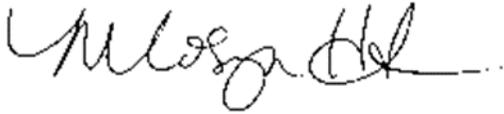




**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
Transit Division

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	November 28, 2022
<b>SUBJECT/REPORT NO:</b>	HSR Ridership Recovery through Fare Incentives (PW21056(a)) (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>	

**RECOMMENDATIONS**

- (a) That further to report PW21056, the delegated authority to establish additional short-term fare promotions for the purpose of stimulating transit ridership recovery be extended to the General Manager, Public Works, until December 2023; and
- (b) That the General Manager, Public Works, be directed to report back to the Public Works Committee respecting any short-term fare promotion after December 2023.

**EXECUTIVE SUMMARY**

On October 13, 2021, Council approved report PW21056 which allowed for the implementation of promotions and provided delegated authority to the General Manager Public Works to create additional programs designed to assist with financial needs and ridership recovery. This report seeks to extend this delegated authority for another year.

Due to the ongoing nature of the COVID 19 pandemic, transit ridership and revenue have remained below the 2019 levels for the past 30 months. The impact of the stay-at-home orders and gradual reopening that occurred during 2022 will result in a projected revenue shortfall of approximately \$12.6 million, which will be fully funded by Phase 3 of the Safe Restart Program that carried forward into 2022. Looking ahead to 2023, it is

anticipated that ridership will continue to escalate, nearing 2019 levels. While the Safe Restart Program provided financial support through 2022, the status of this program into 2023 is uncertain. Hamilton has approximately \$6 million dollars of unused Safe Restart Funding but is unclear if we will be able to carry this amount into 2023 and apply it to ease budget pressures.

The pandemic saw significant drops in ridership at transit agencies globally but impactfully highlighted the number of citizens for whom transit was an essential service. It also demonstrated that marginalized groups bore the brunt of the economic impact, and historically, price-sensitivity and affordability have always been identified areas of concern with transit customers. As such, HSR recognized that we could both support the community and implement new fare programs to welcome new customers to transit during the recovery period.

HSR has implemented a number of fare promotions: free fares to children aged 6-12; improved the loyalty program allowing customers to achieve free fares faster; a youth half price promotion for June, July, and August; and introduced a 72-hour pass for \$15 to attract occasional transit users or visitors. We also partnered with Arkells during their “Rally” summer concert event, who in turn provided HSR with social media posts to reach new demographics of potential transit users.

Recent indicators show that ridership in Hamilton continues to recover, reaching 78% of 2019 pre-COVID levels in September of 2022. However, challenges remain as people continue to adapt to the new normal and with potential future waves in the winter months. In addition, work from home or hybrid options may have a long-lasting impact on commuter ridership. With the changing ridership patterns, HSR must introduce options to attract new customers with programs that stimulate greater community uptake while also offering fare options that alleviate financial strain. The continuation of delegated authority will allow HSR to be nimble and innovative and introduce fare options as needed during the on-going recovery period.

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

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

Financial: N/A

Staffing: N/A

Legal: N/A

#### **HISTORICAL BACKGROUND**

The following is a summary of the promotions initiated through approvals and delegated authority provided by Council on October 13, 2022, meant to assist with ridership recovery and address financial needs.

1. Children aged 6 – 12 ride free with a PRESTO card until April 30, 2023.

This program launched November 1, 2021, by the end of first month we had 589 unique child customers taking 4,289 rides. In February 2022, the Hamilton Public Library partnered with us offering a free PRESTO card to children who were also library card holders. Through sourced funding, the HPL purchased 6,200 PRESTO cards for this purpose. This partnership has allowed more families to access transit with ridership reaching 14,320 from 2,100 unique customers by September 2022.

This program has some operational issues, as some parents think their children can board without a PRESTO card, therefore their rides are not getting counted, and this is an important metric for transit funding with other levels of government. Also, there are some customers who are not children utilizing the child card. Over the coming months, there will be continued education reminding customers how the program works and the expectations of having the proper fare concession and PRESTO card.

2. Free Fare Faster – Loyalty benefit received after 8 rides until December 31, 2022.

This program launched November 1, 2021 and has helped to address affordability issues for many of our riders. In October 2021, 2,071 unique customers were able to access the loyalty program when it was set at 11 rides with an average of four (4) free rides. As of September 2022, 8,659 customers were able to get free fare faster, with an average of six (6) free rides per customer.

3. Summer Special - 50% off Youth Transit – Summer 2022.

This program allowed Youth to purchase any youth fares, tickets or passes, at 50% off for the month of June, July, and August. As part of this promotion, there were many outreach events occurring at high schools to encourage students to utilize transit. The promotion showed an increase in youth ridership from 72,406 in the summer of 2021 to 214,981 in the summer of 2022. Although this increase is still behind 2019 (411,838), the gap between 2019 and 2020 was closing through August and into September.

4. 72 hours for \$15 until December 31, 2022.

The product has been made available on the PRESTO E-ticket platform since August 1, 2022, and is targeted at tourists, therefore new customers to HSR.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Customers who purchase this product have 72 hours of unlimited travel on HSR. To date, 265 passes have been utilized with 1,361 trips taken.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

HSR remains in a recovery phase from the pandemic, with ridership beginning to show steady increases on a monthly basis as indicated in Appendix “A” attached to Report PW21056(a).

The provincial Medical Officer of Health, Dr. Kieran Moore, has stated the COVID-19 pandemic has become something that will require long-term management. However, many people will continue to be impacted by the pandemic through 2023 and some have not yet returned to work or school or participate in large settings for personal health reasons. This will continue to impact ridership recovery.

Price-sensitivity and affordability have always been identified areas of concern with transit customers. With the added global economic pressures, customers are also dealing with diminished buying power due to high inflation causing greater concern for marginalized groups that have been impacted the most. By finding innovative ways to make transit more affordable and attractive during this time of recovery, customers will be encouraged to try transit with programs that alleviate financial strain and allow for greater community participation.

The Free Fare Faster (loyalty) program is available to everyone and provides cost relief weekly to those who utilize transit on a regular basis. This program is valuable and will continue into early 2023 at which point further analysis will be completed to determine its impact on both ridership and revenue in relation to the community benefit.

The 72-hours pass also appears to be successful in the initial data that is available; however, it needs more time in the market to allow for greater usage, data collection and feedback. This type of timed pass is common in large urban centres, and works well with tourists, conference attendees, holiday festival events and students who return home to Hamilton on school breaks.

As more data regarding who is returning to transit becomes available, HSR needs to be able to maintain a flexible approach to targeted promotions that will both increase ridership and provide a balanced approach to transit equity for all customers.

Staff will bring a more fulsome report regarding ongoing fare policies and programs targeted at marginalized customers in Q1 2023 for Council consideration which will include a recommendation regarding free fare to children aged 6-12 prior to the pilot end date of April 30, 2023.

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**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.

**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 PW21056(a) – Percentage of Pre-COVID Monthly Ridership Achieved 2021-2022