



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 12.1.5
Transportation Standing Committee
March 26, 2018

TO: Chair and Members of Transportation Standing Committee

SUBMITTED BY: Original Signed

Dave Reage, MCIP, LPP, Director, Halifax Transit

DATE: March 5, 2018

SUBJECT: Impacts of Expanding the Low Income Transit Pass Program

ORIGIN

At the February 7, 2017 meeting of Regional Council, the following motion was put and passed:

That Halifax Regional Council request a staff report regarding the possible inclusion of the following in relation to the Low Income Transit Pass Pilot Program Extension and Expansion:

- Solicit the United Way to become one of the “community partners” referenced that helps citizen’s complete application;
- Consider a “Fair Entry Halifax” program, modeled on similar program in Calgary, so that applicants do not have to repeatedly demonstrate low income in order to qualify for municipally subsidized programs; and
- Consider including the Mobile Food Market as a drop location for Low Income Bus Pass applicants.

At the October 26, 2017 meeting of the Transportation Standing Committee, the following motion was put and passed:

That the Transportation Standing Committee requests a staff report outlining the financial impacts of the Low Income Transit Pass Program and the financial and service impacts of removing the limit for participants

LEGISLATIVE AUTHORITY

Section 102 of the Halifax Regional Municipality Charter allows Council, by by-law, to prescribe charges for the provision of services for persons who use or benefit from the service, on a basis to be set out in the by-law.

Section 69(1) of the Halifax Regional Municipality Charter enables the Municipality to provide a public transportation service, and section 79(1)(o) provides authority for Council to expend money to provide public transportation.

Recommendation on page 2.

By-law U-100, Schedule 1, Section 5 provides the authority to offer a Low Income Transit Pass Pilot Program.

RECOMMENDATION

It is recommended that Transportation Standing Committee recommend that Regional Council direct staff to:

1. Increase the number of places available in the Low Income Transit Pass program to 2,000 for the 2019/20 program year (starting July 2019);
2. Monitor program uptake to understand the impact the new partnership with the Department of Community Services may have on demand for the Low Income Transit Pass Program; and
3. Revise the eligibility criteria to accept a letter from social workers or ISANS in lieu of a Notice of Assessment or Option C as proof of qualification for the Low Income Transit Pass Program.

BACKGROUND

In April 2014, Halifax Regional Council directed staff to develop a by-law for transit fares and implement the Low Income Transit Pass Pilot Program. On June 21, 2016 Halifax Regional Council adopted Schedule 1 of By-law U-100, enabling staff to initiate the Low Income Transit Pass Pilot Program. Through this program, qualified applicants were able to purchase monthly transit passes for 50% of the regular price for each month during the pilot. The six-month pilot took place between September 2016 and February 2017.

At the February 7, 2017 meeting of Regional Council, the Low Income Transit Pass Program was approved as a permanent program, and the new annual program began in July 2017. The Low Income Transit Pass Program was amended at that time to reflect lessons from the pilot stage, including amending the program eligibility to increase the accessibility of the program. Regional Council further directed staff to draft amendments to By-law U-100 to remove a person from the Low Income Bus Pass Program if that person did not purchase any bus passes within a six month period. This amendment was approved by Regional Council on August 15, 2017, and became effective August 26, 2017.

Intake for the annual Low Income Transit Pass Program began on May 8, 2017 and continued until all 1,000 spaces were filled which occurred by mid-July 2017.

DISCUSSION

2017/18 Program Uptake to Date

The first annual Low Income Transit Pass Program began July 1, 2017. Application intake began in May 2017, and all 1,000 places in the program were full as of July 20, 2017. By December 2017, there were approximately 140 Halifax residents on the program wait list.

The following table summarizes the observed program utilization to date for the 2017/18 program year.

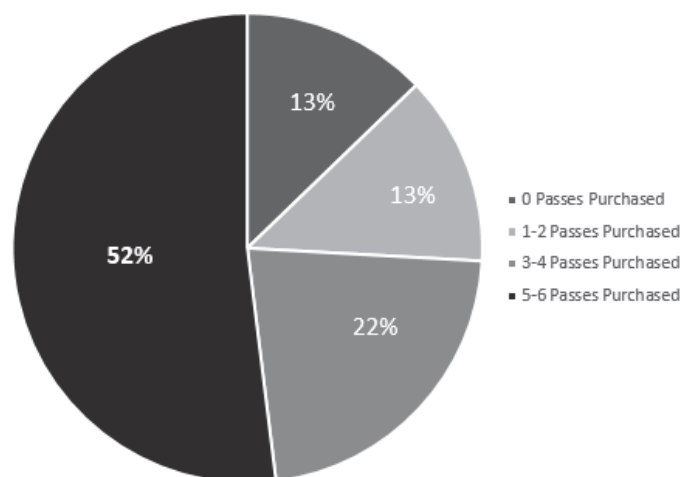
Month	MetroLink Passes Purchased	MetroX Passes Purchased	Conventional Passes Purchased	Total Passes Bought
July	4	10	654	668
August	7	11	718	736
September	3	10	704	717
October	2	8	726	736
November	4	8	713	725
December	3	8	686	697
January	3	8	689	700
Total	26	63	4890	4979

January sales reflect the fact that a total of 123 inactive participants were removed from the program at the end of December 2017, in accordance with amended By-law U-100. Another 123 qualified applicants were added to the program from the waitlist at this time.

Thus far the annual program has had a slightly lower uptake than the pilot program, varying from month to month from approximately 67% to a high of 74%¹ This results in an average uptake of 71% per month.²

Overall, between July 2017 and December 2017, approximately 52% of program participants have purchased a pass at least five of the six months, and a further 22% participants have purchased either three or four of a possible six passes. As of December 2017, approximately 13% of participants in the program had not purchased any passes, down slightly from the observed inactive participants during the pilot program.³ The following chart summarizes the number of passes purchased by participants to date.

**Number of Passes Purchased by Participants
 (July - December 2017)**



¹ Observed uptake for the Low Income Transit Pass Pilot Program varied from 67% to 78%

² Average price of \$39.25 per person, including conventional, MetroX and MetroLink passes. If participants were purchasing passes at full price, on average revenue to Halifax Transit would be \$78.51 per person per month.

³ During the pilot program, approximately 14% of participants in the program did not purchase any passes through the pilot program.

Observed Financial Impact of the Program to Date

Of those accepted into the first annual program in July 2017, approximately 54% of participants were previously purchasing monthly passes at full price. When Pilot Program participants were asked the same question in 2016, approximately 39% of program participants had been purchasing a monthly transit pass at full price. By offering passes at half price, this represents an observed potential revenue loss of \$11,000 - \$15,000 per month for the annual program. This is an estimated average loss of potential revenue of \$130-180 per program participant per year.⁴

Another 43% of program participants note that they were either paying cash fare or buying tickets. While it is not possible to calculate the potential increase in revenue generated by having those typically paying cash fare or for tickets, it's possible that some additional revenue has been captured by those who would typically have purchased less than \$39 per month in tickets or cash fare.

Potential Program Growth

Based on observed program uptake for the first annual Low Income Transit Pass Program and assuming existing program requirements remain the same (i.e. applicants must not be receiving a provincial transportation subsidy, household income must be below income threshold), the proposed cap of 2,000 is likely more than sufficient to meet demand. At it's longest, the wait list for the Low Income Transit Pass Program did not exceed 150 qualified applicants, most of which have been added to the program as of January 2018 upon the removal of inactive participants.

In addition, one major factor that must be accounted for is the new partnership between the Department of Community Services (DCS) and HRM to provide transit passes to those participating in the Employment Support and Income Assistance Program, and their spouses/dependents. Once this program has been rolled out, it could benefit up to 16,800 individuals living in the Halifax Transit service area. It is unknown how many of these residents are not currently receiving a transportation subsidy and are part of the Low Income Transit Pass Program. As these residents will be provided with transit at no charge, they will no longer require a place in the Low Income Transit Pass Program. It is unknown how large of an impact this will have in reducing the demand for the Low Income Transit Pass Program.

The proposed 2018/19 Halifax Transit budget does not identify additional resources which would allow for program expansion in the upcoming year, therefore, the increase to 2,000 applicants is recommended for July 2019.

Impacts of Removing the Participation Limits

It is difficult at this point to estimate the potential program uptake that could result from removing the program cap entirely. As of the 2016 Census, in the Halifax Census Metropolitan Area there were approximately 39,000 households with a gross household income of \$34,999 or less per year.⁵ Assuming an average household size of 2.7 persons per household⁶ there could be approximately 105,300 individuals who could qualify for the Low Income Transit Pass program. It is not clear at this time what percentage of these qualifying households are already in receipt of a transportation subsidy from the Department of Community Services and thus ineligible for this program, nor what percentage are within the Halifax Transit service area and could use transit. It is unknown how many of these individuals are in receipt of other fare media, such as a UPass, for example, from one of the educational institutions in the Municipality.

⁴ Assumes an average monthly uptake of 71% and that between 39% and 54% of program participants previously purchased monthly passes at full price, as per survey data.

⁵ The household income cut off for both the 2017/18 and 2018/19 program years for the Low Income Transit Pass Program is \$33,000 per household

⁶ 2016 Census, Nova Scotia, average Census family size

Due to the large numbers of residents that would be eligible for the program, removing the cap could result in a revenue loss of up to approximately \$5,000,000 per year, depending on uptake. The Halifax Transit budget cannot accommodate this loss of revenue. In addition, there is a moderate risk that the large numbers of monthly passes available to purchase at half price could saturate the market and encourage the re-selling of passes to other passengers for profit.

In addition, it is anticipated that removing the program cap entirely would require additional staffing at Customer Contact Centres to accommodate the increase in monthly transit pass sales. It is also possible that additional Finance staff would be required to process the increased volume of applications in a timely fashion.

Recommended Program Expansion

Staff are recommending that for the 2019/20 fiscal year, the program cap be increased from 1,000 to 2,000 applicants. A cap of 2,000 is recommended as this number can be accommodated within existing program resources at both the Customer Contact Centre and within HRM Finance. Based on the number of applicants currently on the waitlist, 2,000 would meet existing demand and allow for additional growth.

Halifax Transit staff will continue to monitor program uptake to better understand the need for this program in light of the new partnership with Department of Community Services and consider potential further program expansion for 2020/21.

Improving Access to Program

It has been identified that not all low-income Halifax residents are able to file their taxes, and thus obtaining a Notice of Assessment or "Option C" as proof of household income was a barrier to applicants accessing the Low Income Transit Pass program. In lieu of providing this type of proof of income, staff recommend that additional methods be considered to prove an applicant is qualified for the program. These methods are currently accepted by HRM Recreation as proof of qualification for a price reduction for paid recreation programming. Reconciling this acceptance of proof of income will better align these programs and position them well for the introduction of a Fair Entry Program.

The further proof of qualifications recommended by staff include:

- Letter or Signature of Community Services Social Worker and/or Income Assistance Casework accompanied by Official Stamp of the Department indicating that the applicant meets program requirements.
- Letter or Signature of ISANS representative Community Connections Workers indicating that the applicant meets program requirements.

FINANCIAL IMPLICATIONS

Increasing the cap from 1,000 to 2,000 for the 2019/20 program year, could result in a potential revenue loss of between \$130 - \$180 per program participant for a potential revenue loss of \$260,000 to \$360,000 per year. If approved by Regional Council, this can be included in the proposed 2019/20 Halifax Transit budget.

It is anticipated that municipal staff has capacity to accommodate the additional processing required by expanding the cap from 1,000 to 2,000 in 2019/20. However, support from temporary staff will be required during the application intake period. If approved by Regional Council, this can be included in the proposed 2019/20 Corporate and Customer Services budget.

RISK CONSIDERATION

Risks associated with this report are considered low. There is a risk that Halifax Transit will receive more applications and more qualified applicants than anticipated. This risk will be mitigated by maintaining a waitlist and removing inactive participants.

To further mitigate this risk, it is recommended that the cap be increased to 2,000 for the 2019/20 program year, and that the program cap be evaluated as required for the 2020/21 program year.

COMMUNITY ENGAGEMENT

There was no engagement undertaken specific to this report. Feedback was collected from the public and stakeholders on the Low Income Transit Pass Pilot Program through an internal workshop, and informally through correspondence with community partners.

ENVIRONMENTAL IMPLICATIONS

By providing more affordable access to transit service, it is possible that transit ridership may increase. Higher transit ridership would reduce emissions associated with private vehicle travel.

ALTERNATIVES

The Transportation Standing Committee may recommend that Regional Council direct staff to increase the participant cap for the Low Income Transit Pass Program to 2,000 for the 2018/19 program year. This is not recommended as the potential revenue loss cannot be accommodated in the proposed 2018/19 budget.

The Transportation Standing Committee may recommend that Regional Council direct staff to remove the participant cap for the Low Income Transit Pass Program entirely. This is not recommended as at this time as there are risks associated with the demand, resource requirements, and potential revenue loss.

ATTACHMENTS

None.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Erin Blay, MCIP, LPP, Supervisor, Service Design & Projects, Halifax Transit 902.490.4942
