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The Transit Partnership:

Transit service in the Municipal Systems Program is provided through a partnership between BC Transit, local government, and an operating company. While approving fares is a local government responsibility under this partnership, it is BC Transit’s role to provide professional advice that includes recommending fare strategies aimed at maximizing ridership and revenue in a community.

Transit Fare Strategies

Decisions on setting transit fares must often balance the need - given the limits on public funding - for transit users to cover some of the costs of providing the service with the desire to provide a service that is attractive to choice riders and affordable for those with no alternative means of transportation. A key objective when setting fares is to encourage greater transit use, a desirable community goal irrespective of the amount of revenue generated.

Fare strategies can be used to encourage greater ridership and target specific market groups. The use of prepaid fares, particularly monthly passes, and other longer term passes, is a key component of this strategy. Monthly passes are sold at a discount compared with the price of cash fares, giving commuters and other regular transit users a price break and encouraging more frequent transit use. Key markets, such as high school and post secondary students, can be targeted with further discounts using special monthly or semester passes.

● Growth in Prepaid Fares

In 2001/02 prepaid fares accounted for nearly 60% of transit ridership in the Municipal Systems, up from 51% in 1998/99. Growth in prepaid fares has been even more significant among the Tier 1 systems, increasing from 52% to 69%, as shown in the chart. The trend towards increased prepaid fare use has been accompanied by large increases in overall ridership and revenue. In Kamloops, Kelowna, & Nanaimo – the systems with the greatest prepaid fare use, overall ridership has increased nearly 40% during this period (based on a 7% increase in service), and prepaid fares have accounted for 97% of ridership growth. At the same time, revenue has increased more than 50%.

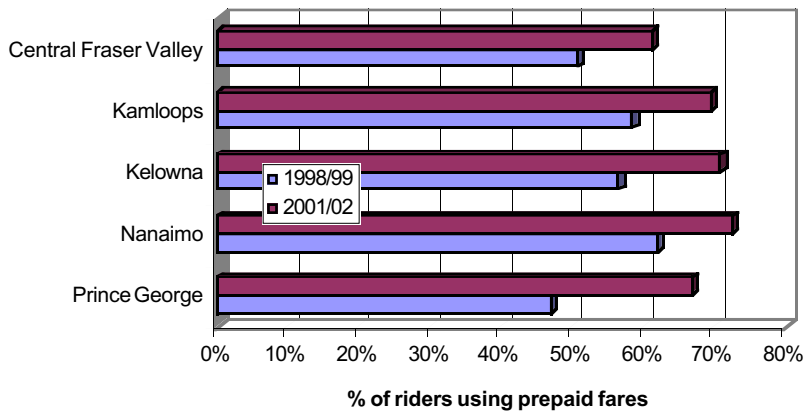
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Advantages of Prepaid Fares:

Prepaid fares form a key component of the fare strategy, and provide a number of advantages:

- Ease of use for passengers; no change is required and no transfers are required.
- Regular users get a price break, encouraging regular commuter travel on transit.
- Encourage transit commuters to use transit for other non-commuting trips since there is no additional cost to do so.
- There are no direct, out of pocket costs to use transit, putting it on more equal footing with driving.

Use of prepaid Fares in Tier 1 Systems, 98/99 vs. 01/02



Prepaid Fare Types

Monthly Passes are the most widely used prepaid fare type, accounting for 60% of prepaid rides in the Municipal Systems. They should be priced at no more than 30 times the cost of a single cash fare. In many communities, these are priced even lower to encourage greater use and more ridership. Student monthly passes are often priced at between 20 and 25 times the cash fare. College passes are reduced rate monthly passes for those attending college or university, typically set at 20% off the rate for an adult monthly pass.

Post-secondary semester passes are bundles of 4 monthly college passes generally sold at a further 20% discount. These passes encourage students to make a longer term commitment to using transit. Semester passes have been very successful in building ridership among the key post-secondary student market. In some communities, these passes have been subsidized by the institution.

4-month student passes are similar to semester passes, but for the high school student market. These are bundles of 4 monthly passes that are sold at a further 20% discount. Like semester passes, they encourage a longer term commitment to using transit. The bundle size is set at 4 to keep the price affordable. For maximum flexibility, these passes can be purchased for any 4-month period.

U-Pass is a universal pass for all students attending a post secondary institution. Typically, students approve U-Pass by referendum, and all students are then required to purchase the pass as part of their student fees. Because all students are paying, the pass is highly discounted – usually about \$10 per month for unlimited use of the transit system. The U-Pass can also be a voluntary program.

Community Pass is an extension of the U-Pass concept to new or existing neighborhoods, institutions, or other groups of transit riders. The group as a whole essentially purchases transit services, and each member of the group is then entitled to unlimited use of the transit system. Because of the high participation rate, the cost to each individual is usually quite low.

Employee passes are targeted at work-trip commuters and are designed to complement employer based programs to reduce vehicle trips. These passes can be purchased from one's employer and paid for through payroll deduction. Ideally, these are photo ID passes, but they can be bundles of monthly passes, as with the semester passes. These are typically priced at 80% of the cost of the equivalent number of monthly passes.

In some communities, electronic fareboxes allow even more flexible fare products to be developed. For example, monthly passes can be replaced with 30 day cards which can be used for any 30 day period, and tickets can be replaced with trip cards.

Contact Information:

If you have any questions about fare strategies or you are planning to make changes to transit fares, please contact the transportation planner for your community:

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BC Bus Passes are annual passes for low-income seniors and people with disabilities issued by the Ministry of Human Resources. Pass holders pay \$45 per year, which in some cases is subsidized by the municipality. The Ministry pays the municipality for each pass in circulation based on the calculated pass value in each community.

Day Passes allow for unlimited travel on the transit system for one day. These are typically set at about 2.5 times the cost of a single cash fare. Day passes are a good option for occasional transit users or visitors to the community who might make 3-5 transit trips in a day.

Tickets provide a prepaid fare option for those who do not use the transit system enough to justify a monthly pass. Tickets provide this group with some of the advantages of prepaid fares (price break, convenience of not requiring exact change), and thus encourage greater transit use. Unlike other prepaid fares, books of tickets can be shared among people. Typically, a book of 10 tickets is sold for the price of 9 individual cash fares.

Fare Structure Guidelines

The table below summarizes the fare structure guidelines and provides a sample fare structure that would result:

Fare Type	Guideline	Sample Fares*
Cash Fares		
Adult	Base fare	\$1.25
Student/Senior	80% of base	\$1.00
Monthly Pass		
Adult	Max. 30 x cash fare	\$37.00
Senior	Max. 30 x cash fare	\$30.00
Student	Max. 30 x cash fare	\$25.00
College Student	80% of adult pass \$30	
Semester/ 4 month Pass		
College Student	80% of 4 monthly passes	\$96.00
Student	80% of 4 monthly passes	\$80.00
Annual Employee Pass		
Adult	80% of 12 monthly passes	\$355.00
Day Pass		
Adult	2.5 x cash fare	\$3.00
Student/Senior	2.5 x cash fare	\$2.50
Tickets (books of 10)		
Adult	9 x cash fare	\$11.25
Students/Senior	9 x cash fare	\$9.00

*This is a sample fare structure based on the guidelines. Note that some fares may be priced significantly below the maximum guideline.

Outlets for Prepaid Fares

In order to encourage greater use of prepaid fares, they should be convenient to purchase. This means that they should be available for purchase at a variety of outlets throughout the transit service area, including municipally run facilities, corner stores, pharmacies, postal/lottery outlets, banks, and colleges. The guideline for the number of outlets in a community is a minimum of 2.5 outlets per 10,000 people.