When a Town Takes Uber Instead of Public Transit - Bloomberg

Saturday, February 21, 2026
8:26 AM

Clipped from: https://www.bloomberg.com/news/articles/2019-04-29/when-a-town-takes-uber-instead-of-public-transit

In 2017, the growing Toronto exurb of Innisfil, Ontario, became one of the first towns in the world to subsidize Uber rides in lieu of a traditional bus. Riders could pay a flat fare of just $3-$5 to travel to community hubs in the backseat of a car, or get $5 off regular fares to other destinations in and around town.

People loved it. By the end of the Uber program's first full year of service, they were taking 8,000 trips a month. Riders like 20-year-old Holley Hudson, who works for daycare programs at YMCAs around the area, relied on it heavily, since she doesn't drive. To get to the college course practicums she was taking when the service launched, "I used Ubers on a Wednesday, Thursday, Friday basis," she said.

Now "Innisfil Transit" is changing its structure. As of April 1, flat fares for the city-brokered Ubers rose by $1. Trip discounts dropped to $4, and a 30-ride monthly cap was implemented. Town leaders say this will allow Innisfil to continue to cover costs.

But Hudson and others see the changes as harmful, and a strange way of declaring success. As cities around the world turn to Uber, Lyft, and other apps as a quick fix for mobility service gaps, what's now happening in Innisfil may be a good example of the risks.

Innisfil's journey with Uber began in 2015. Thickening traffic and an expanding population of seniors, students, and carless adults all signaled the need for some sort of shared mobility option in town. Just 45 minutes north of Toronto, the once-agricultural hamlet has recently ballooned in population, growing 17 percent from 2006 to 2016 to 37,000 residents.

But as local leaders studied options for a fixed-route bus service, the cost/benefit analysis didn't seem to add up. One bus to serve a projected 17,000 annual riders would cost $270,000 in Canadian dollars for the first year of service, or about $16 per passenger. And designing the system would be a drawn-out process.

So instead, Innisfil did as so many people do when they're in a hurry and facing a cumbersome bus ride: It hailed an Uber instead.

"Rather than place a bus on the road to serve just a few residents, we're moving ahead with a better service that can transport people from all across our town to wherever they need to go," Gord Wauchope, then the mayor, said at the time.

That logic is informing ride-hailing partnerships in dozens of communities across North America, all testing the notion that companies like Uber and Lyft can supplement or substitute for traditional service in some fashion. In certain cases, ride-hailing is replacing bus routes wholesale. In others, it's responding to 911 calls, paratransit needs, and commuters traveling the last leg of a transit trip. Innisfil's program was unique, in that the city branded the Uber partnership not as a complement to public transit, but as transit itself in a town without existing bus lines.

Adoption of Innisfil Transit was fast and steady: The program racked up 86,000 rides in 2018. Nearly 70 percent of respondents to a city survey said that they were satisfied or more than satisfied with the new service—figures that would be the envy of any traditional public transit agency.

But that popularity meant costs grew for the town. So now residents will have to cover more of their own trips. "It's the growing ridership and popularity of the service," town planner Paul Pentikainen said. "It's been a great success, but there are also challenges with working with a budget."

Normally, though, raising transit fares when ridership is growing is backwards logic. While passenger fares almost never cover the full cost of service, more passengers riding fixed-route buses and trains should shrink the per-capita public subsidy, at least until additional routes are added. On a well-designed mass transit system, the more people using it, the "cheaper" it gets.

But the opposite is happening in Innisfil. Only so many passengers can fit in the backseat of an Uber, and the ride-hailing company, not the town, is pocketing most of the revenue. With per-capita costs essentially fixed, the town is forced to hike rates and cap trips as adoption grows. But this can create a perverse incentive: Fare bumps and ridership drops tend to go hand-in-hand on traditional systems.

The trip cap in particular bothers Hudson, who continues to rely on the Uber service as her primary mode of transportation. She expects that she'll burn through her allotted 30 trips in a couple of weeks. The city has an application for residents to qualify for an extra 20 trips per month, but Hudson doesn't plan to file. She's opposed to the idea on principle.

"I would never get on a bus in Toronto and hear the driver say, 'Sorry, but you've hit your cap,'" Hudson said. "Uber was supposed to be our bus."

Hudson emailed town officials to complain about the new trip limit. In a reply, a city councillor named Donna Orsatti wrote that the cap had been implemented because "the system was being abused by those in the youth

bracket who were using Uber at $3 to go to Starbucks (as an example), purchase a drink, then go back to school or meet their friends."

That sounded oddly judgmental to Hudson's ears. And it's not how public transit is supposed to work: "We shouldn't be criticized for where we're going," she said.

In an email to CityLab, Orsatti explained her intentions. The cap was never meant to restrict residents, but rather "to ensure it is available to all residents to allow them transportation to essential service areas," she wrote. And Pentikainen acknowledged that, while the rate structure might work differently from traditional transit, Uber still makes more sense for Innisfil. The city's subsidy for the program grew from $150,000 in 2017 to about $640,000 in 2018, and for 2019, it has allocated another $900,000. On a per trip basis, Pentikainen said, it's still a lot cheaper than the projected bus costs, and more equitable.

"It's a service that the whole town has access to, versus providing a service that only those who can walk to bus stops can," he said.

Pentikainen says that—despite Orsatti's email—no city report called out Starbucks-toting teens for "abusing" the system. But he did note that the cap was partly designed to discourage short-distance trips that can be accomplished on foot or bike for most people.

According to an Uber spokesperson, the ride-hailing company also advised the city to implement the cap as a way to control costs.

Uber has touted the success of the Innisfil program as it invites other cities to adopt its model. Part of the attraction is that ridership is sinking on public transit systems across North America, as on-demand transportation apps has boomed. City decision-makers sometimes opt for Lyft and Uber as a way to lure travelers back, or to cut costs on low-performing routes. In other cases, the rise of ride-hailing is used [as a bad-faith justification for further slashing bus service.](#)

[Success has been mixed](#) for transit agency/ride-hailing marriages. Many programs have seen weak ridership, and cities can find themselves hamstrung in their ability to make adjustments, since ride-hailing companies are famously guarded about sharing trip data. Some, including Pinellas County, Florida, which subsidizes certain Uber trips, have heard complaints that municipal discounts don't go very far as the on-demand transportation giant has raised its own fares.

Now that both Uber and Lyft have filed initial public offerings, industry analysts predict that the costs of these services—which have been heavily subsidized by their billions in venture capital backing—will [creep steadily upwards as public investors expect returns](#). And city governments and commuters who come to rely on ride-hailing as a social service won't have much control.

In Innisfil, Uber fares have held steady, according to Pentikainen. And the company has shared certain data upon request. As the city grows and ride-hailing services evolve, it will continue to evaluate the best way to mobilize its residents, Pentikainen said. Eventually, Innisfil might be interested in adopting Uber's latest transit-like offering, which is called [Uber Bus](). Similar to the microtransit startup Via and its failed predecessors Chariot and Bridj, riders are scooped up in larger vans at designated locations on a schedule that is determined based on demand.

And if Uber ever raised fares to the point where riders could no longer rationalize the costs, the city would go back to the drawing board. In some parts of town, Pentikainen said, they might even consider a regular fixed-route bus. "There are a range of ways to consider efficiencies from the town's perspective," he said. "All along, this was a starting point. We have to react along the way."

Still, the idea of further changes made in reaction to the app's contingencies worries Hudson. That doesn't sound like very reliable service for her, nor for the older people and students she sees riding in Ubers en route to school and doctor's appointments. If Innisfil makes further tweaks, Hudson says she might consider getting her license in order to avoid the stress. But she fears more for what could happen to those who can't.

"Uber was supposed to be our public transit," she said. "Now we have to think about whether we can take an Uber or not."