



**The Corporation of the City of St. Catharines  
CITY COUNCIL AGENDA  
Special Meeting, Wednesday, February 22, 2017  
Council Chambers, City Hall, 5:30 PM**

*His Worship Mayor Walter Sendzik takes the Chair and opens the meeting*

Page

**1. Opening Remarks, Mayor Sendzik**

**2. Adoption of Agenda**

**3. Declarations of Interest**

**4. Presentations**

- 4.1 Dan Carnegie, CAO, City of St. Catharines, and Dave Sherlock, General Manager, St. Catharines Transit Commission  
Re: Niagara Transit Service Delivery and Governance Strategy  
(see Item 6.1 for related report)

**5. Delegations**

**6. Discussion Items**

- 6.1 Office of the Chief Administrative Officer, Administration  
Niagara Transit Service Delivery and Governance Strategy

**7. Adjournment**

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CITY OF  
ST. CATHARINES

## Corporate Report

**Report from** Office of the Chief Administrative Officer, Administration

**Date of Report:** February 15, 2017

**Date of Meeting:** February 22, 2017

**Report Number:** CAO-045-2017

**File:** 35.23.11

**Subject:** Niagara Transit Service Delivery and Governance Strategy Report

### Recommendation

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. FORTHWITH

### Summary

This report addresses one of Council's strategic economic priorities by presenting opportunities to develop partnerships to enhance the economic vitality of the community through the development of a regionally-integrated transit system.

With the current Niagara Regional Transit (NRT) inter-municipal transit service pilot set to expire in May 2017, a resolution is required regarding the structure and delivery of inter-municipal transit services, specifically, the role of Niagara Region in the provision of public transit.

The report provides a review of the next steps and considerations for Council to further the inter-municipal transit working group recommendations for a consolidated transit system for the city and broader Niagara region.

## Background

In 2010, the city of St. Catharines, Niagara Falls and Welland made a proposal to Regional Council to create a tri-city transit service which the three cities would operate, to be funded by the Region and called Niagara Region Transit. The NRT was to operate for 3 years with the intent that if successful, transit would be uploaded to the Region through a Triple Majority process. Regional Council approved the proposal by a solid majority and in September 2011 Niagara Region, the St. Catharines Transit Commission, the City of Niagara Falls and the City of Welland entered into a pilot project agreement to formalize the provision of inter-municipal transit services. Funded by the Niagara Region and jointly operated by St. Catharines Transit, Niagara Falls Transit and Welland Transit ("transit operators") the Niagara Regional Transit pilot provides transit connections to the communities of St. Catharines, Thorold, Niagara Falls, Welland, Niagara-on-the-Lake, Port Colborne and Fort Erie.

In May 2015, Prior to formalizing the NRT as a permanent inter-municipal transit service and securing triple majority support from local municipalities, Regional Council requested Niagara's three transit operators (cities of St. Catharines, Niagara Falls and Welland) to work together to present a new operating model to service the whole region.

At its meeting on June 8, 2015, City Council passed the following motion:

"That St. Catharines City Council endorses in principle, creating an inter-municipal transit system in Niagara; and

That staff are directed to work with the cities of Welland and Niagara Falls and St. Catharines Transit to work together to provide options on how best to provide inter-municipal transit and report to City Council as options are presented to Niagara Region. FORTHWITH."

Since January 2016, the inter-municipal transit working group of mayors and CAO's from St. Catharines, Welland, Niagara Falls and Niagara Region staff with support from the Regional Chair and CAO, have been working together to develop options for integrated transit services for Niagara. The group engaged Dillon Consulting to develop options for an integrated transit system

The working group identified key guiding principles in their work:

- Customer driven: continuously improve, respect established local service
- Unconventional solutions: investigate leading-edge technologies, explore partnerships
- Integrated: be seamless with other modes of transportation, integrated with daily GO train service, connect at hubs
- Economically responsible: balance costs, investments, explore alternative modes of delivery
- Fair: respect existing investments of communities, collective agreements and respect for taxpayers

Between February and December 2016 the consulting team met with transit managers, stakeholders, transit union representatives, employers and transit users as well as representatives of each of Niagara's 12 municipalities to discuss the region's transit needs and challenges.

In fall 2016 Dillon presented interim findings and recommendations to local councils and the public to seek feedback. In December 2016 the team presented the final recommendations in the report "Niagara Transit Service Delivery and Governance Strategy" ("the Strategy"). The Strategy recommends a consolidated transit system for the region and identifies service and technology enhancements including fare integration, trip planning, smart card technologies and dynamic transit options in a seven-year service plan.

Throughout this work, the working group and transit managers have found cooperative ways to make the existing NRT pilot transit services the best they can be, to continue to grow ridership and improve services. This includes a number of route changes to fulfill post-secondary student needs and service the new outlet mall which started in Sept. 2016. An integrated trip planner is also now in place using the transit app.

## **Report**

### **The value of public transit: economic impacts**

Transportation and transit systems are intrinsically linked to economic prosperity and a strong public transit system is necessary to ensure a healthy local economy where people can move around, access jobs, resources, education, healthcare and social services. According to the Federation of Canadian Municipalities (FCM), \$3 of economic growth is generated per dollar invested in transit. (FCM Seizing the Moment Report, Jan. 2017).

City Council has identified the importance of public transit to enhance the economic vitality of the community and has prioritized integration of local transit in its strategic plan. Local and inter-municipal transit offers a number of benefits:

- Providing cross-boundary mobility to education and post-secondary institutions (Brock University, Niagara College), employment opportunities, medical and social services

- Supports transit ridership to future GO train service, reducing local congestion and creating transportation options
- Facilitates economic development by businesses seeking a connected and accessible workforce
- Contributes to a high quality of life for residents
- Supports sustainable community development

## Public transit as a public good

Council's strategic plan also recognizes that public transit is critical to other strategic objectives such as social health and community integration, quality of life, community engagement and connecting neighbourhoods.

Public transit is critical to building complete communities, sustainable development, and is essential to a comprehensive transportation master plan. Public transit can also help address social needs of poverty and unemployment by ensuring affordable transportation, access to employment and social services.

While the economic benefits of transit can be measured, other benefits of investing in public transit are not always quantifiable. Access to education, health and services, reduced localized congestion and the ability to support a growing (and aging) population are benefits that serve an immeasurable public good for the city and the greater region of Niagara.

Another objective has been to ensure that Niagara is ready for and supportive of future economic growth and prosperity. Based on the Region's 2041 Growth Strategy, the population of Niagara Region is expected to gain 170,000 new residents and 80,000 new jobs over the next twenty-five years. A new integrated transit system, with enhanced inter-connectivity will support this future growth.

## Integration with daily GO service

In June 2016, the provincial government announced that daily GO train service to Niagara will commence by 2021 to Grimsby and by 2023 to St. Catharines and Niagara Falls. The Niagara GO business case and related studies estimate that the local investment for GO train infrastructure will be approximately \$40 million, which has been committed by Niagara Regional Council.

With GO train service coming to St. Catharines in 2023, an integrated transit network that connects seamlessly with GO is necessary, not only within the city, but to and from neighbouring municipalities as well. The Strategy recommends optimization of the NRT routes to support daily GO train service through the seven year service plan. Three of the existing NRT routes and one new NRT express route will connect to the new St. Catharines GO station:

- Route 70/75 (providing a direct connection to downtown St. Catharines, Brock University and Welland)
- Route 50/55 (providing a direction connection to downtown St. Catharines, Brock University and Niagara Falls)

- Route 40/45 (providing a direct connection to downtown St. Catharines, Niagara College NOTL Campus and Niagara Falls)
- Route 70/75 GO express (a future express service from Welland to the future St. Catharines GO station).

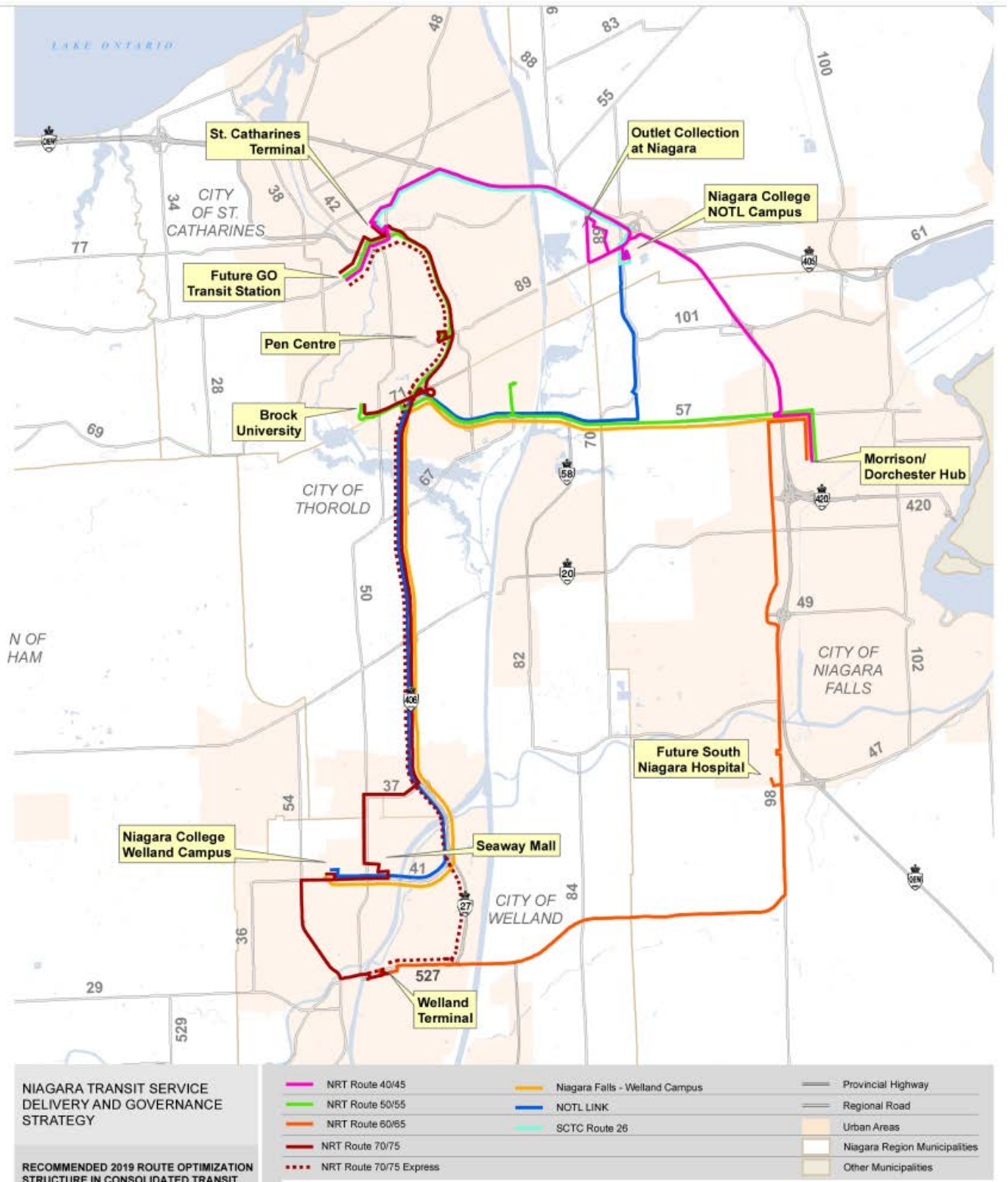
(A map of the recommended NRT routes is included on page 6.)

The recommendations for these routes will provide more frequent and more direct service to the new GO Station, increasing ridership to the station and reducing congestion on St. Catharines streets from trips that originate outside of St. Catharines.

As part of integrating local transit, the Niagara Transit Service Delivery and Governance Strategy report recommends the optimization of inter-municipal and post-secondary services, which will result in an increase in peak period service frequency.

# Niagara Regional Transit – recommended route optimization

Niagara Transit Service Delivery and Governance Strategy, Jan. 2017, pg. 139



## Summary of Dillon Report Recommendations

In October 2016 Dillon Consulting provided an update to Niagara's municipalities and sought feedback from municipal councils and the St. Catharines Transit Commission. In November 2016 the team consulted with the community at public meetings and through an online survey. Both council and community feedback helped inform the consultant's final recommendations which were presented to City Council on Jan. 16, 2017.

The consulting team's scope of work addressed two components:

- 1) Recommendations on governance
- 2) Recommendations on service improvements

### 1) Recommendations on governance

The final report presents a governance strategy that recommends a consolidated transit model that would see the St. Catharines, Niagara Falls and Welland Transit systems combine their services into one consolidated transit system. Dillon does make clear that the Region must be formally involved in funding and decision-making of inter-municipal routes.

The recommendation for consolidation calls for the creation of a new governing body such as a municipal service board or commission made up of representatives from St. Catharines, Niagara Falls, Welland and Niagara Region with advisory representation from Niagara's municipalities involved with connecting transit services.

### 2) Recommendations on service improvements

The report 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 transit is available later in the evening
- Extending full weekend service to have inter-municipal transit operating on Sundays
- Eliminating duplicate routes to reinvest in new services
- 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
- Integrating fare strategy, payment technology and trip-planning for Niagara.

The Dillon Consulting report ("the Strategy") does not identify how these recommended service improvements are to be paid for, but suggests that financing for new and expanded services will be determined by the governance model of the integrated transit system.

## Next steps

The Niagara Transit Service Delivery and Governance Strategy report outlines next steps required to implement a consolidated transit model and options to phase in the changes in section 19.4 of the Dillon Consulting report.



In summary the Dillon report recommends the following:

1. **Reach triple majority for Niagara Region's involvement in transit.** The Region should be given legislative authority through a transit by-law to plan, provide funding and make decisions on transit policy and capital requirements.

Note: It is expected that Niagara Regional Council will consider the plan presented by the working group after the three local municipalities have considered the plan and provided direction.)

2. **Approve consolidated transit model.** Secure agreement and commitment by all municipalities involved to work together and implement the strategic direction through a signed memorandum of understanding to further development the implementation plan.

(Note: This is the current status of the process to move towards an integrated transit system. This is the purpose of the staff report and recommendations - to seek Council approval.)

3. **Consolidated transit model implementation plan.** This requires a number of steps to be taken. The Dillon Consulting report recommends an aggressive 12 month implementation to a consolidated transit model. It is still necessary to initiate further studies and develop the governance structure. Details to be confirmed include:

- legal organization of a governing body
- financing
- decision-making processes,
- organizational structure
- branding

4. **Implement inter-municipal transit service strategy.** Implementation of the service plan (increased frequency, service hours, weekend service etc.) can occur independently of the creation of the consolidated transit model, however this not recommended.

## Staff Recommendations

The strategy recommended by Dillon Consulting (outlined above) presents an aggressive timeline for implementation within 12 months. The working group, of which the City is a participant, is recommending a less aggressive implementation strategy. This is recommended so that the working group can follow a phased-in approach based on staffing and resources, respect for the cooperative nature of the working group and the need for municipal council support. A phased in approach will also create opportunities to pursue financial support and transit funding from other levels of government (further discussed in the financial implications section of this report below).

To achieve the working group's objectives and Council's priority to create a regionally-integrated transit system, staff are recommending that phase 3 of the Dillon Consulting strategy be expanded to allow more time and more steps in the implementation strategy. A definitive timeline for the completion of phase 3 will be prepared as part of the MOU between the three municipalities and Niagara Region.

Collectively municipal staff and transit managers are recommending that the next steps towards an integrated transit model are to create two new formal bodies:

- Transit Steering Committee (made up of the current inter-municipal transit working group with two additional regional members)
- Transit Working Group

**Transit Steering Committee:** a governing body made up of representatives of:

- 2 City of St. Catharines
- 2 City of Welland
- 2 City of Niagara Falls
- 4 Niagara Region (the current two representatives plus 2 representatives from Niagara municipalities which do not operate their own transit service)

Responsibilities to:

- Direct the work of the Transit Working Group
- Approve MOU to be presented to the Municipalities
- Coordinate branding and marketing of transit service
- Government relations and advocacy (i.e. funding opportunities)
- Unified Niagara voice for transit
- Note this group will disband once the new governance framework is approved

**Transit Working Group:** inter-municipal staff group, reports to Steering Committee

- Transit managers of each municipal service (St. Catharines, Niagara Falls, Welland)
- 1 representative from each non-transit municipality
- 1 Niagara Region representative

Responsibilities:

- Procurement / purchasing transit capital needs
- Development of proposals for fare boxes, technology, policies, customer service structure, service guidelines
- Route optimization and coordination
- Coordination with other transit providers (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)
- Note this group is anticipated to become permanent and codified in the MOU

The strategy recommended by staff will continue to build on the positive momentum and success of the current inter-municipal transit working group. The financial, legal and governance decisions required to implement the consolidated strategy will be fully developed through the MOU and the Transit Steering Committee.

The transit managers of the three municipal transit services have played an integral role in the inter-municipal transit working group and through the duration of the NRT pilot. Formalizing this cooperation and integration through the creation of a Transit Working Group and Transit Steering Committee is the logical next step to achieve the integrated transit strategy as outlined in the Dillon Consulting report.

### **Triple majority approval required**

The Niagara Region does not currently have jurisdiction under the Municipal Act, 2001, to be directly involved in transit services without triple majority support from area municipalities. Independent legal opinion sought through the working group has confirmed that triple majority approval is required even if the desire is to maintain the status quo system set up through the NRT pilot.

The Region would need to pass a by-law to upload all or part of the lower-tier municipal jurisdiction to establish, operate and maintain a public transit system to the upper tier municipality, conditional upon obtaining a triple majority vote.

The passage of a by-law does not mean that Niagara Region will take over transit or that inter-municipal transit will be “regionalized”. The passage of a by-law is a necessary step to formalize and legalize the significant role that Niagara Region is currently playing in transit through funding and planning inter-municipal routes. The strategy recommended will not “regionalize” transit as a Niagara Region service, but create a cooperative, consolidated service delivery structure. While the governance model will need be defined through the MOU and Transit Steering Committee, other cooperative bodies can be considered such as the regional provincial offences court model of a joint management board.

### **Financial Implications**

While there are no financial implications associated with the immediate recommendations in this report, the Niagara Transit Service Delivery and Governance Strategy identifies the need for a number of additional studies as part of the next steps towards consolidation. These include organization and human resources support, legal support and fees, branding, marketing and more. The Strategy estimates one-time implementation costs between \$700,000 to \$1.4 million for integration of technology (i.e. phones and computer systems), City staff and the working group estimate that these transitional costs could be higher.

It is recommended that the implementation costs, future operating budget process and asset integration be further evaluated by the Transit Steering Committee and Transit Working Group.

## Federal / Provincial Funding Opportunities

Both the federal and provincial levels of government have expressed commitments to invest in public infrastructure and transit. Starting in 2016, the new federal Public Transit Infrastructure Fund (PTIF) will provide investments in municipal public transit systems through rehabilitation, expansion, planning future systems and expansions, system optimization and modernization by funding up to 50% of eligible costs. Further, research and recommendations by organizations like the Federation of Canadian Municipalities are recommending that the federal government expand eligibility for transit funding for planning and expansion projects and large-scale, transformative transit projects in budget 2017.

In addition to the federal interest in transit, the provincial government recently announced new funding allocations for public transit through the municipal gas tax. Starting in 2019, the funding will increase incrementally, doubling the municipal share from two cents per litre to four cents by 2021. (There will be no increase to the tax paid by consumers at the gasoline pump.)

The PTIF and gas tax are both examples of potential funding opportunities that may be available to implement the Niagara Transit Service Delivery and Governance Strategy.

## Relationship to Strategic Plan

Economic Sustainability:

- Goal: Develop partnerships to enhance the economic vitality of the community
- Action: In partnership with St. Catharines Transit Commission and the cities of Niagara Falls and Welland develop a regionally integrated transit system.

## Conclusion

To achieve the working group's objectives and Council's strategic priority to create a regionally-integrated transit system, staff are recommending that the implementation of a consolidated transit system be further explored through the formal creation of a Transit Steering Committee responsible for governance matters and a Transit Working Committee of staff and transit managers responsible for service design, technology and implementation matters, all focused on a future consolidation. Once approved, staff will work together with Niagara Falls, Welland and Niagara Region to prepare an MOU to achieve these objectives and present timelines by the end of 2017.

## Notification

It is in order to notify the following:

Dave Sherlock, General Manager St. Catharines Transit Commission  
City of Niagara Falls  
City of Welland  
Niagara Region

**Prepared by:**

Julie Rorison, Executive Assistant to the Mayor

Brian Applebee, Manager of Transportation Services

Dave Sherlock, General Manager St. Catharines Transit Commission

**Submitted by:**

Dan Carnegie, CAO

**Approved by:**

Dan Carnegie, CAO

**Appendix 1:**

- [Niagara Transit Service Delivery and Governance Strategy Final Report, Executive Summary, by Dillon Consulting, McNeil Management Services and The Gooderham Group, January 2017.](#) (Presented to Council on Jan. 16, 2017)



in association with...



## NIAGARA REGION

# Niagara Transit Service Delivery and Governance Strategy

## Final Report

January 2017

16-3664





# Executive Summary

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## 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 ESRI  
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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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 maintain<sup>1</sup> 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.

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<sup>1</sup> 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 (2015<sup>2</sup>) 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.

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<sup>2</sup> 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**
<b>Total</b>	<b>\$18,476,700</b>	<b>\$24,421,900</b>	<b>\$24,676,600</b>	<b>\$25,143,800</b>

**\*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



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

\*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.

<sup>3</sup> 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
<b>TOTAL</b>	<b>\$9,262,000 – \$15,900,000</b>	<b>\$1,220,000 - \$1,250,000</b>	<b>\$10,482,000 – \$17,150,000</b>	<b>\$3,763,000 - \$6,130,000</b>	<b>\$4,081,000 - \$6,000,000</b>	<b>\$717,000 - \$1,590,000</b>	<b>\$1,943,000 - \$3,480,000</b>

\* 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.



