



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

<b>TO:</b>	Mayor and Members Public Works Committee
<b>COMMITTEE DATE:</b>	July 12, 2023
<b>SUBJECT/REPORT NO:</b>	Hamilton Street Railway (HSR) Fare Policies (PW23024(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 the General Manager, Public Works or designate, be directed to the suspend the HSR Temporary Transit Fare Special program and the Ontario Works Affordable Transit Pass program, effective December 31<sup>st</sup>, 2023, to introduce a pilot for HSR Fare Assist program, for the period of January 1, 2024 to June 30, 2026, and;
- (b) That the total cost over the life of the pilot program, estimated at \$3.28 million including 2 temporary full-time employees, be funded through any available provincial funding and/or the Provincial Gas Tax Reserve (reserve #112204), and;
- (c) That Council approve the request to expand/extend the contract for Self-Service Benefits Portal, provided by Clark Marketing Communications Contract #C003020, to include HSR Fare Assist program as a benefit for tracking and reporting at a one-time cost of \$24,000 to be funded through the Provincial Gas Tax Reserve (reserve #112204) in 2023, and;
- (d) That Council approve the transfer of \$248,680 allocated in the Ontario Works Division base levy for the Affordable Transit Pass to the Transit Division during the 2024 budget process, and;

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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.

- (e) That staff report back no later than March 2025 to provide a status update of the Fare Assist Program, including ridership, costs, and effectiveness, and;
- (f) That staff bring forward a final report to the 2026 budget process with recommendations regarding the status of the Fare Assist program.

## **EXECUTIVE SUMMARY**

Through report PW23024, Council provided approval for staff to consult on a pilot Fare Assist Program. The consultation process ran from May 9, 2023 to May 26, 2023 on the Engage Hamilton website for community partners and customers. A separate survey was developed for staff. Further, staff consulted the Accessibility Committee for Persons with Disabilities and the Canadian Institute for the Blind as the proposed changes will impact these groups.

A total of 1,183 Engage Hamilton surveys were completed with 84% customers response and 15% of respondents from community partners. A total of 47 staff surveys were submitted. 83% of respondents believe that Fare Assist will help them save money on transit and 77% believe it will enable their family to take transit more often. Most respondents “strongly agree” or “somewhat agree” that they or their clients will benefit from the Fare Assist Program. As expected, there are some comments expressing concern that removing the current programs will have a negative impact. Front-line operational staff are reporting that the new program will reduce conflict on the buses. Survey results will be included in the presentation by staff to the Committee.

Consultation was also held with the Accessibility Committee for Persons with Disabilities and the Canadian Institute for the Blind. Feedback from these groups is included Relevant Consultation section later in this report.

The overall goal of the Fare Assist Program is to have one program that is easier to use that offers affordable transit to those in need regardless of age or ability. The proposed Fare Assist program is unique to other fare options as it is designed to look at family income and would benefit 88,380 Hamilton residents (2021 census data) by offering transit at a reduced cost to eligible residents. The proposed Fare Assist program would provide eligible customers a 30% discount on current single-ride PRESTO fares with eligibility based on total household income. Hamiltonians who live at or below the Low-Income Measure could apply. The Fare Assist pilot would run from January 1, 2024 until June 30, 2026.

Fare Assist offers several benefits over current programs:

- The program applies to both conventional and specialized transit service equally;

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- “Pay as you go” format enables eligible participants to load funds as needed on their PRESTO card and pay a reduced fare per trip, not only reducing the cost per trip, but eliminating the need to have sufficient cash to buy a monthly pass;
- For eligible customers, the discount applies to all members of the household, including a spouse and children ages 13 to 17. Children 12-and-under ride free with PRESTO;
- The program offers greater flexibility to the customer, putting them in control of how much to load on their card at a time;
- HSR loyalty program will automatically apply, meaning customers enrolled in this program will automatically receive free fare faster once they exceed the weekly ride cap for the week travelling Monday to Sunday;
- Once qualified, the subsidy will extend to household members including spouse/partner and children; and
- No longer required to attend the HSR Customer Service Centre; customers who are approved for the program will receive instructions on how to access the subsidy via email or regular mail, thus eliminating a further barrier to use.

During the pilot, the following programs will be suspended:

1. The Affordable Transit Pass program, which is offered to low-income customers, and OW and ODSP recipients who are employed. This program provides a 50% discount off the adult monthly pass, for those aged 18-64 who meet the eligibility requirements; and
2. The Temporary Transit Fare Special Program (also known as the Voluntary Pay Program) which was created to allow staff time to develop a new discount program and allows only conventional transit customers who use a personal mobility device, including wheelchairs, scooters, and walkers, or are a Canadian National Institute for the Blind cardholder the option to voluntarily pay a fare.

As the HSR Fare Assist program encompasses the approved applicant, their partner and children, the benefits of this program far exceed these other programs, thus making transit more affordable for a much higher number of Hamiltonians. The majority of persons accessing the suspended programs will qualify for the Fare Assist program based on income, and it will also extend to their family members as well.

**Alternatives for Consideration – N/A**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: There are approximately 88,380 residents who may qualify for the new program based on income. Transit has conducted forecasting assuming approximately 10% of eligible residents will apply, which is based on modal

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splits for transit. Using the above assumption, the subsidy will be applied to as many as 3.1 million rides, or approximately 15% of the 2023 budgeted ridership. The analysis includes children 0-12 who currently have free fare, a portion of youth who access transit via a University College Transit Pass (UCTP) provided by their University/College and seniors over 80 who utilize the Golden Age Pass, all of whom cannot be carved from the census data.

The annual impact of the 30% reduction in fares as shown in Appendix “A” to Report PW23024(a), at a cost of \$2.4 million, is mitigated by the reduction in the funding already allocated for the Affordable Transit Pass of \$248,680 and the foregone revenue already realized from the Temporary Transit Special Fare program of \$1.9 million.

A base transfer from Ontario Works budget to HSR budget for \$248,680 will occur with the 2024 budget. The net impact of the Fare Assist program, if the full 10% uptake is realized, could lead to a net levy impact of \$1.1 million before salaries, benefits, and ancillary costs. 2 new temporary full-time employees at an annual cost of \$0.2 million will be required to administer this program.

There is a one-time cost of \$24,000 in 2023 to set up the software required to track the applications used by staff in Healthy and Safe Communities, who will manage the validation of personal financial information. The contract for Self-Service Benefits Portal, provided by Clark Marketing Communications Contract #C003020, will be expanded/extended to include HSR Fare Assist program. Applications will start to be processed January 1, 2024, therefore, hiring and software development will need to be completed by this time.

The net impact of the full pilot may amount up to \$3.28 million, which will be funded through any available provincial funding and/or the Transit Provincial Gas Tax Reserve (reserve #112204) and is detailed in Appendix “A” to Report PW23024(a).

The budget for the HSR Fare Assist program will reside with Public Works Transit Division. A cost allocation for the 2 new temporary full-time positions will be completed from Healthy and Safe Communities to HSR based on actuals. As per the complement control policy, the General Manager has authority to hire temporary positions for a duration of less than 24 months.

Staff have used best efforts to estimate the usage of the program, however, should volumes substantially exceed the expected levels, a phased approach when processing applications, additional staff or capping of applicants may be warranted.

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Staffing: Transit allocated the funds for a 0.5 full time employee (or \$42,240) in Healthy and Safe Communities to administer the Affordable Transit Program; this cost will return to the Support Services Section of the Transit Division. Based on the anticipated number of applications which will require review, including supporting financial information, 2 additional temporary full-time employees at a cost of \$200,000 annually will be required to allow Healthy and Safe Communities the ability to process them on a timely basis.

Legal: N/A

## **HISTORICAL BACKGROUND**

Council has two fare programs that can be described as early attempts at affordable fare programs which would be replaced by the more expansive Fare Assist program.

### **Affordable Transit Pass**

In 2007, the Affordable Transit Pass program was introduced as a pilot, and it was made permanent by Council in 2014. This discount provides 50% off an Adult Monthly Pass (discounted to \$59.40 as of September 1, 2023) for employed recipients of the Ontario Works and Ontario Disability Support Program between the ages of 18-64. It does not extend to family members. The annual budget for the 50% discount in the pass is \$248,680.

### **Temporary Transit Fare Special Program**

Council approved a Temporary Transit Fare Special Program in 2013 which allows persons on conventional transit using a personal mobility device (scooters, wheelchairs and walkers) or a Canadian National Institute of the Blind cardholder to choose whether to pay or not when boarding a bus. This fare elective does not extend to specialized transit nor is it income based.

Also in 2013, the Accessibility for Ontarians with Disabilities Transportation Standard required fare parity on both conventional and specialized transit services, as such, staff recommended that the voluntary pay policy be discontinued as it offers a greater benefit to those with specific disabilities and therefore creates inequities. In absence of an alternative or replacement program, these recommendations were rejected by Council.

The Temporary Transit Fare Special Program was put in place to allow staff time to develop a new fare discount program and the Fare Assist is the recommended replacement for this program. The annual cost of the Temporary Transit Fare Special Program is \$1,092,722.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

HSR fare policies.  
No legislative impact.

## **RELEVANT CONSULTATION**

Healthy and Safe Communities have been consulted and are supportive of this program.

Engage Hamilton Survey collected 1,183 opinions from customers and community partners.

Internal staff survey collected input from 47 Transit staff.

Attended the Accessibility Committee for Persons with Disability meeting held on May 9, 2023. Overall, the committee is pleased to know that this program will apply to the specialized transit service as the current Temporary Transit Fare Special Program can only be accessed on the conventional service. There is some concern that those who currently use personal mobility devices will have difficulty using PRESTO, however, all transit agencies in the Greater Toronto and Hamilton Area have always required personal mobility users to pay a fare using the PRESTO system.

A meeting was held with a representative from the Canadian Institute for the Blind on June 1, 2023, who then reached out to other members of the team. They have stated that they do not take a formal role on free/discounted transit, they will work with us to communicate any changes made to the fare policies but believe their stakeholders will not be supportive of changes away from free transit for CNIB cardholders should the new program be approved. Of note, CNIB cardholders will be able to apply and may qualify for the Fare Assist program.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Based on the 2021 census data, 88,380 people in Hamilton live at or below the Low-Income Measure. The published Low-Income Measure table shows income levels for a one-person household, \$26,570, up to a 10-person household, \$84,022. Of these 88,380 people, the group includes: 19,140 children (ages 0-17), 55,690 adults (ages 18 – 64) and 13,550 seniors (65+).

Transit affordability is an oft-raised issue. The Golden Age pass already provides free transit for persons aged 80 and older, and recently, the Children's fare (ages 6 – 12) was made free permanently.

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The existing Affordable Transit Pass program has very restrictive guidelines and has seen a significant reduction, down to approximately 100 monthly purchases since the start of COVID and the Temporary Transit Fare Special program is inconsistent in its intent and use and led to an estimated annual 500,000 trips (pre-Covid) with no fare paid at a cost of \$1,092,722 annually. Further, this program prioritizes select disabilities over others without consideration of eligibility criteria such as ability to pay.

The Fare Assist program has the potential to assist more people than the other programs combined as it extends to an approved applicant and their partner and children aged 13 - 17, (noting children 0 – 12 years ride free).

The Fare Assist Program is a great stride towards transit affordability. We have also compiled a listing of our community partners who have special purposes tickets available for those who require additional support has been included in Appendix “B” to Report 23024(a).

The goal during the pilot is to ensure that the program does not erode revenue, but that it contributes to fare equity, accessibility, freedom to move about the city, and ultimately, lead to increased ridership as fares are now more affordable to more people. In addition to ridership reporting, a survey and other outreach activities will be used to gauge the overall effectiveness for a report back to Council. The estimated usage of 3.1 million rides, or 15% of ridership, will provide the benchmark that actual results are measured against. A status update report will be provided during 2025 and a final report will be presented during the 2026 budget process.

If the staff recommendations are accepted, staff will develop an extensive communication program informing the community of the HSR Fare Assist program and how to apply. Communications will also be sent to clients in receipt of the Affordable Transit Pass advising them of the suspension of the program and providing the details of the new pilot program.

## **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.

**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 PW23024(a) – Financial Details

Appendix “B” to Report PW23024(a) – Community Partner listing