**Minute No. 281**
**Report – Standing Policy Committee on Infrastructure Renewal and Public Works – March 9, 2010**

**Item No. 1 Future Transit Fares and Low Income Transit Passes**
**eFile TT-2**

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and adopted the following:

1. That Low Income and Off-peak passes should be considered after the implementation of Winnipeg Transit's Fare Collection System Update Project to provide for the review and development of intergovernmental partnerships as well as technical, financial, and administrative support systems that may be necessary.

2. That the Proper Officers of the City of Winnipeg do all things necessary to implement the intent of the foregoing.

**Report – Standing Policy Committee on Infrastructure Renewal and Public Works – March 9, 2010**

DECISION MAKING HISTORY:

Moved by Councillor Clement,

That the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 17, 2010, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On March 9, 2010, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

COUNCIL:

On September 30, 2009, Council granted a further extension of time of up to 180 days to enable the Winnipeg Public Service to report back as directed by the Standing Policy Committee on Infrastructure Renewal and Public Works on November 4, 2008.

On April 29, 2009, Council granted a further extension of time of up to 120 days to enable the Winnipeg Public Service to report back as directed by the Standing Policy Committee on Infrastructure Renewal and Public Works on November 4, 2008.

On December 17, 2008, Council granted an extension of time of up to 120 days to enable the Winnipeg Public Service to report back as directed by the Standing Policy Committee on Infrastructure Renewal and Public Works on November 4, 2008.

On October 22, 2008, Council ruled automatic referral of the following motion to the Standing Policy Committee on Infrastructure Renewal and Public Works:

**Report – Standing Policy Committee on Infrastructure Renewal and Public Works – March 9, 2010**

DECISION MAKING HISTORY (continued):

COUNCIL (continued):

Moved by Councillor Pagtakhan,
Seconded by His Worship Mayor Katz,

WHEREAS public transit systems across Canada, including in Winnipeg, are funded by a combination of system-generated revenue, and operating grants from the Province and the City;

AND WHEREAS the costs for key inputs to Winnipeg's transit system, such as fuel costs and vehicle replacement, periodically increase;

AND WHEREAS it is fair and reasonable that transit riders bear a share of these cost increases;

AND WHEREAS public transit represents a vital means of transportation for many Winnipeggers who receive income assistance, enabling them to meet their family obligations and to seek or maintain employment;

AND WHEREAS Plan Winnipeg 2020 Vision commits the City to promote equitable access to facilities and services by "ensuring all citizens have access to essential community services and facilities and facilitating access to financial support where there is an inability to pay" (Plan Winnipeg 2020 Vision, section 2A-02, ii);

AND WHEREAS a transit system that is accessible to all Winnipeggers is an important contributor to employment and economic opportunity;

THEREFORE BE IT RESOLVED THAT the Public Service prepare a report exploring means to link periodic transit fare increases directly and automatically to increases in the costs of key inputs, so that individual fare increases would no longer require separate Council approval;

AND BE IT FURTHER RESOLVED THAT the report also explore options for providing Winnipeggers below the Low Income Cut Off with transit passes at a more affordable cost, including the provision of a Universal Low Income Transit Pass, and/or "off-peak passes", the latter for use outside peak transit hours.

# ADMINISTRATIVE REPORT

**ISSUE:** **Future Transit Fares and Low Income Transit Passes**

**Critical Path:** **The Standing Policy Committee on Infrastructure Renewal and Public Works – Executive Policy Committee - Council**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| C. Erickson | D. Wardrop | | |

## RECOMMENDATION

Low Income and Off-peak passes should be considered after the implementation of Winnipeg Transit's Fare Collection System Update Project to provide for the review and development of intergovernmental partnerships as well as technical, financial, and administrative support systems that may be necessary.

## IMPLICATIONS OF THE RECOMMENDATIONS

**Financial Implications**

(**X**) Within approved current and/or capital budget
( ) Current and/or capital budget adjustment required
Comment(s): There are no financial implications associated with this report.

## HISTORY

On November 4, 2008, the Standing Policy Committee on Infrastructure Renewal and Public Works referred the Council Motion of October 22, 2008 to the Winnipeg Public Service for report back with respect to the following:

1. A means to link periodic transit fare increases directly and automatically to increases in the costs of key inputs, so that individual fare increases would no longer require separate Council approval.
2. Options for providing Winnipeggers below the Low Income Cut Off with transit passes at a more affordable cost, including the provision of a Universal Low Income Transit Pass, and/or "off-peak passes", the latter for use outside peak transit hours.

**Fare Increases**

Public transit operations in Winnipeg are funded by a combination of system-generated revenue and operating grants from the Province and the City. Since costs for key inputs to Winnipeg's transit system, such as fuel, periodically increase, past practice has been for increases in transit operating costs to be funded by adjustments to both transit fares and operating grants.

On January 22, 1992, Council directed the Public Service to review fees regularly, at least once every 3 years, and that, as a general rule, fees should be increased by the rate of inflation.

In 1996, Council adopted a transit fare policy that fixed the relationship between the full cash fare and all other fare categories. However, Council has approved some deviations from this policy over the past few years. Until recently, changes to fees and charges required Council approval, including transit fare adjustments.

Subsequent to Council's referral, on October 22, 2008, for the Public Service to explore means to link periodic transit fare increases directly and automatically to increases in the costs of key inputs, so that individual fare increases would no longer require separate Council approval, a report was submitted to the Standing Committee on Finance on December 10, 2008 regarding Fees and Charges Policy. The reason for the report was to outline a process to streamline inflationary increases to fees and charges.

On December 17, 2008, Council adopted the recommendation that a By-law be enacted which delegates authority to the CFO to increase fees and charges by up to the rate of inflation for all City fees and charges. The By-law also provides for an official Fees and Charges Schedule, to be submitted to Council annually as information, which supersedes other by-laws, resolutions and City documents.

As a result of the adoption of the Fees and Charges Policy, Transit will no longer require Council approval for any fare adjustments equal to or less than the rate of inflation. The new Fees and Charges By-law provides the Public Service with a consistent city-wide policy for inflationary increases to fees and charges. Since it is generally accepted that service costs, such as fuel, increase annually primarily because of inflation, the expectation is that increasing transit fares by the rate of inflation as well, will assist in paying for these cost increases.

**Low Income Transit Passes**

Public transit represents a vital means of transportation for many Winnipeggers who receive income assistance, enabling them to meet their family obligations and to seek or maintain employment. The City has committed to promote equitable access to facilities and services by "ensuring all citizens have access to essential community services and facilities and facilitating access to financial support where there is an inability to pay." A transit system that is accessible to all Winnipeggers is an important contributor to employment and economic opportunity.

In an effort to provide affordable and accessible service, the City of Winnipeg's transit service offers different products, including discount programs, in its fare structure. The current fare structure includes, in addition to the regular transit fare, a reduced fare for youths 6-16, high

school students 17-21, seniors, and post secondary students. Free Transit service is also offered to children five and under and Handi-Transit service is available to eligible residents. In addition, bus passes provide many fare payment options to complement work, recreation or vacation schedules, and tickets may be purchased in strips of 5 or 10 to accommodate individual financial constraints as much as possible.

A Low Income Discount Transit Pass Survey of Best Practices has been completed. The objectives of the survey were:

- Determining which transit agencies in Canada offer a Low Income Discount Transit Pass, and for those agencies that do, determining the details of the program;
- Assessing the programs offered, and;
- Developing recommendations for any possible implementation of such a program at Winnipeg Transit based on the observed "best practices".

There are three Low Income Discount Pass programs that exist in Canada that are offered by municipalities of approximately the same size as Winnipeg. They are Calgary, Alberta, Hamilton, Ontario and Waterloo Region, Ontario. Information about the Low Income Discount Pass Programs in these cities, how these cities administer their program, and a summary of Best Practices Survey is outlined in **Appendix I**.

Preliminary discussions between City of Winnipeg Transit and the Province of Manitoba's Family Services and Housing (Disability Programs and Employment & Income Assistance Programs) took place to discuss how a low income transit pass program might be implemented should the City decide to proceed. In particular, the possibility of the Province providing the administration and identifying those that qualify was discussed, as Family Services and Housing has staff administering a variety of social services programs, with the necessary infrastructure and processes in place. Currently, the Province is assessing whether they could take on the administration of this program and what the impact, if any, might be on their staff requirements. If the Province is capable of administering the program, further discussions would take place about procedures and controls following any decision by Council to implement a program.

Currently, the Department of Family Services and Housing operates a number of income tested programs, as well as a number of service related programs that are needs based, meaning individuals for these programs qualify based on their need rather than income level. Only the income tested programs, where participants qualify based on their income compared to LICO (Low Income Cut-Off) are discussed here.

The Employment and Income Assistance (EIA) Program provides financial assistance to those who require help to meet basic personal and family needs and provides benefits to approximately 23,000 adult participants per year. The program aims to assist participants to find and sustain employment and increase self-sufficiency and is the only income tested program that provides discounted bus passes to its clients via the discounted program in Winnipeg or funds for transportation purposes. The other income tested programs provide funds/benefits for the specific purpose of the program, based on individuals/families meeting the programs' eligibility criteria. EIA eligibility ranges from 2007 income levels of $6,912 to $21,548 depending upon criteria such as family size or disability.

The EIA program provides either a hardcopy bus pass or funds (cheque, direct deposit, or purchase voucher) directly to the client for the purpose of purchasing a bus pass or tickets. In determining the amount to give a client, the number of trips is taken into account so that maximum value can be obtained (for e.g. if one trip is required then funds for one bus ticket would be issued and if 40 trips were required a monthly bus pass would be issued etc.).

In 2007/08 EIA issued 8,420 discounted bus passes for a total cost of $461,976.06. During the same timeframe EIA also provided other transportation 50,520 times for a total cost of $3,203,999.00 million province wide. Other transportation includes travel by bus (regular or handi-transit), taxi, plane etc., depending on the requirement and all requests for transportation need to be approved by a case worker.

Using available data, preliminary estimates have been made to determine the financial impact of implementing a low income discount pass program. The potential impact ranges from $850,000 to $2,150,000 in decreased annual fare revenue (based on the cost of 2008 full fare monthly transit pass, excluding ecopass, seniors and reduced fare), not including any potential administration costs.

In conjunction with consideration of a low income discount pass, discussion regarding the Fare Collection System Update Project currently underway is necessary as it is anticipated that the fare review will have a significant impact with respect to the existing/optimal fare structure. The fare collection hardware and processes that will replace Transit's existing fare collection system are expected to be known in early 2010, with implementation to follow in 2010 and 2011.

It is recommended that Low Income and Off-peak passes be considered after the implementation of Winnipeg Transit's Fare Collection System Update Project to provide for the review and development of intergovernmental partnerships as well as technical, financial, and administrative support systems that may be necessary.

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** July 27, 2009

**Project Name:**

**Future Transit Fares and Low Income Transit Passes**

**COMMENTS:**

There are no financial implications associated with this report.

*original signed by Carrie Erickson*
Carrie Erickson
Acting Manager of Finance & Administration

## CONSULTATION

**In preparing this Report there was consultation with: N/A**

## SUBMITTED BY

| | |
|---|---|
| Department: | Transit |
| Division: | Finance and Administration |
| Prepared by: | Carrie Erickson |
| Date: | August 27, 2009 |
| File No. | |

**Appendix I**
**Low Income Discount Pass Program – Calgary, Hamilton and Waterloo**

The Low Income Discount Pass programs in Hamilton and Waterloo are open to adults, but not students or seniors, who have a family income below the LICO (Low Income Cut Off) and are resident within the City. The Calgary program is open to adults and seniors, but not students, who have a family income below 75% of the LICO and are resident within the City.

Calgary and Hamilton currently offer low income discount passes ($37.50 and $39.50 respectively) at half the price of their regular adult monthly pass price. Waterloo's current discount pass price is $34.00 compared to a regular adult monthly pass price of $60.00. Calgary also offers a low income pass for seniors for $15 annually compared to a regular senior annual pass price of $35.00 and Hamilton offers annual passes to seniors for $205. Waterloo Region acknowledges that there is a gap in the programs provided for low income seniors, but they have no specific plans to address this at the present time.

- Calgary: Eligible persons must complete an application form and take it, along with copies of their most recent Notice of Assessment (NOA) and photo identification, to one of two service centres. A confirmation letter is then issued by the Transit Department. The confirmation letter and photo identification must then be taken to one of four designated Low Income Monthly Transit Pass sales locations. Eligible persons must re-apply annually.
- Hamilton: Eligible persons must complete an Affordable Transit Pass application form and mail or deliver it to the Social Services offices with their most recent NOA and pay stubs covering at least four weeks. An approval letter is then issued that must then be taken to the City of Hamilton ticket office to purchase each pass, and the letter is initialed for each purchase. Eligible persons must re-apply every six months.
- Waterloo Region: Eligible persons must visit one of two independent social services agencies that are used by the Waterloo region to evaluate applications, with evidence of their gross income and the income source. After evaluation, a sticker is placed on the back of the transit ID card which is valid for one year. The person is then eligible to purchase an adult bus pass for the reduced rate at any of the Transit offices.

**Summary of Best Practices Survey**

- Criteria for the program should be: adults over the age of 18; full-time students not eligible; family income at or below the LICO as defined by Statistics Canada; and resident in the municipality served by the transit system.
- An existing agency that is currently responsible for providing benefits to low income residents living within the municipality should be responsible for determining eligibility of applicants as they would have the procedures in place for evaluating an application as well as experience working with low income applicants. The agency could either provide a letter of recommendation to the transit agency or be given validation stickers to be affixed to photo identification cards. Approvals should be valid for one year for persons between the ages of 18 to 64.

- The pass should be a monthly bus pass priced at one half the cost of an adult monthly pass and should look exactly the same as the adult monthly pass so that eligible persons cannot be identified as participating in the program.
- The process for applying for and purchasing the pass should include documentation to validate low income including Canada Customs and Revenue Agency “Notice of Assessment”, pay stubs, OAS and GIS, and persons with disabilities enrolled with Manitoba Employment and Income Assistance.