



November 22, 2021

Regional Chair Jim Bradley  
Region of Niagara  
1815 Sir Isaac Brock Way  
P.O. Box 1042, Thorold, Ontario  
L2V 4T7

Dear Chair Bradley,

**RE: Minor Pause Requested – Increased Transparency for Niagara Taxpayers**

The City of Welland remains supportive and committed to inter-municipal transit operations. For over 14 years, the City has provided this service to all Niagara residents. Therefore, the City does not oppose the move to a consolidated transit system; instead, it asks for a minor pause in starting the triple majority vote to review critical updates.

**Governance**

The City of Welland Council drafted guiding principles in 2017 to shape this topic's discussion and decision-making process.

Based on these guiding principles, it is clear how the City of Welland arrived at the questions and requests to the Region before initiating the triple majority vote.

As the third-largest municipality in Niagara and only one of three that offers inter-municipal transit, the current model provides only a single seat on the board's commission. This inequitable arrangement is dismissive of an existing, longstanding provider of inter-municipal transit. Consequently, the City of Welland continues to request a second seat on the commission.

**Financial Impacts to all Niagara Municipalities**

Financially, as Niagara municipalities discuss and finalize their 2022 operating budgets and updated five-year transit capital budgets, the City of Welland has concerns about the congruency between the current financial landscape and the one that existed pre-COVID when the proposed model was developed. In addition, the pandemic has put tremendous stress on transit budgets. Without knowing the sustainability of government grants and the impacts of reduced ridership, it is difficult to assess what type of financial burden will be placed on the taxpayer.

The current transit environment does not reflect the transit environment outlined in the proposal, making the model flawed and may increase taxpayers' financial liability. Therefore, potential variables need to be identified and mitigation strategies provided.

**Transfer of Assets**

Lastly, the Cummings Principle is not supported. The principle's premise is to transfer assets (and related outstanding liabilities) from one municipality to another with no additional compensation.

There should be no rush in calling this vote until early in the new year with updated budgets, an opportunity to discuss board composition further, and an understanding of the continuing data that filters in from agencies such as the Ontario Public Transit Association (OPTA) (Appendix A). However, every taxpayer in Niagara deserves to have this decision made with the requested information available.

As OPTA points out, ridership is not coming back for 2-3 years without extended operating support, and most systems will need to consider cutting services.

The City of Welland looks forward to continuing this discussion and receiving updates on the governance, financial, and asset transfer models proposed and updated five-year transit capital budgets.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a loop and a final flourish.

Steve Zorbas, CAO

# Keeping transit running: What's happened and what's ahead



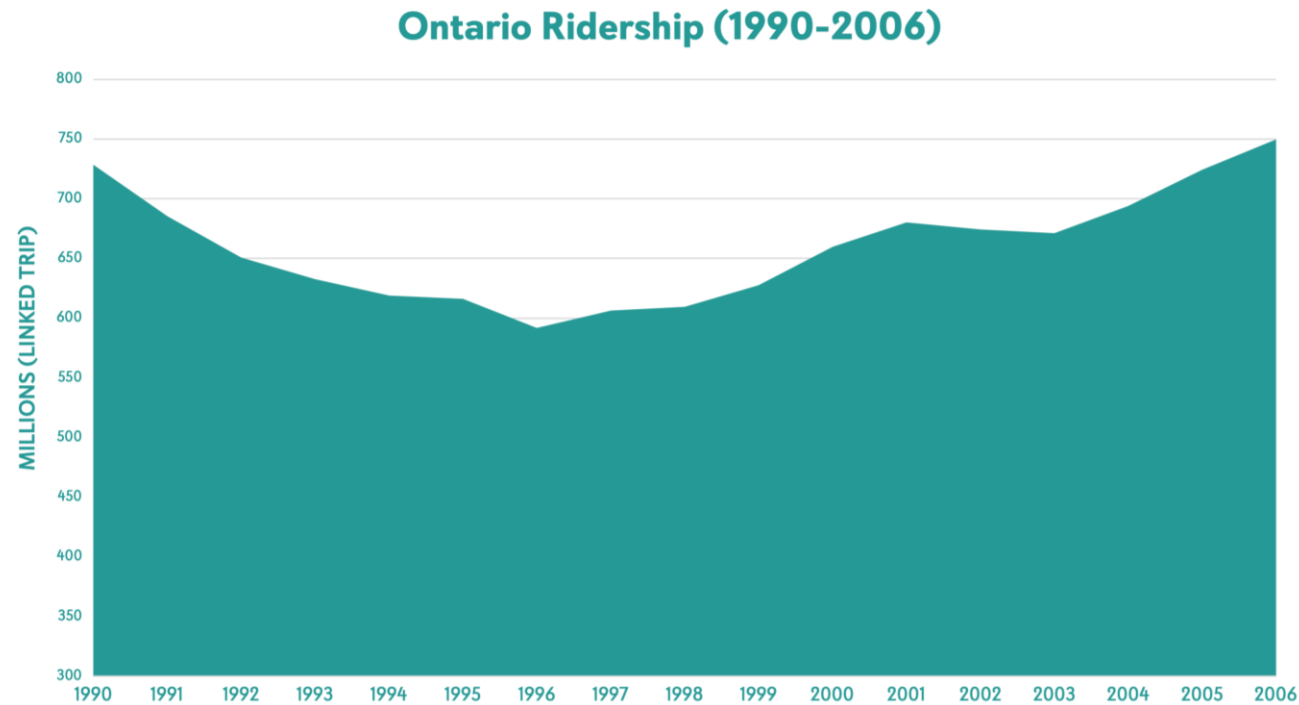
# Keeping transit running

Since Covid began, Ontario transit systems have responded. We've reduced and reallocated service to respond to ever-changing demands, while continuing to get a million Ontarians a day where they need to go.

Over the next year, ridership is expected to rise to about 70% of pre-Covid levels from about 55% today. **Without extended operating support, most systems are also considering the need to cut service—likely pushing riders away at the very moment demand is rising.** If that happens in the first half of 2022 as people are returning to offices and campuses, it could have long-term impacts on travel patterns and farebox revenue.

With all the variables, ridership forecasts will be imprecise. This is everyone's first pandemic. But 35 Ontario systems responded to our survey in October 2021. What follows is how they've responded so far, their educated estimates about what's next, and the harmful impacts we can expect if operating support is not extended.

# We've seen long-term effects before



Before presenting the results, it's important to remember what happened the last time lower revenue led to service reductions.

When the cuts came in the early 1990s, it took 16 years for ridership to recover.

Avoiding another long-term decline depends on largely replacing revenue lost to Covid and keeping service levels relatively high.

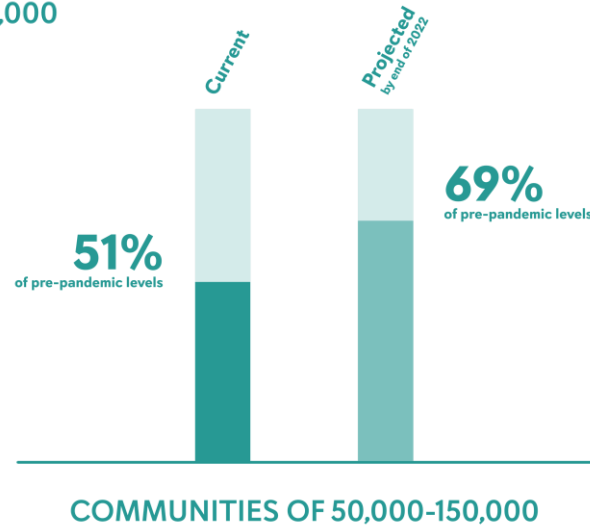
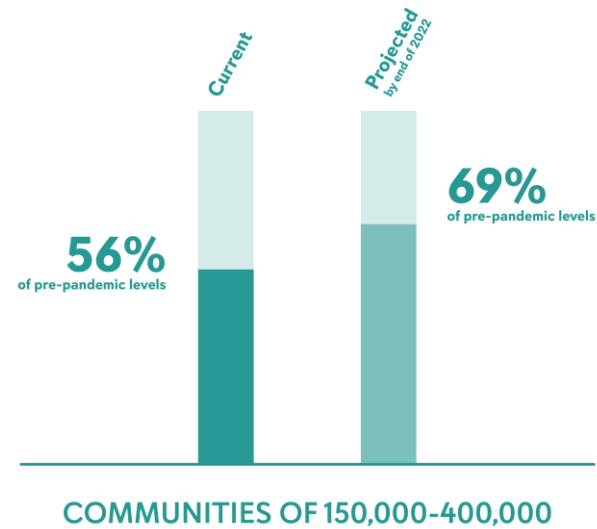
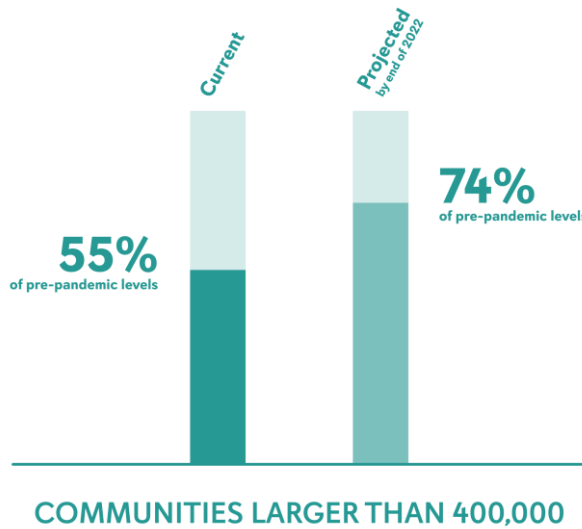
# System and route ridership

From mid-2021, transit systems have experienced an increase in ridership, which they expect to continue into 2022 as the following slides show. But they also expect actual post-pandemic ridership patterns won't be fully known until a “new normal” emerges, likely sometime in 2023.

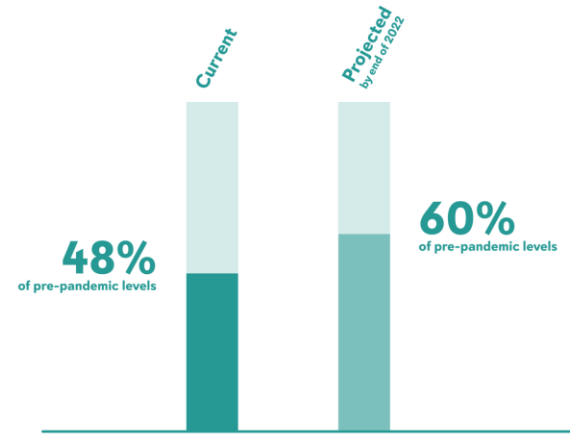
As important as the overall numbers are, every system also has to anticipate route-specific ridership, and since the pandemic began have made adjustments at this level. Maintaining service for institutions, such as hospitals, that continued to operate while reducing it on routes to campus or an airport. And now increasing it to distribution facilities or as post-secondary students return.

Most of the reduction in service on the following slides was on low-ridership routes. The longer it remains, the more likely riders who can afford it will be to find alternatives—perhaps permanently.

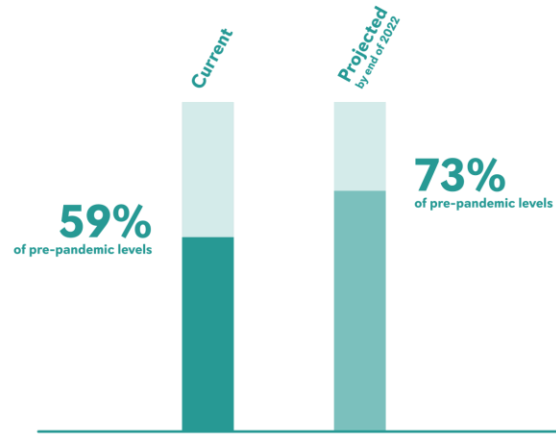
# Current & projected ridership by system size



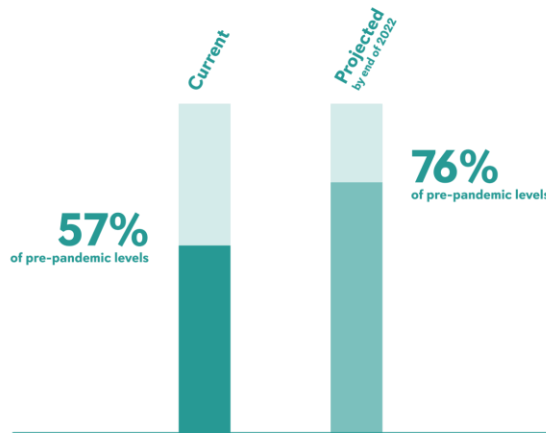
# Current & projected ridership by region



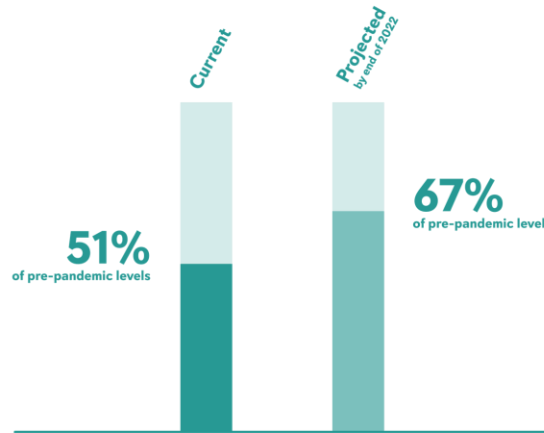
NORTHERN ONTARIO



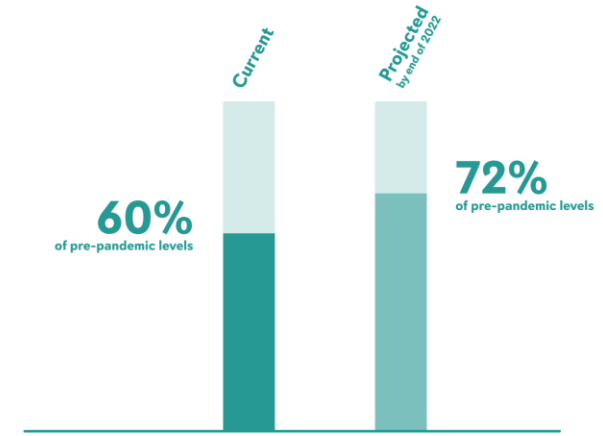
CENTRAL ONTARIO



EASTERN ONTARIO



GTHA



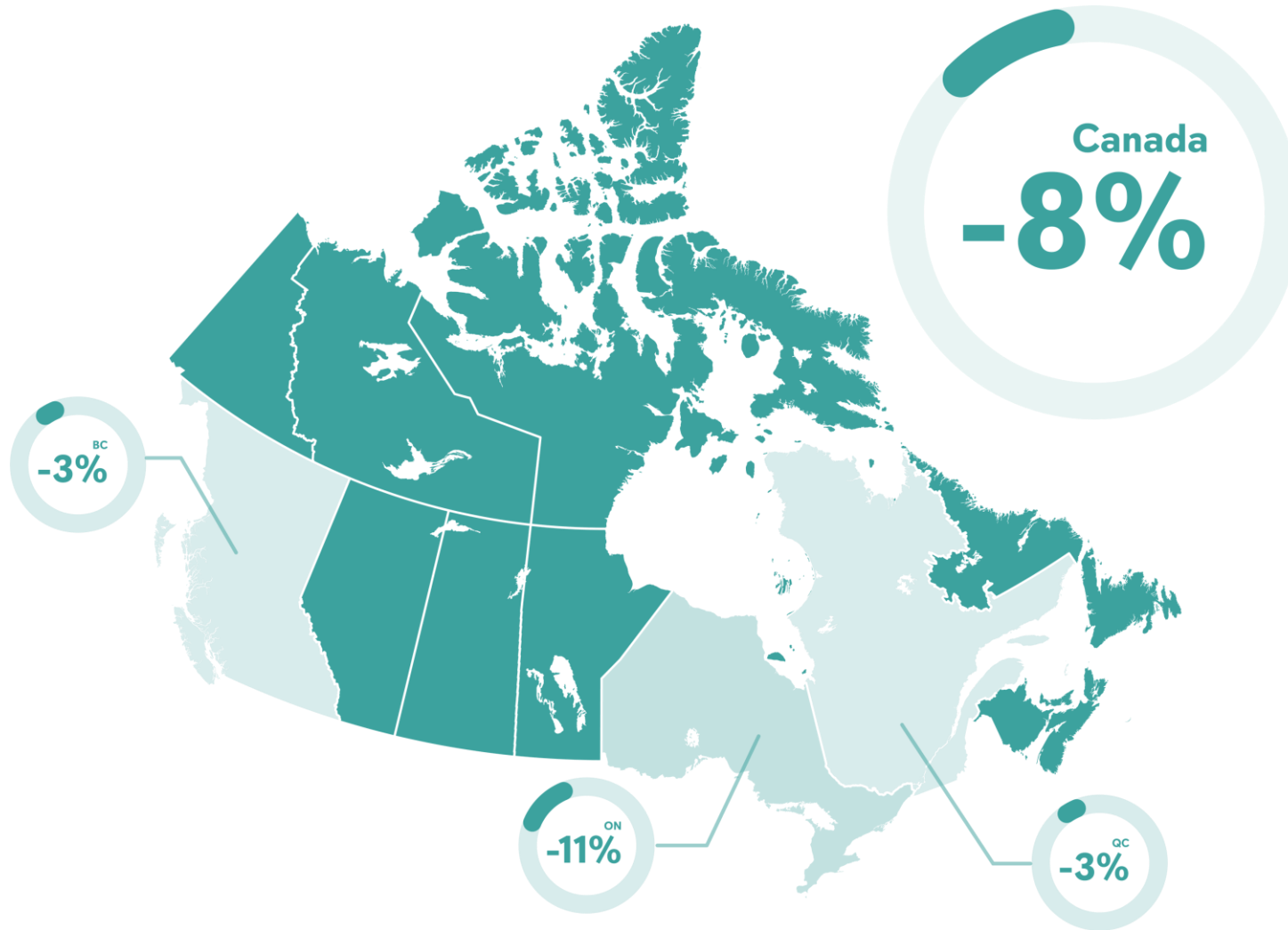
SOUTHWESTERN ONTARIO



# Avoiding a repeat of the 1990s

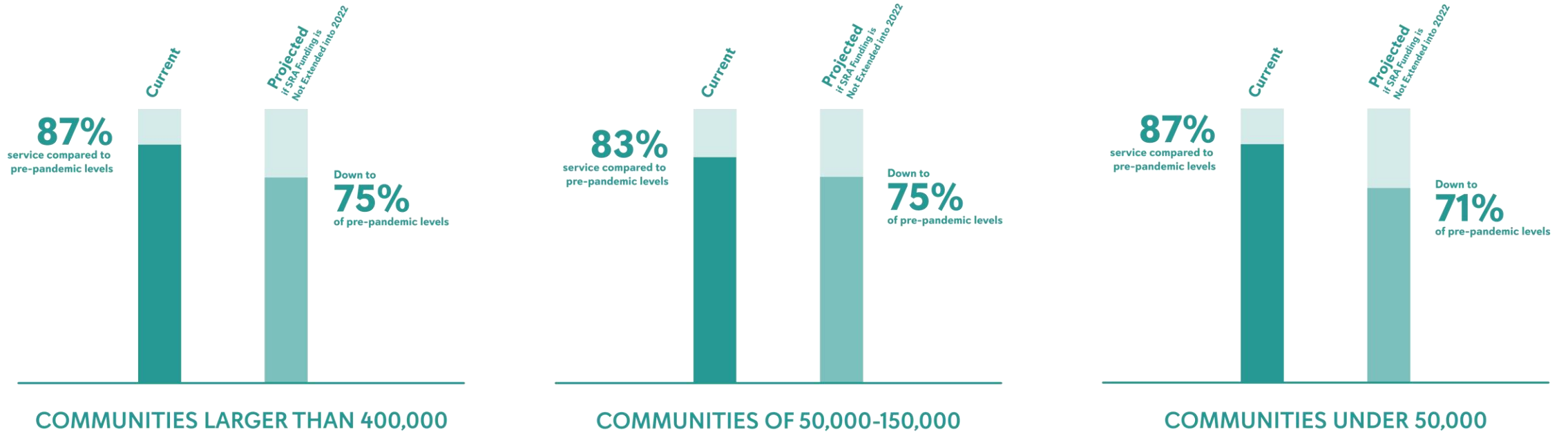
Historically, Ontario transit systems have had some of North America's most efficient rates of farebox recovery. During Covid, we also reduced service by more than the national average and almost three times that of other large provinces.

Much of the service reduction that's already occurred was in response to public health measures like lockdowns or work-from-home orders. These are now being lifted. And if, as offices and campuses reopen through 2022 service is reduced even further we will be pushing people away from transit at the very time we should be encouraging riders to return. This could repeat the experiences of the 1990s and result in a long-term decline in ridership and increase in traffic congestion.



Ontario has already reduced service by more than the national average, and significantly more than other large provinces.

# Without extended support, more service reduction is expected

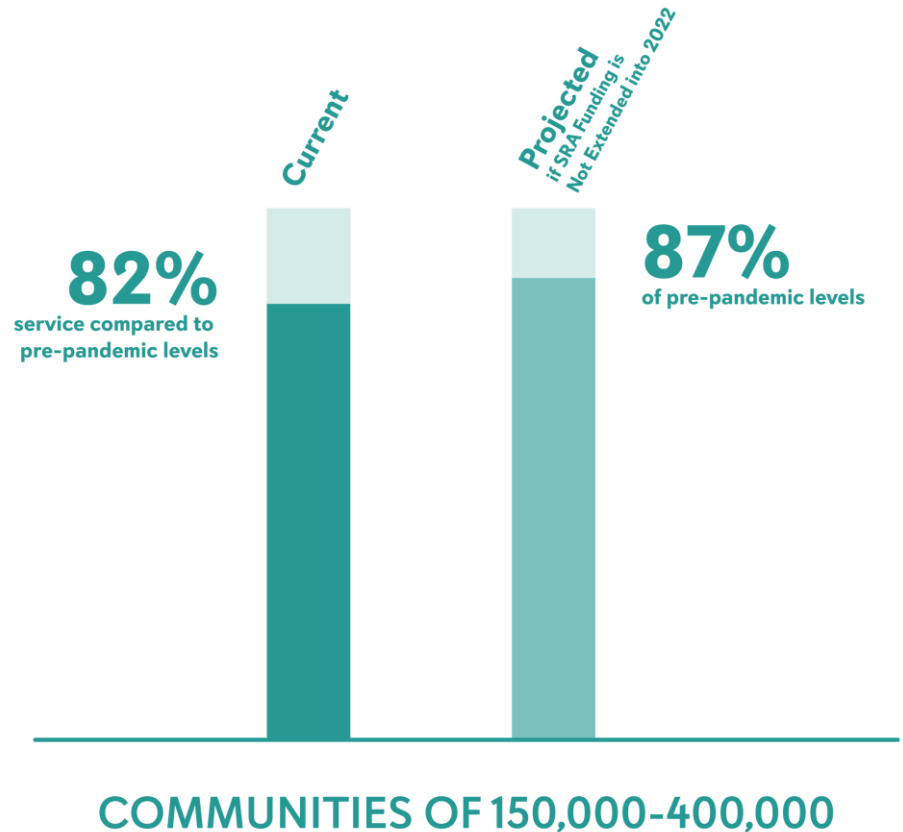


# Local factors

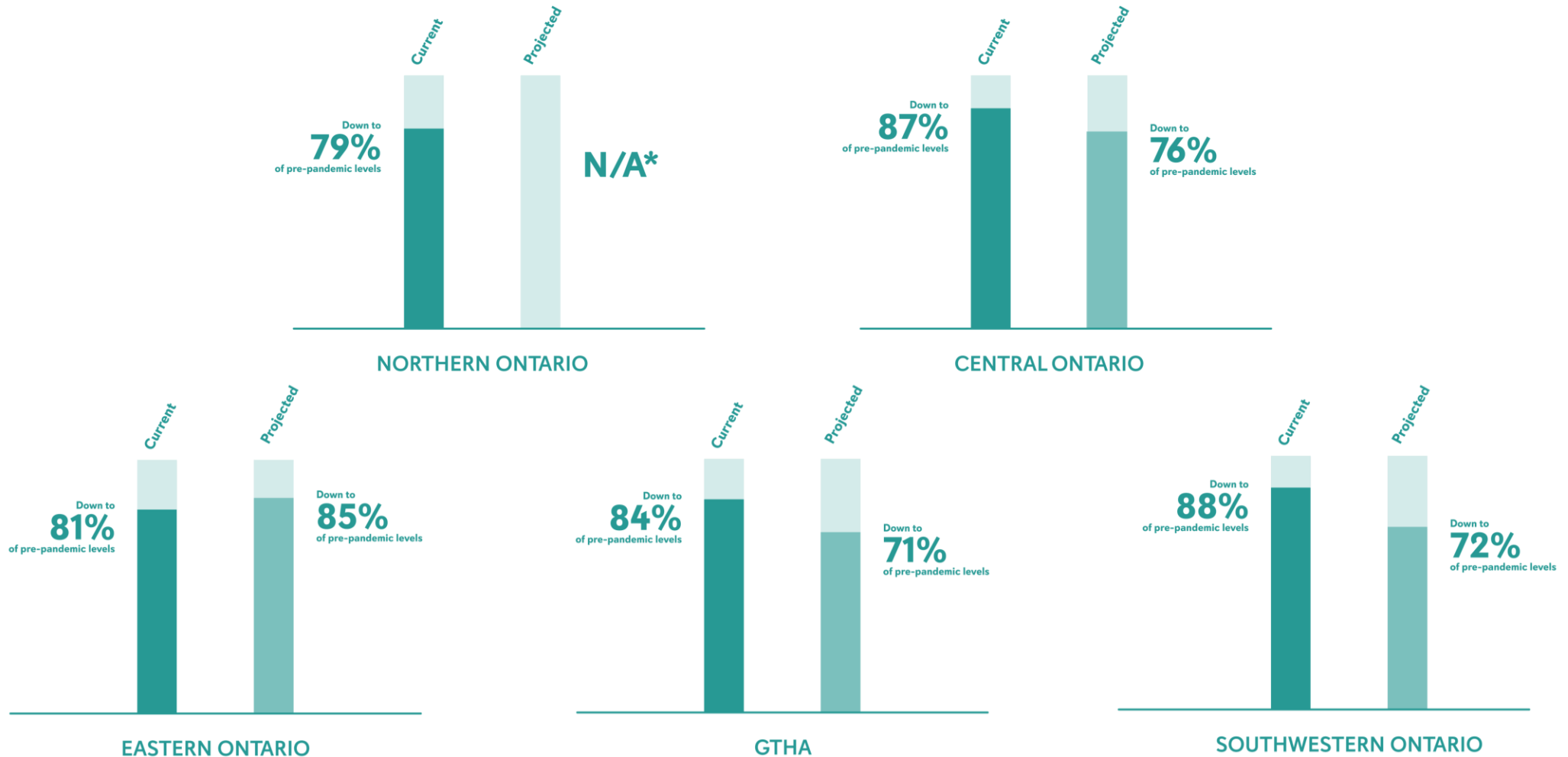
The impact of post-secondary students is most pronounced in medium-sized communities:

- In **Windsor**, post-secondary students were 55% of pre-Covid ridership, but the university is currently only at 11% on-campus learning. As this increases, service to campus will as well.
- In **Guelph**, 60% of pre-Covid riders were students and the UPass provided half of all transit revenue. The university is currently at about 60% on-campus learning.

Additionally, **Kingston** reduced service significantly in 2020 and into 2021 and is using the resulting savings to increase service next year. On the following slide, Eastern Ontario is forecasting service growth as public servants return to the office in **Ottawa**.



# Almost every region forecasts further service cuts without ongoing support

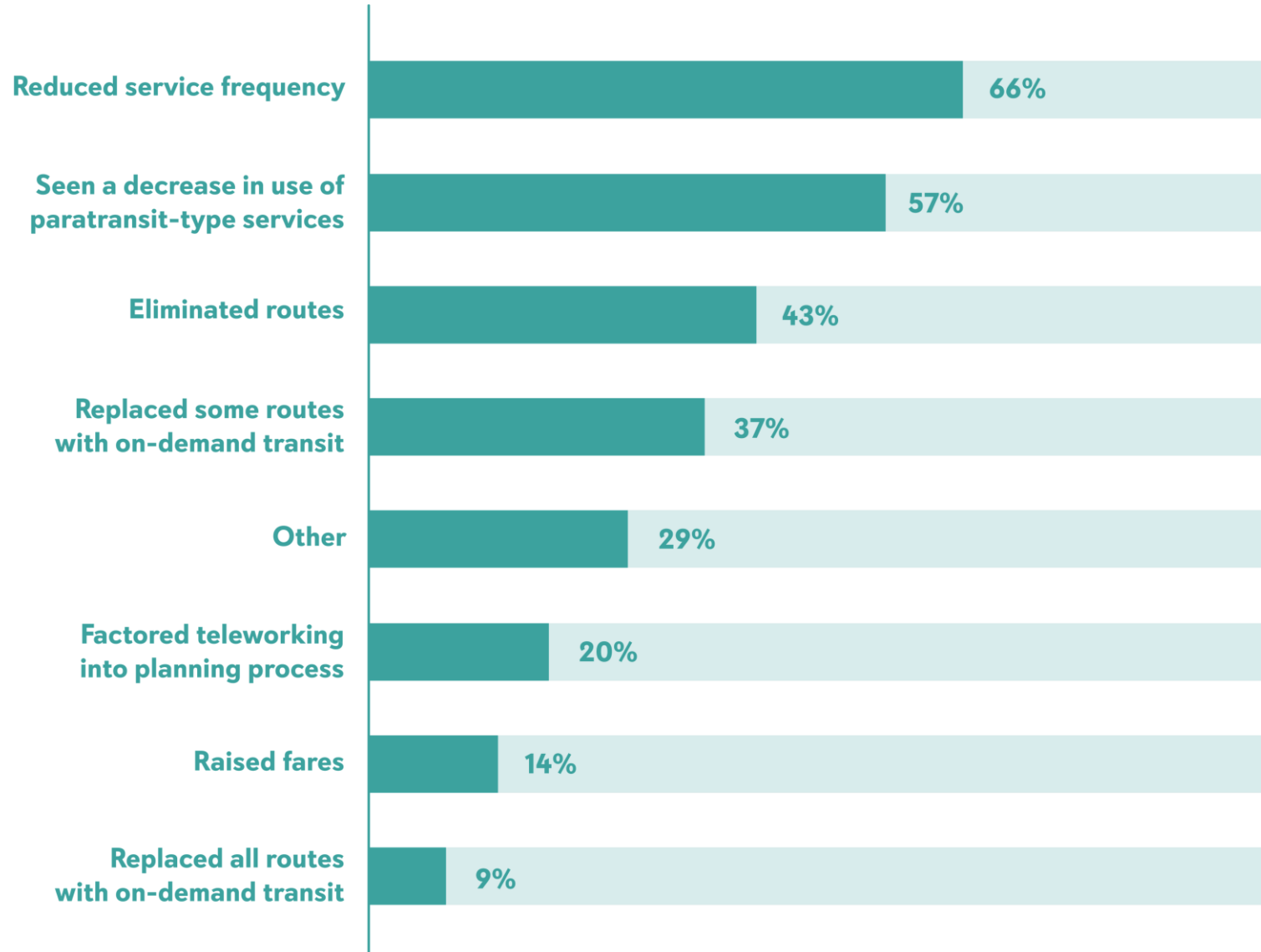


# Service reduction options

There are several ways transit systems can contain costs. The most obvious is reducing service frequency or eliminating routes entirely.

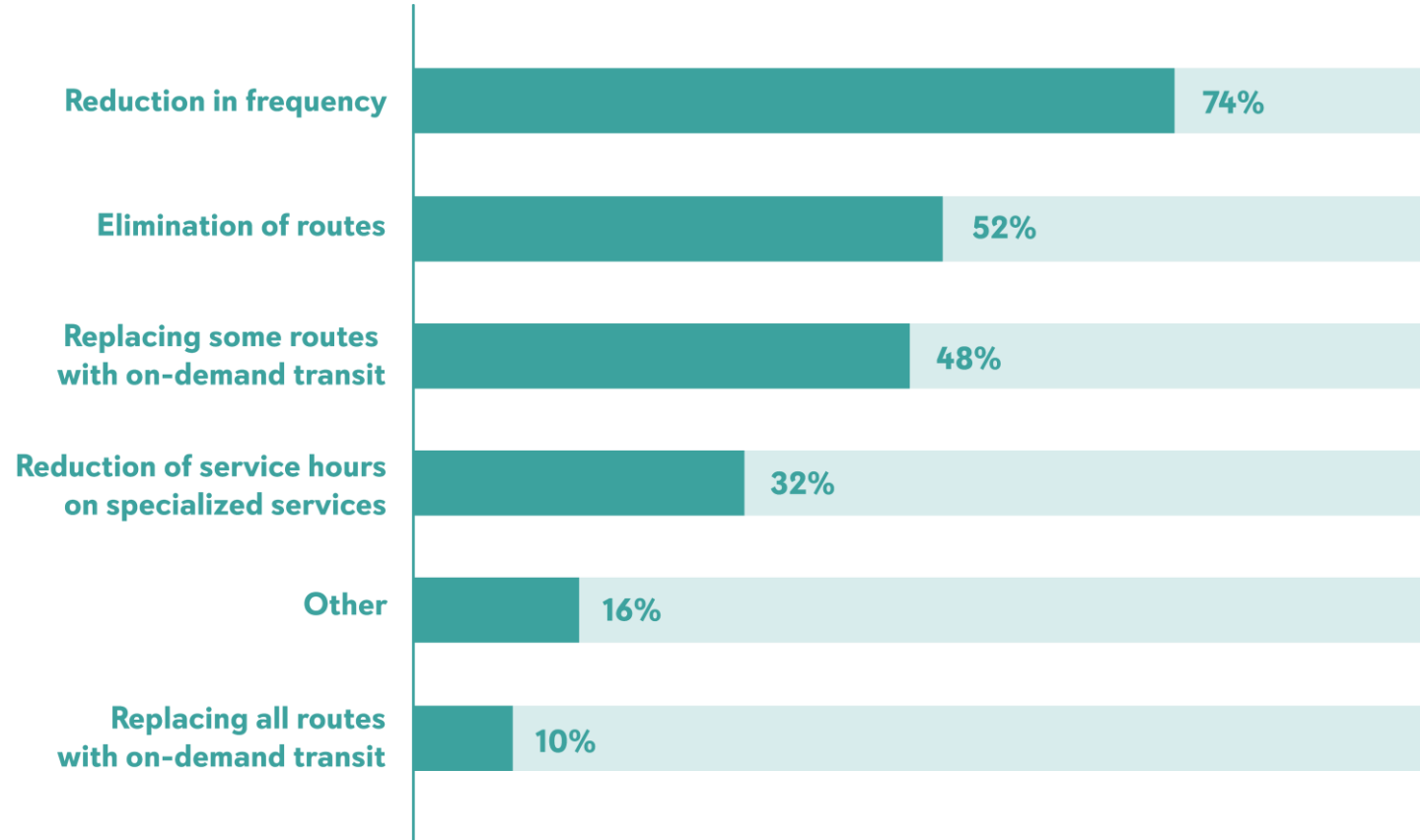
While almost two-thirds of systems reduced the frequency of service, about a third also replaced conventional service with on-demand service. This approach is appropriate, both from a financial and a sustainability perspective, but is also by its nature fluid. What worked during the worst of Covid in the winter of 2020-21 may not in the new reality that emerges in 2023.

Without extended operating support, not only do transit systems risk having to reduce service further, it's unlikely they will be able to increase service in response to growing demand as workplaces and campuses reopen.



Cost savings  
measures already  
employed.

Multiple responses allowed.

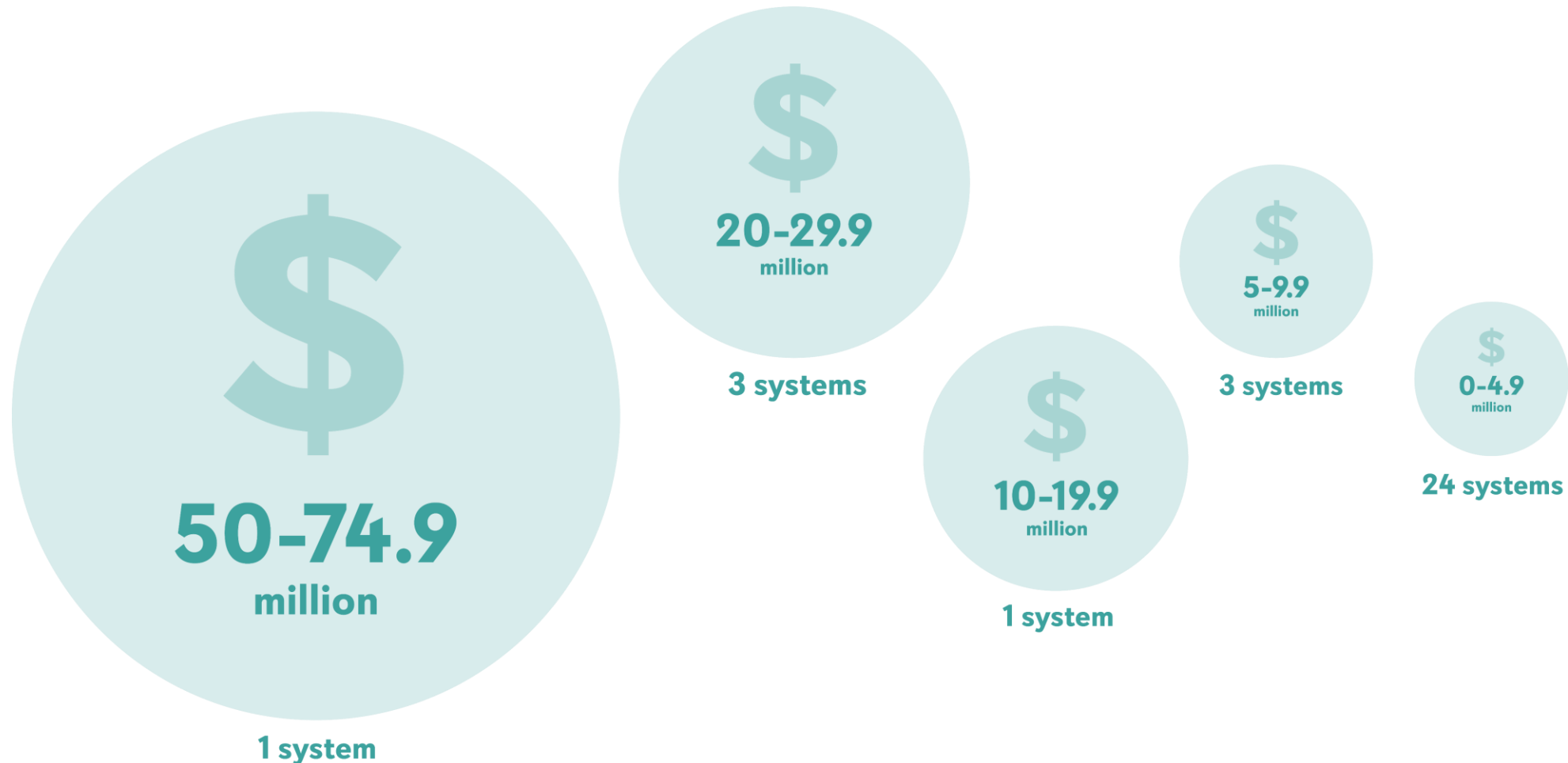


Projected service reductions without extended support in 2022

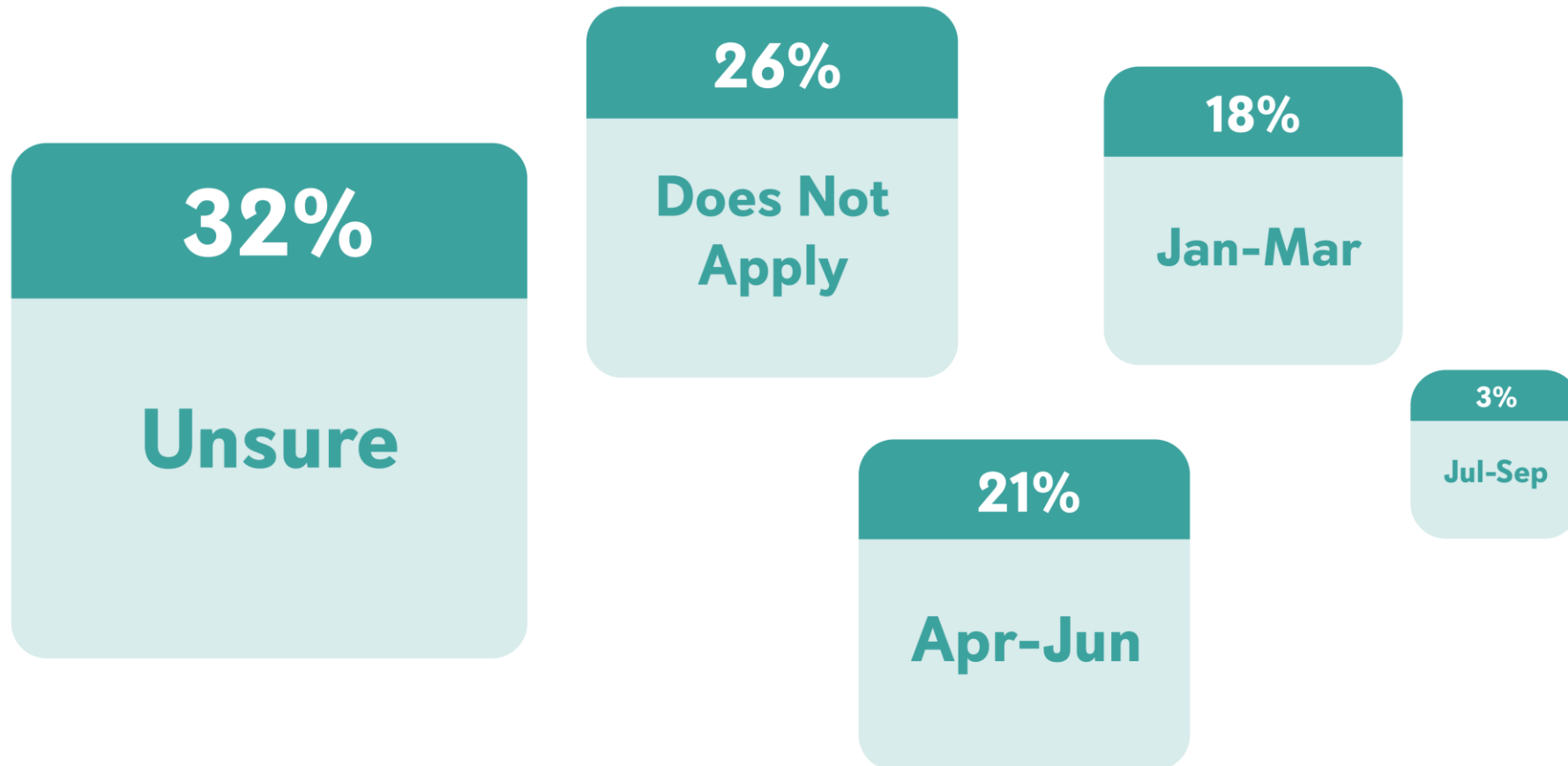


# Projected financial shortfalls through 2022

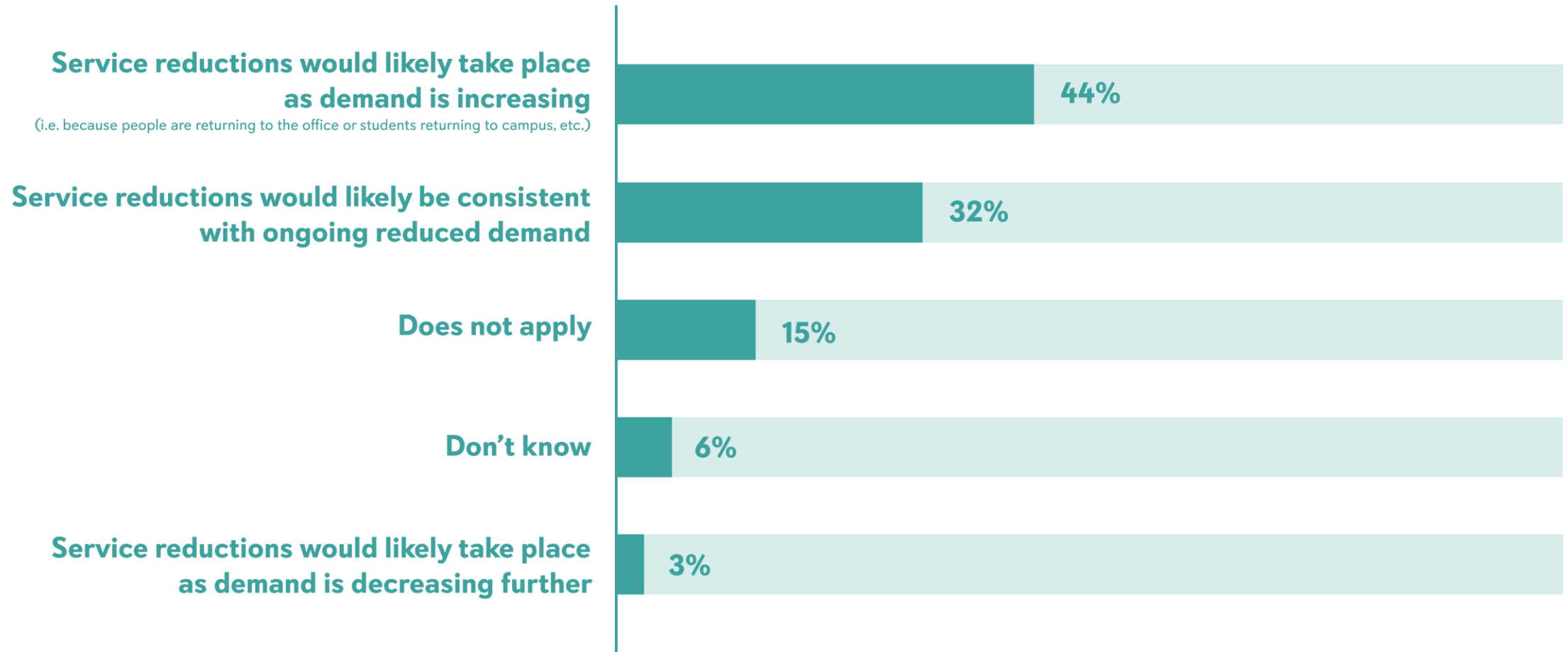
Does not include TTC



# When service reductions are expected if support isn't extended



# Ridership demand forecasts vs. service reductions without ongoing support



# Impact on capital projects

**Q:**

**Will your capital projects be impacted if there is no extension to Safe Restart Agreement-like funding?**

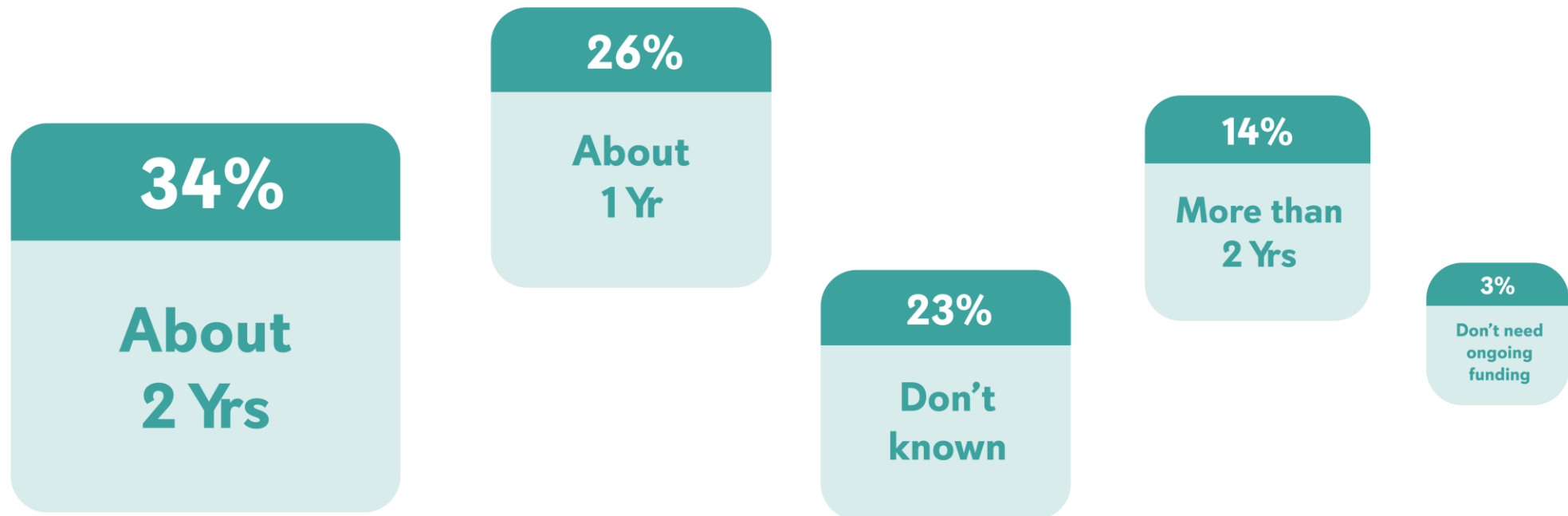
**YES - 47%**

**NO - 53%**

# How Long SRA Funding Is Needed

**Q:**

How long, if at all, do you estimate you may need extended Safe Restart Agreement-like funding?



# Notes on Data

These figures are estimates, and in most cases have not gone through municipal budget cycles. Ridership figures are also snapshots in time as of October 2021 and in many instances are changing rapidly.

The TTC is not included.

# Respondent Details

These figures were from an OPTA survey of its members in October 2021 that received 35 responses. The TTC is not included.

## **By size**

Communities larger than 400,000: 8

Communities between 150,000-400,000: 6

Communities between 50,000-150,000: 10

Communities smaller than 50,000: 11

## **By region**

Southwestern Ontario: 14

GTHA: 6

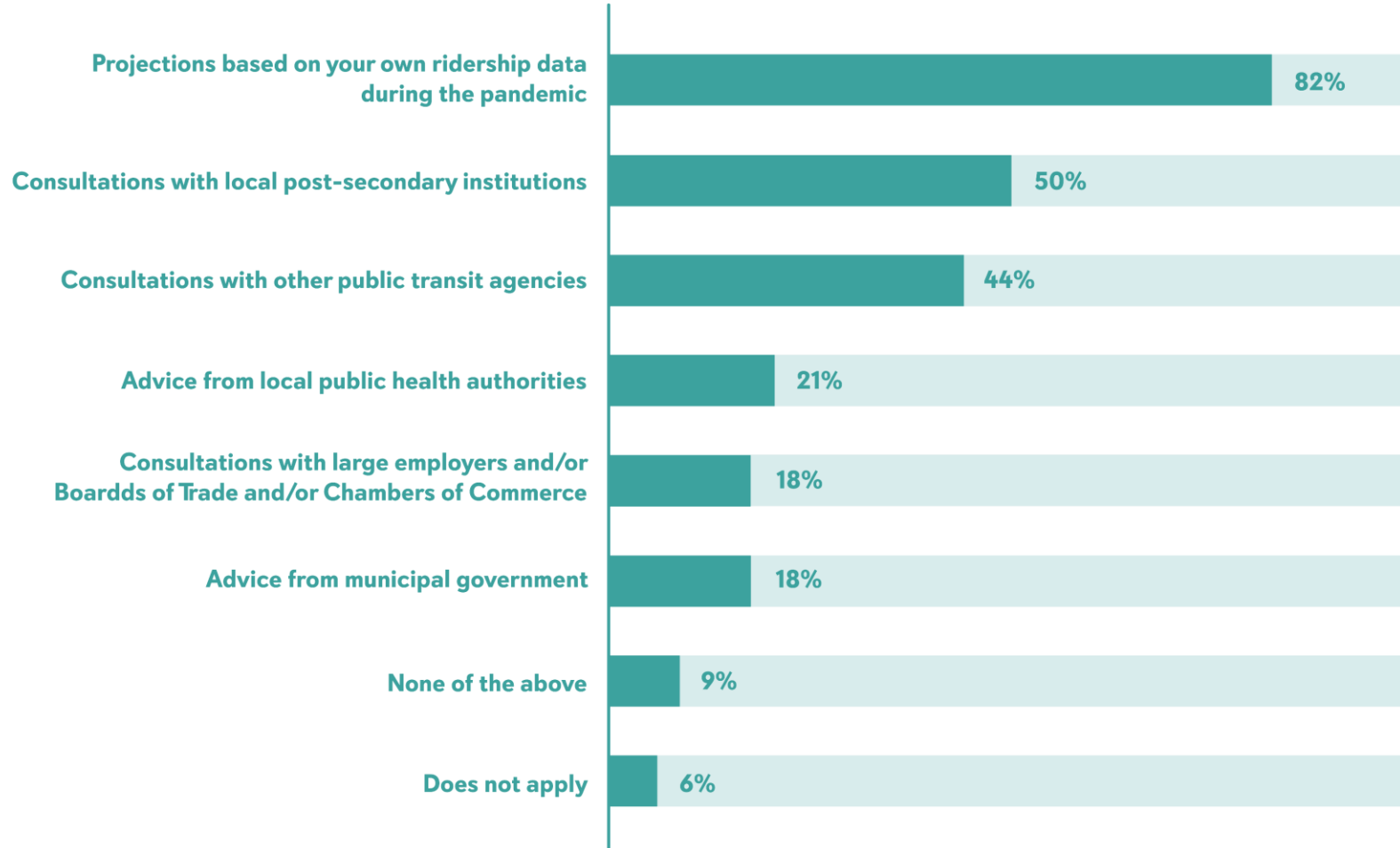
Eastern Ontario: 6

Central Ontario: 5

Northern Ontario: 4

**Q:**

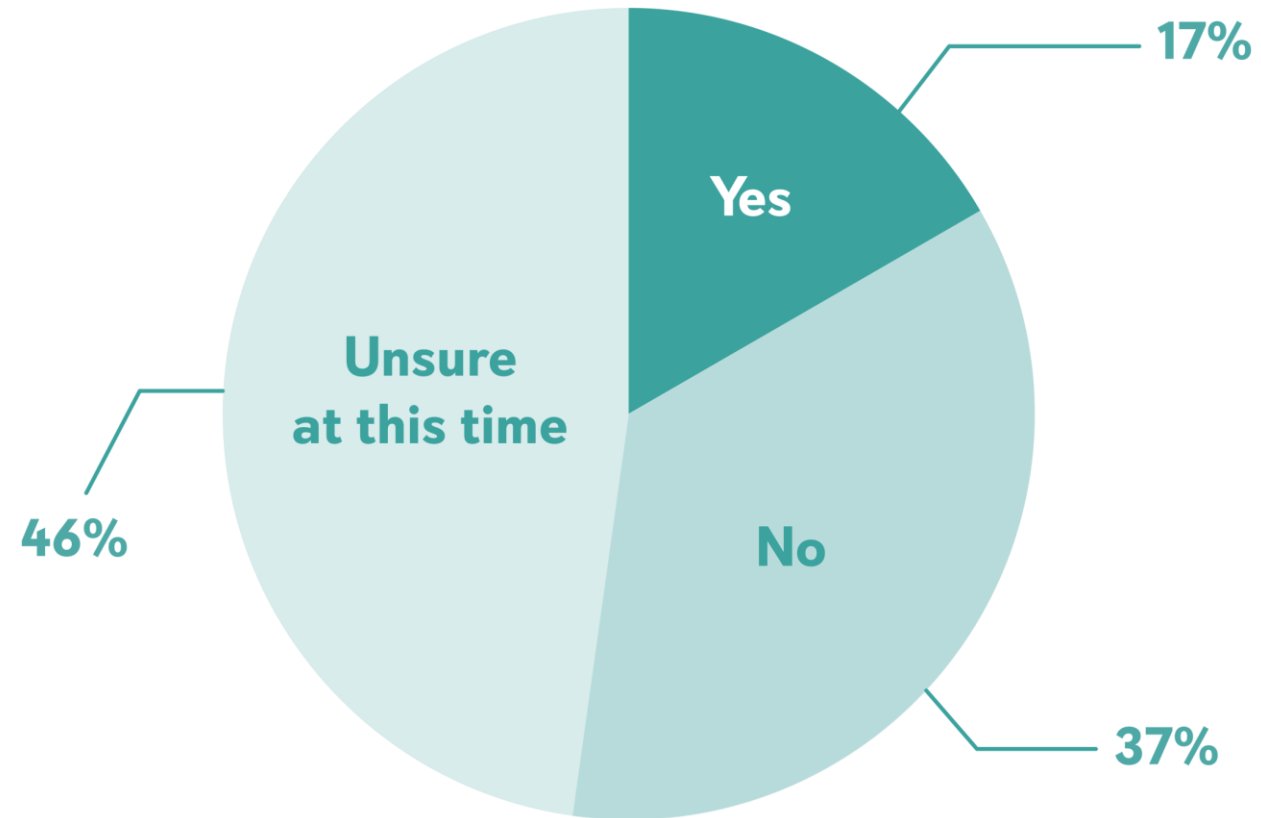
**If you have ridership projections, how were these devised? Select all that apply.**





**Q:**

If there is no extension of Safe Restart Agreement-like funding,  
is your system or municipality considering fare increases?



**Q:**

Are you projecting ongoing increases to health and safety costs, such as disinfecting vehicles, protective gear for employees, replacement of driver shields?

