
Subject: Niagara Regional Transit (NRT) and Niagara Specialized Transit (NST)
2018 Ridership and Revenue Summary

Report to: Public Works Committee

Report date: Tuesday, March 19, 2019

Recommendations

That Report PW 23-2019 **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to summarize the 2018 ridership and revenue for NRT and NST.
- The 2018 NRT ridership grew from 492,540 in 2017 to 692,021 in 2018 (41% growth) with the net expense finishing over budget by approximately 2%.
- NRT ridership growth is largely due to the route consolidations pertaining to 60/65 and significantly larger than projected enrollment at Niagara College, which required implementation of additional services from September through December.
- The 2018 NST ridership was approximately 10% higher than in 2017 with the net expense finishing approximately 30% over budget due to increased demand for the service.

Financial Considerations

Niagara Region Transit (NRT)

The 2018 NRT operating budget included \$4,579,285 in operator payments plus \$100,000 in maintenance costs and \$1,449,217 in fare revenue for a net expense of \$3,230,068. The 2018 NRT actual operator payments totaled \$4,969,963 plus \$231,666 in maintenance costs with \$1,912,765 in fare revenue for a net expense of \$3,288,864. This resulted in a variance of approximately \$58,796 (2%) over budget.

The higher than budgeted actual operator payments and revenues are a combined result of route consolidation and increased demand/ridership which required deployment of additional vehicles. The largest variance is a result of much larger than anticipated major repair costs for the aging NRT fleet. Additional commentary is provided in the analysis section of this report.

In 2018, the Region's share of revenue for NRT grew to \$1,912,765. This is an increase of 44% over 2017 and is driven predominantly by the U-pass (post-secondary) portion of revenue.

Table 1 below summarizes the variance between the operating budget and the actual operating costs.

Table 1 – NRT Operating Budget vs. Operating Costs

Details	2018 Budget	2018 Actual	2017 Actual	Var \$ 2018A vs 2018B	Var % 2018A vs 2018B	Explanation
Operator Payments	\$ 4,579,285	\$ 4,969,963	\$ 3,974,319	\$(390,678)	(9%)	Route Consolidation & Enrollment Pressures
Maintenance Costs	\$ 100,000	\$ 231,666	\$ 19,996	\$(131,666)	(132%)	Major repairs to aging fleet
Revenue	\$(1,449,217)	\$(1,912,765)	\$(1,330,805)	\$ 463,548	32%	Increased U-Pass Contribution due to route consolidation & supplemental services
Net Expense	\$ 3,230,068	\$ 3,288,864	\$ 2,663,510	\$ (58,796)	(2%)	

Niagara Specialized Transit (NST)

The NST budget included \$2,008,384 in operator payments and \$101,336 in fare revenue for a net expense of \$1,907,048. The 2018 actuals included \$2,627,753 in operator payments and \$151,123 in fare revenue for a net expense of \$2,476,630. This resulted in an unfavourable variance of \$569,582 (30%) over budget. This variance was primarily driven by the continued increase in demand for the service. However, this also includes \$138,010 to write-off the pre-payment made at the beginning of the contract. This was done to close the initial Agreement in conjunction with the negotiations toward a new Amending Agreement.

Table 2 below summarizes the operating budget and the actual operating costs for NST.

Table 2 – NST Operating Budget vs. Operating Costs

Details	2018 Budget	2018 Actual	2017 Actual	Var \$ 2018A vs 2018B	Var % 2018A vs 2018B	Explanation
# of Trips	25,700**	30,057	27,258	(4,357)	(17%)	Increased Demand
Operator Pymts.*	\$ 2,008,384	\$ 2,627,753	\$ 2,239,757	\$ (619,369)	(31%)	Increased Demand
Fare Revenue	\$ (101,336)	\$ (151,123)	\$ (131,305)	\$ 49,787	49%	Variation in fare product sales; trip distribution across zones
Net Expense	\$1,907,048	\$ 2,476,630	\$ 2,108,452	\$ (569,582)	(30%)	

*Includes payments to Service Provider for late trip cancellations, payment handling charges and 1.76% non-refundable HST

**As reported in PW 40-2018, the demand-based annual trip projection of 30,270 was reduced to 25,700 to meet budget guidance.

In September 2018, staff brought forward a report (PW 40-2018) highlighting the current state of the service and reporting the results of cost mitigation efforts originally outlined in PW 51-2017. In addition, PW 40-2018 outlined a plan to reduce the number of trips available each day to a number well below the annual daily average to remain within base budget. In response to concerns from the public, Council directed staff to maintain the average daily service level and to fund the program through cost savings throughout the corporation. While the net expense did exceed the 2018 base budget, it did comply with the revised funding limit set by Council. This, in turn, has given staff the ability to continue to negotiate with the current service provider to provide enhanced consistency with respect to budget and service delivery for 2019.

Staff are confident that the upcoming changes to the NST Service Agreement will ensure that the 2019 net expense will be contained within the forecasted operating budget. This is due to a restructuring of key performance indicators to be shared in additional detail in a report to this Committee once the Amending Agreement has been finalized.

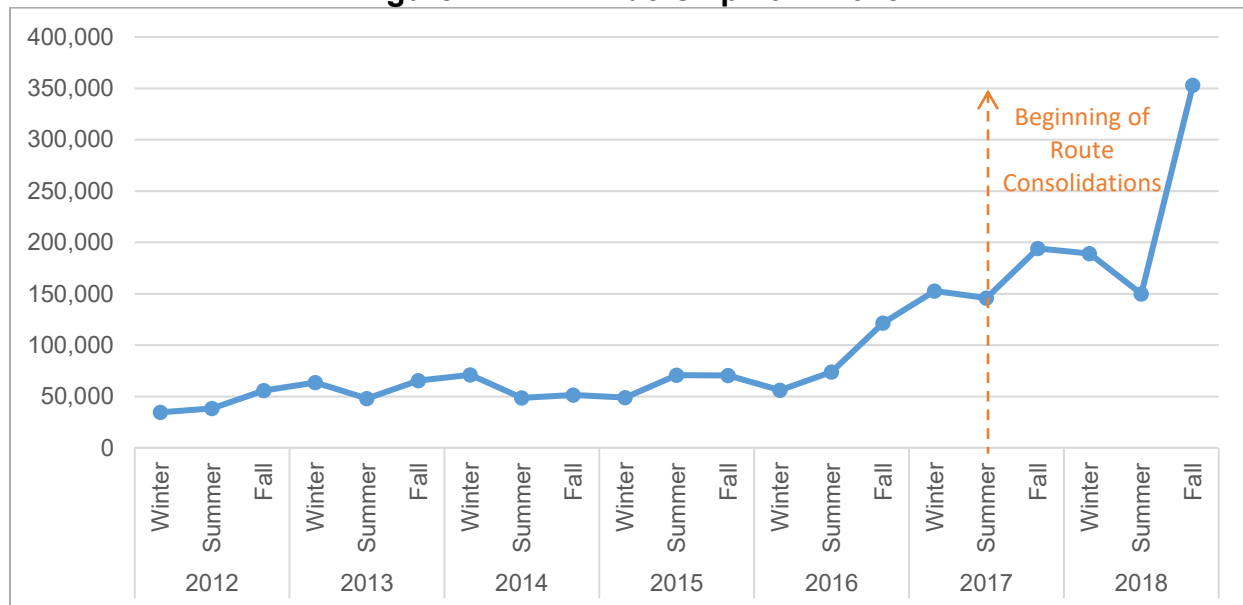
Analysis

Niagara Region Transit (NRT)

The NRT service has continued to see annual growth in its ridership. From 2017 to 2018, the ridership grew approximately 41%.

Figure 1 below illustrates the ridership trend since 2012.

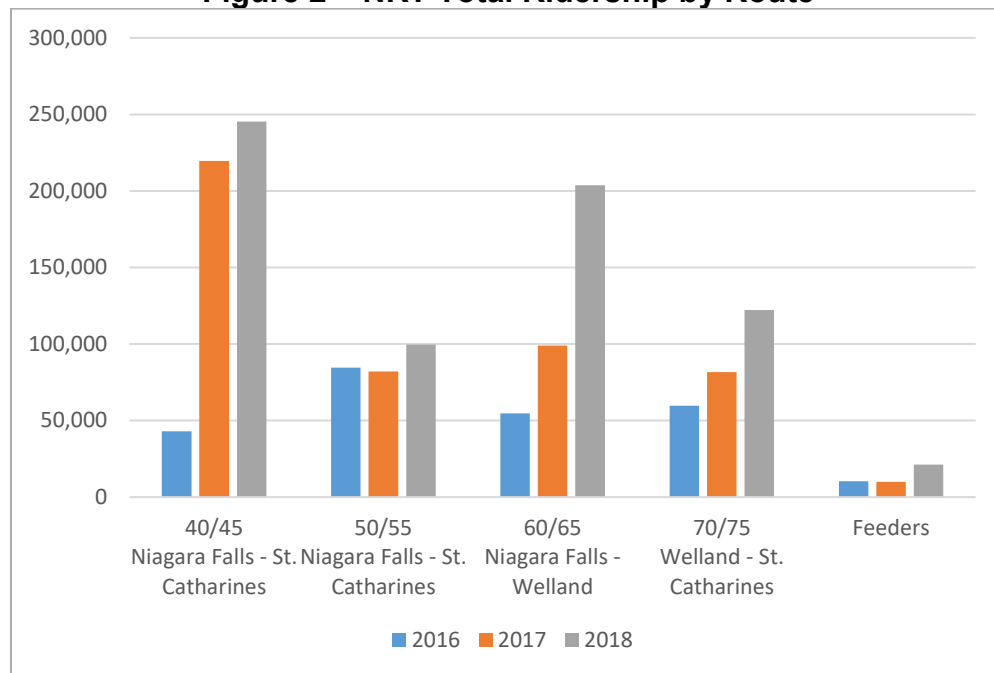
Figure 1 – NRT Ridership 2012-2018



A substantial factor in the ridership growth was the significant enrollment increase at Niagara College for the fall semester. This was exacerbated by a larger than typical proportion of transit-dependent students in this enrollment cohort with the majority of these students residing in Niagara Falls. This unexpected demand overwhelmed the existing NRT system. The pressure eased after additional funds were secured from Niagara College to provide supplemental services. However, this pressed every available bus into service and required additional support from the local transit providers in terms of fleet and staff.

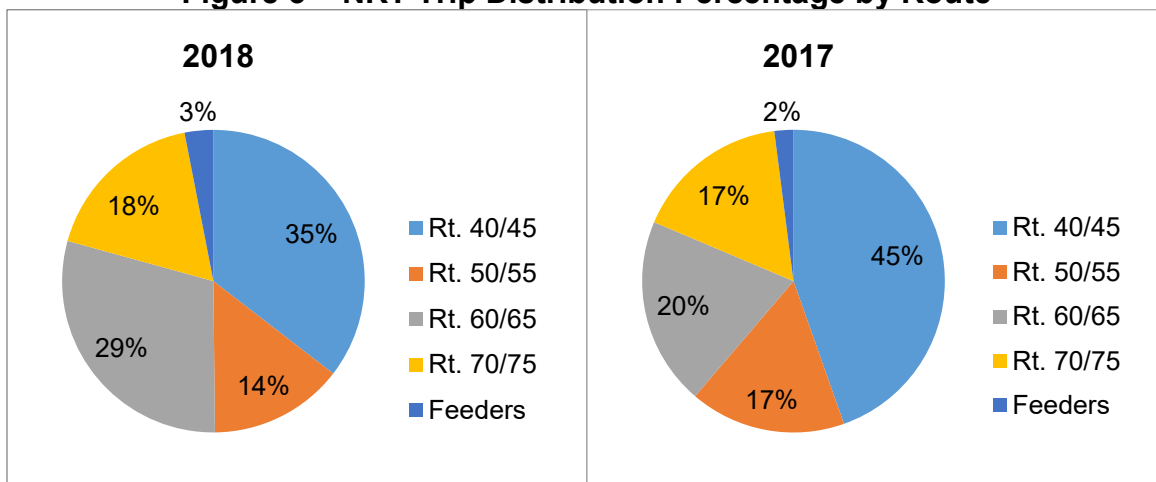
Each route experienced an increase in overall ridership from 2017 to 2018 as is illustrated by Figure 2 below.

Figure 2 – NRT Total Ridership by Route



It should also be noted that much of this growth is due to the consolidation of Routes 60 and 65 with the previously chartered Niagara College Route 21 in September 2018. This resulted in the transfer of ridership from Route 21 to the Routes 60 and 65 as evidenced by the shifts in ridership distribution in favour of routes 60 and 65 as illustrated below in Figure 3.

Figure 3 – NRT Trip Distribution Percentage by Route



Niagara Specialized Transit (NST)

The NST service experienced an increase of approximately 10% in its annual ridership from 2017 to 2018. However, it is extremely important to note that the service had already delivered nearly 21,000 trips by the end of August 2018. This number reflects almost 82% of the budgeted trips after only two thirds of the year. Without the additional financial support from Council identified earlier in this report, the service would have reached its annual allotment for trips by the end of October. This is indicative of the public's growing need for accessible transportation, especially in areas underserved, or unserved, by regular public transit.

Table 3 summarizes the growth of the service by the municipality of origin.

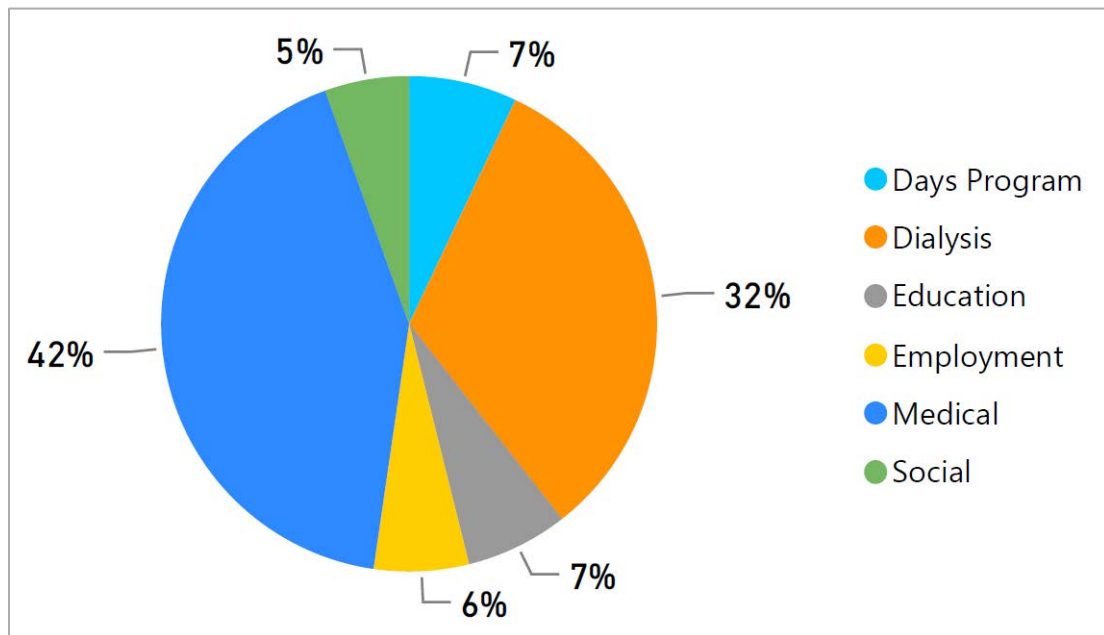
Table 3 - Trip Summary by Municipality of Origin

Municipality (Trip Origin)	Trips (2016)	Trips (2017)	Trips (2018)	Growth
Niagara Falls	3,807	6,383	6,977	9%
St. Catharines	4,465	6,273	6,783	8%
Thorold	365	663	1,158	75%
Welland	3,083	5,258	5,700	8%
Port Colborne	673	1,450	1,695	17%
Wainfleet	20	104	214	106%
Fort Erie	1,958	3,611	3,124	-13%
Niagara-on-the-Lake	1,088	1,301	1,683	29%
Grimsby	290	443	661	49%
Lincoln	622	638	715	12%
West Lincoln	104	115	213	85%
Pelham	482	514	497	-3%
Hamilton	216	505	637	26%
Total	17,173	27,258	30,057	10%

It is especially important to note that while ridership has continued to grow, the majority of trips (74%) are medically related (medical plus dialysis). When rides for community day programs are factored in, this number increases to 81% and highlights the substantial need that this service meets by enabling residents to access health related services. In January 2017, AODA also mandated that specialized transit providers are not able to limit or restrict a trip by its purpose/type. Therefore, NST began facilitating

social trips as well, however, these only account for 5% of the total ridership. Figure 4 below provides the distribution of the trips delivered in 2017 by their type/purpose.

Figure 4 – NST Trip Distribution by Type



Staff approved 619 new applications in 2018 which represents a 30% increase in eligible riders. While this number is consistent with the annual applications from previous years, it does indicate a growing client base. This potential ridership growth cannot be realized without additional financial support in out years based on Council's direction to maintain the 2018 service levels.

Alternatives Reviewed

Given the aforementioned growth potential for NST, a specialized transit study has commenced and will provide recommendations for service levels, operating models, peer comparisons, customer experience improvements as well as potential governance options.

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 and the Niagara Specialized Transit services. Supporting transit was a priority of the previous Council under the Moving People and Goods segment and will continue through the consolidation process.

Other Pertinent Reports

PW 40-2018 – NST Negotiations and Program Changes

PW 51-2017 – NST Program Change Options

CAO 8-2017 – Niagara Region's Transit Service Delivery and Governance Strategy

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