



Subject: Niagara Transit Governance Update

To: Council

From: Chief Administrative Office

Report Number: 2021-206

Meeting Date: August 23, 2021

Recommendation:

That Chief Administrative Office Report 2021-206 be received for information.

Purpose:

The purpose of this report is to provide Council with the revised financial, board composition, and service strategies developed by the Governance Steering Committee (GSC) in support of a consolidated Niagara transit system.

These revised strategies have been developed to respond to feedback received from local Councils during the first phase of consultation.

Background:

This report represents the next step in the ongoing effort to consolidate transit in Niagara. A number of previous milestones have been achieved including the formation of an inter-municipal transit working group (2015), a memorandum of understanding between the major transit partners (2017), and consultant studies such as the 'Dillon Report' (2017) and the Niagara Transit Governance Study (NTGS) (2020).

In early 2021, local Councils across Niagara were asked to consider and provide feedback on the results of the NTGS and a parallel financial strategy. Port Colborne staff presented feedback on behalf of the City that included:

- That the City of Port Colborne service levels set out in the report Transit Enhancement Opportunity (Report 2021-15) dated January 11, 2021 are maintained and improved upon

- That the proposed financial model be amended to address concerns presented by the City of Port Colborne
- That Regional Council consider geographical areas, such as South Niagara, when selecting members of the Commission
- Further examination of the option for municipalities to purchase enhanced transit services as part of the revised financial model.

An expanded transit Governance Steering Committee (GSC), comprised of the thirteen (13) CAOs from across Niagara, was established to review and address the feedback from local Councils. The revised financial, board composition, and service strategies are intended to directly address and reflect the first round of municipal feedback: they have been recommended by the GSC and subsequently endorsed by the Linking Niagara Transit Committee (LNTC) for a second round of municipal feedback.

Port Colborne City Council is now being asked to review the revised strategies as part of a second round of consultation and provide any additional feedback for incorporation in the final strategies that will come forward as part of a future triple-majority vote.

Discussion:

Regional and Local Area Municipality staff have been actively engaged in transit discussions in Niagara and pursuing a consolidated transit service model. The City's Chief Administrative Officer and Director of Corporate Services are active participants in these initiatives. Recent activities have focused on financial strategies, governance discussion, and service standards, a summary of these is provided below.

Revised Strategies

Niagara Region has forwarded report *LNTC-C 3-2021* (Appendix A), which provides the detailed overview of the revised financial, board composition, and service strategies that City Council has been asked to consider. These revised strategies are summarized below.

Financial Strategy

The previous Regional general levy assessment-based financial strategy has been significantly updated. The financial strategy is now based on a special levy model (one for each municipality) where:

- Transit costs which are currently on municipal levies would be replaced with a Regional levy which is apportioned to municipalities based on proportion or local service hours within each municipality;
- Transit costs already on the Regional levy today would stay on the levy as they are currently; and

- Any future or incremental costs for transit would be allocated to each community based on service hours (as part of the Regional levy).

The revised twelve special levy approach allocates transit costs based on proportion of services hours and therefore no longer relies solely on municipal property values. The move to a service hour-based model means that residents will only be charged for the services they receive.

The financial model also introduces a capital reserve and incorporates the costs for the expanded hours of operation discussed in the service strategy below.

Board Composition

The GSC has recommended that a transitional Commission Board be established for a three-year period, comprised of fifteen elected officials. The change to a fully elected Board (from the previous mixed board of elected and public members) is intended to reflect feedback from many municipalities for more direct or more frequent representation.

Key features of the proposed model include:

- Each municipality in Niagara would have one full-time seat, with additional seats being provided to St. Catharines and Niagara Falls due to larger transit ridership.
- Municipalities would be asked to nominate their representatives, which must be either Local or Regional Councillors, and who would then be formally appointed or rejected by Regional Council.
- Supporting the Commission Board would be a twenty-member Advisory Board, made up of members of the public and advocates from across Niagara. The Advisory Board would meet quarterly and provide non-binding advice to the Commission Board.
- Similar to the Commission Board of elected officials, local Councils would also be asked to nominate one citizen representative to the Advisory Board.

After the three-year transition period, an external review would be undertaken to assess whether the revised model is meeting the objectives of the Commission. The GSC has recommended that a hybrid model of both elected and public members be considered in the future.

Service Standards Strategy

During the first round of consultation many municipalities requested either that their existing service levels be maintained or for additional detail regarding future expansion of transit. In response, a series of service standards has been developed, that proposes three phases of future improvements:

Phase 1 – a move to a common set of operating hours (6 a.m. to Midnight Monday-Saturday and 7 a.m. to 9 p.m. Sundays/Holidays), given that currently each transit service has different hours.

Phase 2 – combining specialized transit services with on-demand services.

Phase 3 – a full network service review that will look for opportunities to grow ridership.

Based on the service standards and the move to the operating hours above, Port Colborne would add eight hours of additional service on weekdays as well as Saturday/Sunday/Holiday service. This would result in 3,744 additional hours of transit service in Port Colborne in the future. In the long term, a move to combine on-demand service and specialized services is anticipated as part of the amalgamation.

As referenced in the financial strategy above, future budget increases will be allocated to each municipality on the basis of service hours provided such that they are only paying for the services that they are receiving.

Next Steps

The GSC is seeking input on the revised strategies from all Niagara municipalities over the summer. Once that input is received, it will be reviewed by the GSC and reflected in a final set of strategies that formulate the terms and conditions for final approval.

The triple-majority process is anticipated to start in the Fall of 2021, once municipal feedback has been received, addressed and/or incorporated.

This phase is about feedback on the revised models and whether or not any outstanding issues, concerns, or questions exist. It does not represent the triple-majority vote.

Port Colborne Feedback

During the first round of consultation, City Council supported moving forward with the process to consolidate transit, with the understanding that concerns related to the assessment-based financial model, Board representation, and service levels would be addressed.

The revised strategies address the original feedback in the following ways:

- The revised twelve special levy approach for local and incremental costs significantly lowers the impact to Port Colborne residents from the upload of current transit costs.
 - These costs are no longer redistributed across Niagara based property value, but rather will be allocated based on service hours in each community. This means that Port Colborne residents will only be charged for the services they receive.

- The revised board composition model provides a full-time seat for Port Colborne on the Commission Board, responding to previous concerns related to share and frequency of representation.
- The service standards outlined will enhance transit service over the coming years, ensuring that at a minimum, the current service hours in Port Colborne will be maintained.

Staff believe that the changes recommended by the GSC address the points of feedback that were previously provided. No additional feedback has been recommended for the second round of consultation.

Financial Implications:

There are no direct financial implications associated with this report.

Should the triple-majority vote to consolidate transit proceed, the current municipal transit levy would transfer to the Regional Levy as part of the move to the proposed financial model.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
 - Attracting Business Investment and Tourists to Port Colborne
 - Value: Financial Management to Achieve Financial Sustainability
 - Governance: Communications, Engagement, and Decision-Making
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Conclusion:

The revised financial, board composition, and service strategies respond to the feedback that was previously provided by City Council. No additional feedback has been recommended in anticipation of the triple-majority vote this fall.

Appendices:

- a. Regional Report LNTC-C 3-2021

Respectfully submitted,

Scott Luey
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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.