

Item No. 4 (i)
Committee of the Whole
December 18, 2013

TO: Mayor Savage and Members of Halifax Regional Council in Committee of the Whole

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

DATE: December 6, 2013

SUBJECT: Low Income Transit Pass Pilot Program

ORIGIN

Motion of the December 4, 2013 meeting of the Transportation Standing Committee with financial implications for the 2014-2015 Transit Operating Budget.

LEGISLATIVE AUTHORITY

HRM Multi-year Financial Strategy <http://www.halifax.ca/finance/multiyear.html>

RECOMMENDATION

The Transportation Standing Committee recommends that Committee of the Whole consider the implementation of a low income bus pass pilot program in the 2014/15 budget, as outlined in the attached November 12, 2013 information report, for a period of 6 months beginning in May 2014, and that the pilot program consists of a maximum of 500 monthly transit passes being offered at a 50% discount to low income residents.

BACKGROUND

On August 7, 2013, the Transportation Standing Committee requested a staff report on mechanisms to provide subsidized yearly transit passes to low income residents.

An Information Report dated November 12, 2013 (Attachment 1) was provided to the Transportation Standing Committee at their December 4, 2013 meeting.

DISCUSSION

At the December 4, 2013 meeting, the above noted Information Report was added to the agenda for discussion. Councillor Watts put forward a motion in regard to a low income transit pass pilot program for debate.

The Committee discussed the motion, with the following comments noted:

- This initiative might serve to encourage Metro Transit ridership, with positive environmental and traffic implications.
- The program would be intended to assist residents who were not able to afford a car or the full cost of a monthly transit pass.
- As social services are not within the mandate of HRM, it was suggested that HRM strike up a working relationship with the Department of Community Services to determine those that require assistance with transportation.
- Questions and suggestions were raised as to how the program would be administered.

Staff clarified the following at the request of the Committee:

- The cost of the proposed program would be approximately \$20,000 per month (\$120,000 for a six month pilot project, \$240,000 on an annualized basis).
- The discount would be 50% of the monthly price of a transit pass.
- It was anticipated that the program would be administered by Metro Transit.
- Applicants to the program would be required to complete an application form.
- Staff would include questions on the application form with regard to past transit use, to have better data after the pilot phase, and to determine financial implications of the implementation of the program.
- The Department of Community Services already provides some funding for transportation assistance. This provincial assistance captures a portion of low income residents but not those low income residents who work full time.

The Committee discussed the proper direction for this motion to follow, and it was noted that it should be brought forward with the Metro Transit budget discussion at the upcoming Committee of the Whole meeting.

FINANCIAL IMPLICATIONS

The staff information report dated November 12, 2013 provided an estimate of anticipated costs for implementation of a pilot program at approximately \$20,000 per month (\$120,000 for a six month pilot project, \$240,000 on an annualized basis).

A funding source for the Pilot Program was not identified in the staff report, as such the program is an unbudgeted item and would require identification of a funding source and/or increase to the Metro Transit Operating Budget in order for Regional Council to proceed with the program.

COMMUNITY ENGAGEMENT

The Transportation Standing Committee is comprised of eight duly elected members of Regional Council. Meetings are held on a monthly basis and are open to the public (unless otherwise indicated). Agendas, reports and minutes are available on the HRM website.

ENVIRONMENTAL IMPLICATIONS

Implementation of the Low Income Transit Pass Pilot Program may have positive environmental implications by encouraging Metro Transit ridership and thereby reducing the number of cars on the roads.

ALTERNATIVES

Council may choose to not consider implementation of the Low Income Transit Pass Pilot Project, or may also bring forward any further alternatives as deemed appropriate.

ATTACHMENTS

Attachment 1 Information report “Low Income Transit Passes” dated November 12, 2013.

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

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Financial Approval by: _____
Greg Keefe, Director of Finance & ICT/CFO, 490-6308



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Info Item No. 1

**Transportation Standing Committee
December 4, 2013**

TO: Chair and Members of the Transportation Standing Committee

Original Signed

SUBMITTED BY:

Eddie Robar, Director, Metro Transit

DATE: November 12, 2013

SUBJECT: Low Income Transit Passes

INFORMATION REPORT

ORIGIN

On August 7th 2013, the Transportation Standing Committee requested a staff report on mechanisms to provide subsidized yearly transit passes to low income residents.

LEGISLATIVE AUTHORITY

Section 102 of the Halifax Regional Municipality Charter allows Council, by by-law, to prescribe charges for the provision of services for persons who use or benefit from the service, on a basis to be set out in the by-law. As such, to establish a subsidized transit pass, Council would be required to set out the rates through a by-law.

BACKGROUND

On August 7th, 2013, the Transportation Standing Committee requested a report investigating the potential for a subsidized transit pass for low income residents of HRM:

Moved by Councilor Watts, seconded by Councilor Walker that staff prepare a report on mechanisms to provide subsidized yearly bus passes to low income residents.

Further to this motion, the Committee requested that the report:

- Define low income in Nova Scotia and determine the number of people in HRM eligible for a subsidy;
- Review programs in other municipalities;
- Provide a cost comparison to other subsidized Metro Transit passes; and
- Provide an overall impact analysis for the Metro Transit system.

DISCUSSION

Defining low income and determining the number of eligible residents

In Canada there is no official government mandated poverty line,¹ however Statistics Canada produces a Low-Income Cut-Off (LICO) measurement on a yearly basis which is widely accepted as an accurate determination of what constitutes low income in Canada. The LICO represents the income level at which a family has to spend a greater proportion of its income on necessities than the average family of similar size, and as such, varies based on family size.

According to statistics provided by the Government of Nova Scotia, approximately 34,000 persons in HRM would fall under the Statistics Canada LICO after taxes. Of the 34,000, the Department of Community Services estimates that approximately 13,000 people receive support under the Employment Support and Income Assistance (ESIA) program, which does provide some funding for transportation allowances to eligible recipients.²

It is not known what percentage of the 34,000 low income residents in HRM would choose to purchase subsidized transit passes if available. Although a large percentage would either reside or work within areas serviced by Metro Transit, many may not use transit frequently enough to merit purchasing a monthly pass. This could be for many reasons, including variations in transportation needs, and the ability to walk, cycle, or use a personal vehicle to meet those needs.

Programs in other municipalities

A review of low income transit pass programs in other municipalities was conducted, and included cities smaller, larger, and comparable in size to HRM (Burlington, Oakville, Regina, Victoria, Windsor, Calgary, Hamilton, York Region, Waterloo Region, Kingston, and Guelph). In reviewing these programs a number of key findings were identified:

- Most cities use Statistics Canada's Low Income Cut Off (LICO) to determine eligibility to their subsidized transit pass programs.
- Some programs are targeted at residents accessing provincial programs such as Social Assistance, the Saskatchewan Employment Supplement, Ontario Works, etc.
- It is common to offer a limited number of passes available on a first come first serve basis (ie. Hamilton, York Region, Burlington, and Oakville).
- The programs are administered by the municipality, and typically require either proof of income in the form of a *Notice of Assessment* from the Canada Revenue Agency, or proof of participation in a government assistance program.
- Although there is some variation, most low income transit passes offered are approximately 50% of the cost of a regular adult transit pass.
- Some cities also provide free or discounted transit tickets or passes to eligible community agencies so that they are able to distribute them to residents in need (ie. York Region, Victoria).

Existing Metro Transit subsidized passes and programs

Metro Transit currently offers the following discounted fares:

- Seniors and Children (ages 5- 15 and over the age of 65): a 26% discount on the cost of a monthly pass and a 27% discount on tickets.
- Students: a 10% discount on the cost of a monthly pass.
- U-Passes: All students at participating institutions are required to purchase a U-Pass at approximately a 70 – 80% discount.
- CNIB: Members of the Canadian National Institute for the Blind (CNIB) receive free fare.
- E-Pass: Employees at participating organizations receive a 25% discount on an annual pass.

In addition to the discounted passes offered, Metro Transit also informally donates transit tickets and monthly transit passes to charitable organizations by request. In the 2012/2013 fiscal year Metro Transit donated approximately \$23,217 worth of transit tickets and passes through this program.

Options for providing subsidized transit for low income residents in HRM

Based on the review conducted, two potential mechanisms to make transit more accessible to low income residents were identified, as described below. Either strategy, or a combination of the two options, are possible in HRM.

a) Provide subsidized passes directly to low income residents

Residents could apply to qualify for a low income transit pass by submitting a *Notice of Assessment* (distributed annually by Canada Revenue Services) and an application form to HRM. This would be a similar process as the existing HRM Residential Property Tax Exemption Program, and could be administered in much the same way. Those individuals whose family income either falls below Statistics Canada's LICO, or, the HRM approved cut-off used for the property tax exemption program (currently \$31,000 in income annually per family) would be eligible. If approved, the applicant would be sent a confirmation letter and unique account number, which would allow them to purchase transit passes monthly at a discounted rate at one of HRM's customer service centres.

The request of the Committee was to determine the potential of an annual low income transit pass. An annual pass would be challenging to administer and less affordable for low income residents than monthly passes. Unlike the E-Pass program, which can be administered through payroll deductions, HRM would have no reliable mechanism to collect payments in installments throughout the year for the pass. As a result, residents would be required to pay the full amount of the annual pass upfront (assuming a 50% discount, this would be approximately \$468), which would not be affordable for most low income residents. In addition, monthly passes provide more flexibility for residents whose transportation needs may change throughout the year. This flexibility makes monthly passes more cost effective, particularly for residents working casual hours or with seasonal employment.

This program would primarily benefit residents with low income who have full time employment, or have other regular transit needs that would merit purchasing a monthly transit pass.

b) Provide discounted transit tickets or passes to community organizations

Metro Transit could continue to offer a limited number of transit tickets and passes to community organizations for free, and could also offer ticket and pass sales at a 50% discounted rate to community organizations that service low income or disadvantaged groups. This would allow those groups to better leverage available funding to distribute tickets or passes as needed to the residents they serve. This program would be targeting residents with low income who do not necessarily have full time employment, and who would benefit from transit access for appointments, interviews, errands, etc., on an infrequent basis that would not typically merit the purchase of a monthly transit pass. For this program, it would be important to have a pre-determined set of criteria or list of eligible community organizations, and have a reporting function to ensure that tickets and passes are being distributed appropriately.

Impact to Metro Transit

The financial impact of a subsidized transit program for low income residents would vary based on the proportions of new and current transit users that would choose to take advantage of the

program, which is difficult to predict. If HRM offered a low income monthly transit pass at a 50% discount, the cost of an individual adult transit pass would be \$39 per month. This could potentially result in a \$39 loss of revenue to Metro Transit for every pass sold at the discounted price. However, the program could also generate new revenue by attracting new transit riders. . If half of the passes were purchased by new users, the program would be cost neutral. It is anticipated that there would be at least some balance of new and existing transit pass holders partaking in the program, partly mitigating the resultant gain or loss of revenue.

As such, to better evaluate the financial implications and prevent a large loss of revenue, should Council wish to proceed with a low income transit pass program, it should proceed as a pilot project with a limit on the number of passes available. It is common in other comparably sized municipalities to cap the number of passes available in the program at about 1000 – 1500 per month. Limiting the program to 500 transit passes monthly during a pilot phase would limit the maximum potential revenue loss (or gain) to \$19,500 per month.

Similarly, it is difficult to determine the cost of providing discounted transit passes to community organizations, as it is unknown what proportion of sales would represent new revenue. In Victoria, more than 50 organizations benefit from this type of program including shelters, resource centres, and support networks for low income residents. A 2011-2012 report on the program in Victoria states: *“While the Victoria Regional Transit Commission is subsidizing 50% of the tickets and passes allocated to the program, the remaining 50% earn revenue and ridership for the Commission. Such revenue, unlikely to have been otherwise realized, amounted to over \$150,000 in retail sales from April 2011 to March 2012. This represents a “win-win” for social and economic returns on investment in our Transit system.”*³

The introduction of a limited number of low income transit passes is not expected to have a significant impact on the existing transit service, as it is assumed that at least a portion of the passes would be purchased by existing transit users, and a portion would be purchased for travel during non-peak times. However, it is possible that the new ridership could create capacity issues on certain routes or at certain times, creating a need for increases to service.

More accurate financial and service implications could be determined by including a feedback process as part of any pilot program established. Applicants to the program could be asked to identify if they are new or existing monthly transit pass holders, and to describe their daily transit use. This would be strongly recommended for evaluation purposes.

It has been determined that a pilot program can be administered through the HRM Revenue Department with existing staff resources. The program would need to be re-evaluated after the pilot phase to determine if there would be any additional resources required or financial implications related to the administration.

FINANCIAL IMPLICATIONS

There are no financial implications with this report.

COMMUNITY ENGAGEMENT

As this report is only to provide information to the Transportation Standing Committee, no community engagement has taken place. Should a pilot program be initiated, feedback from participants would be recommended to further develop the program.

REFERENCES

1. Nova Scotia Department of Community Services Poverty Backgrounder:
http://www.gov.ns.ca/coms/departement/backgrounders/poverty/Poverty_Stats-May2008.pdf
2. Nova Scotia Department of Community Services Employment Support and Income Assistance Policy Manual:
http://novascotia.ca/coms/employment/documents/ESIA_Manual/ESIA_Policy_Manual.pdf
3. 2011 – 2012 Report to the Victoria Regional Transit Commission: Community Social Planning Council

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.

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