SUBJECT: University/College Transit Pass Program (PW07101a) - (City Wide)
Public Works Committee Outstanding Business Item

RECOMMENDATION:

(a) That staff be authorized and directed to enter into a three year Agreement with McMaster Student Union and McMaster University for a University/College Transit Pass at a fee per student for the 2008/2009 academic year equivalent to 120% of the HSR Adult Monthly Bus Pass rate, such rate increasing to 130% and 140% in the two subsequent academic years.

(b) That staff be authorized and directed to offer a Semester Transit Pass to McMaster Students Union students enrolled for the four month summer semester beginning on May 1, 2008, as part of the University/College Transit Pass Agreement, at a rate equivalent to the HSR Elementary/Secondary Monthly Bus Pass, or $252.00 for the four month period.

(c) That staff be authorized and directed to offer agreements with duration based on the needs of the respective student bodies, ranging from one to three years, to McMaster Graduate Students Association, Redeemer University College Student Senate, Mohawk Students Association, and their respective University or College administrations, which conform to the basic terms and conditions of the Agreement with McMaster Students Union, such agreements to include a summer Semester Transit Pass arrangement beginning on May 1, 2008 where applicable and desired by the student body.

(d) That The Hamilton Street Railway Company be authorized to execute agreements with the above mentioned parties, satisfactory in form to the City Solicitor, to implement the above recommendations.
That the item respecting “University Transit Pass Program” be removed from the Outstanding Business List on the Public Works Committee Agenda.

Bryan Shynal
Acting General Manager
Public Works

EXECUTIVE SUMMARY:

Recommendation (a) to this Report authorizes the implementation of an Agreement with McMaster Students Union (MSU) that replaces the existing agreement, which expires on April 30, 2008. The proposed agreement will bring the price of the University/College Transit Pass (UCTP) to $94.80 for the 2008/2009 academic year, and $102.70 and $110.60 in the two subsequent academic years, based on the current HSR Adult Monthly Bus Pass price of $79. The eventual pricing of $110.60 brings the fee to the low end of the average price range for Canadian municipalities with a U-Pass program. The eventual pricing at 140% of the HSR Adult Monthly Bus Pass, and the recommended phase-in to this price, are viewed by the stakeholders to the Agreement as necessary in obtaining a favourable referendum to maintain the program.

Recommendation (b) establishes a summer Semester Pass, as requested by MSU, that will be available to undergraduate students enrolled between May and August, who currently must pay the full Adult bus fare outside of the regular academic year. The recommended price provides about a 20% discount, and aligns with the Elementary/Secondary student discount structure. This new aspect of the program will not require enrolled students to participate, unlike the main UCTP program which requires mandatory participation of all full-time undergraduate students enrolled for the main academic year between September 1 and April 30.

Recommendation (c) will allow staff to offer and subsequently execute agreements with the three other participating student bodies, based on the model that has been developed with MSU, ensuring like terms and fee structure for each.

Recommendation (d) provides authority to HSR to execute the various University/College Transit Pass agreements with each of the noted stakeholders.

BACKGROUND:

HSR maintains University/College Transit Pass agreements with:

- McMaster Students Union (MSU) representing undergraduate students at McMaster University;
- McMaster Graduate Students Association (GSA) representing graduate students at McMaster University;
- Mohawk Student’s Association representing Institute of Applied Health Sciences students at McMaster University; and
Redeemer Student Senate representing students at Redeemer University College.

In addition to the student bodies, the respective administrations of McMaster University, Mohawk College and Redeemer University College are signatories to the Agreements, and participate in an administrative capacity.

Report PW07101 authorized staff to negotiate with the parties to the University/College Transit Pass Program to obtain proposed agreements for the 2008 academic year, that reflect a fee structure and terms in line with other Canadian Municipalities. The Report showed that the average fee appears to be in the range of $110 to $130, which is about 50% greater than that paid by students in Hamilton.

Staff has been in negotiation throughout the last quarter of 2007 with McMaster Students Union (MSU) on the terms of agreement for the University/College Transit Pass program, which must be in place for the beginning of the 2008 academic year on September 1, 2008. MSU was chosen from the participating post-secondary groups as being most representative of the program group, comprising about 80% of all UCTP users, and would allow for a development of a pricing model and agreement terms that might be presented to the other student associations.

Staff had proposed an increase to 150% of the price of the HSR Adult Monthly Bus Pass, or $118.50, from the current price of $71.50, that being 110% of the Adult Monthly Bus Pass price of $65 on March 1, 2007. Staff had suggested that this increase might be phased in over a three year period, with prices moving to 120%, 135% and 150% in successive academic years.

MSU had expressed concern over the magnitude of the change, and had indicated that proposed movement past the $100 price mark will create a negative reaction which might lead to an unsuccessful referendum. MSU had proposed that the increase be limited to no more than 130% of the Adult Monthly Bus Pass price, phased in over the three year period. Based on the current approved Monthly Pass price of $79, this would result in a price of $102.70, which remains substantially below the national average, and the lowest of all mid to large sized Municipalities who maintain such a post-secondary program.

The mutually recommended pricing and phase-in approach is viewed by the stakeholders as being most likely to succeed under referendum, while addressing the concerns of the City with regard to appropriate price structure for the program.

In addition to renewal of the program, MSU has requested that consideration be given to undergraduate students enrolled for the summer semester which would allow the purchase of a bus pass which is substantially discounted from the Adult Monthly Bus Pass rate of $79 now paid by post-secondary students. This might best be accomplished by implementing a summer Semester Bus Pass as part of the general University College Transit Pass agreement, such that participating students pay a rate equivalent to that paid by Elementary/Secondary students, or $252 (4 months times $63) for the four month period.

**ANALYSIS/RATIONALE:**

The UCTP program is the source of about $1.7M in annual revenues to the City. Students using the Pass take approximately 2.5M trips on HSR annually, resulting in an
estimated revenue per trip of about $0.70. This rate per trip is about 55% of the equivalent fare paid by an Adult Monthly Pass user, and is the lowest of any revenue per trip on HSR other than that of Senior Annual Pass users. It should be noted that the HSR assumes an average of 13 user trips per month for each of the 23,000 pass holders, which may be somewhat low given the service improvements to the McMaster University area that have, or are being implemented, and the perceived increase in modal share; the actual revenue recovery per trip may be somewhat lower than the $0.70 quoted above.

The recommendations to this report will result in positive revenue results in each of the three academic years covered by the proposed agreements, with additional revenues of $530,000 in the 2008/2009 academic year (which includes annualization of the June 1, 2007 and January 1, 2008 HSR fare increases, and is included in the 2008 Transit Budget), and $180,000 in each of the two subsequent academic years.

As previously reported to Council, the terms and conditions of UCTP programs across Canada are similar, with minor variation based on local conditions. Most programs provide for an unlimited use pass for the academic year, with a mandatory fee applied to all members of the contracted student group, regardless of whether they use the transit service, in much the same way that student health plans are offered. The fee is lower than the equivalent regular transit fare, as the cost is redistributed from the smaller group of users across the larger group of the total student body. Proposed changes to the UCTP fee without consideration of the student body, through referendum, is generally limited within any multi-year agreement, usually having latitude only for minor adjustment (e.g. 5-10%) annually.

In most cases, involvement of the institution is limited to collection of fees, and other administrative tasks associated with issuing or maintaining the Pass.

In many cases, initial fees and subsequent increases have been negotiated to reflect the increased demand for transit services that has resulted from the programs. This has only been somewhat achieved in Hamilton, as additional revenues from fee increases negotiated through the 2004 Council Task Force and general growth in the McMaster campus student population have only partially offset the additional operating cost of service added since program inception, and particularly since 2005.

Table 1 below sets out the equivalent rates for the Pass in other Canadian municipalities, based on a standardized 8 month academic year.

### TABLE 1: U-Pass Fees as of September 1, 2007

<table>
<thead>
<tr>
<th>City</th>
<th>Institution</th>
<th>Eight Month Equivalent Price</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calgary</td>
<td>U Calgary; Southern Alberta Institute Technology (SAIT)</td>
<td>$128.00</td>
<td>SAIT fee higher than UC; SAIT provides partial subsidy of student cost</td>
</tr>
<tr>
<td>Edmonton</td>
<td>U Alberta</td>
<td>$180.00</td>
<td>University provides subsidy of $30 per 8 month term</td>
</tr>
<tr>
<td>Guelph</td>
<td>U Guelph</td>
<td>$118.70</td>
<td></td>
</tr>
<tr>
<td>Halifax</td>
<td>St. Mary’s U Dalhousie U</td>
<td>$116.00</td>
<td></td>
</tr>
</tbody>
</table>
## University/College Transit Pass Program

**City** | **Institution** | **Eight Month Equivalent Price** | **Notes**
--- | --- | --- | ---
Hamilton | McMaster U; Redeemer UC; Mohawk College IAHS | $71.50 |  
Kamloops | UC of Cariboo | $80.00 |  
Kingston | Queen’s U | $42.25 | University provides block subsidy  
North Bay | Nipissing U | $127.50 |  
Peterborough | Trent U | $236.90 |  
St. Catharines | Brock U | $160.00 |  
Vancouver | UBC: Simon Fraser U | $176.00 | Partially subsidy applied from campus parking revenues to offset student cost  
Victoria | U Victoria | $122.00 |  

Generally, the higher range of fees among the programs, such as those in Calgary (SAIT), Edmonton and Vancouver, are associated with higher or specialized (e.g. train or inter-regional) levels of service, or where some subsidy is provided to offset student costs. The average cost per year of most programs tends to be in the $110 to $130 range, or $15 per month for the academic year, which would generally represent about 20-25% of the monthly pass cost at most municipalities.

There are several examples of subsidy of the UCTP fee, either through direct “block” or per student consideration by the educational institution, or by means of funding from campus revenue sources such as parking. This is a concept which has presented an opportunity to further engage the Universities and Colleges, as there is a direct benefit to the institutions in the form of:

- supporting overall objectives of reduced auto travel and air pollution on campus;
- reducing pressures on parking facilities;
- enabling the use of land for buildings and green space; and
- integration of travel to various campus sites.

At this time, McMaster University has indicated that it is not prepared to provide any support from parking fees or other sources to offset any part of the UCTP fee.

### Alternatives for Consideration:

Council might direct that a higher fee than that recommended within this Report be put forward as a final offer to MSU and other student associations. This approach could be subject to variation including an immediate increase to the full desired rate, or a different structure to the phase-in period. MSU representatives have stated that there is a much higher risk of failure under referendum if a substantial price increase, such as that required to raise the fee to 150%, is presented. Failure to obtain a positive referendum will result in the end of the program with the MSU, as a positive referendum result is required to extend the Agreement further.

Council might also direct that a lower or no fee change be put forward to MSU and other student associations, and that the program continue under the existing terms and fee structure. This direction would not be consistent with previous Council direction to “negotiate with the parties to the University College Transit Pass Program to obtain proposed agreements for the 2008 academic year, that reflect a fee structure and terms in line with other Canadian Municipalities.” Only maintaining the current fee structure...
would result in a budget variance in 2008, as the 2008 Transit Budget approved by Council anticipated movement towards the national average, incorporating the fee that is recommended within this Report as the minimal increase that might be achieved. If no change is made to the current fee structure, there will be a 2008 budget variance of about $93,000, and a subsequent 2009 budget pressure resulting from lower than expected 2008 revenues.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

There are no staffing or legal implications arising from the Recommendations. The recommendations have a positive financial impact on the Transit program. The 2008 Transit Budget was structured to include the recommended increase in fee to 120%, along with annualization of the 2007 and 2008 general fare increases. There will be a further positive impact of $180,000 in each of the subsequent academic years covered by the proposed agreement.

**POLICIES AFFECTING PROPOSAL:**

A key priority in the Public Works Strategic Plan is to be a leader in the greening of the City. Bus pass programs result in fewer car trips on the road thereby contributing to reduced greenhouse gas emissions.

Bus pass programs also generate additional ridership which translates into additional revenue for the City’s transit program.

**RELEVANT CONSULTATION:**

Consultation has been undertaken between City staff including Public Works, Transit, Legal Services, and Finance & Administration; and with the various stakeholders to the MSU UCTP Agreement.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- **Community Well-Being is enhanced.** ☑ Yes  ☐ No
  
  The recommendations enhance community well-being by maintaining travel options related to the use of public Transit, and improved integration with goals of McMaster University regarding enhancement of public Transit as a means of dealing with pressures on parking and public/private road networks.

- **Environmental Well-Being is enhanced.** ☑ Yes  ☐ No
  
  The recommendations enhance public Transit within the community, providing environmental benefits associated with increased Transit use and a decrease in the dependence on private automobiles.

- **Economic Well-Being is enhanced.** ☑ Yes  ☐ No
  
  The recommendations work towards enhancement of public Transit program revenues.

Does the option you are recommending create value across all three bottom lines? ☑ Yes  ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes  ☑ No