

Our File/N/Réf.
Your File/V/Réf.

DATE: 17 November 1999

TO/DEST: Co-ordinator, Transit Services Committee

FROM/EXP: General Manager

SUBJECT/OBJET: **SENIOR PASS PRICING**

DEPARTMENTAL RECOMMENDATION

That the Transit Services Committee recommend the Transit Commission approve that:

- 1) when the special \$19.99 senior pass rate for the International Year of Older Persons ends on December 31, 1999, the price be set at \$24 instead of being restored to its previous rate of \$28;**
- 2) the existing top-up be maintained for senior pass users on Para Transpo.**

BACKGROUND

In June 1999, the price of the senior pass was reduced to \$19.99 from \$28 to celebrate the International Year of Older Persons. This one-time special offer was approved to be in effect until December 31, 1999. Unless the Transit Commission decides otherwise, the senior pass price will automatically revert to its previous rate of \$28 in January 2000.

With the exception of the one-time discount for the International Year of the Older Person, the senior pass price has been \$28 since January 1996.

The purpose of this report is to review the experience with the \$19.99 discount and to discuss pricing alternatives.

DISCUSSION

In the report recommending a \$19.99 senior pass for the International Year of Older Persons, it was made clear that pass sales needed to climb to 10,000 from 7,000 to avoid revenue loss. Although the sales of the senior pass have increased, they have not reached this level. Monthly increases of approximately 1,000 have been experienced, for total monthly sales of approximately 8,000 senior passes. This translates into monthly revenue losses of about \$50,000 when compared with revenues

which would have been collected from the sale of 7,000 passes at \$28 and adjusted for some migration from ticket sales to passes.

If the senior pass price is held at \$19.99 for the year 2000, this would mean a shortfall of \$650,000. If a smaller discount is continued and the price is set at \$24, the shortfall would be \$310,000.

The growing fleet of low-floor buses, the top-up policy for seniors on Para Transpo and the discounted pass rate have combined to attract seniors to regular service. Our marketing efforts focused on senior homes and recreation centres, and included a wide distribution of posters and pamphlets, in-mall advertising and special information visits to senior destinations, raised awareness of the transit pass price and of service in general. More than 1,000 free bus pass photo IDs were distributed at different events in the region since June. Many seniors are expecting reinstatement of the \$28 pass price in January.

When the \$19.99 senior pass was introduced, so was a top-up of one 75-cent ticket or \$1.25 on Para Transpo. The top-up policy was discussed by the Accessible Transit Advisory Committee (ATAC) and is supported because it does provide an incentive to seniors to ride regular transit as much as possible. The position of ATAC is to maintain the top-up policy as long as there are concession fares. When comparing the period of June to September of this year to last year, there were 400 fewer senior passes used on Para Transpo which resulted in reduction in demand for services. The senior pass user has taken, on average, 3.2 fewer trips a month in that time period. Many of the customers who were Para Transpo senior pass users are continuing to take Para Transpo but are now paying by ticket only, while others have moved to regular transit and continue to use the senior pass.

This reduction in demand for Para Transpo has made services available to other Para Transpo customers who generally have no other way to get around.

During the International Year of Older Persons, Para Transpo introduced a special program to assist seniors who must often use Para Transpo for medical purposes and for whom the top-up on the senior pass for these trips has caused severe economic hardship. This program was to terminate at the end of this year, however, it is recommended that the program be extended at least until the end of 2000.

FINANCIAL ANALYSIS

It is anticipated that a \$28 pass for 2000 would achieve revenues of \$2.57 million and ridership of 3.95 million. Based on experience with the \$19.99 senior pass, revenues from a \$24 pass are projected to be \$2.26 million and ridership would be 4.16 million. Continuing the \$19.99 price would generate \$1.90 million and 4.37 million riders. These revenues and ridership figures include adjustments to account for expected shifts from passes to tickets as pass prices rise. The 2000 draft budget estimates will reflect the Commission's decision.

*Approved by
Gordon Diamond*