



**SUBJECT: Fare-free Transit Study**  
**TO: Committee of the Whole**  
**FROM: Transit Department**

Report Number: TR-02-24

Wards Affected: All

Date to Committee: December 2, 2024

Date to Council: December 10, 2024

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### **Recommendation:**

Receive for information, the results of the Burlington study to explore fare-free transit, completed by consultants Left Turn Right Turn attached as Appendix A to transit department report TR-02-24..

### **PURPOSE:**

To present the findings of the consultant study on fare-free transit, as outlined in the July 11, 2023 staff direction ([SD-31-23](#)). This report also outlines the benefits, risks and associated costs. The final consultant report is attached as Appendix A.

### **Vision to Focus Alignment:**

(Select all areas that apply)

- ☐ Designing and delivering complete communities
- ☒ Providing the best services and experiences
- ☐ Protecting and improving the natural environment and taking action on climate change
- ☐ Driving organizational performance

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### **Executive Summary:**

In 2023, City Council directed the Director of Transit to investigate fare-free transit for all. The consultant group, Left Turn Right Turn (LTRT), was chosen to complete this

review and address the requirements outlined in the staff direction. The project team examined the following:

- 5 and 10-year budget impacts for operating and capital expenditures.
- Impacts to transit service and service requirements for sustainable implementation.
- Impacts on PRESTO, government funding (Provincial Gas Tax), and Ontario One Fare/service integration; and
- Environmental, community, economic and socio-economic benefits.

Findings of the study suggest that fare-free transit could increase ridership in Burlington and meet the mode share targets of the [Integrated Mobility Plan](#) and [Development Charges Study](#). Benefits of fare-free transit include improved service utilization; promotes inclusion and community pride; and rapid ridership growth. Sustainable funding would be needed to ensure transit service could meet the increased demand in ridership.

Alternatively, the study noted that investing in transit through service expansion along with minimal fare payments would reduce the risk of financial strain on the City's budget; benefit all passengers and the community by making transit more attractive as a transportation option; improve community access to employment, services and opportunities; and encourage more efficient travel patterns.

Transit benefits a community and enables people to make connections and be productive in their daily lives. Improving transit services means livable cities, less traffic congestion, improved commuting times and lower green house gas emissions.

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## **Background and Discussion:**

Burlington City Council has made significant investments in Burlington Transit, and over the past 5 years, through endorsement of [Transit's 5 Year Business Plan](#) and expansion of service, Burlington ridership is almost 40% higher than it was in 2019. Last year, Burlington Transit achieved a milestone of 2.9 million rides and is currently trending to reach 3.2 million in 2024. Burlington Transit now offers 6 routes that provide 15-minute service or better, during the peak periods.

In addition to service expansion, Council has recommended several fare-free programs which have also increased ridership. These programs include:

- Free transit for Seniors all day everyday
- Free transit for SPLIT (Subsidized Pass for Low Income Transit) riders
- Free transit for children 12 and under all day everyday
- Free transit for youth (13 to 19), evenings and weekends (starting at 6pm)

These programs have been effective in growing ridership during the off-peak times, when the buses have fewer riders.

In 2023, City Council directed the transit director to retain the services of a consultant to undertake a study to examine the benefits, risks, impacts, implications, and fiscal sustainability of providing fare-free transit to all Burlington Transit riders. Staff direction [SD-31-23](#) outlines the requirements for the study. The objective of the study was to undertake an in-depth, impartial and balanced review of fare-free transit and provide the necessary information to enable Burlington City Council to make an informed decision regarding fare-free transit for all.

After a competitive procurement process, transit consultant group Left Turn Right Turn (LTRT) were selected to conduct this study.

### **Strategy/process/risk**

The [Integrated Mobility Plan](#) and the [Development Charges Study](#) lay the groundwork for expanding transit services to support Burlington's anticipated population growth. These foundational plans informed the Fare-Free Transit Study, highlighting key actions to increase the modal split, reduce car dependency, and prioritize active transportation and transit. This approach aims to alleviate traffic congestion across the city and enhance overall mobility within Burlington. The consultants examined the implementation and impacts of other fare-free transit programs in relation to the City of Burlington. This included an in-depth analysis of ridership trends, fare structures, economic and demographic information. A detailed financial analysis was included for both capital and operating budgets that included resource and cost estimates.

The consultant examined two approaches for growing ridership which included - making transit free for all and making investments to improve transit service.

#### **1) Fare-free Transit.**

In this scenario free transit would be offered to all riders. The study examined transit agencies that implemented free transit in North America and noted that proper planning and preparation would be critical in the success of a fare-free program. Some of the benefits of fare-free implementation include:

- Rapid ridership growth;
- Improved service efficiency with boardings per hour increasing from 20 to 28 in the first year of implementation;
- Financial benefit to riders; and
- Riders taking more trips on transit which will enhance access to employment, education and healthcare.

The study highlighted risks associated with fare-free implementation, which include:

- Overcrowding of the system, especially during peak periods;
- Reduced reliability of system and delays due to frequent stops along a route;
- Loss of revenue from farebox to help offset operating costs of the transit system;
- Increases in maintenance costs due to more wear and tear on buses; and
- Sustainable financial viability and increased costs to a transit agency.

Based on the analysis conducted by LTRT, fare-free transit would see Burlington Transit's annual estimated ridership to be over 6 million by 2029, which would translate into approximately 7.3 million boardings. Net municipal operating costs per year would be close to \$43 million by 2029. Projected provincial gas tax allocation is estimated to be \$3.8 million, an increase of approximately \$1.2 million from current levels. Capital investments of this plan would include additional buses to support capacity rather than service enhancements.

## 2) Service Investment and Expansion of Transit Service

In this scenario, continued investment would be made to increase transit service. The consultants reviewed the current transit expansion plan which support the goals of the [Integrated Mobility Plan](#) and [Development Charges Study](#). This includes the alignment of the housing pledge and population growth targets (211,000 by 2034), to transit expansion. The study indicates that ridership would be close to 5.5 million riders, and revenues would be approximately \$12 million by 2029. The net annual operating impact for transit is estimated to be \$34.7 million by 2029.

Benefits of service expansion include:

- Ridership growth;
- Service expansion and growth to make transit more efficient and reliable;
- Mode share shift from cars to transit, potentially removing more cars from the road;
- Decreased financial burden on a municipality; and
- Encourages more efficient travel patterns.

Risks of service expansion include:

- Increased capital costs for added buses;
- Changes to senior government transit funding programs; and
- Ridership not meeting targets.

## **Options Considered**

Offering fare-free options as well as making improvements have both shown to benefit Burlington Transit. The following are other considerations that can provide fare-free transit and promote transit usage within Burlington.

### Fare Capping / Loyalty Programs:

An approach to increasing transit use, while maintaining fiscal sustainability, and offering free transit for frequent transit riders, is fare capping or loyalty programs. In these programs, transit riders would pay to use transit for a certain number of rides, after a set number of rides, transit would be free. Burlington Transit currently aligns with fare capping limits set by GO Transit, at 40 paid rides per month. On the 41<sup>st</sup> the transit trip does not cost the rider.

- Option 1: Monthly Fare capping for youth at \$38 or 20 rides.

In this approach, fares for youth would be capped after 20 paid rides per month. Youth fares are \$1.90 per ride. On the 21<sup>st</sup> ride, and until the end of the month, youth would be able to ride transit at no cost. This could equate to half a month of free transit for youth.

- Option 2: Monthly fare capping for all age concessions at 35 rides per month.

In this approach, fares for all concessions would be capped after 35 paid rides in a month. The benefits of fare capping include:

- Builds transit loyalty;
- Ensures that all riders can access Burlington Transit and that no rider is left behind due to capacity challenges;
- Encourages riders to obtain PRESTO cards to take advantage of the loyalty/fare capping program, thus supporting the City's obligation for PRESTO adoption in the current PRESTO 905 Agreement;
- Provides free transit for part of a month and promotes transit usage;
- Enables transit staff to analyze ridership patterns under fare-free conditions and strategically plan system expansion to support future fare-free initiatives.

### Fare-free transit pilot for youth in summer:

- Option 3: Fare-free transit for youth in the summer (July and August) pilot.

This option would provide fare-free transit for youth in the summer months. Like all other fare-free programs in Burlington, youth riders would be required to use a PRESTO card to access transit for free. This may create capacity challenges on buses during the afternoon peak travel times, as data demonstrates that most youth transit trips, in

July and August, occur between 3pm and 5pm. This may lead to some riders not being able to ride the bus due to overcrowding.

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## **Financial Matters:**

### **Budget Impacts:**

Burlington Transit's 2025 proposed net operating budget is \$24,754,000. The total expense includes HR, minor capital, purchase services are \$34,952,000 and projected revenues are \$10,198,000. The revenues include fares, advertising and provincial government subsidies. In 2025, it is estimated that farebox revenues will be approximately \$6.2 million. Transit relies on revenues and tax dollars revenues to operate, maintain, and fund service.

The consultants have modelled the financial impact and have included a detailed estimate for 5 years and a 10-year projected outlook for both fare-free transit and transit service expansion.

Based on modelling by LTRT, fare-free transit could see transit's operating budget to be approximately \$43 million by 2029 and \$34.7 million for service expansion. Estimated capital costs for fare-free would be \$24 million and \$30 million for service expansion by 2029.

### Provincial Gas Tax and Provincial Fare integration

The Ontario Provincial Gas Tax Program uses revenue generated at the fuel pump to provide funding for municipal transit operations. The funding is distributed to municipalities based on ridership and service area population. Ontario provided almost \$380 million to help 102 municipalities improve transit through the 2023-2024 gas tax program. Burlington's allocation of provincial gas tax was \$2.67 million.

Based on analysis conducted by LTRT, the City may receive additional gas tax allocation due to increased ridership for both fare-free transit and the service expansion plan. By 2029, estimated increases to gas tax would be approximately \$3.8 million for fare-free transit and approximately \$3 million for service expansion.

As noted in the study, the Province, through the One Fare/GO Co-fare Programs, subsidizes local transit. In this program, riders who use Burlington Transit to and from the GO Transit system, have the cost of their local transit fare reduced from their GO

Transit fare. In 2023, the City received approximately \$572,000 and in 2024 Burlington Transit is trending at an \$830,000 funding subsidy. It is likely that these subsidies would no longer be provided to the City, as local transit would be provided for free in Burlington.

## **Source of Funding**

### Advertising Revenue

Transit benefits from advertising revenue to offset operating costs. There is the potential expansion of advertising to include more shelters with ads, increased signage, infotainment, outdoor furniture at bus stops, and increased advertising and wraps on buses. While advertising provides additional revenue to transit, many transit riders have noted that their travel experience is diminished when they are unable to see out the window of a bus due to the windows being covered by advertising.

### Property taxes

As noted in the study, expanding free fares could impact property taxes. Transit would rely more heavily on this funding source to ensure sustainability of the system.

### Other sources of funding

The study highlighted other opportunities that could help offset the cost of fare-free transit. This includes co-sharing partnerships, user fees and levies, real estate development and securing sponsorships and naming rights.

## **Other Resource Impacts**

The study had noted that both scenarios would require additional resources such as additional drivers and maintenance staff. The study also suggested that for fare-free transit, increased administrative staff are required to support the program and increase travel training opportunities for a successful implementation.

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## **Climate Implications:**

Public transit plays a critical role in local climate mitigation by providing residents with the opportunity to utilize public transit to decrease greenhouse gas emissions (GHG) from automobiles for single use trips. Public transit supports the City's targets to reduce carbon dioxide (CO<sub>2</sub>) emissions. Every ride on Burlington Transit removes a car off the road and reduces CO<sub>2</sub> emissions and traffic congestion.

It is important to note that in many cities where fare-free transit was implemented, individuals who normally used forms of transportation that created no carbon emissions like cyclists and pedestrians, started taking public transit for short trips.

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## **Engagement Matters:**

As part of the study, Burlington Transit staff and City engagement staff posted a survey to understand the community's opinion on fare-free transit. This was a very popular topic, with strong opinion on both sides. The response rate was over 2,150 completed surveys which is considered high for an engagement survey.

Key highlights and figures from the fare-free survey include:

- Over 54% of respondents did not use transit and have indicated that they would use transit if it was more frequent, arriving every 15 minutes.
  - 77% of respondents felt that \$1 to \$3 was a reasonable fare.
  - 89% of respondents don't rely on subsidized transit (SPLIT).
  - Fare-free transit would be great for the community and may encourage transit usage.
  - It's great in theory, however where will the money come from to pay for this?
  - Lower the fare for everyone, rather than giving it away for free.
  - When transit systems are more frequent and reliable, more people will pay to use it.
  - Loss of fare revenue and increased taxes are big concerns if fare-free transit was offered.
  - Slightly more than half of the survey respondents support fare-free transit.
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## **Conclusion:**

The Study to Explore Fare-free Transit by consultants Left Turn Right Turn emphasized the importance of balancing fare subsidies with transit service improvements. This approach aims to boost ridership, promotes inclusion and ultimately alleviate traffic congestion.

The [Transit 5 Year Business Plan](#), 2020 to 2024, was the blueprint for building transit in Burlington. Key objectives of ridership growth were obtained through service structure and delivery, mobility management, customer experience and travel demand management. In 2025, Burlington Transit will develop a new 5-Year Business Plan to guide the future of transit services to support Burlington's new growth areas into the future. This will include service expansion, fleet requirements, fare strategies and other programs to move more people throughout Burlington.

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Respectfully submitted,

Catherine Baldelli

Director of Transit

**Appendices:**

- A. Burlington Study to Explore Fare-free Transit

**Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.