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**Subject:** Niagara Transit Governance - Revised Strategies Reflecting Phase 1  
Municipal Consultation

**Report to:** Linking Niagara Transit Committee

**Report date:** Wednesday, June 30, 2021

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## Recommendations

1. That Report LNTC-C 3-2021 **BE FORWARDED** to the Clerks of Niagara's twelve (12) local area municipalities and that they **BE REQUESTED** to have the Council's of the twelve (12) local area municipalities advise the Regional Clerk of any additional municipal feedback on the revised Financial Strategy, Board Composition model, and Service Standards Strategy, no later than August 25, 2021.

## Key Facts

- The purpose of this report is to present an updated financial strategy, service standards strategy, and revised board composition model supporting the creation of one consolidated transit Commission in Niagara.
- These recommendations have been developed by the Governance Steering Committee (GSC), comprised of all thirteen (13) municipal Chief Administrative Officers (CAOs) across Niagara. The GSC was created to review and address feedback provided by local area municipalities (LAMs) during the 'Phase 1' consultation roadshow.
- Based exclusively on Phase 1 feedback, the GSC has recommended significant updates to three primary elements to directly address this input:
  - **Financial Strategy:** the recommended financial strategy proposes that all the local municipal transit service budgets be uploaded to the Commission in 2023 and to be consolidated with the Region's transit budget and to be assessed to the local area municipalities by way of special levies to be approved annually by the Region.
    - Services levels are different in each municipality; therefore, the Region proposes that twelve (12) Special Levies be adopted in 2023. Each special levy will allocate 65% of 2023 net transit costs based on service hours, with

existing Niagara Regional Transit services continuing to be allocated to the special levy based on local share of Region wide assessment.

- The 2023 estimated Commission baseline service budget will require a 7.3% increase to the Regional Budget with equal and concurrent reductions to Municipal budgets therefore minimizing the net residential impact.
- **Board Composition** – a transitional board comprised of fifteen (15) elected officials with each municipality having representation. A governance review to be undertaken in year three of operation.
- **Service Standards Strategy** – Niagara-wide service standards that detail short-term enhancements (1-3 years) in each community to achieve consistent, equitable access to transit for all Niagara residents, in advance of a longer term network review planned in year five of the Commission’s operation.
- Subject to approval of the recommendation of this report, the next step will be a second round of consultation with LAM councils. This will provide LAMs an opportunity to review the recommended updates and provide additional input by late August.
- This report does not initiate the triple-majority approval process. It is anticipated that the triple-majority vote will occur after the consultation on this report has been completed and any feedback incorporated. The triple-majority approval process is anticipated to occur in Fall 2021.

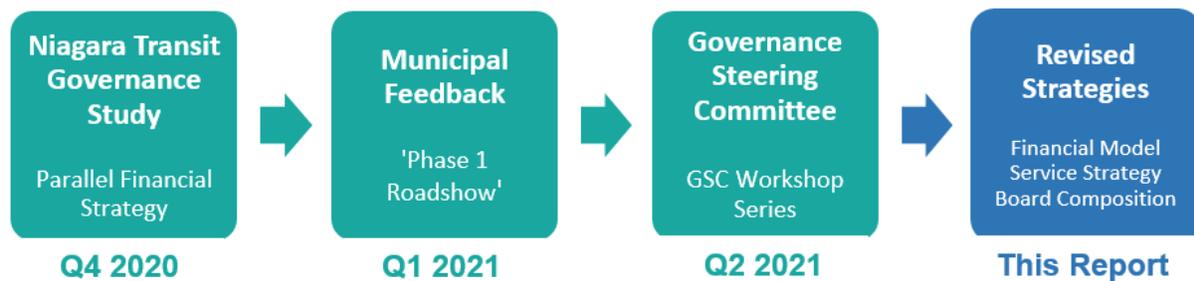
## Background

In the fall of 2020, *LNTC-C 4-2020* presented the results of the Niagara Transit Governance Study (NTGS) with the recommendation of a Commission governance model, a proposed board structure, and a transition plan. This report also recommended a financial strategy developed in parallel to and in support of the NTGS.

At the direction of LNTC, consultation with each of Niagara’s twelve (12) LAMs followed as opportunity for review and feedback. This Phase 1 consultation roadshow occurred through Q1 2020, with feedback centering on three primary or common themes: the financial strategy, composition of the board, and the need for a more defined (but high level) service strategy. Beyond the major themes, additional feedback and concerns specific to each municipality was also received.

The GSC was created, comprised of all thirteen (13) municipal CAOs, with a mandate to reflect LAM feedback in revised strategies and models. A series of six workshops were convened through Q2 2021 to address the identified issues and arrive at a consensus recommendation addressing the three common themes, as shown in Figure 1.

*Figure 1 - Transit Governance Process*



The purpose of this report is to present the results of this process and the revised financial strategy, board composition model, and service strategy that have been recommended by the Governance Steering Committee.

These revised strategies are intended to directly address the feedback received from LAMs during Phase 1 consultation.

## Financial Considerations

To realize the consolidation of transit services across Niagara, the funding strategy must establish:

- the baseline or start-up budgets for the Commission and the basis for levy and tax rates to the residents;
- how one-time start-up and transition costs associated with the establishment of the Commission will be funded; and
- how transit-related assets currently owned by LAMs will be transferred and funded on a long-term basis.

The recommended financial strategy proposes the Region to upload the estimated baseline local transit service net expenditure using 2020 budget at \$27.8 M and estimated to be \$29.4M in 2023. The upload to the new Regional Commission will occur in a single year and be levied back on each of the LAMs using twelve Special Levies, one for each municipality, established by the Region with each year's budget process. The proposed model ensures that future service growth plans are paid for by the municipalities which receive the services, using the corresponding 12 Regional Special Levies.

The 2023 estimated Commission baseline service budget requiring a 7.3% increase to the Regional budget would be offset by equal and concurrent reductions to Municipal budgets to minimize the residential taxpayer impact from transit consolidation.

The financial strategy allocates the local net operating costs plus incremental capital, which represent approximately 65% of 2023 Commission net transit costs to be allocated to each Special Levy based on service hours. Existing NRT services will continue to be allocated to the Special Levy based on municipal share of Regional assessment. The short term service strategy and future transit growth will be subject to future budget approvals, and will directly impact the costs apportioned to each municipality.

The financial strategy was evaluated based on the feedback received during the LAM presentations and described in Table 1 below.

*Table 1 - Model Option Evaluation*

<b>Evaluation Criteria:</b>	<b>Municipal Specific Tax Rates (12) Special Levies</b>
<b>Demonstrated value to Municipalities for added investment</b>	Collectively leverages practices to reduce total regional cost by \$9.0M in debt financing and \$14.0M in capital over 10 years
<b>Funding tied to services residents receive</b>	Substantial share (65%) of service cost tied to municipal specific service hours
<b>Alignment and adjustments tied to service expansion costs</b>	
<b>A desire for ability to “top up” or add extra or enhanced services</b>	Will change service hours for LAM and be allocated to LAM specifically
<b>Consistent with Guiding Principles: Economically Responsible</b>	No more than current Regional costs and related inflation apportioned to LAMs using region wide assessment. Mimic current General Levy financial distribution.
<b>Consistent with Guiding Principles: Fair</b>	Percentage distribution of costs between Conventional service and Alternative service LAMs in line with Status Quo (74/26)

The estimated incremental requirements for the Commission’s transit budget during years 2023-2033 have been modeled to include estimates for the following components using the following strategies subject to future Regional budget approval (see Appendix 1 for financial estimates). Note that all modelling is estimated based on 2020 budgets and would be adjusted prior to 2023 to reflect most recent financials.

*Base Budget*

The total base service costs for 2020 (\$44.2M) are adjusted annually for inflation by 1.5%. The estimated base service net operating budget for 2023 of \$46.4M includes \$28.7M for local service, \$0.7M in local debt payments, \$15.8M for regional service and \$1.3M in regional debt payments.

### *Provincial Gas Tax (PGT)*

Currently \$1.5M of Provincial Gas Tax (PGT) is used annually to offset operating expenditures in local transit budgets. PGT can be maximized by preserving it to be used to support capital replacements. The financial strategy proposes the reduction of \$0.3M annually in the operating budget for 5 years to provide funding for fleet replacement. The annual incremental Regional budget required is 0.1% beginning in 2023 and ending in 2027.

### *On-Demand/ Specialized Services*

Currently there are a number of contracted services for on-demand and specialized transit services across Niagara. Phase 2 of the service planning strategy proposes \$5.0M in capital in 2024 (1.2% Regional budget increase) plus an additional \$1.0M in net operating costs beginning in 2025 (0.2% Regional budget increase) to reduce the number of contracted services and allow the Commission to provide the services in-house.

### *Service Standardization and Growth*

The current Niagara transit system will require an additional 55,000 hours of enhancements to local and regional service levels to standardize daily schedules across all municipalities (Phase 1 of the Service Planning Strategy). The service enhancements would begin in September 2024 with a partial year net operating increase of \$1.2M (0.3% Regional budget increase). The fully annualized net operating impact is \$5.0M therefore an additional Regional budget increase of 1.0% would be required in 2025.

The Commission Phase 3 service planning strategy will include a comprehensive network review in 2025 and may deviate from the conservative growth projections provided by the NTGS. However, based on preliminary forecasts a conservative growth strategy would require an additional net operating budget increase of \$4.0M phased in between 2026-2030 with a total Regional budget increase of 1.0% (see Appendix 2).

## *Capital*

### *A. Capital Asset Transfer to the Commission & the Cummings Principle*

Based on the recommendation from the NTGS as part of the peer jurisdictional review, the CAO Working Group (established by the Linking Niagara Transit Committee (LNTC) to oversee and direct the Project Team to deliver the NTGS) has endorsed the use of applying the Cummings Principle to the future transfer of assets from the LAMs to the new Commission. The premise of the Cummings Principle is to transfer assets (and related outstanding liabilities), from one municipality to another with no additional compensation, since transferring assets for additional compensation results in the taxpayer paying twice for the same public asset.

This principle, established through judicial precedent, has been applied for over four decades in the municipal setting throughout Ontario, as well as in the vast majority of transit consolidations reviewed as leading practices. The use of the Cummings Principle is also well aligned to Niagara's established guiding principle of fairness, which respects the existing investments made by communities.

### *B. Capital Replacement Strategy*

#### *i. Capital Growth*

Niagara Region is currently conducting a Development Charge (DC) review and will propose that a Transit DC be established to fund future capital growth. The Transit DC will be used to mitigate capital requirements resulting from the service expansions outlined in the NTGS. The conservative growth strategy estimates an additional \$15M in new capital to achieve the associated service growth outlined in the previous section. The financial strategy applies a 5 year growth plan beginning in 2026, however Phase 3 of the Service Planning Strategy incorporates a fulsome service review in 2025 and therefore forecasted growth between 2026 and 2033 may vary from the NTGS.

#### *ii. Capital Reserve Strategy*

Currently Niagara transit operators collectively receive \$6.8M annual in PGT, with \$1.5M being used to mitigate net operating costs (see section above). The financial strategy, beginning in 2023, establishes a 5 year phasing out of PGT for operating and directs these funds towards fleet replacements. The existing PGT funding contributes to

65% of annual fleet requirements therefore leaving a funding gap of \$6.5M (\$3.5M for fleet replacements plus an additional \$3M for all other capital requirements).

The proposed capital reserve strategy recommends that this \$6.5M gap be addressed over a three year period by way of an incremental increase in the Commission budget to provide for a transfer to capital reserve. The total budget impact from the proposed reserve strategy is an annual incremental Regional budget increase of 0.53% each year for 3 years. The proposed strategy ensures appropriate funding for annual fleet replacements by 2025, with all capital requirements being met by 2030 (See Appendix 3).

The reserve strategy also proposes that as growth occurs, that future annual transfers to reserve are adjusted accordingly. The increased fleet to meet future service growth is phased in over 5 years beginning in 2026 and is estimated at \$15M. The total proposed capital investment including the \$5M in 2024 to reduce contracted services will require an additional \$1.8M in annual transfers to reserve to ensure adequate funding for future vehicle replacements.

#### *Transition Costs*

The NTGS provides a range of estimated transition costs which include those costs that are related to the transition team plus other one time and incremental costs necessary for transit consolidation. Key activities include the legal establishment of the Commission, development of initial strategic and branding plans, development of transfer agreements, and performance monitoring. These one-time costs have been estimated at a total of \$3.85M to \$4.96M over the course of 4 years from 2021 through 2024.

Currently the transition costs are anticipated to be funded through a combination of existing budgets previously established for NRT as well as Provincial/ Federal transit funding programs. The Ministry of Transportation supports Niagara to regionalize transit with improvements to service integration and harmonizing concessions. Phase 3 of the Federal and Provincial Safe Restart Agreement (SRA) funding supports the transformation of transit structures/governance between neighboring municipal governments and allows for funding to mitigate up to 50% of one time transition costs. The Region will continue to advocate to the Province to provide additional funding mechanisms in the case that SRA Phase 3 will not provide sufficient funds after local transit budget expenditures are used for current operating.

*Commission Common Fare Strategy*

Currently local transit fares are \$3.00 while Regional trips require \$6.00 to gain access to local connections. The total impact of moving to a single \$3.00 fare to ride across Niagara is estimated at \$2.6M or 0.6% increase to the Regional budget. The existing revenue sharing-agreements between NRT and Local operators, flow 45% of all NRT fare revenue to local operators therefore resulting in a proportionately larger impact in the service hour based Special Levy allocation.

*Table 2 - Revenue Impact - Common Fare Strategy*

<b>Common Fare Strategy Revenue Impact</b>	<b>Transit Operator Impact</b>	<b>\$ impact</b>
Cash/Pass Revenue Share Agreement (55% Regional/ 45% Local)	Regional Impact	(\$0.08)
	Local Impact	(\$0.63)
U-Pass Agreement Local Tap Rate Agreement	Local Impact	(\$1.88)
<b>Total Estimated Revenue Loss from Single Fare</b>		<b>(\$2.59)</b>
<b>Regional Budget Impact</b>		<b>0.6%</b>

Prior to COVID-19, the Niagara College U-Pass agreement contained a per student ridership ‘tap’ rate of \$0.75 to ride on local transit. The common fare strategy and transit consolidation may eliminate this incremental revenue, however future Niagara College U-Pass agreements would be structured similarly to existing agreements between St. Catharines and Brock University Students’ Union, ensuring that incremental transit service driven by student demand does not impact the taxpayer.

*Special Levy - Municipal Act Section 326 Special Services*

The establishment of a Special Levy, as defined in the Municipal Act for Special Services (section 326 (2) (b)) states “service or activity being provided or undertaken at different levels or in a different manner in different part of the municipality”.

*Table 3 - Criteria for Special Levy Establishment*

12 special levies requires 12 service levels		
	2023	2033
<b>Service Hours per Household</b>	All different	Few different –Service Strategy outcomes influence long term “ <b>service level</b> ” and may not maintain a different service level across all municipalities as currently exists.
<b>Service Hours per Capita</b>	Most different	
<b>Frequency of Service</b>	Few different	
<b>Type of Service: Conventional, On-Demand, Specialized, Blend</b>	Few different	

The ability to maintain 12 special levies should be monitored annually as part of service strategy and consideration given to fewer levies as service levels become aligned.

*Transit Consolidation 2023 Financial Impact*

The estimated municipal apportionment for each of the 12 Special Levies is represented in Appendix 4 for both the operating budget of \$46.4 M and the first year of the capital replacement strategy of \$2.2M. Current and projected cost portions have been aggregated by type of service, with conventional service municipalities representing St. Catharines, Niagara Falls and Welland, while all remaining municipalities are considered alternative services. Currently conventional transit municipalities represent 77% of all transit costs, under the recommended financial strategy these municipalities will be apportioned 74% of the total consolidated transit operating budget and 85% of capital.

**Board Composition**

The GSC has recommended a revised governance structure that would establish a transitional Commission Board for a minimum three-year period comprised of fifteen (15) elected officials.

A transitional Commission Board reflects two core principles and areas of LAM feedback on the NTGS model:

- the need for more frequent and direct representation for all municipalities;
- [while] maintaining representation for larger municipalities proportional to their ridership and financial contributions.

This transitional Commission Board will be reviewed after three (3) years by a third-party to ensure that the composition, size, and share of representation has resulted in an effective governing body that is achieving the strategic objectives of the Commission.

This review will consider options including maintaining the transitional fifteen (15) member structure, other fully elected boards with a smaller number of total representatives, and hybrid board structures that include public skills-based members in line with the recommendation of the NTGS. The GSC maintains the position that the establishment of a hybrid governing model remains a preferred outcome for the future permanent Board structure and should be strongly considered during the Year 3 review.

The key features of the recommended transitional model are as follows:

- A fifteen (15) member transitional Commission Board comprised exclusively of elected representatives, with the City of St. Catharines receiving three (3), the City of Niagara Falls receiving two (2), and each of the other ten (10) municipalities receiving one (1) full-time representative.
  - The additional representatives for St. Catharines and Niagara Falls reflect their significantly greater share of transit ridership in Niagara.
- Municipal representatives for the Commission Board will be recommended to Regional Council by each local Council, and can be either Regional or Municipal Councillors. While local Councils will be asked to forward recommendations for nomination to the Board, final responsibility and authority for appointing members to the Board will rest with Regional Council, as the Commission will be an agency of the Region. This appointment responsibility resting with Regional Council ensures the Region, solely responsible for the funding of the Commission, retains necessary control in line with Public Sector Accounting Board (PSAB) principles.
- The role and membership of the supporting Advisory Board will be expanded to balance the fully elected official transitional Commission board. Meeting frequency will be increased to quarterly from semi-annually, and stakeholders representing the perspectives of disability, youth, and seniors representatives will

be added. The Advisory Board provides non-binding advice and recommendations to the Commission Board.

- The transitional Commission Board will have responsibility for appointing representatives to the Advisory Board.
- Similar to representatives for the transitional Commission Board, local Councils will be asked to forward recommendations for the twelve (12) resident member positions.
- The transitional Commission Board will report directly to Regional Council, which will have responsibility for approving the annual budget for the Commission.

*Figure 2 - GSC Recommended Board Structure*

Transitional Transit Commission Board	Advisory Board
<p><b>(15) Total Elected Official Representatives</b></p> <ul style="list-style-type: none"> <li>● (3) St. Catharines</li> <li>● (2) Niagara Falls</li> <li>● (1) Fort Erie</li> <li>● (1) Grimsby</li> <li>● (1) Lincoln</li> <li>● (1) Niagara-on-the-Lake</li> <li>● (1) Pelham</li> <li>● (1) Port Colborne</li> <li>● (1) Thorold</li> <li>● (1) Wainfleet</li> <li>● (1) Welland</li> <li>● (1) West Lincoln</li> </ul>	<p><b>(20) Total Public Stakeholder Representatives</b></p> <ul style="list-style-type: none"> <li>● (12) Niagara Residents (one per Municipality)</li> <li>● (2) Members representing Accessibility Advisory Committees or other Accessibility Stakeholders</li> <li>● (2) Post-Secondary Representatives (1 student union representative from Brock University and Niagara College)</li> <li>● (1) Member representing Niagara Chambers of Commerce</li> <li>● (1) Senior Issues Stakeholder</li> <li>● (1) Youth Issues Stakeholder</li> <li>● (1) Transit Commission General Manager (ex-Officio)</li> </ul>

Transitional Transit Commission Board	Advisory Board
<i>Members recommended by local Councils, appointed by Regional Council.</i>	<i>Resident members recommended by local Councils, all members appointed by the Transit Commission Board.</i>

The move from the NTGS recommended nine (9) member hybrid board to a 15-member board directly responds to LAM feedback from ‘Phase 1’ consultation to achieve greater representation for smaller LAM municipalities. All Niagara LAMs will full-time representation on the transitional Commission Board and an opportunity to influence the establishment of the Commission and its initial operation directly. This influence is further supplemented at Regional Council, where Regional Councillors will provide direction to the Commission through the annual budget process.

### Niagara Service Standards Strategy

The third area of common LAM feedback related the future levels of service to be delivered by the Commission – both in terms of ensuring the existing levels of service in their communities was maintained as a minimum, and how future enhancements would be planned and funded.

The **Niagara Service Standards Strategy**, provided as Appendix 5, outlines a three-phased approach to the standardization and enhancement of transit service:

- **Phase 1** – Years 1 & 2 – Standard Operating Hours Across Niagara
- **Phase 2** – Year 3 – Combine Specialized and Demand Responsive Services
- **Phase 3** – Years 4 & 5 – Network Review and Growth

The strategy takes the approach of establishing a series of common operational standards such as hours of operation, service frequency, and service coverage that the Commission will seek to meet through incremental service improvements in the first few years of operation. A comprehensive Network Service Review and plan is considered for Phase 3, the timing of which will allow for the Commission to properly assess its needs after the assumption of operation and at which time the impacts on transit ridership from COVID-19 will be better understood.

This strategy is intended to act as an initial guideline for the Commission, demonstrating the types of services and improvements that could be implemented in the future. Within

the strategy, changes to service levels are examined through the perspective of each community to indicate the types of enhancements that they can expect to see as the service standards are achieved.

The Commission and its Board, through its own planning studies (i.e. Network Service Review discussed in Phase 3), approvals, and budgets will make the final decisions about what service improvements will be provided.

### Strategy Comparison

The financial strategy, revised board composition model, and service standards strategy recommended by the GSC significant updates to directly address the input received from LAMs. Below provides a summary comparison of the original NTGS and financial model and the revised strategies recommend by the GSC.

*Table 4 – Original NTGS and Updated GSC Recommendation Comparison*

Strategy	NTGS and Original Financial Recommendation	GSC Recommendation
Financial	<ul style="list-style-type: none"> <li>• Single Regional Levy.</li> <li>• Costs distributed to the LAMs based on Regional property assessment.</li> </ul>	<ul style="list-style-type: none"> <li>• Twelve (12) Special Levies.</li> <li>• Regional transit costs will be allocated to Special Levy based on local share of Regional assessment.</li> <li>• Local transit costs will be allocated to Special Levy based on local service hours.</li> </ul>
Board Composition	<ul style="list-style-type: none"> <li>• Nine (9) member hybrid board.</li> <li>• Two (2) rotating representatives for smaller LAMs.</li> </ul>	<ul style="list-style-type: none"> <li>• Fifteen (15) member board comprised of elected official representatives.</li> <li>• Full-time representation for smaller LAMs.</li> </ul>

Strategy	NTGS and Original Financial Recommendation	GSC Recommendation
Service Standards	<ul style="list-style-type: none"> <li>• NTGS growth projections from Future State assessment.</li> <li>• Network Service Review prior to service launch</li> </ul>	<ul style="list-style-type: none"> <li>• Niagara wide service standards</li> <li>• Short-term Phase 1 and Phase 2 enhancements precede a Phase 3 Network Service Review</li> </ul>

Appendix 6 connects these revised strategies back to the feedback received from each LAM, as well as additional areas of feedback that were identified outside the major themes.

**Next Steps and 2021 Workplan**

The GSC has recommended that a second round of LAM consultation be undertaken to present the revised strategies contained in this report, confirm issues have been addressed, and gather any additional feedback before proceeding to triple majority.

Adoption of the recommendation of this report will initiate this consultation process, which is anticipated to occur over the summer of 2021. The Regional project team will work with the CAO, Mayor, and Clerk in each municipality to provide the level of support required as each Council develops their feedback and input.

*Figure 3 - 2021 Governance Workplan*



For clarity, adoption of this report and its consideration by the LAMs during the second round of consultation will not represent the triple-majority approval process.

Rather, input received through the second consultation period will be reflected in the final proposal advanced as part of triple-majority approval, anticipated to commence in early Fall 2021.

Based on reflection of any second round feedback by the LAMs, the triple-majority approval process will begin with the consideration of a final report by LNTC, anticipated for September 29, 2021. This would then be followed by a Regional Committee of the Whole or Special Council meeting in mid-October. At that meeting, Regional Council will be asked to formally adopt the by-law initiating triple-majority, which will then be forwarded to each LAM for consideration through the remainder of Q4 2021. Triple majority support consists of:

- a majority of all votes on upper-tier council [Regional Council];
- a majority of all the lower-tier [LAM] councils passing resolutions consenting to the by-law;
- the total number of electors in the lower-tier [LAM] municipalities that have passed resolutions consenting to the by-law form a majority of the electors in the upper-tier municipality

Should triple-majority be achieved, a one-year period would be required to establish the Commission and prepare for the assumption of day-to-day operations on approximately January 1, 2023. This transition is outlined in the NTGS.

## **Communications and Engagement**

A communications strategy has been developed to support this workplan, and will be undertaken to further education, awareness and engagement on the move towards a region-wide single transit system. The primary objectives of this communication strategy are:

- Provide councils with confidence that residents had the opportunity to understand the recommendations and provide their comments;
- Provide transit stakeholders and supporters with the information and resources they need to engage in the conversation about consolidated transit for Niagara; and
- Support the consideration of the triple majority vote to establish a new transit model for Niagara.

The strategy incorporates outreach to a wide variety of stakeholders across Niagara, including both groups who have been part of previous governance consultation programs, as well as additional stakeholders who have been identified by the GSC. These will include:

- **Niagara Residents** - Transit users in municipalities that have both existing traditional transit service and that do not have regular, frequent traditional service; residents in areas with no service; and residents who currently do not use public transit; and
- **Transit stakeholders and supporters** - Regional and local councillors; Chambers of Commerce and other Niagara business/employment groups; post-secondary institutions and student unions; and social services and other community non-profit organizations.

The strategy will support both the municipal review and feedback period over the summer as well as the eventual triple-majority approval process and as such, is anticipated to commence in mid-July and run through Fall 2021. The strategy will feature the development of a dedicated project website, public feedback surveys, a communications toolkit, social and print media, and a comprehensive series of stakeholder consultation sessions.

## **Alternatives Reviewed**

### **Financial Strategy**

The GSC reviewed and considered a total of eleven (11) different alternative Special Levy financial models in addition to the single General Levy originally proposed; nine (9) options developed twelve (12) unique regional Special Levy tax rates and two (2) options developed two (2) regional Special Levy tax rates. Models were based on a variety of combinations of allocations using per-capita, per-household, service hours and assessment.

The GSC was guided in its evaluation by the series of principles and objects previously described in Table 1. These criteria were developed to directly reflect and address the feedback received from the LAMs during the first round of consultation.

The financial strategy outlined in this report represents the consensus recommendation of the GSC.

## **Board Composition**

Development of the GSC recommended board composition began with a review of the Phase 1 feedback relative to the original recommendations of the NTGS. A series of alternative compositions were developed, including those that maintained a smaller total board size; that included public members to retain a hybrid model; that grouped smaller LAMs into rotating seats on the basis of geography, financial contribution, or ridership; and that maintained a single seat for larger LAMs.

These models were ultimately rejected as they did not sufficiently address the feedback received from the LAMs or the principles established by the GSC of enhanced representation for smaller LAMs, while maintaining a proportional level of representation for larger LAMs. In particular, the GSC supported moving to a fully elected official model with a larger total size and away from the smaller hybrid model recommended by the NTGS to achieve the principle of representation for all LAMs.

## **Niagara Service Standards Strategy**

The Niagara Service Standards Strategy places the undertaking of a comprehensive network review in Phase 3, approximately 4-5 years after the launch of the Commission. Alternative consideration was given to an earlier undertaking of this review, either prior to the launch of the Commission as recommended by the NTGS transition plan, or in Phase 1 or 2.

This approach was not recommended as:

- the enhancements recommended in Phase 1 and 2 are known or required improvements that should precede and be reflected in the network review;
- a one (1) to three (3) year 'steady-state' period prior to major expansions or growth enhancements will allow the Commission to establish a new baseline for consolidated operations, one that will further reflect a post-pandemic transit ridership environment;
- decisions regarding major strategic priorities and initiatives, including the required financial and resources investments, should be reserved for and made by the Commission itself, rather than determined during the approval-to-consolidate stage; and

- Initiating pre-launch review would require committing financial and staff resources in advance of achieving triple-majority authority to consolidate.

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

The proposed consolidation of transit services across Niagara into a consolidated transit entity directly aligns with the Council Strategic Priority: Responsible Growth and Infrastructure Planning (Objective 3.1) through advancing regional transit and facilitating the movement of people and goods.

### **Other Pertinent Reports**

LNTC-C 2-2021	Niagara Transit Governance – Governance Setting Committee Update
LNTC-C 1-2021	Niagara Transit Governance – Detailed Phase 1 Consultation Summary
LNTC-C 6-2020	Councillor Information Request – Niagara Transit Governance – Local Area Municipality Engagement
LNTC-C 4-2020	Niagara Region Transit Governance Study
CAO 8-2017	Niagara Region's Transit Service Delivery and Governance Strategy
LNTC-C 21-2018	Inter-Municipal Transit (IMT) Service Implementation Strategy

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*This report was prepared in significant consultation with Heather Talbot, Financial & Special Projects Consultant – Financial Management and Planning; the Governance Steering Committee comprised of the CAOs from all thirteen (13) municipalities across Niagara; and reviewed by; Matt Robinson, Director, GO Implementation Office; Helen Chamberlain, Director, Financial Management & Planning/Deputy Treasurer; Todd Harrison, Commissioner of Corporate Services/Treasurer.*

**Appendices**

Appendix 1	Annual Special Levy Strategy
Appendix 2	Service Standards and Growth Strategy
Appendix 3	Capital Replacement and Reserve Strategy
Appendix 4	Year 1 2023 Transit Consolidation 12 Special Levy
Appendix 5	Niagara Service Strategy
Appendix 6	Local Area Municipality Feedback Response Tracker