

October 30, 2023

LOCAL AREA CLERKS

SENT ELECTRONICALLY

**RE: 2024 Proposed Operating and Capital Budget Submission and
Requisition - Niagara Transit Commission**

Please be advised that its meeting of October 24, 2023, the Niagara Transit Commission passed the following motion:

That Report NTC 17-2023, dated October 24, 2023, respecting 2024 Proposed Operating & Capital Budget Submission and Requisition – Niagara Transit Commission, **BE RECEIVED** and the following recommendations **BE APPROVED**:

1. That the Niagara Transit Commission (NTC) Board **APPROVE** the proposed 2024 gross operating budget submission of \$83,234,433 and net base Special Levy of \$59,348,376 for a net increase of \$4,295,426 or 7.8%;
2. That the net Special Levy of \$59,348,376 **BE APPORTIONED** between the local municipalities as per Appendix 2 of Report NTC 17-2023, determined in accordance with the methodology approved in PW 55-2021 and based on final 2023 current value assessment;
3. That the NTC Board **APPROVE** the addition of 10.11 permanent Full-time Equivalents (FTE) as per Appendix 4 of Report NTC 17-2023, totaling \$953,609 gross included in the Special Levy;
4. That the NTC Board **APPROVE** the proposed NTC 2024 gross capital budget of \$23,018,750 as presented in Table 4 of Report NTC 17-2023;
5. That financing in the amount of \$5,507,900 gross and \$1,650,000 net of the 2024 capital budget **BE INITIATED** upon approval of the 2024 Capital Budget and **BE ALLOCATED** to the projects as summarized in Table 4 of Report NTC 17-2023;

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6. That financing in the amount of \$17,510,850 gross and \$445,276 net of the 2024 capital budget **BE INITIATED** and **BE ALLOCATED** to the projects upon approval confirmation of Investing in Canada Infrastructure Program (ICIP) funding as summarized in Table 4 of Report NTC 17-2023;
 7. That this report **BE FORWARDED** to the Budget Review Committee of the Whole (BRCOTW) meeting on November 9, 2023, for approval and subsequent calculation of the Special Levy tax rates for each municipality following Regional Council tax policy decisions; and
 8. That a copy of this Report **BE CIRCULATED** to the Local Area Municipalities.

A copy of Report NTC 17-2023 is attached for your reference.

Yours truly,

A handwritten signature in black ink, appearing to read 'Ann-Marie' followed by a stylized flourish.

Ann-Marie Norio
Regional Clerk

Subject: 2024 Proposed Operating & Capital Budget Submission and Requisition –
Niagara Transit Commission

Report to: Niagara Transit Commission Board

Report date: **Tuesday, October 24, 2023**

Recommendations

1. That the Niagara Transit Commission (NTC) Board **APPROVE** the proposed 2024 gross operating budget submission of \$83,234,433 and net base Special Levy of \$59,348,376 for a net increase of \$4,295,426 or 7.8%.
2. That the net Special Levy of \$59,348,376 **BE APPORTIONED** between the local municipalities as per Appendix 2 determined in accordance with the methodology approved in PW 55-2021 and based on final 2023 current value assessment.
3. That the NTC Board **APPROVE** the addition of 10.11 permanent Full-time Equivalents (FTE) as per Appendix 4 totaling \$953,609 gross included in the Special Levy.
4. That the NTC Board **APPROVE** the proposed NTC 2024 gross capital budget of \$23,018,750 as presented in Table 4.
5. That financing in the amount of \$5,507,900 gross and \$1,650,000 net of the 2024 capital budget **BE INITIATED** upon approval of the 2024 Capital Budget and **BE ALLOCATED** to the projects as summarized in Table 4 of this report.
6. That financing in the amount of \$17,510,850 gross and \$445,276 net of the 2024 capital budget **BE INITIATED** and **BE ALLOCATED** to the projects upon approval confirmation of Investing in Canada Infrastructure Program (ICIP) funding as summarized in Table 4 of this report.
7. That this report **BE REFERRED** to the Budget Review Committee of the Whole (BRCOTW) meeting on November 9, 2023, for approval and subsequent calculation of the Special Levy tax rates for each municipality following Regional Council tax policy decisions.

8. That a copy of this Report **BE CIRCULATED** to the Local Area Municipalities.

Key Facts

- The purpose of this report is to seek approval for the proposed 2024 Operating and Capital Budgets for NTC.
- At Niagara Region's BRCOTW meeting on July 27, 2023, the budget planning strategy presented for 2024 included a focus on aligning with the Budget Planning By-law's principles and priorities of sustainability and affordability. The strategy used was to maintain delivery of base services in light of considerable inflationary pressures, support the capital funding gap and address the operating budget in 2022 that was funded with reserves.
- As the NTC has only been operational since January 1, 2023, the 2024 budget is based on June year-to-date actuals pro-rated annually, a current understanding of key contracts and inflationary increases.
- The budget increase is driven by increases in fuel costs, inflationary pressures for repairs and maintenance costs, snow removal contracts and labour negotiations and incremental staff as per recommendations. Cost pressures have been partially offset by increased fare revenues resulting from new UPASS contracts.
- The Capital budget being proposed includes 8 new projects which are fully funded through ICIP, Provincial Gas Tax (PGT), Development Charges (DC's) and transfer from capital reserves. Two of these projects were initiated and will be managed by Niagara Region Facility staff.
- The NTC budget will be presented to Regional Council on November 9, 2023, for consideration and approval in accordance with the Council approved timetable and Article 7.3 of the Municipal Service By-law (MSB).

Financial Considerations

The 2024 NTC operating budget includes a base increase of 7.8% or \$4,295,426 to maintain current service standards, including base program changes for labour related costs in order to true up actual full-time equivalent staff that were transferred from the local area municipalities to the 2023 budgeted number of FTE's. No additional service levels were considered in the 2024 budget in order to stabilize the budget and staff.

The 2024 proposed operating budget is provided in Table 1 below, with further details by object of expenditure and comparison to 2023 included in Appendix 1.

Table 1: Proposed NTC 2024 Operating Budget (in thousands)

Item	2023	2024	\$ Change	% Change
Gross Expenditure	\$75,896	\$83,234	\$7,339	9.7%
Gross Revenue (excluding taxation)	(20,843)	(23,886)	(3,043)	14.6%
Net Base Budget after Indirect Allocations	\$55,053	\$59,348	\$4,295	7.8%

The capital budget has been developed consistent with the Region's risk evaluation methodology developed by the Asset Management Office (AMO). The 2024 NTC capital budget includes eight projects for a gross request of \$23,018,750 and a net request of \$2,095,276. The 2024 proposed projects are mainly externally funded (Investing in Canada Infrastructure Program (ICIP) of \$15,085,910; Provincial Gas Tax of \$5,352,130 and Development Charges of \$485,434) resulting in a net transfer from NTC capital reserves of \$2,095,276.

Analysis

The 2023 budget was based on the uploaded 2022 budgets from Local Area Municipalities and Niagara Region Transit. As a result, the 2024 budget for NTC was prepared to right size the NTC budget based on June actuals, pro-rated annually and inflationary increases.

The pressures specific to the 2024 operating budget by object of expenditure are as follows:

Labour Related Costs – Labour related costs have increased by \$3.45 million due to the following:

- Through the transition, the NTC received staff within multiple union and non-union groups. Some of these groups have not received wage increases since 2021 pending a single Collective Bargaining Agreement (CBA). The budget was developed based on the CBA Guidance previously approved by the Commission. The 2024 budget also includes an adjustment for benefits to align with actual benefit expenses being incurred. This reflects \$2.6 million or 6.6% of the overall labour related increase. A summary of FTE requests for 2024 can be found in Appendix 4.

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- An increase of \$0.6 million relates to approximately 6.86 FTE's identified during 2023 that were not calculated or transitioned correctly through the amalgamation and the 2024 budget is correcting this error.
 - During the first year of operations there were 2.25 new FTE's identified that are needed in order to maintain service delivery and to support a safe working environment. These FTE's are being requested to be added to the permanent staff complement in 2024 at a cost of \$0.2 million.
 - A business case for a growth position is being recommended in 2024 as the position was temporary in 2023 but identified as a position that should be made permanent in 2024. The position is half funded through a transfer from encumbrance reserve available for 2024 as it was planned in the Region's budget for 2022 and due to late requirement is extended into 2024. The net increase is \$0.05 million.

Operational & Supply - The increase of \$0.27 million relates to On-Demand/Specialized contracts. These increases relate to inflationary increases expected on external contracts related to staffing, repairs, and maintenance, etc. in order to maintain service hours required.

Occupancy & Infrastructure – The \$0.76 million increase in budget over 2023 relates primarily to the expected snow removal contract needed for bus stops and shelters. There was limited budget uploaded from the LAM's for the 2023 snow removal at bus stops and shelters. As it is the requirement of the NTC to ensure proper snow removal at bus stops and shelters, a Request for Proposal (RFP) has been issued with estimates of approximately \$750,000 to fulfil this contract across Niagara. The 2024 budget reflects this estimate.

Equipment, Vehicles, Technology – The increase in equipment, vehicles, technology of \$2.7 million is mainly related to the gross volatility in fuel prices. The 2024 budget estimate was prepared based on current fuel usage and the Niagara Region corporate fuel price budget assumptions which highlighted estimated costs for fuel and gasoline to be used in the 2024 estimates. The increase in fuel of \$2.9 million is partially offset by an increase in fuel chargebacks of \$1.3 million that is shown in revenue. The increase is consistent with the 2023 forecast as the 2023 budget was prepared based on municipal budgets with 2022 fuel costs.

Transfer to Capital Reserves - The capital needs of the NTC are significant, which requires a balance between operational budget affordability and capital sustainability.

Included in the triple majority strategy was the strategy to build up capital reserves. The strategy included phasing in \$6.5 million of required annual transfers to capital reserve over 3 years (\$2.17 million in 2023; \$4.33 million in 2024 and \$6.5 million in 2025 and ongoing). In order to mitigate the pressures in the 2024 budget only \$2.3 million is included as the transfer to capital (an increase of only \$0.15 million instead of \$2.16 million). Of this transfer, \$2.1 million is required in order to fund the 2024 capital projects.

Allocation between departments – The \$10 thousand in 2024 relates to the audit fees allocated from the Region which were formerly part of administrative costs in 2023.

Shared Services – There is a decrease in shared service related costs in 2024 of \$87 thousand. This is due to the reduction to the legal claim budget of \$292 thousand offset by an increase of \$205 thousand in labour and other costs related to the shared services provided by 12 permanent and 1 temporary FTE of the Niagara Region.

Revenues

- Contract Revenue –The City of Niagara Falls previously delivered the WEGO Visitor Transportation System (VTS) Blueline and Redline service and is now post-amalgamation contracting that service from the NTC. The City also provided a service referred to herein as “cityred” which is dedicated local public transit service hours that supplement and connect to the WEGO VTS services. Due to the City allocation of “cityred” wholly into the WEGO VTS budget for 2022 the NTC budget reflected the same treatment of including “cityred” in the WEGO contract revenue. The NTC was not aware that the municipal transit share of their budget assigned to the NTC should have been increased to include \$800,000 for “cityred”. Therefore, the NTC approved budget for Niagara Falls municipal service did not include the conventional service and was understated. As the MTA precludes the reduction of services to municipalities and the “cityred” service is considered local conventional service, the reduction in contract revenues of \$800,000 is a pressure for 2024 to be included the service hour-based allocation portion of the budget.
- WEGO Transition- The WEGO contract will end in August 2024. This will put an increased pressure of \$570,000 on costs for 2024 in order to separate and deliver service in Niagara Falls on these service lines. The pressure was mitigated through the reduction of transfer to capital reserves. The WEGO Red Line bus is the only bus providing local and visitor transportation services on Lundy’s Lane between Main Street and Garner Road. The Commission is

committed to maintaining and obligated legislatively to deliver the same level of service for the residents of the City of Niagara Falls along Lundy's Lane. The service transition will be delivered in two phases. The period of May 6, 2024, to August 12, 2024, and August 13, 2024, onward.

- Phase One will see the introduction of local routes 116 & 216 maintaining base (visitor transportation system) VTS service on the Red Line. The new route will run on 30-minute headway and the Red line will run on 30-minute headway. This is a same level of service (15 minute) as what is delivered in peak season by the WEGO VTS system in summer.
 - Phase Two will see the removal of the WEGO Red line VTS service levels on Lundy's Lane, as well as the Blue Line. With the service provided by route 116/216, the service will remain at 30-minute headway along Lundy's Lane.
- Fare Revenues – There is a \$3.36 million increase to 2024 budgeted fare revenue as a result of the two UPASS contracts executed with Niagara College and Brock University. The increase in revenues is mitigating the overall pressures noted above.
- Provincial Gas Tax (PGT) Revenue - Also included in the triple majority strategy was the strategy to reserve PGT entirely for capital for long-term asset sustainability, however as a 2023 budget mitigation strategy \$1.6 million of PGT was used in the operating budget. The 2024 budget includes the reduction of PGT by \$0.3 million down to \$0 over 5 years in order to reduce the use of PGT to fund operations thus removing an unsustainable source of funding from operating and ensuring capital needs are met.

As with any budget, the following are additional risks identified:

- Fuel prices continue to increase, which we will report through our quarterly reviews to the Board.
- Provincial legislation requirements for services to meet the Accessibility for Ontario Disability Act (AODA) are still being reviewed.
- 2024 budget does not take into consideration the phased-in service hour alignment based on the triple majority strategy to increase services by 2025 as follows:
 - Phase 1 – Standardized Operating Hours Across Niagara – a move to one set of consistent operating hours to ensure all residents in Niagara have the same level of availability of transit in their community and the ability to make consistent connections across Niagara. Proposed hours are 6 a.m. to midnight (Monday to Saturday), and 7 a.m. to 9 p.m. (Sundays and

Holidays). This would represent over 45,000 new annual service hours across Niagara to create this equity and availability in each municipality.

The budget includes labour related costs that accommodate the organization chart and corporate and administrative services supported by Regional shared services as approved in 2022. In accordance with the Budget Planning By-law the staff complement in Table 2 is provided for in the recommended NTC budget as full-time equivalents (FTE) which converts headcount based on full time hours for each position as per the Budget Planning By-law. In 2024, there are proposed increases of 10.1 FTE's (6.86 in an FTE error correction from 2023, 2.25 net new to the Maintenance department to ensure service and a 1.0 subsidized growth FTE in community communications and service support) as discussed previously. Any increases to the staff complement will be considered through the budget process in accordance with Budget Planning By-law Section 4.8. A summary of 2024 FTE requests can be found in Appendix 4.

In 2024 there is a 3.33 reduction in temporary FTE's. There is a reduction of 1 FTE in NTC due to the request to make that position permanent in 2024 as discussed above. The other 2.33 reduction in FTE's relates to positions provided in 2023 through shared services to support the transition of NTC.

Table 2: 2024 proposed NTC permanent Staff Compliment compared to 2023

Full-Time Equivalents by Division	2024 Permanent	2023 Permanent	Variance
Corporate	3.0	2.0	1.0
Fleet & Facilities	69.0	62.9	6.1
Operations	327.3	324.3	3.0
Planning & Performance	30.0	30.0	-
Total NTC FTEs	429.3	419.2	10.1
Shared Services	12.0	12.0	-
TOTAL FTE	441.3	431.2	10.1

Table 3: 2024 proposed NTC temporary Staff Compliment compared to 2023

Full-Time Equivalents by Division	2024 Temporary	2023 Temporary	Variance
Planning & Performance	1.0	2.0	(1.0)
Total NTC FTEs	1.0	2.0	(1.0)
Shared Services	1.0	3.3	(2.3)
TOTAL FTE	2.0	5.3	(3.3)

Capital Budget:

The Capital budget proposed for 2024 includes 6 projects managed by NTC and 2 managed by Niagara Region Facilities. These projects are fully funded through ICIP, PGT, DC's and transfer from capital reserves. The following is a summary of the proposed 2024 capital budget and corresponding funding. A summary of the 2024 Capital budget and 9-year forecast can be found in Appendix 5.

Table 4: 2024 Capital Budget Summary (in thousands)

Operating Expenditure	Gross 2024	ICIP Funding	PGT Funding	DC Funding	Capital Reserves	Project Managed
Branding	788	-	(302)	(486)	-	NTC
Scheduling Software	1,000	-	-	-	(1,000)	NTC
Replacement of nineteen 40' Conventional Buses	15,843	(11,613)*	(4,230)	-	-	NTC
Refurbishment of 40' Conventional Buses	1,071	(785)	(286)	-	-	NTC
Replacement of Specialized / Para Transit Buses	1,999	(1,465)	(534)	-	-	NTC
Replacement of two 40'	1,668	(1,223)*	-	-	(445)	NTC

Conventional Buses						
24-NTC-Building Equip	250	-	-	-	(250)	Niagara Region Facilities
24-NTC StCath-Overhead Door	400	-	-	-	(400)	Niagara Region Facilities
TOTAL	23,019	(15,086)	(5,352)	(486)	(2,095)	-

*The ICIP funding assigned to this project has been approved provincially but is pending federal approval. Project to be initiated once funding is fully approved.

NTC is forecasting a 2023 year-end balance in the reserves of \$0.4 million. The revised 2024 contribution to the capital reserve of only \$2.3 million will be enough to fund the 2024 capital requests.

2024 Transit Requisition

The net requisition amount will be allocated to the LAMs in accordance with the methodology approved in PW 55-2021. As such, costs will be apportioned on the following basis:

- Municipal service cost of \$39.3 million is apportioned based on proportionate share of service hours. This methodology recognized that the cost for each municipality would not reflect the actual cost of services delivered in the municipality but reflects the triple majority approved methodology that best aligned with the Transit financial model evaluation criteria.
- Regional transit transferred to NTC of \$17.2 million and is apportioned based on the proportionate share of Regional assessment. The 2024 value is based on the 2023 transferred amount adjusted for an estimated increase for inflation of 3%.
- 2022 Revenue shortfalls that were funded with one time funding of \$5.7 million were directly levied on the previous conventional transit providers (Niagara Falls, St. Catharines and Welland). The amount has been reduced by \$2.8 million or 50% in 2024 proportionately and the remaining balance will be reduced by 50% again in 2025 and 2026. This strategy was determined as the 2024 budget includes an increase in expected fare revenues of \$3.36 million. These three municipalities make up approximately 83% of the total service hour allocation or \$2.8 million of the incremental fare revenues expected for 2024.

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- There is no longer a one-time allocation for transferred employee costs.

Appendix 2 presents the results of this methodology by municipality with Appendix 3 providing a further year over year comparison both by municipality and by average household in each municipality.

The net requisition changes by municipality after estimated assessment growth ranges from -16.4% to 19.7%. These requisition changes are the result of the differences in local service hours, 2023 assessment changes and budget increase. The large differences in range is mainly driven by service hours. The cost per household at this time is an estimate only as the actual special levy tax rate will be calculated based on final 2024 tax roll assessment to be delivered in December and subject to Regional tax policy decisions in the first quarter of 2024. The actual cost per household at that time will also reflect actual municipal assessment growth which can only be estimated at this time at the average of 1.5% for all of the Region.

As noted above the 2023 budget included \$0.8 million of municipal service costs in the WEGO contract revenue budget in error, however the service hours related to this cost were included in the service hours allocated to the City of Niagara Falls. Appendix 7 is provided with a comparison of the municipal portion of the requisition that would have occurred had the error been corrected in 2023. Table 1 in Appendix 7 shows first the approved 2023 budget with the \$3.36 million increase in the municipal service share of the budget and the resulting redistribution of costs across all municipalities with only St. Catharines resulting in a decrease. The 'corrected' version in Table 2 shows that all municipalities would have seen an increase in the municipal service distribution had the error not occurred. This is provided as a reference for the rationale of including the correction of the municipal service share of the budget with the service hour based allocation of the requisition in 2024.

Alternatives Reviewed

The recommended budget is in alignment with the budget strategy received by Regional Council to maintain delivery of base services. Considering the significant inflationary pressures seen in the 2024 budget, several budget mitigation options were investigated through the line-by-line analysis described in the Financial Implications and Analysis sections of this report. At the discretion of the Board, programs can be identified for elimination from or addition to the budget. The Board can recommend that the transfer to capital amount be further reduced in order to mitigate budget pressures in 2024 however this will put an increased pressure in future budget preparations as capital

costs continue to increase. The Board could also recommend that the full transfer to capital of \$4.3 million instead of only the \$2.3 million included in the 2024 proposal which would increase the year over year budget increase to \$5.7 million or 10.4%.

NTC is engaged in the corporate CAMRA prioritization process to establish the budget request. NTC also relies heavily on the Niagara Region's capital financing policy that establishes the principles Niagara Region will undertake to ensure financial sustainability, flexibility, transparency, and legislative compliance of its capital funding program. As a result, no alternatives to the capital budget request have been presented.

Other Pertinent Reports

CSD 38-2023 2024 Budget Planning and Timetable

Prepared by:
Brad Griffin
Manager of Strategy & Performance

Submitted by:
Carla Stout, DPA
General Manager

This report was prepared in consultation with Stephanie Muhic, Program Financial Specialist.

Appendices

Appendix 1	2024 vs 2023 NTC Operating Budget by Operating Expenditure
Appendix 2	2024 NTC Requisition Summary by Municipality
Appendix 3	2024 vs 2023 Requisition by Municipality & Cost by Household
Appendix 4	2024 FTE Request Summary
Appendix 5	2024 Capital Summary & 9-year Forecast
Appendix 6	2024 Capital Program Summary
Appendix 7	WEGO Requisition Comparison

Appendix 1 - 2024 vs 2023 NTC Operating Budget by Operating Expenditure

Operating Expenditure	2024	2023	Variance
Labour Related Costs	41,483,360	38,028,865	3,454,495
Administrative	2,948,800	2,858,216	90,584
Operational and Supply	11,480,606	11,215,446	265,160
Occupancy & Infrastructure	1,239,000	481,000	758,000
Equipment, Vehicles, Technology	15,554,484	12,853,841	2,700,643
Transfers to Capital Reserve	2,313,333	2,166,667	146,666
Allocation Between Departments	10,000	-	10,000
Debt	2,192,199	2,197,145	(4,946)
Shared Services	6,012,651	6,094,695	(82,044)
Total Gross Expenses	83,234,433	75,895,875	7,338,558
Revenues	(23,784,338)	(20,663,924)	(3,120,414)
Transfers from Encumbrance Reserve	(101,719)	(179,000)	77,281
Total Net Special Levy	59,348,376	55,052,951	4,295,425
One-Time Levy - EFB	-	1,508,400	-
Total Special Levy	59,348,376	56,561,351	2,787,025

Appendix 2 - 2024 Requisition Summary by Local Area Municipality

Municipality	2023 Service Hours	2023 Service Hours Allocation %	2024 Service Hours	2024 Service Hour allocation %	2024 Service Hour Allocation	2024 Regional Assessment Allocation ¹	2024 Direct Municipal Allocation ²	2024 Special Levy Requisition	2023 Special Levy Requisition (Including One-Time Costs)	Change
St. Catharines	193,499	42.6%	193,924	42.6%	16,748,116	4,355,013	1,185,000	22,288,129	21,770,905	517,224
Niagara Falls	125,048	27.5%	130,411	28.6%	11,262,859	3,590,133	1,027,487	15,880,479	14,561,963	1,318,516
Welland	57,031	12.6%	52,565	11.5%	4,539,741	1,435,356	637,500	6,612,597	7,048,866	(436,269)
Niagara-on-the-lake	15,912	3.5%	15,912	3.5%	1,374,229	1,475,794	0	2,850,023	2,585,009	265,014
Port Colborne	5,655	1.2%	5,655	1.2%	488,390	543,056	0	1,031,446	938,038	93,408
Pelham	5,655	1.2%	2,545	0.6%	219,797	732,308	0	952,105	1,118,510	(166,405)
Thorold	14,751	3.2%	14,647	3.2%	1,264,978	771,672	0	2,036,650	1,775,411	261,239
Fort Erie	25,444	5.6%	25,444	5.6%	2,197,454	1,074,482	0	3,271,936	2,875,904	396,032
Grimsby	5,655	1.2%	8,483	1.9%	732,629	1,303,875	0	2,036,504	1,679,779	356,725
Lincoln	5,655	1.2%	5,980	1.3%	516,459	1,067,030	0	1,583,489	1,427,442	156,047
West Lincoln	-	0.0%	-	0.0%	0	548,338	0	548,338	530,128	18,210
Wainfleet	-	0.0%	-	0.0%	0	256,677	0	256,677	249,394	7,283
Total	454,305	100.0%	455,566	100.0%	39,344,655	17,153,734	2,849,987	59,348,373	56,561,350	2,787,023

¹ 2023 Total Regional Allocation adjusted for 3% CPI allocated based on the 2023 Municipal current value assessment.

² Based on a 50% reduction from 2023.

TOTAL Gross Budget	-	-	59,348,376
Regional Assessment	-	-	17,153,734
Direct Revenue	-	-	2,849,987
Net Service Charge	-	-	39,344,655

Municipality	Direct Municipal Allocation 2023	Reduction for fare revenues 50%	Direct Revenue Charge	2025 Reduction	2026 Reduction	Variance
St. Catharines	2,370,000	(1,185,000)	1,185,000	(592,500)	(592,500)	-
Niagara Falls	2,054,974	(1,027,487)	1,027,487	(513,744)	(513,744)	-
Welland	1,275,000	(637,500)	637,500	(318,750)	(318,750)	-
TOTAL	5,699,974	(2,849,987)	2,849,987	(1,424,994)	(1,424,994)	

Fare Revenue Increase	-	(3,359,226)	-	-	-	-	-
3 Site service allocation	-	83%	Welland, St. Catharines & Niagara Falls make up 83% of total allocation				
Total	-	(2,788,158)	Portion of increased fare revenue relative to 3 locations.				
	-	-	-	-	-	-	-
50% of 2023 Direct Portion	-	2,849,987	-	-	-	-	-
Variance NS	-	61,829	-	-	-	-	-

2023 had \$5.7M allocated to 3 LAMS. Increase of fare revenues across systems \$3.36M. Pro-rated increased fare revenues based on service allocation of the three LAM's which is approximately 83%. Thus reduced the Direct Municipal portion related to unsustainable revenues sources in prior years to these 3 Lam's. Then will reduce remaining amount by 50% in 2025 and 2026 until no direct municipal portion.

Appendix 3 - 2024 vs 2023 Cost Per Local Area Municipality

Municipality	2023 Approved Budget	2024 Approved Budget	Change in \$	Change in %	Average assessment Growth	Change net of Assessment Growth
St. Catharines*	21,770,905	22,288,129	517,224	2.4%	1.5%	0.9%
Niagara Falls	14,561,963	15,880,479	1,318,516	9.1%	1.5%	7.6%
Welland*	7,048,866	6,612,597	(436,269)	-6.2%	1.5%	-7.7%
NOTL	2,585,009	2,850,023	265,014	10.3%	1.5%	8.8%
Port Colborne	938,038	1,031,446	93,408	10.0%	1.5%	8.5%
Pelham	1,118,510	952,105	(166,405)	-14.9%	1.5%	-16.4%
Thorold	1,775,411	2,036,650	261,239	14.7%	1.5%	13.2%
Fort Erie	2,875,904	3,271,936	396,032	13.8%	1.5%	12.3%
Grimsby	1,679,779	2,036,504	356,725	21.2%	1.5%	19.7%
Lincoln	1,427,442	1,583,489	156,047	10.9%	1.5%	9.4%
West Lincoln	530,128	548,338	18,210	3.4%	1.5%	1.9%
Wainfleet	249,394	256,677	7,283	2.9%	1.5%	1.4%
Total	56,561,351	59,348,373	2,787,022	4.9%	1.5%	3.4%
One-time EFB Levy*	(1,508,400)	-	-	-	-	-
Total Base Budget	55,052,951	59,348,373	4,295,422	7.8%	1.5%	6.3%

*In 2023 an additional one-time special levy allocation for transferred costs from St. Catharines (\$1,220,633) and Welland (\$287,767).

Appendix 3 - 2024 vs 2023 Cost per Household (Net of Assessment Growth)

Municipality	2023 Household Current Value Assessment	2023 Approved Budget ¹	2023 Cost per Household	2024 Approved Budget	2024 Cost per Household	Change in \$	Change in %
St. Catharines	259,643	21,770,905	312	22,288,129	315	3	0.9%
Niagara Falls	262,988	14,561,963	257	15,880,479	276	19	7.6%
Welland	214,079	7,048,866	253	6,612,597	234	(19)	-7.7%
NOTL	493,825	2,585,009	208	2,850,023	226	18	8.8%
Port Colborne	207,501	938,038	86	1,031,446	94	7	8.5%
Pelham	364,292	1,118,510	134	952,105	112	(22)	-16.4%
Thorold	228,358	1,775,411	126	2,036,650	143	17	13.2%
Fort Erie	216,145	2,875,904	139	3,271,936	156	17	12.3%
Grimsby	400,088	1,679,779	124	2,036,504	149	24	19.7%
Lincoln	364,773	1,427,442	117	1,583,489	129	11	9.4%
West Lincoln	323,030	530,128	75	548,338	77	1	1.9%
Wainfleet	273,324	249,394	64	256,677	65	1	1.4%
Total	-	56,561,351	-	59,348,373	-	-	-

¹ 2023 Approved budget includes the one-time EFB special levy payment.

2024 FTE Summary

Position	# of FTE	Gross Annual Salary	Description
Bus Cleaner	1.00	\$69,621	Through the budget preparation for 2023, there were upload errors by way of omission. Prior to the upload date of January 1st, 2023, these positions existed on site and were staffed. The uploaded compensation budget, nor the total headcount, included the full complement of transferred staff at this site.
Mechanic	0.86	\$93,914	Through the budget preparation for 2023, the uploaded hours did not accurately reflect the full-time component of the role. One of the two uploaded full-time staff, was calculated without the 40-hour, weekly guarantee.
Service Person	2.00	\$180,360	Through the budget preparation for 2023, there were upload errors by way of omission. Prior to the upload date of January 1st, 2023, these positions existed on site and were staffed. The uploaded compensation budget, nor the total headcount, included the full complement of transferred staff at this site.
Operators	3.00	\$271,009	Through the budget preparation for 2023, there were upload errors by way of omission. Prior to the upload date of January 1st, 2023, these positions existed on site and were staffed. The uploaded compensation budget, nor the total headcount, included the full complement of transferred staff at this site.
Total FTE Upload Errors	6.86	\$614,904	-
Supervisor Fleet Maintenance	1.00	\$115,117	While working through the transitional period since January 1st, 2023, staff have identified an operational gap in supervision within the fleet maintenance department. To date, approximately 57 per cent of working hours are not captured with supervisory coverage. Supervisory staff play a critical role in employee safety, service delivery, NTC derived initiatives, and assistance in project management.

Electrical/ITS Technician	1.00	\$107,848	Currently, the NTC is managing a fleet of 235 Vehicles (revenue and non-revenue inclusive), along with 50, current partner/contractor vehicles (NRT On-demand, BTS, Fort Erie OnDemand, etc.) that currently have ITS Technology onboard. As it stands, the entirety of the network is supported by the ITS Specialist, one person. Between in-flight and future projects, more devices and connectivity to the buses will subsequently occur.
Service Person	0.25	\$19,024	The increase of 0.25 of Service Person is to have the part-time Service Person position become full-time as this position is currently working full-time hours through overtime. This transition from part-time to full-time not only provides stability for our workforce but also enhances employee engagement, loyalty, and overall satisfaction.
Total NEW FTE	2.25	\$241,989	-
Digital/Media Website Coordinator	1.00	\$93,914	In light of the increasing reliance on digital media as a primary source for news, content consumption, and engagement, it has become imperative to allocate a Full-Time Equivalent (FTE) to oversee the management of the NTC's digital presence. This position was a temporary position in the 2023 budget funded through a transfer of encumbrance reserve. The position was hired in July 2023 and this position will be funded by the encumbrance reserve for 50 per cent of the year in 2024. Not continuing the role of the Digital Media and Website Coordinator jeopardizes our ability to effectively communicate with our riders whom we know are moving to on-line or smart technologies for their information and to pay their fares or use their UPASS, maintain a positive brand image, seize opportunities for engagement, make data-driven decisions, and may have long-term financial implications.
Total GROWTH FTE	1.00	\$93,914	-
TOTAL 2024 FTE Requests	10.11	\$950,807	-

2024 Capital Summary & 9-year forecast

Annual Project	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
Branding	\$787,700	-	-	-	-	-	-	-	-	-	-
Scheduling Software	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000
Replace 40' Conventional Buses (Note 1)	15,843,150	-	-	-	-	-	-	-	-	-	15,843,150
Refurbishment of 40' Conventional Buses	1,071,000	-	-	-	-	-	-	-	-	-	1,071,000
Replacement of Specialized / Para Transit Buses	1,999,200	-	-	-	-	-	-	-	-	-	1,999,200
Replace 2 x 40' Conventional Buses (Note 1)	1,667,700	-	-	-	-	-	-	-	-	-	1,667,700
24-NTC-Building Equip	250,000	-	-	-	-	-	-	-	-	-	250,000
24-NTC StCath-Overhead Door	400,000	-	-	-	-	-	-	-	-	-	400,000
Annual - Replace 40' Conventional Buses (Note 1)	-	9,355,797	6,940,300	11,503,548	13,538,797	17,492,118	12,207,657	9,755,760	12,380,000	12,627,600	105,801,577
Replacement of Specialized/Para Transit Buses	-	1,274,490	779,988	1,325,979	811,499	551,820	281,428	579,411	608,381	638,800	6,851,796
Replace 60' Conventional Buses (Note 1)	-	-	1,272,388	1,297,836	1,323,793	-	4,131,822	-	-	-	8,025,839
Facility Review&Captial Inv't (Note 1)	-	3,345,120	-	-	-	-	-	-	-	-	3,345,120
On-Demand/Specialize d Vehicles (Note 1)	-	1,250,000	1,250,000	1,250,000	1,250,000	-	-	-	1,464,574	1,464,574	7,929,148
Other Transit Capital (Note 1)	-	1,184,100	1,207,785	1,231,940	1,256,580	1,281,710	1,307,345	1,333,495	1,360,165	1,387,365	11,550,485
Growth - Fleet Expansion (Note 1)	-	-	4,960,040	4,960,040	4,960,040	4,960,040	4,960,040	-	-	-	24,800,200
Growth - Facility Expansion	-	-	14,217,000	-	-	-	-	-	-	-	14,217,000
Total Gross Capital	\$23,018,750	\$16,409,507	\$30,627,501	\$21,569,343	\$23,140,709	\$24,285,688	\$22,888,292	\$11,668,666	\$15,813,120	\$16,118,339	\$205,539,915
Capital Reserve Funding (Note 2)	(2,095,276)	(1,184,100)	(2,977,921)	(1,231,940)	(1,256,580)	(1,281,710)	(1,307,345)	(1,333,495)	(1,360,165)	(1,387,365)	(15,415,897)
Development Charges	(485,434)	-	(12,528,616)	(3,240,460)	(3,240,460)	(3,240,460)	(3,240,460)	-	-	-	(25,975,890)
ICIP Funding (Note 3)	(15,085,910)	(11,164,791)	(7,510,954)	(11,276,220)	(12,410,434)	(13,231,620)	(12,188,111)	(7,578,781)	(10,598,352)	(10,802,223)	(111,847,396)
Provincial Gas Tax Funding	(5,352,130)	(4,060,616)	(7,610,010)	(5,820,723)	(6,233,235)	(6,531,898)	(6,152,376)	(2,756,390)	(3,854,603)	(3,928,751)	(52,300,732)
Net Funding Gap	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1 - ICIP Application has been approved Provincially but is pending federal approval.
Note 2 - Assumption includes approval of transfer to capital in operating budget.
Note 3 - Estimates include new funding opportunities past 2031 as ICIP ends 2031.

2024 Capital Program Summary

Project Name	2024 Gross Capital Request	% of Budget	Description of Costs
Branding	\$787,700	4%	Consolidation of all local and regional transit requires rebranding on the fleet, stops and shelters to align with the new created NTC. NTC branding is required in the next 12 months in order to prevent confusion amongst the most vulnerable transit riders. <u>Funded by:</u> \$485,434 Development Charges \$302,266 Provincial Gas Tax
Scheduling Software	\$1,000,000	4%	This project includes the design and creation of new scheduling software for Niagara Regional Transit. This project involves the purchase of a single robust electronic scheduling software that will plan, optimize, and enhance transit resource scheduling operations across three geographic locations, based on the new rules of the new Collective Bargaining Agreement (CBA). <u>Funded by:</u> \$1,000,000 – Capital Reserves
Replace 40' Conventional Buses	\$15,843,150	71%	This project includes the replacement of vehicles required to meet committed service levels. Based on informal condition assessment (vehicle age, vehicle mileage, and historical maintenance costs), these vehicles have been identified as being 15 years old and in need of replacement in the next 12 months. 12 years is the optimal replacement age to minimize maintenance and in-service breakdowns. These vehicles are three years beyond the average useful life resulting in a high probability that these vehicles will fail during service over the next year. When failure occurs, these vehicles will be out of service between two weeks and three months, affecting 400 riders per day. <u>Funded by:</u> \$ 4,230,121 – Provincial Gas Tax \$11,613,029 – ICIP (pending federal approval)
Refurbishment of 40' Conventional Buses	\$1,071,000	5%	This project intends to refurbish 3 x 40' conventional diesel buses to prevent failure in 2024 and increase vehicle useful life from 12 years to 15 years. These vehicles were identified for refurbishment based on informal condition assessment, and optimal

Project Name	2024 Gross Capital Request	% of Budget	Description of Costs
			refurbishment age of 7-8 years. These vehicles are required to meet committed service levels. <u>Funded by:</u> \$285,957 – Provincial Gas Tax \$785,043 - ICIP
Replacement of Specialized / Para Transit Buses	\$1,999,200	9%	This project is based on informal condition assessment identifying these vehicles as being nine years old, which is two years beyond industry standard of seven years (the optimal replacement age to minimize maintenance and in service breakdowns). These vehicles are required to meet committed service levels and are already two years beyond the average useful life resulting in a high probability that these vehicles will fail during service over the next 12 months. When failure occurs, these vehicles will be out of service between two weeks and three months, affecting 74 riders per day. <u>Funded by:</u> \$533,786 – Provincial Gas Tax \$1,465,414 – ICIP
Replacement of 2 x 40' Conventional Buses	\$1,667,700	7%	These vehicles are required to meet committed service levels. Based on informal condition assessment these vehicles have been identified as being 15 years old and in need of replacement in the next year. 12 years is the optimal replacement age to minimize maintenance in service breakdowns. These vehicles are three years beyond the average useful life and thus there is a very high probability that these vehicles will fail during service over the next year. When failure occurs, these vehicles will be out of service between two weeks and three months, affecting 400 riders per day. <u>Funded by:</u> \$ 445,276 – Capital Reserves \$1,222,424 – ICIP (pending Federal Approval)

WEGO Requisition Comparison

Table 1 – Original Service Hour Allocation

Local Area Municipality	Approved 2022 Municipal Budget	Approved NTC 2023 Budget	Difference	Service Hours
St. Catharines	14,044,000	13,927,190	116,810)	193,499
Niagara Falls	8,128,009	9,000,394	872,385	125,048
Welland	3,479,566	4,104,835	625,269	57,031
Niagara-on-the-Lake	982,900	1,145,274	162,374	15,912
Port Colborne	165,700	407,022	241,322	5,655
Pelham	182,000	407,022	225,022	5,655
Thorold	714,390	1,061,711	347,321	14,751
Fort Erie	1,253,176	1,831,377	578,201	25,444
Grimsby	250,000	407,022	157,022	5,655
Lincoln	135,340	407,022	271,682	5,655
West Lincoln	-	-	-	-
Wainfleet	-	-	-	-
Total	\$ 29,335,081	\$ 32,698,867	\$ 3,363,786	454,305

Table 2 – Corrected Service Hour Allocation

Local Area Municipality	Approved 2022 Municipal Budget	Approved NTC 2023 budget	Difference	Service Hours
St. Catharines	14,044,000	14,267,928	223,928	193,499
Niagara Falls	8,928,009	9,220,595	292,586	125,048
Welland	3,479,566	4,205,263	725,697	57,031
Niagara-on-the-Lake	982,900	1,173,294	190,394	15,912
Port Colborne	165,700	416,980	251,280	5,655
Pelham	182,000	416,980	234,980	5,655
Thorold	714,390	1,087,686	373,296	14,751
Fort Erie	1,253,176	1,876,183	623,007	25,444
Grimsby	250,000	416,980	166,980	5,655
Lincoln	135,340	416,980	281,640	5,655
West Lincoln	-	-	-	-
Wainfleet	-	-	-	-
Total	\$30,135,081	\$33,498,867	\$3,363,786	454,305

Increase for NF/CityRed Municipal Services \$800,000