
Subject: Transit Revenue and Ridership Report

Report to: Public Works Committee

Report date: Tuesday, March 9, 2021

Recommendations

1. That Report PW 10-2021 **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to summarize the 2020 ridership and revenue for Niagara Region Transit (NRT), NRT OnDemand and Niagara Specialized Transit (NST).
- Ridership on all Regional Transit services (NRT, NST and NRT OnDemand) significantly declined as a direct result of the state of emergency due to the pandemic, and the various regional restrictions put in place by the Government of Ontario.
- 2020 NRT ridership declined from a historic high of 1,065,933 in 2019 to 419,415 in 2020 (61% reduction).
- The 2020 NRT net expense finished under budget by approximately 39% due to modifications to or cancellation of post-secondary U-Pass agreements by those institutions in conjunction with service reductions due to COVID-19.
- NRT OnDemand launched on August 17, 2020 during which time Niagara was in COVID-19 Stage 'Green-Prevent'.
- The 2020 NST ridership was approximately 39% lower than in 2019 with the net expense finishing approximately 39% under budget due to the effect of the regional restrictions resulting from COVID-19, combined with the continuation of staff's revised budget containment strategies resulting from a renegotiation of the service delivery contract in 2019.

Financial Considerations

Niagara Region Transit (NRT)

The 2020 NRT operating budget included \$14,662,230 in operator payments, \$20,000 in maintenance costs and \$6,360,092 in fare revenue for a net expense of \$8,322,138. The 2020 NRT actual operator payments totaled \$7,787,445 with \$2,694,649 in fare

revenue for a net expense of \$5,092,796. This resulted in a favourable variance of \$3,229,342 (39%). Table 1 below summarizes the variance between the operating budget and the actual operating costs.

The lower than budgeted actual operator payments are a result of the service reductions due to COVID-19; whereas the lower than budgeted revenue is a result of modifications or cancellations to the U-Pass Agreements initiated by the post-secondary institutions. Additional commentary is provided in the analysis section of the report.

Table 1 – NRT Operating Budget vs. Operating Costs

Details	2020 Budget	2020 Actual	2019 Actual	Var \$ 2020A vs 2020B FAV/(UNFAV)	Var % 2020A vs 2020B FAV/(UNFAV)
Operator Payments	\$ 14,662,230	\$ 7,787,445	\$ 8,699,776	\$ 6,874,785	47%
Revenue	\$ (6,360,092)	\$ (2,694,649)	\$ (4,894,838)	\$ (3,665,443)	(57%)
Net Expense	\$ 8,302,138	\$ 5,092,796	\$ 3,815,223	\$ 3,209,342	39%

*Maintenance Costs are all capitalized

NRT OnDemand

Over the first four months, NRT OnDemand is on track to stay within the approved operating budget. As the new service becomes more popular and more rides are taken, there is the potential that the service could finish even further under budget due to higher than forecasted revenues. Table 2 below summarizes the variance between the operating budget and actual operating costs.

Table 2 – NRT OnDemand Operating Budget vs. Operating Costs

Details	2020 Budget	2020 Actual	Variance \$	Variance %
Operator Expense	\$ 2,407,032	\$ 999,268	\$ 1,407,764	58%
Fare Revenue	\$ (125,513)	\$ (406,970)	\$ 281,457	224%
Net Expense	\$ 2,281,519	\$ 592,298	\$ 1,689,221	74%

It should be noted that the 2020 Budget Operator Expense was intended to cover an 8-month period from April through December. The 2020 Actuals only reflects four months (August - December) of service since the deployment was delayed until August due to COVID-19.

Niagara Specialized Transit (NST)

The NST budget included \$2,138,580 in operator payments and \$127,925 in fare revenue for a net expense of \$2,010,655. The 2020 actuals included \$1,294,848 in operator payments and \$65,801 in fare revenue for a net expense of \$1,229,047. This resulted in a favourable variance of \$781,608 (39%). This variance was due to the per-trip contract model currently in place combined with the restrictions and negative impacts COVID-19 had on the community which resulted in less educational, social, day program, and employment trips required by our specialized transit riders.

Table 3 below summarizes the operating budget and the actual operating costs for NST.

Table 3 – NST Operating Budget vs. Operating Costs

Details	2020 Budget	2020 Actual	2019 Actual	Var \$ 2020A vs 2020B FAV/(UNFAV)	Var % 2020A vs 2020B FAV/(UNFAV)
# of Trips	\$ 30,100	\$ 18,390	\$ 28,680	\$ (11,710)	(40%)
Operator Payments*	\$ 2,138,580	\$ 1,294,848	\$ 1,987,695	\$ 843,732	39%
Fare Revenue	\$ (127,925)	\$ (65,801)	\$ (120,670)	\$ (62,124)	(45%)
Net Expense	\$ 2,010,655	\$ 1,229,047	\$ 1,867,024	\$ 781,608	39%

Staff structured the NST Service Agreement to ensure that the net expenses would be contained within the budget. In 2020, with COVID-19 drastically impacting the demand for trips, the net expense was 39% lower than budgeted resulting in a favourable variance of approximately \$781,608.

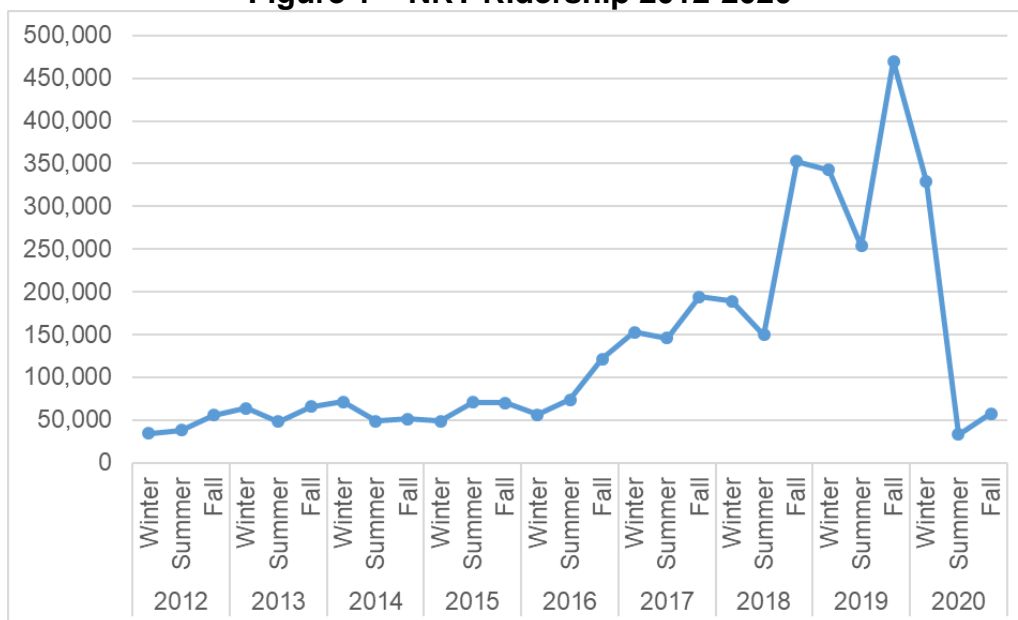
Analysis

Niagara Region Transit (NRT)

The NRT service had seen annual growth in its ridership since 2012 as shown in the 2019 Revenue and Ridership report. 2020 was projected to have another significant increase in ridership, however, the COVID-19 restrictions had a significant negative impact on ridership. Figure 2 shows ridership in conjunction with the COVID-19 Reopening Stages as they pertained to Niagara Region. Figure 2 shows well over 100,000 rides for both January and February (trending to a significant ridership growth trajectory) followed by a significant decrease in March when the pandemic was declared with the remainder of the year having ridership that was consecutively lower than 20,000 per month.

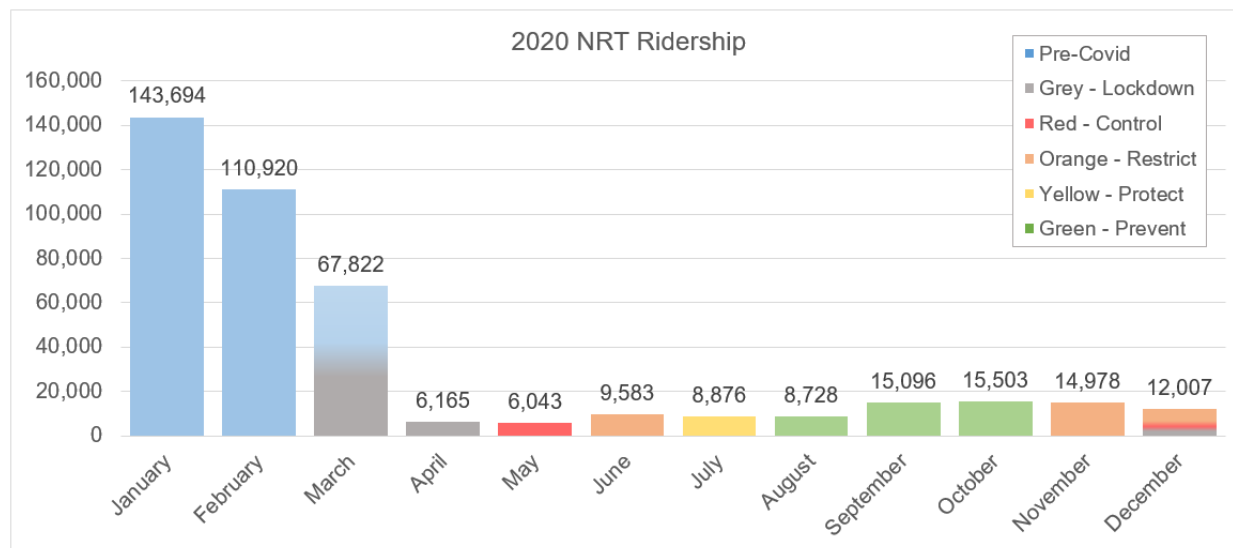
From 2019 to 2020, the ridership declined approximately 61%. Figure 1 below illustrates the ridership trend since 2012.

Figure 1 – NRT Ridership 2012-2020



As noted above, the primary driver behind the substantial decline in NRT ridership was due to COVID-19 and the cascading effects the Provincial restrictions and lockdown had on the region. More specifically, COVID-19 forced post-secondary institutions to transition the overwhelming majority of their programs to online delivery. As students from Brock University and Niagara College make up the majority of NRT ridership, as discussed in PW 12-2020, there is a direct correlation between COVID-19 restrictions and the significant decline in ridership as Figure 2 below illustrates.

Figure 2 – NRT Ridership In Relation To Covid-19 Reopening Stages

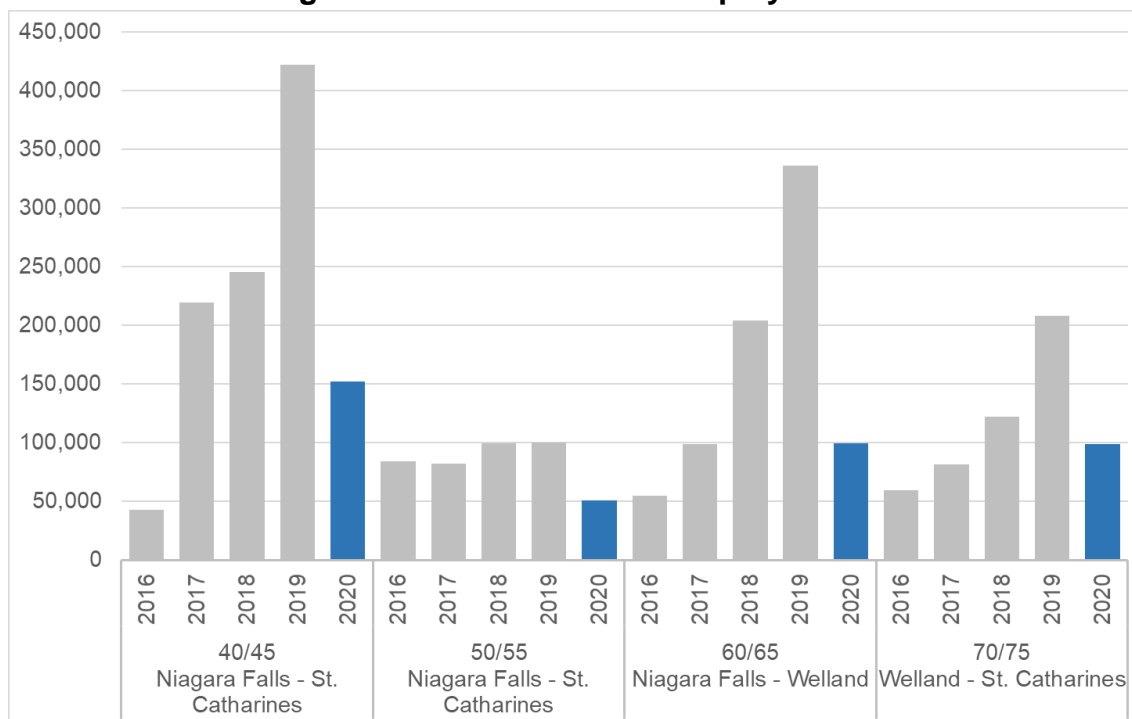


NRT also experienced a significant loss in U-Pass revenue from both Niagara College and Brock University. Both post-secondary institutions closed their campuses and transitioned the vast majority of their courses to online delivery; with students accounting for approximately 86% of NRT ridership, these closures had a significant impact on both annual ridership and revenue.

In June 2020, Niagara College notified the Region and its transit partners of its unilateral decision to terminate the student U-Pass program, which resulted in the elimination of mandatory U-Pass student fee for the summer and fall terms. As a result, the winter term agreement was paid in full whereas the summer portion was terminated mid-semester and without payment. As a result of that termination, a contract for 2020-2021 was not pursued. Alternatively, the Brock University Students' Union (BUSU) maintained its U-Pass agreements in an attempt to ensure baseline consistency and its understanding of the impacts severe transit reductions would have on any return-to-normal on-campus scenario. However, as most of its programs were relegated to online-only, a reduced U-Pass rate was negotiated with BUSU, as it was acknowledged by all parties that ridership would be significantly reduced compared to previous years.

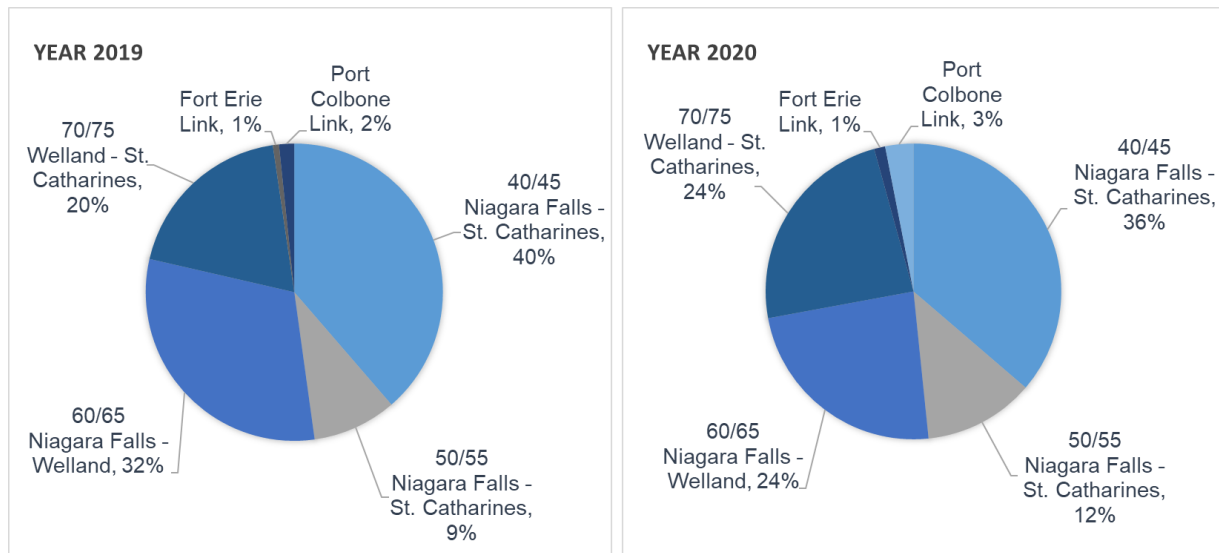
Each NRT route experienced a decrease in overall ridership from 2019 to 2020 as illustrated by Figure 3 below.

Figure 3 – NRT Total Ridership by Route



Although ridership is significantly less than previous years, the ridership distribution among the various NRT routes remains relatively similar. As illustrated in Figure 4, Routes 40/45 Niagara Falls - St. Catharines remain the most popular followed by the 60/65 Niagara Falls - Welland and the 70/75 Welland - St. Catharines.

Figure 4 – NRT Trip Distribution Percentage by Route



In 2020, the IMTWG took a coordinated approach to COVID-19 in order to establish consistent policies and procedures for transit riders across all local and regional transit services. The Province of Ontario deemed transit an essential service during the pandemic and as such, enhanced coordination was required. These Niagara-wide policies and procedures included:

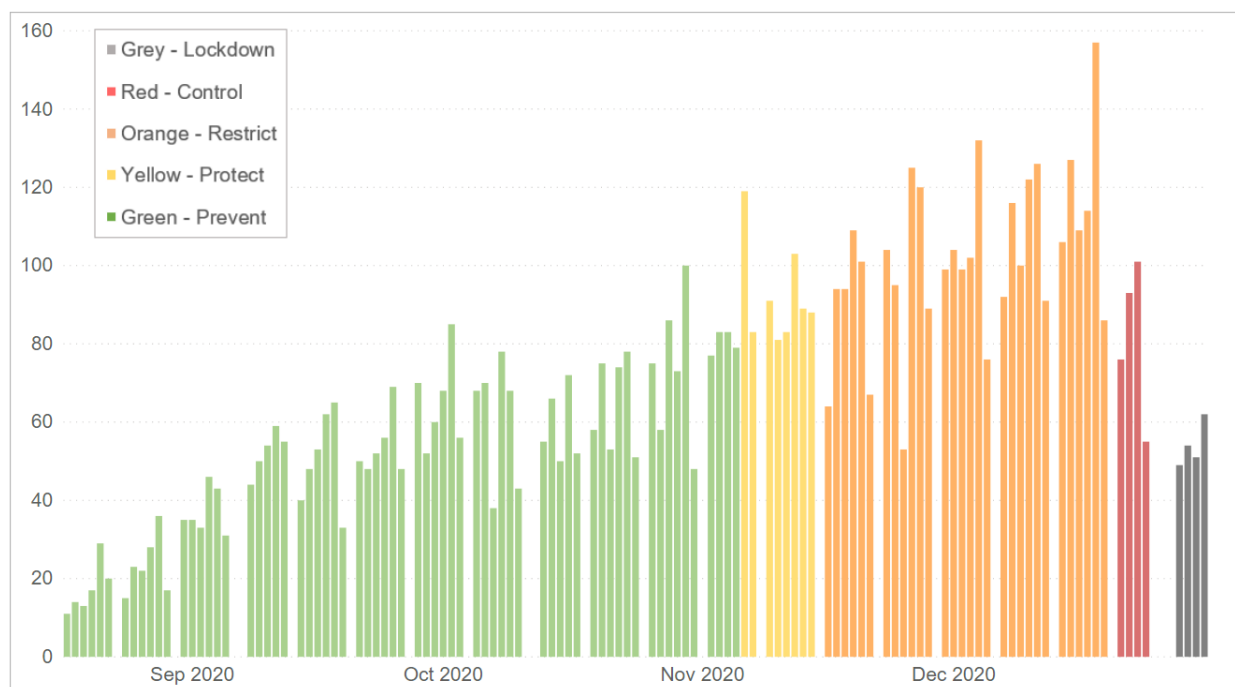
- Rear-door boarding until 'bio-barrier' partitions were installed to separate drivers from passengers for increased safety and security
- Mandatory mask requirements per Regional by-law
- Enhanced bus cleaning and sanitization, including the application of an antimicrobial spray
- Bus passenger capacity limitations to ensure social distancing requirements

The goal of these was to ensure rider safety and promote transit as a safe mode of transportation for the residents of Niagara. Ridership for 2020 shows that during the pandemic there were still residents who required the service for essential services and to travel to their essential jobs. As such, transit continues to play a vital role in our community through an unprecedented year.

NRT OnDemand

As of December 31, 2020, NRT OnDemand completed 6,959 trips of which 76 (1%) required the use of an accessible vehicle, with the service transporting 7,739 riders. The average ridership for NRT OnDemand was increasing week to week until December when Ontario went into lockdown due to the second wave of the pandemic. Data shows that ridership was and continues to be directly impacted by COVID-19 and Ontario's Reopening Stages. Figure 5 shows that as Niagara transitioned back into more restrictive stages, the ridership growth rate slowed and daily ridership rates trended downward as Niagara entered the more restrictive Red and Grey Stages.

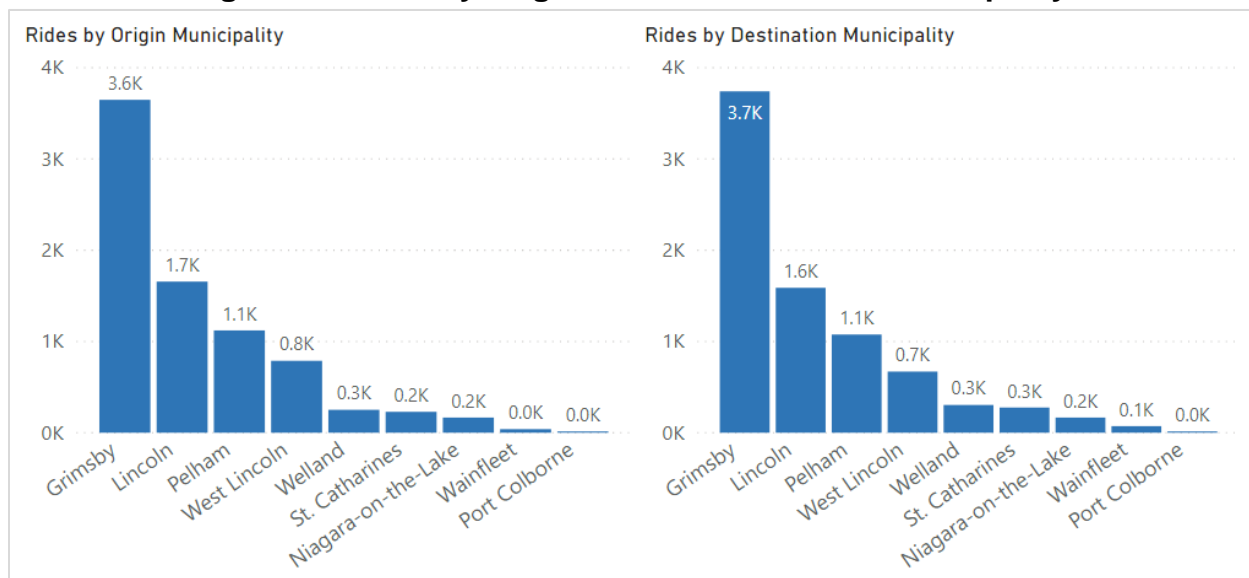
Figure 5 – NRT OnDemand Ridership in Relation to COVID-19 Stages



The data for the first four and a half months of service has shown that there has been a significant latent demand for transit in West Niagara. Since launch, there has been a significant increase in ridership from municipalities like Grimsby and West Lincoln both of which previously had no access to conventional transit (approved NST clients in those communities were the only previous transit users). Figure 6 shows that Grimsby accounts for approximately 46% of the NRT OnDemand ridership. Additionally, West Lincoln, who only has access to inter-municipal trips on NRT OnDemand, accounts for 10% of the ridership. Combined, these two municipalities, with no previous conventional transit service in their municipalities, make up over half (56%) of the total ridership thus

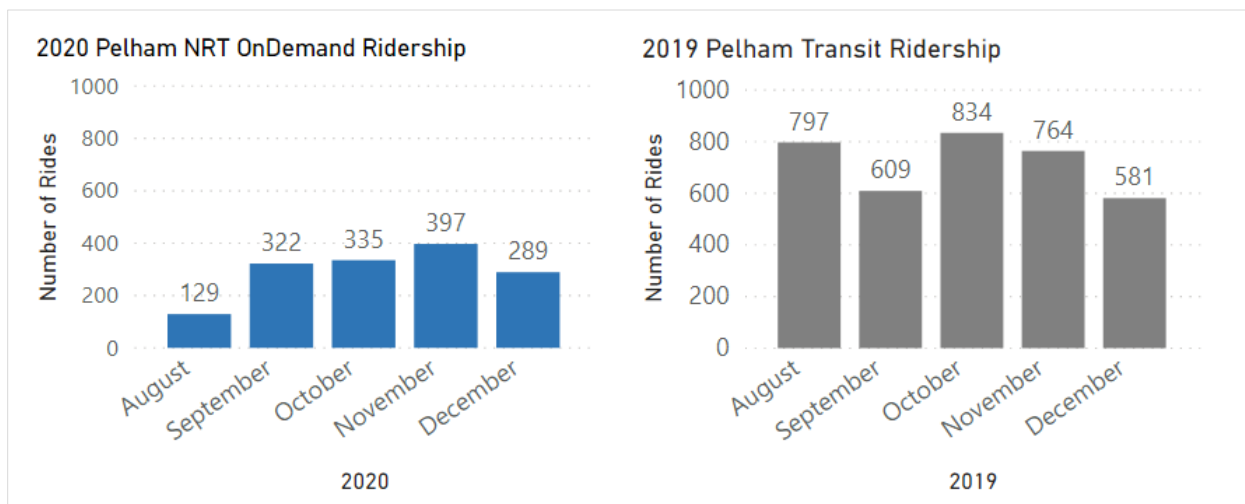
far. It should be noted that the service area expansion in Niagara-on-the-Lake only occurred in November and such a short period of time does not allow useful trends to be identified.

Figure 6 - Rides by Origin versus Destination Municipality



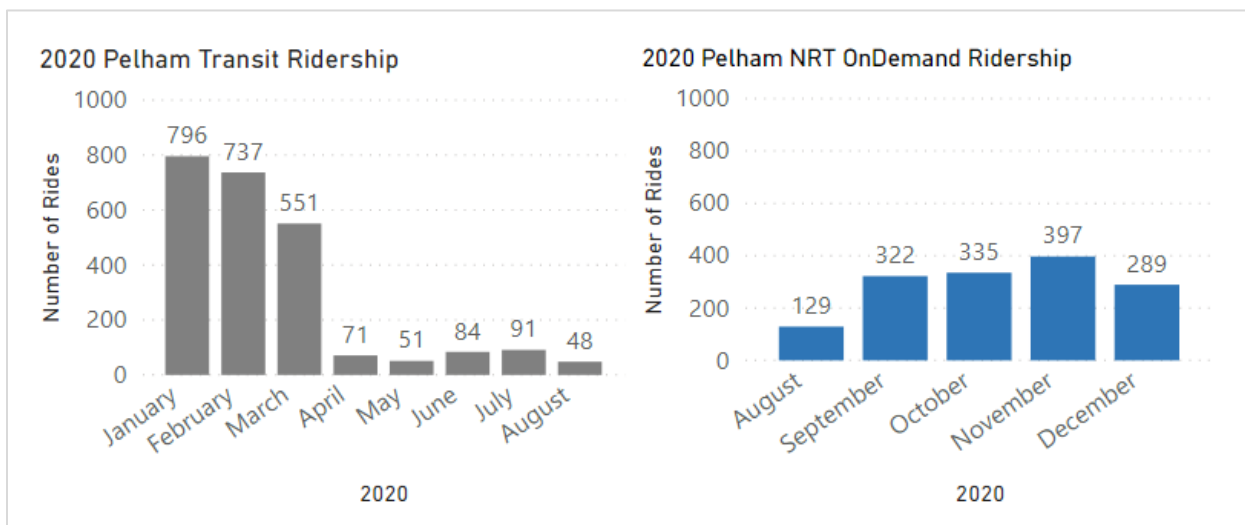
Alternatively, Lincoln and Pelham both replaced their conventional fixed route transit systems with NRT OnDemand in order to increase efficiencies and service their entire municipality with both inter- and intra-municipal trips. Pelham has seen a slow uptake of the new service, but as Figure 7 shows, it was growing in use. Niagara Region has engaged with the Town of Pelham to determine how to further promote the service within their community and better serve the residents in order to increase ridership. For service comparison purposes, data from Pelham's local service from August to December 2019 versus NRT OnDemand's data from August to December 2020 provides a visual overview of these trends, keeping in mind that COVID-19 restrictions have had significant impacts on overall transit system ridership.

Figure 7 – 2020 Pelham NRT OnDemand Ridership vs. 2019 Pelham Transit Ridership



As mentioned, with COVID-19 restrictions impacting system ridership so dramatically, Figure 8 aims to provide a better comparison of NRT OnDemand with the previous conventional service in Pelham.

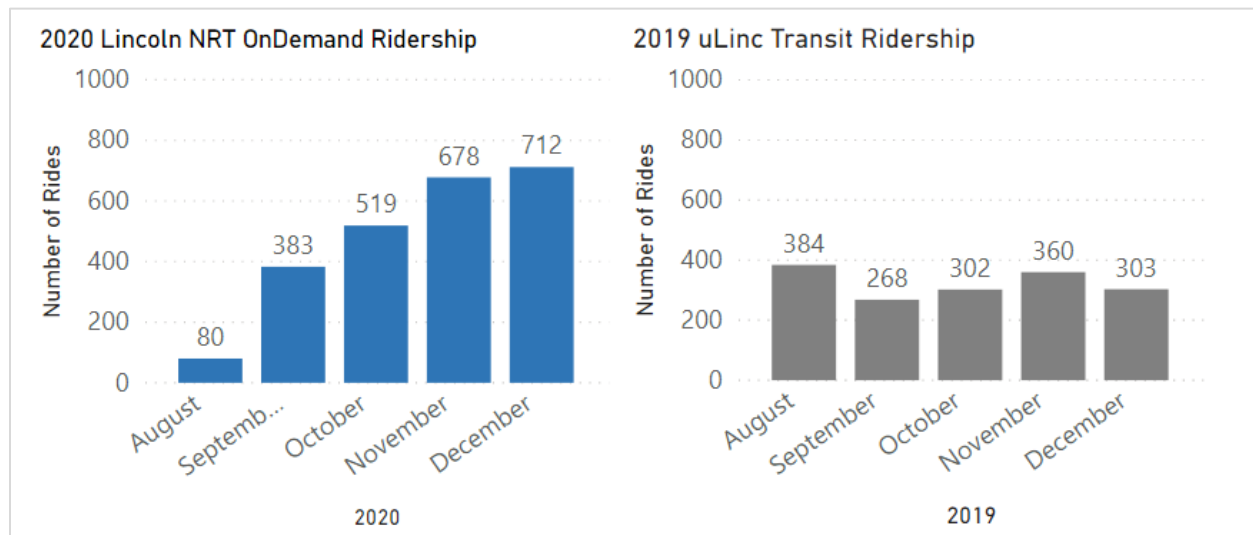
Figure 8 – 2020 Pelham NRT OnDemand Ridership vs. 2020 Pelham Transit Ridership



The Town of Lincoln saw a significant uptake in ridership over the first four and a half months. Specifically, from the first full month of service in September to December, the

service grew by 46%. By November, NRT OnDemand was doubling the monthly ridership (year over year) of the previous fixed route uLinc service in 2019 when the pandemic restrictions were not a factor. Figure 9 shows NRT OnDemand ridership growth in Lincoln compared to the uLinc ridership.

Figure 9 - 2020 Lincoln NRT OnDemand Ridership vs. 2019 uLinc Ridership



Despite launching a new transit service during a global pandemic, overall the service has been very successful as many of the figures have shown. Although ridership dipped at the end of December over the holidays and during the provincial lockdown, ridership should resume its upward trend as Niagara transitions back into the Reopening Stages as the data has shown in the previous 2020 figures.

Niagara Specialized Transit (NST)

The following contractual metrics of the 2019-2020 NST Service Agreement are provided for ease of reference:

- Maximum Trips per year (31,200) – this metric is new to the 2019-2020 NST Service Agreement
- On-Time Performance (95%) - defined as the vehicle arriving +/- 15 minutes from the confirmed pickup time
- Maximum Time on Board (75 minutes) – there is no allowable tolerance for exceeding this metric

Table 4 summarizes some of the key metrics of the NST service for 2019 and 2020.

Table 4 – NST Key Service Metrics

Service Metrics	2019 Trips	2020 Trips
Total Trips	28,680	17,226
Number of Clients Served	926	682
Average KM Per Request	23.9	23.26
Number of Trips Exceeding Maximum Time Aboard	1,012	901
On-Time Performance	86%	90%

As Table 4 outlined, the NST ridership decreased from 28,680 to 17,226 from 2019 to 2020, a difference of approximately 40%. It is important to note that this is not a result of lowered demand, but rather primarily due to the negative impacts of COVID-19 restrictions and closures on the community.

As an added safety measure resulting from COVID-19, Niagara Region placed capacity restraints on the vehicles which caused the service provider to limit the number of shared rides. An ongoing item of moderate concern for the service is the number of trips which still exceed the maximum allowable time (75 mins) aboard a vehicle. In 2019, these occurrences made up 3.5% of all trips and has increased to 5.2% of all trips in 2020. While this represents an increase of 1.7% at a time when ridership was 40% lower than the previous year, the actual number of occurrences decreased from 1,012 (3.5%) occurrences in 2019 to 901 (5.2%) occurrences in 2020. The 40% reduction in ridership should have resulted in a reduction of roughly 40% in trip lengths exceeding 75 minutes, however only an 11% reduction was realized.

Another item noted by staff is that the annual On-Time Performance of the service is approximately 90% while the contractual requirement is 95%. This metric was changed from 25 to 30 minutes in 2019 to better align with other specialized transit services in Ontario. That change combined with the decrease ridership for 2020 should have helped boost the on-time performance, however this does not appear to be the case.

Despite the two noted concerns above, staff is cautious about being too critical of compliance due to the volatile nature of 2020 ridership and the pandemic impacts. Staff acknowledges that the service provider needed to adjust to regular fluctuations in rider demand, different operating constraints, changing provincial and regional regulations and their own staff/resource management. Regional staff will continue to work with the

service provider to seek remedies to ensure that steps are taken to begin addressing these challenges and will provide support to the service provider where necessary.

Trip distribution is not a defined metric of the Service Agreement nor can the Service Provider give any priority to any trips per provincial accessibility legislation. As such, the data in Table 5 and Figure 10 summarize the distribution of trips simply to provide a fulsome picture of where and why the service is being utilized.

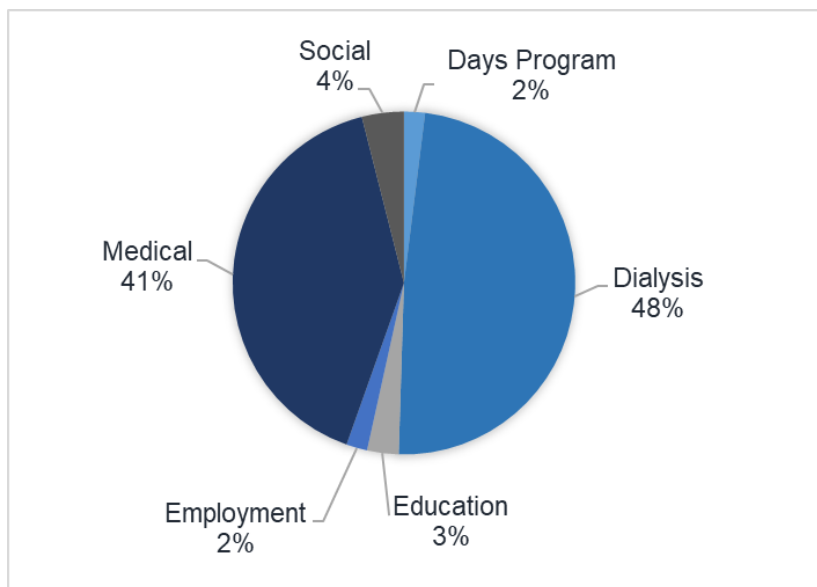
Table 5 - Trip Summary by Municipality of Origin

Municipality (Trip Origin)	2016 Trips	2017 Trips	2018 Trips	2019 Trips	2020 Trips	Growth
Niagara Falls	3,807	6,383	6,977	6,900	4,311	-38%
St. Catharines	4,465	6,273	6,783	6,798	3,540	-48%
Thorold	365	663	1,158	1,146	511	-55%
Welland	3,083	5,258	5,700	4,970	3,778	-24%
Port Colborne	673	1,450	1,695	1,898	1,388	-27%
Wainfleet	20	104	214	351	279	-21%
Fort Erie	1,958	3,611	3,124	2,773	1,601	-42%
Niagara-on-the-Lake	1,088	1,301	1,683	1,431	655	-54%
Grimsby	290	443	661	492	158	-68%
Lincoln	622	638	715	487	261	-46%
West Lincoln	104	115	213	428	287	-33%
Pelham	482	514	497	522	330	-37%
Hamilton	216	505	637	484	127	-74%
Total	17,173	27,258	30,057	28,680	17,226	-40%

It is especially important to note that the majority of trips (89%) are medically related (medical plus dialysis) which is an increase of 12% from 2019. This statistic highlights the substantial need that this service meets by enabling residents to access health related services. Social trips decreased by 50% in 2020 almost assuredly as a direct result of the COVID-19 restrictions put in place for the majority of the year.

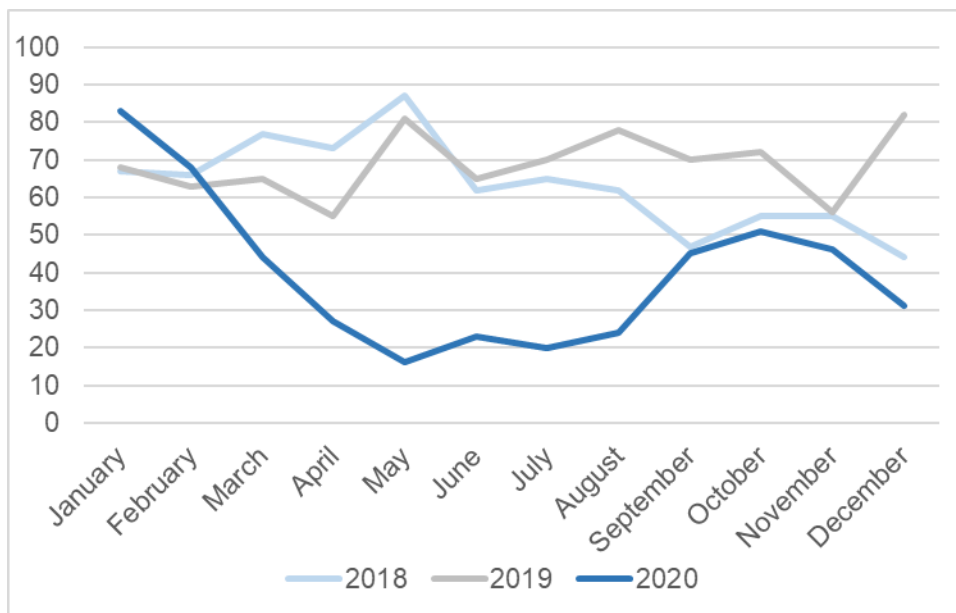
Figure 10 below provides the distribution of the trips delivered in 2020 by their type/purpose.

Figure 10 – NST Trip Distribution by Type



Staff approved 478 new applications in 2020 which represents a 36% decrease compared to applications received in 2019. A closer look at the application intake data in Figure 11 shows that there was a direct correlation between the COVID-19 stages and application submissions.

Figure 11 – NST Application Intake



In 2019, the *Specialized Transit in Niagara* study recommended that a digital application form should be made available with the ability to complete and submit on-line. In the fall of 2020, Transit staff successfully launched an online portal where applicants are able to submit a portion of the application online and where medical professionals from long-term care facilities or dialysis clinics can submit the full application online on behalf of the applicant. Implementing this new process has created efficiencies for application processing that were otherwise non-existent. The *Specialized Transit in Niagara* study combined with the *Niagara Transit Governance Study* will provide further opportunities to enhance the service through efficiency gains when collaborating with the local transit providers.

Relationship to Council Strategic Priorities

This report is being brought forward to provide an annual update to the Public Works Committee on the status of the Niagara Region Transit, NRT OnDemand and the Niagara Specialized Transit services. Supporting transit is a Council Strategic priority under the Responsible Growth and Infrastructure Planning objective, specifically objectives 3.1 Advancing Regional Transit and GO Rail services and 3.4 Facilitating the Movement of People and Goods. These objectives will remain a priority through the consolidation process.

Other Pertinent Reports

LNTC-C 2-2020 Specialized Transit Study Report
LNTC-C 4-2020 Niagara Region's Transit Governance Study

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