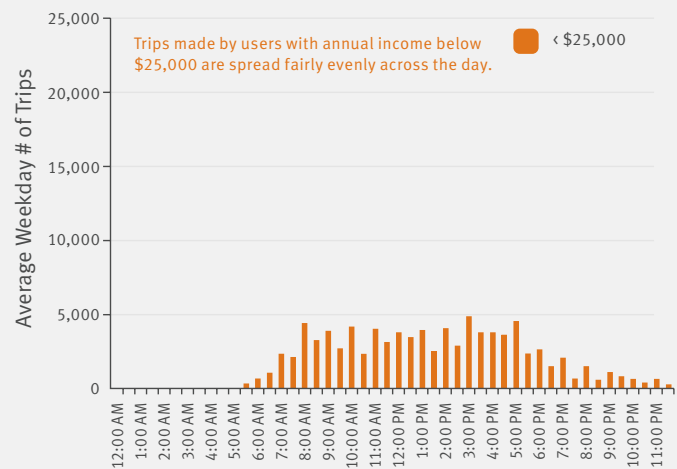


Figure 3: Time of Travel Profile for Transit Trips by Reported Income, 2011 (30 minute periods)

Similarly, transit trips by lower income users are spread evenly across the day. Transit trips by lower income users tend to take place throughout the day and are less concentrated during peak periods than other income groups. Analysis of customer user data has identified that those with annual incomes below \$25,000 tend to travel between 8 a.m. and 5 p.m. during mid-day when more capacity is available. Conversely, those with annual incomes above \$75,000 take most of their trips during peak periods. See Figure 3.

JOURNEY TIME

In the current system, a transit rider can transfer to other transit vehicles headed in any direction within 90 minutes of the first tap in without being required to pay an additional fare. Forty-three per cent of Metro Vancouver residents felt that this 90-minute transfer window is not long enough.

NEXT STEPS

In early 2017, we will launch Phase 2 of the Transit Fare Review using feedback from Phase 1 to help define and evaluate the options for varying fares by distance traveled, time of travel, and service type. We will also begin to map out the options for different types of products and passes, user discounts, and rules around connections (*or transfers*) between services.

We look forward to hearing your preferences on this range of options in order to help us narrow down to a short-list for Phase 3 and a recommended approach in Phase 4.

