

Ms. Wills:

The 2021 proposed transit budget retains the very outdated fare structure, although it is noted that Staff intend to review fares after (during?) the 2021 transit pilot project.

I strongly recommend that the fares be increased in early 2021, as indicated below.

Cobourg Transit Fares 2021

	Current	2021 Proposed
Cash	\$2.00	\$3.00
Tickets	1.60 (10 for \$16.00)	2.50 (10 for \$25.00)
Passes Adult	\$60.00	\$100.00
Senior	50.00	90.00
Student	30.00	80.00
Student PM	15.00	40.00

The fare increase seem dramatic but is actually reasonable considering that Cobourg's transit fares have not increased in over 17 years. Further, the increase is just slightly higher than the rate of inflation, applied over 17+ years.

It should be noted that the focus always seems to be on the cash fare: **\$2.00.**

I suggest that the important number is the net fare yield of **\$1.23**, Calculated by dividing the total fare revenue by the total number of rides.

As noted by IBI in 2014 and KPMG in 2020, Cobourg transit fares are low!

The proposed transit fares have a yield of about **\$2.37**, an increase of **92.7%**

The current fares, with a yield of **\$1.23** represents a **38.5% discount** from the \$2.00 cash fare, as compared to the proposed fares with a yield of **\$2.37**, which is only a **21% discount** from the proposed \$3.00 cash fare.

This is a significant improvement.

The 2021 fares budgeted revenue total is \$103,147 The impact of the proposed fares is significant; a fare revenue increase of about **\$93,500**. More than enough to pay for the Transit pilot project.

This is a full year projection. If the fare increase was effective April 1, the estimated additional revenue would be about **\$70,000**

If the effective date was July 1, the estimated additional revenue would be about **\$46,750**.

Cobourg's last transit study by IBI in 2014 noted that:

- Cobourg's 2013 transit fares had not been increased in over 10 years
- Cobourg's transit fares were lower than peer communities.
- Cobourg discounts the tickets and passes somewhat more than other transit systems.

To date (2021) Cobourg transit fares have not increased in over 17 years

KMPG in their recent (2020) Cobourg efficiency study noted that Cobourg transit fares were lower than peer communities and the tax levy support for transit is higher.

From the 2021 budget, PDF pages 108-110:

The 2020 budget and YTD are of limited analytical use due to the significant covid ridership decrease and the "no fare" period.

For 2019 actual:

Fares Revenue \$137,529

Total Revenue \$141,092

Total cost \$1,080,166

Cost net of provincial subsidy \$848,666

Total net cost \$707,574

Ridership, Regular + Wheels: 112,226

Average ride revenue yield: $137,529/112,226 = \$1.23$

This is only 61.5% of the \$2 cash fare and fairly consistent from
Hence the low revenue yield per ride.

The Cobourg transit fares have not changed in at least 17 years per.

The average revenue per ride is \$1.23

In 2019 each **transit ride cost the Cobourg taxpayers \$6.30**

For 2021, staff is proposing that **the subsidy be increased 78.6% to \$11.25**

From the 2021 transit ask:

Fares Revenue: \$103,147 (75% of 2019 YTD)

Total Revenue: \$111,147

Total cost: \$1,259,685

Cost, net of provincial subsidy: \$1,054,685

Total net cost \$943,538

Average ride revenue yield from the 2019 calculation: \$1.23

Estimated Ridership, Regular + Wheels: 83,860 (103,147/1.23)

Staff's 2021 ridership estimate is 84,170, 310 higher.

The gross cost per ride is \$12.58 and the net cost per ride is \$11.25