
MEMORANDUM

LNTC- C 6-2019

Subject: Governance Options Workplan

Date: April 24, 2019

To: Linking Niagara Transit Committee

From: Matt Robinson, Director, GO Implementation Office

BACKGROUND

At its meeting of September 12, 2018, the Linking Niagara Transit Committee (LNTC) endorsed a workplan for both operational and governance requirements to advance direction to the Inter-Municipal Transit Working Group (IMTWG) to proceed.

Based in part on the recommendations of the *Niagara Transit Service Delivery and Governance Strategy, 2017* by Dillon Consulting (known as the Dillon Report), the workplan clearly laid out the requirements, sequence and timing of operational and governance components required to arrive at a decision point on a future transit governance model.

The IMTWG has been working very effectively over 2018 to harmonize and integrate numerous customer facing and back-end operational elements that have improved the seamlessness of Niagara's seven transit providers. Significant progress has been made on advancing operational integration through the IMTWG.

At its meeting of March 6, the LNTC directed the IMTWG to come back with options for accelerating the governance work associated with the workplan. It was identified that integration efforts were proceeding well; however governance work and required studies needed to be accelerated ahead of the timeline with aim to be fully complete in 2019.

Through the GO Implementation Office, the Region has set aside the requisite resources (previously identified as required work in the Dillon Report) to undertake the necessary components of the governance workplan in the 2019 budget.

STRATEGIC CONSIDERATIONS

To provide leadership and direction to the transit governance objective, a small group of area CAOs have agreed to establish a working group dedicated solely to providing guidance and oversight of this critical governance work.

Utilizing these identified resources in an effort to enable the acceleration and coordination required to complete this governance work in 2019, an RFP will be issued

that encompasses all of the remaining elements of the governance work to be undertaken. This will ensure alignment of the recommendations, efficiency and coordination among engagement with partner operators, and a single point of contact for the CAO Governance Committee, IMTWG and GO Implementation Office. The objective is to achieve a unified system, as opposed to operational savings as a primary driver. The original guiding principles that underpinned the work of the IMTWG and LNTC of being customer driven, employing unconventional solutions, integration, economically responsible and fair, will remain the foundation upon which the governance work is undertaken.

The RFP will be developed by GO Implementation Office via a draft terms of reference, with the CAO Governance Committee reviewing and providing input to determine the scope of work.

The focus of the RFP would be on delivering the following components:

- Current state financial and asset valuation analysis
- Human resources study/review
- Legal Review of legislative requirements
- Financial impact analysis (related to the governance options)

Other staff-led, consultant assignments related to the governance work include:

- Branding and communication strategy approach
- Common fare integration strategy (with financial analysis)

It is worth noting that the IMTWG has begun the work to harmonize a common fare strategy, including fare media products, fare pricing and policies, and envisions a report to respective Councils to authorize this harmonization by the end of 2019 with a timeline to implement this in tandem with the technology requirements for full integration (i.e. farebox readers, mobile ticketing, etc.). The branding and communication strategy would be undertaken by Niagara Region's Strategic Communications and Public Affairs team in coordination with the LNTC.

The RFP will define the scope of work and the governance options being advanced. In the Dillon Report, three governance options were examined: status quo, consolidation, and a single Regional system. Any governance work will need to clearly define which of these options (or all) are being examined by the consultants. There would also need to be consideration of whether or not to include all seven Niagara transit systems in the analysis and recommendations, or simply the largest four (St. Catharines, Niagara Falls, Welland, Niagara Region).

The consulting assignment will examine the baseline scenario (current operations), the consolidated model (employing an external transit agency/board/commission (ABC)), and the Regional Transit model. It will also undertake a jurisdictional scan of case

studies on governance options, undertake capital and asset valuation, contractual obligations, recommend organizational structures, and examine legal implications with the respective models.

Risks and opportunities in different models will be explored through the consultant with one of the key risks being capital alignment in the absence of a unified governance model.

The final report would include recommendations for a preferred model and timing for implementation.

TIMING

Given the scope of work to undertake this outcome, it is envisioned that all of 2019 will be required between RFP preparation, consultant selection, project initiation and completion of the study. Additionally, with the Specialized Transit Study underway and wrapping up in the fall, alignment of specialized transit recommendations with those of conventional would be highly preferable. The RFP would need to be written as quickly as possible in order to get the work in market.

A deadline for December 2019 may be ambitious, but the market will dictate if this is possible. Assuming work wraps up in 2019, a recommendation from the CAO Governance Committee to the LNTC in January 2020, with local and Regional Council review and decisions in spring 2020. This would include any requisite council presentations and/or votes required to enable recommended governance options to be approved.

CONCLUSION

Based on LNTC direction for accelerated timelines and a need for governance model decisions in 2019 / early 2020, an RFP will be developed to encompass the aforementioned components. The GO Implementation Office would fund the assignment, and act as Project Manager to the consultants. The CAO Governance Committee would oversee and direct the GO Implementation Office accordingly based on the above direction as a sponsor.

The scope of work will be focused on the four main components listed above (HR, legal, asset valuation and financial impact to options). Additionally, a baseline analysis of the current model would be undertaken against which a unified model would be compared. The scope would focus on one unified operational system that would encompass all seven systems (core systems + feeders); then examine the governance models of external ABC, internal ABC of the Region, and or a Regional department.

Respectfully submitted and signed by,

Matt Robinson
Director
GO Implementation Office