



MEMO

From the office of the...

Vice-President (Finance) & CFO

TO: Student Representative Assembly 2016-2017
FROM: Ryan MacDonald, Vice President (Finance)
SUBJECT: HSR Bus Pass Agreement
DATE: January 4, 2017

Student Representative Assembly,

I am writing this memo to detail the new proposed agreement for the HSR bus pass. John McGowan, our General Manager and I have been working on this agreement regularly for the past 6 months and over the last two months entered into structured negotiations with the HSR. I am happy to say that we came to an agreement in which I think still maintains the great deal students have with our local transit provider.

I will start this memo by detailing the agreement from 2013-2016. The pass previously had been broken down into 3 key components, the 8 month pass, the extended service into downtown until 3AM and the 4 month summer pass. Each pass has a set of assumptions whereby a calculation was assumed based on anticipated usage with concessions being made understanding that the city has a vested interest in students exploring Hamilton as it has a significant effect on retention.

The 2013-2016 pass was based on the following:

145% of the monthly pass for the 8 month fall-winter pass based on the cost of the monthly pass of march of the previous year.

6.9% of the monthly pass for the 4 month summer pass based on the cost of the monthly pass in march of the previous year.

7.5% of the monthly pass for extended service until 3AM for busses going downtown.

Issues with Existing Pass

Thanks to the work of the 2013-2014 Board of Directors, the extended service and summer pass were negotiated at an exceptionally prudent rate. We

became aware in Summer of 2015 that the summer pass would have to go up in subsequent negotiations as the HSR was losing upwards of 100,000 on the pass in the first year.

Further, the challenge with this negotiation is that we did not have the ability to negotiate with leverage on comparables. We have the lowest transit pass in Ontario, by a significant margin. The average cost of an 8 month pass in Ontario is \$233, where we were going into the negotiation with an 8 month pass at \$137.17, nearly a \$100 difference. We presented evidence based arguments as the geographic location of McMaster, the percentage of the student population that is a commuter student, economic impact to the downtown core, institutional reputation and impact on retention among a number of other arguments. In doing so I believe wholeheartedly that the pass as presented represents a great value for students, while simultaneously recognizing our contribution to the city's growing transit infrastructure plan.

The recommended 2017-2018 pass will be based on the following

155% of the monthly pass for the 8 month fall-winter pass based on the cost of the monthly pass of march of the previous year.

18% of the monthly pass for the 4 month summer pass based on the cost of the monthly pass in march of the previous year.

7.5% of the monthly pass for extended service until 3AM for busses going downtown.

\$5 flat fee for presto integration

The recommended 2018-2019 pass will be based on the following

165% of the monthly pass for the 8 month fall-winter pass based on the cost of the monthly pass of march of the previous year.

18% of the monthly pass for the 4 month summer pass based on the cost of the monthly pass in march of the previous year.

7.5% of the monthly pass for extended service until 3AM for busses going downtown.

\$5 flat fee for presto integration

The recommended 2019-2020 pass will be based on the following

175% of the monthly pass for the 8 month fall-winter pass based on the cost of the monthly pass of march of the previous year.

18% of the monthly pass for the 4 month summer pass based on the cost of the monthly pass in march of the previous year.

7.5% of the monthly pass for extended service until 3AM for busses going downtown.

\$5 flat fee for presto integration.

Hamilton city council has approved the following price increases so that our pass will be affected in the following way:

- 2017-2018 Base Unit Monthly Pass - \$101.2
- 2018-2019 Base Unit Monthly Pass - \$105.60
- 2019-2020 Base Unit Monthly Pass - \$110.00

If students choose to vote in favor of the monthly pass as well as the summer and extended pass options it will look like the following:

- McMaster UCTP Pass 2017-2018 - \$187.67
- McMaster UCTP Pass 2018-2019 - \$206.17
- McMaster UCTP Pass 2019-2020 - \$225.55

The broken out price is the following:

2017-2018

Fall Winter - \$156.85
Summer - \$18.22
Extended - \$7.59
Presto Integration - \$5.00

2018-2019

Fall Winter - \$174.24
Summer - \$19.01
Extended - \$7.91
Presto Integration - \$5.00

2017-2018

Fall Winter - \$192.50
Summer - \$19.80
Extended - \$8.25
Presto Integration - \$5.00

This pass puts us below the 2016-2017 average of \$233. Some examples of UCT Passes at other Universities include:

Carleton U - \$840 for 12 Months
Ottawa U - \$840 for 12 Months
UOIT - \$360 for 12 months
U of Guelph - \$345 for 12 months
Western University - \$225 for 12 months
Trent University - \$278 for 12 months
Laurier University - \$252 for 12 months
U of T Mississauga - \$323 for 12 months
Waterloo University - \$255 for 12 months
Brock University - \$272 for 12 months
Lakehead University \$108 for 12 months

The increase represents about 205% of the monthly bus pass in the final year essentially meaning that students pay for 2 months of service and receive 12 months of service. In my opinion compared to other institutions, this is still a great deal and something I'm confident about putting forward to students.

On a personal note, this negotiation has been both an exciting and incredibly draining experience. I doubt it will be many years (if ever) that I will get to negotiate a \$16,000,000 deal that ensures accessible transportation for thousands of people. I am thankful for this experience but also incredibly excited for the holiday season to recharge and come back ready to roll.

There is still more to be done with respect to the HSR contract in terms of determining how much the University and the MSU receive from the charge in terms of administrative fees from the overall collection but the stakeholders are enthusiastic that we are all on the same page.

If you have any questions at all about the HSR pass please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan MacDonald". The signature is fluid and cursive, with the first name "Ryan" being more prominent than the last name "MacDonald".

Ryan MacDonald
Vice President (Finance)
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