
Subject: Niagara Region's Transit Service Delivery and Governance Strategy

Report to: Regional Council

Meeting date: March 23, 2017

Recommendations

1. That Niagara Regional Council **ENDORSE IN PRINCIPLE** the creation of a consolidated public transit system in partnership with the City of Niagara Falls, St. Catharines Transit Commission, the City of Welland, and the Region of Niagara in order to develop a regionally integrated transit system;
2. That Regional Council **ADOPT** a Bill (referenced in Appendix #5) to provide Niagara Council with the authority to establish, operate and maintain an inter-municipal passenger transportation system for the Region, and such Bill, if adopted, to come into force and effect on June 1, 2017, provided that:
 - a. a majority of the councils of the local area municipalities pass resolutions consenting to the Bylaw; and,
 - b. the total number of electors in the local municipalities that have passed resolutions in support of the Bill form a majority of all electors in the Region of Niagara as established in the revised list of electors for the municipal election held in the year 2014.
3. That, subject to the adoption of the aforementioned Bill, a copy of the Bill and Report CAO 8-2017 **BE FORWARDED** to the clerks of the 12 local area municipalities with a request that their councils adopt the following resolution and advise the Regional Clerk of the results of that consideration, no later than May 31, 2017:

"That the Council of (name of municipality) consents to the passage of By-law No. 49-2016 of the Regional Municipality of Niagara, being a by-law to provide Niagara Region with the authority to establish, operate and maintain an inter-municipal passenger transportation system for the Niagara Region."
4. That Niagara Regional Council **DIRECT** staff to develop a Memorandum of Understanding (MOU) between Niagara Falls, St. Catharines, Welland and Niagara Region in the development of a governance framework and specify how key issues are to be addressed by all parties along with next steps and timelines;
5. That Council **SUPPORT** the formation of the Transit Working Group, with representatives from the twelve (12) Local Area Municipalities and the Region of

Niagara, to work towards the implementation of the operational improvements outlined in the Dillon report; and,

6. That Council **SUPPORT** the transition of the current Inter Municipal Working group to a Transit Steering Committee until a new governance framework is established in the pending Memorandum of Understanding.

Key Facts

- The respective Councils of the City of Welland, City of St. Catharines and the City of Niagara Falls unanimously supported in principle the creation of a consolidated transit system within the Niagara region and moving forward with the creation of a Memorandum of Understanding as the next step in the process.
- As per Section 189 of the Municipal Act an upper-tier municipality may pass a by-law for the transfer of power for the transfer of “all or part” of the public transportation subject to a triple majority described within the legislation.
- As a component of “Moving People and Goods” of Niagara Region’s Strategic Plan, the Niagara Transit Service Delivery and Governance Strategy (also known as Inter-Municipal Transit) is a key deliverable.
- Support for a consolidated transit system has been communicated by many community groups and agencies, including representation from the business, health care, education and social sectors.
- A consolidated transit system in Niagara Region is a vital component to the success of interfacing with GO Transit and other neighbouring transit systems.

Considerations

Financial

While there is no immediate financial impact to moving forward with the recommendations presented in this staff report, the Dillon report (See Appendix #1) has identified a series of potential costs in the creation of a consolidated transit system.

These costs can be categorized into three areas:

1. Operating Costs
2. Capital Costs; and
3. Transitional Costs

Although the Dillon report provides details on these expected costs, the associated costs will continue to be refined as the process towards a consolidated transit system continues.

Operating Costs

As identified in the Dillon report, the existing (2015) net operating costs (operating cost minus revenue) for all transit systems in Niagara Region was approximately \$18,477,000 (includes St. Catharines Transit, Niagara Falls Transit, Welland Transit, Niagara Region Transit, Fort Erie Transit, Port Colborne Transit and Niagara-on-the-Lake Transit).

Further, as per the report, it is important to note that simply staying with the Status Quo Model will see an increase in the average hourly operating cost and net operating costs over the next few years. This is due to:

- An estimated increase of 2% per year to account for the cost of inflation; and
- Other improvements to a number of transit systems, including:
 - the addition of maintenance staff,
 - the need for additional supervisors and planning staff in Welland and St. Catharines, and
 - increased operating costs based on the planned expansion of the transit garage in St. Catharines.

Adding to the operating costs is the fact that service hours for each system are planned to grow, such as:

- St. Catharines Transit will implement a new crosstown route;
- Niagara Falls Transit is phasing in the introduction 30 minute peak period service on all its routes;
- Welland Transit is introducing Sunday service; and
- Niagara Region Transit introduced Route 40/45 and will implement additional extensions of inter-municipal services (as recommended in the Dillon report).

The growth in the hourly operating cost and increase in service hours is estimated to see an increase in net operating cost from all local and inter-municipal transit systems in the Region from \$18,477,000 in 2015 to approximately \$24,421,900 by 2018. This represents a 34% increase in net operating costs across all systems in the region.

Municipality		Net Operating Costs	
	Status Quo Model (2015)	Status Quo Model (2018)	Consolidated Model (2018)
Niagara Region	\$2,216,000	\$3,076,300	\$3,138,400
St. Catharines	\$8,831,800	\$10,736,400	\$10,783,800
Niagara Falls	\$4,409,700	\$5,860,200	\$5,861,500
Welland	\$1,986,200	\$2,534,700	\$2,678,600
Other Municipalities	\$1,033,000	\$2,214,300	\$2,214,300
Totals	\$18,476,700	\$24,421,900	\$24,676,600

The move to the Consolidated Transit Model will see approximately \$255,000 increase in net operating costs from the 2018 Status Quo Model, shared between all four service providers. This only represents a 1 percent increase over the Status Quo Model (2018 rate).

A financial plan for the recommended inter-municipal transit service strategy was also developed. Forecasted net operating costs (minus revenue) distributed to each municipality, should they decided to offer inter-municipal transit services, is identified below. The increase in net operating costs is due both to service expansion recommendations and an increase in the average hourly operating cost on an annual basis (a 2 percent annual increase due to inflation was assumed).

Municipality	Links	2016/2017	2019
Niagara Region	Inter-Municipal and Rural Links	\$2,972,120	\$3,848,460
Port Colborne	Port Colborne and Crystal Beach	\$69,040	\$96,760
Fort Erie	Fort Erie and Crystal Beach	\$75,640	\$102,280
Grimsby	Grimsby/Beamsville	-	\$50,240
Lincoln	Grimsby/Beamsville	-	\$50,240
West Lincoln	Smithville	-	\$69,760
Wainfleet	Wainfleet	-	\$64,560
Totals		\$3,116,800	\$4,282,300

In addition to this municipal investment, between \$440,000 and \$1,800,000 annually is required to operate a smart card system (depending on the smart card alternative selected).

Capital Costs

Capital costs for the short-term (years 1-3) period is estimated to be in the range of \$9,262,000 to \$15,900,000 to fund inter-municipal transit fleet expansion, expansion of maintenance facilities in St. Catharines and Welland (primarily due to local transit needs) and implementation of a smart card system. Capital costs for the medium-term (years 4-7) is estimated to be in the range of \$1,220,000 to \$1,250,000 to fund further inter-municipal transit fleet expansion and the development of a mobile app for Dynamic Transit.

Overall the total capital costs are within the \$10,482,000 – \$17,150,000 range and in addition to funding from local area municipalities, the associated regional costs is estimated at \$3,763,000 - \$6,130,000.

Transitions Costs

There will be additional transitions costs (planning, consulting and community outreach) experienced by the Transit Working Group and the Transit Steering Committee as they collectively implement the recommendations contained in the Dillon report.

To fund the consolidated public transit system, the following opportunities arise:

- User fees (fare rates);
- Municipal property levies;
- Development charges; and
- Funding from senior levels of government.

In addition, the Dillon report identified the Federal Public Transit Infrastructure Fund as a possible funding source that could fund 50% of eligible capital projects, rehabilitation of transit systems and planning studies for future transit expansion.

Corporate

The continued participation in the creation of a consolidated regional inter-municipal public transit model will require the ongoing involvement and support from regional staff.

Governmental Partners

The Niagara Transit Service Delivery and Governance Strategy Report provide strategic recommendations for the improvement of transit services throughout Niagara. The governance strategy presented in the report calls for the consolidation of Welland, Niagara Falls and St. Catharines transit systems into one entity with the support of Niagara Region to provide inter-municipal transit service to the entire region and local transit service to Welland, Niagara Falls and St. Catharines. The consolidated transit model will allow local municipalities to maintain control over local transit service planning and allows Niagara Region to be involved in the funding and planning of inter-municipal transit connections.

On February 21, 2017 Welland City Council unanimously endorsed in principle the creation of a consolidated transit system, they also approved recommendations for the development of a Memorandum of Understanding (MOU), the requests that Niagara Region become an official transit provider as per the *Municipal Act*, the formation of a Transit Working Group, and the transition of the current Inter-Municipal Working Group to a Transit Steering Committee (See Appendix #2).

Thereafter on February 22, 2017 St. Catharines City Council also unanimously supported the consolidated public transit model and associated parameters which were similar to Welland City Council. In addition, St. Catharines City Council also provided direction that the Transit Working Group have meaningful dialogue with union

representatives of the St. Catharines Transit employees, that the integration of the GO Bus system be included in the process, and that any costs associated with initiatives identified by the Inter-Municipal Working Group be approved by the City Council prior to moving forward (See Appendix #3).

The following week, on March 28, 2017 Niagara Falls City Council unanimously supported the consolidated public transit model that were similar to the common provisions approved by Welland City Council and St. Catharines City Council (See Appendix #4).

Public and/or Service Users

The inter-municipal transit system involves community members and businesses from all local area municipalities, and supports tourism.

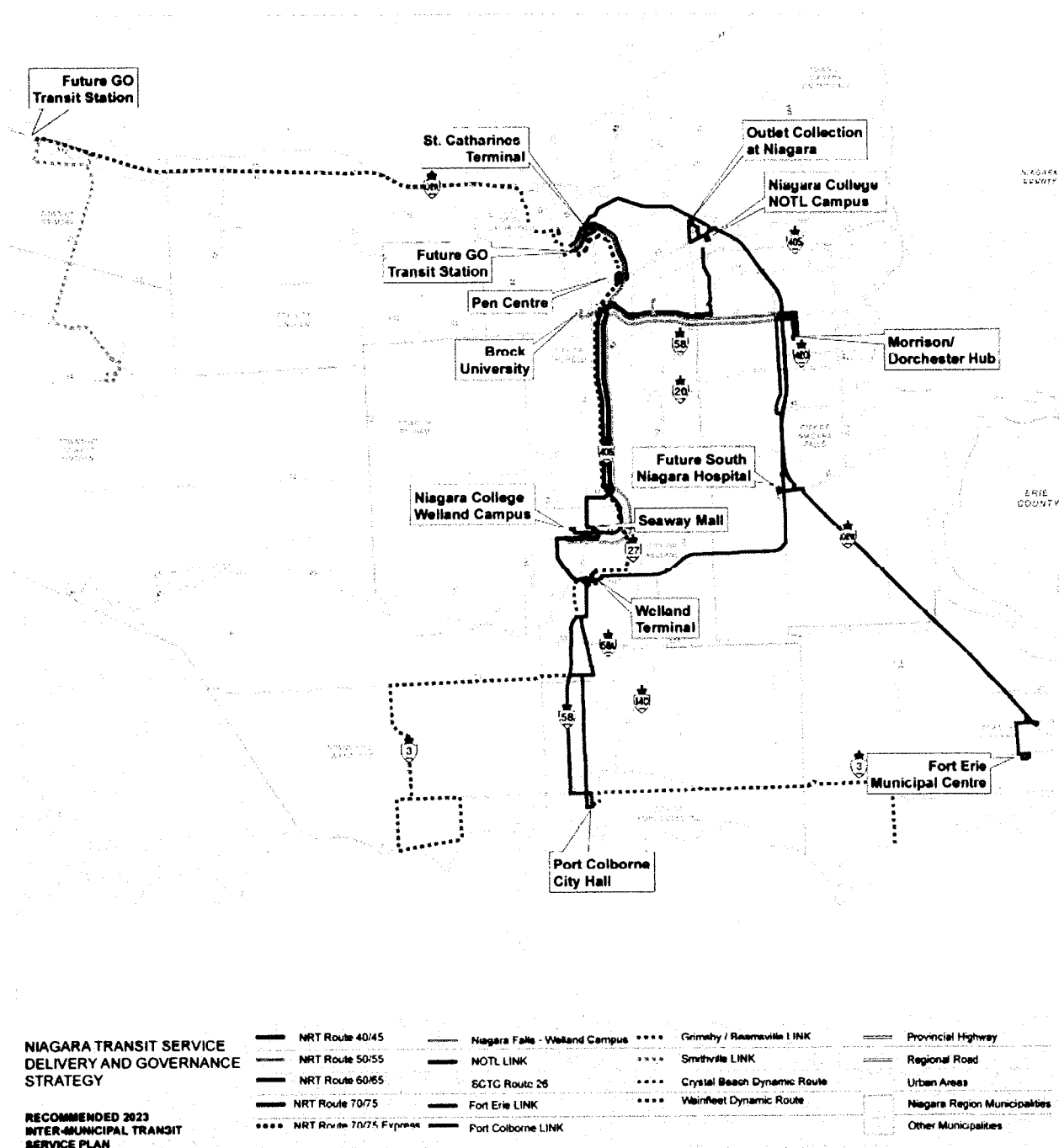
Analysis

As per the Dillon report, Inter-Municipal Transit has a number of benefits to the Region, each local municipality, and its residents. Notably, the introduction, improvement and expansion of inter-municipal transit:

- Provides cross-boundary mobility to education, employment and medical and other services;
- Supports transit ridership to future GO Train service in Niagara (reducing local congestion near GO stations);
- Facilitates economic development by businesses that are seeking a connected workforce;
- Contributes to a high quality of life for Niagara residents; and
- Supports sustainable community development.

To further enhance these benefits, the Dillon report also recommends improvements to inter-municipal transit services in Niagara by:

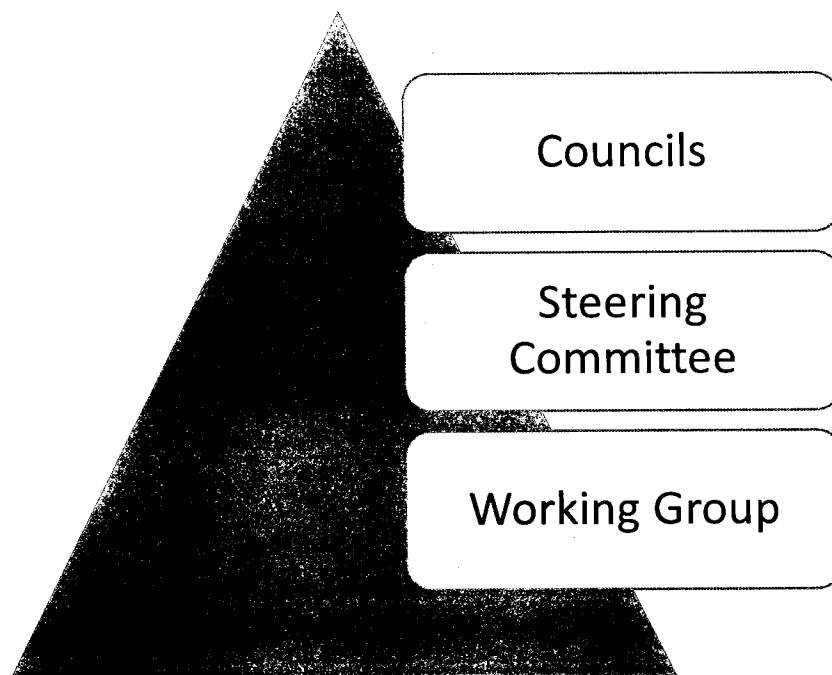
- Increasing the frequency of inter-municipal service so that buses arrive every 30 minutes during peak periods;
- Extending service hours so that transit is available later in the evening;
- Extending full weekend service that would have inter-municipal transit operating on Sundays;
- Eliminating duplicate routes and services to be reinvested;
- Improving integration with other municipal transit systems;
- Creating a new Niagara-West inter-municipal transit link;
- Adding new dynamic transit services for low-demand and rural areas; and
- Integrating fare strategy, payment technology and trip- planning.



If Regional Council approves the consolidated public transit model in principle; the identified next steps are:

1. Achieve a triple majority of consent in the transfer of authority from the local area municipalities to Niagara Region to establish, operate and maintain an inter-municipal transit system in Niagara.

2. Prepare a Memorandum of Understanding (MOU) between Niagara Falls, St. Catharines, Welland and Niagara Region in the development of a governance framework and specify how key issues are to be addressed by all parties along with next steps and timelines;
3. The Transit Working Group, with representatives from the twelve (12) Local Area Municipalities and the Region of Niagara, will work towards the implementation of the operational improvements outlined in the Dillon report; and
4. The Transit Steering Committee continues until a new governance framework is established in the pending Memorandum of Understanding.



Transit Working Group and Transit Steering Committee

The creation of a Transit Working Group and Transit Steering Committee was done to ensure that the future of inter-municipal transit in Niagara would be reflective of the entire region and include all municipalities.

The Transit Working Group consists of thirteen (13) inter-municipal staff and will report to the Transit Steering Committee. The inter-municipal staff will be represented by:

- Transit Manager from St. Catharines Transit, Welland Transit and Niagara Falls Transit (3)
- Staff person from each other Niagara municipality (9)
- Staff person from Niagara Region (1)

The responsibilities of the Transit Working Group are:

- Determine procurement/ purchasing transit capital needs
- Development of proposals for fare boxes, technology, customer service and policies
- Route optimization and coordination
- Coordination with other transit providers (such as: GO transit, Metrolinx, Hamilton Street Railway)
- Coordination with post-secondary schools and private carriers
- Liaise with economic development and planning offices
- Union contracts and standardization of standard operating procedures (SOPs)

The Transit Steering Committee is a governing body consisting of the following representatives:

- 2 from City of Niagara Falls (such as Mayor/Councillor and CAO)
- 2 from City of St. Catharines (such as Mayor/Councillor and CAO)
- 2 from City of Welland (such as Mayor/Councillor and CAO)
- 2 from Region of Niagara (such as Chair/Councillor and CAO) and
- 2 from Region of Niagara (Mayor/Councillor and CAO representing municipalities which do not operate their own transit service).

The Transit Steering Committee directs the Transit Working Group, and thereafter, reports to the respective Councils (Welland, St. Catharines, Niagara Falls and Niagara Region) with the following:

- The work and recommendations of the Transit Working Group;
- The Memorandum of Understanding (MOU) for approval
- Coordination of the branding and marketing of transit service
- Government relations and advocacy; and
- Unified Niagara voice for transit

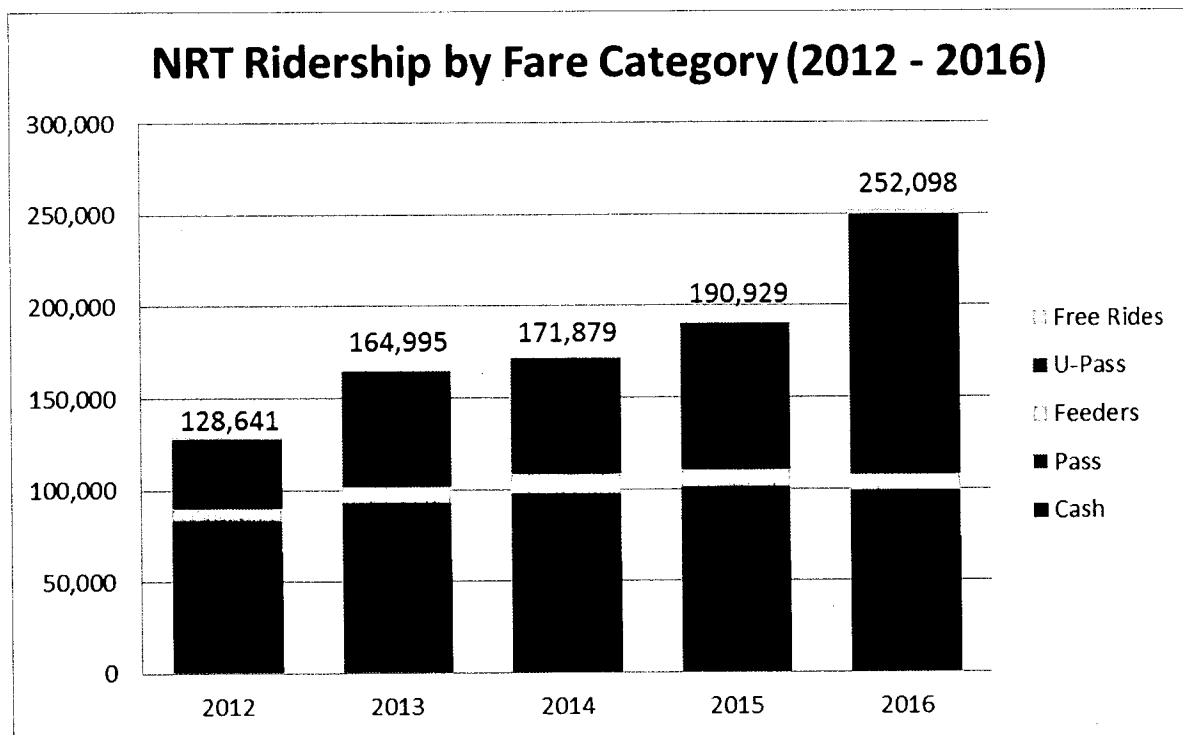
It is anticipated that the Transit Steering Committee will be disbanded once the MOU has been developed with a preferred governance model, and, the MOU is approved by the respective Councils.

The need for a triple majority

Currently in Niagara the authority to operate and provide transit services rest with local area municipalities and is not under the authority of Niagara Region. In order for Niagara Region to be part of a consolidated transit entity along with St. Catharines, Niagara Falls and Welland and have decision making authority as well as funding ability, the Region requires the authority to be a transit operator uploaded to it from local area municipalities. Based on the Dillon report, the Region can seek this authority specifically for the provision of funding and decision making as it relates to the operation and delivery of inter-municipal services and not for operation and delivery of local transit services.

Current status of Niagara Region Transit

Niagara Region Transit carried over 250,000 passengers in 2016. This number has increased steadily since its first full year of service in 2012. Major route modifications were implemented in September 2016 to further improve service. These changes included streamlining Route 50/55 between Niagara Falls and St. Catharines by removing the stop at the Outlet Mall and adding a stop on the Brock university campus. A new Route 40/45 was added, also connecting Niagara Falls and St. Catharines, using the QEW to make stops at Niagara College Glendale Campus, the Niagara-on-the-Lake Outlet Mall Collection, and the Fairview Mall to create a connection to the GO Transit buses. These route changes allowed the removal of the Brock Rapid service between Niagara Falls and Brock University. These improvements are expected to continue to increase ridership in 2017.



Note: Free rides comprises of rides taken by CNIB card holders and passengers using a 2 ride card ticket. The 2 ride cards are sold by the Region to community service groups in Niagara. Money is collected from these passes, but not from the passenger.

In addition to the 6 routes provided by Niagara Region Transit (40/45, 50/55, 60/65, 70/75, Port Colborne Link, and the Fort Erie Link), there were an additional 15 routes in operation in 2016 that cross municipal boundaries within Niagara; 6 are paid for by BUSU, 6 by NCSAC, 1 is jointly shared by BUSU and NCSAC, 1 is run by Pelham Transit, and 1 by the St. Catharines Transit Commission (to Thorold). Together, these 21 routes provided approximately 1,500,000 inter-municipal passenger trips in 2016.

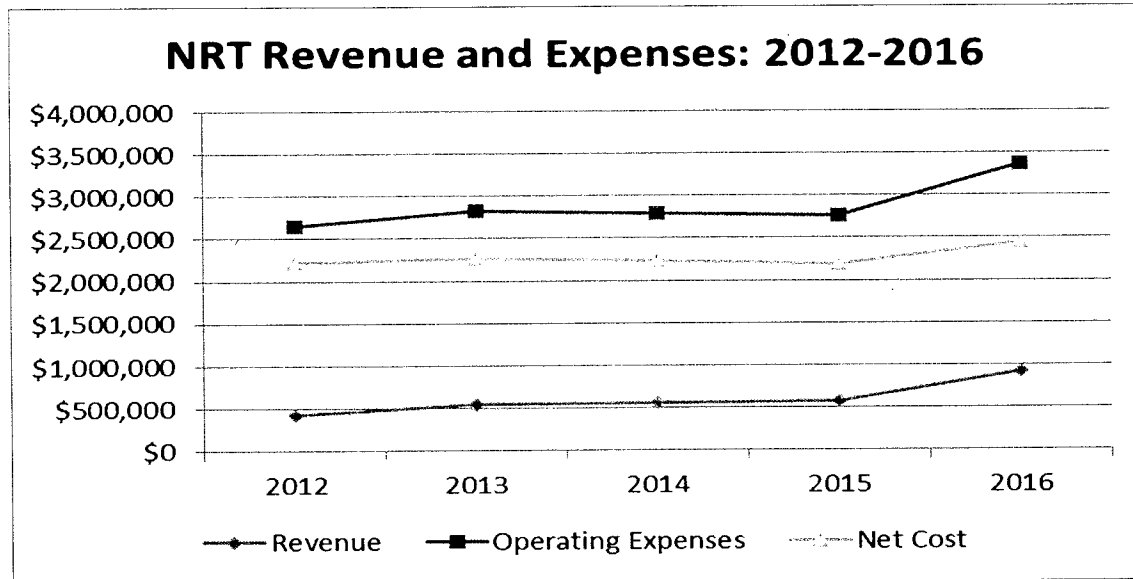
Two of these routes no longer exist due to efficiencies realized in the system in late 2016, as well as with the addition of Route 40/45.

As greater efficiencies can be realized and more service improvements can be made, the ridership is expected to continue to grow. Growth in revenue collected by the system will also be realized as the ridership grows. The current financial trends mimic the ridership trends and show significant improvement.

	2012	2013	2014	2015	2016
Revenue	\$419,781	\$548,726	\$564,563	\$575,520	\$926,380
Operating Expenses	\$2,639,566	\$2,819,259	\$2,798,697	\$2,762,065	\$3,373,580
Net Cost	\$2,219,786	\$2,270,533	\$2,234,134	\$2,186,545	\$2,447,200
R/C Ratio*	16%	19%	20%	21%	27%

Note: *R/C (Revenue/Cost) Ratio is the total revenues divided by the total costs, expressed as a percentage, and is generally considered the most strategic measure of performance.

Niagara Region Transit's R/C Ratio has typically operated around 20% but is expected to approach 30% in 2017.



Alternatives Reviewed

In addition to the consolidated model, Dillon Consulting also reviewed the potential for the continuation of the status quo and/or the development of a regional transit model. After their analysis, the consolidated model was recommended as the preferred option.

In May 2015, prior to formalizing Niagara Region Transit as a permanent inter-municipal transit service and initiating the process to upload responsibilities for inter-municipal transit service from local area municipalities to Niagara Region, Regional Council requested Niagara's three largest transit operators (Welland, Niagara Falls and St. Catharines) to work together to present a new operating model for transit that would service the entire region.

Since January 2016, the Inter-municipal Transit Working Group made up of mayors and CAOs from St. Catharines, Welland and Niagara Falls with the support of the Regional Chair and Niagara Region CAO, have been working cooperatively to develop options for inter-municipal transit services in Niagara. The group engaged Dillon Consulting to develop a recommended strategy and service enhancements for future transit service in Niagara.

Origin of Report

This report was brought forward by staff as a recommendation of the Inter-municipal Transit Working Group and the subsequent motions received from the Councils of Welland, St. Catharines and Niagara Falls.



Submitted by:

Carmelo D'Angelo, BSc, MPA
Chief Administrative Officer

This report was prepared in consultation with Ron Tripp, Commissioner of Public Works, Ralph Walton, Regional Clerk, Sterling Wood, Action Director of Legal Services, and Sean O'Brady, Communications Consultant.

Appendices

- Appendix 1 Dillon Report - Niagara Transit Service Delivery and Governance Strategy
(Executive Summary)
- Appendix 2 City of Welland Letter re: February 21, 2017 Motion
- Appendix 3 City of St. Catharines Letter re: February 22, 2017 Motion
- Appendix 4 City of Niagara Falls Letter re: February 28, 2017 Motion
- Appendix 5 Inter-Municipal Transit By-law



in association with...



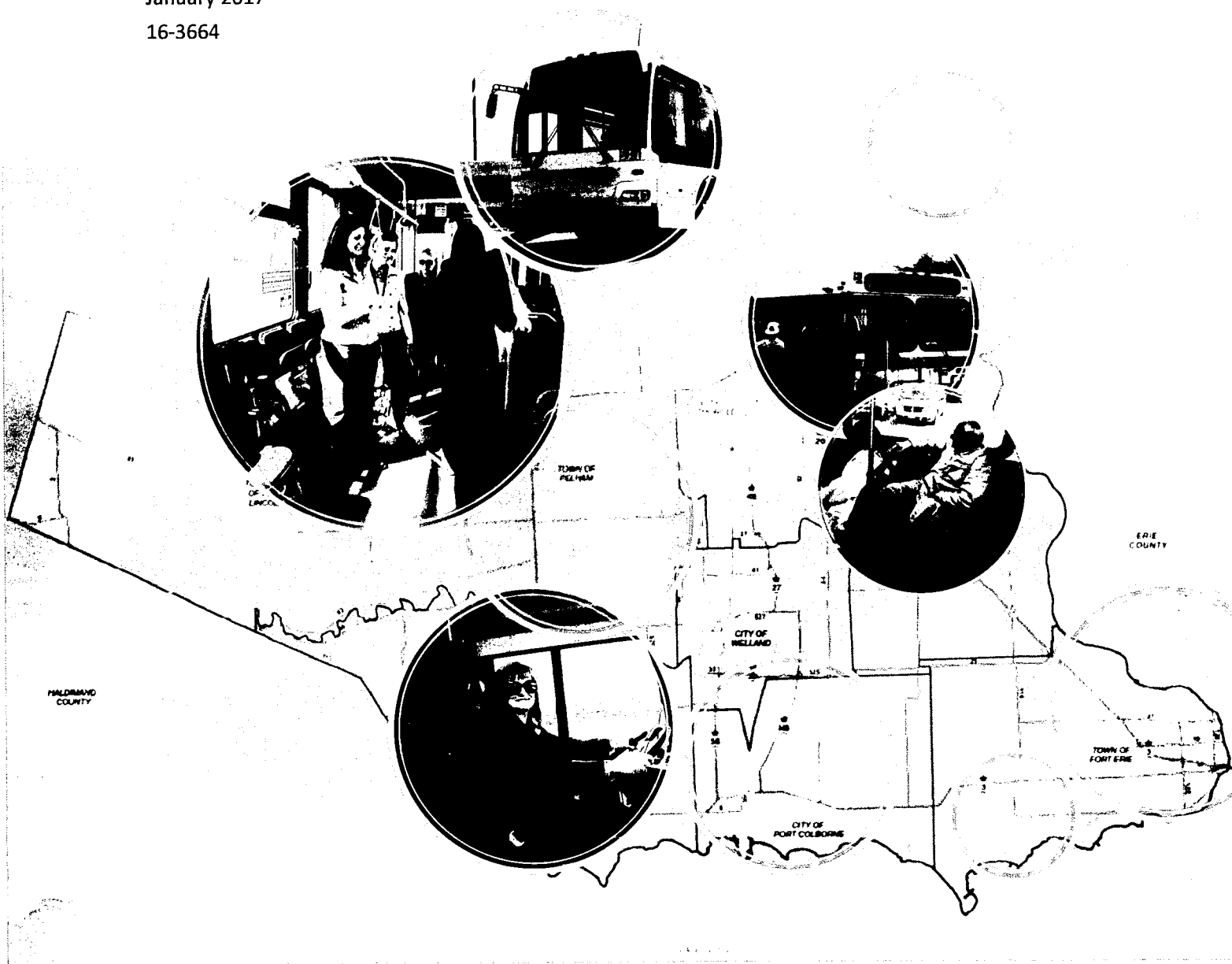
NIAGARA REGION

Niagara Transit Service Delivery and Governance Strategy

Final Report

January 2017

16-3664



Executive Summary

Introduction

Since January 2016 the Inter-municipal Transit Working Group has been developing options for an integrated transit system that works for all of Niagara. The Inter-municipal Transit Working Group is led by the Mayors and CAOs from St. Catharines, Niagara Falls and Welland with the support from the Niagara Regional Chair, Niagara Region CAO and technical staff.

Dillon Consulting Limited, in association with McNeil Management Services and the Gooderham Group, was retained to assess the existing inter-municipal transit service in Niagara Region and develop potential options for future delivery of inter-municipal transit services for consideration by the Niagara IMT Working Group. This included an assessment of options for service delivery, governance, fare integration, fare payment technology and trip planning.

This report presents a service delivery strategy with recommendations for:

- The elimination of duplicate services servicing post-secondary institutions and the expansion of off-peak services on key inter-municipal corridors;
- Better integration with other municipal transit systems;
- New Niagara-West inter-municipal transit link; and
- New dynamic transit services for low-demand areas.

The report also recommends that a Consolidated Transit service delivery and governance structure is implemented, integrating the planning and delivery of local and inter-municipal transit services in St. Catharines, Niagara Falls and Welland into one large consolidated system. Integrated planning and operations would take place through a consolidated governing body, board or commission (***from here on out termed “consolidated governing body”***) while final decisions on local transit interests would continue to be made by each local council for transit services within their own jurisdiction. This maintains the control of local councils to set their own budgets and focus on local priorities while still benefiting from integrated aspects of consolidation.

The Region would continue to be involved in funding and decision-making and supporting inter-municipal connections within and outside of the Consolidated Transit Service Area. For this to occur, a triple majority vote would need to be achieved priority to the expiration of the inter-municipal pilot program in May 2017 outlining the Region’s role in the planning and funding of inter-municipal transit services.

Local transit services outside of St. Catharines, Niagara Falls and Welland (e.g. Port Colborne and Pelham) would continue to be planned and delivered by local municipalities. They would connect to the Consolidated Transit Model through representation on the governing body and would contribute in the planning of seamless inter-municipal services throughout the region (e.g. set policies on fare integration). The Region would also continue to provide partial funding for various capital purchases that would create a more seamless network (e.g. a common smart card and dynamic transit app) and the implementation and operation of inter-municipal link routes connecting local transit services in the region.

The Need for Inter-municipal Transit (IMT)

Inter-municipal transit has a number of benefits to the region, each local municipality and its residents. Notably, the introduction, improvement and expansion of inter-municipal transit:

- Provides cross-boundary mobility to education, employment and medical and other services;
- Supports transit ridership to future GO Train service in Niagara (reducing local congestion near GO stations);
- Facilitates economic development by businesses that are seeking a connected workforce;
- Contributes to a high quality of life for Niagara residents; and
- Supports sustainable community development.

Service Delivery

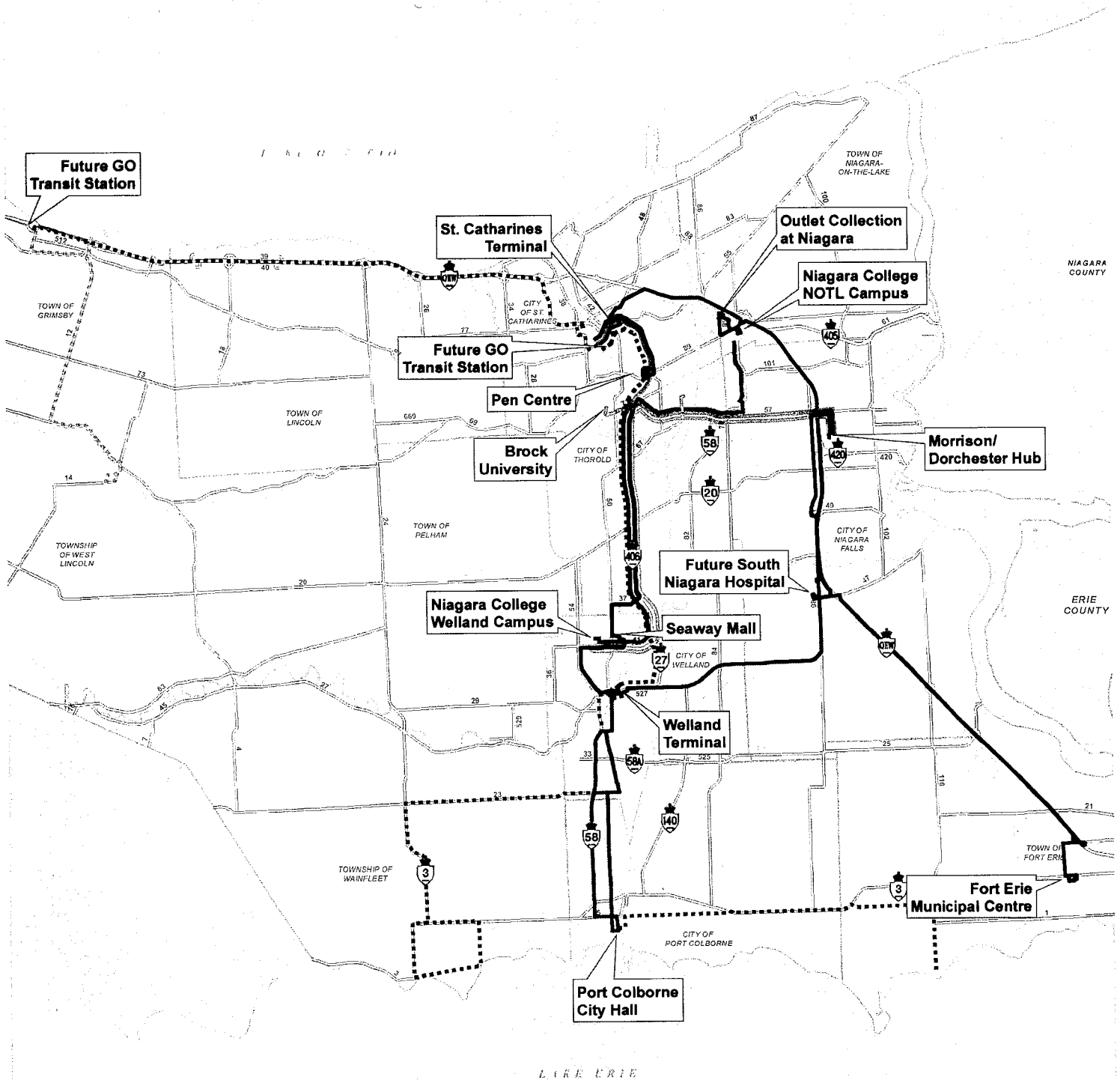
A seven-year Inter-municipal Transit Plan was developed based on the recommended Consolidated Transit Model being in place. The plan is based on a strategy to optimize existing inter-municipal transit services and improve service levels by reducing duplication between existing Niagara Region Transit and U-Pass funded post-secondary services within the Consolidated Transit Service Area. The optimization of these routes results in the ability to increase peak period service frequency (every 30 minutes), extend evening service and introduce Sunday service on a number of routes without a significant increase in revenue service hours. Improvements are also recommended to better connect to the new GO Train stations and enhance service levels on routes connecting to Port Colborne and Fort Erie.

A number of inter-municipal service extensions were also recommended. Service extensions include connections to growing municipalities using fixed-route services (West Lincoln), integration with existing GO Bus services (Grimsby/Lincoln) as well as the use of Dynamic Transit service concepts in low demand areas (including two pilot projects in Wainfleet and Crystal Beach). Improved connections between local services and inter-municipal services are also recommended, including fare integration with Pelham Transit, expanding the Dynamic Transit service concept to Niagara-on-the-Lake and service integration with WEGO. **Figure E-1** illustrates the entire recommended inter-municipal transit network in Niagara Region by 2023.

An inter-municipal fare strategy was developed that includes recommendations for an integrated fare structure, fare payment technology and a methodology for fare sharing. To facilitate seamless travel throughout Niagara Region, a regionally-integrated trip planning platform is highly desirable. This will help customers navigate the multiple transit networks, display relevant schedules and connections, and show the most efficient routes between origins and destinations. It is recommended that each transit system in the region sign a formal letter of intent to participate in the TriPLinx platform, a one-stop trip planner and information resource that provides information on all Greater Toronto Hamilton Area (GTHA) transit systems. Each system should also explore feeding data into TransitApp. This will provide three options for customers to comprehensively plan inter-municipal transit trips.

Governance

A key objective of this study is to assess the Status Quo service delivery and governance structure and determine whether this model is the most appropriate to deliver on the mobility needs and aspirations of residents based on the five guiding principles identified by the Niagara IMT Working Group.



NIAGARA TRANSIT SERVICE DELIVERY AND GOVERNANCE STRATEGY

RECOMMENDED 2023
INTER-MUNICIPAL TRANSIT
SERVICE PLAN
FIGURE E-1

NRT Route 40/45	Niagara Falls - Welland Campus	Grimsby / Beamsville LINK	Provincial Highway
NRT Route 50/55	NOTL LINK	Smithville LINK	Regional Road
NRT Route 60/65	SCTC Route 26	Crystal Beach Dynamic Route	Urban Areas
NRT Route 70/75	Fort Erie LINK	Wainfleet Dynamic Route	Niagara Region Municipalities
NRT Route 70/75 Express	Port Colborne LINK		Other Municipalities



MAP DRAWING INFORMATION:
DATA PROVIDED BY NIAGARA REGION, MNR AND ESR
MAP CREATED BY: SMB
MAP CHECKED BY: DK
MAP PROJECTION: NAD 1983 UTM Zone 17N
G:\GIS\163664 Niagara Transit Service Delivery\GIS
Data\MXD
Figure5 2023 System Wide.mxd

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PROJECT: 163664 STATUS: DRAFT 2016-12-19

Niagara Region was originally established as a regional municipality without any jurisdiction over transit. Once the pilot program has expired, the Region would need to pass a by-law to upload all or part of the 'lower-tier' municipal jurisdiction to establish, operate and maintain¹ a public transit system to the 'upper-tier' municipality, conditional upon obtaining a triple majority vote. This triple majority vote is required even if the Region stays involved at the current 'Status Quo' service delivery model where the Region provides funding and supports decision-making of inter-municipal transit services. With this in mind, three service delivery and governance models were assessed that involve the Region's continued involvement in conventional transit.

1. **Status Quo Model:** Local transit continues to be funded by each municipality while inter-municipal transit services are funded by the Region or through a direct agreement with a post-secondary institution as part of the U-Pass initiative. The Status Quo is enhanced to meet basic planned and recommended operating requirements (e.g. new mechanic in Welland, need for new service planning staff in St. Catharines, etc.) as well as planned service improvements in each municipality (e.g. new cross-town route in St. Catharines, transition to 30 minute peak period headways in Niagara Falls).
2. **Consolidated Transit Model:** The St. Catharines, Niagara Falls and Welland Transit systems combine their services into one large Consolidated Transit system, providing integrated planning and delivery of local and inter-municipal services through a consolidated governing body. Decision-making on local transit services would continue to be made by each local council for transit services within their own jurisdiction. This maintains the control of local councils to set their own budgets and focus on local priorities while still benefiting from integrated aspects of consolidation. The Region continues to be involved in funding and decision-making and supporting inter-municipal connections within and outside of the Consolidated Transit Service Area. Local transit services outside of St. Catharines, Niagara Falls and Welland would continue to be planned and delivered by local municipalities. They would connect to the Consolidated Transit Model through representation on the governing body and would contribute in the planning of seamless inter-municipal services throughout the region.
3. **Regional Transit Model:** The Region plans, funds and delivers all local and inter-municipal transit, with the amalgamation of the multiple local municipal transit systems throughout Niagara. Transit is planned and delivered for the entire region by one body, providing opportunities for service integration and the development of a seamless network.

The three models were reviewed and evaluated using a business-case approach. Based on the evaluation of the three service delivery and governance models, the Consolidated Transit Model is recommended.

The Consolidated Transit Model strikes a balance between local and inter-municipal transit needs. Approximately 80 percent of existing transit trips in Niagara Region are local in nature and the recommended model allows for a greater focus on local needs than the Regional Transit Model.

¹ For the purposes of this discussion, the term 'establish' means the creation of a transit system; the term 'operate' includes any act necessary for the managing of the transit service or the operation of a transit vehicle; and the term 'maintain' includes the ongoing function of keeping the transit system active.

Continued involvement by the Region within this new corporation will provide needed funding and decision-making input to ensure inter-municipal connectivity objectives continue to be met.

It is recommended that the Region establish a special funding arrangement with adjacent municipalities outside the Consolidated Transit Service Area to assist in establishing inter-municipal transit links. This type of arrangement could include the Region funding 100 percent of fleet capital costs and 60 percent of the operating cost of inter-municipal services, subject to Council approved service guidelines being met and the service being integrated with services in the Consolidated Transit Service Area. It is also recommended that a Technical Advisory Committee is formed which includes representation from these adjacent municipalities (including representation on the consolidated governing body). This will allow the interests of all municipalities in the region to be considered in the decision-making process.

Transit Investment Plan

The Inter-municipal transit investment plan outlines the short and medium-term steps necessary to move to the Consolidated Transit Model and implement the recommended inter-municipal transit service plan, fare strategy and integrated transit trip planner strategy.

The Consolidated Transit Model will improve inter-municipal transit service through better connectivity, increased frequency and the overall enhancement of the customer experience. To achieve these enhancements there will be an increased annual operating cost.

The existing (2015²) net operating costs (operating cost minus revenue) for all transit systems in Niagara Region is approximately \$18,477,000 (includes St. Catharines Transit, Niagara Falls Transit, Welland Transit, Niagara Region Transit, Fort Erie Transit, Port Colborne Transit and Niagara-on-the-Lake Transit).

Table E-2 below illustrates the relative increase in annual net operating costs, moving from the existing (2015) Status Quo Model to three alternative models:

- Maintain the Status Quo Model, but with various approved and planned service level improvements, staffing increases and facility expansion (2018 operating year);
- Implement the Consolidated Transit Model (2018 operating year), building on the above noted improvements in the Status Quo Model;
- Implement the Regional Transit Model (2018 operating year), building on the above noted improvements in the Status Quo Model.

It is important to note that simply staying with the Status Quo Model will see an increase in the average hourly operating cost and net operating costs over the next few years. The hourly operating cost for each transit system was estimated to increase by 2 percent per year to account for the cost of inflation. In addition to this, other improvements to a number of transit systems were in the calculation of the hourly operating cost, including the addition of maintenance staff (e.g. the new mechanic in Welland), the need for additional supervisors and planning staff in Welland and St. Catharines, and increased operating costs which come with the planned expansion of the transit garage in St. Catharines. These improvements were already identified as a need by staff and/or local councils outside of any recommendations in this study.

² Note: At the time of writing this report, complete annual data for all the systems identified was not available for 2016.

In addition to this, service hours for each system are planned to grow. St. Catharines Transit will implement a new crosstown route; Niagara Falls Transit is phasing in the introduction 30 minute peak period service on all its routes, Welland Transit is introducing Sunday service and the Region recently introduced Route 40/45 and (through the recommendations in the report) will implement additional extensions of inter-municipal services. In addition to this, Pelham Transit system was recently introduced and Grimsby, West Lincoln and Lincoln are all considering the implementation of local transit services.

The growth in the hourly operating cost and increase in service hours was estimated to see an increase in net operating cost from all local and inter-municipal transit systems in the Region from \$18,477,000 in 2015 to approximately \$24,421,900 by 2018. This represents a 34 percent increase in net operating costs across all systems in the region.

The cost of moving to the Consolidated Transit Model was calculated and compared against this 'enhanced' Status Quo Model (using 2018 rates) and the Regional Transit Model. The comparison assumed that the service hours remained constant across for all three models.

The change in cost between the three models is due primarily to a change in hourly operating rates as a result of different governance structures. In the Consolidated Transit Model, the largest increase in cost is the need to standardize wages for transit operators and maintenance staff between all three systems. In the Regional Transit Model, this occurs for all transit systems (including smaller systems in Niagara-on-the-Lake, Port Colborne, Fort Erie, Pelham and future systems in Grimsby, Lincoln and Grimsby that typically have much lower rates).

Table E-2: Anticipated Operating Net Cost Increases with Consolidation

Municipality	Net Operating Costs			
	Status Quo Model (2015 rate)*	Status Quo Model (2018 rate)	Consolidated Transit Model (2018 rate)	Regional Transit Model (2018 rate)
Niagara Region	\$2,216,000	\$3,076,300**	\$3,138,400**	\$3,143,600**
St. Catharines	\$8,831,800	\$10,736,400	\$10,783,800	\$10,913,900
Niagara Falls	\$4,409,700	\$5,860,200	\$5,861,500	\$5,869,900
Welland	\$1,986,200	\$2,534,700	\$2,678,600	\$2,679,800
Outer Municipalities	\$1,033,000	\$2,214,300**	\$2,214,300**	\$2,536,600**
Total	\$18,476,700	\$24,421,900	\$24,676,600	\$25,143,800

*Note: Net operating cost estimates are based on a high-level estimate and will need to be further refined in the next phase of the move to the Consolidated Transit Model.

** Note: For this high-level analysis, the Region's share of rural inter-municipal link routes that connect to outer municipalities was fully allocated to the 'Outer Municipalities' row in the table. A more detailed allotment of net operating costs based on the proposed funding model is included in Table E-3.

Based on this calculation, the move to the Consolidated Transit Model will see approximately \$255,000 increase in net operating costs from the 2018 Status Quo Model, shared between all four service

providers³. This only represents a 1 percent increase over the Status Quo Model (2018 rate). In contrast, moving to a Regional Transit Model would likely see a \$722,000 increase in annual net operating costs from the 2018 Status Quo Model. This represents a 3 percent increase in net operating costs from the 2018 Status Quo Model.

The largest increase in cost when moving from the Status Quo Model (2018) to the Consolidated Transit Model will happen in Welland, as it currently has the lowest operating rate. How this cost increase is distributed between all four municipalities would still need to be determined during the implementation phase. It is important to note that this cost increase of moving to the Consolidated Transit Model could also be off-set over time by increases in ridership and revenue, as the move towards consolidation will increase the ability of each municipality to create a more integrated transit network.

A financial plan for the recommended inter-municipal transit service strategy was also developed. Forecasted net operating costs (minus revenue) distributed to each municipality is illustrated in **Table E-3**. The increase in net operating costs is due both to service expansion recommendations and an increase in the average hourly operating cost on an annual basis (a 2 percent annual increase due to inflation was assumed). The financial plan does not account for any growth in the average fare. As a next step, a more detailed fare strategy should be conducted to determine potential modifications to the fare structure. This may help lower the overall municipal investment noted below.

Table E-3: Inter-municipal Transit Net Operating Costs (Municipal Investment) by Municipality

Municipality	2016/2017*	2019	2023
Niagara Region (<i>Inter-municipal and share of rural link routes</i>)	\$2,972,120	\$3,848,460	\$5,091,520
Port Colborne (<i>share of Port Colborne Link and Crystal Beach Dynamic Link</i>)	\$69,040	\$96,760	\$129,840
Fort Erie (<i>share of Fort Erie Link and Crystal Beach Dynamic service</i>)	\$75,640	\$102,280	\$131,920
Grimsby (<i>share of Grimsby/Beamsville Link</i>)	-	\$50,240	\$89,900
Lincoln (<i>share of Grimsby/Beamsville Link</i>)	-	\$50,240	\$89,900
West Lincoln (<i>share of Smithville Link</i>)	-	\$69,760	\$73,680
Wainfleet (<i>share of Wainfleet Dynamic Link</i>)	-	\$64,560	\$70,240
TOTAL	\$3,116,800	\$4,282,300	\$5,677,000

*Note: Net Operating Cost based on service in place as of September 2016 (annualized over a one year period)

In addition to this municipal investment, between \$440,000 and \$1,800,000 annually is required to operate a smart card system (depending on the smart card alternative selected). This will be split between the municipalities using the smart card technology within and outside of the Consolidated Transit Service Area based on vehicle ownership/use.

³ Note: This is based on a high-level analysis and would require a more detailed assessment of operating costs of each system to confirm the average rate increase under the Consolidated Transit Model.

Capital costs for the short-term (years 1-3) period is estimated to be in the range of \$9,262,000 to \$15,900,000 to fund inter-municipal transit fleet expansion, expansion of maintenance facilities in St. Catharines and Welland (primarily due to local transit needs) and implementation of a smart card system. Capital costs for the medium-term (years 4-7) is estimated to be in the range of \$1,220,000 to \$1,250,000 to fund further inter-municipal transit fleet expansion and the development of a mobile app for Dynamic Transit. **Table E-4** illustrates the cost distribution by municipality.

In addition to property taxes, dedicated funds flowing from upper levels of government can help support the above noted capital costs. The Federal Public Transit Infrastructure Fund will fund 50 percent of eligible capital projects, rehabilitation of transit systems and planning studies for future transit expansion. Development charges can contribute to help fund the capital cost of additional transit services required as a result of population and employment growth.

Table E-4: Inter-municipal Capital Cost Requirements

Expense	Total Cost (phasing)			Cost Distribution by Municipality			
	Year 1-3	Year 4-7	Total	Niagara Region	St. Catharines	Niagara Falls	Welland
Fleet Expansion (40 ft vehicles)*	\$1,800,000 - \$3,600,000	\$1,200,000	\$3,000,000 - \$4,800,000	\$3,000,000 - \$4,800,000	-	-	-
Fleet Expansion (cutaway)	\$300,000	-	\$300,000	\$300,000	-	-	-
Smart card system	\$3,162,000 - \$7,000,000	-	\$3,162,000 - \$7,000,000	\$442,000 - \$980,000	\$1,581,000 - \$3,500,000	\$717,000 - \$1,590,000	\$443,000 - \$980,000
Dynamic Transit Mobile App	-	\$20,000 - \$50,000	\$20,000 - \$50,000	\$20,000 - \$50,000	-	-	-
St. Catharines Transit Maintenance Facility Expansion	\$2,500,000	-	\$2,500,000	-	\$2,500,000	-	-
Welland Transit Maintenance Facility Expansion	\$1,500,000 - \$2,500,000	-	\$1,500,000 - \$2,500,000	-	-	-	\$1,500,000 - \$2,500,000
TOTAL	\$9,262,000 - \$15,900,000	\$1,220,000 - \$1,250,000	\$10,482,000 - \$17,150,000	\$3,763,000 - \$6,130,000	\$4,081,000 - \$6,000,000	\$717,000 - \$1,590,000	\$1,943,000 - \$3,480,000

* Fleet cost includes existing buses required for Route 40/45 and the extra spare bus required for Welland Transit

Next Steps

The move towards the Consolidated Transit Model and implementation of the inter-municipal transit service strategy will require a number of steps. Senior staff need to be intimately involved in the various steps to bring the Consolidated Service Model together. Many of the actions required can occur simultaneously or can be done incrementally depending upon staff resources and funding availability. Some of the major elements of the next steps to consolidate transit services within the major urban areas of Niagara will include the following:

1. **Approve Consolidated Transit Model**

The move to a Consolidated Transit Model will first require an agreement and commitment by all municipalities involved to work together and implement this strategic direction. This can be achieved through an approval from each Council of the recommended strategy contained in this report or a signed Memorandum of Understanding between all municipalities that wish to move forward with the Consolidated Transit Model and further develop the implementation plan.

2. **Reach Triple Majority for Region's Involvement in Transit**

Once a decision has been made to implement the Consolidated Transit Model, the Region's role in the planning and funding of transit services will need to be defined and approved through a triple majority vote. This should occur before the expiry of the inter-municipal transit pilot program in May 2017.

3. **Consolidated Transit Model Implementation Plan**

There are a number of steps that are still required to implement the Consolidated Transit Model once triple majority is achieved confirming the Region's future involvement in transit services. It is anticipated that it will take approximately one year to work through the various implementation details. The following actions are required to implement the model:

- **Phase 1 (1-3 month period):** Confirm legal requirements, cost distribution, revenue sharing and decision-making process and investigate the role of specialized transit services in the Consolidated Transit Model.
- **Phase 2 (4-9 month period):** Confirm organizational structure including staffing, representation on the governing body and negotiation with unions. At this stage, the communications and marketing study should also be initiated to develop a common brand for all transit.
- **Phase 3 (10-12 month period):** Implement the strategy. This includes rebranding of buses and stops, developing a common fare structure, conducting a business plan (based on a common vision) and adopting the common service guidelines.

4. **Implement Inter-municipal Transit Service Strategy**

The implementation of the inter-municipal transit service strategy can occur independently of the Consolidated Transit Model. However, it is recommended that this does not take place until the detailed structure of the Consolidated Transit governing body is known. This will help create a more seamless system, identify any local modifications to support the new inter-municipal structure, and create more buy-in for customer service improvements that support a seamless traveller experience (e.g. a common smart card system).

There would be a one-time cost associated with implementing the new consolidated transit system. This includes various follow-up studies (specialized transit study, marketing and branding strategy, legal fees, development charges study, etc.) that would be completed in 2017 and 2018 at a cost of approximately \$450,000 to \$740,000. This cost could be reduced depending on the availability of staff resources to complete a number of these tasks or the availability of federal or provincial grants. In addition to this, there will be some one-time implementation costs including communications, bus restriping, bus stop replacement (with new brand), website development, new map and schedule production, etc. This would likely be budgeted for 2018 and cost approximately \$700,000. These implementation costs would need to be distributed to each participating municipality based on an agreed to formula.



City of Welland
Legislative Services
Office of the City Clerk
60 East Main Street, Welland, ON L3B 3X4
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Email: clerk@welland.ca | www.welland.ca

February 23, 2017

File No. 17-13

Office of the Regional Clerk
Niagara Region
1815 Sir Isaac Brock Way
P.O. Box 1042
Thorold, ON L2V 4T7

Attention: Ralph Walton, Regional Clerk

Dear Mr. Walton:

Re: February 21, 2017 – WELLAND CITY COUNCIL

At its meeting of February 21, 2017, Welland City Council passed the following motion:

“THAT THE COUNCIL OF THE CITY OF WELLAND receives for information the presentation by Gary Long, Chief Administrative Officer and Alfred Stockwell, Transit Manager regarding Niagara Transit Service and Governance Strategy; and

THAT Welland City Council endorses in principle the creation of a consolidated transit system in partnership with the cities of Niagara Falls, St. Catharines, and the Region of Niagara to develop a regionally integrated transit system; and

THAT staff be directed to develop a Memorandum of Understanding (MOU) between Niagara Falls, St. Catharines, Welland and Niagara Region to develop a governance framework and specify how key issues are to be addressed by all parties along with next steps and timelines; and

THAT Welland City Council hereby requests that Niagara Region become formally involved in and supportive of the consolidated transit model as recommended in the January 2017 Niagara Transit Service Delivery and Governance Strategy Report and endorsed by the Inter-Municipal Transit Working Group; and

THAT Council supports the formation of a Transit Working Group, with representatives from the 12 Municipalities and the Region of Niagara, to work towards the implementation of a consolidated transit model; and

THAT Council supports the transition of the current Inter-Municipal Working Group to a Transit Steering Committee until a new governance framework is established in the pending Memorandum of Understanding; and

THAT Council reconfirm the guiding principles for Welland's involvement of and support for inter-municipal transit.

Yours truly,

A handwritten signature in cursive script that reads "T. Stephens".

Tara Stephens
City Clerk

TS:kl

c.c.: Gary Long, CAO
Dean Iorfida, City Clerk, City of Niagara Falls
Bonnie Nistico-Dunk, City Clerk, City of St. Catharines



Legal and Clerks Services

Office of the City Clerk
PO Box 3012, 50 Church Street
St. Catharines, ON L2R 7C2

Phone: 905.688.5600
Fax: 905.682.3631
TTY: 905.688.4TTY (4889)

February 23, 2017

Regional Council
c/o Ralph Walton, Regional Clerk
Niagara Region
1815 Sir Isaac Brock Way
P.O. Box 1042
Thorold, ON L2V 4T7

Sent electronically via email to:
ralph.walton@niagararegion.ca

**Re: Motion of Council – Niagara Transit Service Delivery and Governance Strategy
Our File No.: 35.23.11**

Please be advised that the Council of the City of St. Catharines, at the Special meeting of February 22, 2017, unanimously approved the following motion:

“That St. Catharines City Council endorse in principle the creation of a consolidated transit system in partnership with St. Catharines Transit Commission, the cities of Niagara Falls, Welland and the Regional Municipality of Niagara to develop a regionally integrated transit system, as outlined in the St. Catharines Strategic Plan 2015-2025; and

That St. Catharines City Council hereby requests that the Regional Municipality of Niagara Region become formally and directly involved in the provision of public transit through a Triple Majority process and supportive of the consolidated transit model as recommended in the January 2017 Niagara Transit Service Delivery and Governance Strategy Report and endorsed by the Inter-Municipal Transit working group; and

That staff be directed to develop a Memorandum of Understanding (MOU) between the cities of Niagara Falls, St. Catharines, Welland and the Regional Municipality of Niagara including a governance framework, communication and implementation plan and specify how key issues are to be addressed by all parties along with next steps and timelines by the end of 2017; and

That Council supports the transition of the current Inter-Municipal Working group to a Transit Steering Committee made up of representatives of the cities of St. Catharines, Niagara Falls, Welland and the Regional Municipality of Niagara until a new governance framework is established in the pending Memorandum of Understanding; and

That Council supports the formation of a Transit Working Group with representation from the 12 area municipalities and the Regional Municipality of Niagara, to further the implementation of a consolidated transit model; and

That the costs associated with any initiatives identified by the Inter-Municipal Working Group be approved by City of St. Catharines Council prior to moving forward; and

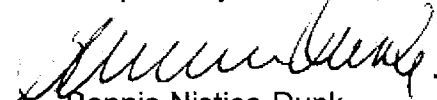
That the Transit Working Group meaningfully consult with St. Catharines Transit employees as represented by their local union; and

That the integration of the GO Bus system be included in the process; and

Further that the Steering Committee consider all of the options. FORTHWITH"

Should you have any questions, please do not hesitate to contact the Office of the City Clerk at Extension 1517.

Respectfully submitted,



Bonnie Nistico-Dunk
City Clerk

Cc: St. Catharines Transit Commission
City of Welland
City of Niagara Falls
MP Chris Bittle
MP Vance Badawey
MPP Jim Bradley
Transportation and Environmental Services
Planning and Building Services



March 1, 2017

Mr. Ralph Walton, Regional Clerk
The Regional Municipality of Niagara
2201 St. David's Road, P.O. Box 1042
Thorold ON L2V 4T7

Dear Mr. Walton:

Re: Niagara Transit Service Delivery and Governance Strategy

At their meeting last evening, Niagara Falls City Council unanimously passed the following motion related to the matter noted above:

Niagara Falls City Council endorses in principle the creation of a consolidated transit system in partnership with the City of Niagara Falls, St. Catharines Transit Commission, the City of Welland, and the Region of Niagara to develop a regionally integrated transit system; and

Staff be directed to develop a Memorandum of Understanding (MOU) between Niagara Falls, St. Catharines, Welland and Niagara Region to develop a governance framework and specify how key issues are to be addressed by all parties along with next steps and timelines; and

Niagara Falls City Council hereby requests that Niagara Region become formally involved in and supportive of the consolidated transit model as recommended in the January 2017 Niagara Transit Service Delivery and Governance Strategy Report (Dillon Report) and endorsed by the Inter-Municipal Transit working group; and

Council supports the formation of the Transit Working Group, with representatives from the twelve (12) Municipalities and the Region of Niagara, to work towards the implementation of the operational improvements outlined in the Dillon report; and

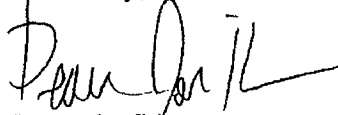
Council supports the transition of the current Inter Municipal Working group to a Transit Steering Committee until a new governance framework is established in the pending Memorandum of Understanding.

Working Together to Serve Our Community

Clerks Department
Ext 4271 Fax 905-356-9083
diorfida@niagarafalls.ca

Please bring forward to Regional Council for their consideration. If you have any questions, feel free to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dean Iorfida', with a stylized flourish at the end.

Dean Iorfida
City Clerk

c. Bonnie Nistico-Dunk, City Clerk, St. Catharines
Tara Stephens, City Clerk, Welland

WHEREAS Niagara Region Council deems it expedient and beneficial to address transit issues in Niagara Region; and

WHEREAS a component of Niagara Region's Strategic Plan, "Moving People and Goods" the Niagara Transit Service Delivery and Governance Strategy (also known as Inter-Municipal Transit), is a key deliverable, and

WHEREAS Niagara Region seeks to join with the municipalities of St. Catharines, Niagara Falls and Welland in the creation of a consolidated transit system to service Niagara; and

WHEREAS the Councils of the City of Welland, City of St. Catharines and the City of Niagara Falls unanimously supported in principle the creation of a consolidated transit system within the Niagara region; and

WHEREAS under this new consolidated system, Niagara Region would plan and operate only the inter-municipal transit routes throughout Niagara Region; and

WHEREAS Section 11 under the Municipal Act grants exclusive jurisdiction over the operation of transit services to lower-tier municipalities in Niagara Region; and

WHEREAS Section 189 of the Municipal Act provides an upper-tier municipality with the ability to pass a bylaw for the transfer of all or part of a lower tier power to the upper tier municipality, subject to certain rules regarding consideration by the lower tier municipalities;

NOW THEREFORE the Council of the Regional Municipality of Niagara enacts as follows:

1. THAT the authority to establish, operate and maintain an inter-municipal passenger transportation system for Niagara Region be provided to Niagara Region.
2. THAT this bylaw shall come into force and effect on June 1, 2017, provided that:
 - a. A majority of the councils of the lower-tier municipalities forming part of Niagara region have passed resolutions consenting to the bylaw;
 - b. The total number of electors in the lower-tier municipalities that have passed resolutions form a majority of all electors in the region of Niagara as established in the revised list of electors for the municipal election held in the year 2014.
3. In this by-law, the term "inter-municipal passenger transportation system" shall mean a public transportation services system operating between any two or more of the 12 lower-tier municipalities which comprise the region of Niagara.
4. The Regional Municipality of Niagara does hereby assume all lower-tier municipalities comprising the region of Niagara, those parts of the lower-tier power to provide public transportation systems, other than highways, necessary to operate an inter-municipal passenger transportation system as contemplated by this by-law.