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**SUBJECT: Fare-Free Youth Pilot Program Report**

**PURPOSE**

This report reviews the considerations for a fare-free youth transit pilot program in the Victoria Regional Transit System (“VRTS”) and is provided to the Victoria Regional Transit Commission (the “Commission”) for **APPROVAL**.

**BACKGROUND**

At its meeting on August 13, 2019, staff presented to the Commission a report outlining the cost, service and funding considerations for a fare-free youth transit pilot program to be included as part of the 2020/21 budgeting process. Following discussions, the initial motion was amended to direct staff to develop and come back with a detailed business case for a fare-free youth transit pilot and to pursue funding partnerships. This amended motion was not carried in a subsequent vote.

In December 2019, the City of Victoria introduced a bus pass program for all youth residents of the municipality. Under this program, the City of Victoria is assessed a \$11.25 fee per youth per month for 7,200 youth. The program is administered using VRTS youth/senior monthly passes, which the youth or their caregivers pick up from Victoria City Hall on a regular basis. On February 7, 2020, the Commission received a letter from the City of Victoria requesting that the region-wide fare-free youth program be revisited as a result of inequality across municipalities in the region created by the City of Victoria’s youth bus pass program.

**DISCUSSION**

**Commission Strategic Goals**

On April 29, 2019, Commission members participated in a strategic planning workshop to determine the Commission’s goals and priorities, which would be used to develop a five-year Transit Future Action Plan for transit service and planning in the VRTS. From the workshop discussion, the following themes were captured:

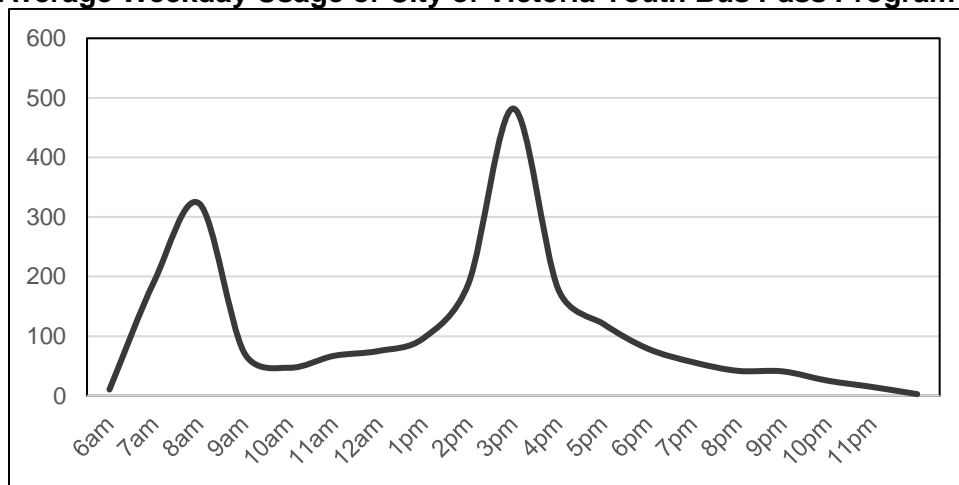
- The desire for transformation change, which requires consideration for more aggressive mode share targets and a higher level of service investment;
- Continue development of the Rapid Transit Network to the Westshore and Peninsula;
- Continue development of the Frequent Transit Network, and the introduction of transit service to new neighbourhoods experiencing development;
- Invest in new operations and maintenance facilities for the conventional and handyDART transit systems to support improved service levels;
- Invest in low carbon emission fleet technologies and other innovative transit solutions;
- Develop a communication strategy to share the new direction and priorities developed as part of the Transit Future Action Plan process; and
- Initiate a focused fare review to support future service investments.

### City of Victoria Youth Bus Pass Program

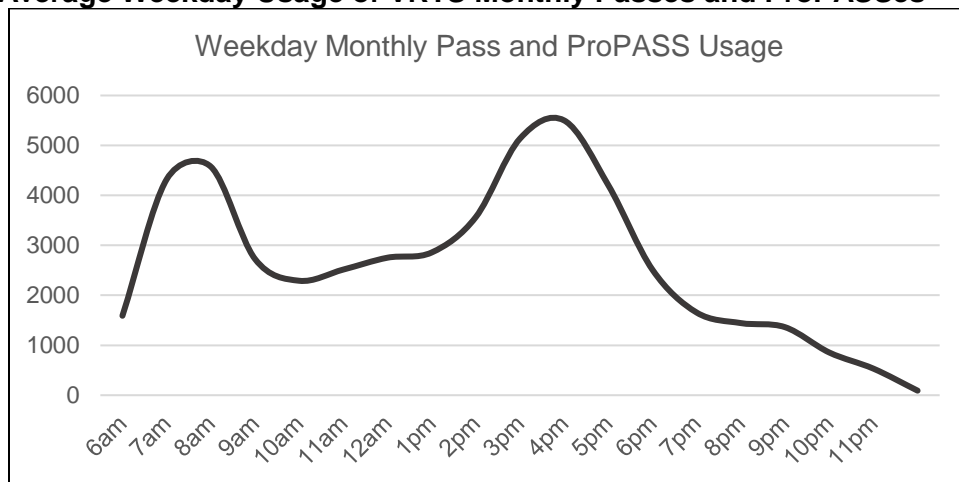
Starting on December 1, 2019, youth residing in the City of Victoria have been able to receive a monthly bus pass free of charge and use it to travel throughout the VRTS. Of the 7,200 youth eligible to receive a bus pass, 1,900 received and used a pass in December and 2,150 used one in January. It is unclear at this time as to how many of the youth accessing the fare-free program were previous users of transit as compared to those who are new users of transit as a result of receiving a free pass.

On average, the City of Victoria youth pass users are boarding 27 buses per month, though an undetermined number of these boardings may constitute a single trip using multiple buses. Average usage patterns during the day on Mondays through Fridays are shown in Figure 1 below and are compared against usage data of monthly passes and ProPASSes in the VRTS in Figure 2:

**Figure 1: Average Weekday Usage of City of Victoria Youth Bus Pass Program**



**Figure 2: Average Weekday Usage of VRTS Monthly Passes and ProPASSes**



As is outlined above, the travel patterns of youth accessing the City of Victoria’s fare-free program are similar to those of regularly BC Transit customers who use transit to commute to and from their place of work using monthly passes or ProPASSes. This highlights the impact that expanding youth fare-free transit region-wide would have on transit service capacity and, subsequently, the need for investment in transit service hours in order to accommodate any significant increase in ridership at peak times given current capacity constraints.

### Considerations for a Region-Wide Youth Fare-Free Pilot Program

As presented at the August 13, 2019 Commission meeting, there are several implications of fare-free transit that require consideration prior to introducing a region-wide fare-free program. The first of these is the revenue foregone should student fares be removed. In 2018/19, student fares were estimated to be \$4.07 million and represented 11 per cent of total VRTS fare revenue. Without a suitable funding alternative in place, the removal of youth fare revenues would increase the burden on property tax dollars to fund VRTS service.

The second consideration is that of the impact that an increase in ridership as a result of transit being made fare-free for youth would have on transit service level capacity. As demonstrated in Figures 1 and 2 above, it is expected that a regional fare-free youth transit program would result in capacity issues at peak service times. To assess the impact of increased ridership as a result of a fare-free youth program, staff used existing mode share data from the Capital Regional District’s 2017 Origin Destination Household Travel Survey and scaled increases based upon mode share examples observed with mature post-secondary U-PASS programs. Based on the projected increase in service demand for each mode share, staff then calculated the required increases in buses, service hours and costs to accommodate the additional riders with the results outlined in Table 1.

**Table 1: Forecasted Increases in Youth Riders, Service Hours, Buses and Costs**

	MODE SHARE			
	15% (Current)	25%	30%	35%
Number of youth transit riders	3,500	5,834 (+2,334)	7,002 (+3,502)	8,169 (+4,669)
School-oriented service hours	35,340	+15,200	+43,776	+70,224
School-oriented buses	57	+23	+58	+92
Service hours cost impact	-	+\$2,280,000	+\$6,566,000	+\$10,534,000
Bus lease fee cost impact	-	+\$1,572,000	+\$3,280,000	+\$6,286,000
<b>Total annual cost impact*</b>	-	<b>+\$3,852,000</b>	<b>+\$9,846,000</b>	<b>+\$16,820,000</b>

\*Total cost to be shared by municipal and provincial contributions

BC Transit has previously reached out to the three school districts in the region to discuss potential funding partnerships to offset the foregone fare revenue and increased service costs associated with fare-free youth transit, but to date have not received a response. In the absence of an alternative funding strategy, the municipal portion of the total costs listed in Table 1 along with the \$4.07 million on foregone fare revenue would need to be made up through property tax revenues to support the necessary increases in transit service. It is also important to note that there would be extended timelines for the requisition of the buses required to accommodate the increased demand and for the construction of a new transit facility to store and maintain the additional buses given current constraints at BC Transit facilities.

The final consideration for a fare-free youth program is that of the impact that increasing youth ridership would have on existing transit users. Given the observed youth transit use patterns from the City of Victoria's youth bus pass program and without the necessary investment in transit service hours and buses, it can be expected that a fare-free youth program would result in capacity constraints at peak travel times. Should issues persist and pass-ups become a common occurrence, existing transit users could be forced to consider non-transit travel options, including driving in a single-occupancy vehicle, to meet their travel needs. The scale of this mode shift away from transit is unknown, but would be expected to be relative to the scale of increases in youth transit ridership, and would be expected to be same in both a pilot and steady-state scenario. The allocation of service hours to address capacity issues resulting from fare-free youth transit would be expected to make it more challenging for the Commission to achieve its long-term strategic goals outlined above.

### **Climate Action**

Under its mandate, BC Transit's provision of public transit service is regarded as a key component to the Province of British Columbia achieving its future greenhouse gas emission targets. Studies into the factors that influence transit use behaviours consistently point to service-related considerations such as trip time, service frequency and reliability, comfort, crowding, and extended routes as being more significant drivers to increasing transit use for both current users and non-users than the price of fares. The significance of these factors increases for discretionary riders and non-riders given their preference towards the convenience and comfort of personal vehicle use.

The findings of industry research is supported by those of BC Transit's annual Penalty-Reward survey which indicates that similar service-related attributes are the primary factors that influence transit use amongst BC Transit customers and potential future customers. Accordingly, the most effective means of increasing public transit use, decreasing the use of single-occupancy vehicles, and reducing greenhouse gas emissions is increased investment to ensure transit service is frequent, reliable, and comfortable. The impact of such investments on reducing greenhouse gas emissions is expected to be furthered by BC Transit's ongoing investment in low- and no-carbon fleet technologies.

### **RECOMMENDATION**

It is recommended that the Victoria Regional Transit Commission **NOT APPROVE** the introduction of a pilot program for fare-free youth transit in the Victoria Regional Transit System.

Respectfully,

Ryan Dennis  
Manager, Sales and Revenue