


SPECIAL COUNCIL
CORPORATE SERVICES
TRANSIT DIVISION

APPROVALS	
GENERAL MANAGER	
CFO	
CAO	

21-13
REPORT TRANS-2021-01
APRIL 13, 2021

SUBJECT: UPDATE ON NIAGARA REGION TRANSIT (NRT) GOVERNANCE STRATEGY

AUTHOR: DAVE STUART, TRANSIT MANAGER

**APPROVING G.M.: STEVE ZORBAS, CPA, CMA, B.Comm, DPA,
 INTERIM CAO / DIRECTOR, CORPORATE SERVICES, CHIEF
 FINANCIAL OFFICER / TREASURER**

RECOMMENDATION:

THAT THE COUNCIL OF THE CITY OF WELLAND receive for information report TRANS-2021-01 – Update on Niagara Region Transit (NRT) Governance Strategy; and further

THAT Welland City Council support the current levels of Niagara Region Transit service in place and the emergence of on-demand services for smaller municipalities, which do not provide conventional and specialized services; and further

THAT Welland City Council defer approval for the proposed Niagara Transit Governance Strategy until 2023 due to the potential negative financial impact to Welland taxpayers; and further

THAT report TRANS-2021-01 – Update on Niagara Region Transit (NRT) Governance Strategy be circulated to all area municipalities.

ORIGIN AND BACKGROUND:

On February 21, 2017, Report CAO-2017-02 – Niagara Transit Service Delivery and Governance Strategy Report, was presented to Council (Appendix I). Within this report, Council was asked to support a Memorandum of Understanding (MOU), which was approved by the Cities of Welland, St. Catharines, and Niagara Falls; and Niagara Region. This MOU included the Guiding Principles for Welland's involvement of, and support for, inter-municipal transit. These Guiding Principles were drafted by Welland staff to ensure they would continue to influence Welland's perspective and involvement in the future phases of the inter-municipal transit discussion and include:

- Fiscal responsibility and affordability for the City of Welland. Thus, no negative impacts to the City's tax levy and receipt of provincial gas tax is not negatively impacted.
- Ease of implementation for the City of Welland.
- Operational viability for City of Welland.

- Improving economic development opportunities for the City of Welland.
- Local transit services will not be adversely impacted.
- Respecting existing transit collective agreements in each respective municipality.

The City of Welland remains steadfast in its commitment to improving public transit in our community and advancing transit integration throughout Niagara. Since NRT's inception in September 2011, Welland Transit has played an important role in all the operational, fleet & technology, and procedural enhancements, which have been implemented to improve the accessibility and efficiency for residents to utilize public transportation for travel throughout the Niagara region.

Some of the more notable enhancements include:

- Working with our Transit colleagues to modify our long-standing route numbers to better utilize technology such as the Transit App, which allows customers to access real-time information on how to move seamlessly throughout the entire region.
- Develop common customer-facing policies to ensure consistency for our collective customers.
- Commenced with the development work for a consolidated customer call center and common fare structure.
- Have participated in the review and implementation of current fare technology, GPS installations, and mobile communication systems to improve reliability and marketability of services.
- Ongoing enhancements to infrastructure such as; bus stops, maintenance facilities, and terminals.

At the October 21, 2020 meeting of the Linking Niagara Transit Committee (LNTC), the consultant's report on transit governance was presented and supported in principle by the LNTC. The path forward includes further review by Niagara Region Public Works Committee and the Local Area Municipalities.

COMMENTS AND ANALYSIS:

The City of Welland is supportive and invested in ensuring the growth of public transit throughout Niagara. The items detailed below are designed to aid transparency and ensure transit integration is accomplished in a manner that properly allocates transition costs, ensures local service level control, and ensures taxpayer equity.

To that end, City staff would like to bring the following items of note to Council's attention:

1. **Pandemic** – The global pandemic has brought great challenges and uncertainty to public transit. Ridership and revenue losses remain substantial. Passenger trips per day have rarely surpassed 25% of pre-COVID ridership values and revenue losses are commensurate. Although dependent on many factors, attaining our pre-COVID ridership

levels may not occur until September 2022. The City has received Safe Restart Agreement funding from the province, and the municipal transit industry is hopeful there will be additional support funding moving forward to mitigate the revenue losses but are not sure these funds will be realized.

2. **Service Plan** – The Governance Strategy does not provide a comprehensive Service Plan of enhancements yet creates the expectation that transit will realize exponential (almost doubling) growth in ridership over the next ten years. Further, the current operational costs have been identified in the Governance Strategy as increasing from \$27M to in excess of \$60M over the next ten years.
3. **Ridership Growth** – The consultant indicated there will be an increase in ridership of up to 80% by 2031. This increase in ridership is based on a 95% enhancement in service hours. This ridership growth is based on the results experienced by other Ontario regions, such as Waterloo, York, and Durham, which amalgamated their transit systems over the last several years. The report does not disclose the extensive additional investment in service and assets in these areas to support the growth in population and ridership gains. In these regions, ridership has grown but associated expenditures have grown to a greater extent. These systems have seen a drop in their revenue-to-cost ratio, which presents an overall picture of a system's fiscal productivity.

Further, ridership growth in the past ten years in the Niagara region has been very heavily driven by the post secondary student demographic, which will be less clear moving forward. In approximate terms, the student market represents the following percentages of ridership for these systems: Welland ~ 35%, St. Catharines ~ 60%, Niagara Falls ~ 40%, and Niagara Region Transit ~ 85+%. Thus, all systems are very dependent on this demographic for their overall ridership.

4. **Single Fare** – A Regional Commission should provide a single fare for travel anywhere in Niagara. This is mentioned in the report, but no cost estimates are associated with this implementation. The fare structure is a critical component to attracting ridership and generating revenue. Leaving this alignment to a few years into the new entity could result in a large funding requirement and budgetary challenges.
5. **Consolidation of Union Agreements** – The amalgamation of transit service will bring a great deal of change to the employees of the organizations involved. Balancing the collective agreements will be crucial to ensure positive labour relations in the early years of the new entity. The report discusses renegotiating these agreements as they expire. This needs to be part of the transition and accounted for in that envelope as these costs could be considerable.
6. **Representation on the Commission** – The NTGS calls for a nine-member Commission made up of five Regional Councillors and four citizen appointees. The Regional Councillors would be comprised of one each from St. Catharines, Niagara Falls, and Welland, along with two from any other municipality. The result is the three largest transit systems with 80+% of the assets and ridership represent 33% of the voting on this Commission and thus, the current representation model will not be favourable to the three largest municipalities.

7. **Asset Transfer** – The report calls for the transfer of assets based on the Cummings Principal, which is a precedent that uploads all the assets to the new entity with no compensation to the purchasing municipality. Thus, the City of Welland would provide the Region with approximately \$10M (as of December 31, 2019) in assets. These assets include; the Operations Facility at 75 Federal Rd., the Bus Terminal (and all the land they reside on), all maintenance equipment, and our fleet of buses and support vehicles with no compensation in return.

Of interest, the City of Welland has secured funding through the Investing in Canada Infrastructure Fund for \$11M, which will be utilized to design and construct a new Transit Operations Facility. This facility will be built to enhance municipal service synergies with other departments, such as; support for Public Works, meeting and training spaces, and a back-up emergency command office. If uploaded, the new NRT Commission would have the ability to determine the ultimate uses permitted within this new facility.

8. **Funding Model** – The new entity would be funded by a phased-in uniform tax levy. Based on 2020 transit spending, the funding of transit in Niagara would be redistributed as follows;

	2021			2029			Change	
St. Catharines	\$	12,275,402	44.88%	\$	6,936,441	25.36%	-\$	5,338,961 -43.49%
Niagara Falls		8,645,833	31.61%		5,333,620	19.50%	-	3,312,213 -38.31%
Welland		2,050,898	7.50%		2,201,828	8.05%		150,930 7.36%
NOTL		497,223	1.82%		2,469,877	9.03%		1,972,654 396.73%
Port Colborne		127,092	0.46%		877,996	3.21%		750,904 590.83%
Pelham		261,156	0.95%		1,258,187	4.60%		997,031 381.78%
Thorold		2,152,143	7.87%		1,085,870	3.97%	-	1,066,273 -49.54%
Fort Erie		826,323	3.02%		1,764,198	6.45%		937,875 113.50%
Grimsby		250,000	0.91%		2,127,978	7.78%		1,877,978 751.19%
Lincoln		265,829	0.97%		1,769,668	6.47%		1,503,839 565.72%
West Lincoln		-	0.00%		1,020,226	3.73%		1,020,226
Wainfleet		-	0.00%		506,010	1.85%		506,010
Total Expenditure	\$	27,351,899	100.00%	\$	27,351,899	100.00%		

This represents the current expenditures on transit and does not include service expansion or inflation, which are estimated to approach \$60M in the initial ten years of the amalgamation. The proposed uniform tax levy based on the regional apportionment is not equitable. This shifts the financial burden from a municipality that directly benefits from the service to municipalities that have little or no investment in transit service. An alternative method would be a 'special area rate' similar to how St. Catharines funds transit. Conventional transit, which is only available in the urban boundary is assessed against only those properties, while specialized services, which are available to all properties in St. Catharines are included in the general rate.

9. **Regional Tax Levy** – The impact of transferring existing transit from the local to the regional levy should be provided along with the associated increases associated for service expansion.

- 10. Five-Year Service Guarantee** – The proposed Regional Commission guarantees that, at a minimum, the 2021 service hours in local municipalities will be maintained for five years from the assumption of the service by the new Commission, unless otherwise agreed to by the local area municipality. As stated earlier, 2021 is not anticipated to be a normal 'service hour' year due to the global pandemic. In addition, after five years the new Commission could revise service in Welland should it receive the necessary majority of votes.
- 11. Government Funding** – At present, municipalities providing public transit are eligible for various funding at the federal and provincial levels. These subsidies have assisted the municipality with operating and capital expenditures such as; rolling stock, infrastructure, facilities, and operational subsidies during this pandemic.

Of great concern, will these subsidies be present for municipalities moving beyond the current period to support the challenges public transit will continue to face for a significant period of time?

Further, municipalities actively lobbied for and managed the receipt of these funding streams. Will these same efforts be demonstrated by this Regional Commission? How will the funding be apportioned throughout the Niagara region? The levels of control of these funding sources would be dependent on our single vote on the Commission.

It seems prudent that a delay should be considered, which would allow for greater certainty on the pandemic recovery period prior to implementing large scale transit investments and revisions in the absence of a clearer picture of transit's future and a more settled experience for employees.

FINANCIAL CONSIDERATION:

There are many aspects of this Governance Strategy that will have significant consequences on Welland's ability to fully control our costs moving forward. Regional staff created the chart (item #8 above) indicating what costs will be redistributed annually from our Municipal Levy to the Regional Levy from 2022 through 2029. This chart indicates the annual cost apportioned to the City of Welland will be approximately 7.4% greater in 2029 and there is no determination what the cost redistribution may be beyond this relatively narrow period.

The Guiding Principles approved by Welland City Council support a strong level of control of our municipal Transit service levels and ensuring the associated amalgamation costs would have no negative impact to Welland taxpayers. Upon review of preliminary funding models, City of Welland staff have significant concerns that the proposed 'new funding model for Niagara Region Transit will have negative impacts on Welland taxpayers' when compared to the current service delivery model in place for Welland Transit services. In addition, the current financial assumptions appear to exclude the impact of increased service levels and increased capital spending, which will likely place an increased economic burden upon Welland taxpayers.

The proposed funding model appears to provide significant financial relief to St. Catharines and Niagara Falls taxpayers at the expense of other lower tier municipalities.

As a result of these significant financial concerns, staff recommend that the current Transit service delivery model be maintained, including current delivery of Inter-Municipal Transit until 2023 to

allow 'new and updated' options to be presented to ensure Welland taxpayer's are not adversely impacted.

Update on Transit Service Provision to Port Colborne

City of Welland staff have been in continuous dialogue with our Port Colborne contacts with respect to our provision of municipal service within their city. The initial period of ending our service arrangement with Port Colborne has been pushed back from mid-summer to December 31, 2021. Further, Welland Transit is actively reviewing other technologies and service revisions which would be of benefit to the residents of Port Colborne and there is a possibility our service provision relationship may extend beyond 2021.

OTHER DEPARTMENT IMPLICATIONS:

The transition of Welland Transit from a municipal entity to a component of Niagara Region Transit should relieve the municipality of a number of requirements and responsibilities. If amalgamation occurs, the City will not be required to support Transit for many tasks, including: Finance and Legal oversight, Human Resources guidance, Payroll support, and matters pertaining to Engineering & Planning.

Conversely, the City would not have the same autonomy to utilize the fleet for municipal events, support Council initiatives, and generally be in full alignment with the developments and enhancements being realized within our dynamic community.

SUMMARY AND CONCLUSION:

The Niagara Transit Governance Study indicates ridership growth of up to 80%; it does not display the associated costs of additional service hours and asset investment required. These amounts should be included when displaying the cost redistribution for a uniform tax levy. A determining factor of these growth projections was the experience of other Ontario regions which regionalized their transit systems. It was not noted that these regions have significant population growth, more urban density, and have invested millions in new transit service and thus, these comparisons are not fully in alignment with the characteristics of the Niagara region.

Control of service level and representation on the board are also concerns with this governance strategy model. Transit service in Niagara will continue to be concentrated in the three larger urban centres and therefore, far more input and control should be considered for Welland, Niagara Falls, and St. Catharines under this new governance model.

Welland Transit staff recommend that the Niagara Transit Governance Study should be updated to reflect the entirety of these transition costs and fully capture the costs associated with the necessary service enhancements needed to achieve the ridership increases stated. This will allow for local area municipalities to decide based on fulsome and ever evolving information. Taking the time to conduct this work now will make the transition and future service costs more transparent. A new consolidated transit entity will experience many challenges in the initial years and properly funding these transition costs place less of a burden on the operating budget. A

clear financial forecast and service plan will provide greater guidance to the Transit team tasked with managing the expectations of all stakeholders.

It would be prudent to review options for an appropriate 'best for Niagara' solution that reflects a true partnership between the upper and lower tier municipalities. There are other options to consider, including:

1. **Benefiting Area Rating** – Creating a rate charged to each municipality based on the service area / service hours and their associated costs.
2. **Representation** – Creating a voting weight structure to better represent the size and scope of the investments those municipalities have in their systems.
3. **Lower Tier Control** – Allowing lower tier municipalities to determine the magnitude of transit services provided in their municipality and the associated cost of that service.

ATTACHMENTS:

Appendix I – CAO-2017-02 - Niagara Transit Service Delivery and Governance Strategy Report

AGENDA PAGE
NUMBER 1 - 8

REF. NO. 17-13

MOTION

MOVED BY: *Mastroianni*SECONDED BY: *Carl*

THAT THE COUNCIL OF THE CITY OF WELLAND receives for information the presentation by Gary Long, Chief Administrative Officer and Alfred Stockwell, Transit Manager regarding Niagara Transit Service and Governance Strategy; and

THAT Welland City Council endorses in principle the creation of a consolidated transit system in partnership with the cities of Niagara Falls, St. Catharines, and the Region of Niagara to develop a regionally integrated transit system; and

THAT staff be directed to develop a Memorandum of Understanding (MOU) between Niagara Falls, St. Catharines, Welland and Niagara Region to develop a governance framework and specify how key issues are to be addressed by all parties along with next steps and timelines; and

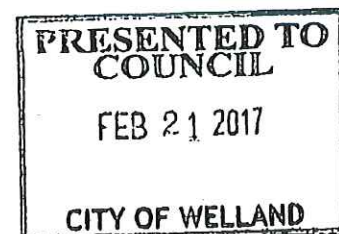
THAT Welland City Council hereby requests that Niagara Region become formally involved in and supportive of the consolidated transit model as recommended in the January 2017 Niagara Transit Service Delivery and Governance Strategy Report and endorsed by the Inter-Municipal Transit Working Group; and

THAT Council supports the formation of a Transit Working Group, with representatives from the 12 Municipalities and the Region of Niagara, to work towards the implementation of a consolidated transit model; and

THAT Council supports the transition of the current Inter-Municipal Working Group to a Transit Steering Committee until a new governance framework is established in the pending Memorandum of Understanding; and

THAT Council reconfirm the guiding principles for Welland's involvement of and support for inter-municipal transit.

COUNCILLORS	YEAS	NAYS
LAROCHE	✓	
PETRASHENKO		
CARL	✓	
CHIOCCHIO J.	✓	
MCLEOD	✓	
DIMARCO		
LETOURNEAU		
CHIOCCHIO P.	✓	
GRIMALDI	✓	
FOKKENS	✓	
MASTROIANNI	✓	
VAN VLIET	✓	
MAYOR CAMPION	✓	



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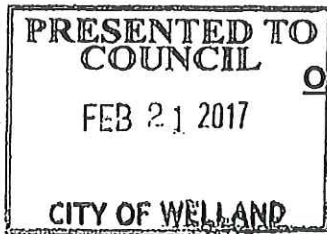


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COUNCIL
OFFICE OF THE CAO

APPROVALS	
GENERAL MANAGER	
TREASURER	
CAO	

REPORT CAO-2017-02
FEBRUARY 21, 2017

17-13

SUBJECT: NIAGARA TRANSIT SERVICE DELIVERY AND GOVERNANCE STRATEGY REPORT

AUTHOR: GARY LONG, CAO

RECOMMENDATION:

THAT THE COUNCIL OF THE CITY OF WELLAND endorses in principle the creation of a consolidated transit system in partnership with the cities of Niagara Falls, St. Catharines, and the Region of Niagara to develop a regionally integrated transit system; and

That staff be directed to develop a Memorandum of Understanding (MOU) between Niagara Falls, St. Catharines, Welland and Niagara Region to develop a governance framework and specify how key issues are to be addressed by all parties along with next steps and timelines; and

That Welland City Council hereby requests that Niagara Region become formally involved in 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 Council supports the formation of a Transit Working Group, with representatives from the 12 Municipalities and the Region of Niagara, to work towards the implementation of a consolidated transit model; and

That Council supports the transition of the current Inter-Municipal Working Group to a Transit Steering Committee until a new governance framework is established in the pending Memorandum of Understanding; and

That Council reconfirm the guiding principles for Welland's involvement of and support for inter-municipal transit.

ORIGIN AND BACKGROUND:

In 2010, the cities of St. Catharines, Welland and Niagara Falls 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 (NRT). The NRT was to operate for 3 years with

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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 agreed to ask the cities of St. Catharines, Niagara Falls and Welland, as transit operators, to work together to present a new model to the whole region.

Since January 2016, the Inter-municipal Transit Working Group of Mayors, CAO's and Transit Managers from St. Catharines, Welland and Niagara Falls, with support from the Regional Chair and CAO, have been working together to develop options for integrated transit services for Niagara. The Working Group has also been working cooperatively to make improvements to the existing Niagara Region Transit services during the pilot project period and to make the existing transit services the best they can be.

Welland City Council approved the following guiding principles for City staff to utilize in discussing inter-municipal transit:

1. Fiscal responsibility and affordability for the City of Welland (Financially neutral for the City of Welland with no negative impact to the City's tax levy and receipt of Provincial Gas Tax is not negatively impacted)
2. Ease of implementation for the City of Welland
3. Operational viability for the City of Welland
4. Improving Economic Development opportunities for the City of Welland
5. Utilizing the Council approved Master Transit Plan to ensure City's Transit service levels are not adversely impacted
6. Maintaining an affordable and effective Transit service to Niagara College and Brock University
7. Local Transit service levels will not be adversely impacted
8. Respecting existing Transit Collective Agreements in each respective municipality

These guiding principles will continue to influence Welland's perspective and involvement in the next phase of the Inter-municipal Transit discussion.

The Niagara Transit Service Delivery and Governance Strategy Report, commissioned by the Working Group, and prepared by Dillon Consulting, provides strategic recommendations for the improvement of transit service throughout Niagara. The feedback from Councils and the community, through public meetings and an online survey, helped shape the consultant's final recommendations.

The final report presented a governance strategy that recommends a consolidated transit model. This would see St. Catharines, Niagara Falls and Welland Transit systems combine their services into one large consolidated transit system to serve the entire Niagara region. The consolidated transit model would allow local municipalities to maintain control over transit

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system planning and allows the Region to be involved in the funding and decision making of inter-municipal connections. 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.

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 that transit is available later in the evening
- Extending full weekend service that would have inter-municipal transit operating on Sundays.
- Eliminating duplicate routes and services to be reinvested
- 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.

The report also outlines the next steps to be taken to create a consolidated transit system for Niagara including financial and legal considerations to be taken by local service bodies and municipalities.

COMMENTS AND ANALYSIS:

The Niagara Transit Service Delivery and Governance Strategy report outlines next steps required to implement a consolidated transit model and outlines options to phase in the changes. In summary;

1. **Reach triple majority for 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.
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 develop the implementation plan.
3. **Consolidated transit model implementation plan.** This requires a number of steps to be taken. The Strategy outlines an aggressive 12-month implementation to the new consolidated transit model, including the need to initiate further studies and develop the governance structure. Details to be confirmed include legal organization of governing body, financing and decision-making processes, organizational structure and brand of consolidated transit entity.
4. **Implement inter-municipal transit service strategy.** Implementation of the service plan as outlined in the strategy can occur independently outside the creation of the consolidated transit model, however this not recommended.

The strategy outlines an aggressive timeline for implementation in 12 months. The working group is recommending a less aggressive implementation strategy and phased-in approach

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based on staffing and resources, respect for the cooperative nature of the working group and the need for municipal council support, as well as potential opportunities for financial support and transit incentive programs from other levels of government.

To achieve the working group's objectives, staff are recommending phase 3 be expanded to allow more time, and more steps in the implementation strategy, as outlined in the recommendation section of the report.

Collectively, municipal staff and transit managers are recommending that the next steps towards a consolidated transit model are to create 2 new formal bodies to oversee implementation: a Transit Steering Committee (made up of the current Inter Municipal Working Group, with two additional regional members) and a Transit Working Group, outlined below.

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:

- 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
- 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)

One of the main objectives of the IMT Working Group has been to focus on the needs of the transit user as inter-municipal transit enables residents to access education, employment, recreation and social services. 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

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80,000 new jobs over the next twenty-five years. A new integrated transit system, with enhanced inter-connectivity will support this.

Also, local and inter-municipal connections will support daily GO train service coming to Niagara, starting with Grimsby by 2021, and St. Catharines and Niagara Falls by 2023. It will be important that there are inter-municipal routes and an integrated transit system to ensure Welland residents, visitors, and students can make connections with GO. The objectives mentioned above are consistent with the guiding principles adopted by Welland City Council.

It's also important to recognize the economic impact of investing in public transit. Based on information recently provided by the federal government, every \$1 invested in transit results in \$3 in economic growth, as well as quantifiable benefits for the environment, and reducing traffic congestion. Investing in public transit ultimately improves our competitiveness and the liveability and sustainability of our community. Over the past year, there has been more public policy focus and discussion along with increased public transit funding from both the federal and provincial governments. The proposed changes to transit service delivery and governance in Niagara are timely and consistent with federal and provincial policy directions and transit funding programs, as well as supporting the strategic priorities of local municipalities and the Region. Welland City Council's recent investments in transit in terms of fleet purchases, facility upgrades, fare box technology, hiring an additional Transit Supervisor, and increased service hours, is positive for our community and they complement the strategic direction of transit in Niagara.

FINANCIAL CONSIDERATIONS:

There are no immediate financial implications in adopting the recommendations of this report. The Niagara Transit Service Delivery and Governance Strategy Report outlines estimated cost projections for a consolidated model including operational costs, capital facility upgrades and fleet purchases, and one-time implementation costs. One of the responsibilities of the proposed Transit Steering Committee will be determine how the increased operational and capital costs will be funded. The CAOs have requested a meeting with senior officials at the Ministry of Transportation to update them on the report's recommendations and discuss provincial funding sources. The Transit Steering Committee will also pursue funding from the federal Public Transit Infrastructure Fund (PTIF). It is also noteworthy that the province has recently announced additional transit funding starting in 2019.

OTHER DEPARTMENT IMPLICATIONS:

The CAO, along with the Mayor, are members of the IMT Working Group and would continue to be involved as members of the proposed Transit Steering Committee. Our Transit Manager has been working closely with his counterparts at Niagara Falls and St. Catharines as well as Regional staff, and he would continue to be involved as a member of the proposed Transit Working Group. The City's CFO will continue to be actively involved in providing support and advice to the CAO and Transit Manager.

SUMMARY AND CONCLUSION:

The IMT Working Group are recommending to the Councils of Welland, Niagara Falls, and St. Catharines to adopt in principle the creation of a consolidated transit system, and that the Region, through legislative authority, become formally involved in transit. A Memorandum of Understanding between the three municipalities and the Region will be developed that includes

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a governance framework and the key issues to be addressed along with next steps and timelines. It has also been recommended that a Transit Steering Committee and Transit Working Group be formed to replace the IMT working group, and will have responsibility for developing an implementation plan for the consolidated transit system through a phased-in approach.

ATTACHMENTS:

Appendix I – Dillon Final Report (in Council's possession)

Appendix II – Transit: Getting Canadians Moving

TRANSIT: GETTING CANADIANS MOVING

For the years ahead, we need world-class public transit to form the backbone of more competitive, livable and sustainable Canadian cities.

It's no coincidence that the world's most dynamic cities feature some of the best transit systems. People want to spend less time commuting and more time with their families. And those faster connections increasingly attract top employers, skilled workers and innovative professionals.

Local transit solutions will tackle national challenges as well. Getting people and goods moving faster will kick-start economic growth. Getting more cars off the road will reduce Canada's climate-changing emissions. And we'll finally start recovering that \$10 billion in productivity that our country loses to gridlock each year.

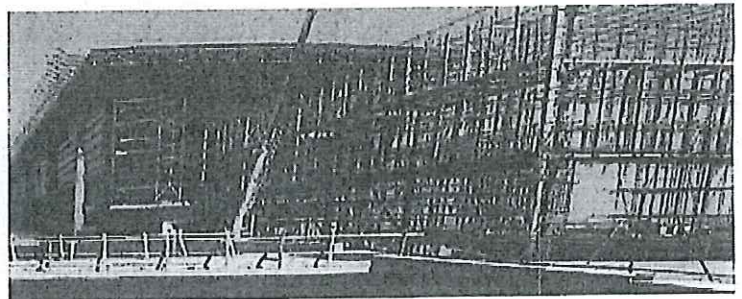
Phase 1 of your government's transit plan delivered significant support for state-of-good-repair work across Canada. But it's the upcoming Phase 2 that has the potential to be truly transformative.

Given the right financial tools, large and mid-sized cities have major transit expansions ready to go. These projects incorporate light rail, streetcars, hybrid buses, accessible transportation and beyond—as the backbone for innovative, lower-carbon models of urban land use and development. In many cases, planning, consultation and engineering are well underway.

To unlock this local potential, we recommend streamlining Phase 2 transit investment as long-term, predictable allocations based on existing ridership and population. This allocation-based approach is working in Phase 1 because it empowers cities to plan, consult, leverage local expertise, and move the most cost-effective projects forward.

Modernizing cost-sharing is critical as well. Recognizing cities' majority share of full-lifecycle costs and restrained fiscal capacity, your government grew its capital contribution to 50 per cent for Phase 1 projects. To ensure strategic transit projects move forward, this innovation should continue in Phase 2, with provinces contributing no less than their traditional one-third share.

In the 19th century, we built this country by laying rails to link our regions. In the 20th, we reached out to the world through our ports and highways. In tomorrow's Canada, we're looking to transit to shape the next generation of livable, sustainable cities to compete with the world's best.



\$3

Economic growth
generated per dollar
invested in transit



\$10
BILLION

Annual cost of
productivity lost
to traffic congestion



2.4
MILLION TONNES

GHG emissions
reduced annually
by transit use

"We truly believe that mobility is key to opportunities for Canadians, as well as to building sustainable communities... But our transit systems are aging and investments have not kept pace with the rapid development and growth of our cities."

Hon. Amarjeet Sohi, Minister of Infrastructure and Communities, March 29, 2016



Budget 2017 recommendations

- **Optimize Phase 2 of the Public Transit Infrastructure Fund** to build the next generation of efficient, growth-supporting public transit in communities across Canada, directing the full value of the fund to municipalities with transit systems.
- **Commit to an allocation-based investment model**, building on the success of this approach in Phase 1, recognizing that predictable funding empowers local governments to plan, consult, leverage local expertise and move strategic transit projects forward.
- **Work with FCM to develop an allocation formula** that enables cities to realize large-scale, transformative transit projects—while ensuring that transit-providing communities of all sizes are included in this nation-building project.
- **Develop an additional mechanism**, in consultation with FCM, to support transit ridership-growth and system-expansion goals that cannot be achieved through the allocation-based investment model alone.
- **Maintain a 50 per cent federal contribution** to life-cycle capital costs of transit projects—with provinces contributing no less than their traditional 33 per cent share—to ensure that strategic projects can move forward in communities of all sizes.
- **Define project eligibility** to encompass both state-of-good-repair projects and transit expansions—and **expand cost eligibility** to include land acquisition, financing and P3-related costs, while extending the Phase 1 decision to include design and planning costs.
- **Build maximum flexibility into stacking rules**, allowing municipalities the local discretion to pool Public Transit Infrastructure Fund investments with other federal funding sources to move projects forward.
- As a general principle for transit investment, **empower municipalities to direct funds to locally-identified priorities** based on local data and expertise, supporting evidence-based asset management and capital planning practices.
- **Align Phase 2 Transit and Green components** to reinforce and expand the level of funding available for complementary projects (e.g. network extensions and expansions, greening of transit fleets).