



## STAFF REPORT ACTION REQUIRED

### 2016 Ridership Update

<b>Date:</b>	July 11, 2016
<b>To:</b>	TTC Board
<b>From:</b>	Chief Executive Officer

### Summary

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This report provides an update of TTC ridership results to June 2016. This update is intended to inform the TTC Board of 2016 ridership variances from both the 2016 budget and the comparable 2015 actual and to summarize management actions that have been taken, and that are being considered, in order to mitigate as much as possible current negative ridership trends.

### Recommendations

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#### **It is recommended that the Board:**

1. Note the management actions that have been taken, and that are being considered, in order to mitigate current negative ridership trends and the resultant negative impact on the 2016 TTC Operating Budget.
2. Note that Staff will develop a long-term Ridership Growth Strategy for submission to the TTC Board in early 2017.
3. Direct Staff to provide a further Ridership Update in the fall 2016.
4. Receive the 2016 Ridership Update board report and refer it to the TTC Budget Committee for consideration in preparing the 2017 TTC Operating Budget for submission to the TTC Board in September 2016.

### Financial Summary

The projected 2016 year-end passenger revenue shortfall is currently estimated at \$25 million. To offset this shortfall, \$10 million in non-labour expense reductions have been identified. A further savings of up to \$1.5 million will be achieved with the cancellation of planned service additions later in 2016. Based on the above, the current net shortfall is

approximately \$13 million. To offset this remaining gap, review of the 2016 Operating Budget is ongoing in an effort to identify further opportunities to reduce expenses.

## **Accessibility/Equity Matters**

The TTC has made significant progress in moving towards providing barrier-free, accessible transit services to all customers. Presently, all TTC bus services are operated using accessible, low-floor buses. The new low-floor accessible streetcars are being deployed and all routes will have accessible streetcars by 2019. All subway stations will become accessible by 2025, subject to funding.

Service improvements to the bus, streetcar, and subway network encourage and support more spontaneous trip-making, which is an important part of making the conventional system attractive to potential new customers, such as Wheel-Trans registrants, and to all travellers in Toronto. Since the previously planned service additions will not be implemented in September and October 2016, the Accessibility for Ontarians with Disabilities Act (AODA) objectives of more spontaneous travel options for customers with disabilities, and the City's Poverty Reduction Strategy of making transit more accessible and attractive to everyone, will not be advanced at this time. In the short-term; however, the recommendations in this report will have no impact on accessibility.

## **Decision History**

TTC ridership forecasts are a critical element in the establishment of annual TTC Operating Budgets. Given this importance, ridership results are monitored and reported on a daily basis to TTC senior management. Ridership in January/February 2016 was very soft and as a result, management conducted an internal review to better understand current ridership trends and to review actions that could be taken to mitigate the below forecast ridership results for the remainder of 2016.

A *2016 Ridership Update* report was submitted to the TTC Board meeting on March 23, 2016. The link is shown below:

[http://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2016/March\\_23/Reports/2016\\_Ridership\\_Update.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2016/March_23/Reports/2016_Ridership_Update.pdf)

The TTC Board requested a further update on 2016 ridership at the July Board meeting. This report provides the requested update.

At the March 23, 2016, TTC Board meeting, Commissioner Mihevc presented new business on the subject of Fare Evasion. He requested that the TTC report back on the operations of the POP system on streetcars and the possible corrective actions required to mitigate fare evasion.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2016/March 23/Reports/New Business Item Fare Evasion %28Mihevc%29.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2016/March%2023/Reports/New%20Business%20Item%20Fare%20Evasion%20-%28Mihevc%29.pdf)

The recommendation was approved by the board at the same meeting.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2016/March 23/Reports/Decisions/%2328.%20New Business Fare Evasion.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2016/March%2023/Reports/Decisions/%2328.%20New%20Business%20Fare%20Evasion.pdf)

## Issue Background

TTC ridership results are continually assessed from two perspectives – performance compared to the budget and growth relative to the prior-year actuals. In both cases, year-to-date results for 2016, as detailed in the following table, are below expectations:

<b>(Millions)</b>				<b>2016 Actual vs. 2016 Budget</b>		<b>2016 Actual vs. 2015 Actual</b>	
<b>Period</b>	<b>2016 Actual</b>	<b>2016 Budget</b>	<b>2015 Actual</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
1, 2	83.9	87.9	85.3	(4.0)	(4.6)	(1.4)	(1.6)
3, 4, 5	135.0	138.4	134.6	(3.4)	(2.6)	0.4	0.2
6 (to June 18)	31.4	31.4	30.6	0	0	0.8	2.6
<b>Y-t-d</b>	<b>250.3</b>	<b>257.7</b>	<b>250.5</b>	<b>(7.4)</b>	<b>(2.9)</b>	<b>(0.2)</b>	<b>(0.1)</b>

Year-to-date results to the end of Financial Period 2 (February 27) were reported to the TTC Board on March 23, 2016. At that time, ridership was 1.6% (1.4 million) below the 2015 comparable period and 4.6% (4 million) below budget. Based on these results and on an analysis of various factors that may influence ridership for the remainder of the year, it was estimated that 2016 year-end actual ridership could be in the range of 540 to 545 million. This would represent a growth of only 2 million rides (+0.4%) over the 2015 year-end actual of 538 million (including 4 million free Pan Am / Parapan Am Games rides) and a variance of up to 13 million rides (-2.4%) from the 2016 budget of 553 million.

Results for Periods 3 to 5 showed some improvement: 0.2% (0.4 million) above the 2015 comparable period but 2.6% (3.4 million) below budget. The interim results for Period 6 (21 of 35 days reported) are much more encouraging than at any time previously in 2016: 2.6% (0.8 million) above the 2015 comparable period and essentially on budget.

Year-to-date to June 18, ridership in 2016 was more-or-less equivalent to 2015 but 2.9% (7.4 million) below budget. Based on these results, and in the absence of any substantive changes involving the various factors that may influence ridership for the remainder of the year, no improvement is expected at this time in the estimated 2016 year-end actual ridership of 540 to 545 million noted above. This projection could only be upgraded if

the positive interim results for Period 6 are sustained over a significant portion of the remainder of 2016.

## **Comments**

The 2016 TTC and Wheel-Trans Operating Budgets board reports were approved by the TTC Budget Committee on November 9, 2015, and the TTC Board on November 23, 2015.

[http://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Committee\\_meetings/Budget/2015/November\\_9/Reports/2016\\_TTC-W-T\\_Op\\_Budgets.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Committee_meetings/Budget/2015/November_9/Reports/2016_TTC-W-T_Op_Budgets.pdf)

[http://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2015/November\\_23/Reports/2016\\_TTC\\_and\\_Wheel-Trans\\_Operating\\_Budgets\\_Report\\_Nov\\_23\\_201.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/November_23/Reports/2016_TTC_and_Wheel-Trans_Operating_Budgets_Report_Nov_23_201.pdf)

The 2016 TTC Operating Budget includes a ridership budget of 553 million (555 million before factoring in the effects of the approved 2016 fare increase), which was positioned as a “stretch” target. This was in recognition of four factors as originally outlined in the above-noted reports and further updated below. These factors continue to be the main contributors to the current negative ridership trends.

### External benchmarking

Available ridership data for external transit agencies indicate that the current soft ridership trends are not unique to the TTC; similar results are occurring across the GTHA, Canada, and the United States.

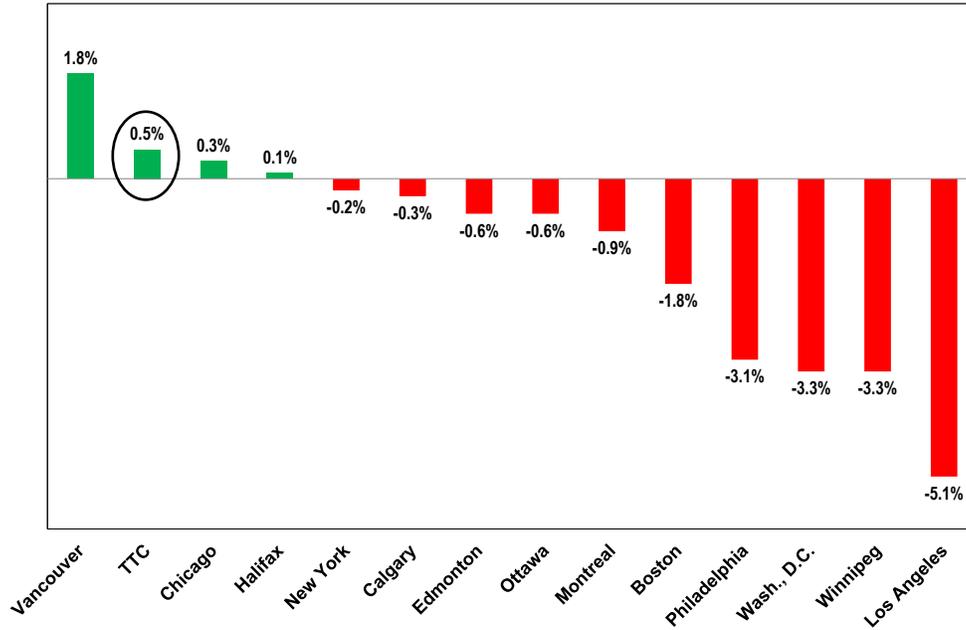
### Aggregate Transit Data

At a national level in the U.S., public transit ridership declined 1.3% in 2015. In Canada, an ongoing monthly survey by Statistics Canada covering 10 of the country’s largest urban transit systems indicates that the aggregate ridership for these agencies decreased 1.7% during each of January, February, and March 2016, and an increase of +0.7% in April 2016.

### Individual Transit Agency Data

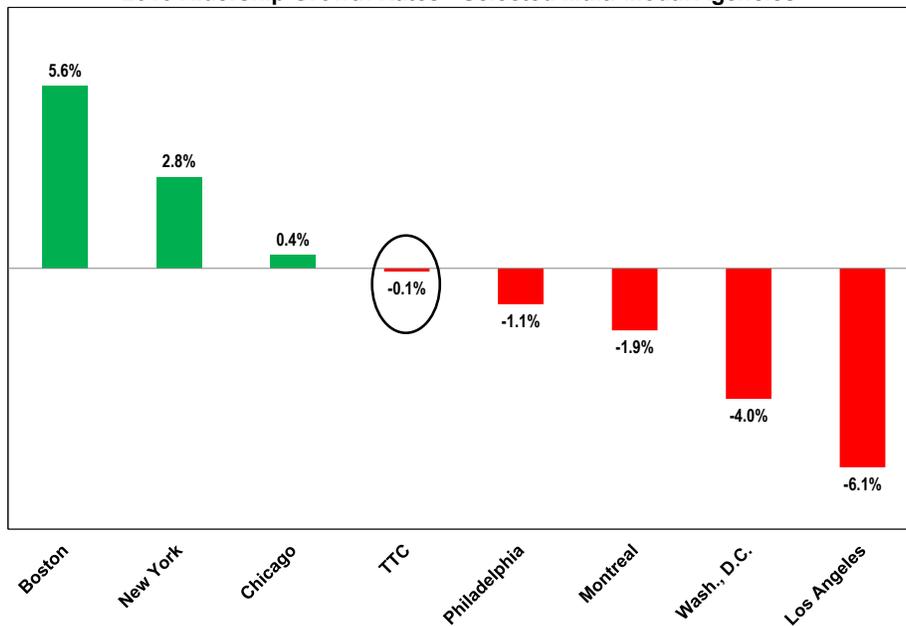
The following chart illustrates 2015 growth rates for selected Canadian and U.S. transit agencies. With the exception of Vancouver, which is expanding its service network, the TTC had the highest growth rate at 0.5%:

**2015 Ridership Growth Rates - Selected North American Agencies**

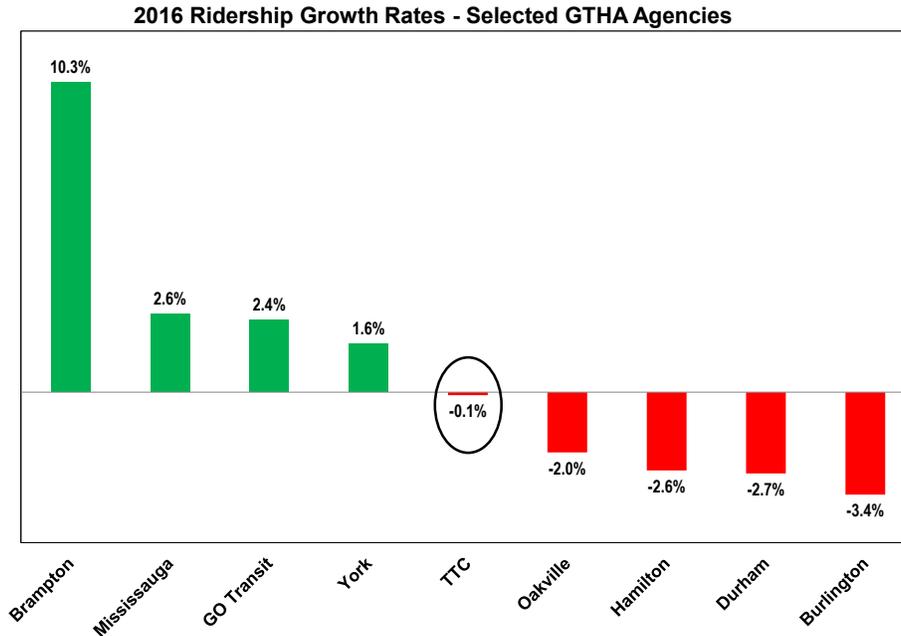


The following chart illustrates 2016 year-to-date ridership growth rates for other North American agencies that have a multi-modal scope of operations that is similar to the TTC. The TTC is in the middle of a wide range of growth rates. Of note is that the comparatively high growth rates for Boston and New York are attributable to the reversal effects of Winter Storm Juno in late-January/early-February 2015:

**2016 Ridership Growth Rates - Selected Multi-Modal Agencies**



The following chart illustrates 2016 year-to-date ridership growth rates for local GTHA agencies:



Of note is that the municipal transit agencies (Brampton, Mississauga, York) that are experiencing growth are also expanding their service networks. Brampton’s growth (10.3%; 850K rides) is due in part to the “Zum” bus rapid transit service, which was implemented beginning in 2010. Mississauga’s growth (2.6%; 300K rides) is due in part to the opening of the Mississauga Transitway, which opened in 2013 and is expected to attract 5 million annual rides when it is completed in 2017. York’s growth (1.6%; 150K rides) is due in part to the ongoing expansion of the “Viva” bus rapid transit service.

In Canada, transit agencies are collaborating with the Canadian Urban Transit Association (CUTA). To better understand the ridership problem, senior-level workshops were held at the spring 2016 CUTA conference and follow-up discussions will be held at the next conference in the fall 2016. Causal factors commonly cited so far by agencies include a weakening economy, slow employment growth, low gasoline prices, and ridesharing services. Of note is that all of these factors are generally beyond the control of transit agencies and could potentially have a long-lasting impact on ridership growth.

## Quantitative Analysis

### 2016 Ridership Base

The 2016 ridership budget of 555 million (before a fare increase) was set in the summer 2015 based on a 2015 year-end ridership projection, at that time, of 540 million rides. Actual 2015 year-end ridership was 538 million (including 4 million one-time extra rides for the Pan Am / Parapan Am Games) – 2 million lower than forecast.

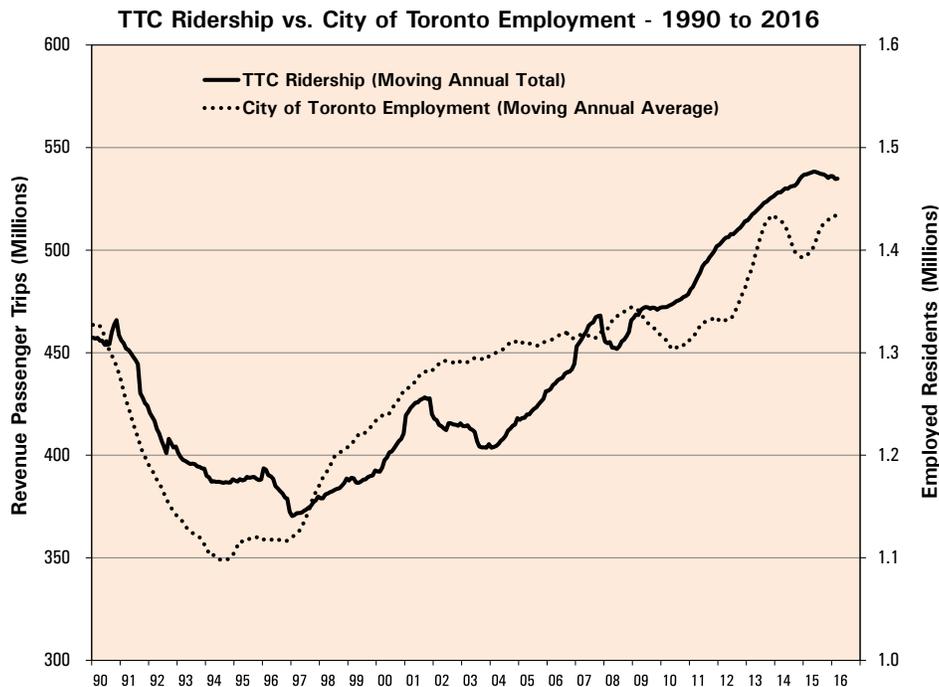
## Economic Growth

The TTC uses a variety of sources to track Toronto’s economic growth, including monthly *Economic Dashboard* reports issued by the City of Toronto’s Economic Development and Culture Division. These reports, in part, provide regular updates of three private-sector forecasts for economic growth (GDP and employment) in the Toronto CMA – Conference Board of Canada, Oxford Economics, and Moody’s. Moreover, City and TTC staff regularly collaborate to share forecasts issued by the Conference Board of Canada (CBoC).

As noted in the table below, the last four CBoC forecasts for 2016 indicate that expected GDP growth has decreased from 3.2% to 2.6%; however, there has been a much steeper reduction in forecasted employment growth from 2.5% to 1.1%:

Forecast	Release Date	GDP	Employment
Spring 2015	May 2015	+3.2%	+2.5%
Autumn 2015	October 2015	+2.8%	+1.9%
Winter 2016	March 2016	+2.8%	+1.0%
Spring 2016	June 2016	+2.6%	+1.1%

The decline in the employment forecast is very significant because historically, employment has been the single best predictor of TTC ridership. The strong, long-term correlation between employment and TTC ridership is clearly illustrated in the following chart:



The chart indicates that the current number of employed Toronto residents is virtually unchanged from 2013 levels. Moreover, the City's *Economic Dashboard* report dated March 31, 2016, indicates the following:

*Between 2008 and 2015, the number of city of Toronto residents that are employed increased by 6.5% (87,500). More than half of the new jobs are temporary and almost half of the new jobs are part-time, many of which are involuntary part-time. 28,100 of the 87,500 net new positions filled by city residents since 2008 are involuntary part-time jobs.*

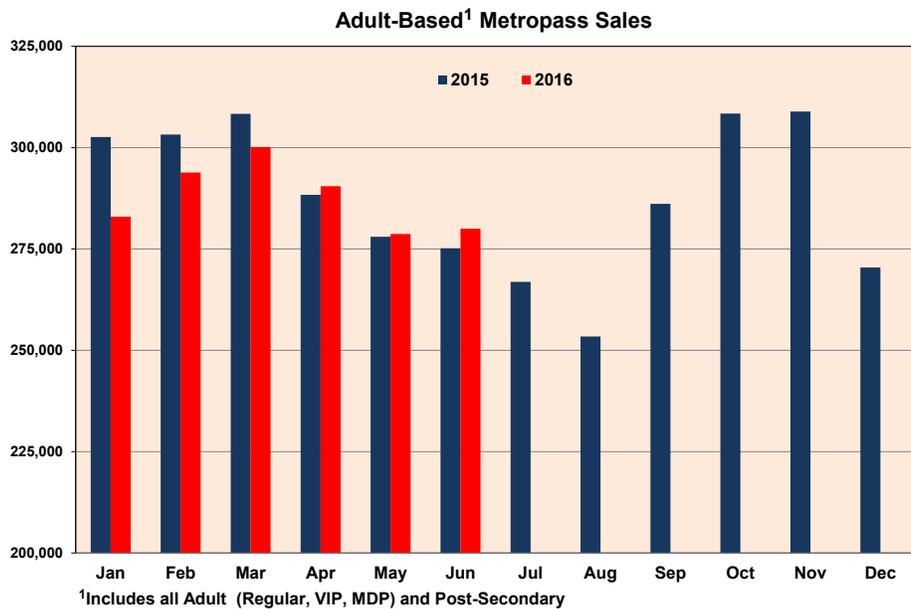
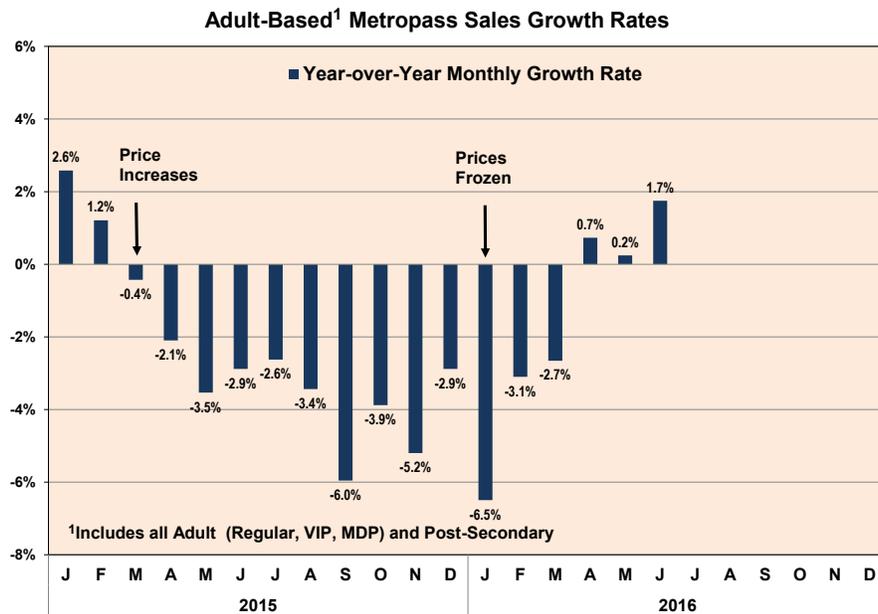
The combination of flatlined growth in the number of employed residents and disproportionate growth in part-time and temporary employment may have had a negative impact on the core TTC customer base that regularly purchase Metropasses. The Adult Regular Metropass is equivalent to the cost of 49 tokens or PRESTO e-purse payments; therefore, it may not be a viable purchase for people who use the TTC to commute to their part-time jobs.

Based on the latest data available, slowing/declining employment growth could result in a decrease of about 2 million rides throughout 2016.

As noted above, employment is the single best predictor of TTC ridership. In this regard, the TTC also uses CBoC forecasts to establish its future-year ridership projections. The TTC's current projections for the three-year period from 2017 to 2019 call for an average annual ridership growth of about 1.4%, which is slightly less than the CBoC's forecast average annual 1.7% employment growth for the Toronto CMA over the same time period.

### Metropass Sales Trends

Metropass sales trends are an excellent indicator of ridership trends. Of note is that monthly sales of the Adult-based (Regular, VIP, MDP, Post-Secondary) Metropass, which account for about 90% of total Metropass sales and 47% of customer journeys, declined modestly in 2014 and much more sharply in 2015. The following charts illustrate monthly year-over-year growth rates and sales for Adult-based Metropasses since the beginning of 2015:



For the year following the March 2015 Metropass price increases, Adult-based sales were below the corresponding prior-year monthly sales, with an overall decline of 3.6%. This negative sales trend has been a significant contributor to the slowdown in the TTC’s ridership growth. There may be various reasons for this decline, including the employment trends noted in the previous section and the fact that the pass price multiple was increased on the Adult Regular Metropass in each of the fare increases in 2014 and 2015.

Metropass prices were frozen for 2016 and it was anticipated that this action would help to reverse the sales decline. Since April 2016, sales have rebounded and the 1.7% sales

growth for June 2016 is particularly encouraging. This rebound is a good indicator that the Metropass fare increase in March 2015 may have run its course.

The recent improvement in sales growth will have to both strengthen and be sustained in order to avoid any further erosion in TTC ridership growth. Specifically, the Adult Regular Metropass is priced to be the equivalent of 49 token rides (42 after the federal income tax credit); however, available data indicate Metropass users take over 70 rides per month. Each lost Metropass sale, therefore, could result in a loss of about 20 rides; however, the associated revenue loss may not be significant. The total estimated ridership loss in 2016 could be approximately 3 million rides.

### Service Enhancements

Another main component of 2016 ridership is the 8 million new rides that were anticipated to be gained as a result of the service enhancements that were approved for 2015 and 2016. Given the nature of customer travel patterns/behavior, it is possible that some of the anticipated gains will not immediately occur due to the fact that there may be a lag effect before customers become fully acquainted with the enhancements and adjust their transit habits accordingly. The overall impact could be approximately 3 million fewer rides in 2016.

A marketing campaign was developed to support service enhancements. The initial campaign – We’re putting more into the TTC so that you get more out of it – was launched in the fall of 2015. The campaign ran in all TTC vehicles, on subway platforms, in print publications, the TTC website, on TTC platform video screens, and station information screens. The campaign promoted service enhancements including the Blue Night Network, the 10-minute network, kids ride free, and increased subway service.

Service enhancements were also promoted in print publications, such as Metro and the Mirror/Guardian newspapers, as well as on Pattison Onestop screens on the PATH and residential networks. Additionally, when the service was launched, more specific advertising was developed to promote new routes and services. Targeted marketing materials were also developed and direct mail pieces were sent to specific neighbourhoods benefiting from the new service. Print ads continue to be run promoting new services.

### Quantitative Analysis Summary

	<u>Ridership (M)</u>
2016 Budget	553
2015 Year-End Actual	(2)
Economic Growth	(2)
Metropass Sales Trends	(3)
Service Enhancements	<u>(3)</u>
Total	543
2016 Projected Actual	540 to 545

## **Other Factors**

### Post-Secondary Metropass

As indicated above, Adult-based Metropass sales declined 3.6% in the year following the March 2015 Metropass price increases. This decline is based on a combination of a 7% decrease in Adult Metropass (Regular, VIP, MDP) sales and an 11% increase in Post-Secondary Metropass sales.

The Post-Secondary Metropass sales trends are a concern because this growth is far outpacing growth in full-time enrollment in accredited post-secondary institutions in Toronto. Conversely, sales of the TTC Post-Secondary Photo ID, which is required in order to provide proof of pass eligibility, have declined. These trends, together with the fact that the Post-Secondary Metropass is \$29.50 cheaper (\$112 vs. \$141.50) than the Adult Regular Metropass, strongly suggest that there may be an increase in fraudulent use of the Post-Secondary Metropass, which must be addressed. The usage rates of these passes are very similar; therefore, this is not having a noteworthy negative impact on ridership; however, it is a growing revenue loss issue.

Given limited enforcement resources, the issue will be difficult to mitigate in the short-term. A more viable, long-term solution is being investigated commensurate with the full implementation of PRESTO. Specifically, the responsibility for managing eligibility could potentially be shifted to eligible post-secondary institutions, which would be the only entities able to set a discount on a PRESTO card.

A marketing campaign was developed to support the sales of Post-Secondary Metropasses. Print ads were placed in college newspapers in the GTHA, on platform video screens and station information screens, and information was featured on the TTC website.

### Children / High-school Students

The goal of increasing the Child (aged 12 and under) ridership segment through the implementation of the children-ride-free policy in March 2015 has been a big success; this is reflected in the significant ridership growth for this customer segment. For 2016, about 20 million free Child rides are projected, which is substantially above the 2015 year-end actual of approximately 12 million rides. The 2016 projection is based on an internal Child Ridership Survey covering a large sample of TTC customers that was conducted in early 2016, as well as on periodic usage counts.

As a by-product of the children-ride-free policy, some frontline employees have observed that at stops located near high-schools, students have been boarding vehicles without paying a fare. Some students seem to be claiming to be aged 12 or under and should be riding for free. Following the identification of this fare evasion risk, targeted inspections were conducted to educate customers at known problem locations. In the fall 2016, to coincide with the start of the school year, a letter will be sent to schools and

parents/guardians to remind them that students between 13-19 years of age must pay a valid fare. This would be followed by targeted inspections and possible ticketing.

### All-Door-Boarding and Proof-of-Payment on Streetcars

With the introduction of new streetcars, in which Operators are segregated from customers, it is not possible for Operators to verify fare payment. As such, the TTC introduced All-Door-Boarding (ADB) and Proof-of-Payment (POP) on all streetcar routes. This was done in advance of all new streetcars being delivered to ensure the customer proposition was consistent and therefore easier to understand. In conjunction with this change, it was necessary for a new Transit Fare Inspector (TFI) position to be created to enforce fare payment on all streetcar routes. Their duties include recording the number of inspections, and issuing written warnings and tickets that may result in a fine. This provides an ongoing evasion rate that is monitored monthly. Prior to 2014, system-wide fare enforcement was conducted by Transit Enforcement Officers on an ad-hoc basis.

It has been suggested that the introduction of ADB and POP may be a contributing factor in ridership falling short of forecasts. The TTC examined fare evasion on streetcars as it pertains to the current ridership results.

In mid-2014, seven TFIs were deployed with the introduction of the first new streetcar on the 510 Spadina route, completing 60K inspections per month, a 2% inspection rate, with an evasion rate of 3.9%.

In 2015, a number of other streetcar routes became ADB and POP. In each case, an initial month-long customer education period took place followed by fare enforcement. TFIs conducted approximately 80K inspections per month and averaged 100 written warnings and 200 tickets. Since January 2016, when all streetcar routes became ADB and POP, 51 TFIs conducted approximately 220K monthly inspections. Customer education remained a strong focus, though the monthly average number of written warnings (322) and tickets (465) increased. Since April 2016, the TFI's main focus became fare enforcement which has seen the monthly average number of tickets issued increase significantly to 1,079.

Today, the evasion rate has decreased to a monthly average of 2.7% and the inspection rate has increased to 2.8%.

By mid-2016, the remaining budgeted 18 TFIs will be hired, bringing the total to 69, the minimum number required to achieve the industry standard fare inspection rate of 4-5%. These additional resources will further discourage fare evasion throughout the entire streetcar network. The number of TFIs required to keep the fare inspection rate and evasion rate within industry standards will continue to be closely monitored.

To further support the efforts of TFIs, an advertising campaign was developed to promote POP and ADB to customers. In addition to installing new decals on all streetcars, advertising occurred on platform video screens and station information screens in all TTC

stations, as well as in print publications. Explanatory information was posted above the rear doors on all streetcars. Transit ambassadors and TFIs were supplied with pocket-sized information sheets for distribution to customers during the education phase of the implementation. Streetcar Operators have also been directed to encourage customers to take a transfer whenever anyone pays with cash, tickets or tokens.

### Fare Collection by Operators

Bus and Streetcar Operators continue to have a clear role to ensure customers pay the correct fare or have POP, ensure customers know what the correct fare is if they haven't paid it, and to report regular instances where individuals are not paying the fare they should. Operators are not, however, Fare Enforcement Officers and do not have the tools to play that role. Furthermore, an overly robust approach to ensuring customers pay the correct fare can serve to cause serious delays to both individual vehicles and an entire route. Finally, it is clear that there are many instances that can lead to confrontation between a customer and an Operator, placing the Operator, and other customers, at risk. For this reason, TTC Operators, in line with those across the region, are told to inform customers of the required fare and report instances of fare evasion so the proper resources can be deployed.

### Subway Closures

The number of planned subway closures on weekends for upgrades has been increasing, including Automatic Train Control signalling on Line 1, and essential state-of-good-repair work. There were approximately 35 closures in 2015 and a similar total is expected for 2016. This contrasts with 20 closures in 2011 and 14 closures in 2012.

Closures are carefully planned in order to minimize their impact on customer mobility around the city as well as on road users, local businesses, and communities. However, an unavoidable consequence of any type of closure is that some customers choose to travel by alternative means or do not travel at all. One aspect of a closure that causes this reaction is the increase in journey times, specifically; buses in mixed traffic cannot match the speed or capacity of a subway. Recent steps have been taken to keep shuttle buses moving, including the introduction of parking restrictions to address traffic pinch points and the bypassing of local bus stops between subway stations. Operators also do their best to fill shuttle buses as quickly as possible; as a result, it is a challenge to ensure all fares are checked. The large number of planned closures likely has some negative impact on ridership and revenue, which helps to compensate customers for the added inconvenience and to keep Toronto moving.

### Commuter Parking

Usage at TTC's commuter parking lots does not reflect the declining growth in ridership. As of May 2016, 22 of 25 parking lots have occupancy rates between 81% and 100%. These occupancy levels are expected to increase as the remaining lots identified for redevelopment by Build Toronto are closed. Lots that have recently closed for

redevelopment include the parking lot at York Mills station that closed in October 2015 (although this is still being used as a parking lot so is unlikely to have affected ridership) and the Cordova lot (approximately 470 spaces) at Islington station that closed in March 2016.

### Customer Satisfaction

Some media reports have suggested that poor customer service could also be a contributing factor; however, this is not reflected in Customer Satisfaction Survey results, which have seen perceptions of TTC service at an all-time high over the last 12 months: Q2 2015 - 79%, Q3 2015 - 81%, Q4 2015 - 72%, and Q1 2016 - 79%.

### **Conclusion**

TTC ridership results are monitored by staff and continually reported to senior management. Staff also tracks Metropass sales trends, passenger counts, and economic indicators from a variety of external sources, including the City. When the ridership results for Period 2 2016 began to be reported and were measurably worse than for Period 1, management began formulating actions required to try to address the current trends. Based on work undertaken to-date, the following conclusions are noted:

- Observed ridership from 2015 indicates a flatlining trend, which is consistent with the softening revenue ridership trend;
- The implementation of ADB and POP on streetcars has not resulted in a surge of fare evasion;
- Post-Secondary Metropass sales continue to grow with no corresponding increase in either post-secondary enrollment or TTC Photo ID sales;
- The decline in Adult Metropass sales may be explained by price increases in 2014 and 2015. The recent sales rebound a good indicator that the Metropass fare increase in March 2015 may have run its course;
- The current soft ridership trends are not unique to the TTC; similar results are occurring across the GTHA, Canada, and the United States;
- There is a growing consensus among Canadian agencies that the main driver of ridership is economic growth, in particular, employment growth, which is beyond the control of transit agencies and could potentially have a long-lasting impact on ridership growth;
- The impact of low gasoline prices and ridesharing is difficult to quantify; however, both factors are seen by many transit agencies as contributors to declining ridership.

### Adjusting service increases in line with revised ridership forecasts

In 2016, an additional \$6 million for service was budgeted to accommodate the estimated 555 million trips that were projected for the end of 2016. As a result of the recent plateau in TTC ridership, service additions that were to be implemented for September and October will not be implemented. This will result in a savings of up to \$1.5 million in 2016. Current service levels are sufficient to support a revised 2017 ridership estimate of

545 million rides; therefore, on an annualized basis (i.e., for 2017), there will be a reduction of approximately 70,000 hours of service, which will result in a cost avoidance in the 2017 Operating Budget of approximately \$6 million.

#### Addressing the perceived fare evasion risk on streetcars

Communication is key to ensuring customers know that POP is required to travel on streetcar routes. In early 2015, new POP decals were installed on all vehicles to clearly identify the route, in conjunction with a full advertising/marketing campaign that included print ads, ads on platform video screens and station information screens. Hand-outs were created for distribution during the education phase of the launch and every streetcar has POP information above the rear doors. A refreshed POP advertising campaign has just launched. Ads will appear in all TTC vehicles. Print ads and digital ads have also been developed to further support the program.

The TTC communicated with streetcar Operators to ensure they provided a POP transfer to all customers and were able to provide any information to customers.

#### Future Actions

Based on a 2016 ridership projection in the range of 540 million, the resultant impact on the 2016 TTC Operating Budget will be substantial - the passenger revenue budget shortfall could be approximately \$25 million. Some expense reductions have been achieved to date; however, a variety of future actions may be required in order to fully offset these losses. These actions include, but are not limited to, the following:

- Monitor Metropass sales to determine if sales trends continue to improve now that the impact of the March 2015 fare increase has ended;
- No net increase in service is implemented until it can be determined if the year-to-date ridership results are only temporary or more indicative of a lasting trend;
- If ridership continues to trend downward, work with the City to consider using the TTC Fare Stabilization Fund (which has a balance estimated at approximately \$15 million) or receiving an additional operating subsidy;
- To ensure only eligible customers pay discounted concession fares, additional revenue control measures are required. These measures are being recommended in a separate Fare Policy report being submitted to the TTC Board in July 2016;
- Staff to review the case for a dedicated number of additional Fare Inspectors to provide targeted fare inspections across the system.
- Staff will develop a long-term Ridership Growth Strategy for submission to the TTC Board in early 2017.

#### **Contact**

Vincent Rodo  
Chief Financial and Administration Officer  
Corporate Services Group  
[Vincent.rod@ttc.ca](mailto:Vincent.rod@ttc.ca)  
T: (416) 393-3914