




CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Transit Division

TO:	Mayor and Members Committee of the Whole
COMMITTEE DATE:	June 3, 2020
SUBJECT/REPORT NO:	Mohawk College University/College Transit Pass Agreement- Summer Semester (PW20022) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nancy Purser (905) 546-2424 Ext. 1876
SUBMITTED BY: SIGNATURE:	Debbie Dalle Vedove Director, Transit Public Works Department 

Discussions of Confidential Appendix “A” to this Report PW20022 in Closed Session is subject to the following requirement(s) of the City of Hamilton’s Procedural By-Law and the Ontario Municipal Act, 2001;

- **Advice that is subject to solicitor-client privilege, including communications necessary for that purpose.**

RECOMMENDATION(S)

- (a) That the General Manager, Public Works, or their designate, be authorized and directed to negotiate and execute on behalf of the City all necessary agreements and related documents to temporarily suspend the University/College Transit Pass agreement (the “Mohawk UCTP Agreement”) between the City and Mohawk College of Applied Arts and Technology, for the period May 1, 2020 to August 31, 2020 (2020 summer semester), with content acceptable to the General Manager, Public Works and in a form acceptable to the City Solicitor;
- (b) That Appendix “A” attached to Report PW20022 remain confidential, and

- (c) That the Mayor send written correspondence to the Provincial and Federal governments requesting that for the foreseeable future, notwithstanding the reduction in ridership levels and gas tax revenues, the level of funding provided through the gas tax programs to municipalities not be reduced from the amounts received for the 2019/2020 fiscal year.

EXECUTIVE SUMMARY

The City of Hamilton is party to University/College Transit Pass Agreements (“UCTP Agreements”) with McMaster University, Mohawk College, Redeemer University College and their respective Student Associations/Unions, which covers approximately 42,000 students (pre-covid19 estimate). The UCTP pass allows students unlimited access to the HSR. The UCTP Agreements require that all full-time students enrolled in each of the respective schools be charged the UCTP fee (with no opt-out provision). The fee is substantially discounted as all full-time students pay regardless if they use transit and has been developed to ensure that it appropriately covers their share of the system usage and generated \$8,691,702 in 2019 and accounts for approximately 23% of total ridership. As students live throughout the City, transit service levels have increased across the system to meet the ridership demand.

The UCTP fee is considered an ancillary fee under the university and college fee structures. In 2019 the Conservative government implemented the ‘Student Choice Initiative’ (the “SCI”) to make ancillary student fees charged to university and college students optional. The Transit Agencies and the respective universities/colleges lobbied the Ontario Government as to the importance of the UCTP program to Transit Agencies and students throughout Ontario. As a result, the Ontario Government agreed that if a program was already in place prior to January 1, 2019 it would remain mandatory for all students to participate. Should the current UCTP agreements be cancelled any future agreement would be subject to the SCI giving students the ability to opt in/out which would result in the UCTP program no longer being viable.

On March 17, 2020, the Province of Ontario declared a state of emergency pursuant to s. 7.0.1 of the *Emergency Management and Civil Protection Act* as a result of an outbreak of a communicable disease namely Coronavirus Disease 2019. University and college campuses throughout Ontario were ordered to close as a result.

With university and college campuses closed and the public told to remain at home, the programs normally offered through universities and colleges moved to an on-line format. This has led to a significant reduction of ridership levels generated from these institutions. Additionally, to enforce physical distancing, on March 19, 2020 HSR implemented a requirement that all customers board from the rear doors, thereby foregoing the customers requirement to pay a fare.

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On April 20, 2020, the Mohawk Students' Association formally requested that the City suspend the Mohawk UCTP Agreement for the 2020 summer semester due to (i) classes being moved to an on-line format (ii) HSR operating on a reduced schedule and (iii) waiver of HSR fees. This request was made at this time as Mohawk College charges students on a per semester basis.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Projected impact should the Mohawk UCTP Agreement be suspended due to impacts of Coronavirus Disease 2019: 2020 summer semester budget fare revenue from Mohawk College is \$280,000. At this time given the need for physical distancing; there is no mechanism to mitigate this revenue shortfall.

Due to Covid-19, there is a potential for further fare revenue losses for the fall semester as the post-secondary schools have moved to an on-line model and students are not to return to campus. Should this generate additional requests for suspension of agreements to be received and granted by Council, the budget revenue loss for September – December 2020 would be \$3,704,950.

The potential reduction in enrolment as a result of the loss of international students as well as maintaining an on-line delivery model will result in additional impacts in 2021. As Transit is an area rated service, if Council chose to suspend agreements into the January to April 2021 semester there would be varying property tax impacts across the City. The table below provides the possible impacts assuming a similar revenue budget of \$3.7M for the semester. These impacts would be in addition to any other revenue and expenditure pressures faced by Transit in 2021.

Analysis of Revenue Reduction in Transit

	2020 Allocation	\$3.7M Revenue Decrease	Difference in Levy	Difference in Tax Impact \$	Difference in Tax Impact %
Stoney Creek	3,846,513	4,085,842	239,330	7	0.2%
Glanbrook	1,279,303	1,358,901	79,598	10	0.2%
Ancaster	2,770,252	2,942,616	172,365	10	0.2%
Hamilton	48,991,393	52,039,630	3,048,238	20	0.5%
Dundas	1,216,420	1,292,105	75,685	8	0.2%
Flamborough	1,362,660	1,447,445	84,785	9	0.2%
TOTAL	59,466,540	63,166,540	3,700,000		

In addition to impacting fare revenues; with the schools closed ridership is down. The schools represented 23% of ridership in 2019. The reduction in ridership will have an impact on our Provincial Gas Tax allocation in future years and will be compounded by the reduction in gasoline consumption which effectively reduces the amount of gas tax revenue available for

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distribution to the municipalities. Per the guidelines in the Provincial Gas Tax funding agreement (FSC20037):

“As of 2013 and pursuant to the Dedicated Funding for Public Transportation Act, 2013, S.O. 2013, c. 2, Sched. 3 (“DFPTA”), a portion, (2 cents per litre), of the provincial gasoline tax revenue is dedicated to the provision of grants to municipalities for public transportation, including those pursuant to the Program. The portion of the gas tax that is dedicated in each fiscal year in an amount determined using a formula set out in the DFPTA. Under the Dedicated Gas Tax Funds for the Public Transportation Program, the funding allocated is based on 70% transit ridership and 30% municipal population.” Hamilton is eligible for an estimated \$11,428,352 in provincial funding relating to 2019-2020 as part of the 2019-2020 Dedicated Gas Tax Funding program.

Staffing: N/A

Legal: Legal Services will be engaged to advise on and codify the suspension of the Mohawk UCTP Agreement.

HISTORICAL BACKGROUND

Agreements for the University/College Transit Pass have been in place with McMaster University (2000), Redeemer University College (2001) and Mohawk College (2010). McMaster University and Redeemer University College both charge the full UCTP fee in September, while Mohawk College charges the UCTP fee on a per semester basis.

The program is designed to provide all full-time students unlimited access to transit while attending one of the institutions. There is no opt-out capability. This allows the students to pay a significantly reduced rate for transit as the entire student population contributes to cover the cost for those that do use it. Total revenue received in 2019 amounted to \$8,691,702 for the program of which \$2,751,700 represents Mohawk College. The program is also designed to cover the cost of the service provided during the school season. The agreements are renewed every three years with authority from Council (PW07101b). The next renewal begins September 1, 2020.

The UCTP is considered an ancillary fee under the university and college fee structures. In 2019 the Conservative government implemented the SCI to make ancillary student fees charged to university and college students optional. The Transit Agencies and the respective universities/colleges lobbied the Ontario Government as to the importance of the UCTP program to Transit Agencies and students throughout Ontario. As a result, the Ontario Government agreed that if a program was already in place prior to January 1, 2019 it would remain mandatory for all students to participate. The City's UCTP Agreements were therefore able to continue unaffected by the SCI.

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POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Legal Services has been consulted and agree with the recommendations.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The UCTP Agreements provide stable revenue for the City on an annual basis, \$8,691,702 in 2019 based on actual enrolment numbers of which \$2,751,700 represents Mohawk College. The agreements for 2019 accounted for 23% of total ridership; 8% of that ridership being generated by Mohawk College students.

Should the current UCTP Agreement be cancelled any future agreement would be subject to the SCI giving students the ability to opt in/out which would result in the UCTP program no longer being viable.

Allowing staff to negotiate suspension of the Mohawk UCTP Agreement will ensure the agreement remains in force.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PW20022 – Confidential Legal Advice