



STAFF REPORT ACTION REQUIRED

U-Pass Solutions for Toronto Post-Secondary Institutions

Date:	December 11, 2017
To:	TTC Board
From:	Chief Executive Officer

Summary

The Universal Transit Pass (U-Pass) concept is a fare policy instrument used across Canada to reduce the cost of transit for post-secondary students and increase transit ridership among post-secondary students. For an additional fee post-secondary students receive a pass that entitles them to unlimited travel on participating transit systems during the academic semester.

Student unions at post-secondary institutions within Toronto have expressed interest in implementing a U-Pass at their institutions that provide unlimited travel on the TTC and potentially other 905-area municipal transit systems. This report is a response to the students' interest.

The TTC has explored the U-Pass concept, including fare integrated solutions with York Region Transit (YRT) and Brampton Transit. As a result, this report proposes a policy framework that will set the parameters of stakeholder consultations. It also establishes the benefits of U-Pass that will inform a future business case analysis.

After stakeholder participation is established, staff will present a proposal and business case to the board in Quarter 1 2018. Meanwhile discussions have begun with PRESTO on developing the U-Pass on the PRESTO system.

Recommendations

It is recommended that the TTC board:

1. Approve the policy framework, as specified in this report, which sets the parameters and principles of the U-Pass program to inform stakeholder consultations.
2. Direct staff to consult with stakeholders regarding the U-Pass program for students at Toronto-based post-secondary institutions.

3. Direct staff to report back with a final U-Pass proposal, which will include a business case analysis following stakeholder consultations in Quarter 1 2018.

Financial Impact

There is no financial impact with this report. At the conclusion of consultation, staff, as part of the Q1 2018 follow up report, will provide estimated costs for students and revenue impact for the TTC.

Decision History

At its January 25, 2006 meeting the TTC board directed TTC staff to pursue a U-Pass program for implementation in 2007. The board also approved a policy framework to guide on-going discussions with the post-secondary institutions and student unions.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2006/Jan_25_2006/Other/Post_Secondary_Disco.jsp

At its March 21, 2007 meeting the TTC board approved an updated policy framework.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2007/Mar_21_2007/Other/U_Pass_Update.jsp

At its February 14, 2008 meeting the TTC board agreed that it would evaluate, on a case-by-case basis, the merits and impacts of exceptions proposed by the post-secondary institutions to the policy framework.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2008/Feb_14_Special%20Meeting/Other/Revisions_to_U-Pass_.pdf

At its November 17, 2009 meeting, the TTC board approved the Post-Secondary Metropass, allowing eligible post-secondary students to purchase a Metropass at a price equal to that offered to students and seniors.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2009/November_17_2009/Highlights/index.jsp

Issue Background

A U-Pass is a transit fare program offered to students who are enrolled in a post-secondary institution. The program requires mandatory participation from the entire student body, with no opt-out option. The cost of a U-Pass can be designed to keep the transit agency revenue and cost neutral. This neutrality can only be accomplished if the revenues are guaranteed by way of 100 per cent adoption.

The cost of a U-Pass is included in the student fees collected by the institution and distributed to the transit agency. The adoption of a U-Pass at an institution is dependent on a referendum of the student body to allow for the inclusion of the pass cost in the

student fees. This requires pre-planning by all stakeholders as a referendum takes substantial time to set-up and relies on a student union to administer.

From 2001 to 2008, TTC staff spent considerable effort negotiating a U-Pass program with eight post-secondary institutions across the city. In the end, negotiations failed. As a result the TTC implemented the current Post-Secondary Metropass offered to full-time students enrolled in a degree or diploma program at a recognized Post-Secondary Institution or a program at registered Private Career College within the City of Toronto. The Post-Secondary Metropass is discounted at the same rate as the current Student/Senior Metropass.

Current TTC fares that are available to post-secondary students are provided in Figure 1.

Figure 1: Current TTC Fare Types Available to Post-Secondary Students

Fare type	Fare
Adult Cash	\$3.25 per trip
Adult Single fare	\$3.00 per trip
GTA weekly pass	\$63 per week
Post-Secondary Metropass	\$116.75 per month
Adult V.I.P. Metropass	\$128.75 per month

Although the Post-Secondary Metropass has made the TTC more affordable, students still wish to lower their transportation costs. Student unions at downtown-area post-secondary institutions have recently expressed interest in implementing the U-Pass and have completed their own survey, U-Commute, to gauge interest among the student body at large. The survey results from more than 16,000 participants are not yet available but they expected to be released in the near future. Based on the 2011 Transportation Tomorrow Survey, more than 60% of post-secondary students use the TTC on a daily basis.

There are no changes to the Post-Secondary Metropass being contemplated at this time. However, it will be re-evaluated once the U-pass program is defined and the potential for wide participation is better understood.

While a U-Pass for TTC travel is an attractive proposal for many students, one element that also needs to be considered is regional fare integration. Approximately 15% of trips taken by Toronto post-secondary students use another municipal transit operator such as YRT or Brampton Transit. A regional U-Pass can reduce the impact of the double fare on students who use another municipal transit operator in addition to the TTC. This is especially important with the new Line 1 extension that links York University with rapid transit from both Toronto and York Region.

Accessibility/Equity Impact

Post-secondary students tend to have very limited incomes. In Ontario, the average post-secondary student's income is less than one half the province-wide average¹².

Meanwhile, undergraduate tuition fees at Ontario post-secondary institutions have increased 60% in the last decade³⁴, which has outpaced both growth in post-secondary student income and the consumer price index. This has placed undue pressure on student finances, which has resulted in many requiring large student loans, or working additional hours to fund their education.

Transportation costs can make up a significant portion of a post-secondary student's budget. Consider the case of a student that commutes to a post-secondary campus in downtown Toronto: the average 8-month tuition and incidental fees are approximately \$8,000 per year plus an additional \$930 in Post-Secondary Metropasses for 8 months. Transportation accounts for 10% of the student's budget. Reducing this cost will help the more than 60% of the post-secondary students that use the TTC.

A U-Pass makes transportation more affordable for post-secondary students and could potentially unlock additional economic, educational and cultural opportunities. Moreover, the U-Pass may allow some students to consider residing in different neighbourhoods if it presents a more financially favourable situation.

Comments

Policy Framework

A policy framework is required to set the terms and parameters of the U-Pass program and provide the basis for discussions with the post-secondary institutions and their respective student unions. A complete refresh to the original policy framework established between 2006 and 2008 is recommended to account for today's conditions.

The key parameters and principles of the U-Pass are as follows:

Price

- Formulated to keep the TTC in a net neutral financial position
- Calculated based on one blended rate for all institutions, so that the product is offered at a single price to all participating post-secondary institutions

¹ <http://www.statcan.gc.ca/pub/75-001-x/2010109/pdf/11341-eng.pdf>

² <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil108d-eng.htm>

³ <https://www.statcan.gc.ca/daily-quotidien/060901/t060901a-eng.htm>

⁴ <https://www.statcan.gc.ca/daily-quotidien/160907/t001a-eng.htm>

- If the TTC implements a fare increase, the U-Pass will increase at a similar rate as the TTC Metropass

Participation and Adoption

- Participation by all eligible students at an institution is mandatory (no opt-outs)
- Requires adoption by at least one of the following post-secondary institutions to be implemented: University of Toronto – St. George, York University or Ryerson University. This provides a major price advantage generated by the economies of scale and mitigates financial risk to the TTC.

Term of agreements

- A multi-year agreement is required with each post-secondary institution
- The U-Pass can be provided on a per semester basis, all year-round (i.e. September to December, January to April and May to August)

Implementation

- The U-Pass will be administered on the PRESTO fare card.

Peer Review

Figure 2 compares U-Pass programs across Canada. Many municipalities offer a single price U-Pass to participating post-secondary institutions offering discounts ranging from 50% to 85% from the Adult Monthly pass price. Typically larger municipalities and transit agencies provide a lower discount than smaller ones. This is because post-secondary students in larger cities are more likely to commute to school and therefore more revenues need to be collected on a per capita basis to keep the transit agency revenue and cost neutral.

Given that the TTC dominates post-secondary student modal share – more than 60% of students at the five largest institutions take the TTC daily – and the TTC also has the highest cost recovery ratio of all municipal transit providers in the country, a similar discount to those observed across the country will not be possible.

Figure 2: U-Pass Across Canada*

Municipality	Number of Institutions	Number of Students	Number of Transit Agencies	Cost per Month	Savings**
Calgary	5	47,700	1	\$31.25	68%
Edmonton	5	93,300	1	\$38.75	56%
Ottawa	4	72,500	2	\$48.17	53%
Halifax	3	19,600	1	\$18.75	76%

Municipality	Number of Institutions	Number of Students	Number of Transit Agencies	Cost per Month	Savings**
Waterloo	2	36,600	1	\$20.29	74%
Hamilton	1	N/A	1	\$15.22	84%
Mississauga	8	11,000	1	\$17.71	85%
Durham Region	3	N/A	1	\$25.75	77%

* Source: CUTA 2015 Canadian Fare Structure Details Report

** Compared to Adult Monthly Pass Price

U-Pass Business Case Development

The following presents the elements of a business case that will be completed following consultations with stakeholders. The business case looks at benefits from both the TTC's and the post-secondary student's perspective.

Affordability

As shown in Figure 2, there are significant savings available to post-secondary students if they elect to participate in a U-Pass program. The existing Post-Secondary Metropass already provides an approximate 20% discount from the Adult Metropass. The U-Pass will pass on greater savings to commuting students, which represents a majority of the student population.

A regional U-Pass would also provide even greater savings to post-secondary students that use more than one service as they will no longer pay a double fare.

Fare Integration

More than 15% of transit trips made by post-secondary students involve another municipal transit operator other than the TTC. This is mostly driven by students attending York University Keele Campus. Of the over 40,000 students that attend York University more than 20,000 use local transit (i.e. TTC, YRT and Brampton Transit) to access the campus, with more than 6,000 students crossing the Toronto/York boundary at Steeles Avenue. This is a significant travel market representing nearly 3 million customer trips annually.

Today, York Region Transit (YRT), Brampton Transit and TTC service York University, and students are able to access the York University's Keele campus by paying a single transit fare. In order for students travelling from Brampton and York Region to use the rapid transit as part of their trip, they will have to transfer from these buses to the subway. There is currently no fare integration between Brampton, YRT and the TTC. Students, who want access to rapid transit, will be required to pay two fares.

Therefore, a regional U-Pass is useful to students, particularly at York University. A regional U-Pass solution has been explored preliminarily with YRT and Brampton Transit for York University. The upcoming consultations with post-secondary institutions

and their respective student unions will determine if there is real interest for a regional U-Pass product priced to reflect the value of having unlimited travel on many transit systems.

Revenue Neutrality

The U-Pass is designed to fully reimburse the TTC for the revenues that are collected today. This is possible given that participation is mandatory for all eligible students and the cost of pass is included in student fees. This provides a consistent, guaranteed revenue stream to the TTC each academic semester that is easily projected because it is directly linked to student enrollment.

Increased Ridership and Service

It is expected that the U-Pass will increase ridership on the TTC. The new rides are from two sources: new customers (i.e. those shifting from cars to transit), and non-pass (token, ticket cash, PRESTO) customers who will increase their transit use.

Experience in other Canadian transit agencies such as Ottawa and Waterloo has shown a 10-20% increase in ridership from their U-Pass customers. The TTC noted a student trip rate increase of 10% between the years 2006 and 2011 when the post-secondary pass was implemented, which offered a discount of \$20-30 per month.

The increased ridership will require additional service resources. The incremental cost of providing these service resources will be included in the cost of the U-Pass.

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