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**Subject:** Niagara Region Transit Service Agreement Renewal

**Report to:** Public Works Committee

**Report date:** Tuesday, December 8, 2020

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## Recommendations

1. That Regional Council **APPROVE** the renewal of the Niagara Region Transit (NRT) 2018 Service Agreement using the terms and conditions contemplated in the original agreement, subject to the approval of the City of Niagara Falls, the City of Welland, and the St. Catharines Transit Commission; and
2. That the Regional Chair and the Regional Clerk **BE AUTHORIZED** to execute a renewal of the 2018 NRT Service Agreement between Niagara Region, the City of Niagara Falls, the City of Welland, and the St. Catharines Transit Commission (Service Providers), upon terms satisfactory to the Commissioner of Public Works, the Commissioner of Corporate Services/Treasurer, and the Director of Legal & Court Services.

## Key Facts

- The purpose of this report to seek Council's endorsement to renew the current NRT 2018 Service Agreement to enable continued delivery of NRT service while the transit governance work continues.
- In 2010, Niagara Region entered into a Pilot Project Agreement with the City of Niagara Falls, the City of Welland, and the St. Catharines Transit Commission to facilitate an inter-municipal transit pilot project; the current agreement expires December 31, 2020.
- In July 2017, Niagara Region obtained jurisdiction to operate conventional, inter-municipal transit services on a non-exclusive basis through a triple majority process.
- In January 2018, all four aforementioned parties signed a Memorandum of Understanding to work collaboratively through governance discussions outlined in the *Niagara Transit Service Delivery and Governance Strategy* while maintaining, integrating and improving current transit services.
- In May 2018, all four parties signed a Service Agreement (PW 19-2018) extending the current inter-municipal transit service by three (2018, 2019 and 2020 inclusively) years with an option to renew for an additional 2 years.

- The renewal of the 2018 NRT Service Agreement for an additional two-year period will ensure that inter-municipal transit services continue while the current transit governance discussions are completed.

## **Financial Considerations**

For 2021 and 2022, NRT service hours are not expected to increase beyond pre-COVID levels and thus the net cost to operate NRT is not expected to rise. Staff continue to work with the Service Providers to ensure that sufficient service is provided to meet ridership demand while also remaining within budget.

Future hourly rates are subject to negotiations by all four parties and are affected by inflation, fuel prices, and labour costs associated with collective agreement obligations.

Increases associated with anticipated contract payments will be accommodated within future year budgets.

## **Analysis**

Since the inception of NRT, Niagara Region has maintained agreements with the St. Catharines Transit Commission, the City of Welland, and the City of Niagara Falls to deliver the service on the Region's behalf. These agreements were extended multiple times before expiring in 2018. With Regional transit being formalized via triple majority in 2017 and having completed the IMT Service Implementation Strategy with support from the Linking Niagara Transit Committee (LNTC), the parties collaboratively sought out to revise the terms of the agreement to better support the now permanent NRT service.

That new agreement, endorsed by Regional Council in PW 19-2018, carries the parties through to the end of 2020. It also contemplated a two-year extension using the same terms and conditions so that the governance discussion could be completed before potentially altering the way services are being delivered. As the governance work is well underway with a decision expected in 2021, maintaining the status quo carries the least amount of risk while also providing the most reliability in terms of service delivery, consistency, asset protection and customer service. The terms and conditions of this renewal remain the same as the current iteration of the agreement and thus meets the criteria of being extended as outlined in the current agreement.

Members of the Inter-municipal Transit Coordination Committee, representing the NRT delivery partners, have provided input into the consideration of this extension and jointly recommend proceeding under the terms outlined in this report.

### **Alternatives Reviewed**

The only reasonable alternative option would be to bring all of the conventional transit operations in-house at the Region. As NRT is currently delivered by existing local transit providers, the Region is able to deliver services with limited amounts of capital infrastructure necessary to operate NRT. Inherent costs incurred by operating the Region's own in-house system includes operating dedicated maintenance facilities/garage, hiring/managing its own unionized bus operators, carrying fleet insurance, among others.

This alternative is not recommended due to the significant cross-departmental costs of bringing those items in-house. Beyond the prohibitive capital and operating costs to bringing operations in-house at this time, the recommended extension allows for continuation of the ongoing transit governance discussion as Niagara continues to consider a single entity to deliver transit. Any alternative to that would compromise the recommended trajectory to a single transit provider.

Exploration of other alternative methods of transit delivery beyond conventional services delivered by the Region's municipal partners through the NRT operating agreement remain active. Regional staff continue to review innovative, efficient alternative methods of transit service delivery, particularly in the current pandemic, with the deployment of the NRT OnDemand system in west Niagara in August 2020 as one example of innovative alternative transit delivery. Although early signs are the on-demand delivery model is very effective for the lower density, geographically distanced areas, transit riders and services found in more dense areas of Niagara – where moving significant volumes of ridership, requiring faster service and larger fleet accommodations are needed – conclude that NRT continues to warrant the conventional transit model employed through the NRT operating agreement for these areas of service.

### **Relationship to Council Strategic Priorities**

Supporting NRT's continuation directly aligns with the Council Strategic Priority: Responsible Growth and Infrastructure Planning (Objective 3.1) through advancing regional transit and GO rail services and facilitating the movement of people and goods.

## Other Pertinent Reports

- CAO 8-2017 Niagara Region's Transit Service Delivery and Governance Strategy
- LNTC-C 21-2018 Inter-Municipal Transit (IMT) Service Implementation Strategy
- LNTC-C 22-2018 Inter-Municipal Transit Financial Impact Analysis
- LNTC-C 23-2018 Inter-Municipal Transit Capital Plan, 2019
- PW 19-2018 Niagara Region Transit 2018 Service Agreement

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