

<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE JUNE 18, 2018</b>
<b>FROM:</b>	<b>LYNNE LIVINGSTONE MANAGING DIRECTOR NEIGHBOURHOOD, CHILDREN AND FIRE SERVICES</b>
<b>SUBJECT:</b>	<b>SUBSIDIZED BUS PASS FOR YOUTH 13 TO 17 YEARS OF AGE COUNCIL BY-LAW AND AGREEMENT</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director of Neighbourhood, Children and Fire Services, the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on June 26, 2018 to:

- a) authorize and approve an Agreement between The Corporation of the City of London and the London Transit Commission to provide a subsidized monthly bus pass for individuals 13 up to and including 17 years of age, commencing September 1, 2018;
- b) authorize a grant to the London Transit Commission for the purpose of the subsidized monthly pass program noted in a), above; and
- c) authorize the Mayor and the City Clerk to execute the Agreement authorized and approved in a), above.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Children 5 to 12 Years of Age Ride for Free on Public Transit Council By-Law and Agreement (December 13, 2016)
- Adults 18 and Over Income-Related Subsidized Public Transit Program Council By-Law, Agreement and Administration Process (October 11, 2017)

<b>BACKGROUND</b>
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On October 17, 2017, Council directed Civic Administration to bring forward a budget amendment in the 2018 Annual Budget Update outlining the options, and the associated financial implications, for a reduced rate transit pass for youth ages 13 to 17. On December 12, 2017, Council approved a Multi-Year Budget adjustment to the Operating Budget: Amendment #20: Reduced Rate Transit Pass for Youth (Ages 13-17) - Amendment 3A: Bulk Purchase and re-sale of bus passes at \$52.00/month

The purpose of this report is to bring forward the required By-law and Agreement between the City and the London Transit Commission (LTC) to establish a subsidized bus pass for youth 13 up to and including 17 years of age, and to authorize a grant to the LTC effective September 1, 2018, for such purpose. In addition, this report provides Council with an overview of the timelines and implementation plan that Civic Administration and the London Transit Commission has developed for the 22 month pilot.

**Timelines**

Based on Council's recommendation, the pilot will be established as a 22-month program, beginning September 1, 2018. This timeline would align with the multi-year budget as outlined below:

- |                           |  |
|---------------------------|--|
| <u>June 2018:</u>         | Civic Administration brings proposed by-law, implementation plan, and agreement forward for approval.  |
| <u>September 1, 2018:</u> | Subsidized youth bus pass pilot begins.  |
| <u>Fall 2019:</u>         | Business case submitted for the 2020-2023 Multi-Year Budget for consideration for permanent funding.   |
| <u>June 30, 2020:</u>     | Subsidized youth bus pass program ends (if permanent funding is not approved through 2020-2023 Multi-Year Budget and/or if the program model changes). |

**Implementation Plan**

The financial model to support the Reduced Rate Transit Pass for Youth is based on a bulk purchase model. Civic Administration and the LTC have developed a sliding scale for a volume discount on adult monthly bus passes (valued at \$81.00 each) as outlined below. The LTC will sell monthly passes to youth 13 up to and including 17 years of age for \$52.00/month, which will be available on smart cards only (there will be no paper pass option). The net cost to the City is the difference between the discounted cost of the pass from LTC and the \$52.00 selling price to youth, which will be invoiced to the City monthly based on the number of passes sold at the negotiated discount rate. The chart below provides the net cost per pass that the LTC will invoice the City based on the total number of monthly passes sold.

# of Passes Sold Per Month	Negotiated Discount on Adult Monthly Pass Rate	Discounted Cost based on volume sold (per pass)	Net Cost to the City of London (per pass)
0-500	10%	\$72.90	\$20.90
501-999	12.5%	\$70.88	\$18.88
1,000-1,499	15%	\$68.85	\$16.85
1,500-1,999	20%	\$64.80	\$12.80
2,000+	25%	\$60.75	\$8.75

Young people (13 to 17) can purchase these bus passes in person and/or on-line similar to how one currently purchases an adult monthly bus pass. Riders utilizing this pass may be requested to present a valid Secondary School Student ID card at time of boarding to confirm eligibility.

In the event that the costs of the pilot are so significant, there is the ability to terminate the agreement with the London Transit Commission and therefore the pilot program under Section 7 of the attached agreement at any time on providing 60 days’ advance notice to the Commission.

**Agreement with LTC**

The grant to LTC relating to the provision of the subsidized bus pass for youth 13 to 17 years of age will be managed in the same manner as the current three subsidies in place for the income-related bus pass, children under 12 ride for free, and the blind. The budget for this subsidy will reside with Neighbourhood, Children and Fire Services, and LTC will provide an invoice each month based on the actual ridership. This approach ensures that the actual costs associated with the specific subsidy can be tracked and reported on annually.

Attached as Schedule A to the by-law is the formal agreement between the City of London and the London Transit Commission. The LTC will establish a new \$52 fee for a monthly subsidized bus pass for youth 13 to 17 years of age. The City will in return provide grant payments to the LTC to make up the difference between the cost of a subsidized monthly bus pass and the negotiated discounted price for the monthly bus pass. Under Section 10 of the Municipal Act, municipalities may pass by-laws respecting economic, social, and environmental well-being of the municipality and the health, safety, and well-being of persons.

**NEXT STEPS**

In order to implement the subsidized youth bus pass program by September 1, 2018, Civic Administration and the LTC will undertake the following steps:

**Communications Strategy**

A detailed communications strategy will be developed in partnership with the LTC to inform the community about changes that are being made to transit subsidy coming into effect September 1, 2018. The strategy will share the information in a number of different ways including:

- a series of posters to be posted on all LTC buses;
- City of London social media;
- City of London and LTC websites; and,
- emails to local organizations (including educational institutions) and networks across the City.

**Evaluation Framework**

Civic Administration is developing an evaluation framework in order to understand the impact of the youth bus pass program over the duration of the 22 month program. The evaluation will seek to understand a number of variables, including:

- increases in transit ridership;
- percentage of new transit riders as a result of the subsidized transit program;
- the number of subsidized bus passes issued annually to youth; and,
- the number of rides annually through the subsidized transit program.

In addition, surveys will be conducted with program participants in order to understand individual-level impacts of the subsidized transit program.

**Development of a Business Case for the 2020-2023 Multi-Year Budget**

Consistent with the income-related program implemented for adults 18 and up, the subsidized youth transit program has been implemented utilizing a one-time funding source of funding. A business case will be prepared as part of the 2020-2023 Multi-Year Budget for consideration of permanent funding. This business case will incorporate all subsidized programs (children 5 to 12, youth 13 to 17, income related for adults 18 and over, and the blind) with the objective of standardizing the approach to, and administration of, these programs.

**FINANCIAL IMPACT**

The City’s net cost of the subsidized youth transit pass program will be entirely dependent on the uptake of the program by eligible youth. The following table illustrates the total annual financial impact of different volumes of passes sold:

# of Passes Sold Per Month	Negotiated Discount on Adult Monthly Pass Rate	Total Annual Net Cost to the City of London
500	10%	\$125,400
1,000	15%	\$202,200
1,500	20%	\$230,400
2,000	25%	\$210,000

As the program does not start until September 1, 2018, the total cost for 2018 will be approximately one-third of the amounts outlined above.

Through the approval of 2018 Budget Amendment #20, Council directed that this program be funded first through Operating Budget Surplus and, if required, through a drawdown from contingency reserves. As part of the 2017 Year End Operating Budget Monitoring Report, approved by Council on April 24, 2018, a \$5 million contribution to the Operating Budget Contingency Reserve was authorized to set aside funding for both the youth and income-related subsidized transit programs. This funding will be drawn upon to fund the actual cost of these programs during 2018 and 2019.

**CONCLUSION**

One of the strategies in the City of London Strategic Plan aimed at “Building a Sustainable City through *convenient and connected mobility choices*” is to explore a better subsidy model for transit riders so that more Londoners can benefit.”

Affordable transportation is a key component of enhancing the quality of life for all Londoners. Accessible public transit helps to remove and prevent barriers that affect a person’s ability to gain and maintain employment, access health care, recreational, educational and social activities for themselves and their families. In addition, a vibrant, well-used transit system is an important part of building a healthy and inclusive community.

PREPARED AND SUBMITTED BY:	RECOMMENDED BY:
<p><b>CHERYL SMITH</b>  <b>MANAGER, NEIGHBOURHOOD STRATEGIC INITIATIVES &amp; FUNDING</b>  <b>NEIGHBOURHOOD, CHILDREN &amp; FIRE SERVICES</b></p>	<p><b>LYNNE LIVINGSTONE</b>  <b>MANAGING DIRECTOR</b>  <b>NEIGHBOURHOOD, CHILDREN &amp; FIRE SERVICES</b></p>

- c. Lynn Marshall, Solicitor II  
 Kyle Murray, Senior Financial Business Administrator  
 Kelly Paleczny, London Transit Commission

## APPENDIX A

By-law No.

A by-law to approve an agreement with the London Transit Commission for the establishment of a Youth Bus Pass for individuals 13 years of age up to and including 17 years of age, and to authorize a grant to the London Transit Commission for such purpose, and to authorize the Mayor and City Clerk to execute the agreement

WHEREAS By-law No. A.-6377-206, being A By-law to continue the London Transit Commission, provides:

- in Section 2 that the London Transit Commission is a body corporate;
- in Section 7 that the London Transit Commission possesses and may exercise all the powers, rights, authorities and privileges with respect to the operation, extension, alteration, repair, control and management of the local transportation system of the City of London;
- in Subsection 7(a) that such powers, rights, authorities and privileges include “to manage, operate, establish, equip, alter, extend and maintain a bus system over the streets and public places of the City of London.., and in subsection 7(f) “to enter into agreements with the Corporation for all or any of the following: ...the performance of services by the Commission to the Corporation”;
- in Subsection 13 that, “with the intent that the transportation system shall be self-sustaining and shall not operate with a deficit, the Commission shall so regulate and fix all tolls and fares for the carriage of passengers that a revenue shall be produced which, together with the application of an appropriate part of any annual approved operating subsidy from the City of London, other operating revenues and funding from reserves and/or senior levels of government shall be in each year sufficient to provide the cost of operating the transportation system....”;
- in Section 14 that the Council may by by-law enter into an arrangement with the London Transit Commission to provide, either at all times, or within specified times, free transportation or transportation at reduced fares, to any class of residents of the City of London and to provide in such by-law or by-laws for the making of grants to the Commission to cover the cost of providing such transportation;

AND WHEREAS Municipal Council resolved at its Meeting of October 27, 2017, to direct the Managing Director, Neighbourhood, Children and Fire Services to bring forward a proposal for a youth bus pass to be considered during budget deliberations;

AND WHEREAS the Managing Director, Neighbourhood, Children and Fire Services brought forward a proposal for a youth bus pass which was considered during the Strategic Priorities and Policy Committee Multi-Year Budget Meeting of November 27, 2017;

AND WHEREAS Section 107 of the *Municipal Act, 2001*, S.O. 2001, c. 25 provides that a municipality may make grants, on such terms as to security and otherwise as the Council considers appropriate, to any person, group or body, including a fund, within or outside the boundaries of the municipality for any purpose that council considers to be in the interests of the municipality;

AND WHEREAS Council considers it to be in the interests of the municipality to provide a grant to London Transit Commission to cover the cost of providing subsidized transportation to individuals 13 years of age up to and including 17 years of age;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The agreement attached as Schedule A between The Corporation of the City of London and the London Transit Commission, with respect to subsidized bus transportation for individuals 13 years of age up to and including 17 years of age, commencing September 1, 2018 and the provision of a grant by the City to the London Transit Commission for such purpose, is hereby approved and authorized.
2. The Mayor and City Clerk are authorized and directed to execute the agreement approved in paragraph 1 above on behalf of The Corporation of the City of London.

3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on June 26, 2018.

Matt Brown  
Mayor

Catharine Saunders  
City Clerk

First Reading – June 26, 2018  
Second Reading – June 26, 2018  
Third Reading – June 26, 2018

## SCHEDULE A

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### **AGREEMENT (Establishment of a Subsidized Bus Pass for Individuals 13 years of age up to and including 17 years of age)**

**THIS AGREEMENT** made with effect as of September 1, 2018

#### **B E T W E E N:**

**LONDON TRANSIT COMMISSION**

(the “**Commission**”)

**OF THE FIRST PART**

- AND -

**THE CORPORATION OF THE CITY OF LONDON**

(the “**City**”)

**OF THE SECOND PART**

**WHEREAS** the City has the capacity, rights, powers and privileges of a natural person for the purposes of exercising its authority pursuant to the provisions of section 9 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended;

**AND WHEREAS** section 107 of the *Municipal Act, 2001* provides that a municipality may make grants, on such terms as to security and otherwise as the Council considers appropriate, to any person, group or body, including a fund, within or outside the boundaries of the municipality for any purpose that Council considers to be in the interests of the municipality;

**AND WHEREAS** the Commission is a body corporate and a local board continued under By-law No. A.-6377-206;

**AND WHEREAS** pursuant to the provisions of Section 14 of By-law No. A.-6377-206, the parties desire to enter into an agreement for the Commission to provide transportation at reduced fares in the form of a reduced cost bus pass to youth 13 years of age up to and including 17 years of age and for the City to provide grants to the Commission to cover the costs of providing such transportation.

**NOW THEREFORE** IN CONSIDERATION of the premises and the covenants and agreements hereinafter contained, the parties agree as follows:

1. **Commencement of Agreement**  
This Agreement shall commence on September 1, 2018.
2. **Monthly Youth Bus Pass - Fee**  
Commencing September 1, 2018, the Commission shall create a new monthly Youth Bus Pass with a fee of:
  - (a) \$52 for a Youth Bus Pass for 2018;
  - (b) \$52 or such other amount as determined by Council by resolution or by-law for a Youth Bus Pass for 2019 and subsequent years.
3. **Eligibility**  
The Youth Bus Pass shall only be available for use by individuals of a class based on the following:
  - 13 years of age up to and including 17 years of age; and,
  - City of London resident.

If eligible to use a Youth Bus Pass as set out above, such individuals shall be entitled to use a Youth Bus Pass for transportation on buses operated by the Commission in the City of London, for the fee set out in 2(a) or 2(b) above.

The Commission shall use best efforts to ensure that only those individuals who are eligible to use a Youth Bus Pass are allowed to use the Youth Bus Pass for transportation on buses operated by the Commission in the City of London.

4. **Youth Bus Pass - Statistics**

The Commission will provide the City with ridership statistics for the Youth Bus Passes on a monthly basis as part of the monthly invoicing.

5. **Invoice**

The Commission will provide a monthly invoice to the City based on the actual sale of Youth Bus Passes in the preceding month multiplied by the difference between the cost of the Youth Bus Pass and the discounted cost of an adult full month pass based on the following sliding scale:

# of Passes Purchased Per Month	Discount on Adult Monthly Pass Rate (for all passes sold)
0-500	10%
501-999	12.5%
1,000-1,499	15%
1,500-1,999	20%
2,000+	25%

The City shall not be responsible for any costs (including any administration fee) associated with the replacement of Youth Bus Passes that have been lost or stolen.

6. **Grant to Commission**

The City will pay monthly by way of grant to the Commission the amount in the preceding month as determined in paragraph 5. Such grant represents the cost to the Commission of providing the subsidized Youth Bus Pass.

7. The City may terminate this agreement at any time on providing 60 days' advance notice to the Commission.

IN WITNESS WHEREOF the Parties have duly executed this Agreement.

**SIGNED, SEALED, AND DELIVERED**

**LONDON TRANSIT COMMISSION**

Per: \_\_\_\_\_

Print Name: \_\_\_\_\_

General Manager\*

\*I have authority to bind the Commission.

Per: \_\_\_\_\_

Print Name: \_\_\_\_\_

Secretary-Treasurer\*

\*I have authority to bind the Commission.

**THE CORPORATION OF THE CITY OF LONDON**

Per: \_\_\_\_\_

Matt Brown, Mayor

Per: \_\_\_\_\_

Catharine Saunders, City Clerk