Agenda – Executive Policy Committee – October 20, 2020

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 15, 2020

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Item No. 1 Providing Fare-Free Travel on Winnipeg Transit Buses for Children Under 12

STANDING COMMITTEE RECOMMENDATION:

On October 15, 2020, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service, as amended, and recommended to Council:

1. That the Children 11 and Under Fare-Free Policy, attached as Appendix A, be approved, with implementation beginning January 1, 2021, superseding any previous policies predating it.

2. That the Winnipeg Public Service be directed to report back on the utilization and corresponding cost of the program for the previous calendar year, to the Standing Policy Committee on Infrastructure Renewal and Public Works in May, 2022 and May, 2023.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – October 20, 2020

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 15, 2020

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 15, 2020, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service, with the following amendment:

- Add the following new Recommendation 2 and renumber the remaining accordingly:

    "2. That the Winnipeg Public Service be directed to report back on the utilization and corresponding cost of the program for the previous calendar year, to the Standing Policy Committee on Infrastructure Renewal and Public Works in May, 2022 and May, 2023."

and submitted the matter to the Executive Policy Committee and Council.

COUNCIL DECISION:

On March 20, 2020, Council adopted the recommendation of the Executive Policy Committee, as amended, which included the following:

1. That the following recommendations with respect to the 2020 Preliminary Operating Budget be approved by Council:

    Q. That Council approve the introduction of a program allowing children under the age of 12 to travel on Transit free of charge, which program is to be administered as a separate program from any other fare programs and further direct Winnipeg Transit to report to the Standing Policy Committee on Infrastructure Renewal and Public Works within 180 days with respect to the details of the program, an implementation plan, a formal policy and an implementation timeline with a launch date in 2021.

ADMINISTRATIVE REPORT

Title: Providing Fare-Free Travel on Winnipeg Transit Buses for Children Under 12

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

AUTHORIZATION

Author	Department Head	CFO	CAO
L. Fisher	G. Ewankiw	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

In Manitoba, children under the age of 12 are not allowed to be unsupervised. To help alleviate the cost of transit service for families, Council approved the implementation of a program that would allow children under the age of 12 (0 -11 years of age) to ride Winnipeg Transit for free as part of the 2020 budget.

For clarity and consistency with existing programs, Transit will refer to the eligible age group as 11 and under.

Transit recommends the program policy be as follows:

- Children aged 11 years old or under are eligible.
- All children 11 and under participating in this program must be accompanied by a fare paying customer.
- This program is intended to help families and as such school and organization-led excursions are not eligible.
- The fare paying customer and the children riding with them are required to board and leave the bus at the same stops.
- If accompanied by a fare paying customer the children do not need to have a peggo card or carry any specialized ID to ride for free.
- Children not accompanied by a fare paying customer would be required to pay the appropriate fare amount.

This policy recommendation is different from the Council approved direction (and the Department's original preference) to operate the initiative as a stand-alone program facilitating the use of peggo cards for the following reasons:

- the requirement to have children carry a specialized card and/or provide ID would create a systemic barrier for access to this program for those that would benefit the most;
- a jurisdictional scan demonstrated that the majority of other Transit properties do not require a specialized smart card or ID for their comparable program;
- the need to create a new specialized fare product will put additional pressure on the peggo system;

- implementing the extension of the existing fare free travel program which provides free rides to children 5 and under to include children up to the age of 11 could be implemented fairly quickly. Transit is proposing an implementation date of January 1, 2021; and
- it is anticipated that fare collection disputes are not expected to be impacted by whether the program required peggo card use or not.

Transit's approved 2021-2023 operating and 2020 capital includes funding for this program in the amounts of $1.34 million in annual operating budget (reflecting lost revenue and salary cost for an additional 3 bus operator FTEs) and $1.33 million in capital funding to purchase 2 buses.

RECOMMENDATIONS

1. That the Children 11 and Under Fare-Free Policy, attached as Appendix A, be approved, with implementation beginning January 1, 2021, and will supersede any previous policies predating it.

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On March 20, 2020, as part of the 2020-2023 operating budget recommendations, Council approved the introduction of a program allowing children under the age of 12 to travel on Transit free of charge, through a program to be administered as a separate program from any other fare programs and further directed Winnipeg Transit to report back to the Standing Policy Committee on Infrastructure Renewal and Public Works within 180 days with respect to the details of the program, an implementation plan, a formal policy and an implementation timeline with a launch date in 2021.

IMPLICATIONS OF THE RECOMMENDATIONS

The Department's recommendation on how to implement this program has changed from what was originally preferred and is no longer aligned with the Council approved budget recommendation.

The Department's recommendation is based on the assumption that the benefits of implementing a simplified process outweigh the value of the lost statistics. However, without reliable statistics Transit's ability to accurately report on the participation and cost of the program will be compromised and additionally this process could undermine collection of the overall ridership numbers for the Transit system.

The estimated cost of this program has been included in the Council approved 2020-2023 operating and capital budgets for the Transit Department. No further financial impact is anticipated at this time.

HISTORY/DISCUSSION

At its January 8, 2019 meeting, the Standing Policy Committee on Infrastructure Renewal and Public Works passed a motion which directed the Winnipeg Public Service to provide a report on options for reducing Winnipeg Transit fare for children up to 11 years old to zero dollars, including options for a pilot project or full implementation.

On June 25, 2019, the Standing Policy Committee on Infrastructure Renewal and Public Works referred the following three options for the implementation of fare-free travel on Winnipeg Transit buses for children under 12 years old, which were outlined in a report dated June 11, 2019, to the 2020 Budget Process: The options were:

- Option 1 – Administer as an Independent Program
- Option 2 – Administer as Part of a Potential Low-Income Fare Program
- Option 3 – Administration-Free

On March 20, 2020, Council approved the Operating Budget with the recommendation that Council approve the introduction of a program allowing children under 12 (0-11 years of age) to travel on Transit buses free of charge. This was to be administered as a separate program from any other fare programs. Of note, this recommendation was consistent with the Departmental preference at the time.

For clarity and consistency with existing programs, Transit will refer to the eligible age group as 11 and under.

In Manitoba, children aged 11 years old and under are not allowed to be left alone unsupervised. Winnipeg Transit currently has a practice that allows children 5 and under to ride for free. Children ages 6-16 (as well as high school students aged 17-21) are provided a 30% discount off the full transit fare.

This proposed recommendation would revise the existing policy to allow children aged 11 and under to travel for free on Winnipeg Transit buses, with no peggo card or other ID required. This is consistent with how the current program, which provides free rides for children aged 5 and under, is administered. In addition to providing some financial relief, this type of program could also attract new adult riders, increase adult ridership and encourage mode shift by reducing the total cost of travel for families.

The proposed policy for the program to provide fare-free travel for children 11 and under is as follows:

- Children aged 11 years old or under are eligible.
- All children 11 and under participating in this program must be accompanied by a fare paying customer.
- This program is intended to help families and as such school and organization-led excursions are not eligible.
- The fare paying customer and the children riding with them would be required to board and leave the bus at the same stops.
- If accompanied by a fare paying customer the children do not need to have a peggo card or carry any specialized ID to ride for free.
- Children not accompanied by an adult or fare paying customer would be required to pay the appropriate fare amount.

This proposed policy differs from the Council recommendation in that it does not require the use of peggo cards or specialized ID. The Department's previous report indicated a preference to use peggo cards to manage the program in order to enhance operator safety and facilitate the collection of program statistics.

Subsequently, after completing a more detailed analysis of comparable programs in other municipalities, the resources that would be required under each option, and the pros and cons of each option presented, the Department is recommending to not use peggo cards or require specialized ID to manage the program for the following reasons:

- The requirement to have children carry a specialized card and/or provide ID would create a systemic barrier for access to this program for those that would benefit the most. Offering the program with no smart card requirements would make the program more accessible for families. It is expected that use of the program would be higher if there is no requirement to register and use a peggo card or carry specialized ID.
- Further research and discussion have concluded that it is anticipated that fare collection disputes are not expected to be impacted whether the Department implements a program that uses a peggo card as compared to having a program with no requirement for a card or ID.
- The need to create a new specialized fare product will put additional pressure on the peggo system and add administrative costs.
- Of the Canadian municipalities that responded to Winnipeg's survey, with the exception of two properties (Welland and London), none use technology (i.e. smart cards) to track riders in this demographic. However, the majority of the cities that responded do not have a smart card system and thus operating their program through a smart card was not an option for them (see Appendix B for a summary of the municipal benchmarking). As such, it was difficult to find a truly comparable municipality to use as a benchmark and best practice.
- Toronto started their program with the use of smart cards but found fare fraud through instances of adults using the child PRESTO card on their buses and subway system too significant and recently changed their program to eliminate the requirement for smart cards.
- The implementation of the program could also be expedited if there was no requirement for a peggo card and could be effective as soon as January 1, 2021.

Given the further feedback from both other municipalities and internal Transit resources, the Department has determined at this time it is possible to implement the program without requiring the use of peggo cards. Should the circumstances after the program is launched indicate this recommendation needs to be re-visited, the Department will at that time recommend revisions to address the issues as they are realized.

Challenges & Costs

The main disadvantage of not using smart cards is the loss of the Department's opportunity to collect statistics on the usage of the program. Statistics are a valuable tool to calculate ridership numbers, to allow for information to properly cost out the program, and to facilitate more detailed analyses (e.g. which routes are most impacted, to be able to respond to service and over-crowding issues). While tracking the ridership would provide extremely useful information, the benefits of implementing a system without the use of cards as noted above makes the recommended option more appealing.

One of the key challenges with offering free transit for children 11 and under without the need for any form of identification is confirming who is eligible at the time of use. Bus operators will have to make the determination which is consistent with how the current program for five and under is managed.

With the policy change to not require the use of peggo cards, it is anticipated the participation rate in this program will be higher than was originally estimated in the Department's June 25, 2019 report to the Standing Policy Committee on Infrastructure Renewal and Public Works. As such, the budget adjustment that has been included in the Department's 2020-2023 operating budget reflects this revised assumption as follows:

	Funds Included in Transit's Operating Budget			
	2020	**2021**	**2022**	**2023**
Estimated lost revenue	$ -	$ 1,143,000	$ 1,164,000	$ 1,189,000
Salaries and benefits	-	197,000	201,000	207,000
Total	**$ -**	**$ 1,340,000**	**$ 1,365,000**	**$ 1,396,000**

The salary and benefit amounts reflected in the table represent the addition of three bus operator FTE's.

Additionally, the 2020 capital budget included funds in the amount of $1.330 million for the purchase of two buses.

Based on available data Transit is unable to determine the number of children in the 6 to 11 age range that currently use Transit and as such it is difficult to accurately estimate the financial impact. If actual financial results realized from operating the program are significantly different from the total budget amounts received, Transit will at that time request a budget adjustment based on the actual program impact.

FINANCIAL IMPACT

Financial Impact Statement **Date:** September 17, 2020

Project Name: **First Year of Program** **2020**

Providing Fare-Free Travel on Winnipeg Transit Buses for Children Under 12

	2020	2021	2022	2023	2024
Capital					
Capital Expenditures Required	$ 1,330,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	1,330,000	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 197,000	$ 201,000	$ 207,000	$ 211,140
Less: Incremental Revenue/Recovery	-	(1,143,000)	(1,164,000)	(1,189,000)	(1,212,780)
Net Cost/(Benefit)	$ -	$ 1,340,000	$ 1,365,000	$ 1,396,000	$ 1,423,920
Less: Existing Budget Amounts	-	1,340,000	1,365,000	1,396,000	1,423,920
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The financial impact includes estimated lost youth fare revenue and the addition of three bus operator FTEs. An effective start date of January 1, 2021 is assumed. The amounts have been included in Transit's 2020-2023 approved operating budget.

The capital expenditures are for the purchase of two buses and have been included in the Department's 2020 capital budget.

original signed by
Laurie Fisher, CPA, CA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

01-01b: Key Directions for the Entire City – Key directions for connecting and expanding our sustainable transportation and infrastructure network.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with the Winnipeg Climate Action Plan (WCAP) as per Direction 3.1 *Increase Use and Efficiency of Public Transit Systems* (page 37).

SUBMITTED BY

Department: Transit
Division: Finance and Administration
Prepared by: Laurie Fisher, Manager of Finance and Administration
Date: September 24, 2020

Attachments:

Appendix A – Children 11 and Under Fare-Free Policy

Appendix B – Municipal Benchmarking Survey Results