



Committee of the Whole Report For the Meeting of October 8, 2020

To: Committee of the Whole **Date:** October 1, 2020
From: Susanne Thompson, Deputy City Manager and Chief Financial Officer
Subject: Youth Bus Passes - Proposed New U-Pass Program

RECOMMENDATION

That Council:

1. Request approval from the Victoria Regional Transit Commission for a U-Pass program paid by the City of Victoria that provides youth bus passes:
 - a. For eligible youth 18 years and younger who reside within the municipality of Victoria
 - b. For January 1 to December 31, 2021
 - c. Using the following fee structure:
 - i. Fixed fee of \$11.25 per eligible youth aged 11-18 to a minimum of approximately 4,000 youth. The number of eligible youth to be updated every four months.
 - ii. Variable fee of \$11.25 per pass issued for eligible youth younger than 11
2. Direct staff to include a budget of \$700,000 in the draft 2021 Financial Plan for the Youth Bus Pass Program, with funding to be determined as part of the 2021 financial planning process
3. Authorize the Mayor and City Clerk to execute a U-Pass Agreement with BC Transit generally in accordance with the terms outlined in this report

EXECUTIVE SUMMARY

The City initiated a municipally funded youth bus pass program in December 2019. The original pilot using monthly bus passes was intended to end in August 2020 and be replaced by an annual U-Pass program as of September 2020. However, due to the pandemic and significant decline in ridership, the City instead continued issuing monthly bus passes with payment only for the number of passes issued and Council directed staff to report back as ridership increased to consider the implementation of a U-Pass program at that time.

The City has seen a steady increase in passes issued over the summer and most significantly for the month of September. Due to the Provincial election blackout period, Transit staff were unable to share current overall ridership statistics. Over the past several months, anticipating an increase in ridership, staff have proactively negotiated, at the staff level, the terms of a potential new agreement with BC Transit. To inform the structure of the new program, staff had the benefit of the data collected during the pilot. The proposed new agreement would result in reduced costs to the City compared to the original pilot while still providing free bus passes to eligible youth 18 years of

age and younger. The new program would issue annual U-Pass cards to eligible youth rather than the monthly passes used to this point.

This proposed new program would require the approval of the Victoria Regional Transit Commission (VRTC). Their next meeting is November 3, 2020.

Should Council direct staff to move forward with this program, it could be in place by January 2021, pending approval by VRTC.

PURPOSE

The purpose of this report is to seek Council's direction for a potential new U-Pass program that could take effect January 1, 2021.

BACKGROUND

The City's Strategic Plan includes a number of actions relating to fare-free transit, including for youth 18 and under.

In addition, a number of staff report recommendations and Council member motions and have been passed including:

From the June 20, 2019 Committee of the Whole meeting

That Council directs staff to ensure that all residents of the City of Victoria who are under the age of 19 will have access to a pass for fare-free public transit no later than November 30, 2019, including provision of a City of Victoria service pass ("VicPass") or a similar mechanism for youth who may not be enrolled in a formal program of education or who may be enrolled in an alternate program of education.

From the October 3, 2019 Committee of the Whole meeting

That Council:

1. *Negotiate a reduced fare for a Victoria Youth bus pass pilot program via upcoming Victoria Regional Transit Commission (VRTC) meetings, at the rate of less than \$11.50 per month, paid by the City of Victoria with a duration of up to 1 year, beginning in November 2019.*
2. *Reiterates its support for fair free public transit for people under 19 being delivered regionally.*
3. *Direct staff to introduce an interim monthly youth bus pass program as outlined in this report, at the rate defined via the VRTC negotiated amount for Victoria youth applicants 18 and under, as soon as possible in 2019*
4. *Refer the longer term, steady-state youth bus pass resource requirements to the 2020 financial planning process, in order to:*
 - a. *Develop a steady-state bus pass program to be implemented by August 31, 2020 to coincide with the start of the next academic year.*
 - b. *Reduce administrative costs and requirements to the City, BC Transit and school district and other educational partners.*

From the January 30, 2020 Committee of the Whole meeting

That Council endorses the following resolution and directs staff to forward a copy to Victoria Regional Transit Commission for consideration at its meeting of February 25, 2020:

The City of Victoria:

- 1. Endorses the initiation of a pilot program to provide fare-free public transit for youth across the Capital Region, to reduce greenhouse-gas emissions and promote transit ridership and sustainable mobility from an early age.*
- 2. Requests that the Victoria Regional Transit Commission reconsider at its February 25, 2020 meeting the initiation of a pilot program beginning in 2020 to provide fare-free public transit to people 18 years and younger in the Capital Region.*

From the May 14, 2020 Committee of the Whole meeting

- 1. That Council reaffirms support for the Youth Bus Pass Program and directs staff to engage BC Transit and report back to Council on funding options for continuation of the program in the September 2020 – August 2021 period.*
- 2. That Council reaffirms its commitment to the 2019 Strategic Plan action to explore extending the fare-free transit program to include Low-Income People and Senior Citizens.*

From the July 16, 2020 Committee of the Whole meeting

That Council:

- 1. Approve funding of up to \$200,000 from the 2020 contingency budget to fund fare free bus passes for youth 18 years and younger who live in the City of Victoria from September to December 2020*
- 2. Direct staff to bring forward funding options for the continuation of this program or the establishment of a U-Pass program, depending on ridership levels, as part of the 2021 financial planning process*

To meet Council's desired timeline of having a youth bus pass program in place no later than November 30, 2019, the City implemented a pilot program utilizing monthly bus passes from December 2019 to August 2020, which required a fixed monthly fee of \$81,000. This provided a 75% discount and the fee charged was \$11.25 per eligible youth. Under the agreement with BC Transit, the number of eligible youth was the estimate for school aged children who live in the municipality of Victoria (7,200). The fee discount accounts for typical uptake for other U-Pass programs and simplifies administration in that a fixed monthly amount is levied rather than charging the regular fee for each pass issued. Due to the pandemic, BC Transit offered fare free transit service to everyone for the latter part of March, April and May 2020 and the City did not pay any fees during that time. The City issued an average of 2,367 passes per month from December 2019 to March 2020.

The original intent was to have a U-Pass program in place for September 2020. However, due to reduced ridership, staff recommended, and Council approved, an alternate approach for September to December 2020 by continuing using monthly bus passes and paying per pass issued at the bulk rate (10% discount) of \$40.50.

There are multiple school districts in Greater Victoria as well as a number of independent schools. In addition, the scope of this program extends beyond youth in schools, whether home-schooled or not. Staff did explore the possibility of coordinating the administration of a U-Pass program with school districts. However, given the complexity of coordinating across so many different districts, independent schools and others, staff determined that the best option from a resource and logistics perspective would be for the City to administer the program on its own. An online application portal has been developed and is in use that complies with the privacy laws the City has to adhere to. If a youth is unable to apply online, an in-person option is available as well as support over the phone.

ISSUES & ANALYSIS

The proposed new program has been informed by the learnings from the pilot and would provide annual U-Pass cards to eligible youth 18 years and younger who reside within the municipality of Victoria.

Ridership Information

Due to the Provincial election blackout period, Transit staff were unable to share current ridership statistics, although our understanding is that it is increasing. The latest information provided was from the summer as follows:

Transit System	Week 26 boardings change vs. 2019	Week 25 boardings change vs. 2019	Week 24 boardings change vs. 2019	Week 23 boardings change vs. 2019	Week 22 boardings change vs. 2019
Week of	June 22	June 15	June 8	June 1	May 25
All systems	-56%	-59%	-61%	-62%	-60%
Victoria	-62%	-63%	-66%	-68%	-66%

For the City's youth bus pass program, there has been a steady increase over the summer, most significantly for the month of September. The following table outlines the number of passes the City has issued per month since December 2019:

	December	January	February	March	June	July	August	September
Number of Passes Issued	2130	2433	2385	2523	642	885	950	1511

In addition to the number of passes issued during the pilot, the City also collected some data including the age of the youth who received a pass. This data shows that the majority of youth the City issued passes to were between 11 and 18 years of age, with a smaller proportion (about 10%) younger than 11.

Proposed Terms and Financial Impact

Based on the usage statistics collected during the pilot, staff have negotiated, at the staff level with BC Transit staff, a proposed program that would continue to provide fare-free transit passes to youth aged 18 and younger, but with both a fixed and a variable portion to the fees charged, resulting in a more cost-effective program.

The main terms for the proposed agreement are as follows:

Term: January 1 to December 31, 2021, with the ability to renew subsequent periods.

Eligible participants: All youth aged 18 years and under who reside within the geographic area of the municipality of Victoria.

Administration: The program, including the production, delivery and payment for U-Pass cards, is the responsibility of the City of Victoria.

Fees:

Fixed fee of \$11.25 per eligible youth for youth aged 11-18 for a minimum of approximately 4,000 youth, updated every four months.

Variable fee of either \$11.25 or \$40.50 for eligible youth younger than 11 (dependent on Transit Commission decision).

This arrangement would result in fixed monthly fee of approximately \$45,000 (4,000 eligible youth x \$11.25) plus a variable fee (for approximately 200 passes) ranging \$2,200 to \$8,100 depending on the per pass fee charged by Transit. Including the cost of passes and additional staffing to administer, the total annual cost for this program would be approximately \$700,000.

Funding

The pilot program was intended to be funded by parking fees collected at on-street meters on Sundays. However, due to the pandemic, parking revenues are significantly lower than anticipated and funding was therefore also approved from the contingency budget to cover all costs for 2020.

Council directed staff to bring forward funding options for the continuation of a bus pass program as part of the 2021 financial planning process. However, given the proposed new negotiated terms as well as increased ridership, Council may wish to provide direction sooner to enable the establishment of a U-Pass program for January 2021 and allow sufficient time to receive applications and order passes. In addition, to have this program in place by January, a decision of the VRTC is required and their last meeting this year is November 3.

As previously reported, revenue shortfalls are likely to continue into 2021 and balancing funding needs for competing priorities will be a challenge during the 2021 financial planning process. The City's Financial Sustainability Policy provides guidance on funding new services or enhancements to existing services through a combination of:

1. A reduction in the cost of existing services. This may include a reallocation of resources from one area to another.
2. An increase in non-tax revenues.
3. A further increase in property taxes.

Staff are working on finalizing the draft 2021 budget, including bringing a number of mitigation strategies forward for Council's consideration to meet the Council directed maximum tax increase of inflation plus 1%.

Should Council wish to move this initiative forward, staff recommend including this program in the draft 2021 financial plan and the funding mechanism would be determined as part of the overall financial planning process once Council has received the draft budget and the potential mitigation strategies.

OPTIONS & IMPACTS

Option 1 – Direct staff to implement a U-Pass program for January to December 2021 (recommended)

This option would meet Council's previous direction as well as complete an action item in the Strategic Plan. It also supports transportation and climate goals within the Official Community Plan.

The proposed new program reduces the overall cost to the City compared to the pilot while still providing fare-free transit to youth 18 years and younger who reside within the municipality of Victoria.

Should the impacts of the pandemic increase, ridership may decline again. Therefore, due to the fact that annual passes are issued under this program, there is a risk that the City may be required to pay a higher amount if ridership decreases significantly than under the current model of paying a fee per pass issued.

Option 2 – Delay implementing a U-Pass program and continue issuing monthly bus passes until the 2021 financial planning process has concluded

This option would delay the start of the U-Pass program to sometime in 2021. Given current ridership trend this option would likely result in higher overall costs to the City than the proposed new rate structure under Option 1 unless. If a second wave of the pandemic reduces ridership again, this option may result in a lower cost than Option 1.

Option 3 – Cancel the youth bus pass program

This option would not achieve Council's direction to-date.

Accessibility Impact Statement

This initiative is aligned with the Governance and Services focus area of the Accessibility Framework and provides multiple options for applying for and obtaining a youth bus pass, including online and in person. Staff are available to provide additional support if required.

2019 – 2022 Strategic Plan

This initiative is an action item in the Strategic Plan.

Impacts to Financial Plan

Should Council wish to move this initiative forward, an expense budget of \$700,000 would be included in the draft 2021 Financial Plan.

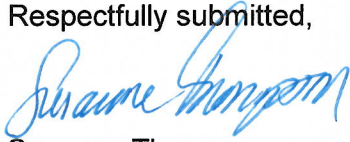
Official Community Plan Consistency Statement

This initiative is aligned with a number of transportation and climate goals and objectives within the Official Community Plan. It directly supports goal 7 (a) - Transportation options reduce fossil fuel dependencies, help conserve energy and produce low greenhouse gas emissions and other air contaminants.

CONCLUSIONS

Council has on numerous occasions reiterated its support for the continuation of this program. The proposed new terms for the U-Pass program meets Council's direction for providing fare-free transit to all youth 18 years and younger who reside in the City of Victoria while reducing the overall cost compared to the pilot.

Respectfully submitted,



Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager:



Date:

Oct 2, 2020