



**City of Kingston
Report to Council
Report Number 15-283**

To: Mayor and Members of Council

From: Denis Leger, Commissioner of Transportation, Facilities & Emergency Services

Resource Staff: Sheila Kidd, Director of Transportation Services

Date of Meeting: June 16, 2015

Subject: Kingston Transit – Secondary School Complimentary Transit Pilot Program

Executive Summary:

The City of Kingston provides complimentary access to all Grade 9–11 students attending public and separate secondary schools within the City of Kingston. Since its inception in 2012, the program has been operating as a pilot program, subject to annual review.

The objective of the pilot program is to expose high school students to the Kingston Transit system and create the potential for many of the individual students to continue as regular, committed transit passengers when they are no longer eligible for the program. The Limestone District School Board and Algonquin Lakeshore District Catholic School Board provide a financial contribution to the pilot program.

In 2014, Council requested that staff report back to Council, no later than June 2015, on the results and impact of the complimentary transit pass program and make recommendations for the 2015/2016 school year. Further to this request, at the Council meeting held on March 24, 2015 (Meeting 2015-11), Council passed a motion requesting that staff provide options, by the 2nd quarter of 2015, for a free or low-cost summer transit pass for Grade 12 public school students to be made available July 1, 2015 through to and including September 7, 2015.

This report provides a summary of the Grade 9–11 pilot program, a recommendation to extend and broaden the program to the upcoming academic year to include all students in Grade 9–11, attending public, separate or private schools and being home-educated, for the period from September 1, 2015 to August 31, 2016, and an option for Council's consideration regarding the expansion of the pilot program to include Grade 12 students.

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Recommendation:

- 1) **That** Council continue the complimentary Grade 9 to Grade 11 transit pilot program for the upcoming 2015/2016 academic year, including students attending public, separate or private schools in the City of Kingston or students receiving a home-based education in the City of Kingston, thereby extending the pilot program to August 31, 2016, subject to the City of Kingston receiving a total combined financial contribution of \$45,000 from the Limestone District School Board and Algonquin Lakeshore Catholic District School Board in support of the program; and

That Council direct staff to evaluate the operational and financial impacts of the pilot program and make recommendations regarding a secondary school student transit program with funding source considerations for the 2016/2017 academic year, and the 2017 municipal budget year, as part of the overall planned transit fare review to be undertaken in 2016; and

- 2) **That** Council approve that current Grade 12 students attending public, separate or private schools in the City of Kingston or students receiving a home-based education in the City of Kingston, not currently eligible for the program, be provided with complimentary access to the transit system for the period of July 1, 2015 to September 7, 2015; and
- 3) **That** Council considers and approves one of the options described below with regard to the expansion of the complimentary transit pilot program to include Grade 12 students.

Option A

That Council approve the expansion of the complimentary transit pilot program to include Grade 12 students and to effectively provide complimentary passes for any Grade 9 to Grade 12 student attending public, separate or private schools or receiving a home-based education in the City of Kingston, for the period of September 1, 2015 to August 31, 2016, subject to the City of Kingston receiving an additional combined financial contribution of \$15,000 from the Limestone District School Board and Algonquin Lakeshore Catholic District School Board in support of the expanded program, and further approve a one-time funding contribution of \$100,000 from the Working Fund Reserve to offset any net unbudgeted lost transit revenues; and

That, in anticipation of a further extension beyond August 31, 2016, Council direct staff to incorporate the additional cost into the 2016 Transit budget, recognizing that any further extension of the pilot or making the program permanent is an increase in service level and sustainable funding will need to be identified, determined and secured and, should there be any resulting tax implication, this will put additional pressure in maintaining the tax rate target; and

That Council direct staff to monitor and evaluate the operational and financial impacts of the pilot program as part of the planned transit fare review to be undertaken in 2016 and make

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recommendations regarding the pilot program and funding sources for the 2016/2017 academic year and the 2017 municipal budget year.

Or

Option B

That Council not approve the expansion of the complimentary transit pilot program to include Grade 12 students at this time.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Denis Leger, Commissioner,
Transportation, Facilities, &
Emergency Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Cynthia Beach, Corporate & Strategic Initiatives	Not required
Lanie Hurdle, Community Services	Not required
Jim Keech, President and CEO, Utilities Kingston	Not required
Desiree Kennedy, Chief Financial Officer & City Treasurer	Not required

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Options/Discussion:**Background**

In June 2012, Council approved the initiation of a pilot program to provide complimentary access to Kingston Transit for all Grade 9 students attending public and separate secondary schools within the City of Kingston. Each year since the program was initiated, staff has reported back to Council with results and recommendations regarding the continuation of the program. Complimentary transit access was extended to Grade 10 students in 2013 and further expanded to include Grade 11 students in 2014.

In 2014, Council requested that staff report back to Council, no later than June 2015, on the results and impact of the complimentary transit pass program and make recommendations for the 2015/2016 school year. Further to this request, at the Council meeting held on March 24, 2015 (Meeting 2015-11), Council passed a motion requesting that staff provide options by the 2nd quarter of 2015, for a free or low-cost summer transit pass for Grade 12 public school students to be made available July 1, 2015 through to and including September 7, 2015.

Ridership Results

There is a strong indication that the pilot program continues to be successful in encouraging high school students to use the public transit system. Secondary school student ridership has increased sharply with the inclusion of Grade 11 students in 2014. For comparison purposes, staff reviewed the 7-month period from September 1, 2013 to March 31, 2014 (Grade 9, 10) and September 1, 2014 to March 31, 2015 (Grade 9, 10 and 11). During this timeframe, trips by high school students increased from 52,707 to 137,506 (an increase of 161%). Ridership patterns have remained relatively consistent with 65% of weekday trips occurring between 7am to 9am and 2pm to 4pm. The remaining 35% of trips are spread primarily across evenings and weekends with no distinguishable pattern of usage.

Pilot Program Considerations

Given the success of the program, staff is recommending that Council extend the current program for one additional academic year. As part of the pilot program review, staff has received feedback that the program is not inclusive of secondary school students attending private schools or students that receive a home-based education. Staff has reviewed this request and determined that, since there are a limited number of students who attend private school, or that are home-schooled in Kingston, the financial impact would be negligible. Therefore, staff is suggesting that, should Council approve the extension of the pilot program for the upcoming academic year, the program eligibility be broadened to include Grade 9 –11 secondary school students attending private schools in the City of Kingston or receiving home-based education in the City of Kingston.

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As well, in response to the March 24, 2015 motion of Council regarding exploring a complimentary or low-fare transit pass for current Grade 12 students, staff is also suggesting that Council may wish to consider that current Grade 12 students be provided with complimentary access to the transit system for the period of July 1, 2015 to September 7, 2015.

As part of the pilot program evaluation, staff met with representatives of the school boards to review the ridership results for the current year. In these discussions, the school boards indicated they would support the expansion of the pilot program to include Grade 12 students for the 2015/2016 academic year. Given the popularity of the program, the school boards have agreed to increase their combined financial contribution by \$15,000 (for a total of \$60,000) should Council decide to expand the program to include Grade 12 students.

Budgetary and Financial Considerations

It should be noted that, while the ridership results are encouraging, the growth in the program, particularly with the inclusion of Grade 11 students, is having a significant adverse impact on transit fare revenue, thereby requiring additional property tax support. Staff analysed transit financial data since the inception of the program in 2012 and has estimated that the amount of foregone revenue (revenue that would have otherwise been collected) for each of Grade 9 and 10 is \$30,000 and \$90,000 for Grade 11.

Based on the experience of the Grade 11 program, staff further estimates that the annual foregone revenue for the inclusion of Grade 12 in the program would be at least \$100,000. If the program was extended for an additional year and expanded to include Grade 12, the total estimated foregone transit revenues would approximate \$250,000 per year.

When Grade 10 students were added to the program in 2013, the Limestone District School Board and Algonquin Lakeshore Catholic District School Board each provided a financial contribution in support of the program to help offset a portion of the costs. In 2014, for Grades 9-11 inclusive, the combined contribution from the school boards totaled \$45,000, equivalent to \$15,000 per academic grade. In discussions with staff, school board representatives have indicated that they will increase their combined contribution to \$60,000 should the program be expanded to include Grade 12 students.

2015 Budget Impact

The difference between the total estimated annual cost (foregone revenue) of \$250,000 and the school boards' combined contribution of \$60,000 leaves a gap of \$190,000 that would be funded from the transit budget, largely taxes and fare-based revenues. Approximately \$90,000 of the \$190,000 gap in annual funding has already been factored into the approved 2015 transit budget. If Council was to consider expanding the pilot program to include Grade 12 students for the 2015/16 academic year, the remaining \$100,000 is unbudgeted and, accordingly, a source of financing would need to be identified to account for the lost transit revenues. As the 2015 budget has already been approved, the only potential identified source of funding for the

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program extension would be a one-time contribution of \$100,000 from the Working Fund Reserve.

2016 and Subsequent Years' Budget Impact

If the pilot program was further extended beyond this additional year, or was to become permanent, the financial impact would need to be recognized and funding determined. In order to provide transit service at existing service levels, the cost (foregone revenue) of the program would have to be made up from taxes or any combination of school board contributions, fares and taxes. All other things being equal, if an increase in tax was a consideration for funding in the program, in whole or in part, this would put additional pressure on maintaining the tax rate target. Should Council approve an extension and expansion for the upcoming academic year (2015/16) and wish to further consider for ensuing years, appropriate funding will need to be determined and reflected in the 2016 and subsequent years' budget submissions.

Next Steps

As noted in 2014 staff reports, the increase in ridership by high school students does raise concerns related to system capacity as the students are travelling primarily during the morning and afternoon peak periods, when some of the routes are already at or beyond capacity. The introduction of the new Express service in May 2015 may provide some relief. Staff will continue to monitor capacity issues.

A transit fare review is planned for 2016. Staff suggests that a further evaluation of the pilot program and funding requirements will be best addressed within the context of a fare review process. Accordingly, staff plans to review and present to Council the operational and financial impacts and results of the secondary school complimentary transit pilot program in time to assess for both the 2016/17 academic year and the 2017 municipal budget year. The assessment will be presented in the 2nd quarter of 2016 and will include funding and budgetary impacts for Council to consider for 2017 and subsequent years.

Existing Policy/By Law:

N/A

Notice Provisions:

N/A

Accessibility Considerations:

N/A

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Financial Considerations:

The total annual cost (foregone revenue) of providing complimentary transit to all secondary school students has been estimated at \$250,000. The cost (foregone revenue) of the complimentary Grade 9 to Grade 11 transit pass pilot program to the end of August 31, 2015 has already been accounted for in the 2015 operating budget. If the pilot program was to be extended for the upcoming academic year (September 2015 to August 2016) and expanded to include Grade 12, an additional amount of \$100,000 of funding would be required in 2015. This would take into account an increased school board contribution from \$45,000 to \$60,000 and the \$90,000 in foregone revenues already accounted for in the 2015 budget.

Any further extension of the pilot program or making the program permanent is an increase in service level and sustainable funding will need to be identified, determined and secured and, should there be any resulting tax implication, this will put additional pressure in maintaining the tax rate target.

Contacts:

Jeremy DaCosta, Transit Manager, 613-546-4291, Ext. 1310

Other City of Kingston Staff Consulted:

N/A

Exhibits Attached:

N/A