



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2025-F-9
Date: May 13, 2025

Subject:

U-Pass Agreement Extension

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That, the existing U-Pass agreements with Durham College, Ontario Tech University and Trent University (Durham Campus) be extended including updated U-Pass rates through the 2027-2028 academic year with the following fee increases:
- i) 2025-2026 academic year – 4.9 per cent increase from \$152.85 to \$160.30 per semester per eligible student for the period September 1, 2025, to August 31, 2026;
 - ii) 2026-2027 academic year – 4.9 per cent increase from \$160.30 to \$168.15 per semester per eligible student for the period September 1, 2026, to August 31, 2027; and
 - iii) 2027-2028 academic year – 4.9 per cent increase from \$168.15 to \$176.35 per semester per eligible student for the period September 1, 2027, to August 31, 2028.
- B) That the Regional Chair and Regional Clerk be authorized to execute the amending agreements.

1. Purpose

- 1.1 This report updates the Finance and Administration Committee on the status of DRT's U-Pass agreements with Durham College, Ontario Tech University and Trent University, and seeks approval for a three-year extension to the U-Pass agreements in alignment with [Report #2024-DRT-12](#), from September 1, 2025 to August 31, 2028, with an annual rate increase of 4.9 per cent per academic year rounded down to the nearest \$0.05.
- 1.2 A similar report was provided to the Transit Executive Committee on May 7, 2025.

2. Background

- 2.1 DRT entered into the current U-Pass agreement with Durham College, Ontario Tech University and Trent University for the period May 1, 2017, through August 31, 2019. The parties have since executed several one-year extensions to the original agreement and participated in on-going collaborative efforts to increase transit ridership and provide students with equitable and sustainable transportation. The U-Pass is charged to all full-time students of the participating institutions as an ancillary fee to their tuition costs, providing the post-secondary students unlimited travel on DRT.
- 2.2 In 2024 U-Pass customers accounted for 24 per cent of DRT's annual ridership, with the U-Pass agreements accounting for 20 per cent of fare revenue. The DRT 2025 budget includes U-Pass revenues of \$8.7 million.
- 2.3 In the recent past, DRT has worked closely with PRESTO and the post-secondary institutions to advance an efficient and easily administered fare payment solution. In 2025, DRT will transition the U-Pass to the PRESTO U-PASS on Mobile Wallet. Students unable to use the Mobile Wallet solution will be provided a physical PRESTO card. Moving the U-PASS to the Mobile Wallet (virtual card) aligns with DRT's current process for issuing monthly passes and will also allow students commuting across the GTA the ability to leverage and reduce their transit fares through the One Fare and Co-Fare programs. DRT will benefit from an improvement in the reliability of PRESTO U-Pass boarding and fare data, supporting the continued development and enhancements to the transit network.

- 2.4 PRESTO commissions were negotiated and specified in the 2017 Operating Agreement signed between Metrolinx and 905 transit agencies. A commission rate of six per cent applies to the current PRESTO E-Ticket solution, which will increase to nine per cent for the PRESTO Mobile Wallet solution. The increased commission fee, inclusive of the proposed 4.9 per cent U-Pass rate increase effective September 2025, was included in the 2025 DRT Budget.
- 2.5 Durham Region Transit 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 collaborative working group ensures students receive a positive transit experience. DRT's Engagement and Change team has also been a regular participant and with advice from the post-secondary institutions, established regular engagement opportunities on-campus where students can drop by and ask questions about the transit system. This collaboration is always important, and most visible during the start of the fall and winter semesters.
- 2.6 Durham College, Ontario Tech University, and Trent University (Durham Campus), have confirmed that they are in agreement to extend their U-Pass agreements with DRT, including the 4.9 per cent annual U-Pass rate increase through August 31, 2028.

3. Previous Reports and Decisions

- 3.1 At its meeting of January 29, 2020, Council approved a one-year extension to the existing U-Pass agreement with Durham College, Ontario Tech University and Trent University (Durham Campus), including a 2 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-F-1](#)).
- 3.2 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 16, 2020, Council 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 ([Report #2020-DRT-23](#)).

- 3.4 At its meeting of December 22, 2021, Council approved the extension of the U-Pass agreement through the 2022-2023 academic year, 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 ([Report #2021-F-37](#)).
- 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](#).
- 3.6 In November 2023, Regional Council approved the extension of the U-Pass agreement through the 2024-2025 academic year ([Report #2023-DRT-26](#)), 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 September 1, 2024 to August 31, 2025.
- 3.7 In June 2024, TEC approved recommendations contained in [Report #2024-DRT-12](#), which outlined a framework and fee parameters for the next U-Pass agreement negotiations.
- 3.8 In November 2024, Regional Council approved the Transit Executive Committee's amended non-U-Pass transit fare increase from 5 per cent to 3.5 per cent effective July 1, 2025 ([Report #2024-DRT-20](#)).

4. Financial Implications

- 4.1 Table 1 outlines the projected annual net budget impacts under the proposed terms of the negotiated U-Pass agreement extension to August 31, 2028, and the transition to U-Pass on Mobile Wallet from U-Pass E-Tickets based on current post-secondary student enrolment levels.

Table 1 – Estimated Net Impact of U-Pass Changes

	2025 Approved Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Estimated U-Pass Revenue (at negotiated annual 4.9% fare increase)	\$8,748,185	\$8,857,954	\$9,290,586	\$9,744,722	\$10,012,271
Less Estimated PRESTO Commissions (including transition to Mobile Wallet) ¹	(\$787,336)	(\$585,932)	(\$660,561)	(\$692,850)	(\$711,872)
Estimated Net U-Pass Revenue	\$7,960,849	\$8,272,022	\$8,630,026	\$9,051,872	\$9,300,399

¹ The estimated 2026 – 2028 PRESTO commissions for the Mobile Wallet assumes activation by the historical average of approximately 79 per cent of eligible student enrolment.

- 4.2 As detailed in Table 1 the net U-Pass revenue based on existing post-secondary enrollment, is projected to increase from the 2025 approved budget of \$7.96 million in 2025 to \$9.30 million in 2028, an overall increase of \$1.34 million over the three contract years based on the negotiated 4.9 per cent annual increase in the U-Pass Rate. If the annual U-Pass rate increase had been limited to 1.9 per cent the net revenue would have been projected to increase by \$0.57 million over the three contract years, \$0.77 million less than the current negotiated increase of 4.9 per cent.
- 4.3 The above analysis assumes that eligible enrolment remains at the current level. The post-secondary sector is facing challenges resulting in the cancellation of some programs. DRT staff continue to work closely with the post-secondary school institutions to understand any potential reductions in eligible enrolment as this would negatively impact the Region's projected net U-Pass revenue.
- 4.4 The increased net U-Pass revenue will be included in the annual Durham Region Transit Business Plans and Budget and will help fund inflationary pressures and overall transit network growth.
- 4.5 Upon approval of Council, the U-Pass rate for the academic year starting in September (2025-2026) will be \$160.30 per eligible student per four-month semester. On a monthly basis, the U-Pass fare per student will be \$40.08, which is less than six adult round trips (\$44.76) at the lowest single ride PRESTO fare.

The U-Pass will remain the lowest DRT monthly equivalent fare; 23 per cent less than DRT's Transit Assistance Program (TAP) available to Ontario Works and Ontario Disability Support Program clients (\$52.22 per month), 70 per cent less than the adult pass (\$134.28), 63 per cent less than the youth pass (\$107.42), and 25 per cent less than the senior pass (\$53.71).

5. Next Steps

- 5.1 Upon Regional Council approval of the recommendation to execute the new agreements, DRT will work with Legal Services and representatives from the post-secondary institutions to execute amendments to the U-Pass Agreements to implement the three-year extension beginning September 2025.
- 5.2 Upon execution of the extension, the Region's fees and charges schedule will be updated to reflect the increased fee.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addressess the following Strategic Directions and Pathways in Durham Region's 2025-2035 Strategic Plan:
 - a. Connected and Vibrant Communities
 - C3. Improve public transit system connectivity, reliability, and competitiveness.
 - b. Resilient Local Economies
 - R3. Develop, attract, and support a skilled and qualified workforce, including youth and newcomers.
 - c. Strong Relationships
 - S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.
- 6.2 This report aligns with/addressess the following Foundations in Durham Region's 2025-2035 Strategic Plan:
 - a. People: Making the Region of Durham a great place to work, attracting, and retaining talent.
 - b. Processes: Continuously improving processes to ensure we are responsive to community needs.

- c. Technology: Keeping pace with technological change to ensure efficient and effective service delivery.

7. Conclusion

- 7.1 The U-Pass Agreements have benefited all parties. They have contributed to strong ridership growth amongst post secondary students and predictable fare revenues for DRT, as well as mitigating traffic congestion and emissions by removing trips using single occupancy passenger vehicles. For Durham's post secondary institutions, it has provided their students with an affordable and sustainable travel solution and supported the institutions to mitigate parking and traffic pressures on campus and in the surrounding community.
- 7.2 The increased U-Pass rate will ensure DRT can continue to invest in services to improve the frequency and reliability of the transit network for all customers.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
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