



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.2.1
Halifax Regional Council
November 15, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: for: Councillor Reg Rankin, Chair, Transportation Standing Committee

DATE: October 28, 2011

SUBJECT: SmartTrip E-Pass – 2012 Pilot Project

ORIGIN

Motion approved at the Transportation Standing Committee meeting of October 27, 2011.

RECOMMENDATION

The Transportation Standing Committee recommends that Halifax Regional Council approve a new employer-based annual transit pass fare medium called SmartTrip E-Pass pilot project in the 2012/2013 fiscal year, as described in the Budget Implications section of the October 3, 2011 staff report.

BACKGROUND

Please refer to the Background section of the October 3, 2011 staff report (Attachment A).

DISCUSSION

Staff presented the SmartTrip E-Pass 2012 Pilot Project to the Transportation Standing Committee on October 27, 2011. The Committee held a discussion on the pilot project, with staff responding to questions and concerns.

A suggestion was provided that in the promotion of the program, staff make note of the public transit income tax rebate, as an example of the net benefits of the program.

Concern was noted with regard to the impact and implications on current transit routes that are already at capacity. Staff clarified that this has been a point of discussion with Metro Transit and was one of the reasons for only 750 E-passes being made available for the pilot project. Staff are hoping to increase new ridership by 10% with this initiative, and are looking to a variety of employers in different locations, so no one route should be heavily impacted.

Staff indicated that they will be studying data collected from the pilot project closely to provide an analysis of the program and its users for future years.

It was suggested that it would be beneficial to HRM to participate in the program, to be able to evaluate their own participation from an employer perspective. It was further suggested that, after the pilot project is completed, HRM lead as an example for other employers by offering the program to HRM employees. Staff clarified that due to current budget restraints, and certain complexities of payroll deductions, HRM as an employer was not included in the pilot program. Staff, however, hope to be able to include HRM in future years programs.

BUDGET IMPLICATIONS

Please refer to the Budget Implications section of the October 3, 2011 staff report (Attachment A).

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

The Transportation Standing Committee is comprised of eight duly elected members of Council. Composition is made up of a member from each of HRM's six Community Councils, along with two members-at-large.

Transportation Standing Committee meetings are held once a month and are open to the public, unless otherwise stated. Agendas, reports, and minutes from these meetings are posted online.

ALTERNATIVES

Please refer to the Alternatives section of the October 3, 2011 staff report (Attachment A).

ATTACHMENT

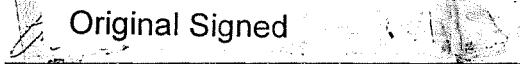
Attachment A October 3, 2011 staff report "SmartTrip E-Pass – 2012 Pilot Project"

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Jennifer Weagle, Legislative Assistant, 490-6517

**Transportation Standing Committee
October 27, 2011**

TO: Chair and Members of Transportation Standing Committee

SUBMITTED BY:  Original Signed
Phillip Townsend, Director, Planning & Infrastructure

DATE: October 3, 2011

SUBJECT: SmartTrip E-Pass – 2012 Pilot Project

ORIGIN

Halifax Regional Council approval in principle of:

1. Metro Transit Five-year Strategic Operations Plan (February 9, 2010; item 12.5)

Halifax Regional Council and Transportation Standing Committee approval in principle of:

2. Transportation Demand Management Functional Plan (March 15, 2011; item 11.2.2)
3. HRM SmartTrip Program (July 5, 2011; item 11.5.1)

RECOMMENDATION

It is recommended that the Transportation Standing Committee recommend to Regional Council approval of a new employer-based annual transit pass fare medium called SmartTrip E-Pass pilot project in the 2012/2013 fiscal year, as described in the Budget Implications section of this report.

BACKGROUND

As part of the implementation of the Transportation Demand Management Functional Plan, HRM Strategic Transportation Planning has been working with employers through the SmartTrip Program to provide education, incentives and information that help increase their employee's use of transit, cycling, carpooling, walking and tele-work. This is to support the Regional Plan objectives to have more commuters use sustainable transportation options, particularly for peak hour commuter trips. An Employee Transit Pass was a recommendation of both the Metro Transit Five-year Strategic Operations Plan and the Transportation Demand Management Functional Plan.

DISCUSSION

As part of the SmartTrip program, employer members are provided with services such as cycling safety training, a guaranteed-ride home program, and carpool ridematching services to encourage increased use of more sustainable transportation options. SmartTrip gives employers an opportunity to play a more active role in influencing how their employees commute to work. The SmartTrip E-Pass program main incentive is to increase transit ridership.

The SmartTrip E-Pass would be a new fare offered by Metro Transit for annual transit passes at a discounted rate to employees of workplaces that participate in the project. The program is intended to be a pilot project in 2012/13 and if approved, only 750 E-passes would be distributed. The current cost of purchasing 12 monthly MetroPasses is \$840. It is proposed to provide an annual SmartTrip E-pass for the cost of 10½ months, which equates to a discount of \$105 per year. Employers would be required to at least match the HRM discount of \$105 so that their employees would pay, at most, \$630 for the pass via payroll deduction. The SmartTrip E-Pass must be purchased for a full year and is not transferable.

The immediate financial impact of the program depends on how many SmartTrip E-passes are bought by people that currently purchase 12 monthly MetroPasses, as compared to how many new riders or occasional users that may take advantage of the program.

If only people that currently purchase 12 monthly MetroPasses convert to the E-Pass, revenue loss in 2012/13 would be \$78,750. Conversely, the program may increase revenue in the short term because it is a limited offer, and will not result in increased operating costs. For example, if all the SmartTrip passes are sold to new riders, the increase in revenue would be \$551,250. Neither of these extreme scenarios is expected, however, only 94 out of 750 SmartTrip E-passes need to be bought by new users for the program to break even.

Over time, the program would be considered successful if it increases new transit ridership by 10% of the E-passes issued. For the proposed trial period this would equate to 75 new transit users. If the pilot project is approved, staff will monitor the success of the project and return with a recommendation on continuing or modifying the program prior to the 2013/14 budget cycle.

The benefits of increasing transit ridership include:

- reduced environmental impact from greenhouse gas emissions;
- reduced peak hour congestion; and
- reduced need for road network capacity projects.

Employer-based transit passes are offered in many Canadian cities including Gatineau, Winnipeg, the Greater Toronto Area, and Vancouver. While each of these programs differ in the percentage of discount offered, the requirement for matching discounts, and some of the mechanics of program implementation, they have all been successful at attracting at least 10% new transit users within the number of passes issued. Many of them report that the employer pass, despite the discounts offered, have resulted in increased revenue as they have attracted new riders.

Employers invest in the program because it offers employee benefits that lead to increased productivity and retention, supports corporate environmental goals, and is less expensive than providing more parking.

The pilot project is aimed at leveraging interest from other businesses in HRM. Given current budget pressures, it is not being recommended that HRM participate in the pilot program for HRM employees. As the program matures and the E-pass becomes more commonplace, HRM may be in a better position to offer the pass to its workforce.

In selecting the workplace partners to participate in the 750 E-pass pilot project, attention will be given to partnering with a range of employers and focusing on workplace locations where transit capacity is available for increased rider demand.

While the program shares some objectives and similarities with the U-Pass program, it differs by making the purchase by each employee discretionary, not mandatory. In addition, the discount is significantly less with the E-Pass.

BUDGET IMPLICATIONS

As stated above, the worst case scenario for revenue loss in 2012/2013 would be if all of the 750 SmartTrip E-Passes were sold to people that currently purchase 12 monthly MetroPasses. In this case, revenue would decline by \$78,750. Any lost revenue would have to be recouped through other revenue sources or possible internal efficiencies.

The impact on revenue depends on the number of non-transit users and occasional transit users who purchase the SmartTrip E-Pass. Only 94 of the 750 E-passes need to be sold to non-transit users to have no net impact on revenue in 2012/13. This is a likely scenario based on the results of employer-based transit passes in other Canadian jurisdictions.

Dalhousie University, who have already indicated an interest in participating in the pilot program, have agreed to help mitigate the risk of a revenue loss by ensuring that at least 10% of their E-passes will be reserved for new transit riders.

If the pilot program is successful, staff will return to Regional Council with a recommendation to make the E-Pass permanent as described in paragraph five of the discussion section, and the SmartTrip discount will form part of the Metro Transit fee structure that is reflected in future operating budgets.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

Although no community engagement specific to the SmartTrip E-Pass has been undertaken, consultation was a key part of the Metro Transit Five-year Strategic Operating Plan. Stakeholder consultation specific to the SmartTrip E-Pass has taken place with current SmartTrip workplace partners, and through a focus group session arranged by the Halifax Chamber of Commerce.

ALTERNATIVES

1. The committee may choose to not support this new pilot fare offering. This would likely hinder the success of the overall SmartTrip program as transit is considered the key modal shift opportunity. This is not recommended for the reasons outlined in this report.
2. The committee may also choose to recommend a higher or lower discount for the SmartTrip E-Pass. A higher discount would be a more positive step in increasing transit ridership for commuting but may result in reduced revenue. A lower discount, while reducing the risk of revenue loss, would make the offering less attractive to SmartTrip participants and their employees.

ATTACHMENTS

There are no attachments.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: David MacIsaac, Transportation Demand Management Supervisor 490-1665

Original Signed

Report Approved by: David McCusker, Manager, Strategic Transportation Planning, 490-6696

Original signed

Report Approved by: Eddie Robar, Director, Metro Transit, 490-6720

Original Signed

Financial Approval by:

James Cooke, CGA, Director of Finance/CFO, 490-6308
