

Subject: Niagara College Budget Adjustment
Report to: Niagara Transit Commission Board
Report date: **Tuesday, August 15, 2023**

Recommendations

1. That an operating adjustment to the previously adopted 2023 Niagara Transit Commission (NRT) operating budget in the amount of \$1,288,987 gross and \$0 net, to be fully funded through the Niagara College UPASS agreement, **BE APPROVED**;
2. That the Niagara Transit Commission Board **APPROVE** the addition of eight permanent full-time equivalents (FTE)'s, totaling \$251,500 for 2023, to be funded within the operating budget adjustment in recommendation 1 above; and
3. That this report **BE FORWARDED** to Niagara Region Council with the request that this operating budget adjustment and addition of eight permanent FTE's in recommendation 1 and 2 **BE APPROVED**.

Key Facts

- The purpose of this report is to seek Board approval of the budget adjustment related to an in-year receipt of revenue related to the new Niagara College UPASS agreement as approved through report NTC 3-2023. As the gross budget adjustment is greater than \$1 million, the NRT Board and Council must approve this adjustment in accordance with section 6.6 (a) of the budget control by-law 2017-63.
- The increase of eight permanent FTE's within NRT requires Council approval as per the Corporate Delegation of Authority policy.
- Operations is seeking approval to increase the unionized bus Operator complement by six FTE's.
- Fleet and Facilities Maintenance is seeking approval to increase the non-union Fleet Supervisor complement by one FTE and an increase to the unionized Serviceperson complement by one FTE.
- On May 16, 2023, the Board approved report NTC 3-2023 Niagara College UPASS Agreement 2023-2025.

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- The operating budget adjustment is for the portion of the Niagara College UPASS agreement from September 1, 2023 to December 31, 2023 of \$2,067,073 offset by budgeted cash sales expected to be realized by Niagara College students of \$778,086 for a gross adjustment of \$1,288,987. In order to provide the required service of the agreement, the NTC requires the hiring of eight permanent FTE fully funded through the revenue received through this agreement with Niagara College Student Administrative Council (NCSAC) which is included in this adjustment. There is no levy impact on the proposed budget adjustment.

Financial Considerations

The 2023 operating budget was approved on March 2, 2023. The budget was prepared based on estimates from the local area municipalities. At that time, a UPASS agreement with NCSAC had not been signed. The last UPASS agreement between the Regional Municipality of Niagara and NCSAC lapsed in 2020 due to severe reductions in on-campus attendance and course offerings during the pandemic. As a result, the budgeted FTE compliment was based on the service hours needed at that time.

On May 16, 2023, report NTC 3-2023 was approved for NTC to enter into a two-year UPASS agreement. In order to be able to provide the required service for the Niagara College agreement, 6 new permanent FTE Operators, one permanent FTE Fleet Supervisor and one permanent FTE Serviceperson will be required.

The new UPASS agreement will generate approximately \$6,201,219 in revenues annually for the fiscal year September 1, 2023 to August 31, 2024. Included in the 2023 NRT budget were cash sales expected from Niagara College students of \$2,334,259. With the agreement in place these budgeted cash sales would no longer be realized and would thus offset the gross revenue adjustment. Net revenues for the four months within 2023 (September-December) will be \$1,288,987 which is the recommended gross operating budget adjustment.

The annual cost of the six (6) Operators, one (1) Fleet Supervisor and one (1) Serviceperson needed to provide the additional service hours required to support the agreement is approximately \$754,500 or \$251,500 pro-rated for the 4 months of 2023. Additional operating costs of \$424,706 are required to cover incremental fuel, maintenance, Masabi fees related to the contract and overhead. There is also a recovery of other costs and overhead already included in the current 2023 budget of approximately \$612,780. As NRT did not anticipate the additional cost recovery when

the budget was prepared, any surplus created by contract revenue would reduce the amount of Provincial Gas Tax (PGT) reserve required relative to the \$1,614,565 included in the budget.

The following is a summary of the budget adjustment:

Description	2023 Adjustment (Sept-Dec)
Contract Revenue	\$2,067,073
Budgeted Cash Sales	(778,086)
Gross Budget Adjustment	\$1,288,987
Labour Related Costs - 8 permanent full-time FTE	251,500
Operational & Supply – Fuel, Maintenance	424,707
Recovery of Other Costs & Overhead (to offset PGT required)	612,781
Net Levy Impact	\$0

These additional permanent staff and incremental costs related to providing the additional service demands comes fully funded to the NTC.

Analysis

This report is being brought forth to the Board in compliance with section 6.6 (a) of the budget control by-law 2017-63, requiring Board and Council approval for in year budget adjustments greater than \$1 million. In addition, the report is in compliance with the Corporate Delegation of Authority policy requiring Board and Council approval for any in-year increases to FTE complement.

Through the signing of the Niagara College UPASS agreement, service enhancements are required for the upcoming school year beginning September 5, 2023. This includes increased operator service hours to meet the Niagara College UPASS service levels successfully. It was determined that six additional FTE operators would be needed in order to perform additional service that is not currently being delivered by Operations. Scheduling/Planning staff have analyzed the run requirements and have determined that the routing increase (service hours) asked for by the College when broken down by trip/run would be effectively/efficiently covered by six additional Operators. The January

2023 South (NF) sign up had 94 full time rostered jobs and the September 2023 sign up has 100 full time rostered jobs, a shortfall of 6. The only change was the Niagara College contract. Without increasing the complement of full-time Operators, the enhanced service hours would be pushed to casual employees or Spareboard employees at the overtime rate. Currently the casual roster in the South and the Spareboard roster in the North are spread so thin that employee “burnout” is starting to affect wellness and work life balance.

While working through the transitional period since January 1st, 2023, staff have identified an operational gap in supervision within the fleet maintenance department. To date, approximately fifty-seven percent (57%) of working hours are not captured with supervisory coverage. Outside of what can be assumed as typical supervisory duties, including but not limited to prioritization of work, corrective action of employees and general oversight, supervisory staff play a critical role in employee safety, service delivery, NTC derived initiatives, and assistance in project management. There has also been a demonstrated need for staff within the servicepersons’ team. The additional FTE will assist in creating an appropriate schedule where the hours in which a serviceperson working alone is reduced, and efficiencies in preparing for service delivery can be achieved. Ultimately, with the enhanced service hours and increased wear and tear on the vehicles, an additional Fleet Supervisor and Serviceperson would be necessary to support the changes as a result of the agreement.

Alternatives Reviewed

The budget adjustment and addition of eight permanent FTE’s could not be approved. However, staff does not recommend this solution as the Board has already provided approval for NRT to enter into the UPASS agreement with Niagara College per NTC 3-2023 and the increase in FTE’s is required to support the additional service lines required for the Niagara College UPASS agreement previously approved.

Other Pertinent Reports

NTC 3-2023 Niagara College UPass Agreement

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Appendices

N/A