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### **Appendix 3 – Summary Term Sheet Municipal Transfer Agreements**

The following is the proposed package of terms for the Municipal Transfer Agreements, which will guide the transfer of existing transit assets and personnel to the newly formed Transit Commission, subject to triple-majority approval, and to be negotiated individually between The Regional Municipality of Niagara and the City of Niagara Falls, City of St. Catharines, and City of Welland respectively.

The principles outlined in this term sheet represent the consensus recommendations of the CAO Governance Steering Committee, reflecting discussion, comments, and input received throughout the multi-year initiative to consolidate transit.

Note that all financial modeling was estimated based on 2020 budgets, assets, and debt levels. The final Financial Strategy will be adjusted prior to 2023 to reflect new assets and debt incurred and will be based on budget levels no less than 2020 operating budgets. Schedule A and B to this term sheet reflect the most recent estimates by municipalities - asset inventories and debt to be assumed by the Commission will be updated and finalized as part of the completion of the full Municipal Transfer Agreements.

#### **Asset Transfer**

- 1) Existing local transit assets, including but not limited to bus fleet, service vehicles, service equipment, and transit service facilities purchased or acquired prior to June 30, 2022 will transfer to the Transit Commission at no cost or, for the exclusive use of transit service delivery, in accordance with the Cummings Principle (the transfer of assets from one municipality to another at no additional compensation, because the municipal taxpayer has already paid for them).
  - a) Land on which transit service facilities reside will be retained by the local municipality, and the Region will conduct a Phase 2 environmental assessment.
  - b) Payment-in-lieu of taxes will be provided by the Commission to the local municipality, where applicable.
  - c) Transit service facilities with shared-use municipal components will transfer to the Commission, and be subject to an agreement to lease back at a nominal rate to the municipality those areas of the facility used for non-transit purposes.
  - d) Should the Commission no longer require a transferred asset to exclusively deliver transit services, the ownership of that asset will be transferred back to the original municipality.

- 2) The Commission will commit that existing fleet vehicles delivering local service within a municipality will continue to be utilized exclusively within that municipality for the remainder of their existing service life.
- 3) Local municipalities will make available to the Commission for inspection and condition assessment all transit assets prior to transfer, and will share all related documents related to the assets including information respecting insurance claims. The Commission will be under no obligation to assume assets deemed, at its discretion, to not be in suitable condition for transfer or to not be required to meet the future operational requirements of the Commission. The schedule of assets, specifically the asset count and with the corresponding cost to be transferred by each municipality is included as Schedule A to this document.
- 4) Any ongoing or in-progress capital improvement or acquisition projects will remain the responsibility of the municipality until completed and the asset transferred to Commission only upon completion at zero cost.
- 5) Local municipalities will disclose any agreements entered into related to transit operations in whole or in part, and that will extend beyond December 31, 2022. Copies will be provided to the Region.

### **Personnel Transfer**

- 6) All current full-time, part-time, and union permanent staff, employed directly and fully in transit by local municipalities and hired prior to June 30, 2022, will transfer to the Commission.
- 7) Non-unionized employees will either be directly offered a position with the new Commission where there is anticipated to be a substantially similar role established, or have the opportunity to apply for new roles within the Commission. Where a non-unionized employee does not ultimately transfer to the Commission, they will remain employees of the Municipality in accordance with the *Public Sector Labour Relations Transition Act, 1997*.
- 8) Those employees whose full-time role with a municipality supports transit work as a only portion of their duties (i.e. corporate support personnel not fully employed in transit) will remain with the municipality.
- 9) The integration of the three existing Amalgamated Transit Unions (ATUs) will take place in accordance with the defined provincial process as outlined under the *Public Sector Labour Relations Transition Act, 1997* and by the Ontario Labour Relations Board.

## **Transit Operations**

- 10) The Commission will assume full and exclusive operational responsibility for the delivery of transit on January 1, 2023.
- 11) The Commission will commit to maintain existing local service levels in each municipality, defined as a minimum of the budgeted 2020 local service hours, for a minimum of 7 years or unless otherwise consented to by the municipality.
- 12) The Commission will seek to establish a single common fare as identified in the financial model.
- 13) Municipalities will support the Commission in the placement of on-road transit infrastructure such as transit stops and shelters as required by facilitating their location.

## **WEGO**

- 14) Niagara Region or the Transit Commission will negotiate and enter into an agreement with the Niagara Parks Commission and City of Niagara Falls such that authority for the delivery of the WEGO transit service will remain with the Niagara Parks Commission, in partnership with the City of Niagara Falls.
- 15) WEGO fleet and the WEGO transit facility will remain with the City of Niagara Falls and not be transferred to the Commission, unless otherwise agreed to by the parties as part of any future assumption of WEGO operations by the Commission.
- 16) The Niagara Parks Commission and City of Niagara Falls will continue to provide WEGO service for those routes currently delivered by each agency.
  - a) Transit operators currently employed by the Niagara Parks Commission in the delivery of WEGO service will not transfer to the Commission.
  - b) Transit operators currently employed by the City of Niagara Falls in the joint delivery of Niagara Falls Transit and contracted WEGO routes will transfer to the Commission.
  - c) The Commission and the City of Niagara Falls will enter into a service agreement, on the basis of an hourly fee, for the provision of operators to deliver the continued contracted City of Niagara Falls WEGO routes.

## **Transitional Period**

- 17) A transitional 'steady-state' period will commence on July 1, 2022, beyond which municipalities will commit to make no additional operational, capital, or personnel changes beyond those previously budgeted, unless otherwise agreed to by the Commission, acting reasonably. This will include:

- a) The continued delivery of transit operations through December 31, 2022, including the maintenance of service levels in place as of June 30, 2022;
  - b) The assumption of additional or unplanned capital expenditures;
  - c) The undertaking of additional debt unless otherwise agreed to and may be subject to a different Municipal allocation than outlined in the Financial Strategy;
  - d) The onboarding of additional non-union or unionized staff; and
  - e) Continued adherence to asset management plans and the state-of-good repair of assets to be transferred to the Commission.
- 18) Assets, personnel, or debt acquired, on-boarded, or assumed by a municipality during this transition period will not transfer to the Commission, unless otherwise agreed to by the parties and the Region of Niagara.

## **Budgets**

- 19) The transit budget associated with the transfer of local operating costs to the Region's twelve special levy model may be offset by equal and concurrent reductions to local Municipal budgets and levies to minimize the residential taxpayer impact from transit consolidation where possible.
- 20) Previously approved intergovernmental funding allocations for capital improvements related to transit will continue to be directed to the identified approved projects and initiatives within the original receiving municipality, until such time as the funding program commitments are satisfactorily met. . This includes any obligation referenced in paragraph 4.
- 21) Debt previously undertaken by municipalities to fund the purchase of transit assets will transfer to the Commission in accordance with Schedule B to this document.
- 22) Any financial assets or liabilities at December 31, 2022 will be accrued by the municipality in accordance with Public Sector Accounting Standards, and other than reserves and debt will remain the responsibility of the municipality at transition.
- 23) The assumption of any costs, operating contracts and debt by the Commission as at the transition date are subject to audit by the Region at the Region's discretion to confirm compliance with transition terms and obligations assumed by the Commission as at January 1, 2023.
- 24) Municipalities will be responsible to maintain and fund all 2022 operating costs from their 2022 transit operating budgets, inclusive of staff costs, until the Commission establishes its first budget in 2023.

25) Municipalities will provide an accurate record of claims history for a period of five (5) years before June, 2022 to assist the Commission in obtaining liability insurance coverage.

### **Commission Governance**

26) The Commission must undertake a full governance review by an external third party and report back to Regional Council for decision by 2025. The implementation of the future permanent Board structure will coincide with the 2026 municipal election.

27) The Commission will obtain Officers and Director's and all other insurance coverage as soon as it is established.

28) The Commission will obtain Officers and Director's and commercial general liability insurance coverage as soon as it is established and all other insurance coverage required for the operation of a transit commission before January 1, 2023. The Commission is authorized to obtain competitive bids by reaching out to the insurers that currently provide coverage to the existing transit operations instead of issuing a Request for Proposals.

29) The Commission will appoint a General Manager to oversee the transition and who will report to the Commission Board.

### **Existing Agreements and Documentation**

30) Existing agreements between municipal transit agencies and senior levels of government or third-party suppliers or contractors will transfer or be assigned subject to the provision of paragraph 22, to the Commission, subject to the specific requirements of those contracts. Where agreements cannot be assigned or transferred to the Commission, the originating municipality will retain responsibility, subject to adjustment at a later date.

31) Responsibility for existing legal claims or legal liabilities, or those initiated or founded in allegations related to the operations by the municipalities prior to the transfer of operational responsibility to the Commission on January 1, 2023 will remain with the municipalities.

32) Municipalities will provide and transfer applicable documentation, operating procedures, maintenance records, employee records or other materials necessary for the transition to the Commission.

### **Negotiation of Agreements and Dispute Resolution**

33) The parties commit to the negotiation of the full municipal transfer agreements by no later than March 31, 2022.

34) Where direct discussion between the Region and municipalities does not satisfactorily resolve any issues, an independent mediator and/or arbitrator will be required to provide dispute resolution services, including binding decisions where agreement cannot be otherwise achieved between the parties. Costs for mediation or arbitration will be split between the Region and municipality.

### **Schedules**

Schedule A – Municipal Assets for Transfer

Schedule B – Municipal Debt for Transfer

### Schedule A – Municipal Assets for Transfer

Schedule A and B to this term sheet reflect current estimates - asset inventories and debt to be assumed by the Commission will be updated and finalized as part of the completion of the full Municipal Transfer Agreements.

Asset Category	Vehicle Count (Conventional & Specialized)	Acquisition Price	Accumulated Amortization	Current Net Book Value	Useful Life
<b>Niagara Region</b>					
Bus	30	\$14,245,039	\$2,267,951	\$11,977,088	10
<b>St. Catharines</b>					
Bus	91	\$46,362,278	\$26,987,076	\$19,375,202	12
Service Trucks	20	\$1,420,081	\$892,997	\$527,084	6
Land*		\$1,182,244	\$712,282	\$469,962	16
Facilities		\$11,475,701	\$3,987,557	\$7,488,144	22
Equipment		\$5,136,651	\$2,791,006	\$2,345,645	13
Technology		\$6,524,206	\$3,529,598	\$2,994,608	7
<b>Sub-Total</b>		<b>\$72,101,162</b>	<b>\$38,900,517</b>	<b>\$33,200,645</b>	
<b>Niagara Falls</b>					
Bus	47	\$24,135,770	\$15,423,652	\$8,712,118	12
Service Trucks	11	\$364,599	\$261,191	\$103,408	6
Land*		\$2,202,049	\$498,047	\$1,696,315	32
Facilities		\$21,832,585	\$3,724,925	\$18,107,660	24
Equipment		\$2,946,597	\$1,808,621	\$1,137,976	13
Technology		\$5,445,750	\$3,661,905	\$1,783,845	7
<b>Sub-Total</b>		<b>\$56,927,350</b>	<b>\$25,378,341</b>	<b>\$31,541,321</b>	

Asset Category	Vehicle Count (Conventional & Specialized)	Acquisition Price	Accumulated Amortization	Current Net Book Value	Useful Life
<b>Welland</b>					
Bus	22	\$7,438,333	\$2,563,944	\$4,874,389	12
Service Trucks	7	\$239,417	\$181,198	\$58,220	6
Land*		-	-	-	0
Facilities		\$4,329,238	\$2,089,308	\$2,239,930	21
Equipment		\$990,578	\$492,992	\$497,586	6
Technology		\$1,317,243	\$532,850	\$784,393	7
<b>Sub-Total</b>		<b>\$14,314,809</b>	<b>\$5,860,291</b>	<b>\$8,454,518</b>	

\* In accordance with the principles outlined above, land will not transfer to the Commission and will remain with the original municipality.

**Schedule B – Municipal Debt for Transfer**  
**Balances as of December 31st, 2020\***

	<b>Debt year ending</b>	<b>Average Annual Debt Payment**</b>	<b>Long Term Debt</b>	<b>By-law Reference</b>
<b>Niagara Region Transit</b>	2029	\$1,334,694	\$10,752,991	2019-59
<b>St. Catharines Transit</b>	2024/ 2027	\$73,824	\$481,635	2017-53, 2019-59
<b>Niagara Falls Transit</b>		\$0	\$0	
<b>Welland Transit</b>	2029	\$146,108	\$1,171,493	2012-73, 2017-51, 2019-14
<b>Niagara-on-the-Lake</b>				
<b>Port Colborne</b>				
<b>Pelham</b>				
<b>Thorold</b>				
<b>Fort Erie</b>				
<b>Grimsby</b>				
<b>Lincoln</b>				
<b>West Lincoln</b>				
<b>Wainfleet</b>				
		<b>\$2,019,804</b>	<b>\$17,803,923</b>	

\*Final debt figures for transfer will be established as part of the negotiation of the full Municipal Transfer Agreements. The Region will not be required to transfer any debt above those totals identified in Schedule 'B' above unless otherwise agreed to and may be subject to a different Municipal allocation than outlined in the Financial Strategy.

\*\*Includes principal and interest