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Durham Region Transit Report

To: Durham Region Transit Executive Committee
From: General Manager, Durham Region Transit and Treasurer, Durham Region Transit
Report: #2023-DRT-26
Date: November 8, 2023

Subject:

U-Pass Agreement Extension

Recommendation:

That the Transit Executive Committee recommends to Regional Council:

That the existing U-Pass agreement with Durham College, Ontario Tech University and Trent University (Durham Campus) be extended through the 2024-2025 academic year, including a 1.9 per cent increase in the fee per eligible student from \$150 per semester to \$152.85 per semester for the period of September 1, 2024, to August 31, 2025.

1. Purpose

1.1 This report updates Transit Executive Committee (TEC) on the status of DRT's U-Pass agreement with Durham College, Ontario Tech University and Trent University including seeking authorization for a one-year extension to the U-Pass agreement from September 1, 2024 to August 31, 2025 with a 1.9 per cent increase in the fee.

2. Background

2.1 DRT entered into the current U-Pass agreement with Durham College, Ontario Tech University and Trent University effective for the period May 1, 2017, through August 31, 2019. The parties have since executed several extensions to the original agreement, based on an on-going collaborative effort to increase transit ridership and provide students with an equitable and environmentally friendly transportation option.

- 2.2 The 2023-2024 academic year U-Pass rate is \$150.00 per eligible student per semester providing unlimited trips on DRT throughout each four-month semester. This rate is charged to all full-time students of participating institutions as an ancillary fee to their tuition costs. On a monthly basis the U-Pass rate per student is \$37.50, \$9.40 less than DRT's Transit Assistance Program (TAP) available to Ontario Works and Ontario Disability Support Program clients (\$46.90 per month) and less than the cost of six adult round trips (i.e., 12 rides) per month. The U-Pass rate is equivalent to 31 per cent of an adult monthly pass or 39 per cent of a youth monthly pass.
- 2.3 The U-Pass accounted for 19 per cent of DRT's annual ridership in 2022. For 2023, the U-Pass is forecast to generate approximately \$6.9 million in revenue for DRT, approximately 24 per cent of DRT's total fare-related revenue.
- 2.4 In 2019, the Ministry of Training, Colleges and Universities issued a new Tuition Fee Framework and Ancillary Fee Guidelines stating that where an institution has a compulsory ancillary fee for student transit passes established prior to January 17, 2019, those fees can continue to be charged for the duration of the agreement and to any subsequent renewals. Renewals are considered to be subsequent contracts between the same parties creating uninterrupted service to students. No compulsory fees may be charged for a student transit pass for new agreements and can only be implemented on an opt-out basis. Subsequently student association groups successfully appealed the ancillary fee guidelines. There is currently no impact from the ancillary fee guidelines, or their appeal, on the Upass program and Durham Region Transit will continue to monitor for new developments.

3. Previous Reports and Decisions

- 3.1 At its meeting of January 8, 2020, TEC authorized a one-year extension to the existing U-Pass agreement with Durham College, Ontario Tech University and Trent University (Durham Campus), including a two per cent increase in the fee per eligible student from \$139.00 per semester to \$141.75 per semester for the period of September 1, 2020 to August 31, 2021 (Report #2020-DRT-02).
- 3.2 Subsequently, at its meeting of July 8, 2020, TEC authorized a temporary suspension of the one-year extension to the U-Pass agreement for the fall 2020 semester at the request of the three post secondary institutions due to the impacts of COVID-19 on the delivery of academic programming (Report #2020-DRT-15).

- 3.3 At its meeting of December 2, 2020, TEC approved the continued suspension of the U-Pass through the winter and summer 2021 semesters (Report #2020-DRT-23). The extension of the temporary suspension of the U-Pass agreement does not preclude Durham College, Ontario Tech University or Trent University from execution of a further extension to the existing agreement with DRT. On this basis, TEC also approved an additional one-year extension to the U-Pass agreement through August 31, 2022, including a 1.9 per cent increase in the U-Pass rate to \$144.50 per semester effective September 1, 2021.
- 3.4 At its meeting of December 8, 2021, TEC approved the extension of the U-Pass agreement through the 2022-2023 academic year (Report #2021-DRT-30), including a 1.9 per cent increase in the fee per eligible student from \$144.50 per semester to \$147.25 per semester for the period of September 1, 2022 to August 31, 2023 conditional upon Finance and Administration Committee approval.
- 3.5 The extension of the U-Pass agreement through the 2023-2024 academic year, including a 1.9 per cent increase in the fee per eligible student from \$147.25 per semester to \$150.00 per semester for the period of September 1, 2023 to August 31, 2024 was authorized by staff in the fall of 2022 under the delegated authority provided by Regional Council through Report #2022-F-4.

4. Current status

- 4.1 Durham Region Transit Staff and representatives from each post-secondary institution (Durham College, Ontario Tech University and Trent University), along with staff from Metrolinx meet regularly to discuss technical challenges, communications strategies, technology change and improvements and other items of interest. This working group allows for excellent collaboration and ensures that we all work together to provide students a positive transit experience. In addition, DRT's Community Engagement and Change Management Team has been a regular participant and with advice from the post-secondary institutions has set up booths and other touchpoints on-campus where students can drop by and ask questions about the transit system. This type of collaboration is planned to be expanded, particularly around the start of the fall and winter semester each year.
- 4.2 Per the terms of delivery of the PRESTO E-Ticket solution by Metrolinx, DRT pays a six per cent commission fee on all U-Pass PRESTO revenues. This compares to the current nine per cent commission fee on all PRESTO card transactions as established in the PRESTO operating agreement negotiated between the 905 transit agencies and Metrolinx.

- 4.3 All parties remain committed to continuing the U-Pass arrangement and to negotiating a new longer-term extension in 2024 for the 2025-2026 school year and beyond.

5. Financial Implications

- 5.1 Additional 2024 revenues of approximately \$60,000 are expected as a result of a 1.9 per cent increase in the U-Pass fee from \$150.00 per semester to \$152.85 effective September 1, 2024, based on comparable post-secondary enrollment in 2023. The annualized revenue impact through August 2024 is estimated at \$140,000.

6. Next Steps

- 6.1 This report, seeking authority for the U-Pass increase, will be presented to Council.
- 6.2 Upon approval of the recommendations, DRT will work with Finance and Legal to execute an amendment to the U-Pass Agreement to implement the one-year extension beginning September 2024.
- 6.3 Upon execution of the agreement extension, The Region's fees and charges schedule will be updated to reflect the increased fee.

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Goal 1: Environmental Sustainability – By providing convenient and cost-effective public transit, we can reduce reliance on single occupancy passenger vehicles directly minimizing carbon emissions as well as reducing congestion on the road network overall.
 - b. Goal 4: Social Investment – Students represent a vulnerable community that is more sensitive to general inflation and cost of living increases. Inexpensive and convenient public transit helps mitigate against these issues and ensures students can travel between their residence and campus, as well as to employment opportunities within the Region.
 - c. Goal 5: Service Excellence – Durham Region Transit is always looking to expand its service offerings, and with the 10-year approved service growth plan, public transit within the Region will continue to provide exceptional value to students and customers in general. The ongoing commitment to the U-pass

Program is an example of continued service excellence in the face of difficult budgetary considerations.

8. Conclusion

- 8.1 DRT's U-Pass Agreement has benefited all parties in a variety of ways. For DRT it has contributed to strong ridership growth amongst post secondary students, thereby contributing to overall fare revenues as well as mitigating congestion if the same trips were completed using single occupancy passenger vehicles. For Durham's post secondary institutions, it has provided students with an affordable option for school and personal travel, while assisting the institutions in managing parking and traffic pressures on campus and in the surrounding community. In addition, for the Region overall, promoting transit is a cost-effective mechanism for reducing localized emissions thereby contributing to our collective environmental sustainability and health outcomes.

Respectfully submitted,

Original signed by

Bill Holmes
General Manager, DRT

Original signed by

Nancy Taylor
Treasurer, DRT

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer