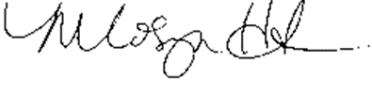




Hamilton

INFORMATION REPORT

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	November 15, 2021
SUBJECT/REPORT NO:	HSR Ridership Recovery and Growth Strategy (PW21067) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Maureen Cosyn Heath (905) 546-2424 Ext. 1860
SUBMITTED BY:	Maureen Cosyn Heath Director, Transit Public Works Department
SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

Background:

The purpose of this report is to inform Council of the current state of Hamilton Street Railway's (HSR) ridership and the HSR's strategic response to the current conditions as it strives to recover and grow ridership in the immediate and longer-term.

The COVID-19 Pandemic and Public Transit

The COVID-19 pandemic has impacted ridership for transit agencies world-wide since the pandemic began in March 2020. By April of 2020, the Canadian Urban Transit Association (CUTA) cited that some transit agencies were reporting an 80% decrease in ridership. In April of 2020, HSR's ridership was 26% of the year prior.

Although ridership levels plummeted, transit service continued throughout the pandemic, highlighting the vital role transit plays during times of crisis. While residents avoided non-essential travel and followed stay at home orders, transit provided a stable service that helped essential workers, such as healthcare providers, manufacturing,

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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.

food industry workers and grocery clerks get to work. Unquestionably, the greater community benefited from those who carried on their vital work.

Nationwide, monthly ridership levels have been dependent upon the emergency measures enacted by the respective provincial government. As the economy re-opens and restrictions continue to relax, ridership levels are increasing, although pre-pandemic levels of ridership have not yet been restored.

In July 2021, Statistics Canada released a report that showed monthly national ridership roughly doubled in volume from 25.7 to 49.3 million transit passenger trips between April 2020 to May 2021. In September of 2021, CUTA reported that national ridership improved from its record low of 20% pre-COVID levels in April 2020 to 40% of pre-COVID levels in March 2021, while Canada was in the midst of the pandemic's third wave, with many areas still in lockdown. Promisingly, in September of 2021, HSR surpassed 1 million riders for the first time since the pandemic began.

Transit's International and National Ridership Recovery Response

At the start of 2021, an international poll of transit agencies conducted by Optibus revealed that nearly two-thirds of executives cited ridership recovery as their primary concern. The topic spurred industry discussions, webinars, and planning sessions as transit agencies rallied to respond to the pandemic.

Transit agencies spent most of 2020 implementing provincial guidelines, public health measures, and input from emergency response tables to establish safety protocols, most of which remain in place. With protections in place, attention turned to rebuilding customer confidence in transit.

National customer research released in April of 2021 revealed that 19% of riders were hesitant to return to public transit; however, there is a positive trend in that the hesitant segment continues to decline. Over a six-month period, the segment decreased by 17 percentage points from 36% to 19%. Furthermore, a North American statistic on customer confidence released in September 2021 estimates that the hesitant segment has further reduced to 11%, meaning actions taken to ensure confidence are having the desired effect.

At the same time, the pandemic has influenced challenged historical societal constructs, from changing how and where people work, to heightened awareness of income disparity, affordable housing, and the climate emergency. For transit, these recent shifts present both issues to overcome and new opportunities to grow ridership.

In response to the above, and to support the common transit sector goal of recovering ridership loss arising from COVID-19, CUTA provided members with a recovery

marketing campaign framework in June of 2021, focused on three phases: *Safety* (COVID 19 specific); *Welcome Back*; and the *Benefits of Transit*. The timing between phases is expected to vary among agencies based on local conditions. Further, Ontario Public Transit Association (OPTA) is collecting and sharing the local ridership campaigns developed by agencies in Ontario, and in its most recent newsletter, cited HSR's own Ready to Ride campaign, which is discussed further in this report.

While transit agencies recover ridership and municipalities continue to invest in transit, continued advocacy for investment in capital and certainty for operating costs remain ongoing. Both CUTA and OPTA continue to lobby higher levels of government for continued support.

OPTA recently held a series of government advocacy meetings with MPP's and published *Keeping Transit Running* as an information piece attached as Appendix "A" to Report PW21067. This call to action outlines: an anticipated \$260 million loss of funding to transit systems in Ontario stemming from a drop in farebox revenue; the impact of fewer people driving on the gas tax as a funding source; and potential claw backs if deadlines are not met under the Safe Restart Agreement.

HSR's Current State: Ridership and Revenue

Subsequent to report PW21056, further information became available regarding ridership and revenue leading to an updated forecast of the ridership and revenue variance for 2021. The year-to-date reporting period of January – September reflects ridership is at 42% of pre-COVID levels, or 6.6 million riders.

HSR forecasts that ridership among the general public will return to Transit through the end of the year at a rate of 60% of pre-COVID levels. However, as university and college ridership are statistically significant, and as they have remained virtual for the fall semester, overall ridership will only reach 44% of pre-covid levels.

Annual ridership is expected to remain below pre-COVID levels for both 2021 and 2022. Forecasted ridership is 9.5 million rides for 2021, and 18 million rides for 2022, which represent 44% and 83% respectively of pre-COVID levels reported in 2019.

Budgeted revenue for 2021 was \$47.2 million, with current year-to-date revenue at \$17.7 million (January – September), which is 54% of pre-COVID levels in 2019. The estimated revenue is forecasted to reach \$26.6 million, or 56% of budget, with an estimated revenue shortfall at \$20.6 million. The 2021 revenue shortfall will be covered through the federal and provincial Safe Restart program.

Although HSR is performing below budgeted levels, it is imperative to maintain service hours, and continue to invest in transit, for these simultaneous actions bolster much-

needed economic recovery, support essential workers, fuel economic growth and maintain social inclusion.

Beyond COVID 19: HSR's Ridership Recovery and Growth Strategy

HSR is committed to both recovering ridership to pre-pandemic levels in the short-term, and growing ridership, as it positions transit as a key tool for city-building supporting economic growth, equity, diversity and social inclusion, cultural vibrancy and environmental balance.

There are four main elements to HSR's Ridership Recovery and Growth Strategy:

- (i) information-based marketing campaign;
- (ii) fare incentive programs;
- (iii) transforming the HSR through (Re)envision; and
- (iv) (iv) continuing to invest in transit through the 10-year Local Transit Strategy.

(i) HSR's Ridership Recovery and Growth Marketing Campaign

HSR adapted the national CUTA framework based on local conditions in Hamilton. Throughout the pandemic, HSR implemented and communicated extensive safety measures such as reduced seating capacity, operator shields, mandatory masks, visual cues, and frequent cleaning. As a result, the first two phases of the CUTA framework were combined to both reiterate safety and welcome back riders such as students (with the return of in-person schooling), and some expansion in local economic, social, and cultural activities.

The HSR Ridership Recovery marketing campaign includes safety and welcome back messaging built around the theme of "Ready to Ride" and also focuses on the benefits of transit. HSR's Ready to Ride campaign launched on September 20, 2021 and includes: (a) a seven-point plan for safety (see Figure 1 below); and (b) welcome back messaging that supports customer confidence.

Figure 1 – HSR’s Seven Point Plan for Safety



The Ready to Ride Campaign includes advertising on buses and at key bus shelters, newspaper ads in the Hamilton Spectator, digital ads, and social media. The marketing expenses (incurred before December 31, 2021) in the Ready to Ride campaign are eligible expenses under the Federal / Provincial Safe Restart Funding program.

Future campaigns will be launched based on further re-opening of economic, social, and cultural activities. The goal will be to attract new customers and campaigns will target youth, students, seniors, persons with disabilities, non-digitals, newcomers, employers, and community organizations.

In addition, the benefits of transit will heavily complement the work that is underway within Hamilton’s (Re)envision the HSR project, which was already reinventing transit’s narrative in Hamilton based on extensive community and staff collaboration.

(ii) HRS’s Fare Incentive Programs

Recommendation Report (PW21056) from October 2021 outlined three temporary fare revenue programs that aim to stimulate ridership, all of which were approved by Council on October 13, 2021. These temporary programs decreased the number of rides to qualify for free transit on a weekly pass, made transit free for children aged 6-12 using a PRESTO card during the 18-month pilot, and will provide free trial rides in November and December of 2021 on the former conventional Route 18 Waterdown in support of the on-demand transit pilot.

(iii) HSR’s Transformation Plan - (Re)envision the HSR

The (Re)envision the HSR project launched in 2019 and its purpose is twofold: transform the customer experience; and reconfigure the transit network. The project is based on broad stakeholder engagement, strives to grow ridership and, most importantly, positions transit as a first choice.

Predating the pandemic, engagement included a wide-ranging survey of almost 6,000 customers and residents, attendance at over 50 community events and neighbourhood meetings, meetings with dozens of community stakeholders, and digital consultation with hundreds of participants on the My HSR public engagement website.

When the City of Hamilton paused all in-person public engagement efforts, the majority of HSR engagement events in 2020 were cancelled. Despite the challenge, engagement shifted to virtual activities, and engagement plans were updated, including a migration from the My HSR public engagement website to the City's engage platform.

The network reconfiguration portion of the (Re)envision project is being led by McMaster University's Department of Civil Engineering in collaboration with HSR's planning staff. The work is based on numerous inputs, including community engagement, insights from a staff survey, assessing the travel behaviour of Hamiltonians, system performance and reliability assessments, route analysis and rationalization, and regional connectivity and a quantitative robustness scoring.

The network reconfiguration project timeline has been delayed due to the pandemic, as well as shifts in direction regarding higher order transit options. The most recent iteration of the network redesign was based on BRT on both the B-Line and the A-Line. The signing of the Memorandum of Understanding with Metrolinx on September 22, 2021 provides clear direction that LRT will move forward for HSR's B-Line, which makes further reconfiguration a necessary bi-product of the decision. Staff will resume network redesign work in Q4 2021, factoring in the LRT, and anticipate providing Council a project update in Q2 of 2022.

The network reconfiguration project is funded under the Public Transit Infrastructure Fund program, which had previously extended timelines for project completion to July 2021. Due to the ongoing pandemic, timelines for project completion have extended a second time to December 2022.

(Re)envision the HSR is transforming how HSR approaches work and responds to strategic opportunities. The culture shift towards innovativeness, including experimentation, collaboration, and voice of customer, has already started within HSR. Appendix "B" attached to Report PW21067 provides an update for the (Re)envision project, including its Guiding Principles, recent and key activities, and next steps that showcase some of the existing innovative projects currently underway.

(iv) City of Hamilton's 10-Year Local Transit Strategy

The 10-Year Local Transit Strategy was approved by Council in 2015 and supports the City of Hamilton's Transportation Master Plan that seeks an appropriate balance between different transportation modes.

The 2018 Council-approved Transportation Master Plan established an aspirational mode share target of 12% for public transit by 2031. The most recent Transportation Tomorrow Survey identified the current transit mode share is 7%.

To meet the 12% public transit mode share target by 2031, continued investments in transit are necessary to increase existing capacity and:

- fix identified deficiencies in the system
- implement the Council-approved service standards
- address the continued growth, both population and in key business areas
- increase modal split by developing and implementing the BLAST network
- improve customer amenities

Continued investment in transit will ensure a stable service, with improved frequency and reliability, is available as customers return to transit over the coming months.

Importantly, the network reconfiguration within (Re)envision the HSR will inform how transit will invest the funds approved by Council in the 10-Year Local Transit Strategy, as well as identify where additional funding may be required to build a transit system that is supportive of Hamilton's future growth.

CONCLUSION

COVID-19 demonstrated how critical transit service is to the economic, social, cultural and environmental well-being of a city. Transit supports economic growth, employment and education sectors, culture and tourism, climate change, and promotes healthy and safe communities. By providing accessible and affordable mobility to all residents throughout the City of Hamilton, transit increases equity and the freedom to move.

HSR's Ridership Recovery and Growth Strategy is a necessary response to the pandemic: it honours a national effort to increase ridership, stimulates ridership through fare incentives, compliments (Re)envision the HSR and integrates the HSR's 10-Year Local Transit Strategy. The combined approach will help increase ridership and help make transit Hamiltonians' first choice.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PW21067 – Keeping Transit Running, Ontario Public Transit Association, Fall 2021

Appendix "B" to Report PW21067 – (Re)envision Project Update: Guiding Principles and Key Activities