

U-Pass – Pilot Program Evaluation

Summary of U-Pass Performance

Recommendation:

That Transportation and Public Works Committee recommend to City Council:

1. That a permanent U-Pass program be approved based on the Terms outlined in the September 15, 2009, Transportation Department report 2009TD8905 and that the agreement be in a form acceptable to the City Manager.
2. That Administration prepare the necessary amendments to the ETS Fare Policy 451D.

Report Summary

This report provides results of the U-Pass pilot program and outlines an approach for continuation of the U-Pass program.

Previous Council/Committee Action

At the November 7, 2006, Transportation and Public Works Committee meeting, the following motion was passed.

That an agreement with the MacEwan Students Association and MacEwan Administration for a three-year U-Pass be approved, subject to the following:

1. Approval of the 2007 Edmonton Transit Operating Budget, including the following service packages:
 - a. Schedule and Capacity Adjustments – Peaks (tax Levy - \$540,000)

- b. Service to New Areas – Peaks (Tax Levy - \$499,000)
 - c. Schedule and Capacity Adjustments – Off Peaks (Tax Levy – \$492,000)
 2. MacEwan Students Association and MacEwan Administration agreeing to an initial price of \$90 per student per term for the first year, with price escalation in years two and three of the program based on inflation (CPI);
 3. The successful outcome of student referenda at MacEwan;
 4. The agreement being in a form acceptable to the City Manager.
- At the October 10, 2006, Transportation and Public Works Committee meeting, the following motion was passed:

That an agreement with the University of Alberta for a three-year U-Pass be approved, subject to the following:

1. Approval of the 2007 Edmonton Transit Operating Budget, including the following service packages:
 - a. Schedule and Capacity Adjustments – Peaks (Tax Levy - \$540,000)
 - b. Service to New Areas – Peaks (Tax Levy - \$499,000)
 - c. Schedule and Capacity Adjustments – Off Peaks (Tax Levy – \$492,000)
2. The University of Alberta agreeing to an initial price of \$90 per undergraduate and graduate student per term for the first year, with price escalation in years two and

- three of the program based on inflation (CPI); and
3. The successful outcome of student referenda at the University of Alberta.

Report

The U-Pass program has completed the second year of its three year pilot. It has been well received by all stakeholders and is demonstrating an impact in several key areas identified as critical for success.

Transit Ridership

- Student surveys in 2008 indicate ridership increased from 21 to 40 trips per month per student, from 7.3 to 13.9 million trips per academic year, following the introduction of the U-Pass in 2007. Ridership continues to remain high.
- The transit share of all student trips to campus increased by 2.75 million from 2006 to 2008, an increase of 32%.

Stakeholder Satisfaction and Community Benefits

- In the 2008 survey, 93% of students were satisfied with the U-Pass program.
- The 2008 survey also showed 72% of students supported continuation of a mandatory U-Pass program. In the 2009 survey 87% at the University of Alberta and 78% at MacEwan felt the U-Pass should continue.
- Of all students who were assessed the U-Pass fee, 90% at the University of Alberta and 86% at MacEwan collected their U-Pass sticker and 94% of students used their U-Pass within the first month.

The U-Pass has been supported by a high degree of stakeholder cooperation.

A strong working relationship has developed between transit providers and U-Pass institutions with solid agreements in place to support the program going forward.

- Students in the 2008 U-Pass survey estimated replacing 5.5 million car trips per academic year with transit use due to U-Pass. This would equal over 1,981 tonnes of Carbon Dioxide Equivalents (CDE).
- Increased transit use has produced benefits such as reduced parking requirements, roadway maintenance and traffic congestion. The relative value of U-Pass benefits to the City of Edmonton has been estimated at \$3.4 million (see Attachment 1.).

Financial Sustainability

The July 14, 2009, report Auditor Final Report 09283, U-Pass Review, issued by the Office of the City Auditor, calculated that for the 2008 calendar year, the U-Pass program resulted in an opportunity cost of \$10.5 million based on the loss of “other ETS fare revenue”. ETS full cost of the U-Pass program was calculated to be \$13.1 million, offset by revenues of \$6.4 million resulting in a net cost of \$6.6 million. If only incremental cost of additional service is included the cost declines to \$12.3 million, for a net cost of \$5.9 million.

This assessment includes ridership produced by the U-Pass program that would not be sustained if the program was cancelled.

U-Pass transit service is supplied by three regional transit providers, and ETS receives 84% of the full U-Pass price. Based on the full cost of \$6.6 million, the Auditor’s report concluded the ETS share of a 2008 “cost-neutral” U-Pass

price to be \$155 per student, including the full cost (all overhead) for additional ETS service.

The ETS portion (84%) when combined with the St. Albert (8%) and Strathcona (8%) would require a regional U-Pass price of \$184.50.

Terms for the Permanent U-Pass Program

- That a permanent U-Pass program be established for a four-year term, from 2010 to 2014.
- ETS Fare Policy 451D be updated to include the U-Pass program, with the goal of basing U-Pass program fares beginning with the fall term of 2014 on the approved fare model used within this policy. This approach provides transparency and consistency to citizens regarding the rationale for the setting of transit fares.
- That the ETS Fare Policy sets the rates for all payment options based on the Adult Cash Fare and the average number of trips per user per month.
- That a fare increase be phased in over several years to reach this goal by 2014. To facilitate student support of the U-Pass program the U-Pass Advisory Committee agreed to this approach. The Committee also agrees to the inclusion of U-Pass fares within the ETS fare policy.
- That the U-Pass fare be set at 30% of the ETS Adult Cash Fare, reflecting the average number of trips per user per month. This provides a subsidy level reduced from the current post-secondary rate of 50%, however considers that this is a mandatory program with guaranteed revenues.

- That fares be based on the Fare Policy as the benchmark, and fare increases be phased in over several years to bring prices in line with this benchmark, as described in Attachment 2.
- That the U-Pass program be offered to all students attending publicly funded post-secondary institutions in the City of Edmonton falling under the “Six-Sector Model” outlined by Alberta Advanced Education and Technology.

U-Pass Program Enhancements

Based on stakeholder interest and potential for expansion of the program Council introduction of a Summer U-Pass option is warranted.

- The Summer U-Pass concept has garnered initial support and could be introduced separately under the same terms and conditions of the regular program, given student referendum approval. Under these terms some potential exists for net revenue.

Policy

ETS Fare Policy 451D

Focus Areas

The U-Pass program supports Edmonton’s plan to develop “a more compact city, with an emphasis on transit use,” as well as “moving to actively promote a denser urban form based on premium transit” (Plan Edmonton).

Under Edmonton’s Ten Year Strategic Plan “The Way Ahead”, U-Pass supports three year priority goals under the following categories:

Shift Edmonton’s Transportation Mode

- Increase transit ridership
- Reduce barriers to the use of different modes of transportation.

Preserve and Sustain Edmonton's Environment

- Reduce greenhouse gas emissions (in City operations)
- Improve Edmonton's Liveability
- Enhance social connectedness for all citizens.

Under Edmonton's Transportation Master Plan "The Way We Move", the U-Pass supports the following principles regarding transit fares:

- Provide price incentives for more frequent transit use.
- Affordable, priced to make transit an attractive alternative to the private automobile.

In order for the program to continue, a Council decision on the 2010 U-Pass pricing scenarios must be approved by students in referendums to be held in March of 2010. Student representatives will require a U-Pass pricing decision by the end of December 2009, to prepare for this referendum.

Budget/Financial Implications

Based on the Auditor's report, a regional U-Pass price of \$184.50 per student in 2008 (actual U-Pass price was \$94.50) would provide revenue-neutrality for ETS and return to the student's previous share of contribution to the ETS R/C ratio. However, moving to this price is unlikely to be accepted by students at this time as previous U-Pass agreements have set price points well below this and all U-Pass benefits would likely be lost.

To improve cost recovery, a target of 30% of ETS Adult Cash Fare combined with a phased-in price increase would recover \$700,000 of ETS revenue in the first academic year, increasing to \$3.3 million by 2013-2014. For incremental progress toward the 30% recovery target see Attachment 2. For the impact on ETS R/C ratio see Attachment 3.

If the above terms are approved by students, U-Pass Agreements must be updated to reflect program changes. Additional Agreements would be required with any institutions having sufficient student support to join the U-Pass program.

Justification of Recommendations

1. The U-Pass is meeting the goals originally set out for the program, however the U-Pass price should be adjusted upwards to better reflect actual program costs, while retaining a discount significant enough to justify student support for the program.
2. The ETS Fare Policy 451D needs to be amended should recommendation 1 be approved.

Attachments

1. Quantified U-Pass Benefits – Value Analysis
2. U-Pass Pricing Proposal – Chart
3. [2010-2014 U-Pass Impact on ETS R/C Ratio – Diagram](#)

Others Reviewing this Report

1. C. Warnock, Chief Financial Officer and Treasurer

Quantified U-Pass Benefits – Value Analysis

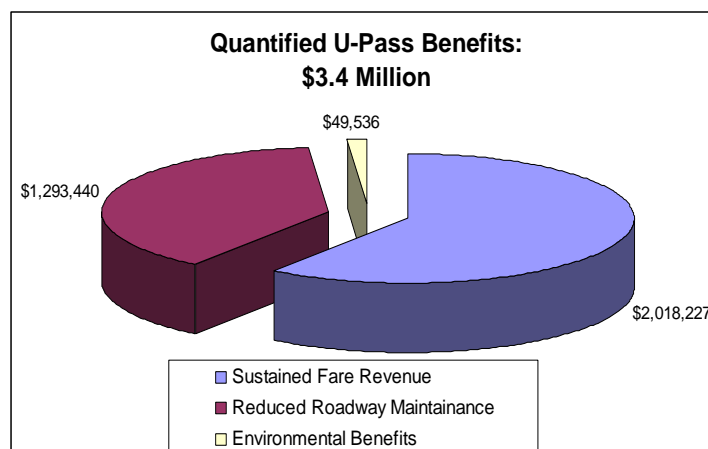
The benefits of U-Pass have financial implications both immediate and long term. While these benefits do not accrue directly to Edmonton Transit, they provide substantial advantages to the City of Edmonton and its citizens including reduced traffic and parking while maximizing use of transit infrastructure. Some of these factors and their associated relative values are outlined below.

Sustained Fare Revenue: \$2,018,227.00/annum

In a recent survey, over 50% of the University of Alberta and Grant McEwen graduating students said that they were likely to continue to take ETS as their prime commuting option after graduation. The additional revenue is realized by these student 'graduating' from the U-Pass to the Adult Monthly Pass.

Reduced Road Maintenance: \$1,293,440.00

In the fall term 2008 U-Pass survey, students were asked "Without U-Pass, how many of your transit trips per week would you have taken by car?" The average per potential auto user (excluding students who said they 'don't drive') was 4.0 trips per week. Combining this with the finding from Todd Litman's April 2009 report on 'Evaluating Public Transit Benefits and Costs' stating that "research has shown that 30 automobile drivers shifting to transit can provide savings worth between \$0.15 and \$1.73 per kilometer"¹; we see the potential affect on Roadway costs to be an estimated \$1.29 million dollars.



Environmental Benefits: \$49,536.00/annum

Student response to the question "Without U-Pass, how many of your transit trips per week would you have taken by car?" helps to establish another benefit that is realized from U-Pass use, the reduction of Edmonton's carbon footprint. By converting to Transit, U-Pass riders help reduce over 1,981 Tonnes of CDE (carbon dioxide equivalence) from the environment.² The trade value of this tonnage of CDE on the carbon trade market is valued at over \$49,536.00 per annum. This additional benefit is only a portion of the potential long-term effects of U-Pass on reducing the city's carbon footprint.

¹ Evaluating Public Transit Benefits and Costs: Best Practice Workbook. Todd Litman. Victoria Transport Policy Institute, April 2009.

² ETS Greenhouse Gas Analysis, University of Alberta, April, 2009

U-PASS PRICING PROPOSAL

The ETS Fare Policy outlines transit fare prices to the end of 2013. Based on 2013 prices, establishing the U-Pass target benchmark price at 30% of the ETS Adult Cash Fare would require a regional U-Pass price of \$171.42, based on students averaging 40 trips per month and Edmonton Transit receiving an 84% share of the regional U-Pass price.

YEAR>	2009	2010-12	2013-20xx
ETS Cash Fare	\$2.50	\$2.75	\$3.00
30% of Adult Cash	\$0.75	\$0.82	\$0.90
ETS Benchmark Target (84%)	\$120.00	\$132.00	\$144.00
U-Pass Benchmark Target	\$142.85	\$157.14	\$171.42

U-Pass increases \$15.00 per Year to reach Benchmark (ETS Fare Policy in 2014)

- This rate increase reaches the target U-Pass fare over five years, using increases of \$15.00 per year, with the final year price adjusted to match the ETS benchmark.

Program Year	2010-11	2011-12	2012-13	2013-14	2014-15	
Audit-Based Projection						
U-PASS Price (Break-even)	\$195.75	\$201.60	\$207.70	\$213.90	\$220.30	
ETS Revenue	\$14,140,980	\$14,563,584	\$15,004,248	\$15,452,136	\$15,914,472	
Current Fare Projection (Status Quo)						
U-PASS Price	\$100.35	\$103.36	\$106.46	\$109.66	\$112.95	
ETS Revenue	\$7,249,284	\$7,466,978	\$7,690,988	\$7,921,717	\$8,159,369	
Phased In Fare Policy Target (Recommended) (30% ACF)						
U-PASS Price	\$110.00	\$125.00	\$140.00	\$155.00	\$171.42	
ETS Revenue	\$7,946,400	\$9,030,000	\$10,113,600	\$11,197,200	\$12,383,381	
Relation to 30% Target	21.0%	23.9%	26.7%	27.1%	30.0%	
Targeted Revenues						
U-PASS Price (ETS@30% ACF)	\$157.14	\$157.14	\$157.14	\$171.42	\$171.42	
ETS Revenue (@84%)	\$11,351,794	\$11,351,794	\$11,351,794	\$12,383,381	\$12,383,381	
Revenue Variances						Totals
Phased In vs. Current	\$697,907	\$1,563,022	\$2,422,612	\$3,275,483	\$4,224,012	\$13,093,108
Phased In vs. Target	-\$3,405,394	-\$2,321,794	-\$1,238,194	-\$1,186,181	\$0	-\$8,151,562
Phased In vs. Audit	-\$6,194,580	-\$5,533,584	-\$4,890,648	-\$4,254,936	-\$3,531,091	-\$24,404,839

Assumptions: Projections are based on an annual 3% CPI increase. Revenues are based on an 84% ETS share and static student enrollment. Current Projection is based on the present U-Pass agreement with increases based on CPI only. Audit-based Projection uses the 2008 assessment increased by 3.1% CPI in 2009 and 3% for each following year.

Targeted Revenues: The regional U-Pass Price of \$157.14 (\$171.42 in 2013) is calculated based on ETS receiving an 84% portion of U-Pass revenue which produces 30% of Adult Cash Fare at 40 trips per month. Revenue figures assume a static student enrollment of 43,000 per term, 2014 projections assume maintaining 2014 revenue at 2013 levels (i.e. 2014 Adult Cash Fare remains the same as 2013 levels)