



*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**

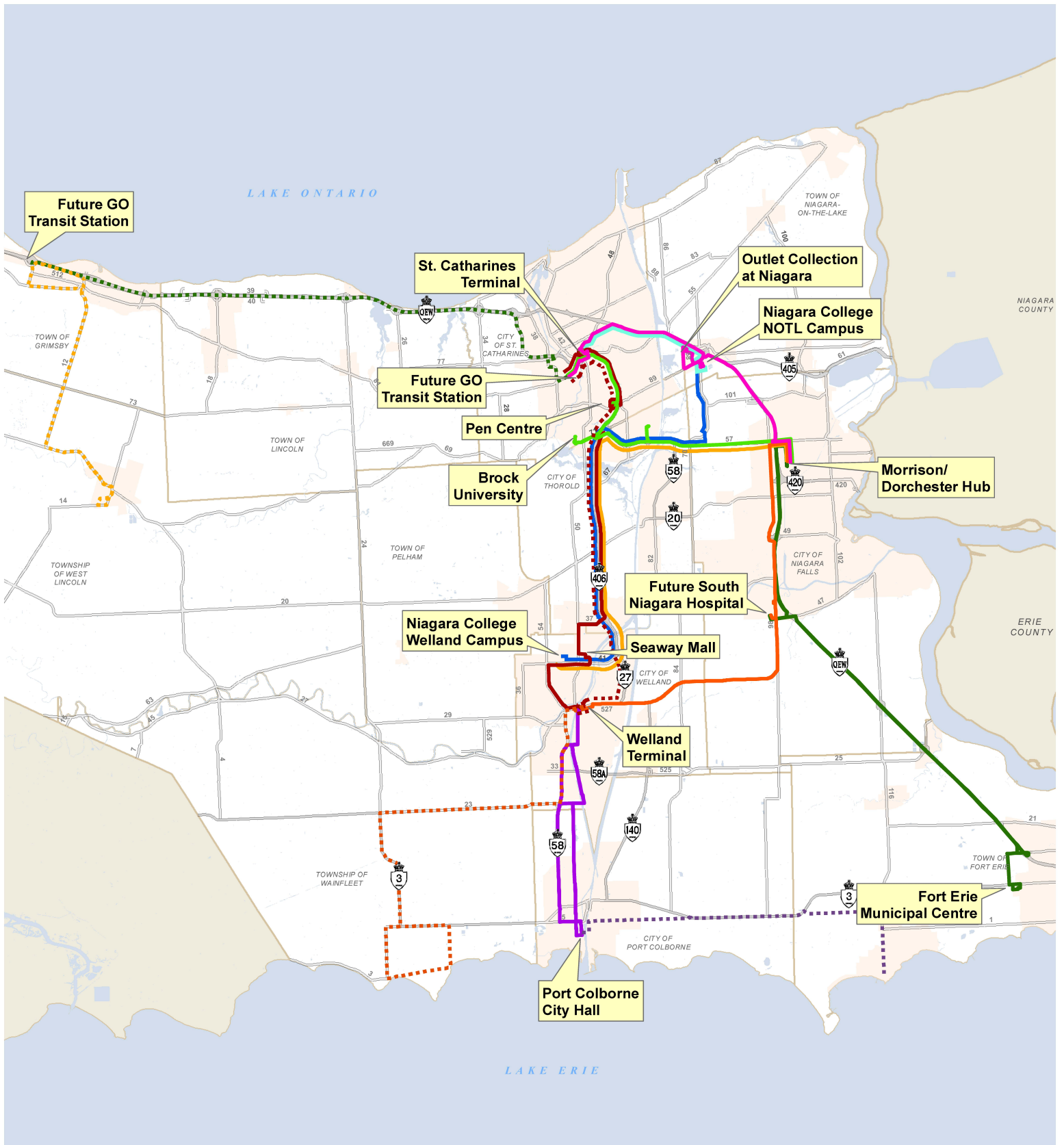
A seven-year Inter-municipal Transit Plan was developed based on the recommended Consolidated Transit Model being in place. The plan is based on a strategy to optimize existing inter-municipal transit services and improve service levels by reducing duplication between existing Niagara Region Transit 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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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 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.

