**Employer Sponsored Bus Pass Program**
**Revised Discount Structure**
**File TT-2 (Vol. 12)**

2. The Standing Policy Committee on Public Works has been advised that the Transit Department, as part of its 1996 budget, included in the Innovative Transit Program a project to investigate alternative forms of employer sponsored transit programs.

On December 13, 2000, Council granted the Transit Department authority to negotiate and commit to EcoPass (Employer Sponsored Bus Pass) agreements based on a 5:1 cost-sharing ratio between the employer and Transit (for every 5% an employer reduced the price of a monthly pass to employees, Transit would rebate 1% to the employer).

In February 2001, the Transit Department began what was to be a six-month pilot project with Manitoba Public Insurance, based on the December 13, 2000, authority granted by Council, Manitoba Public Insurance agreed to provide a 50% discount to employees and Transit would rebate 10% to Manitoba Public Insurance. Unfortunately, at the time the program began, there was considerable negative media concerning bonuses for Y2K (Year 2000) changeovers paid to senior Manitoba Public Insurance staff. The EcoPass Program became associated with this negative publicity and the Minister responsible for Manitoba Public Insurance made a decision that the EcoPass Program would be curtailed after three months at Manitoba Public Insurance. Based on the three-month trial at Manitoba Public Insurance, the results were very positive including:

- Monthly Pass sales increased almost 800% increase from approximately 40 per month to 270 per month.

- Transit users almost doubled from approximately 34% of MPI employees (primarily downtown) to 58%.

- 44% of respondents indicated they were using transit more frequently.

- Reduced auto travel and parking; the number of people who were parking in unassigned spots (parking on a daily basis) decreased from 48% to 32%.

- Reduced car usage: The number of people who indicated they do not drive increased from 34% to 52%.

- 834 more trips per week: It's estimated that the program resulted in approximately 834 more trips per week of which 275 came from former auto drivers or passengers.

- Manitoba Public Insurance Management and employees felt it was an excellent program. Employees (particularly single parent families and lower income earners) appreciated the savings. Management found the program very easy to implement and administer, and there were many compliments to Manitoba Public Insurance from its staff for offering the program.

Over the following months, the Transit Department then contacted approximately 180 major organizations in the City seeking participants in the EcoPass Program. This contact included an original

"teaser package", follow-up mail, follow-up phone calls, and appointments as appropriate. From these contacts, the Transit Department learned the following:

- Universally, all organizations liked the EcoPass program, its objectives, potential benefits and innovativeness.

- While the organizations liked the "innovativeness", they were also concerned that this innovativeness presented a risk in that the program was unproven and untried. No one particularly wanted to be first to implement it.

- A few organizations commented that the 5:1 cost sharing formula was not sufficient to warrant their participation.

Based on this information, the Transit Department felt there would be an opportunity for a group of organizations to jointly implement the EcoPass program. In this way, the program would gain greater momentum, greater public profile, and no single organization would be the first to implement the program alone.

A luncheon presentation regarding the EcoPass Program was then made to 15 major organizations. The objective was to secure a group of approximately 6 - 8 organizations that would participate in a joint pilot project to implement the EcoPass program and provide some momentum for more organizations to join. As a result of this luncheon and subsequent discussions, the Transit Department now has a verbal commitment from 6 organizations to participate in a joint pilot project, subject to Council approval of the discount structure. The pilot project would include the following key elements:

- It would be a 6-month pilot project beginning in June 2002. The pilot project would be coordinated with Environment Week/Clean Air Day/Commuter Challenge initiatives and it would be strongly positioned as a commitment by all of these organizations to protecting our environment by reducing auto congestion and air pollution.

- The employers would offer monthly bus passes to employees at a 30% discount and the Transit Department would rebate 10% to the employer.

- Each employer would be encouraged to have surveys conducted prior to the program being implemented and near the end of the program. This would provide additional information to assess the overall benefits.

By undertaking this program on a "pilot project" basis, it allows the Transit Department and the employer to assess the benefits, costs, and operational considerations. Assuming both parties are satisfied with the results of the pilot project, a longer-term agreement would be signed with flexibility for both parties to discontinue the program should circumstances change.

The program direct costs for development and promotion are covered in the existing Transit budget. It is conservatively expected to be revenue neutral at minimum, and has the potential to substantially increase transit ridership and revenues. The risks to the City and Transit are minimized for two reasons:

- Surveys would be conducted where appropriate within organizations before implementing the pilot project to determine the existing transit usage, ridership patterns, and revenues. This will

allow the Transit Department and the employer to assess the potential risks and benefits.

- The program has been structured with the employer providing the largest portion of the discount in a 3:1 ratio with the Transit rebate. Employers would have the option of offering greater or lower discounts, but the original 5:1 sharing formula would apply in these circumstances. For example, an employer deciding to offer only a 20% discount would receive only a 4% rebate from Transit. Similarly, an employer deciding to offer a 40% discount would receive a 12% rebate (ie. 10% rebates on the first 30% discount plus 2% rebate on the next 10% discount).

The following information summarizes the financial impact at the 30% level. For example purposes, it has been assumed that an employer currently has 100 employees purchasing monthly bus passes. This would currently provide $6,355 monthly in revenues to Transit. If the employer were to offer passes for sale at a 30% discount, the Transit discount to the employer would be 10% or $635.50. Based on this, only 11 additional monthly passes would have to be sold for the program to break even (ie. $635.50 / $57.20 net revenue after rebate to Transit for additional pass sales). This is very achievable given the substantial discount offered by the employer and the results of the pilot project experienced at Manitoba Public Insurance.

The Employer Sponsored Bus Pass Program has the potential to provide significant benefits for employers, employees, the Transit Department and our environment. The Transit Department is requesting approval/authority to negotiate and conclude pilot project arrangements with potential participants per the details outlined in this report, with a view to maintaining the arrangements if the pilot projects prove successful.

Council approval is required for Transit fare adjustments.

The Financial Impact Statement is outlined on Attachment "A".

On April 2, 2002, the Standing Policy Committee on Public Works considered a report dated March 14, 2002, from the Director of Transit and approved the following amendment, which has been incorporated into the recommendations set out below, namely:

- Recommendation II, be added as follows:

    II. That the Employer Sponsored Bus Pass Program be reviewed in six months for report back to the Standing Policy Committee on Public Works.

The Standing Policy Committee on Public Works recommends:

I. That the Transit Department be granted authority to negotiate and commit to EcoPass (Employer Sponsored Bus Pass Program) agreements under which the Transit Department would provide:

    A. A 10% rebate to employers on the price of adult monthly bus passes based on the employer selling passes to its employees at a 30% discount, and

    B. Any discounts below or above the 30% level would be based on a 5:1 ratio (i.e. 1% rebate from Transit for every 5% discount offered by the employer to employees).

II. That the Employer Sponsored Bus Pass Program be reviewed in six months for report back to the Standing Policy Committee on Public Works.

III. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing, including the execution of documents related thereto.

Attachment "A" referred to in Clause 2 of the Report of the Standing Policy Committee on Public Works dated April 2, 2002

**Financial Impact Statement:**

Project Name: EcoPass (Employer Sponsored Bus Pass) Program

Date: March 14, 2002 First Year of Program **2002**

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | |
| Less: Existing Budgeted Costs | - | - | - | - | |
| 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 | $ 10,000 | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ 10,000 | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | 10,000 | - | - | - | |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments: The direct costs for this program include printing and promotion and are covered in the existing Transit budget. It has been conservatively estimated that this program is expected to be revenue neutral at minimum, and will potentially generate additional funds through increased Transit ridership. The results of the pilot project will provide further information for future year projections.**

Manager of Finance & Administration