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**Subject:           Fare Free Transit Update**

**Department:       Infrastructure Services**

**Division:           Transportation and Development**

**Report #:           INS-2024-043**

**Meeting Date:     2024-09-23**

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### **Recommendations**

**That report INS-2024-043, Fare Free Transit Update, be received.**

**And that Council provide direction to Staff to continue the Fare Free Transit program that is set to expire on December 31, 2024, until July 1, 2027;**

**And that Staff be directed to report back to Council in the Spring of 2027 seeking further direction from Council as it relates to the continuation of the program at that time.**

### **Overview**

This report provides Council with Ridership Data during the 2023 and 2024 fare free transit pilot program, covers the data to current budget expenditures and provides a cost/rider amount that equates to the net cost of the program to the municipality. This information is included in the report to provide Council with background information to assist with making an informed financial decision on the future of the Fare Free Transit Program.

### **Background**

At its regular Council meeting on July 11, 2022, Council passed the following resolution:

“That report INS-2022-048, Orangeville Fare-Free Transit, be received;

And that staff be directed to implement a two-year pilot project, offering free fares on the Orangeville Transit system commencing January 1, 2023;

And that staff be directed to update Council every four months on ridership growth and other impacts and successes associated with this pilot.”

On February 26, 2024, Staff submitted report number INS-2024-008 with the latest update to Council on the ridership since the inception of the Fare Free Transit Program in January 2023. At that time, Staff reported that ridership had increased from 102,898 in 2019 to 225,705 in 2023.

To date and based on current numbers in the first 2 quarters of 2024, ridership is projected to further increase to 262,780 to the end of December 31, 2024.

This report provides further details to Council on the number of customers/riders using Orangeville Transit during the fare free program trial for 2023 and the first two quarters of 2024 and includes projected numbers, based on trends, for the remainder of 2024. The additional and comprehensive data is being compiled so that Council can make an informed decision as to whether to continue the Fare Free Transit Program beyond December 31, 2024.

### **Analysis/Current Situation**

#### **Ridership Data 2023 & 2024**

For comparison purposes, it should be noted that staff have used 2019 ridership as the base line for the analysis, as some of the data in 2020, 2021 and 2022 may have been somewhat skewed due to the pandemic and restrictions imposed on transit systems by senior levels of government. As such, staff deemed it prudent to compare the 2019 data to the current data collected during the pilot program in 2023 and 2024.

The following tables summarize the ridership data from 2019, 2023 and trends anticipated to the end of 2024.

**Table 1 Data Showing 2019 to 2024 Orangeville Transit Ridership Numbers.**

<b>Year</b>	<b>Ridership/Customers</b>
2019	102,898
2020	103,091
2021	91,203
2022	101,261
2023 (first year of fare free)	225,705
2024 First Half	120,879
2024 Second Half Projected	141,901
2024 Total Ridership (second half projection)	262,780

To project the total number of riders in 2024, Staff based the calculation using historical data (ridership patterns) that indicate, that on average, 46% of the year's total ridership occurs in the first 6 months of the year, whereas 54 % occurs in the last 6 months of each year. Using these assumptions, we can forecast the second half ridership for 2024. That number is used in the above Table.

Based on projected numbers for 2024, Orangeville Transit Ridership is expected to increase by approximately 255% over the same period in 2019, the last non-covid year when transit was offered for a fare.

### **Cost/Expenditure Benefit (Value)**

To determine the expenditure cost per rider, Staff compiled and compared net operating costs against the number of riders in each period.

For 2019, 2023 and 2024 the net operating expenditure for Orangeville Transit was as shown in Table 2.

**Table 2 - Cost Per Rider Comparison-Actual Dollars, 2019 and 2023 dollars adjusted to 2024 dollars for comparison purposes.**

Year	Ridership	Net Operating	Cost/Rider
2019	102,898	\$481,749	\$4.68
2023	225,705	\$1,161,067	\$5.14
2024 (Budgeted)	262,780	\$819,886	\$3.12

<https://www.bankofcanada.ca/rates/related/inflation-calculator/>

It should be noted that the dollar amount used for 2024 is the forecasted net operating forecasted cost included in the 2024 Operating Budget. The actual cost incurred thus far to the end of July 2024 is \$526,612. Depending on future maintenance and other unexpected costing that Transit may be faced with, the net operating cost by year end could be higher. For the purpose of this analysis, the budget amount was assumed and used for comparison purposes.

In order for Staff to compare the dollar value from 2019 and 2023, to 2024 dollars, The Bank of Canada Inflation Calculator was used to inflate 2019 and 2023 dollars to provide a relative comparison. These inflated numbers are used in Table 2.

Factors of note:

- In 2023, Operating Costs were higher due to a number of unscheduled maintenance issues.
- Cost of diesel increased significantly in July 2023. Prior to this increase in fuel prices, Orangeville Transit was paying \$0.40/litre, whereas the cost is now \$1.50/litre.
- In 2023, Orangeville Transit began paying a leasing fee for the transit buses that were slated for On Demand Services, thus the higher net costs in that year. Additionally, as part of the lease agreements, the Town had to pay a lump sum

payment at the start of the least for each of the 3 buses totalling approximately \$90,000.

- In 2019, Orangeville Transit Collected approximately \$143,000 in fares. Costs to administer fares, initiate touch free pay systems, security and other fees would amount to approximately \$60-\$80,000.
  - With the noted increase in ridership, the provincial gas tax is expected to increase. The formula used to calculate the entitlement is, in simple terms, based on the number of riders using the transit system and the population of the municipality. The amount of the increase is expected to replace a significant portion of the revenue that would normally be collected as fares for riding transit. Staff had reached out to the province to obtain an estimate of the benefit, however, the exact amount of the Provincial Gas Tax for 2025 was not known at the time this report was submitted to the Clerk.
  - The 2024 gas tax benefit does not reflect the 2023 ridership numbers as there is a “lag” period of 2 years before the benefit is released to the municipality. This means that the 2025 Gas Tax Benefit will be based on the 2023 ridership numbers that increased significantly.
  - Fare Free Transit is expected to remove a number of vehicles from the road, reduce emissions, greenhouse gases and aligns with the Town’s Climate Action plan in the immediate and long terms.
  - Fare Free Transit helps remove economic barriers and allows everyone to have access to affordable and reliable means of transportation.
  - All regular transit vehicles are fully accessible and AODA compliant allowing persons of all abilities to ride the bus.
  - Town Staff have engaged County Staff to discuss expansion of services at the County level including on-demand and specialized transit services. At the time this report was written, there wasn’t any further update that could be provided. Discussions continue with the County and other Transit agencies.
  - Staff have met with Metrolinx to discuss partnerships to increase transit services for commuters to points south and east of Orangeville.
  - Staff continue to partner with other transit agencies who currently are using Orangeville Transit Stops including the new transit hub to pick up and drop off passengers. Grey Transit currently use 7 of Orangeville Transit Stop to service areas between Orangeville and Owen Sound.
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## Corporate Implications

### Financial Impact

Transit Services are included within the Transportation and Development budget. The approved 2024 budget is broken down as follows:

<b>Transportation &amp; Development – 2024 Operating (Transit)</b>		
<b>Revenues</b>		
	Budget	Actuals (to July 31, 2024)
Bus Advertising	(\$24,000)	(\$5,539)
Other Revenues	(\$33,312)	\$NIL
Provincial Gas Tax	(\$305,276)	(\$178,078)
<b>Totals</b>	<b>(\$362,588)</b>	<b>(\$183,617)</b>
<b>Expenditures</b>		
Staffing Costs	\$43,771	\$18,214
External Contracts	\$803,000	\$458,986
Maintenance & Repairs	\$152,014	\$138,928
Insurance, Licensing, Fleet Leasing	\$183,689	\$94,101
<b>Totals</b>	<b>\$1,182,474</b>	<b>\$710,229</b>
<b>Net Levy Impact</b>	<b>\$819,886</b>	<b>\$526,612</b>

## Conclusion

Pending Council's decision and direction, Staff will continue to administer Orangeville Transit in accordance with the Town's policies and strategies. Additional details, data and information will be brought forth for Council's consideration so that informed decisions can be made.

Although the exact amount of provincial gas tax that Orangeville is entitled to, based on municipal population and transit ridership, was not known at the time this report was submitted, it is expected that this revenue stream will increase and replace a significant portion of the revenues that would normally be collected by charging fares to passengers using the service.

Extending the fare free transit program to July 1, 2027 will allow the program to be extended through this term of Council and will allow staff to bring a report forward in spring 2027 with additional information for consideration by Council at that time.

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## Strategic Alignment

### Strategic Plan

Strategic Goal: Future-Readiness

Objective: To maintain the needs of the community through thoughtful policy making

**Sustainable Neighbourhood Action Plan**

Theme: Building a more inclusive community

Strategy: Promote more sustainable and efficient infrastructure and transportation options

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**Notice Provisions**

Not Applicable

Respectfully submitted,

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**Attachment(s):** N/A