SUBJECT: University Transit Pass Program (PW07101) - (City Wide)

RECOMMENDATION:

(a) That information contained within this report regarding University Transit Pass programs in existence in other Canadian municipalities be received.

(b) That Council authorize and direct staff to negotiate with the parties to the University Transit Pass program in Hamilton to obtain proposed Agreements for the 2008 academic year that reflect a fee structure and terms in line with those in other Canadian municipalities.

(c) That staff be directed to report back to Council with a program structure reflective of the proposed Agreements above, concurrent with consideration of the 2008 Transit Budget.

EXECUTIVE SUMMARY:

This report responds to Council direction resulting from PW07086 (McMaster Graduate Students Association - University Transit Pass Agreement Contract Extension) to "bring forward a follow-up report for Council consideration in August 2007 which outlines the fee structure and terms of similar University Transit Pass programs in place throughout Canada."

Research conducted shows that most University Transit Pass (UTP) programs in Canada are similar in concept and the terms and conditions under which agreements are concluded, but there is a wide divergence on the issue of program fee, as illustrated
in Table 1 of this report. Generally, the fee structure in Hamilton is substantially lower than that in other Canadian municipalities, given the differences in local factors.

Approval of the Recommendations (b) and (c) to this report will allow staff to enter into negotiations with the University Transit Pass program stakeholders in time to make recommendations to Council concurrent with consideration of the 2008 budget.

**BACKGROUND:**

The City maintains University 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.

The existing Agreements and fee structure for the program are a result of the recommendations of a McMaster University Bus Pass Program(s) Task Force established by Council in 2004, such recommendations being approved by Council under Report PW05057. The various Agreements have similar terms and fee structures, but are not aligned with regard to the term (length) of the Agreements. All Agreements will come due for renegotiation in preparation for the 2008 academic year.

Transit has reviewed the fee structure and terms for similar programs that are in place at other municipalities, focusing on the larger institutions in each. This information is set out in the Analysis/Rationale section below.

**ANALYSIS/RATIONALE:**

The UTP 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 terms and conditions of UTP 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 UTP 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>
<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>University of Calgary; Southern Alberta Institute Technology (SAIT)</td>
<td>$128.00</td>
<td>SAIT fee higher than UC; partial subsidy of student cost provided by SAIT</td>
</tr>
<tr>
<td>Edmonton</td>
<td>University of Alberta</td>
<td>$180.00</td>
<td>University provides subsidy of $30 per 8 month term</td>
</tr>
<tr>
<td>Guelph</td>
<td>University of Guelph</td>
<td>$118.70</td>
<td></td>
</tr>
<tr>
<td>Halifax</td>
<td>St. Mary’s University Dalhousie University</td>
<td>$116.00</td>
<td></td>
</tr>
<tr>
<td>Hamilton</td>
<td>McMaster University; Redeemer University College; Institute for Applied Health Science - Mohawk College</td>
<td>$71.50</td>
<td></td>
</tr>
<tr>
<td>Kamloops</td>
<td>University College of the Cariboo</td>
<td>$80.00</td>
<td></td>
</tr>
<tr>
<td>Kingston</td>
<td>Queen’s University</td>
<td>$42.25</td>
<td>University provides block subsidy</td>
</tr>
<tr>
<td>North Bay</td>
<td>Nipissing University</td>
<td>$127.50</td>
<td></td>
</tr>
<tr>
<td>Peterborough</td>
<td>Trent University</td>
<td>$236.90</td>
<td></td>
</tr>
<tr>
<td>St. Catharines</td>
<td>Brock University</td>
<td>$160.00</td>
<td></td>
</tr>
<tr>
<td>Vancouver</td>
<td>University of British Columbia Simon Fraser University</td>
<td>$176.00</td>
<td>Partially subsidy applied from campus parking revenues to offset student cost</td>
</tr>
<tr>
<td>Victoria</td>
<td>University of Victoria</td>
<td>$122.00</td>
<td></td>
</tr>
</tbody>
</table>

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 UTP 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.

There are several large Canadian Transit properties which do not have UTP programs at this time, most notably TTC in Toronto. TTC staff has taken two reports to its Commission, detailing extensive negotiations carried out with student and administration representatives from the University of Toronto, York University, and six other major post-secondary institutions in Toronto. The basic operational concept for the TTC program is similar to most existing Canadian UTP programs. As last reported to the Commission on March 21, 2007, TTC had concluded:

- that implementation might move forward through removal of an initial requirement for at least three of the eight institutions to participate; and
- that a fee rate of $60 per month per student from any or all of the eight institutions, constituting a “break-even” recovery of fares for TTC, be maintained regardless of the number of participating institutions.

TTC also reported that anything less than full participation of all eight institutions would continue to require a further case-by-case assessment of the financial and operating impacts, and that in no case was the cost of additional service to handle incremental UTP ridership growth recovered from students under the proposed program. Negotiations with the institutions remain ongoing at this time.

While the transit use in Toronto is substantially different than those in Hamilton, the approach taken by TTC that recognizes that revenue sustainability must be maintained, and that incremental ridership changes must be considered, is sound and should be applied in discussion with the stakeholders to the program in Hamilton.

**ALTERNATIVES FOR CONSIDERATION:**

Alternatives for the consideration of Council will be included in the recommendation report to follow.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

There are no financial, staffing or legal implications arising from the recommendations.

**POLICIES AFFECTING PROPOSAL:**

There are no policies affecting the proposal.

**RELEVANT CONSULTATION:**

Consultation between City staff and the various stakeholders to the Agreements will result from Council approval of the recommendations.
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 through increased 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