



MANAGEMENT REPORT

Date: April 16, 2026
To: Community Services Sub-committee
From: Vicky Trotter, Council Committee Coordinator
Report Number: COM26-001
Attachments: None

Title: Energy and Environment Advisory Committee Request for 2027 Free Transit Pilot

Objective: To consider a request from the Energy and Environment Advisory Committee (E&E) to implement a one-year free transit pilot program beginning in 2027.

Background: The discussion of free Transit has been at the forefront in many Municipalities over the past few years. While many Transit Agencies in Canada still struggle with lower ridership due to not fully recovering post-pandemic, ridership trends have significantly changed as lifestyles of those that relied on Transit services previously and certain travel patterns have been impacted due to work from home arrangements, ease of online shopping, just to name a few.

At the March 5, 2026 E&E meeting the following recommendation was adopted:

WHEREAS the City of Stratford adopted a Community Climate Action Plan (CCAP) in 2024 which provides plans to reduce the City's emissions by 30% by 2030;

AND WHEREAS the CCAP outlines plans for the reduction of the use of personal vehicles, which create nearly 50% of the city's GHS emissions;

AND WHEREAS the increased use of public transit will contribute to a reduction in GHG emissions;

THEREFORE the Energy and Environment Committee requests that City Council, in order to promote the wider use of public transit, begin the budgetary and administrative process to implement a one-year trial of free transit commencing in 2027 and lost fare revenue be replaced with savings from fare collection procedures and rebates from provincial gas tax revenue.

Analysis: In 2024, the E&E Committee initiated discussions on potential enhancements to Stratford Transit, including extended service hours and a free-transit pilot. The purpose of these discussions was to advocate for energy efficiency by increasing transit ridership and reducing the number of vehicles being used within the municipality.

The major concern for Municipalities is the loss of fare revenue as a result of offering a free Transit program. Stratford's annual revenue is approximately \$650,000.00 for regular Transit, and \$55,000 for Mobility bus services. Mobility services need to be included as fare parity is legislated through the AODA (Accessibility Ontario Disabilities Act). And finally, will free transit provide the results provide enough of a reduction in GHS emissions to warrant the cost of the pilot program. Alternatively, there are may be other community benefits to consider.

While the Provincial Gas Tax revenues can be used for either capital or operating transit costs; the use of those funds for this pilot project would still be a cost to the taxpayer. The Provincial Gas Tax revenues are a consistent steady source of funding that is built into the City's transit funding plan – the use of those funds for the cost of a pilot project will then require more property tax investment in the future as those funds will no longer be available. Therefore, if the pilot is supported, the net cost will have an impact to the municipal tax levy. Currently, Provincial Gas Tax is used to fund our 26.67% of ICIP Capital projects in order to not negatively impact the local tax levy and has been used for the past several years. This practice of 'stacking' the two forms of funding will continue for the next few years with additional Capital projects funded by CPTF that were approved by Council at the March 9, 2026 Council meeting. Some of this funding could be utilized to fund a smaller free Transit pilot project if Council preferred, noting that this would leave a shortfall that the tax levy is likely to bear for the previously approved capital plans.

It should be noted that there would be reduced expenditures with a free Transit pilot as farebox repairs, producing paper Transit passes, transfers, tickets, coin deposits using Brinks, staff resources, etc. It is anticipated that this would be approximately \$100,000.00 annually.

Providing free Transit is never a guarantee that ridership will increase. Staff has been closely observing Orangeville, Ontario who implemented a free Transit pilot program a year and a half ago and their data shows that ridership has doubled since the implementation. It should be noted however, that while Orangeville has a similar population to Stratford, the Transit service differs greatly, with Orangeville providing service for only 2 routes compared to Stratford's 7 routes. Further to that, Orangeville's increased ridership in 2024 was approximately 260,000 – Stratford's 2024 ridership was 445,000 and increased to 493,000 in 2025.

There are many positives with increased ridership including an increase to our Provincial Gas Tax allocation annually, increased affordability, removing a barrier to employment, decreased maintenance and staff time with fareboxes and cash handling, and a

potential positive impact towards the City's greenhouse gas emissions reduction targets through a reduction of personal vehicles on the road over time. However, at this time it is not known if providing free transit would have a significant impact on ridership; or if there are alternative methods to achieve increased ridership like targeted marketing campaigns, targeted fee reductions, additional routes, etc.

In November 2025, the Manager of Transit attended an E&E meeting to respond to various Committee questions regarding Transit services which included exploring free transit in Stratford.

Following review of the information provided by the Manager of Transit, the E&E Committee has recommended that a one-year free transit pilot project be initiated in 2027.

Options for consideration:

1. Request review of the recommendation put forward by E&E by staff:

THAT staff be directed to review and conduct a cost/benefit analysis of options for implementing and funding a free transit pilot project, along with alternatives to increase transit ridership. (*recommended*)

2. Request review of a 3 or 6 month free transit pilot project in 2028 by staff:

THAT staff be directed to review options for implementing and funding a 3 or 6 month free transit pilot project in 2028.

3. Request review of a 6-month free transit pilot project by staff in 2027:

THAT staff be directed to review options for implementing and funding a six month free transit pilot project in 2027.

4. Approve the request (initiate a 1-year free transit pilot project in 2027):

THAT the request from the Energy and Environment Advisory Committee to begin the budgetary and administrative process to implement a one-year trial of free transit commencing in 2027 and replace lost fare revenue with savings from fare collection procedures and rebates from provincial gas tax revenue be approved.

5. File the request (meaning take no action):

THAT the request from the Energy and Environment Advisory Committee to begin the budgetary and administrative process to implement a one-year trial of free transit commencing in 2027 and replace lost fare revenue with savings from fare collection procedures and rebates from provincial gas tax revenue, be filed.

Financial Implications:

Financial impact to current year operating budget:

There is no impact to the current year operating budget.

Financial impact on future year operating budget:

The financial implication to consider initially is the impact of the loss of fare revenues along with the reduced expenses. Based on the 2026 operating budget and assuming a 3% inflationary impact, no changes to service levels (staffing requirements, capital investments or other) and for simplicity, the expenditure reductions noted captured fully in the regular service:

Impact (Revenues, Expenses, Tax Levy)	2026 Budget	2027 Projected	Estimated % change
Revenues-Regular Transit	\$616,200	\$0.00	(100%)
Expenses-Regular Transit	\$4,813,848	\$4,854,542	+0.85%
Tax Levy Impact-Regular Transit	\$4,196,948	\$4,854,542	+15.67%
Revenues-Parallel Transit	\$50,000	\$0.00	(100%)
Expenditures-Parallel Transit	\$720,850	\$742,476	+3.00%
Tax Levy Impact-Parallel Transit	\$670,850	\$742,476	10.68%
Total impact on Tax Levy of both services combined	\$4,867,798	\$5,597,018	14.98%

This illustrates that the cost to provide free transit is estimated at a 14.98% increase or \$729,220.

Should a shorter pilot period be considered, what is not captured is the adjustment to paying riders returning which may not be instantaneous and could inadvertently impact subsequent operational years.

Alignment with Strategic Priorities:

Not applicable: This report does not align with one of the Strategic Priorities as it is a request for a one-year free transit pilot.

Alignment with One Planet Principles:

Travel and Transport

Reducing the need to travel, encouraging walking, cycling and low carbon transport.

Zero Waste

Reducing consumption, reusing and recycling to achieve zero waste and zero pollution.

Zero Carbon Energy

Making buildings and manufacturing energy efficient and supplying all energy with renewables.

Staff Recommendation: THAT staff be directed to review and conduct a cost/benefit analysis of options for implementing and funding a free transit pilot project, along with alternatives to increase transit ridership.

Prepared by: Vicky Trotter, Council Committee Coordinator
Recommended by: Karmen Krueger, CPA, Director of Corporate Services
André Morin, CPA, Chief Administrative Officer