




**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
Transit Division

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	October 4, 2021
<b>SUBJECT/REPORT NO:</b>	HSR Fare Incentives for Ridership Recovery (PW21056) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Nancy Purser (905) 546-2424 Ext. 1876
<b>SUBMITTED BY:</b>	Maureen Cosyn Heath Director, Transit Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That, effective November 1, 2021, the HSR loyalty program be temporarily reduced to 8 paid rides per week from the current 11 rides per week until December 31, 2022, providing users an opportunity to earn free fare faster;
- (b) That, effective November 1, 2021, children aged 6 - 12 ride free with a PRESTO card until October 31, 2022 as a one-year pilot project;
- (c) That, effective November 1, 2021 until December 31, 2021, a promotion be offered on Route 18 Waterdown to encourage the use of the on-demand pilot by offering free fare when using PRESTO between the hours of 5 am to 10 am, Monday through Friday; and,
- (d) That the General Manager of Public Works receive delegated authority to establish future short-term fare promotions, such as the Route 18 Waterdown fare promotion described above in (c), for the purpose of stimulating ridership recovery until December 2022, supported by an annual report to Council.

**EXECUTIVE SUMMARY**

Due to the ongoing nature of the COVID 19 pandemic, ridership and revenue have remained below the 2019 levels for the past 18 months and this trend is expected to continue into 2022. The impact of the stay at home orders and gradual reopening that

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occurred during 2021 will result in a projected revenue shortfall of approximately \$25.4 million, which will be fully covered with the funding received from Phase 3 of the Safe Restart Program. Looking forward to 2022, it is anticipated that ridership and revenues will remain below 2019 levels, with a projected revenue shortfall of \$9.9 million. While the Safe Restart Program provided financial support through the first 3 phases, the status of this program into 2022 is uncertain.

The impacts of COVID 19 continue to evolve as governments contemplate vaccine passports and employers consider vaccination policies. Reduced hours or capacity limits remain in place as businesses contemplate how and when to return their employees to the workplace. Elementary and secondary schools have returned to the classroom, while area universities and colleges have welcomed students back to campus, most learning remains online with the hope to return to in-person learning in the winter semester.

The Transit Division will bring forth a report in November detailing the overarching strategy to promote a return to ridership, the ongoing safety initiatives in place to keep customers and workers safe and the supporting communications plan. In the immediate, as the city begins down the path of economic recovery, there are three initiatives which HSR recommends be implemented to stimulate ridership by addressing core market segments of existing and potential customers alike.

The pandemic has created significant disruption to people's lives and has demonstrated that marginalized groups have been impacted the most. Price-sensitivity and affordability have always been identified areas of concern with transit customers. By finding innovative ways to make transit more affordable during this time of recovery, customers will be welcomed back with programs that alleviate financial strain and allow for greater community participation.

The transition to on-demand transit in Waterdown on September 7, 2021, represented a change in service delivery model, and makes transit more accessible to more potential users in the area. To support the launch and encourage residents to try transit, and specifically this new type of service, a "try a ride" promotion has been developed.

### **Alternatives for Consideration – N/A**

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The intent of the promotions being offered are designed to:

- stimulate ridership recovery,
- make transit more affordable for families with young children, and encourage life-long transit use,
- increase ridership in Waterdown.

The financial impacts cannot be fully assessed until the promotional offerings have taken place. However, there were 81,986 child concessions equalling \$163,189 in revenue in 2019.

Staffing: N/A

Legal: N/A

## **HISTORICAL BACKGROUND**

On March 11, 2020 the World Health Organization (WHO) declared the outbreak of novel coronavirus disease (COVID 19) a pandemic.

On March 17, 2020 the Ontario Government declared a province-wide state of emergency, to try to rapidly slow the spread of COVID 19.

Over the last 18 months, there have been repeated openings and closures due to second and third waves of the virus, with a fourth wave imminent. There is no corporate history available that addresses ridership recovery options required to regain the trust of customers to the magnitude required under the current circumstances and like transit agencies world-wide, innovative programs must be supported in order to attract ridership back to pre-pandemic levels.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

N/A

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Throughout the pandemic, it became clear that many essential workers, such as healthcare providers, food industry workers and grocery clerks, rely on transit to attend work, and the community at large benefits from the essential services these workers provide. It also created significant disruption to people's lives and demonstrated that marginalized groups have been greatly impacted.

As the Province has carefully reopened through 2021, the demand for transit service increased from 32% at the lowest in January and reached 53% in August. It is anticipated that ridership will continue to climb to 67% through the fall. The continued investment in transit through the 10-Year Local Transit Strategy will ensure a stable service with improved frequency and reliability is available as customers return over the

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coming months. While these are all positive indicators, returning to pre-pandemic ridership levels will be a lengthy process.

With revenue shortfalls estimated to be lower than budget by \$25.4 million in 2021 and \$9.9 million in 2022 as shown in Chart 1, a three-pronged proactive approach to stimulate ridership in key areas has been developed.

Chart 1

Ridership and Revenue Variance Assumptions				
Budget Year	Ridership	%	Revenue	%
2021	-11,413,423	-51.62%	\$25,403,660	-53.85%
Assumptions: Slow vaccine rollout in third wave - Jan-Apr 35% return. May 34% and June 40% July-Aug 55% return of general public ridership, 67% Sep-Dec general public of 2019 levels, Year 5 implemented, work from home remains high, University/College return fall 2021 some classes virtual ridership is low - 2021/2022 enrolment to 2019 level.				
2022	-4,643,933	-20.50%	\$9,966,738	-20.13%
Assumptions: University/College return to campus January 2022 ridership remains sluggish for the winter semester, work from home hybrid model implemented in many organizations, in person shopping remains lower impacting jobs, vaccine passports are implemented, tourism returns but remains below 2019 levels, Year 6 implemented, return of general public ridership - 70% Jan - Mar; 80% Apr - Aug; 95% Sep - Dec of 2019 levels				

The three-pronged approach to stimulate ridership is set out below:

1. Reward existing customers:  
HSR initiated a loyalty program in 2013 to reward customers who use a PRESTO card and use the service on a regular basis. Based on weekly usage calculated between Monday through Sunday, customers earn free fare for the balance of the week once a fixed number of rides is met. The current threshold is 11 trips, so any additional trips after 11 in the same week would be free. This program benefits those who cannot afford a monthly pass, prefer a pay per use model or have fluctuating travel patterns.

Since a workplace hybrid model is a likely by-product of the pandemic for the foreseeable future, it is recommended that the loyalty program be adjusted to meet the decrease in commuter traffic by reducing the number of rides to qualify for the free fare faster for a defined period of time as set out below:

- Beginning November 1, 2021, reduce the current threshold from 11 rides to 8 rides until December 31, 2022.

This approach will support customers returning to transit as they transition back to the workplace, recognizing that the frequency of transit trips to the office have changed significantly from pre-pandemic levels.

**2. Pilot free transit for 6 – 12 year olds:**

For parents travelling with young children, the requirement to pay a fare for each child over the age of 5 puts a strain on a family budget. By introducing a Child Fare that allows children 6 – 12 to ride for free with a PRESTO card, it reduces the financial burden for customers who want or need to travel with children and promotes a healthier, more connected and engaged community. In the long term, the early introduction of transit to a young person may influence their travel choices over time, resulting in a future increase in ridership. There are many transit agencies that have already moved permanently to free fare for this age group including, TTC, Burlington, Durham, Oakville, London, Windsor and Kingston.

When using PRESTO, children ages 6-12 would ride transit for free, starting November 1, 2021 as a 1-year pilot, with a report back to Council on its effectiveness and outcomes prior to the expiration of the pilot.

**3. Free Trial for On-Demand Transit in Waterdown:**

Route 18 Waterdown changed to an on-demand service delivery model as of September 7, 2021. This route has historically underperformed, however, transit remains a priority for the area. The on-demand model will make transit available to more residents, is simple to use and is expected to increase ridership in Waterdown. This is an important addition to the HSR family of services and can be easily duplicated in other areas within the urban transit boundary.

To generate more familiarity and encourage customers to try the service, a free trial is recommended. When using PRESTO, a customer would receive a free trip(s) on the 18 Waterdown Route between the hours 5 am until 10 am, Monday through Friday from November 1, 2021 to December 31, 2021.

## **ALTERNATIVES FOR CONSIDERATION**

N/A

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

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**Healthy and Safe Communities**

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

**Culture and Diversity**

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

**APPENDICES AND SCHEDULES ATTACHED**

N/A