

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: February 14, 2008

SUBJECT: REVISIONS TO U-PASS POLICY FRAMEWORK

RECOMMENDATION

It is recommended that the Commission consider on a case-by-case basis the merits and impacts of exceptions proposed by post-secondary institutions to the approved U-Pass policy framework. It is further recommended that based on the estimated financial impacts, that the Commission approve the exceptions to the current U-Pass policy framework proposed by the University of Toronto Scarborough (UTSC), and negotiations continue within the revised policy framework.

FUNDING

No provision for the impact of the introduction of a U-Pass has been incorporated into the 2008 TTC and Wheel Trans operating budgets which were approved by the Commission at its meeting of November 14, 2007. The potential funding impacts associated with exceptions proposed by UTSC to the approved U-Pass policy are detailed below. The funding impact of extending the UTSC exceptions to all post-secondary institutions who could participate in the U-Pass program has also been estimated.

BACKGROUND

The U-Pass is a program designed to provide post-secondary students in Toronto transit at a reduced cost. Potential participants include University of Toronto, York, Ryerson, George Brown, Seneca, Centennial, Humber and Ontario College of Art and Design. The Commission has approved a policy framework upon which discussions with the institutions have been based. The core elements of the Commission approved framework are provided below. The key principle underlying the development of the framework was universality, with the objective being that the rules and terms and conditions are consistent for all post-secondary institutions participating in the program.

- Mandatory participation by all students at an institution;
- One blended rate for all institutions;
- Only full-time undergraduate students are eligible to participate;
- One pass valid for school year (September to April);
- Priced at 60% of the regular Metropass. This term was modified in September 2007 when the Commission agreed to freeze the price at \$60 when the November 2007 fare increase came into effect for any school that implemented the program by September 2008. This would effectively price the U-Pass at 55% of the regular Metropass for any school that was able to implement the U-Pass in 2008;

- Non-transferable; and
- Access to commuter parking lots.

DISCUSSION

As additional analysis has been completed associated with assessing the feasibility of implementation, some student leaders have determined that because of unique administrative and policy frameworks at their institutions, there could be difficulty getting the U-Pass passed in a referendum and implemented under the current Commission approved U-Pass policy framework. Specifically, UTSC which is considering holding a student referendum in March 2008 for implementation in September 2008 has requested the following exceptions:

- Both full-time and part-time students are eligible for the U-Pass program;
- The U-Pass is in effect on a semester basis all year round (September to December, January to April and May to August); and
- The U-Pass price is "frozen" at \$60 until May 2010 and future increases are limited to any percentage increases in the regular Metropass.

The estimated financial impacts of the UTSC exceptions are summarized below.

- Impact of price freeze at \$60 until May 2010 if the TTC implemented a \$0.10 fare increase during that period:
 - UTSC alone: (\$250K) per annum
 - Full-time undergraduates from the 8 eligible institutions - regular school year: (\$3.2M) per annum
 - Full and part-time undergraduates from the 8 eligible institutions - 3 semesters: (\$6M+) per annum

The impacts associated with the last two scenarios represent worst case scenarios as it is likely that that not all 8 schools will join the program prior to May 2010 and that not all schools will become participants at the same time.

- Impact on U-Pass production costs by going to 3 semester format:
 - UTSC alone: \$50K per annum
 - Full-time undergraduates from the 8 eligible institutions - regular school year: \$800K per annum
 - Full and part-time undergraduates from the 8 eligible institutions - 3 semesters: \$1M+ per annum

It should be noted that discussions are on-going between staff and UTSC on the sharing of incremental production costs associated with implementing a semester based U-Pass.

- Based on available market research data for UTSC, the inclusion of UTSC part-time students would not have a negative impact on TTC fare revenue. However, it is not possible to estimate the impact of including part-time students from all institutions and detailed analysis would have to be undertaken at each institution.
- Estimated total impact (loss) of all proposed exceptions:
 - UTSC alone: (\$300K) per annum
 - Full-time undergraduates from the 8 eligible institutions - regular school year: (\$4M+) per annum
 - Full and part-time undergraduates from the 8 eligible institutions - 3 semesters: (\$7M+) per annum

Again, it should be noted that the impacts associated with the last two scenarios represent worst case scenarios as it is likely that that not all 8 schools will join the program prior to May 2010 and that not all schools will become participants at the same time.

JUSTIFICATION

It is recommended that the while the principle of universality continues to be observed to the greatest extent possible, any changes proposed by an institution to the approved U-Pass policy framework be considered on a case-by-case basis and not set precedents for other post-secondary institutions who wish to participate in the U-Pass program in the future.

Based on the estimated financial impacts of the exceptions to the current U-Pass policy framework proposed by UTSC, staff recommends that the new terms are incorporated into the policy framework for UTSC and that negotiations continue within the revised framework with the objective of UTSC holding a March 2008 student referendum for a September 2008 U-Pass implementation.

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