



Questions and Answers
on TransLink's Application
dated December 28 2011 for Approval of
a Supplementary Fare Increase

*The questions answered here are based on
the Commissioner's preliminary review
of TransLink's application and support materials.*

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General

1. Why is TransLink asking for additional revenue through increased fares?

TransLink's Response: *In 2009, the Mayors' Council approved TransLink's 2010 10-Year Strategic Plan which included the fare increase being proposed for 2013. At that time, TransLink was facing a \$150 million dollar annual deficit and to maintain the general level of services and state of good repair of the system the Mayors' Council approved a plan to eliminate this deficit through increases to fuel taxes, parking sales tax, and fare increases in 2010 and 2013 above the annual inflationary increases allowed by law. In addition, TransLink undertook a program to increase service efficiency and revenues as well as improve overhead efficiency and reducing costs. All of these measures were and continue to be necessary to avoid making cuts to transit services and projects.*

2. How will the proposed fare increases affect revenue? What % change in TransLink's revenue will occur if the increases are approved?

TransLink's Response: *Total transit revenues will increase by approximately 10.2 per cent in 2013. The proposed fare increases will represent an additional \$48 million in additional transit revenue for 2013. This represents approximately 2.9% of TransLink's annual total revenues in 2013.*

3. How will the proposed fare increases affect ridership?

TransLink's Response: *The purpose of the fare increase is to sustain transit service improvements that were put in place through the end of 2009. The fare increase is one part of a mix of additional funding sources used to provide the long-term support for these services and deliver an increase in ridership over the plan period. Overall, ridership increased by over 30 per cent between 2005 and 2010.*

The actual impacts of the 2013 fare price increases on ridership (known as the elasticity factor) will be dependent upon the relative costs of alternatives to taking transit (such as driving) and other economic factors. For estimation purposes TransLink believes that, while some ridership growth is anticipated in 2013, the proposed fare increase will cause a 2 per cent decrease in the number of transit trips than would have otherwise occurred.

4. Will these proposed fare increases improve service quality? Or just stop it from declining?

TransLink's Response: *The revenue that will be produced by the fare increases is required to both maintain the current levels of transit service and to ensure that the equipment and infrastructure required to run the system are maintained and replaced as needed. This increase will prevent the service quality from declining, because the additional revenue will allow TransLink to replace older vehicles at the end of their useful life with newer vehicles that are generally more efficient, accessible and comfortable, customers will see quality improvements.*

5. What are the alternatives to increasing fares?

- a. What will TransLink do if the increases are not approved? Will TransLink cut services or projects if the increases are not approved? If so, where?

TransLink's Response: *Without this increase, which has been assumed in all plans since 2009, TransLink will have to reduce expenditures and may defer or cut some transportation services and/or projects (such as vehicle replacements), as it is not allowed under its legislation to operate in a deficit position. When the Mayors' Council approved the revenue increases included in the 2010 Funding Stabilization Plan, the region was able to avoid implementing the alternative Base plan with no new funding sources which included 40 per cent (roughly 2 million annual bus service hours) cuts to system-wide bus service.*

TransLink has not yet developed a contingency plan for what specific cuts to services and/or projects would be necessary to maintain the financial integrity of the system, in the event the proposed fare increase for 2013 is not approved. However, as an illustration, to reduce TransLink's expenditures by \$25 million per year entirely through service cuts would require the elimination of roughly 300,000 hours of conventional service hours (6 per cent of total bus services).

- b. What are TransLink's cost containment targets, and are these big enough to remove the need for fare increases?

TransLink's Response: *As outlined in a response above, the stabilization of TransLink's finances relied upon the achievement of cost reductions to sustain the system. In 2009 and 2010, cumulative cost reduction targets of \$50 million were established and exceeded. These continue to be assumed and incorporated into our forecasts.*

For 2011 and 2012, TransLink has adopted an approach to budgeting that separates core services from strategic initiatives in order to continue to focus on the cost of maintaining our existing level of service and keeping our assets in a state of good repair. Non-core program expenditures are driven by our strategic priorities. We continue to focus our cost containment efforts in all areas of the business and have outperformed budget targets each year. Going forward, the budgeted increases in core services grow at rate of less than inflation.

TransLink has set policy targets for an accumulated surplus to cover the risks for the broad set of programs we deliver such as bus, rail, HandyDART, maintenance of the major road network, bridges and our responsibility for managing transportation

demand. There are significant risks due to uncertainty in revenue and cost factors such as fuel tax revenue and associated operating costs, interest rate impacts and toll revenues for which a sufficient cumulative reserve is necessary to ensure that essential services can be delivered under different economic conditions without relying on the sale of real estate assets to fund operations.

Commissioner adds:

As he considers TransLink's application, the commissioner is reviewing TransLink's capital and operating costs and its performance compared with other transit systems. Of key interest to the commissioner is whether TransLink can be reasonably expected to deliver all the services and projects committed in its current "Moving Forward plan with lower (and/or later) revenues than estimated in the plan, and at reasonable levels of financial risk, i.e. without jeopardizing TransLink's financial sustainability.

c. Surely, when fare gates are installed at SkyTrain stations, lower fare evasion could help mitigate fare increases. How big is fare evasion and what has TransLink done to minimize it? If fare evasion were halved, say, would that remove the need for fare increases?

TransLink's Response: *One of the benefits of the introduction of the Compass Card and fare gates in 2013 is a significant reduction in fare evasion. Estimating revenue loss due to fare evasion is a difficult exercise due to the number of assumptions that have to be made. With the 2010 fare evasion results, TransLink estimates that if fare evasion rates could be reduced by half, fare revenue would increase by approximately \$9 million; Compass Card and fare gates are estimated to result in fare evasion savings of almost \$7 million per year, starting in 2013. These savings are already assumed in TransLink's strategic plans and budgets.*

Proposed Ticket Price Increase

6. When would the increase occur?

The application is for an increase on January 1, 2013.

7. What is the price of a cash fare, today and proposed?

The table below shows the current and proposed price of cash fares; the dollar and per cent change.

Price of a cash fare – one ticket				
Item	Current (\$)	Proposed January 2013 (\$)	Change	
			\$	%
1 zone adult	2.50	2.75	0.25	10.0
2 zone adult	3.75	4.25	0.50	13.3
3 zone adult	5.00	5.50	0.50	10.0
1 Zone Concession	1.75	2.00	0.25	14.3
2 Zone Concession	2.50	2.75	0.25	10.0
3 Zone Concession	3.50	4.00	0.50	14.3

8. What is the price of a FareSaver book of 10 tickets, today and proposed?

The table below shows the current and proposed price of a FareSaver book of 10 tickets; the dollar and per cent change.

Price of a FareSaver Book of 10 Tickets				
Item	Current (\$)	Proposed January 2013 (\$)	Change	
			\$	%
1 zone adult	21.00	23.50	2.50	11.9
2 zone adult	31.50	35.50	4.00	12.7
3 zone adult	42.00	47.00	5.00	11.9
Concession	17.00	19.00	2.00	11.8

9. What is the price of monthly FareCards, today and proposed?

Price of a monthly FareCard				
Item	Current (\$)	Proposed January 2013 (\$)	Change	
			\$	%
1 zone adult	81.00	91.00	10.00	12.3
2 zone adult	110.00	124.00	14.00	12.7
3 zone adult	151.00	170.00	19.00	12.6
Concession	46.50	52.00	5.50	11.8

10. When did Cash Fares, FareSavers and FareCards prices last increase, and by how much?

In 2008, all fares increased: in April 2010, FareSavers and FareCards increased. The increases depended on zone, as shown in the following tables.

Price of Cash Fare					
Item	2005 (\$)	2008 (\$)	Proposed January 2013 (\$)	Per Cent Change	
				2005 to 2008	2008 to 2013
1 zone adult	2.25	2.50	2.75	11.1	10.0
2 zone adult	3.25	3.75	4.25	15.4	13.3
3 zone adult	4.50	5.00	5.50	11.1	10.0
1 zone Concession	1.50	1.75	2.00	16.7	14.3
2 Zone Concession	2.00	2.50	2.75	25.0	10.0
3 Zone Concession	3.00	3.50	4.00	16.7	14.3

Price of a FareSaver Book of 10 Tickets					
Item	2009 (\$)	April 2010 (\$)	Proposed January 2013 (\$)	Per Cent Change	
				2009 to 2010	2010 to 2013
1 zone adult	19.00	21.00	23.50	10.5	11.9
2 zone adult	28.50	31.50	35.50	10.5	12.7
3 zone adult	38.00	42.00	47.00	10.5	11.9
Concession	16.00	17.00	19.00	6.3	11.8
Price of Monthly Fare Cards					
1 zone adult	73.00	81.00	91.00	11.0	12.3
2 zone adult	99.00	110.00	124.00	11.1	12.7
3 zone adult	136.00	151.00	170.00	11.0	12.6
Concession	42.00	46.50	52.00	10.7	11.8
FastTrax Student	73.00	81.00	n/a	11.0	12.3

11. What are TransLink's proposed changes to monthly, employee and concession pass prices?

The following are TransLink's proposed changes to proposed fare products:

Price of Monthly Fare Cards					
Item	2009 (\$)	April 2010 (\$)	Proposed January 2013 (\$)	Per Cent Change	
				2009 to 2010	2010 to 2013
1 zone adult	73.00	81.00	91.00	11.0	12.3
2 zone adult	99.00	110.00	124.00	11.1	12.7
3 zone adult	136.00	151.00	170.00	11.0	12.6
All zone concession	42.00	46.50	52.00	10.7	11.8
FastTrax Student	73.00	81.00	n/a	11.0	n/a
Employer Pass (Annual Rate)					
1 zone adult	762.00	846.00	951.00	11.0	12.4
2 zone adult	1026.00	1139.00	1281.00	11.0	12.5
3 zone adult	1406.00	1561.00	1755.00	11.0	12.4
Price of West Coast Express Fare Products					
Weekly Pass					
1 zone adult	38.00	42.25	47.50	11.2	12.4
2 zone adult	38.00	42.25	47.50	11.2	12.4
3 zone adult	52.25	58.00	65.25	11.0	12.5
4 zone adult	63.50	70.50	79.25	11.0	12.4
5 zone adult	87.75	97.50	109.50	11.1	12.3
1 zone concession	25.50	28.25	31.75	10.8	12.4
2 zone concession	25.50	28.25	31.75	10.8	12.4
3 zone concession	34.50	38.25	43.00	10.9	12.4
4 zone concession	42.50	47.25	53.00	11.2	12.2
5 zone concession	59.25	65.75	74.00	11.0	12.5
28-Day Pass					
1 zone adult	121.50	134.75	151.75	10.9	12.6
2 zone adult	121.50	134.75	151.75	10.9	12.6
3 zone adult	161.00	178.75	201.00	11.0	12.4
4 zone adult	195.50	217.00	244.00	11.0	12.4
5 zone adult	269.00	298.50	335.75	11.0	12.5
1 zone concession	74.50	82.75	93.00	11.1	12.4
2 zone concession	74.50	82.75	93.00	11.1	12.4
3 zone concession	99.75	110.75	124.50	11.0	12.4
4 zone concession	123.50	137.00	154.25	10.9	12.6
5 zone concession	174.00	193.00	217.25	10.9	12.6
FastTrax Student	121.50	134.75	n/a	10.9	n/a
Community Pass	84.75	94.00	n/a	10.9	n/a
UPass Student	84.75	94.00	n/a	10.9	n/a
Employer Pass – Monthly Rate					
1 zone adult	110.00	122.00	137.00	10.9	12.3
2 zone adult	110.00	122.00	137.00	10.9	12.3
3 zone adult	148.00	164.00	185.00	10.8	12.8
4 zone adult	180.00	200.00	225.00	11.1	12.5
5 zone adult	248.00	275.00	310.00	10.9	12.7

Rates are representative of Appendix 9 of TransLink's 2010 Funding Stabilization Plan as approved by the Mayors' Council on October 23, 2009. The complete details are available at http://translinkcommission.org/Funding_Stabilization_TransLink_2010_10_Year_Supplemental_Plan.ashx.pdf

12. If the Commissioner does not approve the fare increases, will fares still go up?

TransLink's Response: *No decision has been made on what strategies TransLink may use to maintain the integrity of the system if this fare increase application is not approved. The proposed fare increase evenly distributes the increase across all the different fare media. As the Commissioner approves only the short-term fare changes and the Mayors' Council approved the 2013 supplemental increase, in the event that the current proposed increase is not approved, TransLink can increase the price of longer-term fares, such as monthly FareCards, by reducing the current discount relative to the short-term fare. It is likely that some reductions in the discounts currently offered on longer term fare media will be reduced in order to reduce the magnitude of service and/or project cuts that may be necessary.*

13. What other increases is TransLink considering, e.g. in taxes and other fees?

TransLink's Response: *Other increases to taxes or fees have not yet been considered. The proposed 2013 fare increase is just one component of the broader revenue package that was approved by the Mayors' Council in the 2010 Funding Stabilization Plan. The funding package for that plan also increased fuel (by 3 cents per litre) and parking sales tax rates (from 7 per cent to 21 per cent on paid off-street parking) in 2010 to generate the necessary revenues to maintain the current system.*

In October 2011, the Mayors' Council approved the 2012 Moving Forward Plan that expands the transportation system to keep up with current demands and to build and operate the Evergreen Line. The funding for this plan is to come from an additional 2 cents per litre increase to the regional fuel tax, starting April 2012, and a new source or sources to be identified in 2012. If a new source is not identified in time to begin generating revenue in 2013, then a two year, time-limited property tax increase of \$23 per average household will go into effect. Furthermore, the Moving Forward Plan builds upon a base plan that has assumed the full fare increase as approved in the 2010 Funding Stabilization Plan.

Commissioner's Role and Process

14. What is the TransLink Commissioner's role?

The Commissioner replies: *The commission (i.e. the office of the Commissioner) is the independent regulator of TransLink. One of its tasks is to regulate "short term fares".*

Under the law TransLink must obtain the Commission's approval before making any increase in existing "short-term fares" greater than 2 per cent compounded annually and also before introducing a new "short term fare".

15. What exactly is the Commissioner being asked to approve?

The Commissioner replies: *the law allows TransLink to increase "short term fares" (defined in the next answer below) at a rate of up to 2% per year without approval. Because TransLink is proposing to increase those fares at about twice this rate, it needs the Commissioner's approval.*

The Commissioner is therefore being asked to approve the above-2%-per year portion of the proposed increase in short term fares

However, TransLink has informed the commissioner that, after the planned introduction of the "Compass" smart cards as a method of payment part way through 2013, the structure of the tariff is likely to change considerably. This means that the increases in the various fare types for 2016 and 2019 are moot: well before these dates are reached, a number of currently-offered fare types may disappear and new ones may be offered.

16. What is a "short term fare" and what is its significance?

The Commissioner replies: *A short-term fare is a transit fare excluding passes of longer than three days validity. This means that cash fares and FareSaver tickets (which are transit tickets bought in books of ten) are considered short-term fares, but monthly FareCards, for instance, are not.*

Because the effective per-trip price of passes is typically set to be less than the cash fare or FareSaver ticket price (otherwise they would not be worth buying), these "short term fares" are in practice a cap on the per-trip price paid by (e.g.) monthly pass holders.

17. When will the Commission make a decision?

The Commissioner replies: *The Commission must make a decision within 90 days of application date of December 28, 2011, i.e. March 27, 2012.*

18. What impact does the 2009 Comptroller General's Report on TransLink – and subsequent legislative amendments made in 2010 – have on this?

The Commissioner replies: *The legislative amendments did not change the clauses of the Act dealing with the regulation of fares. The Comptroller General made a number of critical*

comments about TransLink's costs. The Commissioner has asked TransLink to describe how it has responded to those criticisms, and TransLink has undertaken to reply by January 31, 2012. The Commissioner will publish TransLink's reply.

19. How can I provide input?

Please write to the Commissioner at comments@translinkcommission.org, or post a comment on the Facebook Page of the TransLink Commission, or by Canada Post to: TransLink Commission, P.O. Box 1497, Comox, B.C., V9M 8A2. Though the formal period for receiving responses to be considered in his decision ends February 15, 2012.

20. Where do I find more information?

Further information is available at the TransLink Commission website www.translinkcommission.org or at the TransLink website: www.Translink.ca.

21. Will there be public hearings?

Under the legislation, after 30 days for public comment, the Commissioner may decide to hold a public hearing.

22. What will the Commissioner consider in deciding on TransLink's applications?

In his final decision on whether to approve the fare, the Commissioner must weigh four considerations:

- maintain financial stability of TransLink;*
- allow TransLink to provide planned services;*
- encourage TransLink to minimize expenses; and*
- keep fares as low as possible.*

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