

Subject: Niagara Transit Governance Report – July 2021**Recommendation:**

BE IT RESOLVED THAT Council receive Report #2021-0127 – Niagara Transit Governance Report, for information.

Background:

Efforts have been made at both the local government and Regional level to create a Niagara Regional Transit (“NRT”) system since about 2013. In 2015 the first working transit group involving leadership from multiple municipalities was created. There have been consultant reports, working groups and other initiatives in the intervening years, ultimately culminating in a proposal for one transit system that was provided to all Niagara municipalities earlier in 2021.

As a result of the feedback from that proposal, a “Governance Steering Committee” was created which involved all CAOs in the Niagara Region, plus senior finance and transit staff. This group met many times in 2021 to address the key outstanding issues (as identified by earlier municipal feedback) of system financing, board composition and service strategy/operations issues. The Town of Pelham was represented at various times in these meetings by combinations of the Treasurer, the Director of Recreation, Culture and Wellness and the Chief Administrative Officer.

The purpose of this report is to provide Town Council with information about what the Regional Report refers to as the “Revised Strategies”: a revised funding model, revised board composition, and service/operations strategy. The ultimate goal is to have Pelham Town Council sufficiently satisfied so as to support a future consolidated Niagara transit system in which the Town of Pelham is an active participant.

Regional Staff anticipate a triple majority vote process being instituted on the question of Regional Transit integration sometime in the fourth quarter of 2021. Council receiving this report for information, and or passing motions to modify or request changes, will not constitute a vote towards the triple majority. One final

report, taking into consideration feedback received from this process, is expected to go to Regional Council before the Triple Majority vote in the fall.

Analysis:

For ease of reference, the Report prepared by Regional Staff for the Regional Committee and Council consideration is linked on today's agenda. This report was written by Town staff with the assistance of Regional staff.

Financial Model:

There have been dramatic changes to the proposed funding mechanism, which is no longer predominantly based on municipal levy. The earlier model resulted in disproportionate contribution by the Town of Pelham, Town of Lincoln and Niagara-on-the-Lake in particular. This was an obvious area of concern for Pelham Council. The new model both calls for less financial contribution by Pelham, but also greater control over costs in the future by being able to opt-in or opt-out of specific provision (so service can be enhanced or reduced as dictated by future need and condition).

Importantly, any future changes (such as a desire by the Town to adopt traditional transit should population growth dictate such) can be accommodated because cost is allocated to each community based on service hours – if Pelham wishes more service it can pay for it, or the reverse. Hours of service now drive cost, so Pelham will pay for what it uses, rather than pay based upon the value of (predominantly) residential property values, which is far more principled and justifiable. The amount that Pelham will pay will be clear to residents because the Town will receive its own, uniquely calculated special levy.

Board Composition:

The transitional commission will be constituted by fifteen (15) members, one of which would be an elected representative from the Town of Pelham (either the Town's regional representative or a member of Town Council, at the preference of Town Council). The largest municipalities would have multiple representatives. While Regional Council would retain the right to approve the representative (a legal requirement), Pelham would be guaranteed a seat on the commission from one of eight elected officials.

In addition to the Commission, there would also be a twenty member citizen advisory board. Pelham would be asked to nominate a representative to this advisory board. This system would be in place for three years, after which the governance system will be reviewed so as to determine efficacy.

Service Standards:

To increase the likelihood of an efficient transition, a phased-in approach has been proposed. The first phase will not involve the Town of Pelham. This phase will bring consistency to operational hours and standards across the three big city transit systems. Phase 2 (expected in the third year of operation) will impact the Town of Pelham as on demand/demand-responsive services will be combined and integrated. Phase 3 will involve a service review to bring efficiency and potential service improvements after integration has been achieved.

The practical implications of the foregoing for Pelham are that residents can expect during Phase 1 (2024/25) expanded hours of operation from 7am-10pm to 6am-midnight Monday-Saturday and going from no Sunday service to Sundays 7am to 9pm. Phase 2 will combine On Demand Transit with Para Transit/Specialized Transit. Phase 3 services will be reviewed by the Commission for improvements.

Future cost increases (apart from inflation and any ancillary capital costs) will be the result of choices by future Town Councils to enhance service such as increasing hours of operation or moving towards a traditional bus model for Fonthill if ridership grows to justify same.

Of likely great benefit to Pelham riders, the vision for Regional Transit is to adopt a "Common Fare Strategy". Currently it costs \$3 for a local trip and \$6 for regional connection. The goal is to make all trips cost \$3, regardless of distance or municipal boundary. For Pelham residents who are understood to frequently utilize the service to access amenities not available in Pelham, this could have considerable benefit.

Financial Considerations:

If adopted, this plan will result in the Region uploading the baseline local transit service net expenditure using 2020 budget at \$27.8M and estimated to be \$29.4M in 2023. The upload to the new Regional Commission will occur in a single year and be levied back on each of the LAMs, including Pelham, using twelve Special Levies, one for each municipality. The proposed model ensures that future service growth plans are paid for by the municipalities which receive the services, using the corresponding 12 Regional Special Levies.

In 2023 the Region plans to increase the amount it directly levies Niagara residents by \$7.3 million dollars for transit capital expenditures, which will go directly to the transit commission. In turn, it is anticipated that Pelham and the other local municipalities will reduce their own direct levies by the same amount, so as to leave

the Pelham tax payers in a neutral position in that regard. That notwithstanding, Pelham's contribution towards operating costs in the year 2023 is anticipated to rise from \$200,000 annually to \$400,000. As things currently stand, Pelham will also lose the Community Transportation Grant in 2026 of \$105,100, although this will happen regardless of whether or not the Town joins the Niagara Region in this transit initiative, so may or may not be relevant for consideration. Pelham has received this grant every year since 2016, so it is possible that it will again be renewed.

Existing NRT services will continue to be allocated to the Special Levy based on municipal share of Regional assessment. The short term service strategy and future transit growth will be subject to future budget approvals, and will directly impact the costs apportioned to each municipality. Importantly, the Region is currently reviewing its Development Charges and is likely to adopt a transit-specific DC that will support future capital growth, which should reduce the amount required from taxpayers.

Currently there are a number of contracted services for on-demand and specialized transit services across Niagara. Phase 2 of the service planning strategy proposes \$5.0M in capital in 2024 (1.2% Regional budget increase) plus an additional \$1.0M in net operating costs beginning in 2025 (0.2% Regional budget increase) to reduce the number of contracted services and allow the Commission to provide the services in-house.

Alternatives Reviewed:

None

Strategic Plan Relationship: Build Strong Communities and Cultural Assets

A better and more viable transit system that effectively connects Pelham residents to the rest of Niagara, and also to the provincial GO system will serve to strengthen the community. Current and future residents will have greater access to amenities and services that are not currently available in Pelham.

Consultation:

This report was written in conjunction with the Director of Corporate Services, the Director of Recreation, Culture and Wellness and the work of several senior regional staff from the transit transition team.

Other Pertinent Reports/Attachments:

Regional Transit Report.

<https://niagarafalls.civicweb.net/document/37002/CLK-C%202021-100%20LNTC-C%203-2021.pdf?handle=CEF13B823930470E834A1DDCEE118D09>

Prepared and Submitted by:

David Cribbs, BA, MA, JD, MPA
Chief Administrative Officer